

Transmittal Letter



December, 2016
Honourable Chernor Bah
Deputy Speaker of Parliament
Sierra Leone House of Parliament
Tower Hill
Freetown

Dear Sir

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, 2015.

Yours faithfully

Lara Taylor-Pearce (Mrs.) FCCA FCA (SL)
AUDITOR GENERAL OF SIERRA LEONE

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LIST OF ACRONYMS

AFROSAL-E	-	African Organisation of English-speaking Supreme Audit Institutions
AIG	-	Assistant Inspector General
ASSL	-	Audit Service Sierra Leone
BECE	-	Basic Education Certificate Examination
BSL	-	Bank of Sierra Leone
CA	-	Chief Administrator
CBD	-	Central Business District
CDS	-	Chief of Defence Staff
CLoGPAS	-	Comprehensive Local Government Performance Assessment System
CMO	-	Chief Medical Officer
CRF	-	Consolidated Revenue Fund
CSM	-	Civil Service Module
DAO	-	District Agriculture Officer
DG	-	Director General
DHMT	-	District Health Management Team
DMO	-	District Medical Office(r)
DSDP	-	Decentralised Service Delivery Project
EPA	-	Environmental Protection Agency
FO	-	Finance Officer
FCC	-	Freetown City Council
FMR	-	Financial Management Regulations
GBAA	-	Government Budgeting and Accountability Act
GST	-	Goods and Services Tax
HOC	-	Head of Chancery
HRMO	-	Human Resources Management Office
HQ	-	Headquarters
IFMIS	-	Integrated Financial Management Information System
IFRS	-	International Financial Reporting Standards
INWMS	-	Integrated National Waste Management Strategy
IPFMRP	-	Integrated Public Financial Management Reform Project
IT	-	Information Technology
IPSAS	-	International Public Sector Accounting Standard
JLU	-	Joint Logistics Unit
JMU	-	Joint Medical Unit
LAD	-	Life After Diamonds
LGA	-	Local Government Act
LPO	-	Local Purchase Orders
MAFFS	-	Ministry of Agriculture Forestry and Food Security
MD	-	Managing Director
MDA	-	Ministries, Departments and Agencies
MDGs	-	Millennium Development Goals
MEST	-	Ministry of Education, Science and Technology
MLGRD	-	Ministry of Local Government and Rural Development
MMOs	-	Mines Monitoring Officers
MoFED	-	Ministry of Finance and Economic Development

MOU	-	Memorandum of Understanding
MTO	-	Medium Tax Office
MS	-	Medical Superintendent
MSWM	-	Municipal Solid Waste Management
NPPA	-	National Public Procurement Authority
NASSIT	-	National Social Security and Insurance Trust
NCB	-	National Competitive Bidding
NCTVA	-	National Certificates for Technical and Vocational Awards
NRA	-	National Revenue Authority
PA	-	Performance Audit
PFMRU	-	Public Financial Management Reform Unit
PHU	-	Primary Health Unit
PO	-	Procurement Officer
PS	-	Permanent Secretary
PV	-	Payment Voucher
RFQ	-	Request for Quotations
SAI	-	Supreme Audit Institution
SDGs	-	Sustainable Development Goals
SLRSA	--	Sierra Leone Road Safety Authority
SLMA	-	Sierra Leone Maritime Administration
TIN	-	Tax Identification Number

Foreword



Welcome to my 2015 Annual Report. As we all know, our country is still trying to recover from very personal horrors of the Ebola crisis and its devastating impact on the economy.

The trauma of the Ebola years will be with us for a long time. The economic recovery will linger far longer than the epidemic. GDP contracted by over 21% in 2015 and indications suggest an official inflation rate slightly over 8% with an ever-weakening currency. Such indicators provide all the more reason for prudence in the management of public expenditure and greater diligence in improving revenue mobilisation.

Despite these setbacks the ASSL was able to accomplish its mandate, for which I must thank all staff of the organisation. For example, our Annual Report for 2014 was submitted to Parliament on 7th December, 2015 – the earliest date ever and well ahead of our annual statutory deadline of December 31st. Our audit coverage was 88% of government budgeted expenditure and we issued a Special Report on Procurement in Selected Public Sector Entities covering the period January to October 2015.

In my Annual Report, I present the overall results of our work for activities in MDAs in 2015. In keeping with our statutory obligation, we have conducted the financial audit of the Public Accounts, compliance audits in Ministries, Departments and Agencies as well as Public Enterprises, Commissions, and projects. This year we continue our work initiated in 2013, in common with SAI best practice, on implementation of our recommendations. Chapter 4, *Follow-up on Recommendations 2011-2015*, deals exclusively with this matter and its format has been slightly modified to increase its clarity and meaning. There are summary chapters on audits of devolved local councils including, this year, extensive critical comments on Petra, the computerised accounting application used by councils. There are also chapters on Chiefdoms and Schools. In short, I report on all our audit activities so as to provide a comprehensive picture of the work of my office. All our audits are conducted in compliance with professional auditing and ethical standards generally recognized around the world.

My oft-raised concern on the need to firmly and comprehensively address the most basic elements of internal control and cash management as well as the quality and accuracy of accounting, continue unabated as they have not been addressed to what best practice suggests. I will continue to comment on them until there is real and measurable progress.

Going forward, the implementation of the new Public Financial Management Act will have profound implications for financial reporting across government and for our role as external auditors.

Finally, I want to thank the Board for its support and to express my deep and profound gratitude to all government officials and my staff once more for their continued cooperation and assistance under challenging circumstances.

It is again with considerable pride I present this report. I commend it to you.

A handwritten signature in blue ink, which appears to read 'Lara Taylor-Pearce'. The signature is stylized with a large, bold initial 'L' and a long, sweeping horizontal stroke at the end.

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

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 document that accurately reflects the contents of Parts I and II. 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 the ASSL

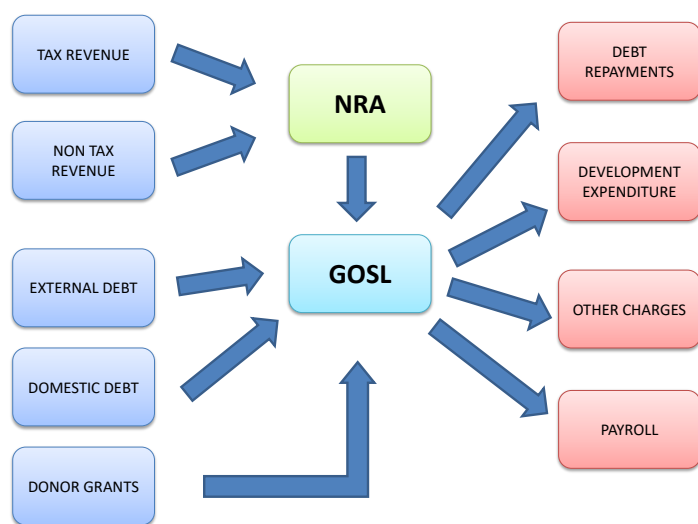
We are a leading agency promoting excellence and accountability in Sierra Leone and strive to be proactive in ensuring value for money in the use of public funds. Acting in a professional, ethical and transparent manner, we audit and report on the stewardship provided by the government over revenue and expenditure whether from taxpayers or donors.

Through independent, professional, standards-driven audit work we establish to a level of reasonable assurance that public moneys are used by the government in the manner intended by Parliament. We assess how they are used in terms of economy, efficiency and effectiveness and the quality of reporting on these activities in terms of clarity, fairness, accuracy and transparency.

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

The Public Accounts Audit

The public accounts are the government's financial statements. They are a record of the state's revenues and its outgoings for a defined period – a statement of financial activity. These accounts are where we look to analyse the state's fiscal position. The public accounts are not to be confused with the national accounts, which are concerned with measuring economic activity within a country, and of which GDP is the most frequently cited figure. The public accounts are a rules-based accounting summation of financial transactions and, while appearing complex in nature, they do have clear elements of different source inflows and outflows as the following schematic amply demonstrates.



Public Accounts Revenue and Expenditure Streams

The audit examination of the Public Accounts is a risk-based audit. We select, on a test-basis, samples of transactions from the Integrated Financial Management Information System (IFMIS), the government computerised accounting system, and examine the supporting documentation. We also verify the accuracy of the compilation process used to create the financial statements and review the system of internal control in place. These controls include, but are not limited to, segregation of duties, authorization, and record keeping. We also examine financial

disclosure matters and in that regard, form a view on how well (or not) the disclosure rules of the prescribed accounting framework are followed. As will become clear below, there are without exception, problems with every one of these elements.

Our audit tests are designed to provide a reasonable level of assurance on management's representations as set out in the financial statements. Clarification of the concept of reasonable assurance may be helpful. First, let us deal with what it is not. It is not absolute assurance, nor is it assurance beyond a reasonable doubt, the legal term used in a court of law for criminal matters. Neither is it the same as on the balance of probabilities, as used in civil litigation in some jurisdictions. Nevertheless, it is a high level of assurance and as such includes the understanding that in an audit there is a remote likelihood that material misstatements will not be prevented or detected. Thus, auditors do not necessarily look for fraud although they keep a lookout for it; nor do they look at every transaction but just ones that are material and a sample of others.

As was the case in 2014, I have issued a modified opinion – an “except for” opinion - on the accounts. This means that there are significant issues in need of resolution.

The audit evidence I obtained was sufficient to support my professional judgement that the financial statements are a true and fair expression of the financial position and operations of the government with the *exception* of the effect of the issues mentioned in the Basis of the Opinion paragraph in my short-form audit report.

The various issues giving rise to the qualified opinion relate to control over domestic revenue, external debt and application of the prescribed financial reporting framework. A summary of these matters, all raised previously as the text box indicates, is set out below.

Domestic Revenue

In recent years, concerns have been raised over domestic revenue as reported in the public accounts. In all cases, there has been lack of audit evidence to confirm that the amount as disclosed in the public accounts is free from material misstatement.

Controls around the assessment, collection and reporting of government revenue continue to be a major area of concern. Given the current fiscal issues faced by Government, and the stark austerity measures being implemented, it is of even greater importance that all monies due to Government are identified, collected, recorded and banked so that they can be spent for the public good. Recent focus has largely been on reducing Government spending to help balance the books. The other side of this coin, of course, is the need to maximise Government revenue. Much more effort is required in this area.

External Debt

In recent years' differences, have been observed between the external debts figures as recorded in the public accounts, and those recorded in the government books. As part of the audit, creditor confirmations are

Domestic Revenue

Raised in 2011, not for the last time ...

“I was unable able to obtain sufficient appropriate audit evidence that Domestic Revenue disclosed in the Public Account was free from material misstatement, because bank reconciliations, comparing balances held at transit bank accounts with those in the cash books maintained, were not performed by the National Revenue Authority.”

- Auditor General's Annual Report 2011

External Debt

Also, raised not for the first time ...

Prior to the audit of the 2012 Public Accounts, the Accountant General should carry out the following actions:

- *request all external creditors send in their year-end creditors' statements; and*
- *ensure that comprehensive reconciliations are performed, comparing and explaining any differences between the debt figures in the Government books and the amounts in the creditors' statements.*

- Auditor General's Annual Report 2011

reviewed to confirm balances owed by Government. Although the rate of third party confirmations from external creditors continued to improve, confirmations for 23% of the external debt disclosed were not provided. Alternative audit procedures on the unconfirmed balance could not be performed as relevant supporting documentation was not provided.

Financial Reporting Framework

Note 1a of the Public Accounts indicates that the Financial Statements of the Central Government have been prepared using the cash basis of accounting in compliance with International Public Sector Accounting Standards (IPSAS). In addition, the provisions of the GBAA 2005 must be followed. However, the accounts do not comply in the following ways:

- payments made by third parties on behalf of government are not disclosed as required by section 1.3.24 of the cash basis IPSAS;
- an explanation of material differences between the budgets for which the entity is held publicly accountable and actual amounts as required by section 1.9.8 of the cash basis IPSAS was also not disclosed; and
- a summary statement of revenue arrears to be collected by each budgetary agency, as required by section 57(5) (g) of the GBAA 2005, was not disclosed. Although Note 13 of the public accounts discloses a total revenue arrears of Le3,590 million, this is not broken down by budgetary agency.

Arrears

And yet again in 2014 ...

“We were unable to carry out a full analysis of all budgetary agencies because documents such as an arrears list for each budgetary agency were not submitted and as such we could not verify the total amount of Le4.3 billion disclosed as arrears. The actual amount of government arrears is likely to be much larger than the amount disclosed in the public accounts.”

- Auditor General’s Annual Report 2014

Other Commentary on the Public Accounts

The table following succinctly sets out the five-year history of modified audit opinions on the Public Accounts. It is not a source of pride, quite the contrary in fact – the government should find a way of changing this situation.

It almost goes without saying 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. Our public servants could and should do better. Reform must be balanced with staff competency and there needs to be consequences for failure for all parties. As I have said before, without a stronger commitment and willingness to address public financial management reform there wouldn’t be much progress. There needs to be stronger enforcement of existing well-crafted if not well-established laws and regulations. This combined with continuous and hard-driven capacity building could put things right quickly as other countries have done. In another context¹ I have said that a change in institutional culture is required:

¹ August 2016 *Special Report: Audit of Procurement Activities in Selected Public Sector Entities*, page 33

Tweaking at the edges is unlikely to achieve very much and the old mantra of nothing can be changed has to be defeated. This requires willpower at all levels of the governance system to bring about social change making honesty, integrity and serving the public good more socially desirable.

Qualification Issue	Opinion on the Public Accounts				
	2011	2012	2013	2014	2015
Domestic Revenue	✓	✓	✓	✓	✓
External Public Debt	✓	✓	✓	✓	✓
Financial Reporting Framework		✓		✓	✓
Government Bank Accounts	✓	✓	✓		
Revenue Arrears			✓	✓	✓
Other Charges	EoM	EoM	EoM	EoM	EoM
Procurement		✓	OM	OM	OM
Miscellaneous Debtors	EoM	EoM		EoM	
Payroll		OM	OM		
✓ - Included as Basis of Opinion EoM - Included as Emphasis of matter OM - Included as Other Matter					

Insufficient pressure is put on public sector managers to improve or respond to our recommendations. If there were greater consequences for ignoring these, perhaps attitudes would change. Addressing the situation is the responsibility of the government.

Civil society organisations and other non-state actors need to engage parliamentarians, our elected representatives, to insist on improvements and sanctions against public officials. Parliamentarians, policy makers and public sector managers at all levels need to provide stronger leadership in the fight against grand and even petty corruption. Those in a position to do so should expose and report corruption at every opportunity and follow the money when things go wrong.

In the following sections of this executive summary I provide a high-level synopsis of what was found in 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 and Councils are as follows:

- Significant procurement irregularities.
- Payments without supporting documents.
- Payments without adequate supporting documents.
- Imprest accounts without retirement details.
- Withholding Tax not deducted and paid to the NRA.
- Stores items not taken on ledger charge.
- Monthly bank reconciliations not prepared.
- No fixed asset accounting or control policies.
- Fixed asset registers not maintained.
- Fixed asset registers not updated.

- No identification codes on assets.
- No effective internal audit units.
- Performance contracts not presented for audit inspection

They range from bad practice to outright breaches of legislation and, I may add, all have been reported in previous years. Many are simple to address but for the reasons outlined they are not dealt with in any serious way.

Follow-up on Audit Recommendations

It comes out clearly that our observations and recommendations are not being given the attention they deserve, or that parliament, citizens and international donors have a right to expect.

Our assessment for the last five years has exposed a minor increase in the percentage of improvement for five MDA's and two have regressed by an average of 8%. Ministry of Health and Sanitation has maintained its implementation rate of last year at 25% of our recommendations. The Ministry of Defence and the Ministry of Education, Science and Technology made a minor increase of 4% whilst the Office of the President, Ministry of Finance and Economic Development and Freetown City Council, made an average increase of 15% on recommendations implemented (31.3% in 2014 to 46% in 2015).

Overall only 28.8% of recommendations have been implemented by the eight selected entities. In absolute numbers, for the five years 2011 to 2015 there were 959 recommendations for the selected entities of which 276 were implemented, 65 are works-in-progress and 618 were not 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. 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.

"... Overall only 28.8% of recommendations have been implemented ..."

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

Ministries, Departments and Agencies

We estimate there have been losses in cash and stores of over Le65.4 billion. As in previous years this has occurred for a number of reasons, some inter-related. Overall, it strongly suggests that public financial management continues to have considerable much room for improvement in all MDAs. For example:

- Several significant lapses were observed in procurement procedures resulting in incomplete transactions and hence unsatisfactory service delivery.
- 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 making audit substantiation of the transactions impossible.
- We noted many cases where withholding taxes are not deducted from suppliers or contractors and paid to the NRA as specified by section 117(4) of the Income Tax Act, 2000.

- Imprest accounts are not properly closed out resulting in funds not being accounted for, with the result that cash controls are weakened and accurate posting of expenditure to ledger accounts is also seriously impaired.
- Fixed assets, stores and fuel records are not adequately recorded in applicable registers and other records making control weak and audit verification difficult.

Although there has been modest improvement over the years, there is still significant reluctance to make available requested documents to our auditors for review, as required by law.

Last year the 2014 Annual Report had a cross-cutting chapter on the health sector as a whole. Our 2015 audits of the many institutions that make up the sector strongly suggest that whilst some improvements have occurred, much work remains to be done to improve virtually all facets of health care delivery in Sierra Leone.

As noted, 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 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.

“... there have been losses in cash and stores of Le 65.4 billion ...”

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;
- mismanagement of assets mainly in the area of not making use of asset registers;
- no evidence that staff performance appraisals conducted; and
- cash and bank reconciliation ignored.

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. 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.

Other Public Enterprise Observations

Historically there have been a number of public enterprises that missed their statutory deadline for preparation, publication and submission of annual financial statements. Nine PEs have not produced annual financial statements for 2015. Some are more than one year behind. A few are working to catch up. Among these, NASSIT, for example, is now almost up to date. Only its accounts for 2015 remain outstanding.

NASSIT, however, is a particular concern because of its importance to the citizens of Sierra Leone and also because the audit opinions on the 2012, 2013 and 2014 financial statements have been adverse opinions. That is to say, the financial statements do not give a true and fair view of the financial position of the Trust.

“As IAS 26 has not been properly applied it is not possible for the user of the financial statements to understand the value of the assets held by the Trust, the present value of promised pension payments and, critically, the net surplus/deficit.”

While collectively many issues are raised in our observations on NASSIT that give rise to this professional judgement, of greatest significance is the Trust’s non-compliance with International Accounting Standard 26 (IAS 26), Accounting and Reporting by Retirement Benefit Plans. The Trust investment properties and

other investments are carried in the 2014 Statement of Net Assets Available for Benefits at historical cost, that is to say, at their original cost, to the amount of Le459 billion (Le371 billion in 2013). IAS 26 requires they be carried at ‘fair value’, that is to say, their actual present worth or market value. It also requires that the actuarial present value of promised retirement benefits is disclosed. Actuarial present value is a mathematical calculation to determine value today of the future stream of payments that an entity expects to pay, under a retirement benefit plan, to its existing beneficiaries based on contributions made. No such disclosure has been made in the financial statements.

As IAS 26 has not been properly applied it is not possible for the user of the financial statements to understand the value of the assets held by the Trust, the present value of promised pension payments and, critically, the net surplus/deficit.

We are yet to receive the 2015 financial statements for audit. While it is a matter for NASSIT management, it does seem unlikely that application of IAS 26 will be corrected in the preparation of those financial statements. To do so requires both a professional appraisal of the fair value of the many investments held and an actuarial determination of the present value of the Trust’s liabilities. The full valuation of NASSIT investments and the actuarial valuations are not small undertakings. Even if management decided to update both before the end of 2016, it would require months to get them done properly. A critical point also is that the asset valuation needs to be done before the actuarial valuation. The current value of the investments held is used to estimate the value of funds available in the future to meet pension liabilities. Both are required to determine the current net surplus or deficit going forward.

Performance Audit

Management of Government Commercial Buses

The Sierra Leone Road Transport Corporation had been unable to efficiently and effectively manage public bus services and had limited facilities and expertise to operate a passenger bus service throughout the country.

There was no coordinated comprehensive plan for the introduction of the new buses into service. As such, the Corporation was not properly prepared to operate and maintain the new buses when they entered into service in July 2015.

The governance arrangements for managing the country’s passenger transport service are diffused. The roles of the key stakeholders are not clear and oversight responsibility for the operation of the 100 new buses appears to be in conflict with the statutory role of SLRTC’s Board of Directors.

Ministry of Works, Housing and Infrastructure

The Ministry of Works, Housing and Infrastructure has not put in place the necessary mechanisms to ensure the efficient and effective management of its stock of government residential quarters. The Ministry did not develop any policy or strategy for the provision and management of government residential quarters. As such, they are not in a position to make informed decisions. Officials do not have a reliable and up to date assessment of the condition of quarters and the uses to which they are being put.

Most government quarters are in poor condition and some are totally uninhabitable due to years of neglect. Rental charges do not reflect current market value. As a result of this, the Government has suffered a significant loss of income.

City, Municipal and District Councils

The annual financial statements for 19 local councils were submitted for audit before, or shortly after, the legislative deadline of 31st March, 2016. As stated in the 2014 Audit Report, Kenema City Council did not submit its financial statements for the year ended 31st December, 2014 as required by the LGA 2004. However, they were submitted for audit during 2015, some 15 months after the end of the financial year to which they relate.

The audits of the operations of the local councils indicated that financial management 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 local councils fall into the following categories:

- controls over the reporting and presentation of financial information in the financial statements for the year ended 31st December, 2015;
- an analysis and report on the performance of councils since 2012;
- controls over own- source revenue generation by councils;
- comments arising from an IT audit on the operation of the Petra accounting system;
- inadequate control over cash and bank management;
- budget and budgetary control processes;
- non-compliance with procurements laws and regulations;
- inadequate controls over the disbursement of funds;
- failing to comply with LGA in the payments of sitting fees and allowances to councillors;
- councils' assets not properly managed;
- proper procedures not followed in the management of the councils' human resources;
- non-compliance with financial management laws and regulations; and
- follow up on the implementation of Audit Recommendations for periods up to 31st December 2015.

In as much as the above issues are common across different councils, there is no doubt that some are better than others. There is a relationship between the standards of financial management in place within individual councils and the specific officers (Finance, Procurement, Development Planning, Engineers, Monitoring and Evaluation Officers, etc.) posted to the respective Councils. It is clear that some officers demonstrate more competence and capacity than others.

In addition to the above, there are observations, positive and negative, on a pilot audit on environmental risk management at local government level –specifically on solid waste management in Bo City Council. This audit was presented to an international conference in South Africa and was very well received.

Chieftdoms

In general, and across virtually all local chieftdoms the significant matters identified in the audit examinations fall into the following areas:

- disbursements without supporting documents;
- revenue not brought to account;
- missing receipt books;
- inadequate use of or a failure to use Asset Registers; and
- monthly bank reconciliations not carried out.

It was evident throughout the audits that most of the monies collected in the chieftdom councils were not banked, but rather they were put into immediate use. It is critical that all revenue collected be banked for proper accountability as otherwise they may be diverted into private use.

There were also instances of unpresented documents upon request by auditors. This hindered the audit exercise and sadly, after 30 days in which personnel of various chieftdoms were advised to produce those documents, most of them remained unavailable.

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

Schools

Responsibility and accountability of operations of Secondary Schools rests squarely on the Ministry of Education, Science and Technology (MEST). Our reviews showed that the MEST has done very little to ensure that corrective action is taken to address administrative and financial management issues in the secondary school system. Basic procedures that are not being observed as follows:

- teachers went on study leave without the approval of the MEST;
- unclaimed salaries were not paid into the consolidated revenue fund;
- names of teachers on salary vouchers and not on staff list and/or attendance register;
- names of retired teachers still on payroll;
- inadequate controls over revenue generation and utilisation;
- payments without supporting documents or adequate supporting documents;
- statutory deductions not paid over to the relevant authority; and
- non-compliance with provisions in the Education Act 2004.

In future years, we will continue to review the situation and would hope to see evidence of improvement.

INTRODUCTION

Differing Roles

The role of the government official is to deliver goods and services with integrity and economy as well as with efficiency and effectiveness. Our role is that of the external auditor on behalf of parliament. Under this model civil servants 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, is to be an independent professional voice assessing and reporting on how well the government delivers its core services and on the quality of public financial management.

We are concerned with the honesty and integrity of government expenditure, and how it is accounted for and reported to stakeholders. Equally, we are interested in the orderly assessment and mobilisation 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 issues into the light of day, when necessary. Only a well-functioning Sierra Leonean government sector can deliver essential support and services to citizens. Without criticizing government policy – which is not within our remit - we examine and report on how well government is doing in terms of legal compliance and regularity as well as its performance with 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. The outputs of our reviews are reports and recommendations. With implementation of our recommendations the outcome from MDA initiatives are improved. We examine the activities of government and express our opinion thereon shaping our professional judgment through the prism of accounting and auditing standards that enjoy global acceptance. 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). In 2016, the Auditor General was accorded international recognition through being appointed to the Board of the INTOSAI Development Initiative (IDI). Now based in Norway, IDI is a globally recognised non-profit organisation that acts as the capacity building secretariat of INTOSAI, which today comprises 189 Supreme Audit Institutions (SAIs).

Recognising our need to keep developing, we also avail of AFROSAI-E training programs to strengthen the skills of 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 workshops overseas as well.

Infrastructure

Headquartered in Freetown, ASSL operates from a number of locations including the Youyi and Lotto buildings and has offices in Bo, Kenema and Makeni. It is hoped that construction on our new headquarters at Tower Hill, which stopped over two years ago, will recommence soon now that contractual issues have been substantially resolved. The new headquarters will permit consolidation of all Freetown staff into one location with the resulting opportunities for efficiencies.

While we clearly need the new building for reasons of efficiency and effectiveness, our greatest need continues to be skilled professional resources. We continue to be active and enjoy some considerable success in recruiting skilled returning ex-patriots and 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 (2014) and other related financial legislations.

Our Mandate and Independence

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. It goes on, broadening the mandate, to include 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 fundamental characteristic of all well-functioning SAIs is their independence and, in this regard, section 119(6) of the Constitution states:

“In the exercise of his functions under this Constitution or any other law, the Auditor-General shall not be subject to the direction or control of any person or authority.”

We jealously guard our independence as it is the main bulwark against all possible sources of interference with our operations. There are other protections as well, for example, the *Audit Service Act 2014*, under section 35(2) states:

“The Auditor-General or any person acting for and on behalf of, or under the direction of the Auditor-General shall not, in the exercise of his functions under this Act, be a competent or compellable witness in respect of any proceedings other than the prosecution of an offence of perjury.”

This is designed to guard against intimidation of staff and is balanced with severe sanctions, including heavy fines or imprisonment, for ethical breaches by staff. In addition to constitutional protection of our independence as an institution, we are further insulated by section 19 which states:

“Employees of the Audit Service shall not be subject to the authority of the Public Service Commission.”

To balance the impact of this exemption, under section 3 of the same act, an Advisory Board is created:

“... for the appointment of persons, other than the Auditor General, to hold or act in offices as members of the Audit Service and to exercise disciplinary control over such persons, including the power to suspend or remove any of them, and to determine their terms and conditions of service.”

Such independence is hard-earned, recognised even by United Nations General Assembly resolution and the INTOSAI Lima Declaration of 1975 and will always be defended robustly.

ASSL's Vision

To be a leading audit organisation promoting excellence and accountability in public institutions.

Mission Statement of ASSL

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

INTOSAI Auditing Standards

Audit Service Sierra Leone is the Supreme Audit Institution of the State; that is to say we are the external auditor of the government's accounts. As noted above we are active members of INTOSAI and in conducting our work we comply with its professional and ethical standards known collectively as the International Standards of Supreme Audit Institutions (ISSAIs).

Reading this Report

The 2015 Report is divided into Part I and Part II. My opinion on the Public Accounts is in Part I along with comprehensive chapters on cross-cutting subject matter, follow-up of recommendations and Councils. More detailed comments, observation and official responses from specific audit entities such as MDAs and parastatal enterprises are found in Part II. We have conducted 217 audits of MDAs, PEs, schools and chiefdoms in 2015(212 in 2014) and this segregation into Parts I and II is merely a way of showing financial statements, technical accounting observations, and comments of a more global nature, separately from detailed entity-focused findings.

Each chapter deals separately with discrete components of the activities of government. The sections are as follows:

Part I

- my audit opinion on the financial statements of the government of Sierra Leone for the year-ended December 31, 2015, officially known as the Public Accounts, and related comments on the audit examination findings;
- a chapter summarising performance audit reports tabled in 2015;
- a chapter on follow-up of recommendations in general; and
- a chapter on Councils that includes a review of the Petra computer-based accounting system and an environmental audit of waste management in Bo City.

Part II

- extracted findings from management letters arising from compliance audits conducted in MDAs and PEs charged with delivering specific programmes of the government;
- matters arising from audits of the many parastatal enterprises and commissions which though separate from government are nonetheless part of it; and
- matters arising from audits of local government, chiefdoms and schools.

Plain Language

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 as well as my views on what needs to improve.

Main Points

I recommend this report in its entirety to all citizens of Sierra Leone, to donors and civil society organisations 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.
- *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 as contained in the chapter. They set out, in summary form, the key matters contained in the main text which, in our judgment, need to be brought to the attention of citizens, donors, civil society organisations and parliamentarians; and to be addressed by the government and the public service.

ASSL is making progress

ASSL continues to make impressive progress in terms of improving its capacity. We have moved in less than a decade from a situation where we had little or no independence, limited human capacity, very limited engagement with our stakeholders, unclear auditing standards and methods in place, to where we are today, a technically well-functioning highly regarded institution both nationally and internationally. We comply with International Standards for Supreme Audit Institutions (ISSAI), do better quality audit work and have improved our working papers. Our audits include not only financial, compliance and regularity audits but also have a Performance Audit (PA) unit which I believe is our future and on which we are focusing considerable development effort

Looking to the future –the ASSL Strategic Plan 2016-2020

A significant accomplishment in this past year has been the development and publication of our Strategic Plan 2016-2020. All staff participated in developing the plan. It will guide our direction going forward and contains extensive indicators against which to measure our progress.

In 2017, there will be increasing emphasis on conducting more work in “special” audit areas such as procurement (a continuing problem), IT audit, environmental audit and audits in the extractive industries domain. With respect to the latter we have already made progress and the National Audit Office of Norway is providing extensive capacity building support. This year we very successfully looked at environmental audit with a report on waste management in Bo City on which a very well received presentation to AFROSAI-E in South Africa was done. Extractive industries, such an important part of our economy, will be increasingly emphasized going forward.

We have greatly improved our ICT capacity and are engaged in an extensive build-out of our IT network architecture and hope to embrace greater use of computer-based software in the creation of electronic working paper files in the not too distant future.

The Sustainable Development Goals (SDGs) have replaced the MDGs and are a well-defined challenge and one which Sierra Leone is better prepared to take on. ASSL can contribute to Sierra Leone achieving the SDGs by ensuring the measured performance against them is audited, thus helping to improve

outputs and outcomes. Our role is to form a view on whether the SDG expectations are being met and the reliability of the underlying data supporting the indicators.

As we broaden and deepen our skills in specialised audit areas like, for example, environmental audit, we will seek opportunities to combine these with multi-disciplinary teams of financial, compliance and performance auditors.

A Word of Thanks

I would like again to take this opportunity to express my thanks to the Parliamentarians, policy makers of Government, and other public officials 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 and resilient staff of whom I am most proud. I commend it to you.

PART I

CHAPTER I- AUDITOR GENERAL'S OPINION ON THE PUBLIC ACCOUNTS

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AUDITOR GENERAL'S OPINION ON THE PUBLIC ACCOUNTS

MAIN POINTS

What we examined

The Accountant General is required by Section 57 (1) of the Government Budgeting and Accountability Act 2005 (GBAA 2005), to draw up and sign the Annual Statement of Public Accounts of the Consolidated Fund together with a report thereon within three months following the end of the Financial Year.

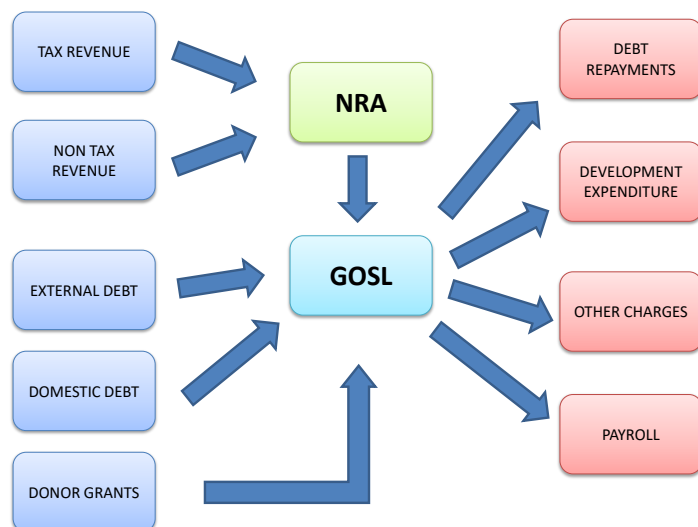
In addition, section 7 of the GBAA 2005 states that the Consolidated Fund shall consist of, amongst other things:

- (a) all revenues or other moneys raised or received for the purpose of, or on behalf of, the Government;
- (b) any other moneys raised or received in trust for or on behalf of the Government; and
- (c) all revenues and moneys payable by or under any bilateral or multilateral agreement.

The presentation of the public accounts seeks to comply with the provisions of the GBAA 2005 and cash basis IPSAS. It also seeks to ensure that reliable and relevant accounting information is made available to parliament in particular and to the public in general to enable interested parties to make an informed judgment on the management of the Consolidated Revenue Fund (CRF) and the financial performance of government. It also assists in providing basic data to aid the process of determining important macro-economic performance indicators, such as growth rates and inflation.

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. Section 62 of the GBAA 2005 mandates the Auditor General to Audit the Public Accounts on an annual basis so as to be able to give an opinion on the Public Accounts. The internal controls instituted by the Accountant General and other key institutions were also examined during the audit to ensure that they operated effectively and efficiently.

A sample of transactions from the Integrated Financial Management Information System (IFMIS) was



Public Accounts - Main Revenue and Expenditure Stream

tested, on a risk basis, and the underlying supporting documentation was examined. The accuracy of the compilation process used to produce the Public Accounts was also considered and the systems of internal control in place were reviewed. These included, but were not limited to, segregation of duties, authorisation, and record keeping.

Why it is important

The Public Accounts reports all government expenditure and revenue for the year. The major revenue and expenditure streams are shown in the diagram:

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. They also allow citizens to see how Government is spending their money on their behalf.

What we found

Sufficient and appropriate audit evidence to support a qualified opinion on the financial statements of the government of Sierra Leone (Public Accounts) was provided. The financial statements are 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 paragraphs as set out below.

A qualified opinion was also issued in 2013 and 2014. This signifies that the status quo has largely remained the same and, although there has been some improvement in accounting controls over recent years, there are still some areas of significant concern that will make it impossible to improve on this opinion until they are adequately addressed by Government. The opinion is based on professional judgement after evaluation of evidence gathered during the Public Accounts audit and, indirectly, on the findings of the many other audits undertaken throughout 2016 on transactions carried out in 2015. Issues which have impacted upon the opinions over the last 5 years are shown in the table below.

Qualification Issue	Opinion on the Public Accounts				
	2011	2012	2013	2014	2015
Domestic Revenue	✓	✓	✓	✓	✓
External Public Debt	✓	✓	✓	✓	✓
Financial Reporting Framework	-	✓		✓	✓
Government Bank Accounts	✓	✓	✓	-	-
Revenue Arrears	-	-	✓	✓	✓
Other Charges	EoM	EoM	EoM	EoM	EoM
Procurement	-	✓	OM	OM	OM
Miscellaneous Debtors	EoM	EoM	-	EoM	-
Payroll	-	OM	OM	-	-
✓ - Included as basis of opinion EoM - Included as Emphasis of matter OM - Included as Other matter					

Domestic Revenue

Raised in 2011, not for the first time ...

"I was unable to obtain sufficient appropriate audit evidence that Domestic Revenue disclosed in the Public Accounts was free from material misstatement, because bank reconciliations, comparing balances held at transit bank accounts with those in the cash books maintained, were not performed by the National Revenue Authority."

- **Auditor General's Annual Report 2011**

In recent years, concerns have been raised over domestic revenue as reported in the public accounts. In all cases, there has been lack of audit evidence to confirm that the amount as disclosed in the public accounts is free from material misstatement.

Controls around the assessment, collection and reporting of government revenue continue to be a major area of concern. Given the current fiscal issues faced by Government, and the stark austerity measures being implemented, it is of even of

greater importance that all monies due to the Government are identified, recorded and banked so that it can be spent for the public good. Recent focus has largely been on reducing Government spending to help to balance the books; of course, the other side of this coin is the need to maximise Government revenue. Much more effort is required in this area.

External Debt

In recent years' differences, have been observed between the external debts figures as recorded in the public accounts, and those recorded in the government books. As part of the audit, creditor confirmations are reviewed to confirm balances owed by Government. Although the rate of third party confirmations from external creditors continued to improve, confirmations for 23% of the external debt disclosed were not provided. Alternative audit procedures on the unconfirmed balance could not be performed as relevant supporting documentation was not provided.

Also, raised not for the first time ...

Prior to the audit of the 2012 Public Accounts, the Accountant General should carry out the following actions:

- *request all external creditors send in their year-end creditors' statements; and*
- *ensure that comprehensive reconciliations are performed, comparing and explaining any differences between the debt figures in the Government books and the amounts in the creditors' statements.*

- **Auditor General's Annual Report 2011**

Despite the improvements in the amount of debt confirmed by external creditors, confirmations received as part of the 2015 audit identified a number of errors in the Public Accounts that have now been corrected in the final version. Government should ensure that as a matter of course, external confirmations and statements are used to regularly reconcile the correct debt position. As well as improving financial reporting this would also aid Government in fiscal and macroeconomic decision making.

Financial Reporting Framework

Note 1b of the Public Accounts indicates that the Financial Statements of the Central Government has been prepared using cash basis of accounting in compliance with International Public Sector Accounting standard (IPSAS). In addition, the provisions of the GBAA 2005 must be followed. However, the accounts do not comply in the following ways:

- payments made by third parties on behalf of government are not disclosed as required by section 1.3.24 of the cash basis IPSAS;
- an explanation of material differences between the budgets for which the entity is held publicly accountable and actual amounts as required by section 1.9.8 of the cash basis IPSAS was also not disclosed; and
- a summary statement of revenue arrears to be collected by each budgetary agency, as required by section 57(5) (g) of the GBAA 2005, was not disclosed. Although Note 13 of the public accounts discloses a total revenue arrears of Le3,590 million, this is not broken down by budgetary agency.

And yet again in 2014 ...

"We were unable to carry out a full analysis of all budgetary agencies because documents such as an arrears list for each budgetary agency were not submitted and as such we could not verify the total amount of Le4.3 billion disclosed as arrears. The actual amount of government arrears is likely to be much larger than the amount disclosed in the public accounts."

Auditor General's Annual Report 2014

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, 2015. The Public Accounts comprise of a Statement of Cash Receipts and Payments, a Statement of Comparison of Budget and Actual Amount, a Statement of Financial Assets and Liabilities, and a Statement of Outstanding Public Debt and other notes of explanations and elaboration as presented on pages 9 to 28 of this report.

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 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 of the Minister of Finance 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 the design and the effective implementation of internal controls.

I have been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR A QUALIFIED OPINION

External Debt- Lack of Sufficient Audit Evidence

Our audit procedure to ascertain the accuracy of External Public Debt relating to multilateral and bilateral creditors of approximately Le5.60 trillion recorded in the Public Accounts was restricted to creditor confirmation because of insufficient information presented for audit scrutiny. Of a total External Debt of Le5.60 trillion reported in the Public Accounts, only Le4.32 trillion, which accounts for 77% were confirmed, Le1.3 trillion which represent (23%) of the total debt were not confirmed by external creditors. I was not able to perform other audit procedures to gain assurance over the remaining unconfirmed balance. Therefore, I am unable to ascertain whether it is free from material misstatement.

Domestic Revenue- Inadequate Reconciliations

There was 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 the Bank of Sierra Leone (BSL). In addition, there was no process by which the amount of non-tax revenue assessed by revenue collecting MDAs was compared to the revenue collected by NRA. Below are examples of issues that went uncorrected because of the absence of effective and regular reconciliation throughout the revenue collection process;

- I observed total receipts of Le206.8 billion was recorded in the VIPS (a system that captures payments based on receipts to offset taxpayers' liabilities) but only Le 195.7 billion worth of Receipts were reported in the revenue cash book for Large tax office (LTO) in-house bank; LTO credit advice; Medium tax office (MTO) in-house and MTO credit advice. Hence revenue reported in the cash books was potentially understated by Le11.3 billion.
- It was also noted that customs duty and import GST totalling Le12.2 billion and Le10.0 billion respectively were observed to have been deducted from goods to which duty waivers were granted. However, I was unable to confirm that the said amounts were paid to the transit accounts of Customs Services Department and subsequently to the CRF since both amounts could not be traced to the BSL bank statement.

As a result of the issues outlined above I am unable to certify that domestic revenue as presented in the public accounts is free from material misstatement.

Non-Inclusion of Revenue Arrears in the Public Accounts

Revenue arrears of Le3.6 billion disclosed in note 13 of the Public Accounts was not supported by a Summary Statement of Revenue Arrears to be collected by each Budgetary Agency in contradiction to Section 57(5) (g) of the GBAA 2005. I was unable to carry out a full analysis of revenue arrears of all budgetary agencies because an arrears list for each budgetary agency was not submitted and as such I could not verify the total amount disclosed as arrears. The actual amount of Government arrears is likely to be much larger than the amount disclosed in the Public Accounts.

Non-compliance with Cash Basis IPSAS

Note 1(a) of the Public Accounts states that '*The Financial Statements of the Central Government has been prepared using cash basis of accounting in compliance with International Public Sector Accounting Standard (IPSAS)*'.

However, the following were observed:

- Section 1.3.24 of the standard requires that payments made on behalf of government by third parties (for example, donor organisations and NGOs) should be reported in the financial statements. There are a large number of payments made by third parties on behalf of government

at all levels that are not currently being captured and as a result, revenue and expenditure as disclosed in the Public Accounts has been understated.

- Section 1.9.8 (c) of the standard requires that by way of note disclosure, an explanation of material differences between the budgets for which the entity is held publicly accountable and actual amounts should be made.
- These disclosures required under the cash basis IPSAS have not been included.

QUALIFIED OPINION

In my opinion, except for the matters in the opinion paragraphs above, the Public Accounts give a true and fair view, of the financial position of the Government of Sierra Leone as at 31st December, 2015 and its receipts and payments and additional financial statements- Statement of Comparison of Budget and Actual, Statement of Financial Assets and Liabilities and the Statement of Outstanding Public Debt for the year then ended in accordance with the GBAA 2005, cash basis IPSAS and other applicable laws and regulations.

EMPHASIS OF MATTER

Lack of Supporting Documents-Non-Salary, Non-Interest Recurrent Expenditure and Domestic Development Expenditure

Payments valued at Le17.5 billion were made by various MDAs in respect of goods and services but that these payments were not adequately supported. Certain relevant documents such as receipts, invoices and reports were not made available. In the absence of the records and documentation, the purpose for which the expenditure was incurred could not be ascertained and it is possible these payments may have been misclassified in the Public Accounts.

OTHER MATTER

Procurement-Non-Compliance with Procurement Regulation

The failure by Government to provide adequate evidence that proper procurement procedures have been followed continues to exist. Uncompetitive and unfair procurement processes, inadequate contract management and missing tender documentation were observed during the course of audits conducted in the 2015 financial year. Conscientious application of procurement procedures by public bodies that could guarantee a fair, transparent and competitive process for a sample of awards was widely ignored and therefore value for money was not achieved in many cases.



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

1.1. FINANCIAL STATEMENTS OF THE GOVERNMENT OF SIERRA LEONE

STATEMENT A - STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31st DECEMBER 2015

In millions of Leones

	Notes	2015 Receipt / (Payments) Central Government	Payments by 3rd Parties	2014 Actual
RECEIPTS				
Taxation	(3)			
Income Tax		906,118	-	895,681
Customs and Excise		550,824	-	506,816
Goods and Services Tax		595,652	-	459,095
Foreign Travel Tax		6,018	-	5,999
		2,058,612	-	1,867,591
Non-Tax	(4)			
Mineral Resources		94,209	-	209,413
Fisheries		31,276	-	14,929
Other Departments		50,431	-	129,875
Road User Charges		80,838	-	87,616
		256,754	-	441,833
Other receipts	(5)			
Staff loans and advances recovered		659	-	641
Privatisation Receipts		17,809	-	13,480
Sale of goods and services		106,767	-	144,803
Other Receipts Projects and Subvented		99,090	-	-
		224,324	-	158,924
External Assistance	(6)			
HIPC Debt Relief Assistance		149,739	-	8,770
Other Grants Received- External Donors		802,066	-	-
Other Grants Received- Projects and Subevent		141,186	-	926,027
		1,092,992	-	934,797

Other Borrowings	(7)			
Loans Disbursed during the year		185,247	-	425,023
Ways and Means Advances		1,702,358		1,543,059
Sale of Treasury Bearer Bonds		161,840	-	365,736
Strategic Petroleum Stock Fund		-	-	2,017
Sale of Treasury Bills		2,605,200	-	2,427,951
		4,469,397	-	4,763,786
Total receipts		8,102,080	-	8,166,931
PAYMENTS				
Operations				
Wages, Salaries and Employee Benefits	(8)	(1,581,374)	-	(1,511,343)
Non-Salary, Non-Interest Recurrent Expenditure	(9)	(1,136,309)	-	(1,541,700)
Domestic Development Expenditures	(10)	(808,503)	-	(772,253)
		(3,526,186)	-	(3,825,296)
O/W Transfers				
Grants to Educational Institutions		52,109	-	(90,864)
Transfers to the Road Fund		(80,838)	-	(87,680)
Transfers to Local Councils		-	-	(41,903)
		(28,729)	-	(220,447)
Loan and Interest Repayments	(11)			
Domestic Interest		(134,847)	-	(181,869)
Foreign Interest		(39,483)	-	(40,346)
Redemption of Treasury Bills		(2,293,180)	-	(2,020,114)
Redemption of Treasury Bearer Bonds		(195,560)	-	(385,309)
Ways and Means Repayments		(1,678,010)	-	(1,505,286)
Principal Repayment		(116,972)	-	(117,802)
		(4,458,052)	-	(4,250,726)
Other payments	(12)			
Staff Salary Advances		(638)	-	(642)
Wages Arrears		(3,320)	-	(2,980)
Domestic Arrears		(91,322)	-	(44,968)
				-
Other Government (Projects and Subvented)		(254,494)	-	
		(349,774)	-	(48,590)

Total payments	(8,334,013)	-	(8,124,612)
Increase/(Decrease) in Cash	(231,933)	-	42,319
Cash at the beginning of year	211,510	-	169,191
Increase/(Decrease) in Cash	(231,933)	-	42,319
Exchange rate loss		-	
Cash at end of year	(20,423)	-	211,510

STATEMENT B

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE GOVERNMENT OF SIERRA LEONE FOR THE YEAR ENDED 31ST DECEMBER 2015

Approved budget on a cash basis (Classification of Payments by Function)

In millions of Leones

	Actual Amount	Final Budget	Original Budget	Difference: Final Budget and Actual
CASH INFLOWS				
Taxation	2,058,612	1,770,146	1,770,146	288,466
Aid Agreements- International Agencies	-	-	-	-
Other Grants and Aid	1,092,992	1,054,125	-	38,867
Proceeds: Borrowing	4,469,397	-	-	4,469,397
Proceeds: Sale of Assets	-	-	-	-
Trading Activities	-	-	-	-
Other Receipts	481,078	-	-	481,078
Total Receipts	8,102,080	-	-	5,277,809
CASH OUTFLOWS				
Health	404,986	-	-	(404,986)
Education	553,924	-	-	(553,924)
Public Order	281,208	-	-	(281,208)
Social Security and Welfare	20,342	-	-	(20,342)
Defence	162,997	-	-	(162,997)
Housing Community Amenities	93,512	-	-	(93,512)
Recreation, Culture and Safety	4,975	-	-	(4,975)

Economic Services	796,430	-	-	(796,430)
General Public Service	1,476,782	-	-	(1,476,782)
Others	4,538,854	-	-	(4,538,854)
Total Payments	8,334,011	-	-	(8,334,011)
NET CASH FLOWS	(231,932)	-	-	13,611,820

STATEMENT C

STATEMENT OF THE FINANCIAL ASSETS AND LIABILITIES OF THE CONSOLIDATED FUND

as at 31st December 2015

In millions of Leones	Notes	2015	2014
CONSOLIDATED FUND ASSETS			
CASH AND BANK BALANCES			
Cash and Bank Balances with the Central Bank	(14)	75,488	253,506
Cash and Bank Balances with Commercial Banks	(15)	136,702	179,301
Cash in Transit Account		6,450	1,319
Cash in hand with PIUs		24	92
		218,663	434,218
LOANS AND ADVANCES			
Staff Loans and Advances	(16)	1,310	1,327
Debtors – Privatisation	(17)	15,477	2,930
Miscellaneous Debtors	(18)	-	8,130
		16,787	12,387
INVESTMENTS			
Multilateral Agencies	(19)	60,648	60,648
Public Enterprises	(20)	302,584	324,632
		363,232	385,280
Total Consolidated Fund Assets		598,683	831,886
CONSOLIDATED FUND LIABILITIES			
SHORT TERM			
Cash and Bank Balances with the Central Bank	(15)	212,744	227,742
Cash and Bank Balances with Commercial Banks	(16)	3,007	3,607
Domestic Suppliers Arrears	(21)	10,452	10,435
Domestic Public Debt	(22)	2,165,664	1,837,838
		2,391,867	2,079,622
LONG TERM			
Non-Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leone	(23)	81,803	81,803
5 Year Bond	(24)	357,516	357,516
External Public Debt	(25)	7,298,427	5,659,378
		7,737,746	6,098,697
Total Consolidated Fund Liabilities		10,129,613	8,178,319

STATEMENT D

STATEMENT OF OUTSTANDING PUBLIC DEBT AS AT 31ST DECEMBER 2015

Amounts in Millions of Leones

Foreign Debt	Principal	Interest	Total
Bilateral			
Govt. of the People's Rep. of China	79,979	-	79,979
Exim Bank of China	244,168	-	244,168
Kuwait Fund for Arab Econ. Development	180,322	-	180,322
Saudi Fund for Economic Development	103,121	-	103,121
Exim Bank of India	241,487	-	241,487
EXIM BANK OF KOREA	724	-	724
Total Bilateral Debt	849,800	-	849,800
Multilateral			
Abu Dhabi Fund for Development	96,651	-	96,651
African Development Fund	685,117	-	685,117
Arab Bank for Economic Dev. In Africa	285,654	-	285,654
INTERNATIONAL MONETARY FUND	1,083,237	-	1,083,237
European Economic Community	41,549	-	41,549
International Development Association	1,282,476	-	1,282,476
International Fund for Agric Development	197,742	-	197,742
Islamic Development Bank	560,068	-	560,068
OPEC Fund for International Development	290,022	-	290,022
ECOWAS Bank for International Devmt	262,208	-	262,208
Total Multilateral Debt	4,784,724	-	4,784,724
External Commercial Creditors	1,161,005	-	1,161,005
Total Foreign Debt	6,795,528	-	6,795,528
Domestic			
Treasury Bills	1,960,310	-	1,960,310
Treasury Bearer Bond	141,949	-	141,949
Ways and Means	63,406	-	63,406
Total Domestic Debt	2,165,664	-	2,165,664
		-	
Total Debt	8,961,192		8,961,192

STATEMENT E

STATEMENT OF GOVERNMENT BORROWINGS FOR THE YEAR ENDING 31ST DECEMBER 2015

In Millions of Leones

	Note	2015	2014
Balance at start of the year		6,770,040	6,036,781
Proceeds:			
Domestic	(1)	4,469,397	4,336,746
Foreign	(2)	600,338	425,023
Total Borrowing during the year		11,839,774	10,798,550
Repayment:			
Domestic	(3)	(4,166,750)	(3,910,709)
Foreign	(4)	(116,972)	(117,802)
Total Repayments		(4,283,722)	(4,028,511)
Balance at end of year		7,556,052	6,770,040

1.2. 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 depict the financial performance of the Government of Sierra Leone for the financial year ended 31st December, 2015 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 2015 has been included in the Financial Statements.

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.

(e) Additional Information

Additional statements have been provided in order to comply with the GBAA, these statements include among others a Statement of Assets and Liabilities.

2. Taxation

The amount of Le2,058,612 billion represents total tax collected from various sources and paid into the consolidated fund for the year 2015.

In Millions of Leones				
	Actual 2015	Estimates	Variance	% Variance
PAYE- GOVERNMENT EMPLOYEES	131,085	130,000	1,085	1%
PERSONAL INCOME TAX	757,210	634,840	122,370	19%
WITHHOLD.TAX	17,823	48,690	(30,867)	-63%
IIMPORT DUTIES	550,824	520,216	30,608	6%
GOODS AND SERVICE TAX	595,652	494,681	100,971	20%
FOREIGN TRAVEL TAX	6,018	3,910	2,108	54%
TOTAL TAX RECEIPT	2,058,612	1,832,337	226,275	100%

Detail analysis is provided in Statement D

3. Non-Tax

The amount of Le256,754 million represent amount collected from various sources (See Statement D).

4. Other Receipts

(a) Staff Loans and Advances

The amount of Le659 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.

(b) Privatisation Receipts

The amount of Le17,809 million represents the total receipts from National Commission for Privatisation (NCP) during the year.

(c) Sales of Goods Services

The total amount of Le106,767 million represent sale of goods and services in respect of Projects and Subvented Agencies as recorded in their report submitted for the year 2015.

5. External Assistance

In millions of Leones (unless otherwise stated)

Details	FY 2015		FY 2014	
	Budget	Actual	Variance	Actual
		Curr.' M		
GRANTS				
HIPC Debt Relief Assistance	-	149,739	-	8,770
Other External Budgetary Assistance				
o/w;	269,411	802,067	(532,657)	926,027
UK DFID	104,844	£9.77 78,199	26,645	137,923
European Union	57,300	€24.78 152,773	(95,473)	116,030
African Development Bank	107,267	\$22.94 110,429	(3,162)	220,629
Common Wealth	-	-	-	2,279.2
IMF	-	XDR15.55 117,904	-	181,712
IDA	-	\$29.77 165,615	-	255,613
Other Projects	-	SDR25.94 177,158	-	11,790
Total Grants	269,411	951,807	(604,647)	934,798

6. Other Borrowings

(a) Loans disbursed during the year

The amount of Le185,247 million captured in the Financial Statement represents loans disbursed to projects that submitted financial report during the year for consolidation into the Public Accounts. The total amount of loan disbursed to projects during the year as recorded by the Multilateral Project Division (MPD) for the year 2015 was \$107million which amounted to Le600,337million using the closing rate of exchange.

(b) Ways and Means Advances

The amount of Le1,702,358 million represents ways and means advances loaned to the Government during the year.

(c) Sale of Treasury Bearer Bonds

The amount of Le 102,094 million represents treasury bearer bonds issued during the year.

(d) Sale of Treasury Bills

The amount of Le2, 609,995 million is the treasury bills issued during the year.

7. Wages, Salaries and Employee Benefits

The amount of Le1,584,694 million includes wage arrears of Le3,320 million and Le56,828 million for Pensions, Gratuities and Other Retirement Benefits which mainly represent payments made in the form of Gratuities and Pensions to Employees that have retired before 2002. In the case for those who retired during the year, only gratuities are paid. Also, a total of Le 164,620 million included in the wage bill was paid out as government contributions to social security for public workers.

In millions of Leones

	2015	2014
Wages and Salaries:	1,584,694	1,445,597
o/w		
Education	384,038	404,185
Health	145,456	125,857
Public Order and Safety	143,876	140,832
Defence	68,845	100,801
Recreation, Culture and Safety	1,307	1,399
Economic Services	170,119	100,316
General Public Service	299,447	272,357
Foreign Missions	69,313	59,932
Local Councils	8,764	4,520
Others	72,079	38,760
Social Security Contributions	164,620	108,589
Pensions, Gratuities and Other Retirement Benefits	56,828	88,049

8. Non-salary, non-interest recurrent expenditure

The analysis below depicts payments made for goods and services supplied to various Ministries and Departments during the year including domestic arrears.

In millions of Leones

	2015	2014	% Change
Non-Salary, Non-Interest Recurrent Expenditure	1,136,308	1,188,219	-4
o/w Education	169,898	171,753	-1
Health	69,452	109,461	-57
Defence	86,834	117,980	-35
Police	67,844	73,295	-8
Agriculture	39,503	33,821	18

9. Domestic Development Expenditures

The total amount of Le808,503 million (Le569,902 million 2014) for Domestic Development Expenditure represent the Government contribution to various Development Projects.

10. Loans and Interest Payments**(a) Domestic Interest****In millions of Leones**

	2015	2014
Interest on Ways and Means	700.67	1,379.42
Interest on Treasury Bills	80,728.04	129,024.18
Interest on Treasury Bearer Bonds	53,417.92	51,267.02
Total Domestic Interest	134,846.63	181,670.6

(b) Foreign Interest

The total amount of Le9,483 (Le40,346 in 2014) represents interest paid on external debts during the year.

(c) Redemption of Treasury Bills

The amount of Le2,020,114 million represents treasury bills redeemed during the year.

(d) Sale of Treasury Bearer Bond

The amount of Le137,855 million represents the treasury bearer bond that has matured during the year.

(e) Ways and Means Repayment

The amount of Le1,678,010 million represents ways and means advances repayment by the Government during the year.

(f) Principal Repayment

The amount of Le116,972 represents principal repayment on external debts during the year.

11. Other Payments

(a) Staff Loans and Advances

The amount of Le638 million represents loans issued to employees of Government as well as Members of parliament during the year.

(b) Wages arrears

The amount of Le3,320 million represents salary payments to employees relating to previous years. This amount has been reported separately.

(c) Domestic arrears

The amount of Le91,322 million represent amount owed but paid during the year 2015. This amount has been reported separately.

12. Revenue Arrears

The amount of Le3,590 million represents revenue arrears owed to Government by various Financial Institutions at the end of the year.

13. Cash and Bank Balances with the Central Bank

The amount of Le75,488 million (Le 253,506 million –2014) 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	2015	2014
1100501	TREASURY MAIN ACCOUNT	(67,526)	(224,187)
1000512	AGD EXPENDITURE ACCOUNTS – GENERAL	(145,212)	(2,749)
1100515	AGD SALARIES and WAGES ACCOUNT 1998	-	(762)
1100516	AGD PENSIONS ACCOUNT 1998	-	(38)
1100573	SALARY ADVANCES ACCOUNT	(5)	(6)
		(212,743)	(227,742)
1100811	TREASURY WAYS and MEANS ADV A/C	63,406	39,058
	DEPARTMENTAL ACCOUNTS	12,082	32,225
111002843	IMF BUDGET FINANCING TREASURY	-	181,712
1100721	MDRI RELIEF	-	511
		75,488	253,506

14. Cash and Bank Balances with the Commercial Banks

The amount of Le136,702 million (Le 179,301 million – 2014) represents the total of bank balances held at various Commercial Banks for Subvented Agencies and Projects Implementation Units (PIUs) that have submitted Financial report for the year 2015. This amount is also inclusive of Le2,155 million in respect of Strategic Petroleum Stocks Fund balance

In Millions of Leones

No.	Bank	2015	2014
1	Access Bank	157	242
2	Eco Bank	1,569	1,767
3	First International Bank	6,504	8,692
4	Guaranty Trust Bank	1,254	2,511
5	Keystone Bank	32	31
6	Rokel Commercial Bank	39,450	30,550
7	S.L Commercial Bank	76,031	116,072
8	Standard Chartered Bank	3,604	2,942
9	Union Trust Bank	7,418	15,006
10	United Bank for Africa	672	1,488
11	ZENITH	10	-
	Total	136,702	179,301

15. Overdraft balances with Commercial Banks

In Millions of Leones

No.	Bank	2014	2014
1	First International Bank	(8)	-
2	Rokel Commercial Bank	(228)	(7)
3	S.L Commercial Bank	(2,7501)	(3,599)
4	Standard Chartered Bank	(78.09)	-
5	Union Trust Bank	(1)	-
4	Yoni Rural Community Bank	(0.36)	(1)
		(3,066)	(3,607)

16. Staff Loans and Advances

The amount of 1,301 million (Le1,327 million – 2014) represents the outstanding balance of loans and advances given to employees of Government as well as Members of parliament

17. Debtors-Privatisation

as at 31st December 2015

In millions of Leones

	2015		2014	
	Value in Millions of US \$	Value (Le m)	Value in Millions of US \$	Value (Le m)
GAVA (SL) Ltd.	575.00	3,242.50	0.575	2,848.20
SLPA Ferry Mahera	-	160	0.017	81.7
Cargo Tracting Note	2,126.80	11,993	-	-
Ferry Mahera (SMR SHIPPING Company)	-	-	-	-
Total Value	2,701.80	15,395.70	0.763	2,929.9

In millions of Leones

	2015	2014
Balance as at 1st January	2,930	3,375
Payment for 2011	-	-
Privatisation receipts with National Commission for Privatisation	12,153	-
Privatisation debtors written off	-	(574)
Privatisation Receipts	-	-
Exchange Rate Differential on Revaluation	394	129
Balance as at 31st December	15,477	2,930

18. Miscellaneous Debtors

In millions of Leones

	2015	2014
Bumbuna Hydro Electric Project	-	5,213
Loan to Salpost	-	753
Loan to Guma Valley Water Company	-	2,164
	-	8,130

The outstanding balance of miscellaneous debtors was written off in 2015 as it is highly probable that these loans will not be recovered.

19. 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 2015 are as outlined below:

In millions of Leones

	2015		2014	
	Value in Millions of SDR	Value	Value in Millions of SDR	Value
International Bank for Reconst. and Development (IBRD)	1.83	13,127	1.83	13,127
African Development Bank (AFDB)	6.62	47,521	6.62	47,521
	8.45	60,648	8.45	60,648

20. Investment – Public Enterprises

The carrying value of Le302,584 million (Le324,632 million - 2014) 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.

No.	NAME	LEGAL STATUS	GOVERNMENT PARTICIPATION (In %)	2015	2014	
				TOTAL NOMINAL CAPITAL	GOVERNMENT SHARE OF EQUITY	
A. Utilities						
A1	National Power Authority (NPA)	Authority	100%	-	-	-
A2	S/L Telecommunications Co. Ltd. (SIERRATEL)	Limited Company	100%	25,813	25,813	25,813
A3	Sierra Leone Postal Services Ltd. (SALPOST)	Limited Company	100%	(4500)	(4500)	20
A4	Guma Valley Water Company (GVWC)	Limited Company	95%	1,223	1,162	1,162
B. Financial Institutions						
B1	Bank of Sierra Leone	Central Bank	100%	-	-	-
B2	Sierra Leone Commercial Bank (SLCB)	Limited Company	100%	31,018	27,606	27,000
B3	Rokel Commercial Bank (RCB)	Limited Company	51%	2,889	1,878	24,781
B4	National Development Bank (NDB)	Limited Company	99%	1,604	1,588	1,588
B5	National Insurance Company (NIC)	Limited Company	100%	6,390	6,370	1,396
C. Transport and Shipping						
C1	Sierra Leone Road Transport Corporation (SLRTC)	Corporation	100%	184	184	184
C2	Sierra Leone Airport Authority (SLAA)	Authority	100%	89,590	89,590	89,590
C3	Sierra National Airlines (SNA)	Limited Company	100%	1	1	1
C4	Mining and General Services Co (SL) Ltd. (MAGS)	Limited Company	51%	40,000	20,400	20,400
C5	Sierra Leone Ports Authority (SLPA)	Authority	100%	115,581	115,581	115,581
C6	Sierra Leone National Shipping Company Co. (SLNSC)	Limited Company	100%	(987)	(982)	0

D. Agriculture						
D1	Sierra Leone Produce Marketing Board (SLPMB) (Note 1)	Corporation	100%	0	0	0
E. Information Services						
E1	Sierra Leone Daily Mail	Company	100%	-	-	-
F. Manufacturing						
F1	Seaboard West Africa	Limited Company	0.01%	0	777	0
F2	Sierra Leone National Workshop	Company	40%	-	-	-
G. Housing						
G1	Sierra Leone Housing Corporation (SALHOC)	Corporation	100%	15,437	15,437	15,437
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	1,679	1,679
				325,922	302,584	324,632

Note 1 - Token Value**21. Domestic Suppliers Arrears****DOMESTIC SUPPLIER ARREARS AS AT 31ST DECEMBER 2015**

In millions of Leones		
	2015	2014
Domestic Suppliers' Balances brought forward	10,435	24,557
Prior Year Additional Claims/ (write off)	-	(14,132)
Cheques payable in 2014	90,933	
Claims Verified during the year	389	2,935
Payments made during the year	(91,322)	(2,925)
Exchange rate difference	17	-
	10,452	10,435

22. Domestic Public Debt

The carrying value for Domestic Public Debts comprises:

In millions of Leones			
	2015	%	2014
Treasury Bills	1,960,310	90.5%	1,673,296
Treasury Bearer Bonds	141,949	6.6%	125,484
Ways And Means	63,406	2.9%	39,058
	2,165,665	100.0%	1,837,838

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

23. Non- Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leone for the year ended 31st December 2015

In millions of Leones		
	2015	2014
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

24. 5 Year Bond

No transaction occurred during the year and the balance as at 31st December, 2015 stood at Le357,516 million.

25. External Public Debt

In millions of Leones

	2015	%	2014	%
Multilateral Creditors	5,287,623	72.45%	3,846,236	68.00%
Bilateral Creditors	849,800	11.64%	769,061	13.60%
Commercial Creditors	1,161,005	15.91%	1,044,082	18.40%
	7,298,428	100.00%	5,659,378	100.00%

In millions of Leones

	2015	2014
Opening Balance	5,659,378	4,601,314
Prior Year Adjustment	-	-
	5,659,378	4,601,314
Loan Disbursements	600,338	751,761
Loan Repayments	(116,972)	(117,802)
Loan Disbursements to Projects	-	-
	6,142,744	5,235,273
Actual Translated Balance	7,298,428	5,659,378
debt cancellation	-	-
Loss on Exchange (External Debt)	(1,155,684)	(424,105)
Exchange Rate Differential (Privatization Debt)	394	129
Exchange Rate Differential (Loan to Sierra Rutile)	-	-
Exchange Rate Differential (Domestic Suppliers	-	-
Arrears)	-	-
Exchange Rate Differential (Project and Subvented)	-	(814)
Exchange Rate Differential (Multilateral	-	-
Investments)	-	3,942
Total Loss on Exchange	(1,156,078)	(420,849)

1.3. SOME COMMENTS ON THE PUBLIC ACCOUNTS

OVERALL SUMMARY

Introduction

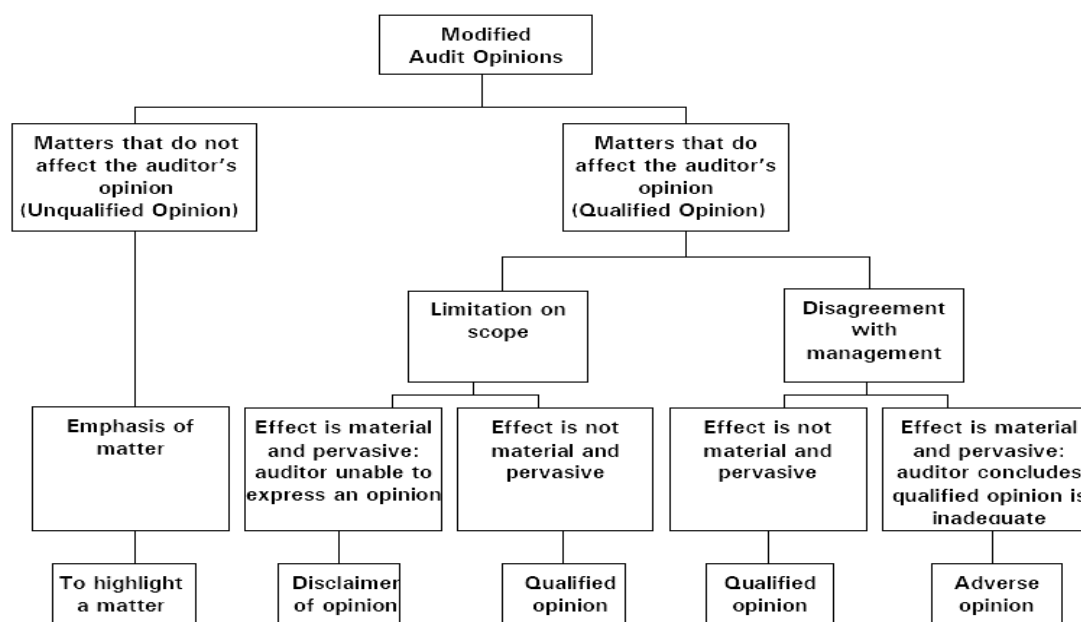
I have issued my Auditor's Report on the Public Accounts of the Government of Sierra Leone in accordance with Section 119(2) of the Constitution of the Republic of Sierra Leone 1991, and Sections 62 to 66 of the GBAA 2005. A copy of my Audit Opinion precedes the Financial Statements of the Government 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 reporting 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 audit opinion issued – in this instance a qualified 'except for' opinion - is an expression of professional judgments whose form is dictated by international standards. The different forms of possible audit opinions are shown in the diagram below:



Overall Conclusions

The quality of the Public Accounts has improved over the years. For the last two years, a qualified opinion has been issued; this is an improvement on past years when the more negative opinion, a disclaimer, was the norm. Credit should be given to the Accountant General's Department and MDAs for

their efforts in addressing some issues such as improving the presentation of the public accounts, the establishment of a database of all government bank accounts, and improvement in the availability of supporting documentation for other charges. However, there remain fundamental issues that have negatively impacted on the audit opinion on the 2015 Public Accounts. These issues, considered in detail in the paragraphs below, are not new. They have been raised consistently in previous audit reports and little or no action has been taken. If this situation persists, it will not be possible to issue an unqualified “clean” audit opinion in the future.

For the majority of these issues, the Accountant General is reliant upon other departments or bodies to provide the correct information for inclusion in the Public Accounts and for the implementation of audit recommendations included in the audit reports. For example, the area of domestic revenue has been a serious and perpetual issue leading to major qualification of the public accounts over many years. The responsibility for domestic revenue rests with the NRA. For the Public Accounts to fully and correctly disclose revenue collected on behalf of government, NRA must implement basic but adequate controls to ensure that money passes to Government and timely information is passed to the Accountant General’s Department for proper accounting. Without the implementation of such controls the situation will not improve. Another example is in the area of external public debt. Again, the Accountant General’s Department relies on another unit, in this case the public debt unit within MoFED, for information. Without controls to ensure that this information is correct and passed over in a timely manner proper accounting and reporting of the external public debt position will not improve. Efforts should be stepped up to ensure that information is provided and audit recommendations implemented in an accurate, complete and timely fashion. Without such cooperation, it will be difficult for further improvement to be achieved.

This Annual Report runs to many, many pages and the issues reported here all effect public financial management in Sierra Leone to some degree. Aside from some issues in relation to other entities, such as Local Councils and Public Enterprises, all of these issues affect, whether directly or indirectly, the Public Accounts. For many years’ control weaknesses and compliance issues have been raised in these reports and, unfortunately little or no action has been taken.

Some of these issues are relatively difficult to deal with. For example, in the area of procurement significant and serious issues continue to be raised. As discussed in the special report on procurement activities issued in August 2016², nothing short of “root and branch” change will have a significant impact on the situation. However, other issues such as carrying out reconciliations, ensuring adequate supporting documents are in place before processing payments and putting controls in place to ensure NASSIT and tax liabilities are paid promptly should be relatively easy to correct.

To improve financial management as a whole, and to improve upon the quality of the Public Accounts and the opinion on these accounts, government needs to implement more of the recommendations made. Monitoring of this implementation needs to improve. Currently, there is little or no consequence for failure to implement these recommendations, many of which have been raised year after year after year. Governance structures should be in place to ensure that there are consequences for non-implementation of audit recommendations.

²Audit of Procurement Activities in Selected Public Sector Entities for the Period January to October 2015

We have over the years 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.
- MDAs are not taking effective action to address the basic problems of lack of monitoring and supervision, and non-adherence to legislation, due to the outright disregard for established laws and regulations in the conduct of public financial business.

The recommendations contained in this report are not only about financial or accounting technicalities; they are much more important than that. If implemented, the control improvements suggested would help Government meet their targets, would ensure better value-for-money for taxpayers and would, ultimately, have a significant, positive effect on the lives of the people of Sierra Leone.

Audit Opinion

Again, the Public Accounts have been qualified due to material uncertainties over some of the figures disclosed. This is largely due to the following:

- material uncertainty over domestic revenue due to:
 - 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; and
 - systemic deficiencies in the collection of taxes.
- uncertainty regarding the accounting for Public Debt; and
- disclosure issues in relation to Cash Basis IPSAS and GBAA 2005.

The decision to issue a qualified ‘except for’ opinion should not be taken lightly. It is unfortunate that despite concerns expressed repeatedly in annual reports, some of the key issues raised remain largely not acted upon at all or acted upon incompletely at best.

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.

1.4. DOMESTIC REVENUE

Perhaps the biggest areas of concern are the major issues that continue to be identified in the assessment, collection and reporting of government revenue.

Assessment

Many of the key revenue streams are operated on a self-assessment system, with individuals and businesses completing their own returns. Consequently, there is a risk that deliberate or accidental

inaccuracies in self-assessments may lead to under collection of tax. We recommend that the Commissioners of Domestic Tax and Customs Department introduce a compliance risk management process that will enable NRA to focus on the underlying drivers (not symptoms) of the inaccuracies in self-assessment, non-compliance and the promotion of diversity in the treatment of major tax compliance issues (registration, filing, reporting, and payment) rather than the adoption of a 'one size fits all' approach.

Collection

Significant issues were identified in relation to the collection of revenue. These include:

- inadequate reconciliation between assessment and moneys collected by NRA; and
- inadequate reconciliation between NRA cashbooks and transit bank statements.

Taxes due for collection from individuals, corporate bodies and other institutions by the Domestic Tax Revenue and Customs Divisions of the National Revenue Authority, but which had remained uncollected for stated reasons. During the period being reported on, arrears stood at approximately Le1.5 billion based on our samples tested. Most of the irregularities arose from assessed tax unpaid as well as poor supervision of Schedule Officers and a failure to enforce tax laws and financial regulations, and management's failure to promptly settle disputes and sanction offenders. Government cannot afford to waste money and controls should be put in place to ensure that all money due is collected and banked. All NRA cashbooks should be regularly reconciled with assessments (tax or non-tax) to ensure that all assessments made have been recorded and that money has been received, and with the relevant bank statements to ensure all money received has actually been banked properly. These controls would help to ensure that all money due is properly collected and recorded by NRA and is in the relevant transit bank account ready for transfer to the bank of Sierra Leone and disclosure in the public accounts.

Reporting

Once money from NRA is received by the transit banks it should be transferred to the Bank of Sierra Leone and recorded in IFMIS. However, the reconciliation between money received and NRA records is still not being performed properly and differences were identified between money collected as per NRA, money in the transit bank accounts, money in the Bank of Sierra Leone and revenue as disclosed in the public accounts. Without these regular reconciliations (at the assessment, collection and reporting stages) government revenue will remain relatively uncontrolled, funds are likely to be misused and it will prove impossible to ascertain whether revenue disclosed in the public accounts is free from material misstatement. It is also likely that revenue received is not being classified correctly to the correct revenue stream.

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.

There is the need for the Commissioner General and the Commissioners of Customs and Domestic Tax Department of the National Revenue Authority, the Directors and other responsible officials at MDAs, to strengthen supervision and internal control procedures in the public financial management and apply necessary sanctions against offending officers and clients/organisations that default in the collection, accounting and protection of revenue, as well as the settlement of tax obligations.

Unexplained splitting of FTT payments by Kenya Airways and Air France

Kenya Airways

Kenya Airways made a bulk payment of Le517,762,786 without specifying how the payments should be apportioned. However, the payment was split equally over a nine-month period by NRA officers on the

assumption that Le57,529,198 was the tax paid for each month. The basis of the splitting cannot be determined. Comparing the monthly payment arising from the splitting to other monthly payments (October Le245,204,978 and November Le218,925,325), we found that the splitting done by the NRA was unreasonable.

Air France

Air France made a bulk FTT payment of Le280,963,495 without actually specifying how the payments should be apportioned. The payment was split equally for nine months by NRA officers on the assumption that Le31,218,166 was the tax paid for each month. The basis for the splitting cannot be determined. Comparing the monthly payments arising from the splitting with other monthly payments (October Le93,880,144; November Le114,770,483), we found out that the splitting done by the NRA was unreasonable.

The Commissioner General should explain; the basis for the splitting and the difference between the monthly payment which resulted from the splitting and the, much larger, monthly payments made by the airlines before the splitting arrangement was put in place.

Different exchange rate used by airlines to the official bank of Sierra Leone rate

We observed that the exchange rate used by airlines differs from the official Bank of Sierra Leone foreign exchange rate as of the date of the transactions. As such, there is an under payment of FTT of Le124,634,274 by Royal Air Maroc and Le29,288,409 by S N Brussels Airlines.

The Commissioner General should ensure that Airlines use the official bank of Sierra Leone exchange rate as at the time of the transactions and the difference in payment of FTT is recovered and paid to the Consolidated Revenue Fund (CRF).

Non-payment of corporation tax arrears

Of a sample of 223 taxpayers, financial statements for only 19 taxpayers were provided for audit. Detailed examination of these documents revealed total corporation tax arrears of Le776,423,372. However, from documents provided a total of Le405 million remains outstanding.

Of the same sample, NRA submitted assessments for only 92 taxpayers. After examining these, it was observed that 44 taxpayers owe a total of Le921,279,112 as corporation tax arrears. However, NRA did not submit the financial statements of these taxpayers. As such we cannot certify the completeness of these arrears. The audit team could also not confirm whether there is a mechanism in place to recover these liabilities because, an arrears list was not submitted to the audit team. However, during the verification Le397million remains outstanding.

In addition, the failure to submit documentation for the full sample selected means that it is not possible to conclude on whether all corporation tax matters were properly dealt with. Ultimately, as corporation tax revenue should feed into the public accounts, this issue has a direct effect on conclusions reached as to whether revenue disclosed is free from material misstatement.

Non-payment of PAYE

Estimated PAYE obligation worth Le262.3 million for GUMA Water Company remained unpaid. This is in contravention of Section 147 (1) of the Income Tax Act 2000. The Commissioner General should take all necessary action to collect monies due it by these taxpayers. During the verification, we were not provided with a cross – debt settlement agreement between GUMA and the government. Le 46.7M still remained unpaid by GUMA.

Non-submission of returns and evidence of payment of penalties

From a sample of GST files submitted for audit purposes, the following were observed:

- taxpayers did not submit returns for some months as prescribed in the GST Act 2009. There is no evidence of penalties for non-submission of files. It is, therefore, not possible to certify the completeness and accuracy of the domestic GST revenue figure reported in the revenue performance report and subsequently on the face of the Public Accounts; and
- evidence of payments of penalties levied (for non-payment) was not provided for GST arrears totalling Le38.03billion

It is recommended that the Commissioner General should:

- explain why returns were not submitted by taxpayers;
- provide evidence to substantiate that penalties were levied for non-submission; and
- take all necessary action to recover these monies from the concerned taxpayers.

There is also the need for the Commissioner General and other Commissioners including the Directors and other responsible officials at MDAs and at the NRA, to strengthen supervision and internal control procedures in the management of public financial business and consistently apply sanctions as provided in the tax regulations against defaulters and clients/organisations that default in the collection, accounting and protection of revenue, as well as in the settlement of tax obligations

Customs Services Department Issues

Unexplained splitting of penalty charges

Penalty charges paid were split equally and 50% deposited into an escrow account and the other 50% into the CRF. The audit team requested for the bank statement of the escrow account but this was not submitted for audit review. The MOU between NRA and MoFED for depositing the 50% into the escrow account was also not submitted for audit review. There is the risk that the MOU may not have been adhered to. Without specific agreement from MoFED *all* revenue collected by NRA, on behalf of Government, should be transferred to the CRF. The Commissioner General should provide the written MOU between MoFED and NRA; otherwise the money should be refunded to the CRF.

Duty Waivers

The following individuals, institutions are entitled to duty waivers: Embassies/High Commissions/Diplomats/United Nations agencies, international financial institutions and related agencies, returning diplomats, nationals, international public servants, ministers, parliamentarians, high court judges, registered non-governmental organisations, charitable, ministries, department and agencies and religious organisations. The concession is granted based on: Section 51 of the Finance Act 2013, Section 23(2) of the Finance Act 2011, and Section 39(a) of the Finance Act 2013.

For MDA's all duty-free concessions are approved by the Minister of Finance. It was also noted that customs duty and import GST are still deducted on certain categories of waivers upon approval by the Minister. There was no evidence to confirm that the computation as per the ASYCUDA system amounting to Le12.2 billion and Le10.0 billion deducted as customs duty and import GST respectively on "duty waiver" goods were paid to the customs transit account and subsequently to the CRF. Furthermore, waivers were granted to institutions, individuals and organisations that were ineligible.

MoFED should provide a comprehensive list of institutions and organisations that are entitled to duty waivers. NRA should provide evidence to confirm that customs duty and import GST on waivers deducted as per the ASYCUDA system are reflected in the various transit accounts and the CRF.

Bonded Warehouses

Bonded warehouses are warehouses where goods are kept until release with a bond guarantee attached. Bonded warehouses are owned or rented by importers who submit an application to the Commissioner General (CG) for a bonded warehouse to be established.

Significant weaknesses such as importers operating without a bond and bank guarantees, expired bond and bank guarantees, and the non-recording of the total quantity of petroleum imported into the country in the ASYCUDA system were observed. Furthermore, the integrity of the assessment processes could not be ascertained since the assessment reports were not submitted despite repeated requests. We recommend that the CG ensure that the procedures involved in operating bonded warehouses are strictly adhered to, so that importers operating a bonded warehouse can operate legally and hence minimise loss of government revenue.

1.5. EXTERNAL PUBLIC DEBT

Differences continue to exist between the external public debt figures recorded in CS-DRMS, the Schedule of Outstanding Debt prepared by the Public Debt Unit and external confirmations received directly from creditors. Over the years, these differences were only identified after our audit work. The lack of regular reconciliation between these three information sources means that it is impossible to be sure that the figure as presented in the Public Accounts is free from material misstatement. Aside from the implications over the Public Accounts, these figures should be reconciled on a monthly basis to ensure that an accurate, up to date debt position can be provided at any point in time. This information could then be used by government to properly plan cash flows and to have access to the best information when making decisions on the most desirable debt structure for government.

Confirmations from third parties

Our audit procedures to confirm the completeness and accuracy of debts recorded involved the requesting of confirmation 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 on the 7th of June, 2016. Of a total External Debt of Le5.60 trillion, disclosed in the Public Accounts Le4.32 trillion, which accounts for 77% were confirmed. Le1.3 trillion which represents 23% of the total debt was not confirmed.

The table below shows the rate of creditor confirmation over the last five years.

Year	2011	2012	2013	2014	2015
Confirmation rate from external creditors	28%	75%	85%	100%	77%

Despite the improvements in the amount of debt confirmed by external creditors as shown in the table above, confirmations received as part of the 2015 audit identified a number of errors in the Public Accounts that have now been corrected in the final version. Government should ensure that as a matter of course, external confirmations and statements are used to reconcile the correct debt position rather than wait for the annual audit to identify problems. This is important not only that the Public Accounts submitted for audit are correct but also that Government has up to date information on which to base fiscal and macroeconomic policy decisions.

1.6. PRESENTATION OF THE PUBLIC ACCOUNTS

Non-compliance with cash-basis IPSAS

The Public Accounts are prepared using the cash-basis IPSAS. Section 1.3.24 of the standard requires that payments made on behalf of government by third parties (for example, donor organisations and NGOs) should be reported in the financial statements.

There are a large number of payments made by third parties on behalf of government which are not advised to government at all. No such third-party expenditure is currently included in the Public Accounts. There is the risk that Stakeholders are not made aware of money spent on behalf of government.

Gathering detailed information on third party payments to allow accurate inclusion in the Public Accounts will prove extremely difficult. However, government should consider how such information can be gathered in the future as much as possible. Until such information can be reported in a reliable way, the Public Accounts should include a narrative disclosure stating that although government is aware of such third-party payments, it is not currently possible to identify and quantify all such transactions.

Inadequate disclosure of revenue arrears in the Public Accounts

The Public Accounts does not include a summary statement of revenue arrears to be collected by each budgetary agency as required by section 57(5) (g) of the GBAA 2005. The Report and Annual Statement of the Public Accounts disclosed in Note 13 includes total revenue arrears of Le3,590 million but a breakdown showing the various MDAs was not included. In addition to the amount disclosed, there are likely to be significant other amounts due which were not identified during the audit. There is the risk that the Public Accounts do not give the true picture of the state of affairs of government and the level of performance in the identification and collection of revenue due. Furthermore, the accounts do not provide explanations on the limitations in making such disclosures.

It is recommended that the Accountant General should sensitise revenue generating MDAs (and the NRA) about the requirements of GBAA 2005; and Conduct an arrears identification exercise and disclose revenue arrears as far as possible in the 2015 Public Accounts. Where there are remaining limitations on this a narrative disclosure should be included describing these limitations and explaining the reasons for them.

1.7. OTHER ISSUES

Non-Salary, Non-Interest Recurrent Expenditure (Other Charges)

The provision of supporting documents in respect of expenditures undertaken by various MDAs has been a donor bench mark; as such the issue, has been taken seriously by those charged with governance. There has been a surge in the provision of supporting documents over the years. However, there continues to be some instances where supporting documents such as receipts, delivery notes and invoices have not been provided to support expenditures undertaken by MDAs. Treasury and Finance Officers had failed to properly provide payment vouchers. The appropriate supporting documents or beneficiary signatures should be provided to authenticate the payments or the amount involved be recovered from the paying officers.

Procurement

Government continues to fail to provide adequate evidence that proper procurement procedures have been followed. Uncompetitive and unfair procurement processes, inadequate contract management and

missing tender documentations were observed during the course of the audits this year. These issues do not relate to potential misstatement in the Public Accounts directly; nonetheless Government money continues to be wasted as procurement process fail to achieve best value for money for the tax payer. A Special Report on the “Audit of the Procurement Activities in Selected Public Sector Entities for the Period January to October 2015” examines these very serious issues in greater detail.

Payroll

The Government of Sierra Leone operates a centralised payroll payment process which has been characterised by numerous weaknesses over the years. Under this process, most accounting officers perceived their role within the payroll payment process as implementing the assignment on behalf of the Human Resources Management Office (HRMO) but without full responsibility and accountability on what happens in the process.

Payroll irregularities committed were mainly in respect of consultants on open ended contracts, salaries paid to separated staff on government payroll, contributions deducted and paid over to the trust for employees without NASSIT numbers within the payroll Civil Service Module (CSM) system, salaries paid to employees who have either left their posts as well as a few irregularities in the dates of birth of employees inputted into the system. The continued delay or failure to delete the names of separated persons from the payroll accounted for the prevalence of this occurrence. 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.

It is recommended that the Accountant General and the Directors of HRMO and Permanent Secretaries responsible for the various MDAs should find more aggressive and efficacious ways of managing and solving this problem, including the seeking of additional regulations or legislation that introduces punitive measures to MDA officials and third parties for their roles in this occurrence.

Consultants whose contract has not been renewed

The files of all consultants employed and working in various MDAs were reviewed during the audit. There were some consultants whose contracts have been renewed evidenced by a renewal letter. However, there were also those still working (and being paid) without evidence of renewal of their contracts. Officials of HRMO stated that the majority of these consultants have been working for over ten years without their contracts being renewed. These consultants were paid a total amount of Le23.5 billion for the financial year 2015.

There is a risk that government will continue to pay consultants whose services are not required anymore thereby leading to a misuse of government funds. The Permanent Secretaries of the various MDAs in collaboration with officials of HRMO should review the terms of references of these consultants in order to determine their relevance and possible extension and/or termination of their contracts.

Employees without NASSIT numbers

The sum of Le18.7 billion of NASSIT contributions was deducted and paid over to the trust for 9,883 employees who had no NASSIT numbers within the payroll CSM system. There is a risk that the beneficiaries at the start of their retirement may not receive their proper pension entitlement. In addition, unassigned NASSIT contributions are more susceptible to misuse. It is recommended that all efforts must be made by officers of the Human Resources Management Office for NASSIT numbers to be assigned to these employees within the shortest possible time. NASSIT should ensure that all back contributions are posted to the correct member account.

Table 1-1					
	No. of staff	5%	10%	Total per Month (Le)	Total for Year (Le)
MDA	3072	253,785,832	507,571,664	761,357,496	9,136,289,952
SLP	5473	207,132,692	414,265,384	621,398,076	7,456,776,912
RSLAF	1338	58,531,141	117,062,282	175,593,423	2,107,121,076
TOTAL (Le)					18,700,187,940

Employees within the payroll who have reach or past the retirement age

A review of the date of birth on the government payroll prepared by the Accountant General and the Manpower hearing report of the HRMO for period 2014 revealed that a total number of 580 staff who are supposed to retire on or before December 2014 according to the statutory retirement age were still on the payroll throughout 2015. In addition, it was further observed that the Payroll system had no in built detection and prevention controls to prompt the preparers of the payroll about the imminent retirement of staff or to stop the salaries of staff whilst they await the files of employees from their MDAs. There is the risk that if files are not received by the Accountant-General, then the names of such employees will continue to be on the payroll and at the same time receiving salaries. Every effort must be made to stop the salaries of such staff. Furthermore, detection and prevention controls should be built into the system so as to inhibit the payment of staff who have retired until the necessary details to authorise the deletions of such staff is received by the Accountant-General.

Employees whose dates of birth are stated as 1/1/200 or 000

A detailed examination of the CSM payroll system revealed that some employee dates of birth are wrongly stated as “1/1/200” or “0.00”. It was stated that at the point of entry of employee’s details into the payroll system, a default date of birth is inputted to allow the system to accept the data. This issue was previously reported in the 2012 Auditor-General’s annual report to parliament. It is however apparent that little progress has been made by the responsible officers to correct the situation. Such false data creates room for manipulation within the system and also makes it more difficult to properly manage statutory retirement of employees. Officers of the HRMO must ensure that staff details are updated and the necessary corrections effected in the system.

Former employees still on the payroll

From a sample selected from the Manpower Hearing report of the HRMO it was observed that 32 staff from various MDA’s who have left their post are still within the payroll system. This has caused a loss of Le751.8 million to the government of Sierra Leone as monthly payments continued to be made. The Director General HRMO should ensure that the matter is investigated and relevant staff deleted with immediate effect. Money paid in error should be recovered.

1.8. FOLLOW UP OF PRIOR YEAR RECOMMENDATIONS

During the audit, we followed up outstanding recommendations from previous years. A summary of the status of these recommendations is shown in the table below:

Status	Number of Recommendations	% of Recommendations
Implemented	8	29
Partly Implemented	4	14
Not Implemented	11	39
To be followed up during next audit	5	18
TOTAL	28	100

Detailed information on the status of these recommendations is shown in the table on the following pages.

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
Compliance with the Financial Reporting Framework			
1	Inadequate disclosure of revenue arrears in the public accounts	Conduct an arrears identification exercise and disclose revenue arrears as required by section 57(g) of the GBAA 2005 as far as possible in the 2015 Public Accounts	Partly Implemented The public accounts disclosed in note 13 revenue arrears of Le 3,590 million. However, the accounts did not disclose a summary statement of revenue arrears to be collected by each budgetary agency as required by section 57(5)(g).
2	Noncompliance with section 1.3.24 cash basis IPSAS	Government should consider how such information can be gathered in the future. Until such information can be reported in a reliable way, the Public Accounts should include a narrative disclosure stating that although government is aware of such third-party payments it is not currently possible to identify and quantify all such transactions.	Not Implemented This disclosure was not made in the 2015 public accounts.
External Debt- Potential misstatement of the external debt figures in the public account			
3	We observed differences between the CS-DRMS, the schedule of Disbursed Outstanding Debt (DOD), maintained by the Public Debt Unit at MoFED, and external confirmations received directly from creditors	Monthly reconciliation should be conducted between CS-DRMS and the schedule of Disbursed Outstanding Debt. In addition, on a regular basis, creditors should be asked for confirmations of debt balances and these should also be agreed upon with the other source documentation.	Not Implemented Differences continue to exist between these three information sources. In all cases these differences are only corrected when they are raised by auditors

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
Miscellaneous Debtors			
4	A review of the financial statement disclosed that there were no recoveries made during the year from Bumbuna Hydro Electric Project, SALPOST, Guma Valley Water Company and GAVA Ltd	Given the age of these debts, the chances of recovery are remote. These debts should be written off in the public accounts	Implemented The debts have been written off even though authority granting such write off was not provided during the course of the audit.
Cash and Bank-			
5.	Bank confirmation letters Union Trust Bank, Standard Chartered Bank, United Bank of Africa and Sierra Leone Commercial Bank did not confirm their balances.	The Accountant-General should ensure that the management of the respective banks confirm their bank balances directly to the auditors	Implemented All bank balances disclosed in the Public Accounts for the period under review were confirmed by the respective banks
6	Potential misstatement of cash and bank balances in the Public Accounts- Total credit balances of Le314.8 million included in the cash and bank balances reported in the Public Accounts and General Ledger Account were not captured in confirmations received from the commercial banks	The Accountant General should <ul style="list-style-type: none"> adjust the account to reflect the accurate cash and bank balances; and identify and properly capture all government bank balances 	Implemented MoFED has completed the identification of all government bank accounts and a comprehensive database has now been established. This has addressed anomalies that were identified during the previous and current annual audit process
7	Bank balances included in the accounts and not year end balances It was observed that ledger accounts balances with a total credit balance of Le.14.9 billion and an overdrawn balance of Le.188 billion were reflected as year-end balances	The Accountant-General should institute mechanisms to ensure that all MDAs report on a consistent basis, and include all year-end balances on government bank accounts. This will facilitate proper accounting for departmental cash and bank balances.	Partly Implemented The issue continues to exist. This is so because the Accountant General relies heavily on third parties for information. In all cases the accounts are corrected only after it has been raised by the auditors.

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
8	Differences between General Ledger balances and amount reported in the accounts Differences were reported between the cash and bank balances in the Public Accounts and the general ledger for certain commercial bank balances reported in the Public Accounts.	The Accountant General should explain the reasons for the differences and adjust the accounts accordingly.	Implemented No such difference was observed during the audit of the 2015 Public Accounts. The 2014 accounts were adjusted accordingly
9	Differences between cheques outstanding and the net amount from the cash book and bank statement Upon an examination of the bank reconciliation statements, it was observed that cheques outstanding for the months of February to October did not agree with the net amount in the cashbook and bank statement.	The Accountant General should explain the reasons for the differences and ensure that the reconciliation is reviewed and corrected accordingly	Implemented The necessary adjustments were made in the 2014 accounts and the issue has not reoccurred this year.
10	Deposits in transit did not agree with the net amount from the cash book and bank statement Upon an examination of the bank reconciliation statements, it was observed that deposit –in-transit for the months of June to November did not agree with the net amount in the cashbook and bank statement	The Accountant General should explain the reasons for the differences and ensure that the reconciliation is reviewed and corrected accordingly	Implemented The necessary adjustments were made in the 2014 accounts and the issue has not recurred since.
Revenue			
11.	Cash in transit balance understated in the accounts Differences were observed	The Accountant General and the Commissioner General should ensure that the accounts reflect	Implemented The relevant adjustments were effected in the

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	between the amount reported in the revenue reconciliation status report as cash in transit, and that reported on the face of the Public Accounts.	the correct amount for cash in transit as disclosed in the revenue reconciliation status report.	accounts.
12	Non-payment of taxes It was Observed that there was a default in the payment of taxes (corporation, PAYE taxes) during the 2014 audit of the Public Accounts. This gave rise to huge arrears as disclosed by our audits. Furthermore, the audits neither identified efforts made nor any plan for the recovery of such arrears by the National Revenue Authority.	The Commissioner General should: Investigate the reasons for the non-payment of tax arrears and ensure that all defaulters come up with a payment plan.	Not Implemented The non-payment of taxes continues to be an issue. The NRA appears not to have any mechanism to reduce arrears to an acceptable level.
13	Differences between amount disclosed as income tax in financial statement and that disclosed in the books of NRA Differences were observed between the amount disclosed as income tax in the books of NRA and that disclosed in the 2014 Public Accounts. However, even though a revenue reconciliation report (RRR) was submitted to explain the difference, a review of the RRR revealed a lot of inaccuracies.	The Commissioner General of NRA should; <ul style="list-style-type: none"> • Provide reasonable explanations with supporting documents for the inaccuracies in the reconciliation; and • Ensure that the amount reflected by the transit banks but not reflected in the CRF should be paid to the CRF immediately. 	Partly Implemented Explanations were provided for the inaccuracies but there was no evidence to suggest that the amount reflected in the records of the transit banks but not reflected in the CRF were paid into the CRF.
14	Non-compliance to the Memorandum of Understanding(MOU) between NRA and Transit Banks	Government should remind commercial banks holding government moneys of their responsibilities to transfer	Not Implemented Instances still exist were monies paid into transit banks, are not remitted into the Consolidated

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	Monies collected by transit banks were not transferred to the Consolidated Revenue Fund in accordance with the time frame of 24 hours as stipulated in the MOU between the transit banks and NRA.	all cash within 24 hours.	Revenue Fund within the time frame as stipulated in the MOU. In instances where they are remitted they are often not traced to the Bank of Sierra Leone bank statement.
15	<p><i>Differences between the cashier's records and the VIPs</i></p> <p>We observed differences between amount recorded in the VIPS (a system that captures payments based on receipts to offset taxpayers' liabilities) and the amount reported in the cash books</p>	The Commissioner General should explain the reason for the differences with supporting documents and also ensure regular reconciliation between the record of the cashiers and the VIPS.	Not Implemented Differences continue to exist between VIPs and the amounts reported in the cashbooks.
16	<p><i>Duty Waiver- Duty waivers granted to non-eligible organisations</i></p> <p>We observed that duty waivers were granted to individuals, and NGOs who are neither registered nor renewed their registration certificates.</p>	The Financial Secretary should ensure duty waivers are only granted to eligible individuals, institutions and non-governmental organizations.	Not Implemented The granting of duty waiver to non-eligible organizations and individuals continues to occur.
Non-Salary, Non-Interest Recurrent Expenditure			
17	<p><i>Financial Secretary's Letters (FS)- Payments not supported by payment vouchers</i></p> <p>During our review, we observed that an amount totalling Le.167.63 billion was paid by the Accountant General for various goods and services without the use of payment vouchers.</p>	The Accountant General should ensure that all disbursements of public moneys are supported by payment vouchers, and should only act on the authority of the Financial Secretary to ensure proper use of the FS letters.	Not Implemented The use of Financial Secretary Letters (FS) has continued in the 2015 financial year. However, the Accountant General has under the direction of the Financial Secretary issued a letter dated 13th June 2016, prohibiting the use of FS Letters. This will be followed up during the 2016 audit of the Public

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
			Accounts.
18	<p><i>Payments without adequate supporting documents</i></p> <p>Several payments valued at Le 2.08 billion were made by various MDAs in respect of goods and services, but certain salient documents such as receipts, invoices, distribution lists were not attached to the payment vouchers.</p>	The Accountant General should ensure that payments should not be made without proper supporting documents.	<p>Partly Implemented</p> <p>There has been considerable improvement on the issue of supporting documents. This has been one of the factors that has led to the change in opinion from a disclaimer to an except for opinion over the years. Nonetheless much effort is required to bring this down to an acceptable level.</p>
19	<p><i>Withholding taxes not deducted and paid over to the National Revenue Authority (NRA)</i></p> <p>Withholding taxes were observed not to have been deducted from payments to suppliers and paid over to the NRA.</p>	MDAs should ensure that all withholding taxes deducted are promptly paid over to the NRA	<p>Not Implemented</p> <p>The issue of withholding tax is a recurrent observation. It continues to be identified as an issue in the majority of ASSL audits.</p>
DOMESTIC DEVELOPMENT EXPENDITURE			
20	<p><i>Amount not signed for by beneficiaries</i></p> <p>An examination of payment vouchers revealed an amount totalling Le 7.82 billion was made to SLRA for onwads payment of compensation to property owners; it was observed that documents to show where the recipients signed as proof of receipt of these amounts were not attached to the payment voucher.</p>	The Accountant General should ensure that the necessary documents showing signatures of recipient is provided to ASSL for our verification.	<p>Implemented</p> <p>The issue was referred by the Accountant General to the Ministry of Works. During our follow-up visits to the Ministry in the course of our 2015 audits the necessary supporting documents was provided.</p>
21	<p><i>Amount requested differs from amount actually paid</i></p>	The Accountant General should provide explanations with	<p>Not Implemented</p> <p>The Accountant General in his response referred</p>

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	An examination of two payment vouchers for the construction of 23 kilometre roads in three district head quarter towns (.3 DT.H/Q) of Moyamba, Pujehun, (Matru Jong and Bothe revealed that amount requested differs from amount actually paid. What was paid was greater than what was requested.	supporting documents the reasons for such an anomaly otherwise, the whole amount should be refunded	the matter to the Ministry of Works, Housing and Infrastructure. However, this observation did not show up in the 2015 audit. It will be followed up in subsequent years.
22	<p>Foreign Travel Tax (FTT) Le 5.9 billion was reported as foreign travel tax (FTT) in the financial statement. During our audit exercise, we were provided with payment receipts that enabled us to confirm Le 4.7billion of the reported amount and an outstanding balance of Le1.2billion unconfirmed.</p> <p>In addition, we were unable to determine the actual amount that was meant to be paid as FTT to the National Revenue Authority, because complete airline ticket sales reports were not provided for us. A Sales report shows the total sales made by the airlines from which 10% should be deducted as FTT.</p>	The Commissioner General should provide us with all the necessary documents that will enable us confirm the completeness and accuracy of the amount disclosed as FTT in the account.	<p>Not Implemented A total amount of Le 6.01billion was FTT reported in the financial statement. However, Le6.5 Billion was FTT collected as per NRA receipts. Therefore, total FTT revenue figure reported on the face of the financial statement was understated by Le531,115,572.</p>
23	<p>Anti-Smuggling Unit (ASU)- Amount not recovered from defaulters From the ASYCUDA records, we observed an</p>	The Commissioner General should explain the reason for the non-payment and ensure amounts owed are recovered and evidence	<p>Not Implemented No evidence of recovery. More debts were identified during the 2015 audits.</p>

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	outstanding balance of Le 1.1bn owed since 2013. There was no evidence of a recovery effort or penalties levied on defaulters	of such submitted to ASSL for verification.	
Issues to be followed up in subsequent audit			
Domestic Revenue			
	The revenue banking analysis is a record of all bank transactions in respect of the Non-Tax Revenue Department (NTR). This record shows all transactions with transit banks and direct lodgements to the CRF. Whereas the performance report is a management report that gives a total of all revenue collected by the NTR department for a period. Differences were observed between these two reports.	Ensure proper supervision of management in their conduct of reviews on all financial records that are generated within the NRA. Ensure the differences are reconciled immediately and details of such reconciliation forwarded to ASSL for verification.	This will be followed up in the next audit.
Differences between non-tax revenue performance report and public account			
	Our audit procedures revealed differences between the revenue performance report and the Public Accounts. Similarly, differences were observed between the supervisors and/or Collectors records for a sample of eleven MDAs, and that of the records of the finance officers	The Commissioner General NRA should; <ul style="list-style-type: none"> • ensure that reconciliations are done between NRA and the transit banks and between NRA and the CRF on a monthly basis to avoid the recurrence of such abnormalities, • Provide a reconciliation statement to explain the differences. 	This will be followed up in the next audit.
Customs and Service Department			
	Bonded Warehouse Out of 17 bonded warehouses we wanted to visit, ten. However, we	The Commissioner General should: <ul style="list-style-type: none"> • ensure regular reconciliation between 	This will be followed up in the next audits

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	were only given access to three (3). Out of the three warehouses we visited, we were not provided with documents for two. We cannot therefore certify whether Le 15.5billion tax revenue from bonded warehouses was actual revenue that was meant to have been collected because, we were not provided independent documents by these warehouses to enable us compare records in the ASYCUDA	<p>bonded warehouse and records of taxes recorded as paid in the ASYCUDA</p> <ul style="list-style-type: none"> • ensure that copies of records of ex-warehouse are maintained by NRA for audit purposes. • ensure that MANTRAC pays his tax obligation and evidence of payment submitted to Audit Service (ASSL) for verification. 	
	<p><i>Defaulters with no payment plan</i></p> <p>From the ASYCUDA records, we observed an amount of Le 1.5bn owed by two defaulters were not supported by payment plans, and there is no evidence of payments from these debtors</p>	The Commissioner General should ensure that a payment plan is prepared and implemented for all defaulters.	Will be followed up in subsequent audits.
	<p><i>Assessments not captured by the ASYCUDA</i></p> <p>The ASYCUDA should capture all assessments made to determine the total amount of tax owed by importers. From defaulter's files, we observed that ASYCUDA did not capture an amount totalling Le 264m assessed as tax owed by various importers. We also observed that these importers made payments amounting to Le 955m</p>	The Commissioner General should ensure that the ASYCUDA is constantly updated to reflect the correct financial position of all defaulters	Will be followed up in subsequent audits

No.	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	which was not captured in the system		

CHAPTER II-LOCAL COUNCIL AUDITS

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MAIN POINTS

What we examined

The financial statements of the 19 local councils are subject to audit by the Auditor General in accordance with section 119 (2) of the Constitution of the Republic of Sierra Leone, 1991, and section 81(2) of the Local Government Act (LGA), 2004. The principal responsibility is to express an opinion on these financial statements based on our audit.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions. Those standards required complying 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; which include the assessment of the risks of material misstatement of the financial statements. In making those risk assessments; the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements. This is in order to design audit procedures that are appropriate under 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 by management;
- overall presentation of the financial statements; and
- adequacy of design and the effective implementation of internal controls.

Why it is important

Obtaining an audit level of assurance on the financial statements of local councils, and comfort on the quality of governance, accounting and management reporting as well as the level of internal control exercised over expenditure of 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 and public financial management.

What we found

The annual financial statements for 19 local councils were submitted for audit before, or shortly after, the legislative deadline of 31st March, 2015. As stated in the 2014 Audit Report, Kenema City Council did not submit its financial statements for the year ended 31st December, 2014 as required to do so by the LGA 2004. However, they were submitted for audit during 2015; some 15 months after the end of the financial year to which they relate. The audits of the operations of the local councils indicated that financial management 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 local councils fall into the following categories:

- a review controls over the reporting and presentation of financial information in the financial statements for the year-ended 31st December, 2015;
- an analysis and report on the performance of councils since 2012;
- controls over own source revenue generation by councils;
- IT audit on the operations of petra system;

- inadequate control over cash and bank management;
- budget and budgetary control processes;
- non compliance with procurements laws and regulations;
- inadequate controls over the disbursement of funds;
- failing to comply with LGA in the payments of sitting fees and allowances to councillors;
- councils' assets not properly managed;
- proper procedures not followed in the management of the councils' human resources;
- sitting non-compliance with financial management laws and regulations; and
- follow up on the implementation of Audit Recommendations for periods up to 31st December 2015.

In as much as the above issues are common across different councils, there is no doubt that some are better than others. There is a relationship between the standards of financial management in place within individual councils and the specific officers (Finance, Procurement, Development Planning, Engineers, and Monitoring Evaluation Officers etc.) that are posted to the respective Councils.

In addition to the above, there are observations on a pilot audit on environmental risk management at local government level –specifically on solid waste management in Bo City Council.

These observations are expanded upon in more detail below and in even greater detail in the individual Councils' Reports submitted to Parliament.

2.1. FINANCIAL STATEMENTS ANALYSIS

The financial statements of the councils comprised a separate Statement of the Cash Receipts and Payments (statement 1) and Statement of Comparison of Budget and Actual Amount (Statement 2) as at 31st December 2015, a Summary of Significant Accounting Policies and other Explanatory Notes. These Financial Statements were mostly prepared in accordance with the Local Government Act, 2004 and its underlying Financial Regulations and also in compliance with Cash Basis IPSAS.

The responsibility of the Chief Administrators for the financial statements is stated in Section 81(1) of the Local Government Act 2004 which states 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”.

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.

Some control weaknesses identified in the reporting and presentation of financial information produced by councils for audit during 2015 are given below:

2.1.1. Lack of clear financial reporting framework

The draft financial statements produced by councils for the year ended 31st December, 2015 contained many more notes than those audited. A template has been issued by Public Financial Management Reform Unit (PFMRU) to disclose items such as assets, revenue arrears, loans and advances given, investments and outstanding public debts as part of its financial assets and liabilities. However, without a clear financial reporting framework to guide reporting in these areas it is impossible to apply the template correctly and consistently. For example, there is no framework for the councils to use to define “*what is an asset?*” or “*what is a liability?*”

2.1.2. Non-compliance with Cash Basis IPSAS re: third party expenditure

The Statement of Receipts and Payments discloses “Receipts and Payments Controlled by Other Government Entities” as zero for all items. However, as acknowledged in the Accounting Policies, the Councils benefit from payments made by the Ministry of Finance and Economic Development (MoFED), government projects and non-governmental organisations. These are not disclosed because of a lack of comprehensive accounting information. Nonetheless, the failure to make full disclosure of these third-party payments means that none of the council financial statements comply with 1.3.24 of the Cash Basis IPSAS.

2.1.3. Opening balances not brought forward correctly

The completeness, existence and accuracy of figures reported in the 2015 financial statements of Koidu New Sembehun and Kenema City Councils could not be determined. It was observed that opening balances brought forward did not agree with 2014 closing balances. As a result of the failure to correctly bring forward these balances the 2015 financial statements are materially misstated.

2.1.4. Material uncertainty in cash and cash equivalents as presented in the financial statements

Freetown City Council

The cash and cash equivalent balance as at 31st December, 2015 as disclosed in Statement 1 was incorrectly stated as Le7.98 billion. The correct figure is Le2.46 billion as stated in Note 8 of the core financial statements. As a result, the cash and cash equivalent balance as at 31st December 2015 was materially misstated by Le5.52 billion.

Bonthe Municipal Council

The cash and cash equivalent as at 1st January 2014 as disclosed in Statement 1 was incorrectly stated as nil. As a result, the incorrect figure has been brought forward and the cash and cash equivalent balance as at 31st December, 2015 was materially misstated.

Kenema City Council

The cash and cash equivalent balance as presented in Statement 1 was materially misstated because 2014 opening balances were not included in Statement 1 of the financial statements.

Pujebun District Council

The cash and cash equivalent balance as at 1st January, 2014 as disclosed in Statement 1 was incorrectly stated as nil. As a result, the incorrect figure has been brought forward and the cash and cash equivalent balance as at 31st December 2015 was materially misstated.

Bo City Council

The cash and cash equivalent balance as at 1st January 2014 as disclosed in Statement 1 was incorrectly stated as Le1.135 billion. As a result, the incorrect figure has been brought forward and the cash and cash equivalent balance as at 31st December 2015 was materially misstated.

Bo District Council

The cash and cash equivalent as at 1st January 2014 as disclosed in Statement 1 was incorrectly stated as nil. As a result, the incorrect figure has been brought forward the cash and cash equivalent balance as at 31st December 2015 was materially misstated.

2.1.5. Understatement of Revenue/Expenditure

During 2015, other charges expenditure in Kenema City Council was understated by Le151.7 million in the financial statements. Similarly, in Bonthe Municipal Council domestic and external grants were overstated in the financial stated by Le376 million and Le67.1 million respectively. As a result, it was difficult to certify that the expenditure figures as presented in the financial statements were free from material misstatement.

In Koidu New Sembehun City Council, there was a total difference of Le121.6million on the balances disclosed (administration expense accounts for Le25.1million and the secondary health account for Le96.5 million) for funds transferred as per ledger from the accounting system and that disclosed in the financial statements which agreed with the bank statements.

2.1.6. Inconsistencies between Chief Administrator's/Mayor's statement and Financial Statements

Kenema City Council

The 2015 financial year approved budget figure reported in the report of the Chief Administrator (CA) was inconsistent with the revenue budget figures reported in Statement 2 of the financial statements.

Bonthe Municipal Council

- In the CA's statement, the amounts for revenue receipts, expenditure and cash flows and cash position were inconsistent with the amounts disclosed in Statement 1 and Statement 2 of the Core Financial Statements. Also, the amount disclosed as budget in the CA's report was different from the budgeted revenue and expenditure in Statement 2 of the core financial statements.
- The Mayor declined to take any responsibility for the content of the financial statements. He mentioned that he had no knowledge of the content of the financial statements and that all undertakings or information contained therein were not his views. He said the report of the Mayor was written and included in the financial statements without his approval and the scanned signatures appended to the financial statements was done without his approval.

2.1.7. Council's Opinions 2015

In a local council audit, an auditor determines whether the financial statements are presented fairly in all material respects and in accordance with accounting standards by reviewing the underlying information and processes that went into preparing the financial statements. Audit reports include an opinion as to whether there is reasonable assurance that the financial statements are free from material misstatements.

2.1.8. Types of Audit Opinion

The basis used to arrive at the audit opinion is described in the separate reports issued on individual entities. The analysis on the following pages gives the type of audit opinions issued on each of the councils.

Types of Audit Opinions Issued in 2015			
UNMODIFIED OPINION	MODIFIED OPINION		
Unqualified	Qualified	Adverse	Disclaimer
<p><i>The auditor concludes that the financial statements of a given entity are presented fairly, in all material respects, in accordance with generally accepted accounting principles.</i></p> <p><u>Audit Findings 2015</u> Nine councils (47%) received an unqualified opinion. These councils were able to reasonably address errors initially</p>	<p><i>The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements, or the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but concludes</i></p>	<p><i>After having obtained sufficient and appropriate audit evidence, the auditor concludes that misstatements, individually or when grouped with other misstatements, are both material and pervasive to the financial statements.</i></p> <p><u>Audit Findings 2015</u> An adverse opinion</p>	<p><i>The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive</i></p> <p><u>Audit Findings 2015</u> Four council (21%)</p>

Types of Audit Opinions Issued in 2015			
UNMODIFIED OPINION	MODIFIED OPINION		
Unqualified	Qualified	Adverse	Disclaimer
<p>identified during the audit process. These errors were largely related to fair presentation of financial statements. The councils were however able to account accurately for the financial transactions they have carried out during the period under review.</p> <p>There was however instances where the councils may not have been sufficiently transparent in the manner in which they carried out their activities as there were instances where they did not follow the required processes. These deviations from internal control were largely in the area of compliance with legal regulatory framework such as the procurement laws, FMR, Income Tax Act and the LGA. For instance, councils still continue to pay Councillors Sitting Fees and Allowances without the required guidelines as required by Section 30(2) of the LGA.</p>	<p><i>that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.</i></p> <p><u>Audit Findings 2015</u> Six councils (32%) received a qualified audit opinion This simply means that these councils were unable to adequately and accurately account for all the financial effects of the transactions and activities they conducted. The financial statements prepared and submitted by these councils were unreliable in certain areas. Most of the councils failed to address issues relating to differences between cash books and financial statement balances, inconsistencies in the recognition, reporting and presentation of financial information, inaccurate recognition of 2014 figures in 2015 and over/understatement of revenue in the financial statement. Some failed to fully comply with a number of rules and regulations required for efficient and effective financial management and reporting. These deviations were largely in the area of compliance with the procurement laws, FMR, Income Tax Act and the LGA. For</p>	<p>was not issued on any of the 19 local councils audited during 2015.</p>	<p>received a disclaimer of audit opinion. A disclaimer is serious as it means the auditors could not satisfy themselves one way or the other on the overall fairness of the financial statements. The councils were unable to provide the evidence required to enable the auditors to perform tests to satisfy themselves on the fair presentation of the financial statements. The stewardship over the financial affairs of the council is not at a desirable and acceptable level. The council could not provide credible evidence to support amounts and disclosures in financial statements. The auditor was therefore, inevitably, unable to conclude on any of the assertions that are made by management on the financial statements of the council. Anything could have happened to the financial resources entrusted upon the council and the auditor has significant uncertainty about the financial statements, and thus unable to express an opinion on whether the financial</p>

Types of Audit Opinions Issued in 2015			
UNMODIFIED OPINION	MODIFIED OPINION		
Unqualified	Qualified	Adverse	Disclaimer
	instance, during the audit of Councilss in 2015, it was identified that withholding taxes were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act 2000		statements present a true and fair view of affairs of the council during 2015.

Table below summarises the types of audit opinions issued on each of the councils audited:

Table 2-1 Councils Opinions in 2015		
No.	Name of Council	Opinion 2015
1	Bo City	Qualified
2	Bo District	Qualified
3	Bonthe District	Unqualified
4	Bombali District	Unqualified
5	Bonthe Municipal	Disclaimer
6	Freetown City	Qualified
7	Kailahun District	Unqualified
8	Kambia District	Qualified
9	Kenema City	Disclaimer
10	Kenema District	Unqualified
11	Koidu New Sembehun City	Disclaimer
12	Koinadugu District	Unqualified
13	Kono District	Unqualified
14	Makeni City	Unqualified
15	Moyamba District	Qualified
16	Port Loko District	Unqualified
17	Pujehun District	Qualified
18	Tonkolili District	Unqualified
19	Western Area Rural District	Disclaimer

Other significant aspects of the audit outcomes of the 19 councils reported on are given below:

- Five councils maintained clean audit opinions (unqualified opinions) in the last four years (2012 to 2015) and one council maintained clean audit opinion (unqualified opinion) in the last three years (2013 to 2015).

Table 2.2 Performing Councils Since 2012					
No.	Name of Council	Type opinions Year ending 31st December			
		2012	2013	2014	2015
1	Bonthe District	Unqualified	Unqualified	Unqualified	Unqualified
2	Kailahun District	Unqualified	Unqualified	Unqualified	Unqualified
3	Kenema District	Unqualified	Unqualified	Unqualified	Unqualified
4	Makeni City	Unqualified	Unqualified	Unqualified	Unqualified
5	Port Loko District	Unqualified	Unqualified	Unqualified	Unqualified
6	Bombali District	Qualified	Unqualified	Unqualified	Unqualified

- Seven councils were relegated in their performance during 2015 by moving from a more satisfactory or clean opinion to an unsatisfactory or unclear opinion.

Table2.3 Relegated Councils in 2015			
No	Name of Council	Opinion 2014	Opinion 2015
1	Bo City	Unqualified	Qualified
2	Bo District	Unqualified	Qualified
3	Bonthe Municipal	Qualified	Disclaimer
4	Koidu New Sembehun City	Unqualified	Disclaimer
5	Moyamba District	Unqualified	Qualified
6	Pujehun District	Unqualified	Qualified
7	Western Area Rural District	Qualified	Disclaimer

2.1.9. Councils Opinions and Comprehensive Local Government Performance Assessment System (CLOGPAS) 2015

During 2015, the Decentralisation Secretariat (Dec-Sec) in the Ministry of Local Government and Rural Development conducted an assessment of local councils' operational proficiency and service delivery roles to communities. This assessment was called CLOGPAS. The results of the 2015 CLOGPAS are interpreted as at the time of the assessment, and do not necessarily reflect what currently exists at the councils. The Table below gives a comparison of the 2015 CLOGPAS results and the individual Audit Opinions.

Table 2.4 Comparison of Councils' Opinions and CLOGPAS in 2015		
Council	2015 CLOGPAS Ranking	2015 Audit Opinion
Makeni City	1 st	Unqualified
Tonkolili District	2 nd	Unqualified
Koinadugu District	3 rd	Unqualified
Kenema District	3 rd	Unqualified
Bombali District	5 th	Unqualified
Bonthe Municipal	6 th	Disclaimer
Kenema City	7 th	Disclaimer
Freetown City	8 th	Qualified
Western Area Rural District	9 th	Disclaimer
Kailahun District	10 th	Unqualified
Bo City	11 th	Qualified
Bo District	12 th	Qualified
Kono District	13 th	Unqualified
Port Loko District	14 th	Unqualified
Bonthe District	15 th	Unqualified
Moyamba District	15 th	Qualified
Koidu New Sembehun City	17 th	Disclaimer
Pujehun District	18 th	Qualified
Kambia District	19 th	Qualified

The analysis above shows a positive correlation between the 2015 CLoGPAS Ranking and the 2015 Audited Opinions of the first five councils. Bonthe Municipal and Kenema City Councils though placed on a very good rating in the CLoGPAS (6th and 7th respectively) had an unsatisfactory audit opinion. This was however in contrast with Kono, Port Loko and Bothe District Councils. These councils were ranked 13th, 14th and 15th respectively in the CLoGPAS but had very satisfactory clean audit opinions.

2.2. OWN SOURCE REVENUE MOBILISATION

Sections 40 (1) of the FMR, 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 Councils during 2015. The following were observed:

2.2.1 Printing Local Tax Receipt Books

Freetown City Council (FCC)

It was observed that local tax receipt books were printed in April, four months after the start of the financial year. This resulted in taxes being collected during the rains which posed challenges in the collection process and consequently the revenue collected for local tax was significantly below budget. The council stated that the printing of local tax receipt books was done by Government Printing Department through the Ministry of Local Government and Rural Development (MLGRD). According to MLDRG, the printing of local tax receipt books was initiated when all the 19 councils had paid their portion of the printing cost. This caused the delay in printing and distribution of the receipt books. To prevent delay in printing the 2016 local tax receipt books FCC wrote a letter to the MLGRD to allow the Government Printing Department to print the local tax receipt books on a first come basis. The response from MLGRD was positive and the local tax receipt books were printed very early for 2016. As a follow-up on the responses of the council, it was revealed that the printing of local tax receipt books for 2016 were still late as they were only received on 30th March, 2016.

2.2.2 Review Of Contracts Agreements & Documents For Revenue Collection

Section 20 (1) of the Local Government Act, 2004 states that " A local council shall be the highest political authority in the locality and shall have legislative and executive powers to be exercised in accordance with this Act or any other enactment, and shall be responsible, generally for promoting the development of the locality and the welfare of the people in the locality with the resources at its disposal and with such resources and capacity as it can mobilise from the central government and its agencies, national and international organisations, and the private sector. The following was observed:

Kailahun District Council

Based on an agreement signed between the council and various contractors on 26th January 2015 for the collection of business licences, evacuation fees and property taxes, an amount totalling Le260million was to be paid by these contractors to the council. However, it was noted that only Le214.9million was paid leaving an outstanding balance of Le45.1million.

Koidu New Sembehun

There was no legal rent agreement for the use of the Konomanyi Lorry Park by the Sierra Leone Motor Drivers Union. In addition, the council is not deriving revenue from the utilisation of the park, hall and water carting services. Evidence in the form of receipts, deposit slips and bank statements to justify that revenues collected from these revenue streams were deposited into the council's own source revenue account was not submitted for audit. This resulted in loss of re-budgeted revenue totalling Le25.2 million.

Based on an agreement signed between the council and a contractor on 23rd April 2015, the sum of Le1million was to be collected on a daily basis excluding Sundays by the contractor and paid to the council. This should amount to an annual total of Le210 million. It was however noted that only Le179.1 million was paid, leaving an outstanding balance of Le30.9 million.

A review of the council's monitoring and evaluation report revealed the following:

- In 2007, the council constructed two markets- Gateway Market in Small Sefadu and Tankoro Market in Tankoro Camp. These building are now abandoned structures. Similarly, the Council has two buildings (Fachima Hall and the Resource Center at Konomanyi Park) that were constructed solely for public use and from which revenue should be generated. These buildings are currently being utilised as places of worship by Winners Chapel International and God's Anointed Deliverance Ministry respectively. However, we were unable to determine the terms of occupancy as there were no legal/rent agreements for the use of the buildings. We were also unable to determine whether rent was received for the use of these buildings.
- The issue of land-grabbing and improper distribution of council's lands was also highlighted in the report. The report states that there was no proper documentation of land and properties owned and controlled by the council. Five key lands (Konomanyi Park, Tankoro Market, Koakoyima Market, Gbense Market, Hill station Market and Bungalow Market) were without proper or legal documents such as site plans and conveyances to show council's claims to these land and buildings.

Kenema City

Based on the agreements signed between the council and a contractor on 2nd March, 2015 for the collection of market dues, the following were observed:

- It was identified within the contract agreement that the contract should end on September 2015. However, this was not the case and the contractor continued collecting and banking the market dues till the end of the year.
- It was also identified within the contract agreement that 80% of the monthly collection should be paid into the council's bank account. However, there was no evidence to justify that the amounts paid amounted to 80% of the monthly revenue collected by the contractor.

Bo City Council

On 1st March, 2015, the council entered into a vehicle rental agreement with a contractor, for the use of the council's water bowser vehicle with registration number ADN208 for a contract fee of \$150 per day for six working days a week. This contract was initially for the period March to June 2015. It was however observed that the said vehicle was with the contractor for the period 1st March, 2015 to 31st December 2015 (for an estimated 261 days). In the minutes of the ordinary council meeting (OCM/2015/03/025) of 14th April 2015, it was observed under "matters arising from the ordinary council minutes held on 26th March, 2015 (OCM/2015/02/019)" that a 30days payment was made to the Finance Officer (FO) for onwards payment into the BCC Transport Account. There was however no evidence that the estimated revenue of \$39,150 generated from this rental agreement, for the period under review was accounted for by the council or that the parties rescinded the contract.

2.2.3 Receipt Books Not Submitted

Section 36(1)(a) of the Audit Service Act 2014 states that "Any person who fails to produce for inspection by the Auditor-General or to otherwise give to him any book, record, or return relating to any accounts being audited by the Auditor-General when he so request; commits an offence and shall be

liable, on conviction, to a fine not less than five million leones or to a term of imprisonment not less than two years or both such fine and imprisonment”. This requirement was not met by five councils, as 86 local tax books valued at Le43 million and 172 general receipts books estimated to Le1.95 billion were not submitted for audit inspection.

Table 2.5			
Receipt Books Not Submitted For Audit Inspection			
Council	No. of Books not submitted		Estimated cost Le(Million)
	Local Tax	General Receipt	
<i>Bonthe Municipal</i>	20	-	10
<i>Freetown City</i>	66	-	33
Sub-Total	86	-	43
<i>Bonthe District</i>	-	5	83.7
<i>Kenema City</i>	-	5	25
<i>Koidu New Sembehun</i>	-	162	1,800
Sub-Total	-	-	1,908.7
Grand Total	86	172	1,951.7

2.2.4 Revenue Not Brought to Account

Section 44(1) of the FMR 2007 states:

“No use of any public money shall be made by any public officer in any manner between the time of its receipt and payment into the bank, treasury or other public office designated by the Accountant General, and no public money shall be lent or borrowed in any manner or for any purpose by any person.”

During 2015, this requirement was not met by six councils as, revenue totalling Le686 million was not accounted for by the councils.

Table 2.6	
Revenue Not Brought To Account	
Name of Council	Amount Le (million)
Freetown City Council	6.1
Bonthe Municipal Council	16.1
Bonthe District Council	9.6
Kenema City	180.0
Koidu New Sembehun	354.9
Kailahun District Council	119.3
Grand Total	686.0

Kambia District Council

The amount recognised in the financial statements as own-source revenue did not tie up with the revenue receipt books and bank statement. There was also no evidence to indicate that such an amount was reconciled with the revenue receipt books and bank statement. This amount represents approximately 5% of the total revenue balance in the financial statements. Consequently, we were

unable to confirm that the total own-source revenue of Le260.1millionas reported in statement 1 of the financial statements was free from material misstatement.

2.2.5 Revenue Mobilisation Committee

The Revenue Mobilisation Committee was not proactive in the collection of revenue. Section 45(4a) of the LGA 2004 requires that sustained effort should be made by the council to maximise own-source revenue collection.

Tax and Non-Tax Revenue Registration and Assessment

Section 45(4) of the LGA 2004 states that “local council revenue sources shall comprise: a) precepts from local taxes; b) property rates; c) licences; d) fees and charges; e) share of mining revenues; f) interests and dividends; and g) any other revenue due to the Government but assigned to local councils by the Minister responsible for finance by statutory instrument”. The valuation office is responsible for the assessment and collection of property tax and business licenses of councils. The office is headed by a Technical Valuation Officer.

Section 69 (1) of the LGA states that: *The property rates provided for in the estimates of a local council in any financial year shall be a uniform rate on the assessed annual value of assessed buildings and shall be a single rate in respect of each class of assessed buildings.* A property cadastral system is used to register properties assessed and business licenses, and assign a unique Tax Identification Number (TIN) to each property (this is assigned when the property is first entered into the system).

The Valuation Unit regularly identifies new property and updates the database accordingly. A Rate Demand Notice is normally generated from the system and issued to property owners within each council’s locality who are eligible to pay tax; the cadastral system generates the amount due for taxes. Each Rate Demand Notice requires a house-to-house delivery and the point based valuation requires arbitrary estimates on higher value buildings and lower value buildings, and the amount is automatically calculated by the cadastral system. The name, address, owner, and value of the property are recorded in the system as the property is captured and assessed. There was no evidence of discretionary power of tax assessment and collection as the cadastral system generates the amount of tax due in accordance with the LGA 2004. However, the property cadastral system is not linked to other relevant system of councils such as the accounting system financials. A ledger is maintained in the Revenue Division to record the other categories of taxes such as market dues, fees and charges, and tickets are produced by the Council for the collection of these taxes. The councils are still facing the challenge of boundary delimitation between the Cities, Districts and in some instances Chiefdom administrations; as such, some new properties have not been assessed by the councils.

A review of the councils’ financial statements revealed that during 2015, there was an estimated amount of Le5.6billion (36% of annual budget) in respect of property taxes not collected by councils. The table below gives name of councils and amount not collected.

Councils	Table 2.7 Property Taxes Not Collected during 2015			
	2015 Actual Le	2015 Budgeted Le	Variance Le	% Variance
<i>Bo City</i>	438,211,371	889,000,000	(450,788,629)	-51%
<i>Bo District</i>	98,991,200	120,000,000	(21,008,800)	-18%
<i>Bonthe District</i>	0	35,000,000	(35,000,000)	-100%

Councils	Table 2.7 Property Taxes Not Collected during 2015			
	2015 Actual Le	2015 Budgeted Le	Variance Le	% Variance
Bombali District	496,000	200,000,000	(199,504,000)	-100%
Bonthe Municipal	0	5,000,000	(5,000,000)	-100%
Freetown City	7,837,629,852	10,336,606,543	(2,498,976,691)	-24%
Kailahun District	0	100,000,000	(100,000,000)	-100%
Kambia District Co	0	257,040,597	(257,040,597)	-100%
Kenema City	412,445,093	687,306,000	(274,860,907)	-40%
Kenema District	2,453,000	58,150,000	(55,697,000)	-96%
Koidu New Sembehun City	181,734,336	100,000,000	81,734,336	82%
Koinadugu District	47,293,001	200,000,000	(152,706,999)	-76%
Kono District	34,325,300	35,000,000	(674,700)	-2%
Makeni City	468,552,092	632,043,424	(163,491,332)	-26%
Moyamba District	1,924,000	48,500,000	(46,576,000)	-96%
Port Loko District	52,280,825	85,000,000	(32,719,175)	-38%
Pujehun District	0	85,000,000	(85,000,000)	-100%
Tonkolili District	125,197,000	368,379,998	(243,182,998)	-66%
Western Area Rural District	413,682,692	1,500,000,000	(1,086,317,308)	-72%
Total	10,115,215,762	15,742,026,562	(5,626,810,800)	-36%

From analysis in the table above, the following were observed:

- Five councils (Bonthe District, Bonthe Municipal, Kailahun District, Kambia District and Pujehun District Councils failed to collect property tax during 2015. In addition, six councils (Bo City, Kenema District, Koinadugu District, Moyamba District, Tonkolili District, Western Area Rural District) did not collect over 50% of the 2015 budgeted tax
- Koidu New Sembehun City Council exceeded budget target by Le81.7 million. This amount represented 82% of 2015 budget for property tax.

Penalties for non-payment or late payment of property tax

Section 78 (1) of the LGA 2004 clearly states the penalties for non-payment or late payment of property tax. It states that: *If any owner liable to pay a rate or his agent refuses or neglects to pay such rate at the time and in the manner provided for such payment the Chairperson shall issue a warrant to the bailiff of the local council requiring him to levy the warrant on the moveable property of the owner and sell such property by public auction to the highest bidder within twenty days of levying the warrant.* Rate Demand Notices are sent to all taxpayers assessed at the beginning of each fiscal year to be paid at least within three months. Tax collection over the years has been fluctuating. Tax arrears are still outstanding which impact on own-source revenue performance. The effectiveness of the penalties may be considered weak given the arrears on property tax.

Collection and Banking of Revenue Collected

With the exception of the Bonthe Municipal Council which is located on Bonthe Island with no banking facility, the property tax (or rates) and business licenses due are paid directly into council's bank accounts by householders and businesses. Collection of market dues are contracted out and paid to the Revenue Department on a daily basis. Fees and charges are paid directly to Revenue Division. All these collections

are paid into the council's bank accounts the following day by the Revenue Division supervised by the Finance Officer. However, collections made on Friday are paid into the council's bank accounts the following Monday, creating a fiscal risk over cash custody. Councils are however faced with three key challenges:

- transparency of how much tax is being assessed under market dues, fees and charges;
- the payment of the cash into the council's bank accounts; and
- the reconciliation of the bank statements with the receipts and relevant cashbooks/accounting system.

In Bonthe Municipal Council the property tax (or rates) and business licenses, market dues (contracted), fees and charges etc., are paid directly to the Revenue Department on a daily basis (where applicable). All these collections are paid into the Council's bank accounts on a weekly basis.

Inadequate capacity in the Valuation Unit

Inadequate capacity, in terms of staff strength, technical knowledge, tools and equipment was observed, in the Valuation Unit that negatively affected mobilisation of property taxes in the councils. Some council are without vehicles and motor bikes for effective operations of the Valuation Unit.

2.2.6 Property rate arrears

A review of property rate records of Freetown City Council during 2015 revealed that arrears of property rates stood at Le7.5 billion. There was no formal strategy put in place to collect this revenue from the defaulters.

2.3. IT AUDIT OF COUNCIL FINANCIAL ACCOUNTING SYSTEM

In 2009, the Government of Sierra Leone received a grant from development partners under the Integrated Public Financial Management Reform Unit (PFMRU) Project to provide support towards improving public financial management in the central government and for the provision of financial systems and accounting software for the local councils in Sierra Leone. In 2009, the pilot phase of the accounting system was rolled out in three councils. This was however rolled over in all 19 councils in 2012. The system was introduced into the council reporting process as a reform to help with reporting and other business procedures.

We carried out an audit on the financial system used by all 19 councils in Sierra Leone to identify deficiencies in its use and to make recommendations in order to ensure its efficient use by the councils. The following are significant of issues identified during the audit.

2.3.1. Information Technology Governance

Lack of IT strategic Plan

There was no evidence to confirm that the PFMRU had any IT strategy was in place for the implementation of the accounting system. The non-establishment of an IT strategic plan could affect the short and long term operation of the application. Without any further delay, the MoFED should ensure that an IT strategic plan that covers all core business processes relating to is developed and implemented.

IT Steering Committee Not Established

There was no evidence to confirm that an IT steering committee was set up for the implementation of Financials in the local councils by the Frothed non-establishment of an IT steering committee at the Ministry could result in IT activities not being adequately implemented. The MoFED should ensure that an IT steering committee is set up once the strategic plan is completed.

IT Functions Not Clearly Defined

There was no evidence of a clearly documented description of the functions of those responsible for the governance, administration and support services of the Financials. Undefined IT roles and responsibilities may result in the IT function not being responsive to the councils' needs. MoFED should ensure that a clearly documented description of various IT roles and responsibilities is developed and implemented.

2.3.2. Information Technology Security Management

Lack of IT Security Policy

There was no evidence of an IT security policy to ensure data confidentiality, integrity and availability for the Financials. Data confidentiality, integrity, and availability could be compromised. MoFED should ensure that a robust IT security policy is developed and implemented within the operation of the Financials.

Antivirus Software Not Installed

Inspection of the server at the councils revealed that there was no licensed antivirus program installed to prevent data loss or corruption within the server and computers used for the system. IT services may be interrupted; data corruption may occur and loss of vital information may be imminent at any time. Licensed antivirus software should be provided to all councils and this should be monitored to ensure that they are efficiently utilised.

Outdated Windows Server Software used for

Inspection of the server at the councils revealed that the council was using Windows Server 2003 version even though there was an updated 2012 version available. The end of life for Windows server 2003 was 14th July, 2015; after that date at best limited support is provided by the vendor. MoFED should ensure that a plan is developed and implemented for upgrading the Windows server 2003 version without delay.

2.3.3. Program Change Management

Lack of change management policy

There was no evidence of a change management policy or procedures in place to support changes to the Financials. Unauthorised changes/upgrades may be made to the system without being properly documented and tested. Upgrades may not address user requirements. MoFED should ensure that a change management policy is developed and implemented to address changes to the Financials.

2.3.4. IT Service Continuity Management

No Disaster recovery plan available

There was no evidence of a Disaster Recovery Plan in relation to backup, retention and recovery policy in place to ensure business continuity within a reasonable period, in the event of a disaster. The councils may not be able to recover and restore IT assets from a disaster within an acceptable timeframe, especially when plans are underway for the system to go live, that is, at the transition for paper-based systems to the accounting system. The MoFED should develop a disaster recovery plan for all councils within an acceptable time frame.

Inadequate backup system

A review of the application revealed that the designer/developers provided no backup option to enable automatic backup. Indeed, the backup carried out by users is a copy and paste of the database to an external hard drive. Most recent data may not be recovered in the event of a system crash/disaster. Offsitestorage of backup file copies should be instituted.

2.3.5. Input Controls

Inadequate controls over data input

There were no controls in place within the system to ensure that data input dates were not changed during input of journal vouchers. This may encourage late posting of transactions and data manipulation. The PFMRU should ensure that the date in the system is pre-set to be the actual date of posting and not permit date changes.

Lack of data input cut-off

Tests carried out on the Financials at the councils revealed that there were no controls in place to ensure that previous years' data are closed from input of new transactions as inputs were made into 2014 accounts during 2016. Previous years' accounts may be open to manipulation and distortion. The system should have a function (end of year cut-off) to prevent any further entry of data into previous years' accounts.

2.3.6. Processing Controls

Lack of Error Handling Procedures

There was no error handling procedures within the Financials to ensure that incomplete transactions are corrected at the end of every month or another accounting period. For example, there were transactions with "Pending Approval" in the system after the end of the accounting period. These transactions may be prone to duplication after a particular accounting period, and could disrupt original financial data. It is recommended that error handling procedures within the Financials are established to ensure data integrity.

Opening Balances Not Automatically Generated

It was observed that the previous year closing balances of all the accounts within the system were not automatically transferred as opening balances to the current year accounts. Opening balances may be misstated in the accounts due to the manual inputs. This could lead to a qualification of the accounts. The Financials should be adjusted to ensure that opening account balances are automatically generated by the system with approval.

2.3.7. Other Findings

No Project Proposal Document

The project proposal document was not made available to the audit team for inspection. The team could not verify on what basis was selected for the local councils as opposed to other systems. The Director, PFMRU should ensure that the proposal document is made available for audit inspection within 30 days of receipt of this report.

Lack of Maintenance policy

There was no maintenance policy in place to ensure that reported faults are resolved within an acceptable timeframe. Faults may not be corrected in time, thereby causing delay in posting of transactions and generation of reports. The Director of PFMRU in collaboration with the ICT unit should ensure that a maintenance policy is developed and implemented without any further delay.

2.4. CASH AND BANK MANAGEMENT

2.4.1. Bank reconciliations not accurately done

Bank reconciliation is a fundamental financial control procedure that helps to identify discrepancies in the balances recorded in the cash book and those entered in the records held by the bank. The following were observed:

Moyamba District Council

Section 139 (1) of the Financial Management Regulations, 2007 states: “*The balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cash book balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book*”. In addition to the regulation, bank reconciliation is a fundamental financial control procedure that helps to identify discrepancies between the balances recorded in the cash book and those entered in the records held by the bank. However, we observed that bank reconciliations carried out for two accounts held by the Council during the financial year ended 31st December, 2015 were not correct. These two accounts were in respect of the Decentralised Service Delivery Program (Primary and Secondary Health). At 31st December 2015, the total bank balance of these accounts was Le37.1 million. Due to the error in the reconciliation, we were unable to confirm that the amounts recognised in the financial statements in respect of these accounts, or the revenue and expenditure transactions processed through these accounts, are free from material misstatement

Bonthe Municipal Council

The completeness, existence and accuracy of figures reported in the council's financial statements as 2015 opening balances were not accurately brought forward as they did not agree with 2014 closing balances for all accounts operated by the council. The bank reconciliations produced were not adequately prepared as closing cash book balances in the bank reconciliations failed to agree with closing cash book balances in the corresponding general ledgers. This means that there are material uncertainties over cash and bank balances disclosed in the financial statements and the revenue and expenditure incurred.

Kenema City Council

The bank reconciliations produced were not adequately prepared as closing cashbook balances used in the bank reconciliations did not agree with closing cashbook balances in the cashbook and the financial statements. As a result of these issues, there are material uncertainties over cash and cash equivalent balances disclosed in the financial statements. In addition, due to the inadequate reconciliation process there is a related material uncertainty over revenue and expenditure as disclosed in the financial statements.

Koidu New Sembehun City

The bank reconciliations produced were not adequately prepared as closing cashbook balances used in the bank reconciliations did not agree with closing cashbook balances in the and the financial statements. As a result of these issues, there are material uncertainties over cash and cash equivalent balances disclosed in the financial statements. In addition, due to the inadequate reconciliation process there is a related material uncertainty over revenue and expenditure as disclosed in the financial statements.

Western Rural District Council

During the audit, several issues were identified in relation to bank balances held by the Council:

- There is a material difference between the cash and cash equivalents balance as at 31st December 2015 as stated in the cashbook and the balance disclosed in statement 1.
- Bank reconciliations, crucial to providing assurance over the cash, revenue and expenditure figures as disclosed in the financial statements, were not performed adequately.
- In particular, incorrect bank statement balances were used to reconcile the cashbook for some accounts.
- Schedules for reconciling items were not provided for audit inspection and testing.
- Reconciling balances were not investigated and corrected in the cashbook and the financial statements.

As a result of these issues there is material uncertainty over the cash and cash equivalent balance as presented in Statement 1. In addition, due to the inadequate reconciliation process there is a related material uncertainty over revenue and expenditure as disclosed in the financial statements.

2.4.2. Overdrafts Obtained by Council without Authority

A review of the bank confirmation submitted by a bank revealed that the Health and Sanitation account was overdrawn by Le13.6million without the relevant approval from Bonthe Municipal Council, the MLGRD or MoFED.

2.4.3. Accounts Confirmed by Bank but not Disclosed in the FS

Two accounts confirmed by a bank were not disclosed by Bonthe Municipal Council in the statements of financial assets and liabilities (all funds) as at 31st December 2015. The balances disclosed in these accounts are given below:

Table 2.8	
Accounts Not Disclosed in the FS	
Name	Amount Confirmed Le
Rural Water	64,285
SLRA	995,000

Although the amount of money in these accounts is relatively small, there is a risk that revenue and expenditure transactions processed through these accounts were not subject to the standard controls in place over other council bank accounts.

2.4.4. Bank Statements Not Submitted for Inspection

Bank statements for five accounts maintained by the Bonthe Municipal Council were not submitted for inspection. In addition, the bank statements submitted for 15 accounts were incomplete.

2.4.5. Cheques Paid in The Name of Staff

In Freetown City Council, payments totalling Le100.6million in respect of library services were paid to individual staff of the Sierra Leone Library Board instead of paying suppliers/beneficiaries directly. In spite of repeated requests, no reason was given by the Chief Administrator as to why payments were made to individual staff of the Sierra Leone Library Board instead of paying suppliers/beneficiaries directly.

2.5. BUDGETS AND BUDGETARY CONTROL SYSTEM

2.5.1. Budget Targets Not Met

Own-source revenues for Local Councils are provided for in Section 45(4) of the LGA 2004 and state that "Local Councils revenue sources shall comprise:-

- precepts from local taxes;
- property rates;
- licences;
- fees and charges;
- share of mining revenues;
- interests and dividends; and
- any other revenue due to the Government but assigned to local councils by the Minister responsible for finance by statutory instrument.

An accurate revenue forecast is a key input to the preparation of a credible budget. Overly optimistic revenue forecasts can lead to unjustifiably large expenditure allocations and to larger fiscal deficits should spending not be reduced in response to an under-realization of revenue. On the other hand, pessimism in the forecast can result in the proceeds of an over-realisation being used for spending that has not been subjected to the scrutiny of the budget process.

Councils revenue forecasting are based on the information produced by the Valuation Unit and the Revenue Division which are supervised by the Finance Department. The Valuation Unit provides information on the number and amount of property taxes assessed for the year. The Revenue Division provides information on the other taxes such as the market dues and charges in collaboration with the Valuation Unit. This therefore means that Councils have the authority to forecast and prepare their budgets based on the revenue sources within their locality. It must however be noted that, some councils do not have any share of mining revenues based on their boundary delineation as City/Municipality.

The Budget and Finance (B&F) Committees are responsible for scrutinising the budgets before they are approved by the councils. The Committee normally reviews and provides comments on the budgets within a stipulated period. In most instances there were no separate minutes of the B&F Committee meetings on the scrutiny of the budget before approval by councils, except the minutes of the ordinary council meetings. The analysis on the following pages gives actual and budgeted own revenue information of councils for 2013, 2014 and 2015 on each of the councils.

Council	Table 2.9 Own source Revenue-2013, 2014 and 2015(In Leones)					
	2013	2013	2014	2014	2015	2015
	ACTUAL	BUDGETTED	ACTUAL	BUDGETTED	ACTUAL	BUDGETTED
<i>Bo City</i>	1,149,441,550	3,615,008,064	1,417,644,116	1,894,479,495	1,820,850,600	3,544,263,100
<i>Bo District</i>	380,923,722	670,643,630	398,739,859	629,700,000	396,835,862	736,214,746
<i>Bonthe District</i>	222,113,110	496,240,000	285,300,346	449,164,843	338,061,890	468,990,709
<i>Bombali District</i>	152,153,299	501,000,000	261,281,420	705,000,000	198,270,107	759,654,400
<i>Bonthe Municipal</i>	20,017,000	122,295,000	1,510,000	41,124,800	5,344,000	76,250,000
<i>Freetown City</i>	7,616,181,702	15,881,458,012	17,772,094,712	16,558,406,798	12,929,591,212	18,949,009,043
<i>Kailahun District</i>	109,631,044	626,675,000	192,392,950	526,000,000	214,868,862	393,000,000
<i>Kambia District</i>	129,610,550	634,580,500	146,943,057	354,398,920	260,124,008	548,141,097
<i>Kenema City</i>	1,116,987,733	7,437,072,081	935,439,832	2,166,464,938	1,572,616,682	2,303,719,173
<i>Kenema District</i>	273,324,250	818,525,000	122,705,520	871,582,000	409,738,669	846,582,000
<i>Koidu New Sembehun City</i>	560,342,967	1,532,852,250	551,932,647	901,854,531	585,103,032	1,050,386,810
<i>Koinadugu District</i>	180,143,005	103,582,829	276,060,913	487,942,217	179,637,816	516,970,000
<i>Kono District</i>	209,771,630	706,752,567	97,185,084	398,200,456	313,287,041	355,011,841
<i>Makeni City</i>	748,644,970	1,355,870,000	1,091,853,932	1,618,460,324	1,384,760,731	1,565,785,324
<i>Moyamba District</i>	266,960,188	463,654,010	372,126,520	1,121,513,971	436,223,957	1,517,454,692
<i>Port Loko District</i>	356,748,600	870,000,000	372,079,402	735,684,351	326,498,581	693,472,138
<i>Pujehun District</i>	129,310,120	814,497,480	372,721,412	673,226,800	364,334,073	1,530,750,000
<i>Tonkolili District</i>	351,290,847	797,280,892	936,221,471	940,309,390	277,170,035	1,140,055,211
<i>Western Area Rural District</i>	769,945,893	976,130,000	801,158,599	1,449,650,000	972,861,195	2,919,999,999
Total	14,743,542,180	38,424,117,315	26,405,391,792	32,523,163,834	22,986,178,353	39,915,710,283

Budget targets for own source revenue were not met for the periods 2013, 2014 and 2015 by an average of 41% amounting to Le15.6 billion. Actual own-source revenue was lower than forecast in the budget in 2013 by 62%, 2014 by 19%, and in 2015 by 42%, reflecting a weak estimate of actual revenue collection in all years. The collection increased from 2013 to 2014 by 79% and sharply dropped by 36% in 2015. Some reasons advanced for the variances include: arrears from property tax which was not collected during the assessment periods, little or no revenues received in respect of local tax precepts from chiefdom councils though this was budgeted for in the respective years as mandated by Section 45 (4) of the LGA 2004, over-ambitious budgeting emanating from the use of unrealistic basis of budgeting or it could be that controls were not in place for the proper collection of revenue. We also noted that reasons for councils not meeting their revenue targets may not be unconnected with the Ebola Virus Disease outbreak in Sierra Leone

Setting high or unachievable targets to encourage increased revenue collection may ultimately serve to undermine the budget's credibility. The councils yearly expenditures were impeded since targets were not met.

Budget Consolidation & Reporting Form Not Interfaced with the Financials

There was no interface between the 'Budget Consolidation and Reporting Form' and the 'system' to allow easy transfer of information from the budget tool to the system. The team also observed that even though there was an "Export to Access" function in the budget tool, to enable transfer of information directly to the system database, but this function was not activated. This may result in delays in budget uploads and inefficiencies within the budget system. The Budget Consolidation & Reporting form should interface with the Petra Financials to ensure timely upload of the budget.

2.6. PROCUREMENT PROCEDURES AND PROCESSES NOT FOLLOWED

2.6.1. Procurement Documents Not Submitted for Inspection

Review of procurement undertaken and the procurement process of the council revealed the following:

Kailahun District Council

- For contracts valued Le1.2 billion awarded to various contractors through the National Competitive Bidding method, the following issues were noted: bid securities/performance guarantees were not submitted by contractors for lots 1 for feeder roads and for the construction of the four-face clock tower in Kailahun town.
- Procurements undertaken for goods and services totalling Le1.5 billion through the request for quotation method revealed that requisitions initiating the procurement process and minutes of quotation opening meetings were not submitted for audit.

Koidu New Sembehun City Council

- On the 10th of November, 2015, contract agreements for the maintenance of eight feeder roads valued at Le400.4 million were signed with various contractors. The procurement for the maintenance of these roads was divided into eight lots. The following documents were not submitted for audit reviews:
 - standard bidding documents for lots 1, 2 and 3;
 - technical evaluation reports for lots 1 to 8;
 - a copy of valid business licenses, NASSIT and NRA tax clearance;
 - a business registration certificates from the registrar general and the council;
 - bid securities/performance guarantee; and

- advance payment guarantees and invoices to support payments totalling Le117.1 million to selected contractors.
- For the procurement of the outsourcing of market dues collection, standard bidding documents, list of bidders and a technical evaluation report to justify the basis upon which the contract was awarded to a contractor were not submitted for audit. The contract agreement signed between the council and contractor was not signed by the Mayor.
- For procurement undertaken for goods and services totalling Le310.7 million through the request for quotation method, requisitions initiating the procurement process, minutes of Procurement Committee Meetings, structured technical evaluation report and business certificates to justify the basis upon which suppliers were selected and whether they were responsible and competent, delivery notes and certificates of completion to justify that the council received economic benefits from goods procured and services rendered were not submitted for audit.
- On 7th January, 2015, the Council disposed of four vehicles and two tricycles through public tender. Minutes of Council meeting authorising the disposal, adverts in the print and electronic media to justify that members of the public were duly informed and an evaluation report documenting how the tendering process was carried out and the basis upon which successful bidders were selected were not submitted for audit. It was also observed that the disposal was made without due consideration to the Government Assets and Properties Commission Act (1990) as the appropriate authority was not sought from the Government Assets and Properties Commission.
- From the total amount of Le68.9 million paid by successful bidders, only an amount of Le26million was deposited into the Council's Administration. Account leaving a balance of Le34.9 million. Bank deposit slips/supporting documents for the deposit/utilisation of this amounts were not seen/submitted for audit.

Freetown City Council

Procurements documents for various contracts totalling Le913.6 million were not provided for audit inspection.

Pujebun District Council

A sample of procurement undertaken by council during 2015 was examined to ascertain whether procurement procedures were adequately and appropriately followed. Further investigations revealed that engineer's reports (certificates of work done and work completion certificates) were still not submitted for development projects undertaken which amounted to Le1.2 billion.

2.6.2. Irregularities in Awarding Contracts

Western Rural District Council

Examination of the procurement documents for a contract worth Le117.5 million awarded to Emirate Construction for the fabrication of furniture revealed that the contract agreement was signed (15/06/15) before the invitation for bids was advertised (05/08/15). Awarding a contract before adopting procurement procedure is a deliberate attempt by the Council not to adhere to the requirements of the entire procurement act and its regulations. Some of the furniture was not in good condition upon delivery as per goods delivery note.

Freetown City Council

A review of procurements documents revealed that only two business entities submitted bids in respect of the award of a framework contract for the supply of stationery. It was however discovered that the two

business entities were owned/managed by the same individual and one was awarded the contract which is contrary to sections 33(1a) and 34(3) of the Public Procurement Act (2004).

Bonthe Municipal Council

Bonthe Municipal Council deviated from the procurement plan in the contract for the rehabilitation of the children's ward in the Bonthe Government Hospital and the installation of multi-user internet connectivity in the Municipal Library. These activities were not part of the procurement plan. During the course of the audit, we also found that procurement procedures were not followed for a number of contracts undertaken by the council. For instance, approval for a contract award in respect of the supply of diets amounting to Le108.6 million was done by the Mayor instead of the Procurement Committee. In addition, contract specifications were not followed for the supply of hand-pumps in the rehabilitation of three hand-pump wells in the municipality. As well as breaching the legislation, this action may have resulted in the council not achieving maximum value for money.

2.6.3. Lack of 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 Le459.5 million in 2015 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.

Table2.10	
Lack of three Requests For Quotations(RFQ)	
Name of Council	Amount Le"Million"
Bombali District	44.0
Port Loko District	55.0
Koidu New Sembehun City	273.6
Tonkolili District	29.0
Koinadugu District	43.3
Bonthe Municipal	14.6
Total	459.5

2.7. INADEQUATE CONTROL OVER DISBURSEMENT OF FUNDS

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 MDAs, totalled Le603.4 million were not presented for audit inspection during 2015. 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.

Table 2.11 Payments Without Supporting Documents	
Name of Council	Amount Le (million)
Bonthe Municipal	447.09
Koidu New Sembehun City	145.74
Western Rural District	10.60
Total	603.43

Payments Without Adequate Supporting Documents

Other disbursements totalled Le4.98 billion 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.

Table 2.12 Payments Without Adequate Supporting Documents	
Name	Amount Le(million)
Bo City	16.45
Bo District	102.15
Freetown City	3,348.92
Bombali District	5.15
Port Loko District	6.65
Kambia District	13.20
Kenema City	306.3
Koidu New Sembehun City	659.76
Kailahun District	36.80
Tonkolili District	29.00
Koinadugu District	18.71
Western Rural District	50.85
Pujehun District	70.90
Moyamba District	13.00
Bonthe Municipal	200.56
Kenema District	98.00
Total	4,976.4

Withholding Taxes Not Deducted And Paid To The NRA

During the audit of Councils in 2015, it was identified that withholding taxes totalled Le97.91 million were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act 2000. All Chief Administrators 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 service received by citizens. Table 2.13, Withholding Taxes Not Paid Over to the Relevant Authority, identifies councils and provides values for the statutory deductions.

Table2.13 Withholding Taxes not Paid Over to the Relevant Authority	
Name of Council	Amount Le(Million)
Bo District	4.20
Bombali District	0.50
Bonthe District	15.10
Bonthe Municipal	17.10
Kambia District	3.24
Koinadugu District	46.07
Western Rural District	11.70
Total	97.91

2.8. PAYMENT OF SITTING FEES AND ALLOWANCES TO COUNCILLORS

Although several recommendations have been made in previous reports on the development of guidelines for the payment Sitting Fees and Allowances to Councillors, the councils still continue to pay Sitting Fees and Allowances to Councillors without guidelines. Payments totalling Le2.64 billion were again made to Councillors as Sitting Fees and Allowances during 2015. This represents a 34% increment from 2014 (Le1.97 billion in 2014). Section 30(2) of the Local Government Act (2004) requires that the MLGRD, in consultation with the MoFED, 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, 2015, the sum of Le384.96 million was paid as sitting fees and other allowances to Councillors who were absent from the meeting to which the payments related.

Table 2.14 gives detailed amount paid as sitting fees and allowances without guidelines and payment made to absentee councillors during 2015.

Table2.14 No Guidelines Payment of Councillor sitting fees and other allowances		
Name of Council	Payment without Guidelines Le(Million)	Payment to Absentee Councillors Le(Million)
Bo City	65.40	-
Bo District	114.70	-
Bonthe District	81.90	-
Bombali District	134.40	-
Bonthe Municipal	29.20	-
Freetown City	835.86	59.20

Table2.14		
No Guidelines Payment of Councillor sitting fees and other allowances		
Name of Council	Payment without Guidelines Le(Million)	Payment to Absentee Councillors Le(Million)
Kailahun District	134.85	12.74
Kambia District	108.03	50.28
Kenema City	38.90	-
Kenema District	166.73	-
Koidu New Sembehun City	52.61	31.88
Koinadugu District	112.99	-
Kono District	116.30	64.60
Makeni City	50.02	6.43
Moyamba District	153.60	18.60
Port Loko District	141.70	141.23
Pujehun District	72.60	-
Tonkolili District	132.79	-
Western Area Rural District	101.56	-
Total	2,644.14	384.96

2.9. MANAGEMENT OF COUNCIL'S ASSETS

Assets not recorded in the assets register

The master inventory register was not updated regularly. This resulted in furniture and equipment acquired amounting to Le143.9 million not being recorded in the register. In addition, a furniture and equipment movement report was not prepared by the councils. There is a risk these assets may be exposed to loss or misuse. The Chief Administrators should therefore ensure that the master inventory register is updated on a regular basis with all assets owned and controlled by the council and that furniture and equipment movement report is prepared and updated on a regular basis.

Table2.15	
Assets not recorded in the assets register	
Name of Council	Cost of Assets Le(million)
Koidu New Sembehun City	73.7
Kenema City	70.2
Total	143.9

Assets Not Available for Physical Verification

Assets totalling Le196.1 million were not made available to confirm their existence. There is a risk that assets owned and controlled by the council may be exposed to loss or misuse. There should be regular physical verification exercises to ensure that council assets have not been misappropriated and the council's fixed assets register is kept up to date. Inventory or stock takes should be conducted before officers vacate the council. The assets must be provided for physical verification or the total cost of these assets recovered immediately.

Table 2.16 Assets Not Available for Physical Verification	
Name of Council	Cost of Assets Le(million)
Bonthe Municipal	56.9
Kono District	85.0
Moyamba District	36.2
Bo City	18.0
Total	196.1

2.10. HUMAN RESOURCES MANAGEMENT

National Social Security and Insurance Trust (NASSIT) contributions not paid for staff

Section 25 (1, 2, 3) and Section 27(1) of the National Social Security and Insurance Trust Act 2001 requires the deduction and payment of NASSIT contribution for every employer. It was however observed that NASSIT deductions of Le192.6 million from salaries of core staff were not paid over to NASSIT. The failure to pay over the amounts withheld from employees' salaries would adversely affect the processing of their retirement benefits when they are due. The retirement benefits of staff will also be seriously affected as retired workers will not be able to get their correct terminal benefit packages and pensions, hence council risks being sanctioned for not complying with NASSIT regulations.

Table 2.17 NASSIT Contributions Not Paid	
Council	Amount Le(million)
Freetown City	99.52
Koidu New Sembehun City	9.32
Kenema City	24.00
Kailahun District	7.35
Western Rural District	17.80
Pujehun District	16.10
Bonthe District	6.60
Bonthe Municipal	11.90
Total	192.59

Payment of 25% core staff salary top up

Review of the payroll and payment vouchers for core staff, revealed that the council has failed to honour its obligation on the payment for the 25% core staff salary increment for 2015 for Kailahun District Council and for the for the 2nd, 3rd and 4th quarters of 2015 for Koidu New Sembehun City Council.

Staff that have Attained/Exceeded the Retirement Age

In Koidu New Sembehun City Council there were names of six support staff on the staff list who had attained/exceeded the retirement age of 60 years. This may undermine the operational effectiveness of the council. It was recommended that mechanism should be instituted to ensure that the mandatory retirement age regulation is adhered to and staff members that have already reached the retirement age are given their retirement letters and benefits.

Duplication of Salaries to Core Staff

In Bombali District Council it was observed that the salaries paid to core staff for the month of February 2015, were duplicated. We noted that the sum of Le6.5 million was paid from the Council's administrative account as salaries to core staff and the same amount was paid from the own-source revenue account to the same core staff members. There is a risk that the amount duplicated may have been put into other use. This may have misstated the payroll balance in the financial statements.

Salary paid directly as cash to staff rather through their bank accounts.

Salaries totalling Le 973.8 million were paid in cash to some staff in Freetown City Council rather than making payments into their individual bank accounts. The Chief Administrator should ensure that modalities are put in place for subsequent payments of salaries to be made into staff bank accounts.

Salaries Paid to Absent Staff / Staff Movement from Work without Authority

During a review of the staff attendance records at Bonthe Municipal Council for 2015, it was observed that two of the staff whose names were on the salary voucher were permanently absent from work. Salaries received by them during this period were Le14.7 million. Also, a review of HR records, staff attendance records, management files, minutes of Council meetings and the auditors' physical observation during the audit exercise revealed core staff had developed the habit of abandoning their duty station for weeks (if not months) without the expressed authority of the Mayor, CA or HR. During a six-month review of staff attendance records in 2015 it was observed that 12 staff abandoned their station for at least a week without excuse. These staff still continues to receive their monthly salaries during the periods of absence.

Unclaimed Salaries

During 2015, unclaimed salaries totalled Le4.95 million. There were no receipts or bank payment records to ascertain that this amount was refunded into the council's administrative account of Bonthe Municipal Council.

2.11. FOLLOW UP ON OUTSTANDING ISSUES IN PREVIOUS YEARS' REPORTS

Over the years, the Auditor General makes observations on issues coming to her attention and provides recommendations for improvement to the systems of governance; especially on public financial management system in the councils. A systematic follow-up on those recommendations helps us to bring to the attention of taxpayers of progress in council's operations. The advantages of such exercise are mainly to ascertain the effective implementation of audit recommendations by the councils.

Basic council's actions on our previous recommendations have been described as:

- *Implemented* – adequate measures have been put in place that that fully addresses the risk identified in the recommendation.
- *Partly implemented* – council's management is in the process of taking steps to put adequate measures to address recommendations.
- *Not implemented* – council's management failed to address the risk identified.

Table 2.18 summarises the status of previous audit recommendations as at 31st December, 2015:

	Council	Table 2.18 Status of prior years recommendations during 2015						
		Number of Recommendations						
		Implemented	%	Partly Implemented	%	Not Implemented	%	Total
1	Bo City	2	29	0	0	5	71	7
2	Bo District	4	36	2	18	5	45	11
3	Bonthe District	2	20	5	50	3	30	10
4	Bonthe Municipal	0	0	5	56	4	44	9
5	Bombali District	0	0	1	25	3	75	4
6	Freetown City	7	29	5	21	12	50	24
7	Kailahun District	16	57	0	0	12	43	28
8	Kambia District	1	11	1	11	7	78	9
9	Kenema District	14	42	4	12	15	45	33
10	Kenema City	4	40	4	40	2	20	10
11	Kono District	25	53	4	9	18	38	47
12	Koidu New Sembehun City	10	36	0	0	18	64	28
13	Koinadugu District	1	20	1	20	3	60	5
14	Makeni City	0	0	1	17	5	83	6
15	Moyamba District	15	83	3	17	0	0	18
16	Port Loko District	2	50	1	25	1	25	4
17	Pujehun District	2	18	4	36	5	45	11
18	Tonkolili District	1	20	1	20	3	60	5
19	Western Rural District	7	39	5	28	6	33	18
Total		113	39%	47	16%	127	44%	287

During 2015, it was observed that there were 287 outstanding recommendations from previous audit works that should have been adequately addressed by councils. From analysis in the table above, it was noted that there 113 (39%) of outstanding recommendations in previous years were fully implemented, (47) 16% partly implemented and (127) 44% not implemented by councils.

It is also worth mentioning, from analysis above that three councils, Bonthe Municipal Council, Bombali District Council and Makeni City Councils failed to fully implement previous years' outstanding recommendations. Moyamba, Portloko, Kono and Kailahun District Councils reported a 50%-100% recommendations implementation rate.

Year	Table2.19 Status of Prior Years Recommendations During 2014 and 2015						
	Number of Recommendations						
	Implemented	%	Partly Implemented	%	Not Implemented	%	Total
2014	152	62%	21	9%	72	29%	245
2015	113	39%	47	16%	127	44%	287
Variance(s)	-39	-23%	26	-9%	55	15%	42

We noted, from information provided in the table above that, the councils efforts in adequately implementing outstanding recommendations dropped by 39% and on efforts in implementing recommendations increased by 15% in 2015 when compared to 2014.

These recommendations relate to very basic accounting accuracy, internal control, accountability and governance issues and they plague, not for the first time, public financial management in the councils. Many of these have been reported in the past and ought not to have been repeated. councils are to address all the audit issues and recommendations made in the previous reports as they are intended to enhance efficiency of operations, accuracy of financial reporting and compliance with the applicable legislation.

The Chief Administrators must ensure that the council's systems, control and management of financial transactions are strengthened and effectively monitored to ensure compliance with stipulated regulations which govern the distribution of public resources. If money is not spent properly; council's objectives may not be met and the local population would not receive adequate services from the council.

2.12. ENVIRONMENTAL RISK MANAGEMENT AT LOCAL GOVERNMENT LEVEL- SOLID WASTE MANAGEMENT IN BO CITY COUNCIL

During 2015, as part of the audit of the financial statements of councils and in consideration with the provisions in the Sustainable Development Goals (SDGs, we undertook an environmental audit on solid waste management in Bo City Council. This was a pilot audit and it is expected that the audit procedures and processes adopted will be applied in similar audits of other councils over the coming years.

Several defects on Municipal Solid Waste Management (MSWM) in the Bo City had been highlighted in the Integrated National Waste Management Strategy 2012 (INWMS). This Strategy also indicated that the status of sanitation in Sierra Leone is still undergoing challenges due to poor environmental sanitation, poor communities and poor personal hygiene practices all of which contribute to the spread of malaria, diarrhoea and cholera.

Even though waste management had been of concern to many organisations (local and international) it still remains a problem because of the absence of a strategic plan. These problems include:

- indiscriminate disposal of waste (solid, liquid, industrial and health care waste);
- lack of disposal equipment and technologies;
- insufficient trash-cans and industrial waste bins;
- lack of awareness and understanding on the part of the population;
- lack of data and information on the waste characteristics and generation rate, and
- lack of systematic management systems.

Consequently, the establishment of local councils should endeavour to address these issues by ensuring that the required services for waste management systems development in their localities are met.

This has led to public concern relating to the devolution of functions and the performance of local councils in carrying these out especially in the management of municipal solid waste.

The objective of this audit was to assess the implementation of municipal solid waste management activities (waste reduction, separation, collection, treatment and disposal) by the Bo City Council under the supervision of the MLGRD in ensuring environmental sanitation for the general wellbeing of the people. Below are some of the key audit findings and recommendations.

2.12.1. No procedures for Waste Separation

The team visited selected locations/communities in the Bo City to ascertain whether solid waste was separated at the point of collection. It was observed that waste gathered within these localities was not separated before transportation to landfills. Food waste/remains, tyres, plastics, bottles, papers, empty cans and other waste was all disposed into the same bin. There was no evidence that the Council had provided facilities for separating waste. Failure to separate waste at source may lead to an increase in waste deposited at dump sites. The CA should ensure that the Council develops strategies for the separation of wastes by waste producers. There is a need for mass sensitisation on the waste management process in the district, clearly bringing the attention of the public to both the dangers and the benefits associated with waste management.

2.12.2. Controls over the Collection of Solid Waste

The Council, in partnership with an international private entity, Welthungerhilfe, one of Germany's largest non-governmental aid organisations, has embarked on waste collection in the city facilitated by waste workers who sweep the street and put the waste into collection vehicles and skip points. The waste is then transported to the final waste disposal site.



Sweeping of streets in Bo City



Water being used to clean streets of Bo



View of City after cleaning exercise

Six waste transit/collection points are in existence in the city of Bo for the management of solid waste in the city. The BCC also establish youth groups that are involved in waste collection within the city.



The BCC also establish youth groups that are involved in waste collection within the city.



Waste collection service in the central business district (CBD) by the Waste management department



BCC provides trash bins at the CBD for waste collection

The non-collection of waste may contribute greatly to the transfer of communicable diseases. The CA should ensure that various communities within the city are encouraged to fully participate in the waste management process. Garbage bins are provided at strategic locations for residents which can be collected by the council on a daily basis.

During a follow-up on our recommendation we observed that the council had provided garbage bins to every commercial household within the central business district for waste collection.



2.12.3. Recycling of Solid Waste

It was observed that there were mechanisms and activities for recycling and reuse of wastes. Recyclables such as plastics, used tyres, scrap metals, tins, empty cans, food remains and other wastes were made use of by the BCC waste management team to derive some economic benefit. Small and Medium enterprises were established to be involved in waste reuse and recycling.



Plastic bags being processed into hand bags



Final production of plastic bags into hand bags



Shoes made from scrapped tyres

In spite of these initiatives the Council could not provide evidence on the quantity of waste generated for the period under review. The lack of data on waste generation may make it impossible for the Council to determine the recycling rate causing an increase in the amount of waste disposed at landfills and making it difficult to manage. The CA should ensure that there is a mass sensitization on the waste management process in the district, clearly bringing out to the public the dangers and benefits associated with waste management.

2.12.4. Illegal Dumping of Waste

Bo city is characterized by extensive swamplands within the city. These have been used as illegal dumping grounds for waste and rubbish. Skips are located at various points within the city; nonetheless, people still create illegal dumpsite in the city. Many of the lands that lie fallow within the city attract illegal waste dumpers as well.



The attitude and perception of the citizens is a major determinant in the management of waste. In the midst of indiscipline and with the needed by-laws still pending, waste is disposed of indiscriminately in back yards, on streets and in public places. This is posing serious environmental and health hazards within the city and also destroying the aesthetic value/beauty of the city by making it very unsightly.

Controls over the management of medical waste are unsatisfactory. This has led to the mere mixing of medical waste with the normal, municipal waste; a practice that poses a serious health threat to waste workers. Medical workers often give waste to porters for disposal. The porters in turn, with little or no knowledge of waste management, simply dump it in drains or open fields and sometimes bring it to the skips at the transit points.



Another health threat is the involvement of children in waste management. A majority of the households in Bo city see waste disposal as the work of children and women.



These children are not mature enough to handle waste properly and in some cases, are even found at disposal sites scavenging from the waste.



Right in the heart of the city, Mahei Boima Road, Shenge Section lies the biggest and oldest illegal dumpsite (Bomeh). This site is centrally located and there is an intermittent stream of filth running through it.



There are risks that:

- Depositing organic waste in combination with other types of waste, e.g., plastics, metals, sharps objects, etc., may make it difficult for composting.
- Disposal of medical waste in a transparent manner may expose local council workers and other community members, to infectious diseases, such as hepatitis, and cholera
- Lack of by-laws for the prevention and control of illegal disposal of waste, has increased littering and indiscriminate disposal of waste.

It was therefore recommended that:

- The council should ensure that solid waste is transported, stored, treated, processed, and disposed of in a manner adequate to protect human health, safety and welfare and the environment.
- The Council, in collaboration with the paramount chief and other stakeholders in the city take necessary steps to develop by-laws and enforce them in order to minimise or eliminate littering and illegal dumping of solid waste.

We observed, during our follow-up exercises that:

- There was no system for medical waste management in Bo City.
- Massive sensitisation was ongoing in order to create awareness in the population about best practices in waste management.
- The process of clearing Bomeh was ongoing and that there are plans to convert Bomeh into a green park. Below are pictures of verified Bomeh site.



- The council was currently reviewing the existing community laws and possible changes to by-laws and recommendations to parliament for national legislation as well.

2.12.5. Waste Management at Land Fills

The team visited a landfill to assess the disposal of waste there. It was observed that there was continuous burning of waste at the dumpsite and the emission of awful odour. The dumpsite was not fenced or secured and people deposited waste at random. Improper disposal of waste in landfills causes environmental degradation, air-pollution by waste burning and the spreading of diseases by different vectors.



Burning of wastes at 5 mile landfills

The Council should give priority to the fencing of landfills in order to secure and prevent easy access to them and efficiently monitor the activities of scavengers. These places should be frequently disinfected to reduce health risks to the environment.

2.12.6. Inadequate Staff for the Management of Solid Wastes

There was inadequate staff for solid waste activities in the city. The council does not have officers assigned to the landfill to monitor and control the flow of traffic there. The absence of designated staff at landfills makes it impossible to put into practice traffic control measures, quantify the volume of waste deposited and determine the rate of recycling on a regular basis. The CA should ensure that the Solid Waste Unit is adequately staffed and that these staff are trained, motivated and readily available to undertake their respective functions of implementing or supervising solid waste activities in the district.

2.12.7. Funding Sources for Solid Waste Activities

With funds from Government of Sierra Leone (GoSL), Decentralized Service Delivery Project (DSDP) Own-source revenue and other donors, the Bo city council manages waste in its locality and environs. It was observed that one of the main secrets to successful waste management in Bo City is timing. Waste management is a time-bound activity. There is always late disbursement of funds by the central government for waste management and waste doesn't wait. For instance, the first quarter allocation for waste activity was only released to the council in the second quarter. This makes it difficult, if not impossible for the council to effectively carry out waste management activities. Government should provide adequate and timely funding for managing the day-to day operations of waste management activities.

CHAPTER III- PERFORMANCE AUDIT

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MAIN POINTS

What we examined

The chapter summarises the performance audits we tabled in Parliament this year as special reports under Section 66(4) of the Government Budgeting and Accountability Act 2005. In particular, Section 11 (2c) of the Audit Service Act of 2014 mandates the Auditor General to carry out value for money and other audits to ensure that efficiency and effectiveness are achieved in the use of public funds”.

In 2016, two Performance Audit reports were submitted to Parliament for tabling. The audits were concerned with the Management of Government Commercial Buses and the Management of Government Residential Quarters. This chapter presents a succinct note on the two performance audits.

Performance auditing is an independent, objective and reliable examination of whether government entities are performing in accordance with the principles of economy, efficiency and effectiveness (the 3Es). The purpose therefore is to get MDAs “do the right thing in the best way”. The core concepts and basic techniques in performance auditing are the same as with any form of audit but with different subject matter. If government undertakes an activity either in whole or in part, can be the subject of a performance audit.

Why it is important

Technically speaking, doing the right thing in the right way means asking if something 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).

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

What we found

Management of Government Commercial Buses

The following were observed:

- The Sierra Leone Road Transport Corporation had been unable to efficiently and effectively manage public bus services and had limited facilities and expertise to operate a passenger bus service throughout the country.
- There was no coordinated comprehensive plan for the introduction of the new buses into service. As such, the Corporation was not properly prepared to operate and maintain the new buses when they entered into service in July, 2015.
- The arrangements for managing the country’s passenger transport service are confused. The roles of the key stakeholders are not clear and oversight responsibility for the operation of the 100 new buses appears to be in conflict with the statutory role of SLRTC’s Board of Directors.

Ministry of Works, Housing and Infrastructure

The Ministry of Works, Housing and Infrastructure has not put in place the necessary mechanisms to ensure the efficient and effective management of its stock of government residential quarters. The

Ministry did not develop any policy or strategy for the provision and management of government residential quarters. As such, they are not in a position to make informed decisions. Officials do not have a reliable and up to date assessment of the condition of quarters and the uses to which they are being put. Most government quarters are in poor condition and some quarters are totally uninhabitable due to years of neglect. Rental charges do not reflect current market value. As a result of this, the Government has suffered a significant loss of income.

3.1. INTRODUCTION

Performance audit has been practiced in Sierra Leone only since 2008 when it was introduced to Audit Service Sierra Leone as a component of an audit capacity development project. Creating a performance audit capability did not happen overnight. It required strong critical and analytical skills, careful staff selection and training. The fundamental skill-set is a strong knowledge of basic and classical audit techniques. Consequently, performance auditors have been generally drawn from the ranks of financial and regularity auditors, both of which are traditional audit areas that have long been the focus of ASSL. ASSL has also had an intake of staff with backgrounds in the social sciences and other disciplines.

Although relatively new to countries at a similar stage of development as Sierra Leone, performance audit has been practiced in various and evolving forms in mature economies for over 30 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. The reports of many SAIs are now largely comprised of the outcomes from performance audits and there is a trend in some jurisdictions to capture all SAI audit activity under a more generic name such as comprehensive auditing which, in effect, represents the collective practice of financial, regularity and performance audit that frequently uses multi-disciplinary teams of auditors.

This Chapter summarises performance audits conducted this year which have been tabled in Parliament as special reports under Section 11 (2c) of the Audit Service Act of 2014 which mandates the Auditor General to carry out value for money and other audits to ensure that efficiency and effectiveness are achieved in the use of public funds.

3.2. THE NATURE AND PRACTICE OF PERFORMANCE AUDITING

Performance auditing carried out by Supreme Audit Institutions (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. Broadly speaking, the principles of economy, efficiency and effectiveness – often referred to as the 3Es -can be approached as follows:

- The principle of *economy* is about keeping the costs low. The resources used should be available in due time, in appropriate quantity and quality and at the best price.
- The principle of *efficiency* is about getting the most from available resources. It is concerned with the relationship between resources employed, conditions given and results achieved; in terms of quantity, quality and timing of outputs or outcomes.
- The principle of *effectiveness* is about meeting the objectives set. It is concerned with attaining the specific aims or objectives set and/or achieving the intended results. Where appropriate, the impact of the regulatory or institutional framework on the performance of the entity should also be taken into account.

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 thereby contributes in a direct way by providing useful information to citizens while also serving as a basis for learning and improvements.

In selecting areas for performance audit, we considered matters of significance for social and economic development and where, at the same time, there is a risk that performance may not meet the goals of economy, efficiency and effectiveness. Therefore, the subject matter of performance audits undertaken by the ASSL since its introduction has been as follows:

Table 3.1			
No.	MDA	Title of report	Year tabled
1	Ministry of Education Science and Technology	Inspection and Supervision of Schools	2009
2	Ministry of Agriculture Forestry and Food Security	Distribution of Agricultural Inputs	2012
3	Ministry of Health and Sanitation	Anti-Malaria Interventions	2012
4	Sierra Leone Water Company	Supply of Potable Water	2012
5	Sierra Leone Road Safety	Examination and Monitoring of Vehicles	2012
6	Ministry of Fisheries and Marine Resources	Generation and collection of revenue	2012
7	Sierra Leone Correctional Centre	Rehabilitation of Prisoners	2013
8	National Social Security Trust	Waiting Time on Processing and Payment of Retirement Benefits	2013
9	Ministry of Lands, Country Planning and Environment	Allocation of State Lands	2013
10	Sierra Leone Road Transport Authority	Rehabilitation of Rural Feeder Roads	2014
11	Ministry of Agriculture Forestry and Food Security (MAFFS)	Agricultural Mechanisation	2014
12	Ministry of Local Government and Rural Development – Local Councils	Management of Municipal Solid Waste by Local Councils	2014

In the 2016 reports – each is summarised below – we assessed the performance of the selected MDAs responsible for the audited activity and indicated how performance may be improved. The recommendations made aim to remove the causes of problems and weaknesses identified thereby adding value not only to the MDA but to society as a whole.

3.3. 2016 PERFORMANCE AUDIT REPORTSSUMMARIES-

Sierra Leone Road Transport Corporation

This Performance audits sought to assess how Government's commercial buses have been managed in order to provide appropriate audit recommendations to improve on the transport sectors in the country.

The audit was specifically undertaken as a result of the following:

- Road transport is the major means of transportation in Sierra Leone. Over the last three years, there had been growing concerns about the level of service provided by SLRTC, especially in the city of Freetown.
- The Corporation struggled to keep sufficient buses operational enough to provide a minimum level of service. As at May 2015, the Corporation had just 10 operational buses.
- In May 2014, the Ministry of Transport and Aviation (MTA) entered into a contract for the

purchase of 100 new buses from Poly Technologies Inc, a company based in the People's Republic of China. In addition to supplying the buses, the contract included the supply of maintenance equipment, a package of spare parts, and the training of mechanics. The total value of the contract was US\$12,291,920 (Le61,459,600,000). The buses commenced service in Sierra Leone in July 2015.

The objective of the audit was to assess whether the SLRTC has managed public bus services efficiently and effectively and to identify lessons learnt for the operation of the expanded bus service. The audit sought specifically to assess whether:

- SLRTC has been able to provide a satisfactory level of service to the public.
- SLRTC has the maintenance facilities and personnel to keep buses serviceable.
- SLRTC has satisfactory arrangements for collecting fares and managing revenue.

The following issues were observed:

(i) Level of service and facilities provided by SLRTC

We noted that despite the acquisition of 64 new buses to supplement the SLRTC's existing fleet over the period 2011 to 2013, by May 2015 the Corporation possessed just 39 buses and only 10 of these were in a serviceable condition.

Planning for the introduction of the 100 new buses, which represented a significant increase in the scale of SLRTC's operations, was inadequate. The June 2015 Concept Paper also included an outline of a proposed financial management and reporting framework which lacked details and made no reference to performance targets for the purpose of monitoring the Corporation's performance and managing its finances.

As at 30 September, 2015 there was no agreement on who would pay for the buses. Given the level of fares which are effectively fixed by the Government, it is questionable whether the Corporation can generate sufficient revenue to repay an on-lending agreement over a period of three to four years.

To ensure the efficient and effective operation of SLRTC's expanded fleet of buses and the financial sustainability of the Corporation, we made the following recommendations:

- The Ministry of Transport and Aviation, the National Commission for Privatisation, and the SLRTC Board of Directors should agree on arrangements for overseeing the performance of SLRTC as soon as possible. In principle, responsibility for operating a public bus service should rest with SLRTC under the direction of the Board, which should be properly constituted.
- The issue of who will pay for the 100 new buses should be resolved urgently. SLRTC should prepare a comprehensive projection of income and expenditure for the three-year period 2016-2018 based on realistic assumptions about journey frequencies and passenger loads.
- SLRTC, in conjunction with MTA and NCP, should establish a financial objective for the Corporation's operations and ensure that individual journey fares and charges for other services provided by the Corporation are reviewed periodically. The projected lifespan of the new buses should be determined and provision made to cover the cost of replacing buses and adding to the size of the fleet.
- SLRTC should include realistic schedules for provincial and city routes, detailed arrangements for ticket sales, revenue management, and detailed financial management reporting arrangements.

(ii) SLRTC maintenance operations

- Passenger facilities throughout the network are in a poor state of repair. The Corporation's central bus station is in need of a complete overhaul.
- The workshop facilities operated by SLRTC had been allowed to deteriorate to the point where they were not fit for purpose. They are unsuitable for maintaining SLRTC's fleet of buses. The workshops were devoid of even the most basic equipment.
- Lack of effective supervision by SLRTC's inspectors had resulted in buses being overloaded with excess passengers and prohibited goods causing breakdowns although the introduction of a new system of bus monitors appears to have eliminated the problem of overloading.
- The Concept Paper prepared for the Project Steering Committee in June 2015 did not address the core issue of how the Corporation's maintenance and repair facilities and practices would be overhauled to ensure that the new buses remain in serviceable condition.

The following are recommendations to improve on maintenance operations:

- SLRTC should carry out an assessment of its existing customer facilities. Prepare a plan to bring them up to modern standards that can cater to the needs of the travelling public with priority given to refurbishing the central bus station in Freetown.
- A thorough needs assessment and gap analysis including the sitting and standard of workshop facilities, the range of equipment and spare parts needed, and the number and skill level of its workforce for maintaining its buses should be done.
- Detailed log of maintenance and repair work carried out on each vehicle, including the use of spare parts should be recorded. Spare parts for buses, and other valuable items should be held securely and that effective controls are put in place for issuing items from the store.

(iii) Management of revenue

- SLRTC had not exercised adequate control over the banking of ticket sales revenue by sales agents operating at the central bus station in Freetown and in provincial locations. Plans for new ticket sales arrangements had not been developed when the new buses entered service.
- SLRTC had not developed a realistic multi-year projection of income and expenditure for the operation of the 100 new buses. The six-month financial projection for July to December 2015 (included in the June 2015 Concept Paper) contains some errors and unrealistic assumptions. In particular, it did not show how the Corporation's existing loan obligations will be serviced.

To ensure operational efficiency of the Corporation's revenue, we made the following recommendations:

- SLRTC should establish an inspection and supervision regime, utilising roving inspectors across its route network, to ensure that buses are operated in accordance with the Corporation's operating policy. Inspectors should ensure that the correct fares are paid by passengers, that buses are not overloaded, and that prohibited items are not carried. To strengthen control over ticket revenue, SLRTC should expedite the introduction of its proposed new ticket sales arrangements.
- After SLRTC has implemented these recommendations, it should carry out a customer satisfaction survey to assess public opinion on the level of service being provided by the Corporation and to identify areas where further improvement is needed.

Ministry of Works Housing and Infrastructure

This Performance audits sought to assess how the Government's residential houses have been managed in order to provide appropriate audit recommendations to improve on housing in the country. The audit was specifically undertaken as a result of the following:

- Many Government quarters are in a poor state of repair and maintenance and appear to have been limited. Some quarters are totally dilapidated and uninhabitable.
- The Ministry did not seem to have reliable information on the number of quarters throughout the country and the annual cost of maintaining them, making it difficult to link expenditure on maintenance to the actual state of the buildings. In addition, there did not appear to be any rationale for setting the level of rental payments in the provinces.

The objective of the audit was therefore to assess whether the Ministry of Works, Housing and Infrastructure and Provincial Secretaries have managed the stock of residential quarters efficiently and effectively. The audit sought specifically to assess whether:

- the Ministry has established a policy or strategy for the management and allocation of government residential quarters;
- government quarters have been maintained in a habitable condition; and
- rental charges for occupying quarters have been collected on a timely basis.

The following issues were observed:

(i) Management and Allocation of Quarters

The Ministry has not developed any policy or strategy for the provision and management of government residential quarters. They do not know how many quarters exist throughout the country and have not carried out an assessment of the number of quarters needed. The eligibility criteria for the allocation of quarters to occupants were not clear and specific. Independent Housing Allocation Committees, accepted by the Ministry as 'best practice', have not been established for the provincial locations. No guidelines on the content of a 'standard' allocation letter and most letters issued did not contain basic details, such as the obligations of the occupant and the Ministry/Provincial Secretary.

To strengthen the management of government residential quarters throughout the country we recommended that the Ministry should, within the next twelve months, implement the recommendations set out below:

- Develop a policy and strategy for the overall provision of government quarters that includes eligibility criteria for entitlement to quarters and an assessment of the number of quarters needed across the country.
- Compile a comprehensive database of existing quarters, clearly stating the age and condition of each quarter, its address, name of occupant, date of commencement of occupation, and monthly rental. This database should be updated every year.
- Establish a standard form of tenancy agreement that includes basic minimum details relating to the tenancy, including the respective obligations of the occupant and the landlord.
- Decide whether to rehabilitate or dispose of properties that are currently unoccupied due to disrepair.
- Establish a fixed scale of charges for the rental of government quarters that reflects location, specification, and current market value.

(ii) Condition of Quarters

Neither the Ministry nor Provincial Secretaries have developed detailed plans for regular inspection of quarters. Inspection reports have not been prepared to document the condition of the quarter and any outstanding repairs. As a result, officials do not have a reliable and up to date assessment of the condition of quarters.

The Ministry has not developed standard arrangements for carrying out maintenance and repair. Most government quarters are in poor condition and some quarters are totally uninhabitable due to years of neglect. A shortage of habitable quarters has resulted to rental of private houses for use as government quarters at additional cost.

To strengthen the day-to-day management of government residential quarters, we recommended the following:

- Ensure that a legally binding tenancy agreement is entered into prior to occupation of each quarter. Develop and implement a detailed plan for inspecting quarters to ensure that they are being kept in good condition and being used solely for residential purposes. After each inspection, a report should be prepared highlighting any defects.
- Ensure that rental payments are collected when due, preferably by deduction at source from payroll by the Accountant General's Department, and take timely enforcement action to collect arrears. All information required for deduction of rent at source should be included in the tenancy agreement, which should be copied to the Accountant General's Department.

(iii) Payment of Rent for Quarters

The Ministry has not established a standard fixed scale of rental charges for the occupancy of Government quarters. Different rental charges are being levied in each province and no rent is being collected from occupants in Makeni and Magburaka. In addition, the rental charges for these quarters do not currently reflect market value. As a result of this, the Government has suffered a significant loss of income. The Ministry and Provincial Secretaries have not maintained comprehensive up to date records reflecting the payment status of each occupant. The level of rent arrears is significant.

We recommended the following to the Ministry of Works, Housing and Infrastructure and Provincial Secretaries:

- Ensure that a legally binding tenancy agreement is entered into prior to occupation of each quarter.
- Develop and implement a detailed plan for inspecting quarters. After each inspection, a report should be prepared highlighting any defects.
- Ensure that rental payments are collected when due, preferably by deduction at source from payroll by the Accountant General's Department, and take timely enforcement action to collect arrears. All information required for deduction of rent at source should be included in the tenancy agreement, which should be copied to the Accountant General's Department.

In addition, the Provincial Secretaries responsible for government quarters located in Bo, Kenema and Makeni should ensure that an independent Housing Allocation Committee is established in each province, or district, to ensure that the process of allocating quarters.

CHAPTER IV - FOLLOW-UP ON PREVIOUS RECOMMENDATIONS

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FOLLOW-UP ON PREVIOUS RECOMMENDATIONS

MAIN POINTS

What we examined

The Auditor General's Annual Reports covering the five-year period 2011-2015 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 five years. Actions taken were classified into three groups: implemented, not implemented or work-in-progress, the latter meaning that some work was being undertaken but had not yet been 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 widely known to be weak. We make observations on issues coming to our attention and provide recommendations for improving the public financial management system. With a thorough follow-up on recommendations, we are in the position to disclose to taxpayers improvement and deterioration in government programs and operations. The merits of such an exercise are not in the number of recommendations made, but in their effective implementation. 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

Our observations and recommendations are not being given the level of attention they warrant, or that Parliament, citizens and international donors have a right to expect. Over the five years there has been an insignificant increase in percentage of recommendations implemented. In the eight MDA's examined, five have had an insignificant improvement in the percentage of recommendations implemented; two have worsened by an average of 8%. The Ministry of Health and Sanitation has maintained its implementation rate of 25% over the last five years. The Ministries of Defence, Education and Science & Technology made an insignificant increase of 4% while the Office of the President, Ministry of Finance and Economic Development and Freetown City Council, made an average increase of 15% in the same period, i.e. (31.3% in 2014 to 46% in 2015).

Overall only 28.8% of recommendations have been implemented by the eight selected entities. In absolute numbers, for the five years 2011 to 2015 there were 959 recommendations of which 276 were implemented, 65 are a work in progress and 618 were not implemented.

The clear pattern noted in previous years continues. The areas of repetition relate to basic tenets of public financial management and compliance with the laws of this country and 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 significant scale. In short, there are problems in some areas of public financial management in Sierra Leone.

4.1. 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 since 2014 initiated a formal process to follow-up and report on previously issued audit recommendations on a selection of entities. 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.

4.2. INTRODUCTION

We set out to make a detached, objective 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 are saying the same thing over and over again to little avail. We know that others have noticed the pattern as well. For example, donors continue to comment on the lack of progress by the government in implementing recommendations. In particular, they are concerned about procurement issues which were the subject of our special report to parliament in August 2016. They question whether MDAs and other agencies of government take their responsibility for public financial accountability seriously.

Communicating the message is important. We thought that by aggregating the number of recommendations made and classifying them in a structured manner this would make the pattern of action – or more precisely inaction - 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 recovery 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/or the Anti-Corruption Commission.

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 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.

4.3. 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 and conduct a review as part of 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 eight 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 third 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;
- *Work-in-Progress* - management is in the process of taking steps to implement our recommendation; and
- *Not implemented* - management has not implemented our recommendation or addressed the risk identified.

The above categorisation is basic and fit for purpose.

4.4. 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 Defence.
- Ministry of Mines and Mineral Resources.
- Ministry of Education, Science and Technology.
- Office of the President.
- 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.

4.5. OVERALL SUMMARY OF FINDINGS

Analysis for 2011 to 2015

We reviewed 959 recommendations for eight audit entities. The following is the status:

- 276 have been implemented;
- 618 have not been implemented; and
- 65 remain in progress.

While the implementation rate of 19% in 2012 is now up to 28.8% in 2015 it is still far from encouraging. Overall two of the eight entities have an implementation rate of less than 20%, and three of the eight less than 30%.

We encourage those institutions that have an implementation rate of 40% and above to continue in the direction of implementing audit recommendations as it represents critical input to good governance.

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

Table 4.1				
Status of Recommendations for 2011-2015				
Audit Entity	Table -1 of Recommendations for 2001 - 2015			
	Total	Implemented	Not Implemented	Work-in-Progress
Ministry of Finance and Economic Development	110	44	60	6
Ministry of Mines and Mineral Resources	78	18	48	12
Ministry of Health and Sanitation	155	39	104	12
Freetown City Council	155	62	86	7
Ministry of Defence	128	15	101	12
Ministry of Education Science and Technology	102	18	74	10
Ministry of Agriculture, Forestry and Food Security	189	55	129	5
Office of the President	42	25	16	1
Total	959	276	618	65
%	100%	28.8%	64.4%	6.8%

Figure showing recommendations issued by entity 2011-2015:

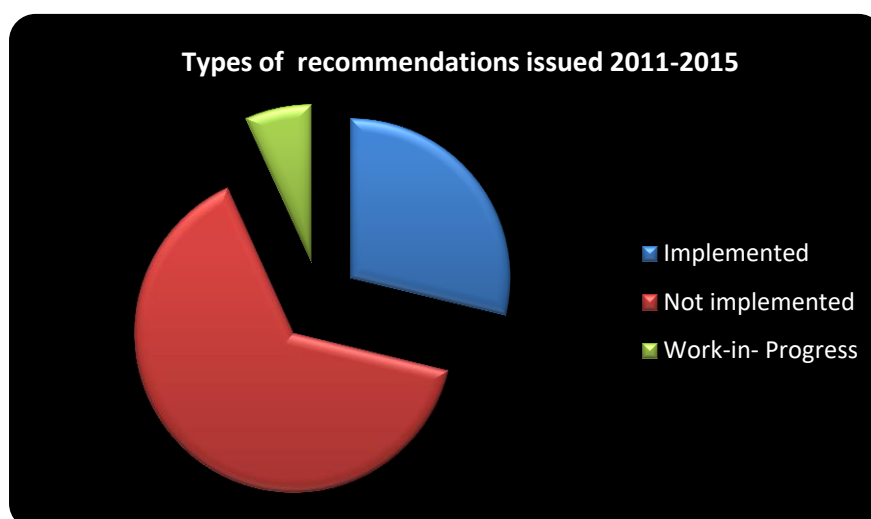
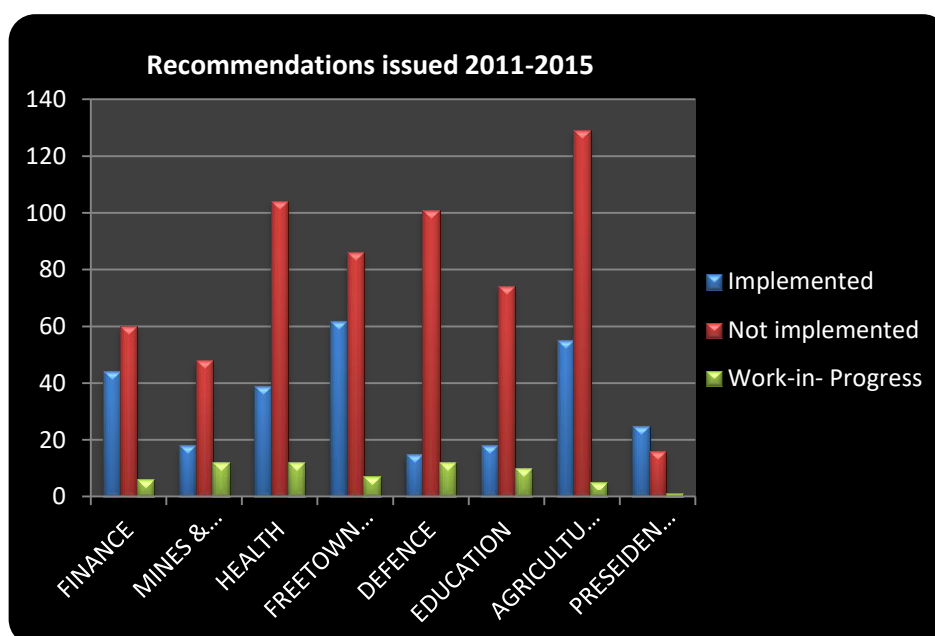


Figure showing trends of types of recommendations issued since 2011

Where our recommendations indicated a potential to recover doubtful procurements transactions, GST, withholding tax, customs duties, NASSIT contributions and PAYE deductions, the amounts applicable to these entities were Le3.125 billion in the aggregate.

4.6. 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 payer's 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 five-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, 2014 page 37; 2013 page 36; 2012 page 45; 2011 page 52). For the current year, the table appears in Chapter 1; the Auditor General's Opinion on the Public Accounts. These issues 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 remained largely unchanged, from 2013 to date very little action has been taken by those charged with governance.

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 2011 and 2014 there was a continuing problem with revenue and expenditure control as was evidenced in the ineffectiveness of the Cadastre System and inadequate control over the collecting and recording of revenue as well as payroll irregularities which year after year was not being addressed by management. Our recent assessment suggests a little improvement on the implementation of recommendations except for the payroll system where there are still challenges on improvement.

Ministry of Health and Sanitation

We assessed the audits of the ministry in this year's analysis and observed that 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; and
- stores management and records.

Compliance with procurement procedures stands out clearly as a system that has been disregarded since 2012 to 2015. Overall, recommendations have largely not been implemented over the years. This pattern of irregularities in significant control systems 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, 2013 and 2014. There have been problems with missing payroll records. In 2011, there were 111 instances of unverifiable staff which increased to 147 in 2013 and 171 in 2015. Cash controls, including non-retirement of huge imprest accounts had been a recurring theme up to 2014.

Significant, indeed major, 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. Of the entities selected for review the Ministry of Defence has consistently not been responsive. The procurement matters noted were especially egregious and highlighted in our recent special report to parliament. There is much to be done in dealing with matters raised in that institution.

Ministry of Education, Science and Technology

Throughout Headquarters, we have made persistent multi-year comments on poor management of stores including items procured not taken on ledger charge. 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, fixed assets not properly managed, imprests not retired and mismanagement of grants-in-aid are also recurrent themes. We report annually on schools on a broad range of issues identified, that rest 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. In addition, withholding taxes and NASSIT have not been deducted; proceeds from the sale of bid documents have not been accounted for over the years. Non-compliance with procurement procedures have been noted year-over-year and this year major deviations featured in our recent special report to parliament on procurement. 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. Of the entities selected for review the Ministry of Agriculture had been the least responsive.

Office of the President

There has been an improvement in the implementation of our recommendations by this office. The significant clear pattern in our observations and recommendations for this office over the years on per diems for international travel, retirement of imprest, breaches in the application of procurement procedures; and control over the recording and usage of fuel has improved largely.

Freetown City Council

Our recommendations to the Council have had a common theme since 2011. We repeatedly comment on:

- unretired or improperly retired imprest accounts;
- missing supporting documents for expenditure;
- breaches of procurement procedures; and
- withholding taxes not deducted and paid over to NRA.

Freetown City Council which had been the least responsive in previous years appears to have made very little progress in current years.

PART II

CHAPTER V - MINISTRIES, DEPARTMENTS AND AGENCIES

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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 and 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 by the relevant documents, 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 Le65.4 billion. 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:

- several significant lapses were observed in procurement procedures resulting in incomplete transactions and hence unsatisfactory service delivery;
- monies allocated to some MDAs are not accounted for at all;
- payments without adequate supporting documents persist in almost all the MDAs;
- weaknesses were observed in the management of revenue in most revenue generating entities;
- we noted that in many cases, withholding taxes were not being deducted from suppliers or contractors' payments;
- 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 analysing 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.

Although there has been some improvement over the years, there are still significant seemingly reluctance in making available requested documents 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. 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.

Last year the 2014 Annual Report had a cross-cutting chapter on the health sector as a whole. Our 2015 audits of the many institutions that make up the sector strongly suggests that while some improvements have occurred, much work remains to be done to improve virtually all facets of health care delivery in Sierra Leone.

MDAs – SUMMARY OF DETAILED FINDINGS AND RECOMMENDATIONS

5.1. COMMON ISSUES

A number of audit issues observed apply to several institutions. These common issues are outlined in the paragraphs below. Table 5.2 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.

Payments without adequate supporting documents

Disbursements to the tune of Le9.7 billion were undertaken for which some supporting documents were submitted. However, the nature of these supporting documents was insufficient to fully substantiate the payments concerned. All 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.

Imprest 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 Le1.2 billion 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 for the financial year 2015, it was identified that withholding taxes totalled Le513 million 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.

No asset policy maintained

It was noted in the audit of many MDAs that there were no fixed asset policies to guide the use and maintenance of assets in their care. It was recommended that the Vote Controllers should ensure that a comprehensive Asset Policy should be produced for ownership and control of the entity's Fixed Assets.

Mismanagement of fixed assets

A number of MDAs 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 in some instances assets acquired were not properly included in the registers. Vote controllers must ensure that all fixed assets registers are updated on a regular basis and include all assets purchased and disposed of.

Assets not marked with identification codes

Assets owned and controlled by some institutions did not have durable identification codes affixed. This was evidenced by the fact that assets such as furniture, computers, photocopiers, etc. were not coded to be identified as institutions assets. It was recommended that the Vote Controllers should ensure that all fixed assets in the MDAs are marked with identification codes and the details recorded in the Ministry's fixed assets.

Performance Contract not submitted

Performance Contract is an agreement between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets. The Performance Contract signed between HE the President and the Minister was not submitted to the audit team for review as stipulated in paragraph 3.7.2.1 of the Agenda for Prosperity. It was recommended that the Permanent Secretary's and other Vote Controllers should ensure that the performance contract signed with the HE the President is submitted for inspection.

5.2. TABLE OF COMMON ISSUES

MDA	Payments Without Adequate Supporting Documents (Le)	Unretired Imprest (Le)	Withholding taxes Not Deducted and/Paid to the NRA (Le)	No Asset Policy maintained	Inventory Ledger Not Maintained/ Updated	Assets Not Coded	Stores Items Not Recorded on Stores Ledger	Performance Contract not submitted
Ministry of Finance & Economic Development -2015			42,200,392					
Ministry of Education HQ -2015	416,540,000 49,146,500 94,036,650		8,439,296		✓	✓	✓	✓
Ministry of Education, Science & Technology Tonkolili District -2015					✓		✓	
Ministry of Agriculture Forestry & Food Security HQ -2015	1, 607,733,428		\$24,311 (FX equivalent Le145,866,000) 30,495,932			✓		
Ministry of Mines and Mineral Resources HQ -2015	5,000,000						✓	✓
Ministry of Defence HQ -2015	6,803,281,225			✓	✓	✓		
Ministry of Foreign Affairs and International Cooperation -2013-2015		158,712, 600 377,532,908			✓	✓		✓
Ministry of Internal Affairs -2013-2015		474,326,350	26,097,090	✓				
Ministry of Health -2015				✓	✓	✓		✓
Government Hospital-Kenema -2015					✓	✓		
Ministry of Social Welfare South - 2013-2014				✓	✓			
Ministry of Social Welfare, Gender and Children's Affairs Kenema-2012-2013	16,682,000				✓	✓		
Ministry of Social Welfare, Gender and Children's Affairs Kenema -2014	4,180,000							
Ministry of Information and Communication-2012-2015								
Ministry of Fisheries and Marine Resources-2015	76,826,750 20,830,000		6,727,900					
Ministry of Trade and Industry-2015	157,826,568			✓	✓			✓

MDA	Payments Without Adequate Supporting Documents (Le)	Unretired Imprest (Le)	Withholding taxes Not Deducted and/Paid to the NRA (Le)	No Asset Policy maintained	Inventory Ledger Not Maintained/ Updated	Assets Not Coded	Stores Items Not Recorded on Stores Ledger	Performance Contract not submitted
Ministry of Water Resources-2014-2015	183,068,136 235,218,000	158,635,000			✓		✓	✓
Ministry of Youth Affairs-2014-2015			32,701,250 210,222,007 5,253,450	✓				✓
Sierra Leone Embassy Tehran, Iran -2001-2014					✓	✓		
Sierra Leone Embassy- Saudi Arabia- 2007-2014		\$2,673 (FX equivalent Le 1,336,500)						
Sierra Leone Embassy-Addis Ababa, Ethiopia-2011-2015				✓	✓	✓		
Sierra Leone Embassy-Conakry, Guinea-2010-2015						✓		
Accountant General's Department-2015								
Office of The Vice President -2015	68,495,000							
Cabinet Secretariat-2015							✓	
Sierra Leone Correctional Services HQ-2015			4,800,000					
Sierra Leone Correctional Services Northern Region-2015					✓			
National Fire Force Kenema-2015				✓	✓	✓		
Government Printing Department-2015					✓			
TOTAL	9,738,864,275	1,170,543,358	512,803,317	n/a	n/a	n/a	n/a	n/a

5.3. MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT-2015

5.3.1. RFQ Used instead of NCB and Evidence of Distribution Not Seen

It was observed from examination of documents relating to the procurement of uniforms that:

- RFQ method was used instead of NCB as was indicated in the procurement plan.
- The Ministry did not maintain a distribution list for uniforms procured and distributed to drivers and messengers thereby making it difficult to confirm that these uniforms were distributed to drivers and messengers.
- There was no report from stock verifiers in support of the receipt of stock of uniforms and payment.

It was recommended that the Financial Secretary (FS) should give reasons for non-compliance with procurement regulations. He should also explain to schedule officers that it is important that the prescribed processes be followed to ensure value for money and that the selected supplier meets the requirements and has the capacity and ability to deliver the goods and services, and that those goods and services are procured at competitive and economical prices.

Official's Response

The Financial Secretary stated that at the time of the audit, the process of the distribution was ongoing adding that the distribution list will be available for verification when the process is completed.

Auditor Comment

At the time of verification, distribution list was not provided. The issue therefore remains unresolved

5.3.2. Non-Maintenance of Fuel Log Book for Assigned Vehicles and Generator Plant

The Ministry did not maintain a fuel log book for assigned vehicles and generator plant for the period under review. The absence of a log book for assigned vehicles and the generator plant made it impossible for the auditors to determine the use of the fuel and distances covered and the number of litres consumed by the generator on daily basis. It was recommended that the Financial Secretary should ensure that a fuel log book for the generator plant and the assigned vehicles is put into use with immediate effect and forwarded for ASSL's verification.

Official's Response

The Financial Secretary stated that the log books will be provided for the generator plants. He however said that there was no need for log books for the vehicles as the same amount of fuel was provided for all official vehicles.

Auditor Comment

The generator logbook was not provided for verification. The issue therefore remains unresolved.

Refer to the Table of Common Issues (Page 118) for further observations.

5.3.3. Outstanding Issues from Previous Audit Report

Fuel worth L£19.2million was issued to staff with private vehicles who were on leave while fuel worth L£ 39.4million was issued to staff during public holidays.

5.4. MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY, HQ- 2015

5.4.1. Cheques Written in the Name of Staff rather than Suppliers or Beneficiaries

Review of the imprest account bank statement revealed that various cash withdrawals which totalled Le3,517,199,967 were made in the name of staff of the Ministry instead of suppliers or service providers. This is contrary to standard accounting procedure, which provides that payments should be made directly to the suppliers or beneficiaries. For instance, cheques for the sums of Le425,000,000 and Le282,081,800 were among such withdrawals made by staff. It was recommended that the PS should ensure that all payments were directly written in the name of suppliers or service providers. The Accountant should provide explanation with documentary evidence why cash withdrawals were made to staff of the Ministry instead of the service providers.

Official's Response

The PS said that cheques which were written in the name of staff were meant to implement activities in the provinces. He mentioned that those were non-procurement payments which could not be made to suppliers or service providers. He further noted that the composite of those payments were largely DSAs, transportation allowances and fuel etc. He however said that those funds were adequately accounted for by the implementers.

Auditor's Comment

Supporting documents in the form of recipients list, certification, fuel chit and receipts were not submitted for verification. The issue therefore remains unresolved.

5.4.2. Bank Statements Not Submitted

Despite several requests made by the audit team, bank statements in respect of 30 bank accounts operated by the Ministry were not submitted for audit inspection, contrary to section 36(1)(a) of the Audit Service Act 2014. It was recommended that the PS should ensure that those bank statements were submitted for inspection within 30 days of receipt of the report; otherwise, the matter will be forwarded to the Anti-Corruption Commission for further investigation.

Official's Response

The PS said that those were accounts which were not directly under their supervision. He however stated that efforts had been made to facilitate the production of those bank statements through the Accountant General's Department and the relevant institutions. He further said that they were constrained to trace the specific account as no account number was provided by the audit team.

Auditor's Comment

The issue remains unresolved as the audit recommendation was not implemented.

5.4.3. Withdrawals from Various Bank Accounts without Supporting Documents

Withdrawals totalling Le9,301,348,764 were made from imprest, EMISS and School Material accounts without supporting documents to substantiate the utilisation of the funds. It was recommended that the PS and the Acting Principal Accountant should ensure that the supporting documents for those withdrawals are made available for verification.

Official's Response

The PS said that the supporting documents in respect of those withdrawals are available for verification.

Auditor's Comment

Relevant supporting documents in the form of receipts, recipients' list, invoices etc. in respect of withdrawals from the imprest account amounting to Le6,696,143,314 were presented and verified. However, the balance of Le2,605,205,450 was still outstanding. The issue remains partially resolved.

5.4.4. Grants/Subventions without Retirement Details

A review of payment vouchers revealed that payments totalling Le812,941,960 were made to educational institutions for which expenditure details/returns were not made available to substantiate the utilisation of funds. It was recommended that the Accountant should ensure that the relevant supporting documents were made available for verification within 30 days of receipt of the report; otherwise, the whole amount should be refunded into the CRF and no further grants should be processed for those institutions. In future, the PS should ensure that grants should not be allocated to these institutions until the returns for all the previous allocations are retrieved.

Official's Response

The PS mentioned that documents supporting those withdrawals as well as retirements were now available for verification.

Auditor's Comment

Expenditure details/returns amounting to Le713,000,000 were made available and verified. The balance of Le99,941,960 is still outstanding.

5.4.5. Payment of Allowances to Overseas Students without Adequate Supporting Documents

Payments which amounted to Le334,823,112 in respect of allowances to overseas students were without returns/adequate supporting documents, such as claim sheets or beneficiary signatures and progress reports to substantiate that the students received the allowances. It was recommended that the Director of Programs (Students Secretary) should ensure that adequate returns including progress reports and evidence of recipients' signatures for allowances were received within 30 days from the receipt of the report. The Ministry through its missions abroad should write to the various universities requesting for annual progress reports on those students.

Official's Response

The PS stated that most of the information requested were provided during the audit process and copies were available in the Ministry's file. He added that progress report for all international awardees was normally sent to the respective embassies overseas.

Auditor's Comment

During the verification, unsigned correspondence to the Ministry of Foreign Affairs and International Cooperation regarding information for overseas students was submitted to the auditors. In addition, progress reports for students in Russia were submitted. All other relevant supporting documents which totalled Le139,943,988 were not available for inspection. The issue therefore remains partially resolved.

5.4.6. Excess fuel issued to staff

Excess fuel worth Le11,254,500 (3,001litres) was issued to staff without justifying the purpose. It was recommended that the Principal Accountant should provide supporting documents for the fuel allocated to personnel above their weekly entitlement.

Official's Response

The PS said that was a one-off activity for the distribution of teaching and learning materials nationwide conducted by NEC and the military. However, a list of personnel and the purpose for which the fuel was provided was now stated in the fuel record book.

Auditor's Comment

Relevant supporting document in the form of recipients list and purpose of the issuance was not presented for verification. Therefore, the issue remains unresolved.

5.4.7. Reconciliation with Fuel Station

There was no evidence of fuel reconciliation being carried out between the Ministry's records and the records of the fuel station. It was recommended that the Principal Accountant should ensure that reconciliation between the fuel station and the records of the Ministry was done on a monthly basis.

Official's Response

The PS stated that fuel reconciliation was now done on a weekly basis and statement of fuel reconciliation was available for inspection.

Auditor's Comment

There was no evidence of reconciliation carried out between the Ministry's records and the records of the fuel station. The issue therefore remains unresolved.

5.4.8. Abandoned vehicles

Eight vehicles of the Ministry were abandoned at the Ministry's compound and exposed to the harsh weather condition thereby increasing the rate of deterioration. There was no evidence that the Ministry intended to carry out repairs and maintenance of those vehicles. It was recommended that the PS should ensure that appropriate measures are taken to repair the vehicles or recommend to the Ministry of Transport for their boarding.

Official's Response

The PS said that he had instructed the Transport Officer to do a letter to the Ministry of Transport and Aviation for boarding.

Auditor's Comment

Evidence of a letter written to the Ministry of Transport for the vehicles in question to be boarded was submitted for inspection. However, response from the Ministry of Transport was yet to be received. Therefore, the matter will be kept in view for subsequent audit.

5.4.9. List of Contract Staff Not Submitted

A list of contract staff of the Ministry and their respective contract agreements were not submitted to the audit team for review. It was recommended that the PS should ensure that the list of contract staff and their agreements are submitted within 30 days of receipt of the report.

Official's Response

The PS stated that the list of contract staff of the Ministry of Education, Science and Technology was available for verification.

Auditor's Comment

A list of contract staff was not produced for verification. The issue therefore remains unresolved.

5.4.10. Grant-in-Aid Application Forms Not Submitted

Grant-in-aid application forms for 100 students who were awarded scholarships by the Ministry were not presented for audit inspection or seen on file. It was recommended that the Director of Programs (Students Secretary) should ensure that those application forms are submitted.

Official's Response

The PS said that interviews of grant-in-aid were conducted at district level and headquarters. The applications looked at were for headquarters and not the districts which resulted in applications of awardees not seen. He however mentioned that application forms for the districts had been retrieved and available for verification.

Auditor's Comment

Of the 100 grant-in-aid application forms requested by the auditors, only seven were submitted, leaving a balance of 93. The issue therefore remains unresolved.

5.4.11. Interview Panel Report Not Submitted

Despite repeated requests by the audit team, the report of the interview panel was not made available for audit inspection, contrary to Section 36 (1) of the Audit Service Act 2014. It was recommended that the Director of Programs should ensure that the report of the interview panel was submitted for verification.

Official's Response

The PS mentioned that the number of candidates interviewed for grant-in-aid is normally large e.g. 2000 and more. Therefore, only the recommendations were recorded. He added that the results were collated for the approval of the Minister. Those recommendations were the same as the Minister's approved list submitted to the auditors.

Auditor's Comment

During the verification exercise, reports of the interview panels and the students' attendance register were not submitted to the auditors. Rather, a list of recommended students was submitted to the auditors. The register in which students should have signed as a proof of attending the interview was not submitted. The issue therefore remains unresolved.

5.4.12. Information Communication and Technology Issues

Most of the computers of the Ministry were without licensed software and antivirus. It was recommended that the Chief Technology Officer should ensure that all computers of the Ministry are installed with licensed software and anti-viruses.

Official's Response

The PS mentioned that contract had been awarded for the procurement of LAN internet service facility which will help reduce the risk of antivirus since computer machines would update regularly.

Auditor's Comment

A document for the supply and installation of local area network at the Ministry was submitted for verification. The issue will therefore be followed up in subsequent audit.

Technical and Vocational Education Training (TVET)

5.4.13. Withdrawals Without Retirement details

Withdrawals totalling Le533,383,183 were made without supporting documents to substantiate the utilisation of funds. It was recommended that the project coordinator should submit the relevant supporting documents.

Official's Response

The PS noted that the documents were available for verification.

Auditor's Comment

Supporting documents amounting to Le491,791,421 were submitted and verified. However, the balance of Le41,591,762 was not adequately supported. The issue therefore remains partially resolved.

Refer to the Table of Common Issues (Page 118) for further observations.

5.4.14. Outstanding Issues from Previous Audit Report

The following issues were still outstanding:

- *a review of the list of schools given for the payment of WASSCE fees revealed that 51 private schools recorded 3,460 candidates who were included in the payments that government made to WAEC for WASSCE 2014. This amounted to Le 467,100,000 paid to WAEC from government funds for private school students who should have paid their own fees;*
- *in spite of requests made to the PS to access documents maintained by the Ministry relating to the payments of the 2014 BECE, and NPSE public examination fees, no action was taken to remedy the situation;*
- *examination of the procurement documents revealed that there were no evaluation reports in respect of procurement worth Le 1,237,747,668. Furthermore, the composition of the committee did not include persons who had technical knowledge;*
- *LPOs' worth Le 315,783,000 were not approved by the PS before being sent to the suppliers/contractors;*
- *there were incomplete contracts valued at Le 70,474,180. For instance, payment was made for the refurbishment of the Planning Directorate which stated that executive tables were to be delivered; but as per our verification, they were nowhere to be seen;*
- *no approved procurement plan was submitted for all the goods and services procured for the year 2014;*
- *payments were made for local and overseas travelling which cost Le 134,033,273 without adequate supporting documents such as receipts, list of beneficiaries and back-to-office reports;*
- *an examination of the imprest vouchers revealed that imprests which amounted to Le18,000,000 were without retirement details such as receipts, invoices, lists of beneficiaries, monitoring and inspection reports etc.;*
- *withdrawals made from various bank accounts which amounted to Le112,921,538 for the period under audit, were without payment vouchers and other supporting documents;*
- *165 awardees from different institutions were without student identification numbers;*
- *despite requests made, copies of the advertisement, attendance list of awardees, interview reports for all interviews conducted and the recommended list from the interview panel submitted to the Minister for approval in respect of local grants-in-aid were not made available for audit;*
- *documents such as copies of adverts, lists of shortlisted candidates, and recommended lists from the interview panel submitted to the Minister for approval, Minister's approved list of awardees, etc. for the award of international grant-in-aid were not made available for audit. These were worth Le1,244, 220,342;*

- *the claim sheet in respect of new awardees for the 2013/2014 academic year for Northern Polytechnic was not attached to the payment voucher for that year. Instead, the previous academic year's claim sheet was attached for a total sum of Le85,179,780;*
- *staff annual appraisals were not carried out in the Ministry;*
- *there were 16 staff members who had exceeded the statutory retirement age of 60 years. Salaries of Le182,594,610 were paid to the staff in question;*
- *a periodic stock count was not done by the internal audit unit;*
- *the financial statement for 2014 for the two IDB projects: i.e. the rehabilitation of Magburaka Islamic College and Technical and Vocational Training projects' activities which totalled \$1,250,000 and \$9,260,990 respectively, was not made available for audit. The response of the Director for the two IDB projects revealed that, a private audit firm was selected to audit the operations of the project without the involvement of the Audit Service Sierra Leone in the selection process of the audit firm;*
- *the inventory register was not updated as there were assets worth Le 36,200,000;*
- *there was no asset management policy in place for the vehicles and ICT equipment maintained at the Ministry; and*
- *the audit team observed that the Ministry did not have a backup storage system in place to preserve the information of the Ministry in case of an outbreak of fire.*

5.5. MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY, BO-2015

5.5.1. Outstanding Issues from Previous Audit Report

The following issues were still outstanding:

- *There was very little support to the Home Economics Centre in Bo. There was no evidence of funds allocated to the centre for its day-to-day operations, the classrooms were inadequate and the centre had no permanent teachers.*
- *Control weaknesses were identified in the receipt, recording and storage of teaching and learning materials supplied to the ministry. Standard store ledger was not maintained. An inspection of delivery notes revealed that some textbooks received by the Ministry were not recorded in the distribution list. The storage facility for teaching and learning materials was poor. The store did not have adequate shelves and pallets for storage purposes. Cartons containing teaching and learning materials were placed on the bare floor.*

5.6. MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY, TONKOLILI-2015

Refer to the Table of Common Issues (Page 118) for further observations.

5.7. MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY, HQ- 2015

5.7.1. Payments without supporting documents

Review of bank statements and cashbooks revealed that cash withdrawals totaling Le2,170,822,643 were made from the Ministry's Imprest Account, and the Fertiliser, Forestry Development and Conservation Trust Fund Accounts in the 2015. Supporting documents were however not submitted for audit inspection. It was recommended that the PS and the directors concerned should ensure that the required supporting documents are provided for audit inspection within 30 days of receipt of the report; otherwise, the entire amount should be refunded to the CRF and evidence of such refund forwarded to the ASSL for verification.

Official's Response

The PS stated that the supporting documents were available for audit verification.

Auditor's Comment

From a total of Le2,170,822,643, supporting documents for Le1,401,563,000 were submitted for verification, leaving a balance of Le769,259,643. Therefore, the issue remains partially unresolved.

5.7.2. Payment of Government's counterpart funding to a non-existing project

The Agricultural Sector Rehabilitation Project (ASREP) was closed in 2013. Scrutiny of relevant documents disclosed that the project completion report and the last aide-memoire (June 2-11, 2013) did not disclose any evidence for the transfer of assets (13 vehicles, furniture and equipment) worth billions of Leones to the Ministry at the close of the project. It was recommended that the Project Coordinator should ensure that the aforementioned assets be made available for audit verification within 30 days of receipt of the report.

Official's Response

The PS said that some of the vehicles were procured since 2007 and had gone obsolete and therefore no longer economical with supporting documents available for verification.

Auditor's Comment

Evidence of handing over of the said furniture and equipment to the Ministry as well as an internal audit report verifying these assets were submitted. The audit team however wasn't provided with details of the whereabouts of these assets.

Documentary evidence of transfer of 10 vehicles to the Ministry and three vehicles to SLARI in 2013 were made available for verification. The 10 vehicles were however neither entered in the vehicles register, nor made available by the Ministry for physical verification, even though the Ministry confirmed receipt of the said vehicles from the project.

5.7.3. National World Food Day Celebration

The Ministry opened and operated the National Food Day bank account held at the Sierra Leone Commercial Bank. Deposits totaling Le703,132,168 and withdrawals of Le657,700,651 were made between April 2011 and February 2016 from this account, without supporting documents. It was recommended that the Chief Agriculture Officer should submit supporting documents for the deposits and withdrawals for audit review within 30 days of receipt of the report.

Official's Response

The PS mentioned that retirement/ supporting documents for withdrawals from the above account were available for audit inspection.

Auditor's Comment

Supporting documents for the deposits made into the accounts were not submitted for verification. In addition, of a total of Le657,700,651 of withdrawals made from the World Food Day Account, payment totaling Le109,544,500 were without adequate supporting documents. Therefore, the issue remains partly unresolved.

5.7.4. Payments for Implementation of Alleged Agricultural Activities in the Provinces

Daily Subsistence Allowances (DSAs) totalling Le148,250,000 were paid to various staff of the Ministry to implement agricultural related activities in the provinces. A review of the relevant documents and attendance register at headquarters in Freetown revealed that the same personnel were signing the attendance register at head office in Freetown, at the same period that the above-mentioned activities

were supposed to be taking place in the provinces. It was recommended that the amount should be refunded within 30 days by the officials concerned.

Official's Response

The PS said that he acknowledged the inconsistency in the documents initially submitted which was related to other activities undertaken by those units. However, he mentioned that revised copies of supporting documents were available for audit verification.

Auditor's Comment

The documents submitted did not address the recommendation stated in the report. Hence, the issue remains unresolved.

5.7.5. Payment of tuition fees paid for a retired employee

The Ministry paid Le50,350,000 for tuition fees for the Deputy Director of Crops in 2015. Review of the employee's personal file however revealed that although he was to have retired on 15th August 2015, payment of his tuition fees was made on 19th October, 2015. It was also noted from further review of supporting documents attached to the payment voucher that the date of the employee's retirement was altered for him to be eligible for the fees paid. It was therefore recommended that the PS should provide explanation why fees payment was made for the Deputy Director of Crops who was to retire in 2015. The amount should also be refunded into the CRF and evidence of such submitted within 30 days of receipt of the report.

Official's Response

The PS in his response said "The officer in question sought approval to pursue the course of reference while his tenure with the Ministry was still valid. However, his retirement date occurred while he was still studying and there was consideration for an extension of his service after completion because of his strategic role and also to allow him mentor a younger officer to succeed.

Payment of the tuition fees was delayed because of late disbursement of funds from the Accountant General's Department, leading to the presumed anomaly."

Auditor's Comment

The explanation stated in the response was not satisfactory. The issue therefore remains outstanding.

5.7.6. Management and Allocation of Motor Vehicles and Motorbikes

During review of the vehicle and motorcycle register and physical verification conducted in the Western Area, Eastern, Southern and Northern Provinces, 34 motor vehicles and 53 motorcycles were not made available for physical verification, and no explanation was provided for the whereabouts of all of these motor vehicles and motorcycles. It was observed that more than one motor vehicle was allocated to some senior officials of the Ministry whilst key/important divisions and districts had no vehicles. It was therefore recommended that the Transport Officer should ensure that these assets were made available for physical verification within 30 days upon the receipt of the report. The PS should also explain why more than one vehicle was allocated to some senior staff of the Ministry.

Official's Response

The PS mentioned that the users of those vehicles and motorbikes had been notified of the demand of the auditors to physically verify them and were willing to cooperate in that direction. He added that a vehicle would be made available to the auditors should they intend to make a nationwide verification tour, as a good number of vehicles and motorbikes highlighted were in the provinces and garages.

Auditor's Comment

17 motor vehicles were verified out of a total of 34, leaving a balance of 17 still unverified. In addition, 17 motorbikes were verified out of a total of 53 leaving a balance of 36 still unverified. The issue therefore remains unresolved.

5.7.7. Log Books for Vehicles Not Maintained

It was observed that log books for vehicles owned and controlled by the Ministry were not maintained. It was recommended that the Assistant Secretary (acting as Transport Officer) should secure log books for all vehicles owned and controlled by the Ministry. The drivers of these motor vehicles should also be trained in the maintenance of log books and adequate monitoring should be done to ensure that the log book is properly maintained.

Official's Response

The PS stated that several requests for the supply of logbooks from Sierra Leone Road Safety Authority (SLRSA) had been made by the Ministry but no response had been received to the effect. He however said that action will be taken to expedite the process.

Auditor's Comment

The documentary request for the supply of logbooks from SLRSA was not submitted for verification. The issue therefore remains unresolved.

5.7.8. Differences in Amounts to be Refunded Between the Ministry and the First International Bank (FIBank SL)

Cabinet approved an increase in subsidy from 40% to 60% in respect of tractors and rice mills hire purchase scheme in its Cabinet Paper dated 4th June, 2014. Upon the allocation of this approved increase in subsidy, individuals and associations in the scheme who had overpaid their loans were entitled to a refund. However, the schedule of refunds to farmers maintained by the bank totalled Le102,718,346, whilst that maintained by the Ministry totalled Le463,516,336, leaving an unexplained difference of Le360,797,989. It was noted that the Ministry made payments of refund to farmers which amounted to Le298,772,475 without investigating and resolving the difference between the figures maintained by the Ministry and the bank. It was recommended that the PS should ensure that the Ministry's records were reconciled with that of the FIBank SL Ltd. in respect of the tractor and rice mills hire purchase debtors. This reconciliation should be submitted to the audit team for inspection within 30 days of receipt of the report.

Official's Response

The PS in his response said "When subsidies were increased from 40% to 60%, necessary calculations were done in consultations with FIBank. It was realised that some farmers had already exceeded the amounts they owe, while others still had some arrears to settle. Those who exceeded were notified for refund while those who have outstanding debts were prevailed on to pay up. The variance in figures in the records of the Ministry and FIBank in terms of the amount of money to be refunded was found to be from some mistakes in the recording of these transactions and this has already been rectified at both institutions. In future, the information will be updated and reconciled on monthly intervals."

Auditor's Comment

Documents to justify evidence of reconciliations were not submitted for verification. Hence, the issue remains the same.

5.7.9. Annual Installment Payment

Review of records revealed that the sum of Le558,104,786 should have been received by the Ministry in respect of tractor hire purchase for 2015. However, the bank statements showed that only Le29,173,844 was paid into the Tractor Hire Purchase account and none into the Rice Mills Hire Purchase account thereby leaving a balance of Le528,930,942. It was recommended that the PS should ensure that the amount due is paid by the farmers into the schemes' accounts.

Official's Response

The PS said that annual installment payment for 2014-2015 was very low because that was the most severe time of the Ebola disease when virtually all economic activities, including farming came to a standstill in many areas. He said, as such, most farmers could not honour their debts and moreover, restriction of movement of people at that time also made it difficult to reach those debtors. He however noted that measures were now being put in place to recover the remaining amounts of money from the beneficiaries.

Auditor's Comment

No evidence of recovery from the debtors was submitted for verification. Hence, the issue remains unresolved.

5.7.10. Bank Reconciliation Not Performed

As mentioned in previous audit reports, bank reconciliations were not performed in respect of the Tractor Hire Purchase Scheme and the Rice Mills Hire Purchase Scheme. It was recommended that the Chief Accountant should prepare a bank reconciliation statement within 30 days of receipt of the report.

Official's Response

The PS said that reconciliations had been prepared and are available for audit verification.

Auditor's Comment

The bank reconciliation statements and cashbook were submitted for verification. However, the auditors could not ascertain the accuracy of the reconciliation statements as bank statements were not submitted. The issue therefore remains unresolved.

5.7.11. Withdrawals without Supporting Documents

It was observed that withdrawals of US\$24,833 from the Tractor Hire Purchase Account and US\$5,000 and Le153,511,856 from the Rice Mills Hire Purchase accounts were made for which supporting documents were not submitted for audit inspection. It was recommended that the PS should submit the supporting documents that authorised the withdrawal of these monies for audit inspection within 30 days of receipt of the report; otherwise, the money withdrawn should be refunded with evidence of such refunds submitted for audit inspection.

Official's Response

The PS said that the relevant supporting documents for the withdrawals were available for verification.

Auditor's Comment

Supporting documents were submitted for US\$24,833 and US\$2000 from the Tractor Hire Purchase Account and the Rice Mills Hire Purchase Accounts respectively leaving a balance of Le153, 511,856 and US\$3,000.

5.7.12. Differences in Outstanding Tractor Hire Purchase Debts

Review of the validation of Tractor Hire Purchase Scheme repayment schedule from the FIB(S.L.) Ltd. showed outstanding debts of Le2,467,353,732, while that reflected in the summary of payment and refund schedule submitted by the Ministry only amounted to Le984,716,933 resulting in a difference of Le1,482,636,801. There was no evidence submitted by the Ministry which showed that the difference was investigated, resolved and debtors' records at the Ministry corrected. It was recommended that the PS should ensure that the Ministry's records are reconciled with the FIBank (S.L.) Ltd. in respect of the Tractor and Rice Mills Hire Purchase debtors and the reconciliation should be submitted to the audit team for inspection within 30 days of the receipt of the report.

Official's Response

The PS stated that the Ministry relied on information supplied by the FIBank relating to the management of the scheme's accounts as the latter, being custodian, dealt with the daily operations of that account and therefore had more details about it. He however said that the reconciliation of the records had been completed and the necessary documents attached for verification.

Auditor's Comment

No evidence of reconciliation was submitted for verification. Hence, the issue remains unresolved.

5.7.13. Segregation of Duties in the Assessment, Collection and Banking of Income

There was no evidence of segregation of duties in the assessment, collection and banking of revenue generated from accountable transport permit and timber export assessment fees. In respect of timber export, senior personnel of the Ministry who allegedly reviewed the payment advice refused to confirm the correctness of the assessment. In respect of the transport permit, evidence showed that the forest guards performed the assessment of the permit fees, collected the money and also banked these moneys without any evidence of review by the District Forest Officers (DFO) or other senior personnel of the Ministry. It was recommended that the Director of Forestry should institute control measures in the revenue generation process in respect of timber export and accountable transport permit. The DFO should review the assessment of permit fees to ensure they are correct and implemented by the forest guards. Controls should also be instituted to ensure that transporters pay assessed transport permit fees direct into the Ministry's bank account.

Official's Response

The PS stated that transport permit fees go with the 2010 trade reform document and the issuer (DFO/Forest Guard) always indicate the quantity of forest product been paid on the transport permit. He added that all transport permits were under the strict supervision of the DFOs and all payments were being monitored and paid by the DFO at the designated banks with bank pay-in-slips sent to the head office on a monthly basis.

Auditor's Comment

No evidence was produced to justify that the above recommendations were implemented. Hence, the issue remains unresolved.

5.7.14. Assessment of Transport Permit Fees

Transport permit fees are assessed on the quantity of timber/poles/bags of charcoal transported. It was however observed that for the majority of the transport permits issued, the quantity of these items was not recorded or indicated on the transport permit forms. Therefore, the basis of the determination of the transport permit fees could not be ascertained. In addition, reconciliations of revenue generated and banked in respect of accountable transport permits were not prepared during the period under review especially for bulk deposits. It was recommended that in future, the DFO should ensure that all transport

permit forms were properly completed and duly signed. Permit fees collected should also be reconciled with the amount banked monthly for ease of audit.

Official's Response

The PS said that it was a laid down rule on the payment of 10% assessment fees on every container to be exported even if the price for container changes. He added that 10% of the current price should be paid at the Forestry Development Account with the bank paying-in slip sent to the forestry headquarters for confirmation.

Auditor's Comment

No evidence was produced to justify that the above recommendations were implemented. Hence, the issue remains unresolved.

5.7.15. Government Policy on Subsidisation of Fertiliser not Submitted for Audit Inspection

Based on discussion with Ministry of Agriculture Forestry and Food Security (MAFFS) staff, it was understood that, the fertiliser programme was set up with a revolving fund with the intention of making it sustainable from the sale of fertiliser. The cost price of the fertiliser was US\$122 per bag whilst sale price of the fertiliser to farmers was Le110,000 per bag, which was insufficient to recover the cost of acquiring it with the result that there was an element of 'subsidisation' in the provision of fertiliser. MAFFS and Government of Sierra Leone (GoSL) may well have a policy of subsidisation, but this policy was not submitted to the audit team for review. It was recommended that the PS should give adequate justifications why policy regarding fertiliser was not produced for audit inspection.

Official's Response

The PS noted that the fertiliser fund was not a revolving fund but an account meant to support critical agricultural programmes when allocated funds for such programmes were not forthcoming. Those include ministers' participation in obligatory international conferences, World Food Day Celebration, Annual Agricultural Trade Fair and rehabilitation of the Kassy Central Stores, etc.

Auditor's Comment

Management's response was noted. However, the response was inadequate to justify why the policy was not submitted for verification. Hence, the issue remains unresolved.

5.7.16. Staff of the Ministry Receiving Allowance from Projects

Fifteen personnel received salaries from the Ministry totalling Le180,220,298, while they were also receiving salaries from various projects for which there was no evidence of letters of them being on secondment from the Human Resources Management Office (HRMO). It was recommended that the PS should ensure that secondment letters from the HRMO were produced for audit inspection; otherwise, the amount should be recovered from the officers concerned and paid into the CRF within 30 days of the receipt of the report.

Official's Response

The PS said that letters requesting repayment into the CRF had been sent to the officers concerned. He also said that responses were sent by some officers involved to the Permanent Secretary and copies sent to the auditors. He added that three names mentioned were not members of staff.

Auditor's Comment

The recommendation was not adhered to, as letters of secondment were not submitted and there was no evidence to confirm that the amount had been refunded into the CRF. Hence, the issues remain unresolved.

5.7.17. Unverified Staff

During our verification exercise in the Western Area, Southern, Eastern and Northern provinces, we could not verify 305 staff of the Ministry because they were not available for physical verification. It was recommended that the Human Resource Officer should ensure that the staff in question are available for physical verification otherwise; their names should be forwarded to the HRMO for appropriate action within 30 days of receipt of the report.

Official's Response

The PS mentioned that most of the officers concerned presented themselves for verification while others were verified in the provinces. He however said that Directors/Unit Heads had been informed to contact those officers to avail themselves for reverification.

Auditor's Comment

Out of the 305 staff, 56 were physically verified, leaving a balance of 249 unverified. Therefore, the issue remains unresolved.

5.7.18. Smallholder Commercialisation Project-GAFSP Assets Not Insured

Section 4.3 Subsection 230 of the Project Implementation Manual (PIM) states "All project equipment is covered against loss, fire, damage and theft under a separate insurance policy". It was however observed that the project only insured its vehicles whilst other assets such as furniture and equipment were not insured. This was in contravention of the PIM as stated above. It was recommended that the Project Coordinator should ensure that assets mandated by the PIM should be adequately insured within 30 days of receipt of the report.

Official's Response

The PS said that action will be taken to expedite the process.

Auditor's Comment

Management's response was noted and the issue will be kept in view.

5.7.19. Cashbooks, Bank Statements and Bank Reconciliation Statements Not Submitted

The Ministry and its 14 projects have 82 bank accounts from the list of bank accounts obtained from the Accountant General's Department. Four cashbooks and eight bank statements in respect of imprest, agricultural services, tractor hire purchase, rice mills hire purchase, and National World Food Day accounts were submitted for audit inspection. Cashbooks for 78 bank accounts, bank reconciliation statements and 74 bank statements were not submitted for audit inspection. It was recommended that the Chief Accountant should submit the bank statements, cashbooks and bank reconciliation statements in respect of those accounts within 30 days of receipt of the report.

Official's Response

The PS said that a number of those account were not under the supervision of the Chief Accountant. He however noted that action had been taken by management to consolidate those accounts under the supervision of the Chief Accountant.

Auditor's Comment

The recommendation was not addressed as cashbook, bank statements and bank reconciliation statements were not submitted for verification. Therefore, the issue remains unresolved.

Refer to the Table of Common Issues (Page 118) for further observations.

5.7.20. Outstanding Issues from Previous Audit Report

The following issues were still outstanding:

- *An assessment of the export of two hundred containers of timber/logs was done. Evidence that the required payment of US\$40,000 as assessment fee was not available for inspection.*
- *Withdrawals from the Forestry and Bus Services bank accounts maintained by the Ministry to the sum of Le144,203,000 and Le 41,130,000 respectively were made by the Ministry without supporting documents.*
- *Payments in respect of special and standing imprests which totalled Le1,689,220,240 and Le32,000,000 respectively in 2014, were not supported by adequate retirement details such as signed list of recipients, delivery notes, etc.*
- *Payments totalling Le899,740,092 and Le11,465,000 in respect of the Ministry and the Linking Farmers Project respectively in 2014, were not supported by adequate documents, such as receipts, recipient signatures, back-to-office reports, invitation letters, local purchase orders, etc.*
- *Withdrawals of Le163,754,160 were made from the Forestry Development account at the FIBank for which supporting documents of utilisation were not submitted for audit review.*
- *The procurement of consultancy and internet services were made without evidence of requests for proposal contrary to section 43 of the Public Procurement Act of 2004. The total payment made in respect of a procurement activity amounted to Le184,888,200 on PV no. AG027171.*
- *Although procurement worth Le385,939,500 were done, minutes of these activities by the procurement committee were not maintained nor submitted for inspection.*
- *The sum of Le 36,007,000 derived from the sale of bidding documents was not deposited into the Ministry's bank account, but was put to immediate use. From the said proceed, the sum of Le9,700,000 was paid as sitting fees.*
- *12,175 bags of fertilisers were sold to "service providers" for Le1,313,120,000 for which bank statement for account held at the Rokel Commercial Bank was not made available to verify the deposits.*
- *Review of records revealed that the sum of Le1,175,684,684 should have been received by the Ministry in respect of hire purchase for the year 2014 but the bank statements showed that only Le99,700,000 was paid into the Hire Purchase Account. This left a balance of Le1,075,984,684 and evidence of recovery was seen on file from debtors.*
- *Le13,997,250 was not deducted from various payments from the Linking Farmers Project made to suppliers/contractors.*
- *It was observed that procurement worth Le1,813,164,136 was not on the approved procurement plan and the revised procurement plan was not submitted for audit inspection.*
- *The individual debtor files in respect of the Tractor Hire Purchase Scheme were not updated as required. In addition, the loan register was not produced for inspection to confirm recoveries made.*
- *There was no annual debtor report on the hire purchase scheme to indicate the individuals/organisations and their respective outstanding balances even though this issue had been included in previous audit reports.*
- *There was no evidence of bank reconciliations being performed for the period under review, neither did the Ministry submit monthly bank statements in respect of the Tractor Hire Purchase Scheme.*
- *The Memorandum of Understanding in respect of the Tractors Hire Purchase Scheme between the Ministry and the FIBank was not renewed annually after its expiration as required by the initial agreement.*
- *Thirty staff of the Ministry who had attained the statutory age of retirement, received salaries which totalled Le174,470,988 without any letter of extension from the Human Resources Office.*
- *Fifty-Seven personnel were not available for physical verification even though the staff verification exercise lasted for a whole week.*
- *Eighteen personal files were not submitted for audit inspection.*
- *No bank reconciliation statement was produced for audit inspection and bank statements for 17 bank accounts maintained by the Ministry were also not produced for audit inspection.*

- *Assets to the value of Le162,820,000 were not recorded in the assets register. In addition, the register did not show the date of acquisition, method of acquisition (donated or procured), type of assets and brand name.*
- *Most of the assets in various offices (e.g. Office of the Permanent Secretary, Director of Animal Health, Director of Extension, Director of Crops etc.) or units of the ministry were not marked with unique identification codes.*
- *Physical verification of sample of assets from the assets register proved that some assets listed were not available.*
- *Thirty-three persons were recruited under the Young Graduate Scheme without an approved government policy. The total amount paid to them between July- December 2014 was Le99,000,000.*
- *The project could not produce evidence to confirm that withholding taxes deducted from staff for the period under review which amounted to Le 9,464,425 were paid over to NRA.*
- *Social security contributions totalling Le28,393,276 were not deducted and paid over to NASSIT.*
- *A procurement plan was not submitted for the procurement of IT equipment, office furniture and stationery worth Le246,010,000.*

5.8. MINISTRY OF AGRICULTURE, FORESTRY & FOOD SECURITY, BO-2015

5.8.1. Revenue Mobilisation

Inadequate control over Revenue Mobilisation by the Forestry Division

The following was observed in the revenue mobilisation and administration by the Forestry Division in the Ministry of Agriculture, Forestry and Food Security-Bo:

- Accountable documents such as price/charges list; receipt books, revenue cashbook; and bank statements in respect of the Forestry Transit Account at the Sierra Leone Commercial Bank (SLCB) and Forest Development Account at FIBank were not submitted for audit inspection. It was recommended that the District Agriculture Officer (DAO) ensure a systematic filing system is put in place for the safe custody of all accountable documents.
- There was no database and budget for the revenue expected to have been generated by the Forestry Division during 2015. It was however observed that revenue generated by the Forestry Division increased by 6% in 2015 compared to 2014 (i.e. Le14,700,000 in 2015 and Le13,890,000 in 2014). In spite of the increase in revenue in 2015, there was no evidence that the Forestry Division generated revenue from five major revenue streams (power saw license, power saw registration fees, timber assessment fees, charcoal production permit and store registration permit)
- Copies of receipts issued to customers and revenue cashbook were not available to confirm that Le14,700,000 was generated as revenue in 2015 as recorded in bank paying- in slips. It was recommended that the DAO should ensure that the Ministry engage in an effective revenue mobilisation drive to increase its revenue base.
- The 30% revenue allocation for the Conservation Trust Fund was not deposited into the Conservation Trust Fund Account at Rokel Commercial Bank (RCB). It was recommended that the DAO should submit an explanation, backed by documentary evidence for his failure to pay 30% of the revenue generated, into the Conservation Trust Fund account.

Official's Response

- *The DAO stated that they only had the price list in Bo which was available for verification. The receipt books, revenue cashbooks and bank statements were in Freetown. He however said that a letter had been written to the Director of Forestry requesting those documents, but were yet to receive them.*
- *The DAO stated that to ensure effective revenue mobilisation by the Ministry, forest guards had been employed, banded up with trained community forest watch volunteers and as the head of the organisation, efforts will be made to equip the forest guards and the chieftom volunteers to ensure continuous increase in revenue generation.*

- *On revenue estimates not prepared, the DAO said that the recommendation had been taken into consideration and will be implemented in the 2016 audit.*
- *On the allocation of revenue, the DAO said that they had noted the recommendation and had promised to implement the recommendation during the next audit.*

Auditor's Comment

- The queried accountable documents were not submitted for verification. The issue therefore remains unresolved.
- No explanation was submitted with regards the department's failure to collect revenue in respect of the five revenue streams highlighted in the report. Copies of receipts issued to customers and revenue cashbook were also not made available for audit verification. The issue therefore remains unresolved.
- A database and budget for revenue to have been generated by the Forestry Division during 2015 was still not developed by the Ministry.
- There was no evidence to ascertain that 30% revenue had been transferred into the Conservation Trust Fund Account at RCB.

Challenges in Revenue Mobilisation by the Forestry Division

The Forestry Division faced several challenges in its revenue mobilisation drive during 2015. Some of which are stated below:

- The standard number of forest guards is 20-25 per district. However, only seven forest guards were recruited to cover 15 chiefdoms in the district.
- Agricultural activities are time bound. The late payment of grants from the local councils to the division greatly impeded the effective operations of the Forestry Division.

It was recommended that the logistics and remote allowances are provided to forestry personnel for the effective performance of their duties.

Official's Response

The DAO said that they had noted the recommendation for further action in future.

Auditor's Comment

No action had been taken by the Ministry on the challenges faced by the Forestry Division.

5.8.2. Staff Not Available for Physical Verification

It was observed that the names of 11 staff on the staff list were not available for physical verification. It was recommended that the DAO should ensure that unverified staff should report for physical verification within 15 days of receipt of the report.

Official's Response

The DAO stated that the unverified staff were now available for verification.

Auditor's Comment

The names of six out of the 11 unverified staff on the staff list were still not available for physical verification.

Refer to the Table of Common Issues (Page 118) for further observations.

5.8.3. Outstanding issues from Previous Audit Report

It was observed that the various divisions within the Ministry were faced with severe transport issues in the course of their duties.

5.9. MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY, KENEMA - 2013

5.9.1. Inadequate Control of the Collection and Banking of Revenue

Receipt books and bank pay-in slips used for the collection and banking of transport permits and timber licenses were not submitted for audit inspection. Revenue collected from transport permits amounted to Le92,744,000 was also not accounted for. Furthermore, there were no proceeds reported from the sale of seedlings such as palm, cacao, cashew nut and rice. It was recommended that the DAO should ensure that all receipt books for the year under review were submitted within 30 days of receipt of the report, or the said amount should be refunded immediately. Revenues from the sale of all the seedlings must also be accounted for appropriately.

Official's Response

The DAO said that it was earlier reported that the distribution of receipt books for forestry were done by headquarters and not serially submitted to the regions or districts. He said that at any rate, ASSL could make follow ups with headquarters to verify the missing receipts.

Auditor's Comment

Our recommendations were not implemented. The issues remain unresolved.

5.10. MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY, KENEMA - 2014

5.10.1. Inadequate Control of the Banking of Revenue

Receipt books used for the collection of transport permits and timber licences were not submitted for audit purposes. Transport permit revenue collected which amounted to Le70,292,000 was also not accounted for. It was recommended that the DAO should ensure that all receipt books for the year under review were submitted within 30 days upon receipt of the report, or the amount of Le70,292,000 should be refunded.

Official's Response

The DAO stated that arrangement in the distribution of receipts by headquarters had not been orderly and the books presented for audit were the only ones available by the department to the district.

Auditor's Comment

The recommendation was not implemented as receipt books for the sum of Le70,292,000 were not made available during verification. The issue therefore remains unresolved.

5.11. MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY, KENEMA - 2015

5.11.1. Staff appraisal not done regularly

Staff members were not appraised for the period under review. It was recommended that the DAO should ensure that staff appraisals are done regularly.

5.12. MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY, BOMBALI - 2015

5.12.1. Poor Recovery of Seed Rice

Section B (2) of Ministry of Agriculture Forestry and Food Security/World Bank/West Africa Agriculture Productivity Project(MAFFS/WB/WAAP) loan agreement states: “the Programme shall recover from the seed grower after harvest, all the seed production inputs supplied by the programme in the form of certified quality seeds.” Evidence of recovery for seed rice loaned to FBOs which amounted to 100,000kgs was not made available to the team for audit inspection. It was recommended that the DAO should ensure proper implementation of Section B(2) of MAFFS/WB/WAAP the loan agreement and recover all seed rice due the Ministry and forward the details to ASSL for verification within 30 days after receipt of the report.

Official’s Response

The DAO in his response said: “The 100,000kg of certified seed rice loan given to FBOs were seeds meant to be planted and recovered after harvest. Since the rice came as a result of the post Ebola recovery for farmers who lost most of their seeds during the Ebola outbreak. The 100,000kg (100mt) seed rice was distributed to farmers in the six agricultural blocks of the district. The seed rice package was incomplete, that is, the only seed rice distributed without fertiliser. Knowing quite well that the NERICA 119 rice variety cannot effectively produced without fertiliser. Because of such reason, the harvest was reported low by farmers and some farmers delay in the nurseries.”

Auditor’s Comment

There was no evidence of recovery. Therefore, the issue remains unresolved.

5.13. MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY, TONKOLILI-2015

5.13.1. Inadequate Control over Collection, Recording, Banking and Reporting of Revenues

Records in the form of duplicate receipts, bank statements, cashbook and paying-in slips were not maintained for revenue generated from the registration of farmers based organisations (FBOs), chair rental and sale of seedlings. Moreover, supporting documents showing revenue utilisation were not provided to the auditors.

It was observed that the Finance Officer was the sole person in charge of collection recording and authorisation of financial transactions. It was recommended that the DAO should ensure that control measures are instituted in the areas of collection, recording, banking and utilisation of funds.

Official’s Response

The DAO stated that all documents regarding revenue collected from the registration of farmers based organisations are available in the office of the finance officer for verification.

Auditor’s Comment

Our recommendation was not implemented. The issue therefore remains unresolved.

5.13.2. Revenue not Accounted for in Respect of Guest House

MAFFS Tonkolili District completed the construction of a guest house in 2012, with the aim of increasing its revenues to fund some of its activities. During the course of the audit, it was observed that the guest house was in full operation however, it was surprising to note that no revenue from this source was reported in the Ministry’s books of account. It was recommended that with immediate effect, the DAO should ensure that proper controls are put in place for the collection, recording and banking of guest fees.

Official's Response

The DAO said that it was completed in 2012 with the aim of increasing the revenue base of MAFFS. He added that management had set up a committee that will ensure that the purpose for which the guest house was constructed was met.

Auditor's Comment

No minutes were produced to show the composition of the said committee. Therefore, the issue remains unresolved.

5.13.3. Distribution List for Seed Rice Not Made Available

The distribution list for inland valley swamp and upland rice which showed 79,985Kgs (1,599 bags) distributed to FBOs within the district was not submitted for audit inspection. Quantities of rice said to have been supplied to NGOs such as BRAC, Future in Our Hands and ADRA were also not signed for. It was recommended that the DAO should ensure that the distribution list containing the signatures of the beneficiary organisations and the recoveries are submitted for verification within 30 days of the receipt of the report; otherwise, the amount involved should be refunded into the CRF and the pay-in-slip forwarded to ASSL for verification.

Official's Response

The DAO stated that the distribution lists containing the signatures of beneficiaries for 2015 of fertiliser and the recoveries were with the Finance Officer and had been retrieved from 2014 files and available for verification.

Auditor's Comment

The audit recommendation was not implemented and the issue still remains unresolved.

5.13.4. Poor Recovery of Seed Rice

Section B(2) of MAFFS/WB/WAAPP loan agreement states: "the Programme shall recover from the seed grower after harvest all the seed production inputs supplied by the programme in the form of certified quality seed." However, the list showing recovery plan for seed rice loaned to FBOs which amounted to 79,985Kgs (1,599 bags) revealed that seed rice collected amounted to of 55,000Kgs (1,100 bags). The recovery plan submitted was not signed by all parties and as a result, the team could not rely on the information purporting that 55,000Kgs (1,100 bags) of seed rice was recovered from FBOs. It was recommended that the DAO should ensure proper implementation of Section B(2) of MAFFS/WB/WAAPP loan agreement form, recover all seed rice and forward the details to ASSL for verification within 30 days of receipt of the report.

Official's Response

The DAO said that they will ensure that they improve on the implementation of Section B(2) of MAFFS/WB/WAAPP Loan Agreement. He however mentioned that all the documents regarding the recovery were available for verification.

Auditor's Comment

The seed rice purported to have been recovered was not made available for verification. Therefore, the issue remains unresolved.

5.13.5. Machinery and Other Fixed Assets Not Utilised

Physical verification of items in the stores revealed that machinery worth millions of Leones supplied and delivered to the District Agriculture Stores in Magburaka on 1st August, 2013 were still in store. It was recommended that the DAO should ensure that this equipment be distributed to intended beneficiaries immediately and forward evidence to ASSL within 30 days of receipt of the report.

Official's Response

The DAO stated that the equipment will be distributed immediately after consulting the Ministry in Freetown and evidence of distribution forwarded to ASSL for verification.

Auditor's Comment

The recommendation was not implemented. The issue therefore remains unresolved.

5.13.6. Expired Insecticides still in MAFFS Store

Insecticides which had expired in 2013 and 2015 were still kept in MAFFS stores. The store personnel did not make this scenario known to the DAO and it was also not indicated in the store ledger as 'disposed of'. It was recommended that the DAO should ensure proper disposal of those insecticides within 30 days of receipt of the report.

Official's Response

The DAO mentioned that a decision will be taken after consulting technical personnel on the issue and minutes on deliberations will be forwarded to ASSL for inspection.

Auditor's Comment

The recommendation was not implemented. The issue therefore remains unresolved.

5.14. MINISTRY OF MINES AND MINERAL RESOURCES, HQ- 2015**5.14.1. Additional Fuel Issued to Vehicles without Justification**

Apart from the weekly fuel issued to the Ministry's official vehicles, it was observed that additional fuel amounting to Le13,500,000 was issued to other official vehicles of the Ministry without any documentary evidence to substantiate the purposes for which the fuel was allocated. It was recommended that the Senior Accountant should justify the allocation of the fuel and the evidence should be submitted for audit inspection within 30days upon receipt of the report.

Official's Response

The PS mentioned that the additional fuel issued to vehicles was as a result of extra monitoring activities especially to mine sites and regional offices. However, the documentary evidence for the disbursement of the extra fuel was available for audit inspection.

Auditor's Comment

Detailed evidence of specific activities undertaken by recipients to justify the additional fuel received was not submitted for verification. Therefore, the issue remains unresolved.

5.14.2. Bank Account Not Disclosed for Audit

A review of the list of bank accounts submitted for audit revealed that the *Diamond Area Community Development Fund (DACDF)* account maintained at the Sierra Leone Commercial Bank was not disclosed for audit purpose. It was recommended that the PS should submit the bank statement and all supporting documents in respect of this account within 30days of receipt of the report.

Official's Response

The PS noted that the Bank Statement and supporting documents in respect of DACDF account were available for audit inspection.

Auditor's Comment

Upon inspection of the DACDF, bank statements and other relevant documents submitted, it was discovered that temporary withdrawals totalling Le704,431,448 were made from this account to pay six months' allowances to engineers and geologists who were staff of the MMR, but are being utilised by the National Minerals Agency (NMA). During the verification exercise, a correspondence was submitted which indicated that the said amount was a loan to NMA. There was however no repayment plan for this loan and this fund is designed for carrying out development in the diamond mining communities. Therefore, the issue remains partly unresolved.

5.14.3. Personnel Not Available for Physical Verification

It was discovered that seven personnel of the Geological and Administrative Departments of the Ministry were not present for physical verification although they had received salaries amounting to Le45,290,028. Further investigations revealed that the seven staff in question were not signing the attendance register. According to the Human Resource Officer, this anomaly was as a result of the fact that the three were absent on grounds of illness and the other four had been transferred to different work locations. There were however no medical reports and letters of transfer submitted to justify the above claims. It was recommended that the Human Resource Officer should ensure that the personnel were physically verified or their medical reports and letters of transfer submitted for verification to ASSL within 30 days of receipt of the report; otherwise, their names should be forwarded to the HRMO for necessary action.

Official's Response

The PS stated that four of the seven personnel had gone on retirement and their files were available for inspection. He also said that one was awaiting Ministry of Health and Sanitation to constitute a medical board for her fitness whilst two were transferred to the regional offices.

Auditor's Comment

During the verification, copies of retirement letters and the payrolls for May and June 2016 revealed that four of the staff in question had gone on retirement and their names had been deleted from the payroll. However, the remaining three personnel were not available for verification and their annual salaries for 2015 amounted to Le19,425,924. Furthermore, there was no correspondence submitted for verification to confirm that those staff were transferred or sick as reported above. Therefore, the issue was partly unresolved.

5.14.4. Staff List not regularly updated

The Ministry's staff list was not regularly updated. For instance, 21 staff had no NASSIT numbers and the dates of birth of 61 staff were not indicated in their personal records. The locations of 64 Mines Monitoring Officers (MMOs) were also not stated in the staff list. As a result of the above, the team could not physically verify those staff who had received a total salary of Le589,112,184. It was recommended that the Human Resources Officer should ensure that NASSIT numbers are obtained for each staff of the Ministry and ensure that personnel records were updated and in particular, the duty stations of the Mines Monitoring Officers stated.

Official's Response

The PS stated that the HR had provided NASSIT numbers and location of personnel in their respective regions.

Auditor's Comment

A staff list updated with staff personal records such as date of birth and duty stations was submitted and duly verified. Eight of the personnel in question were however still without NASSIT numbers. Therefore, the issue is partly unresolved.

5.14.5. Scrap Vehicle Still Receiving Fuel

Physical verification of the Ministry's motor vehicles revealed that a vehicle with registration number AFI 131 had remained unused and was parked in a garage at Tengbeh Town since 2015 without any evidence of repairs and maintenance work carried out on it. There was also no examination report from SLRSA on its status. It was also observed that fuel amounting to Le4,725,000 was issued to the said vehicle even though it was not roadworthy during the year under review. It was recommended that the PS should ensure that the vehicle is examined by SLRSA to determine its present status for appropriate action. He should also refund the full amount of Le4,725,000 and ensure that the vehicle is taken from the garage within 30 days from the receipt of the report.

Official's Response

The PS said that management had instructed the officer-in-charge to bring the vehicle to Youyi Building Compound. She also mentioned that the fuel in question was issued to the officer who was in charge of the official vehicle but since the vehicle was faulty the said fuel had been used by the officer for his private vehicle. She noted that the life card for the private vehicle was now available for verification.

Auditor's Comment

The vehicle in question had not been brought to Youyi Building as recommended. The life card of the officer's private vehicle was also not submitted for verification to justify the utilisation of the fuel. Therefore, the issue remains unresolved.

Refer to the Table of Common Issues (Page 118) for further observations.

5.14.6 Outstanding Issues from Previous Audit Report

Procurement in respect of stationery, sundry items, office equipment and computer accessories to the value of Le303,000,000 were split into multiple orders.

5.15. NATIONAL MINING AGENCY, SOUTH- 2015

5.15.1. Insufficient Office Space

During a review of documents and from interviews with key personnel, it was observed that there was inadequate office space to accommodate personnel assigned to the Ministry. It was observed that two or more staff occupied offices meant for one staff. It was recommended that the Regional Manager (RM), in collaboration with the PS, Ministry of Mines and Mineral Resources, should ensure that sufficient office space is provided to accommodate all personnel assigned to the Ministry.

Official's Response

The RM stated that management has identified the problem of inadequate office space and as such a civil engineering consulting firm has been hired to undertake an assessment of the existing structures and to design a plan for an improved accommodation. He also mentioned that plans are already underway to commence reconstruction of the Bo office by the start of 2017 provided Government lift the hold on infrastructure projects.

5.15.2. Insufficient Personnel

There were not enough staff to cover the mining chiefdoms in the region. During a review of records and from interviews with key personnel, it was observed that there were only seven Mines Wardens overseeing mining operations in the 22 mining chiefdoms in the southern region. It was recommended that the RM, in collaboration with the PS should ensure that adequate staff are provided for the effective operations of the immigration department in the south.

Official's Response

The RM stated that management has identified the problem of inadequate staff which has been occasioned by the death in active service, the retirement of effective personnel and recently the moratorium on the recruitment of new staff in Ministries, Departments and Agencies in the country. He however mentioned that there are plans to recruit competent compliance officers for effective monitoring as soon as the embargo on recruitment is lifted by government.

5.16. MINISTRY OF DEFENCE, HQ-2015

5.16.1. Procurement Procedures Not Followed

Procurement documents such as signed contract agreements, bid register, bids of unsuccessful bidders, and adverts, etc. for various procurement carried out by the Ministry amounting to Le1,573,542,789 were not provided for audit inspection.

There was also no evidence to suggest that the ministry sought technical/expert advice on specialised procurements. It was recommended that the Deputy Secretary, Procurement, should ensure that the Procurement Officer submits the procurement documents for inspection within 15 days of receipt of the report. He must also ensure that expert advice is sought on specialised procurements.

Official's Response

The DG stated that all requisite procedures and processes were duly followed and documents to the effect were available for inspection.

Auditor's Comment

Documents were not submitted for verification. Therefore, the issues remain unresolved.

5.16.2. Procurement not in the Approved Procurement Plan

Procurement for the construction of 20 billets and dump and cargo trucks costing Le6,675,914,795 and US\$160,000 respectively, were not in the approved procurement plan of the Ministry. It was recommended that the Deputy Secretary, Procurement, should ensure that the approved revised procurement plan was submitted to ASSL within 15 days of receipt of the report.

Official's Response

The DG stated that a revised plan was developed but not inspected by the auditors, but was now available for inspection.

Auditor's Comment

The revised procurement plan was not submitted for verification; therefore, the issue remains unresolved.

5.16.3. Construction of 20 Billets at the Peace Mission Training Centre, Hastings

Physical verification of the construction of billets at the Peace Mission Training Centre at Hastings carried out on 5th August, 2016 revealed the following:

- the number of billets was reduced from 20 to 12 without an addendum to the contract;
- even though it was stated in the contract agreement that the work should be completed by 31st May 2016, as at the time of writing the report (August 2016), work was still incomplete;
- 90% of the contract price had been paid to the supplier even though the construction work was still incomplete; and
- no independence certificate of work done was submitted to the audit team for inspection.

It was recommended that the DG should ensure that the Deputy Secretary, Procurement, regularise the anomalies highlighted in the contract agreement. The Principal Accountant should provide adequate

explanation with documentary evidence for the payment of 90% of the total contract price to the contractor, even though the work on site was incomplete.

Official's Response

Regarding the 90% of the contract price, the DG stated that payments were made based on the contract agreement and an independent valuation report by the CO, Engineering Regiment. He added that documents were available for inspection.

Auditor's Comment

Documents were submitted to justify the payment of 90%. However, at the time of verification the construction was still incomplete. The addendum to the contract for the reduction of the number of billets was not submitted for inspection and the billets were also not completed. Therefore, the issues remain unresolved.

5.16.4. Procurement of Vehicles -Dump Truck and Cargo Truck

Examination of the procurement documents and records disclosed that the sum of US\$160,000 was paid for the procurement of a dump and a cargo truck. However, the invoice to confirm the unit cost of each truck was not submitted for audit inspection. Article 7.2 of the contract agreement stipulated that "The goods supplied should be new, defect free, of merchantable quality and fit for the purpose". It was observed that the two trucks delivered were used trucks and no reserved price or market survey was done by the procurement unit before the procurement. It was recommended that the Deputy Secretary, in charge of procurement should submit the invoice for the trucks within 15 days of receipt of the report. He should also ensure that the trucks were returned to the supplier and the amount of US\$160,000 recovered from the supplier and paid into the Ministry's account within 15 days of receipt of the report. The Procurement Officer should also explain in writing, supported by documentary evidence why a market survey was not carried out before the award of the contract.

Official's Response

The DG said that documents were available for inspection and a market survey was carried out by the Procurement Unit.

Auditor's Comment

Documents in relation to the market survey carried out were not submitted for verification and other recommendations were not implemented. Therefore, these issues remain unresolved.

5.16.5. Withdrawals without Supporting Documents

Review of the bank statements submitted revealed that withdrawals from the RSLMF No. 2 Other Expenditure account and 4th Infantry Battalion account held at the Rokel Commercial Bank amounting to Le117,240,000 and Le14,050,000 respectively were without supporting documents to justify their utilisation. It was recommended that the Principal Accountant should ensure that all payments from initiation to completion were supported by the relevant documents; and those should be properly recorded and filed so that any document that was misfiled or missing could be promptly identified as such. The Principal Accountant should also submit the supporting documents within 15 days upon receipt of the report; otherwise, the amount of Le136,040,000 should be refunded into the CRF.

Official's Response

The DG stated that the documents were available for inspection.

Auditor's Comment

Documents in relation to the withdrawals from the RSLMF No. 2 Other Expenditure account and the 4th Infantry Battalion account amounting to Le117,240,000 and Le14,050,000 respectively were not submitted for verification. Therefore, the issues remain unresolved.

5.16.6. Joint Logistics Unit

Supply Services Squadron

The condition at the stores in the supply services squadron was deplorable. This was evidenced by leaking roofs, no electricity and falling walls. In addition, there were damaged pallets, forklifts and pallet trucks; material handling equipment, binding materials and tools to palletise the ammunition stocks. It was therefore recommended that the Commanding Officer, Joint Logistic Unit, should ensure that repairs were done on the roof to avoid any further damage to store items and other equipment. Handling equipment and binding materials to palletise ammunition stocks should be provided.

Official's Response

The DG stated that necessary action will be taken as and when funds were available.

Auditor's Comment

No action was taken. Therefore, the issue remains unresolved.

5.16.7. Transport Squadron

During the inspection of the Transport Squadron Unit, it was revealed that there was lack of frequently used spares such as tyres, oil, brake pads, etc. to service faulty vehicles even though provisions were made in the budget to manage the Unit. It was recommended that the DG should ensure that spares are provided for all vehicles owned by the military.

Official's Response

The DG stated that necessary action will be taken as and when funds were available.

Auditor's Comment

No action was taken. Therefore, the issue remains unresolved.

5.16.8. Joint Medical Unit (JMU)

Standby Generator Donated to the 34 Military Hospital not in Operation

Although the Department for International Development (DFID) donated a generator to the Military Hospital in 2014 (two years ago), it was yet to be installed. It was recommended that the Commanding Officer, JMU should liaise with the DG to ensure that the generator was installed within 15 days of receipt of the report.

Official's Response

The DG said that an attempt was made to put the generator into operation but during the installation process there was an electrical incident that led to appliances blowing up. He however said that an investigation is underway to determine the cause of the accident.

Auditor's Comment

No action was taken. Therefore, the issue remains unresolved.

Limited Number of Ward Maids

The hospital had a limited number of ward maids as most of them had retired. It was recommended that the DG should inform the HRMO in writing of the need for the posting or recruitment of additional ward maids to serve the hospital within 15 days of receipt of the report.

Official's Response

The DG stated that necessary action will be taken.

Auditor's Comment

Management response was noted. The issue will be kept in view.

Inadequate Funding for the Hospital

The hospital received Le50,000,000 on a monthly basis for operational costs. The audit team noted that this amount was not sufficient to meet the increased number of patients, serving personnel, retirees and their families who used the facilities on a daily basis. In addition, the number of meals given to patients had been reduced from three to two per day. It was recommended that the DG should liaise with MoFED to ensure that adequate resources are allocated to the hospital to address the funding issue.

Official's Response

The DG stated that necessary action will be taken as and when funds are available.

Auditor's Comment

No action was taken. Therefore, the issue remains unresolved.

Poor Condition of the Kitchen

The condition of the kitchen was far from satisfactory as part of the roof leaked and was falling apart and the environment was filthy. It was recommended that the Commanding Officer, JMU in collaboration with the DG, should ensure that provision is made in the Ministry's budget to rehabilitate the kitchen and other facilities within 15 days from receipt of the report.

Official's Response

The DG stated that necessary action will be taken as and when funds are available.

Auditor's Comment

No action was taken. Therefore, the issue remains unresolved.

Inadequate Number of Staff at the Laundry

The Laundry Unit had only one staff member to cope with the volume of work in the division. It was recommended that the DG should inform the HRMO in writing of the need for the posting or recruitment of an additional launderer to serve the hospital within 15 days from receipt of the report.

Official's Response

See response above

Auditor's Comment

No action was taken. Therefore, the issue still remains unresolved.

Refer to the Table of Common Issues (Page 118) for further observations.

5.16.9. Outstanding Issues from Previous Audit Report

The following issues were still outstanding:

- *In November 2013, the former Minister of Defence acting on behalf of the Government of Sierra Leone entered into agreements for the procurement and supply of 126 common user and specialised vehicles in two lots of 69 and 57 with Mr. Alimamy Kamara representing West Star General Supplies and Mr. David Conteh representing Davida Enterprise involving the sums of US\$10,654,168 and US\$5,058,368 respectively.*
- *A number of issues were identified with this procurement:*
 - *Ambiguity of specification in bid documents*

Three of the vehicles supplied were automatic transmission, in contravention of the specification of manual transmission specified in the agreement. Some of the vehicles delivered did not match or were contrary to the specification in the contract agreement. Two Toyota Hiace ambulances were supplied instead of Toyota Hiace mini buses. The vehicle tonnage of the 20 Atego Mercedes Benz vehicles delivered differs. Ten had four tyres at the rear and the other ten have two tyres at the rear yet the same prices were invoiced for the different specifications. Two of the Atego Mercedes Benz vehicles received were delivered defective and immediately returned to the supplier in October 2014. The two defective vehicles were not disclosed in the pre-inspection report and up to the time of writing the report (September 2015), these two vehicles totalled US\$620,000 had not been replaced or fixed by the contractor, West Star.
 - *Out of the 126 vehicles, delivery notes were received for 49 vehicles leaving a balance of 77 outstanding.*
 - *A comparison of the invoice prices, the NPPA price norm, current market prices and prices of similar vehicles procured by other government agencies, disclosed that the vehicles were overpriced by Le22 billion (US\$4,455,125 @ Le4,958) and Le8 billion (US\$1,623,600@Le4,958) by West Star General Supplies and Davida Enterprise respectively. This was a clear manifestation of total disregard for the principle of economy in the use of public funds by those acting on behalf of the government in the contract agreements.*
 - *Although clause 15.0 of the contract agreement requires that “all taxes, levies and other expenses in Sierra Leone relating to this agreement shall be borne by the supplier”, there was no evidence that duties payable on the 69 and 57 vehicles to the tune of Le6.5 billion and Le3.2 billion respectively had been discharged by the suppliers - West Star General Supplies and Davida Enterprises.*
 - *Even though the contract agreement stipulates that “the suppliers shall provide servicing parts for a period of one-year”, there was no documentary evidence to confirm that the suppliers had complied or that these spares were ever provided by the suppliers to MOD.*
 - *The contract agreement also requested for a pre-inspection report on all 126 vehicles whereas the inspection report only reported on 116. A copy of the pre-inspection report on the remaining ten vehicles was not produced for inspection in order to authenticate conformity with requirements.*
 - *The Manufacturer’s Authorisation Certificate (MAC) was not produced for inspection in spite of repeated requests by the audit team.*
- *Procurement documents such as signed contract agreements, Technical Evaluation Committee reports, Procurement Committee meeting minutes, bid register, copies of bid receipts, and proceeds from the sale of bids, bid documents etc. for the various contracts in respect of the Ministry’s procurement amounting to US\$7,496,088 and Le44,835,668,926 respectively, were not provided for audit inspection.*
- *Procurement documents such as signed contract agreements, Technical Evaluation Committee Reports, Procurement Committee meeting minutes, bid register, copies of bid receipts, and proceeds from the sale of bids etc. for the various contracts in respect of Peace Support Operations which amounted to \$150,887 were not provided for audit inspection.*
- *In April 2014, payment of Le8,645,000,000 was made directly to the former Joint Force Commander to meet the construction of a New Military Barracks in Kambia. There was no evidence that this job was ever done by the Ministry, nor were there supporting documents to justify the utilisation of the said amount.*

- Examination of the expense analysis revealed that 15 payments which amounted to Le72.4 billion were paid directly to the former Joint Force Commander for which analysis to justify the utilisation of the said amount was not made available for audit inspection.
- Out of 23 accounts maintained by the Ministry, bank statements for 18 accounts were not submitted for audit inspection.
- Furthermore, evidence of bank reconciliation was only submitted for the Ministry's main account leaving a balance of 22 accounts for which evidence of bank reconciliation was not submitted.
- Withholding taxes of Le69,756,590 were deducted but not paid to the NRA in respect of disbursements made by the Ministry.
- As required by section 117, subsections 3 and 4 of the Income Tax Act 2000, withholding taxes which totalled Le4,785,850 were not deducted and paid to NRA in respect of amounts utilised out of imprest by the JMU.
- Out of the 633 staff of the Ministry attached in Freetown, 171 civilian personnel were unverified (that is they failed to make themselves available for physical verification).
- 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.
- Furthermore, the Ministry's budget and minutes of Budgetary Committee meetings were not made available for inspection.
- The Performance Contract Agreement signed between the Ministry and His Excellency the President was not submitted to the audit team.
- Although equipment at the Engineering unit was reported to be obsolete, Le40,320,000 was paid monthly to the engineering staff, despite the fact that their work had been outsourced. Examination of the expense analysis revealed that an amount of Le6.1 billion was spent on repairs and rehabilitation work that should have been carried out by the Engineering unit. Not effectively utilising the Engineering unit and wasting public money on unnecessary procurement will result in rendering the staff redundant.
- The general condition at the Ministry headquarters was poor and unsuitable for staff. The toilets and some of their fittings were unworkable. There were also leaks on the roof of the building.
- Examination of the list of vehicles provided by the Transport Officer revealed that 67 vehicles were beyond economic repair and due for disposal, however the Engineer's inspection report was not made available.
- On 25th August 2015, the team was denied access to physically verify the comments made on the list of vehicles that were beyond economic repair at the Electrical and Mechanical Engineering (EME) Forces Workshop by the Commanding Officer.
- As stipulated in the MOD fuel policy, 180 litres per week for 52 weeks totalling 9360 litres per annum was issued to the former Minister by the MOD. We discovered that 12,990 litres of additional fuel valued at Le58,455,000 was issued to the former Minister by the Commander Joint Force, for the same period without justification.
- The policy is silent on limits to healthcare for retirees at the 34 Military Hospital. As a result, it is likely that drugs will always be insufficient as there are more retirees than active RSLAF personnel.
- The Physiotherapy unit is not fully equipped as there are insufficient equipment such as tens machine, stimulation machine, neuron plinth, etc.
- The number of fans in the male and female surgical wards was inadequate. Only six ceiling fans were available to serve wards with 24 patients. Furthermore, of the six fans, only one is actually working. The number of functional fluorescent lights was also inadequate to serve the 24 beds.
- The facility at the unit for the storage of drugs and other medical items was inadequate as the size of the store room was too small to accommodate all the medical equipment. Some medical equipment was kept in the general toilet of the hospital, which was not conducive for safe keeping.

5.17. MINISTRY OF DEFENCE, 5TH BRIGADE-2015

5.17.1. No School Facility within Units/Barracks

During a tour and physical inspection of educational facilities within the units/barracks (AFAU Moyamba/ 14 Battalion/ 2nd Battalion/1st Battalion), it was observed that the units/barracks lacked educational facilities such as schools for the children/dependants of RSLAF personnel in post. Children/dependants had to locate to the nearest affordable and accessible school which might be located approximately 700m from unit/barracks. It was recommended that the Chief of Defence Staff (CDS), the Director General (DG), BC and other key personnel in the Ministry of Defence, in collaboration with the Ministry of Education Science and Technology, should ensure that school facilities are provided with adequate teaching and learning materials, competent teaching staff and a convenient learning environment in each unit/barracks within the 5th Brigade.

5.17.2. Inadequate Ambulances

The Brigade lacked adequate ambulances for effective operations. There was only one ambulance assigned to that brigade which had an operational area covering the 1st Battalion in Kailahun District and 2nd Battalion in Kenema in the east, 14th Battalion in Pujehun in the south, Brigade Headquarters in Gondama in the south and the AFAU in Moyamba District in the south. In an interview with key personnel, it was revealed that the ambulance was stationed at the Brigade Headquarters in Gondama and would be called upon by needy units. It was recommended that the BC in collaboration with the CDS, DG and other key officials of the Ministry should ensure that adequate ambulances are provided for the 5th Brigade.

5.17.3. Newly Constructed Hospital not Operational

During the period under review, construction work was done for a hospital at the 1st Battalion in Daru, Kailahun District. During a physical inspection of the structures and facilities, it was observed that basic medical equipment, beds and laboratory settings were yet to be physically installed in the hospital. However, the structure is modern and considered the most suitable medical structure benefiting the RSLAF within the 5th Brigade. The structure is yet to be officially opened for public use. Considering the dire need for a quality health facility in the 1st Battalion, there was urgent need for the BC in collaboration with the CDS, DG and other key officials of the Ministry to ensure that this hospital became operational soon. In addition, the MOD should consider replicating the construction of similar health facility in other units/battalions within the 5th Brigade.

5.17.4. Incomplete Land Documentation for the 2nd Battalion

A review of records on title deeds of lands owned by the RSLAF revealed that the documentation for the land occupied by the 2nd Battalion at RTI in Kenema was yet to be completed between the RSLAF and the landholding family. It was recommended that the CO in collaboration with the BC, CDS, DG and other key personnel in the Ministry should ensure that proper land documentation is done for lands currently used by the RSLAF in the 2nd Battalion.

5.17.5. Outstanding issues from Previous Audit Report

The following issues were still outstanding:

Housing facilities in the AFAU- Moyamba

- *the condition of the staff quarters at the AFAU Moyamba was far from pleasant. It was observed that the quarters were made of mud blocks and there were leaks in the thatched roof;*
- *the water facility was inadequate and there was no electricity or proper toilets. A further consideration of the toilet facility revealed that it was located far away from the residential houses approximately 200m; and*

- *the only recreational centre used as official mess was observably dilapidated. There were major cracks all over the building.*

Housing Facilities in the 14th Battalion- Pujehun

- *there was no electricity supply. The only generator allocated to the battalion was observed to be defective and there was no evidence that any attempt had been made to have it repaired;*
- *the facility designed to serve as toilets at the battalion was observed to be poor. Inspection done at the various toilet units revealed buildings that were worn out and completely dilapidated. Furthermore, it was observed that the facility was located far away from the residential houses, approximately 200m away.*

Housing Facilities in the 1st & 2nd Battalion-East

- *there were no residential buildings available for military personnel in the entire military barracks at both 1st and 2nd battalions;*
- *the Administration office structure at the 2nd battalion was a makeshift container. In an interview with key officials of the battalion it was revealed that this structure was put up by the UN mission and this had been the situation for the past ten years. A firm structure is required for administrative duties; and*
- *the toilet facilities available in the barracks were very poor. There were not enough toilets for the military staff and those that were inspected were in a deplorable state.*

Inadequate Fixed Assets (Vehicles, Motorbikes, Furniture, Equipment, etc.) for the Operations of the MOD

An assessment of assets allocated to the MOD south revealed the following:

At the 5th Brigade Headquarters

- *a standard fixed asset register showing various columns such as description of assets, location, date of purchase, identification code, costs of assets etc. was not maintained;*
- *the brigade lacked troop carrying vehicles (TCV) and official vehicles for the Chief of Staff, Deputy Chief of Staff and Brigade Battalion School;*
- *there was lack of office equipment like photocopiers, scanners and printers. Photocopying was done in the open market which tended to expose confidential information to the public;*

At the 14th Battalion in Pujehun:

- *there was only one command vehicle used by the Battalion Commander. There is no TCV and utility vehicle;*
- *the battalion lacked office equipment such as photocopiers, scanners and printers; and*
- *office furniture like chairs, tables, cabinets, electric fan, etc. were inadequate*

At the AFAU- Moyamba:

- *there was one serviceable Toyota Land Cruiser (70SL70) and one unserviceable Pinzgauer vehicle. In an interview with the Commanding Officer, it was revealed that the Toyota vehicle was on loan to fight the EVD in Moyamba District. This vehicle was used (in addition to being used by the Commander) to facilitate the ferrying of logistics, troops, hired civilians and equipment to and from farm sites during farming or other security operations.*
- *one of three motorbikes was serviceable and three of ten bicycles were serviceable.*

At the FOB-Bonthe Island

There was no evidence of an assigned vehicle to this unit.

At the 1st and 2nd Battalions in the East:

- *there was no TCV or utility vehicle;*
- *there was a lack of office equipment like photocopiers, scanners and printers.*

Tractors and other Farming Equipment in AFAU

At AFAU in Moyamba, it was observed that there were inadequate farming equipment and tools for the effective operations of the unit. In an interview with key personnel, it was revealed that most of the farming tools were supplied to the unit in 2009 and most were now unserviceable.

Poor Health Structure and Storage Facilities for Drugs

An inspection of two of the health facilities of the MOD South, revealed that the storage facilities for drugs supplied to the MOD south were deplorable.

- *At the Brigade HQ, in order to safeguard drugs supplied to the unit, the laboratory was used to store drugs. Drugs were not kept under any controlled temperature as there was no refrigerator or air conditioning unit for the preservation of drugs.*
- *At the AFAU in Moyamba:*
 - *There were no proper storage facilities for drugs supplied to the unit. Some drugs were placed in a rusted and damaged metal safe and some on a rotten wooden shelf.*
 - *There were several cracks on the walls of the examination room and the beds were damaged and not fit (by every standard) for any medical use.*
 - *Medical waste was not properly disposed of by the unit. There was no incinerator for the disposal of medical wastes; instead wastes were burnt in a dug-up hole located some few metres away from the health facility.*
 - *There was no proper security at the health facility. The ceiling was not done and the wooden windows were without window curtains and guards.*

MOU for cooperation in Sierra Leone Armed Forces Agro-industrial Park Project

There was no evidence that action was taken on the 2012 MOU for the cooperation between Sierra Leone Armed Forces and the Chinese on the Agro-industrial Park Project for the effective operation of the AFAU in its agricultural drive to produce food for RSLAF.

Lack of fire extinguishers

In all of the locations visited, it was observed that the MOD South did not have fire extinguishers to protect the institution's property, plants and equipment in the event of a fire accident.

Lack of Internet facility

There was no evidence that internet facilities are provided in the MOD South. In an interview with key officials in all of the locations visited, it was revealed that internet services were sought from the open market at a high cost and for which no special fund was allocated to the MOD South.

5.18. MINISTRY OF FOREIGN AFFAIRS & INTERNATIONAL COOPERATION– 2013-2015

5.18.1. Inadequate Guidance for the Consistent Application of Sierra Leone Laws Overseas

The operational effectiveness of any institution depends on the processes and procedures in place to guide its smooth operations. However, even though guidance had been provided in the form of rules and regulations to ensure probity in the use of public funds, it was realised that during the audit of embassies

and high commissions, those laws and regulations were not always being followed to the letter, as a result of the jurisdictions in which the missions operate. In the case where Sierra Leone legislation could not practically be applied, (for example, seeking a NASSIT, NRA and Council certificate from potential suppliers) it was difficult to ascertain how an embassy or high commission could function effectively.

Ministry of Foreign Affairs and International Cooperation (MFAIC) had not provided guidance in the following areas where Sierra Leone laws could not be applied in full:

- terms and conditions for employing locally engaged staff;
- general guidelines on procurement;
- general guidelines on medical claims for diplomats;
- finance manual for the processing of payments and the remittance of monies to the CRF; and
- guidelines on what constitute furnished accommodation commensurate with the status of the officers.

It was recommended that the Director General (DG) should ensure that guidance on the terms and conditions for employing locally engaged staff, procurement, medical claims and the general processing of payments were developed and implemented.

Official's Response

The DG in his response said: "The Ministry developed a five-year strategic transformation plan called the Sierra Leone Foreign Service Transformation Strategy (2014- 2018). Annex 11 of the document contains guidelines for recruitment and terms and conditions for locally engaged staff. The documents were rolled out last year to all 21 Sierra Leone Missions.

However, I have ensured that a circular memorandum is written to all our missions directing that it is incumbent on them to strictly adhere to the provisions of the Sierra Leone Foreign Service Transformation Strategy and the Civil Service Code, Regulations and Rules in respect of the recruitment of local staff. Relevant portions of the SLESTS and a copy of the circular memorandum are hereby reproduced and submitted for verification. The Ministry has noted the observation of the audit team on the issue above. A circular memorandum has been written to all Embassies and Missions abroad directing strict adherence to rules 9.69 and 9.70 of the Civil Service Code, Regulations and Rules in respect of Foreign Service Officials. I therefore submit a copy the Circular Memorandum for verification and as evidence of action taken."

Auditor's Comment

A copy of the memorandum that was sent to the various embassies from the Director General and Ambassador -at- Large was in contravention with provisions of the FMR. In addition, copies of key policy guidelines, including terms and conditions for recruiting local staff, medical claims for diplomats etc. were verified. Therefore, the issue is partly unresolved.

5.18.2. Poor working relationship

The set objectives of any institution can only be achieved, if those charged with the responsibilities of running that institution had a cordial working relationship. It had been observed that in some of our embassies and high commissions audited that there was poor cordial working relationship particularly between Heads of Missions (HOM) and Heads of Chanceries (HOCs). Furthermore, differences were noted in the coordination and allocation of roles and responsibilities of staff. In some instances, directives were given to administrative staff by HOMs instead of HOCs. This strenuous relationship seriously affected the smooth functioning of some overseas missions. It was recommended that the DG should ensure that diplomats serving in the various overseas missions are admonished to work in the best interest of Sierra Leone in their respective capacities.

Official's Response

The DG stated that the Ministry had noted the observation of the audit team in respect of the working relationship between the HOCs and HOMs. He noted that documents had been dispatched to all 21 missions, impressing on the officers concerned to improve their working relationship.

Auditor's Comment

A copy of the Memorandum written by the Director General and Ambassador-at-Large, that addresses key policy issues on the working relationship between HOM and HOC sent to all embassies was presented for audit verification. However, this issue will be kept in view and follow-up will be made during the next audit exercise.

5.18.3. Comprehensive Register of Visa Stickers Issued to Overseas Missions Not Maintained

The Ministry did not maintain a register to record the serial numbers of visa stickers issued to the various overseas missions. This made it difficult for an effective audit of revenues collected from visa stickers to be carried out. It was recommended that the Consular Officer should ensure that a register containing the serial numbers of visa stickers issued to overseas missions was put in place with immediate effect.

Official's Response

The DG stated that a mechanism had been put in place wherein all visa stickers issued to various embassies and high commissions were serially recoded for audit purposes. He added that the Ministry noted the observations of the auditing team in respect of anomalies in the processing of payments and the remittance of monies into the CRF. He noted that the Ministry had taken necessary steps to ensure that henceforth, all missions abroad strictly follow the provisions of the Government Budgeting and Accountability Act, 2005 and the Public Financial Management Act, 2016, particularly in respect of the processing of payments and remittance of moneys to the CRF.

Auditor's Comment

The audit recommendation was not implemented. Therefore, the issue remains unresolved.

5.18.4. Diplomatic Passports Issued to Ineligible Individuals

Diplomatic passports were issued to 11 persons who did not belong to the categories specified in the cabinet conclusion of 15th July 1998 and the beneficiaries were also not authorised by the President as per executive order. It was recommended that the Director of Finance and Administration should ensure that diplomatic passports in the possession of the officers in question were surrendered within 30 days of receipt of the report. In future, the dictates of the cabinet conclusion should be followed to the letter.

Official's Response

The DG stated that measures had been put in place to retrieve the passports from persons of this category and have them recoded for the next inspection.

Auditor's Comment

The diplomatic passports from the officers in question were not submitted for verification. Therefore, the issue remains unresolved.

5.18.5. Splitting of Procurement in order to Evade National Competitive Bidding

The procurement of computers, stationery, installation of vertical window blinds and other office equipment which cost Le 1,530,566,500 were split into several orders, to evade the National Competitive Bidding (NCB) procurement process. It was recommended that the Procurement Officer should provide documentary evidence to justify why procurement was done in tranches instead of being done in compliance with the NCB process, within 30 days of receipt of the report. The Procurement Officer

should also liaise with NPPA for technical support in the design of a framework contract where necessary.

Official's Response

The DG in his response said: "This Ministry notes your concern raised on the splitting of the procurement of items mentioned therein and states, thus: that the MTEF budget is prepared annually and allocations are released on a quarterly basis to MDAs. Each financial year stands independent of the other and allocations are not released on time. The Ministry receives its quarterly allocations, when certain goods and services must have been taken on credit. The NCB will not be practicable in such circumstances and the Ministry of Finance has advised that no MDA should commit government when one is not certain when the next allocation will be accessible. Based on the various estimations, the required procurement method should have been NCB which normally takes 14 weeks from the bid invitation to final payment. In future, the procurement officers will liaise with the NPPA for technical support in the design and development of a framework contracts."

Auditor's comment

Management's comments were noted. The issues will be kept in view for subsequent audits.

5.18.6. Tendering Procedures Not Followed

Contracts worth Le713,103,483 were awarded to various suppliers for the provision of services during the period under review. It was noted that tendering procedures were not followed, as procurements were neither advertised nor bids evaluated; thus making the procurement processes not being open and competitive. It was recommended that the Procurement Officer should submit justifiable reasons supported by documentary evidence why tendering procedures were not followed. In future, the procurement of goods and services should be done in accordance with the PPA, 2004.

Official's Response

The DG mentioned that documents that prove that due procurement process were not followed were now available for inspection.

Auditor's Comment

The relevant documentary evidence such as adverts, quotations, procurement committee minutes, contract agreement etc. totalling Le323,600,000 were verified leaving an outstanding balance of Le 389,503,483 not presented for verification. Therefore, the issue was partly unresolved.

5.18.7. Overseas Travelling

Payments which totalled Le2,979,821,066 incurred on overseas travel were made without adequate supporting documents such as invitation letters, back-to-office reports, receipt for air tickets, etc. It was recommended that the Principal Accountant should ensure that the relevant documentation be made available for verification within 30 days upon receipt of the report; failing which, the amount in question should be refunded by the respective officers and the paying-in-slips forwarded to ASSL for verification. In future, all transactions from inception to completion should be supported by the relevant documentary evidence which must be retained for audit and reference purposes.

Official's Response

The DG said they had found all relevant documents for inspection. He however said they had begun compiling relevant documents for all overseas travels including receipts from the travel agencies and back-to-office reports for future inspection.

Auditor's Comment

The relevant supporting documents were not presented for verification. Therefore, the issue remains unresolved.

5.18.8. Poor Supervision and Management of Personnel Records

In spite of repeated requests from the Human Resource Officer (HRO), 23 personal files were not presented for audit inspection. It was recommended that the HRO should make available the personal files in question for verification within 30 days of receipt of the report.

Official's Response

The DG said that all personnel files in question were now available for inspection.

Auditor's Comment

The 23 personal files in question were not presented for verification. Therefore, the issue is unresolved.

5.18.9. Personal Files Not Updated with Relevant Documentation

Ninety-three personal files were not updated with relevant documentation such as performance appraisals, application letters, appointment /transfer letters, etc. It was recommended that the HRO should ensure that personal files in question are updated with the relevant details and produced for verification within 30 days of receipt of the report.

Official's Response

The DG mentioned that all personnel files in question had been updated by the HRO.

Auditor's Comment

Fifty (50) out of the 93 personal files were not updated upon verification. Therefore, the issue remains partly resolved.

5.18.10. Inadequate Control over the Management of ICT Equipment

The Ministry did not have an approved information technology policy for its information technology infrastructure. In addition, the IT system was not installed with firewall licensed antivirus software to protect it from malware, virus manipulation, data infiltration and unauthorised intrusion.

The Ministry did not have adequate client server architecture for smooth network and data distribution. Adequate uninterrupted power supply (UPS) units for the operation of its computers were also not available. It was recommended that the ICT Manager should design and maintain an approved IT policy. The content of those policy documents should be subject to regular monitoring, with evidence of such retained for audit and reference purposes.

The DG should also ensure that adequate UPS, servers and licensed antivirus software were provided and installed for the effectiveness of the Ministry's ICT operations.

Official's Response

The DG stated that a draft information Technology policy prepared by the ICT Manager had been submitted to Management, awaiting approval. He added that the procurement committee allocated funds required for the provision of UPS. He mentioned that regarding servers and licensed antivirus software and installations, work will commence when the funds are available.

Auditor's Comment

A draft ICT policy was yet to be approved. The issue will be kept in view for the next audit.

5.18.11. Documents not Submitted for Audit Inspection

The following documents were not presented for audit inspection:

- procurement plan for 2013;
- fleet register;
- fuel registers and fuel reconciliation sheets to account for fuel purchased to the tune of Le1,852,497,000; and
- vehicle log book.

It was recommended that the DG should ensure that the relevant documents were produced for audit inspection within 30 days of receipt of the report; otherwise, section 36(1) of the Audit Service Act 2014 will be invoked.

Official's Response

The DG mentioned that the movement from the old building to the new office caused the loss of some documents. He however mentioned that the procurement plan for 2014 was available, the fleet of vehicles register was available, the fuel register was available and vehicle log books were also available to record the movements of all their vehicles.

Auditor's Comment

The fuel reconciliation sheet and vehicle logbook were verified. However, the procurement plan for 2013 and fleet register were still not submitted for verification. Therefore, the issue remains partly unresolved. Refer to the Table of Common Issues (Page 118) for further observations.

5.18.12. Outstanding issues from Previous Audit Report

The following issues were still outstanding:

- *Ambassadors, members of parliament, cabinet ministers and public officers failed to surrender their diplomatic passports and government properties when they were recalled, dismissed, sacked, terminated and in case of parliamentarians who lost their seats in parliament.*
- *When staff returned home from official overseas duties, there was no evidence of their submission of back-to-office reports for travelling expenditure which amounted to Le100,850,413.*
- *Valid vehicle life-cards and insurance certificates for staff who benefited from government fuel were not submitted for audit verification. The amount involved totalled Le389,590,000.*

5.19. MINISTRY OF INTERNAL AFFAIRS -2013– 2015

5.19.1. Contract for Upgrading of the Immigration Control System

On 1st March 2012, the Ministry signed a 15-year contract, subject to renewal, for the upgrading of the Immigration Control System to a complete Integrated Biometric Control System under the Build-Operate-Transfer Modality. The contract was geared to provide immigration processing and profiling through Integrated Immigration Control Systems (IICS) service.

The contract agreement provided that Securiport and the government should receive US\$54 and US\$10 respectively per passenger travelling in or out of the country through the airport. The Ministry was to also issue fee directive to all the airlines operating at Sierra Leone's Lungi International Airport, informing and compelling them to include in their air fare the immigration fee of US\$64 and pay it over to the Securiport and the government with effect from 1st June, 2012. Apart from the US\$54 which Securiport

shall charge for the provision of the service for themselves, it shall not receive any compensation unless GoSL fails to enforce the payment of the immigration fee of US\$64 by the airlines.

The following were observed from the contract signed between the Ministry and Securiport:

- Based on the amended agreement signed on 14th March 2013, Securiport should charge \$40 per passenger since the date IICS started operating, 8th October 2012.
- The Ministry failed to enforce the payment of the fee by the airlines. It was obvious that the Ministry did not effectively negotiate and collaborate with the airlines and other key stakeholders in the transport industry for the inclusion of this fee in the price of the air tickets. Therefore, Securiport had claimed payment from the government which resulted in an accumulated liability of US\$18,375,424 to the Government of Sierra Leone of which US\$1,800,000 has already been paid by government leaving an outstanding claim of US\$16,575,404.
- Included in the claim of US\$18,375,424, was an invoice Securiport issued to government dated 2nd June, 2014 that was overstated by US\$1,005,704.
- If the provisions under the amended contract were not critically examined and the number of passengers continued to increase in future post-Ebola years, it would cost the Government of Sierra Leone huge sums of money. Such charges were likely to be unsustainable over time.
- The Ministry also gave tax exemptions to Securiport without the contract going through Parliament for ratification as provided in Section 110(1&2) of the Constitution of Sierra Leone, 1991.
- A review of a minute dated 13th October 2015, with reference number MIA/01/41 sent by the Permanent Secretary to the Financial Secretary, the Solicitor General, the Chief Immigration Officer and other stakeholders, revealed that the President had given directives for all outstanding matters relating to the contract to be resolved with the aim of termination; however, this was not done. Instead, further negotiations and commitments were entered into with the aim of sustaining the contract for another five years, contrary to the President's directives.
- The Director General of Sierra Leone Civil Aviation sent a protest letter recommending the termination of the service of Securiport, claiming that the service is available worldwide and believed that the cost of providing it is far less than all the various charges that had been proposed by MIA/Securiport adding that the service should be financially beneficial to the government and not the other way around.

The DG, Civil Aviation further said that the government could buy the equipment and charge a minimal fee of US\$2-US\$5 per passenger; or contract the service to West Minister Aviation Security at a lesser cost. It was recommended that the Minister and the Permanent Secretary should ensure that all outstanding matters relating to the contract are resolved and the necessary steps taken to correct the anomalies.

Official's Response

The PS in his response said "Management has noted the findings of the audit team and implementation of the recommendations were already in progress through engagement with other relevant MDAs. Moreover, a special audit has been conducted by ASSL to verify the claims of Securiport. The findings and recommendations will guide the technical committee in negotiating the contract impasse with Securiport and will proffer appropriate advice, for cabinet to resolve the matter in the public interest. This will include the issue of payment of withholding taxes raised in the report."

Auditor's Comment

There was no evidence that the outstanding matters relating to the contract had been resolved as recommended in the audit report. Therefore, the issue remains unresolved.

5.19.2. Payroll Anomalies

An examination of the attendance register and the payroll vouchers revealed that the payroll voucher was crowded with names that are not on the updated staff list for the period under review. There were about 129 staff of the Ministry whose names were not found on the updated staff list of the Ministry and there were no personal files containing their appointment letters and letters of transfers. They received a total salary of Le317,686,041 for the period under review. Attendance registers for 2013 and 2014 were also not submitted. It was recommended that the Assistant Secretary I in charge of human resource at the Ministry, should collaborate with the HRMO for necessary action to be taken. The Assistant Secretary I in charge of human resource at the Ministry should also produce the registers within 30 days of receipt of the report.

Official's Response

The PS noted that correspondence had been sent to the HRMO to address the Ministry's payroll issues including the nature of how the Ministry's payroll should look and some vital recruitment proffered by the internal audit report on the Ministry's July to December 2015 payroll report. He added that attendance registers for 2013 and 2014 had been submitted and were available for verification.

Auditor's Comment

Copies of correspondence sent to HRMO were submitted. However, HRMO had not yet taken the necessary action. Therefore, the issue is partly unresolved.

5.19.3. Special Imprest without Supporting Documents

Imprest documents retired to the tune of Le385,199,500 were considered to be inadequate as the dates on some of the receipts were changed or tampered with while some of the receipts were issued a month before the activities took place. It was recommended that the Accountant should provide the relevant retirement details; otherwise, the amount involved should be paid back into the CRF. In future, no payment should be made/authorised until all relevant supporting documents were presented and reviewed.

Official's Response

The PS stated that information from the former Permanent Secretary and Accountant was conflicting and therefore no appropriate response could be proffered. He however said that the Anti-Corruption Commission (ACC) was investigating the issue.

Auditor's Comment

The issue remains unresolved.

5.19.4. Inadequate Control over the Recording and Management of Store Items and Assets

Stores documents such as store receipt vouchers (SRVs), store issue voucher (SIVs), distribution list with recipients' signatures and Allocated Store Ledger were not made available for audit inspection with regards procured store items worth Le694,111,050, for the period under review. It was also observed that delivery notes for procured items worth Le43,700,000 were not signed by the recipients upon accepting of deliveries. It was recommended that the Accountant should update the store records and ensure that the relevant supporting documents relating to the distribution are produced for verification within 30

days of receipt of the report. Otherwise, the amount involved should be paid back into the CRF and the paying-in-slip forwarded to ASSL for verification.

Official's Response

The PS said that no official storekeeper was assigned to the Ministry to manage stores effectively adding that the staff assigned to stores could manage store records efficiently. He added that an official request had however been sent to HRMO for the deployment of a storekeeper. He also mentioned that it was an oversight by the recipients to ignore signing delivery notes of items procured by the Ministry adding that management had directed that all future delivery notes must be signed by recipients. He however maintained that every store management tool (book keeping) was available in the Ministry for use.

Auditor's Comment

Management's response was noted. The documents queried for the Le694,111,050 were however not made available for verification. No evidence was submitted to confirm that delivery notes valued at Le43,700,000 were signed or that management had given directive that all future delivery notes must be signed by recipients. Therefore, the issues remain unresolved.

Refer to the Table of Common Issues (Page 118) for further observations.

5.19.5. Outstanding Issues from Previous Audit Report

Special imprest in the sum of Le48,350,000 was not retired.

5.20 MINISTRY OF HEALTH AND SANITATION, HQ-2015

5.20.1. Appropriate Management of Bank and Cash Transactions

Payment vouchers and supporting documents were not submitted for audit verification for cheque withdrawals amounting to Le2,777,365,292 and US\$37,837 made from various bank accounts of the Ministry. In addition, cheque withdrawals amounting to Le1,596,818,000 were made without adequate supporting documents such as receipts, back-to-office reports, etc. Furthermore, cashbooks and bank reconciliation statements were not submitted for the Reduction in Teenage Pregnancy programme and Sierra Leone Nigeria Health bank accounts. It was recommended that the Director of Financial Resources should ensure that the payment vouchers, supporting documents, cashbook and bank reconciliation statements are submitted within 15 days of receipt of the report; otherwise, the amount should be refunded to the miscellaneous account and evidence submitted to ASSL for verification.

Official's Response

The PS stated that the relevant documents in respect of the payments indicated above had been assembled for audit verification.

Auditor's Comment

- Payment vouchers and supporting documents were submitted for withdrawals totalling Le350,387,475 and US\$4,993 leaving a balance of Le2,426,977,817 and US\$32,842. Therefore, the issue remain unresolved.
- Adequate supporting documents such as receipts, back-to-office reports, etc. were not submitted for cheque withdrawals amounting to Le1,842,338,675. Therefore, the issue remains unresolved.
- Cashbook and bank reconciliation statements for Sierra Leone Nigeria Health bank account were submitted for audit verification. However, cashbook and bank reconciliation statement for the Reduction in Teenage Pregnancy Programme were not submitted for audit verification. Therefore, the issue remains partly unresolved.

5.20.2. Documents not Submitted for Audit

Contrary to section 36 (1a) of the Audit Service Act 2014, it was observed that bank statements, cashbooks and reconciliation statements were not submitted for three bank accounts maintained by the Ministry even though several requests were made. The details of the accounts are:

- Reproductive Health Programme / UNFPA.
- Directorate of Primary Health Care MCH Division Account.
- Directorate of Drugs and Medical Supplies Account.

It was recommended that the Director of Financial Resources should ensure that the cashbook, bank statements and reconciliation statements for the three accounts were submitted within 15 days of receipt of the report; otherwise, section 36(1a) of the Audit Service Act 2014 would be invoked.

Official's Response

The PS stated that the relevant documents in respect of the payments indicated above had been assembled for audit verification.

Auditor's Comment

Bank statements, cashbooks and reconciliation statements for the above bank accounts were not submitted for audit verification. Therefore, the issue remains unresolved.

5.20.3. Inappropriate Management of Vehicles at the Ministry

Twenty-one vehicles on the prior year (2014) list were not included in the current list submitted for audit, neither were those vehicles seen for physical verification. In addition, 19 motor vehicles identified during the verification exercise were not included in the current list of vehicles submitted to the audit team contrary to section 235 of the FMR 2007.

It was further observed that 64 vehicles assigned to the Ministry's headquarters and Central Medical Stores were not licensed and insured to mitigate against eventual risk of financial loss/damage occurring. Moreover, 141 vehicles owned and controlled by the Ministry were not made available for physical verification.

The Ministry had unserviceable vehicles at headquarters as per list submitted for audit. However, there was no evidence to indicate that the Ministry intended to carry out repairs and maintenance of these vehicles within the shortest possible time.

Vehicles owned and controlled by the Ministry were not properly allocated to personnel of the Ministry as some officers were in possession of more than one official vehicle whilst other senior staff were without official vehicles. A vehicle log book was not maintained for any of the vehicles owned by the Ministry contrary to section 236(1) of the Financial Management Regulations, 2007.

The following were therefore recommended:

- The Director of Support Services and the Transport Manager should ensure that the Ministry's vehicle list is updated with relevant descriptions of the 40 vehicles that were not in the current vehicle list within 15 days of receipt of the report.
- The Director of Support Services and the Transport Manager should ensure that all 64 vehicles owned by the Ministry are insured and licensed within 15 days of receipt of the report.

- The 141 vehicles in question are made available for verification within 15 days of receipt of the report; otherwise, the matter will be forwarded to the relevant authority for further investigation.
- The Director of Support Services and the Transport Manager should ensure that appropriate measures are taken to repair these vehicles or recommendations made to the Ministry of Transport and Aviation for boarding.
- The PS should ensure that one official vehicle is allocated per staff.
- The Transport Manager should ensure that a log book is maintained in which the movement of all vehicles are appropriately recorded and filed for audit and / or reference purposes.

Official's Response

The PS in his response said "The Auditor General's recommendations on the various issues above are noted. Meanwhile, please note the following:

- (i) *Some of these vehicles seen in the 2015 and not in 2016 list are vehicles that were deleted from the previous year 2015 list and transferred to the boarding list for 2016. The undermentioned vehicles are in the boarding list for 2016*

No.	Vehicle Type	Vehicle No.
1.	Toyota Hilux	AEU 950
2.	Toyota Hilux	ACP 209
3.	Toyota Land Cruiser	AEC 251
4.	Renault Truck	ACR 263
5.	DAF 1600	ACY 171
6.	Toyota Prado	AFL 002
7.	Toyota Land Cruiser	ABX 441
8.	Toyota Land Cruiser	AEU 223
9.	Toyota Land Cruiser	AHV 186
10.	Toyota Hilux	AFR 458
11.	Toyota Coaster	ACQ 047
12.	Toyota Land Cruiser	AEK 847

- (ii) *The 19 vehicles identified during verification but not included on the Ministry's list of vehicles was an oversight. However, the list has been updated to include these vehicles except for AKQ 916 and AHS 186 which might be an error on the numbers. Furthermore, ALW 597 is a Toyota Land Cruiser, AJU 764 is also a Toyota Land Cruiser and AGR 331 is a Ford Everest.*
- (iii) *To the best of my knowledge, only 36 vehicles were not licensed that are put together at both headquarters and Central Medical Stores but all of them were insured at Sierra Insurance Pool. However, funds for the licensing of these vehicles have now reflected in the bank account of Sierra Leone Road Safety Authority and very soon, the activity will be completed.*
- (iv) *These vehicles are serviceable and are available and in use in their various user stations.*

These vehicles have already been recommended to the Ministry of Transport and Aviation for disposal and the process is on-going.

Auditor's Comment

The following were still outstanding:

- The Ministry's updated vehicle list was not submitted for audit verification.

- Evidence of insurance policies and vehicle licenses for the 64 vehicles was not submitted for audit verification.
- Evidence of cheque payment (cheque no. 267750) to the Sierra Leone Road Safety Authority for renewal of MOHS vehicles licences was submitted for audit verification but the list of vehicles for which licenses were to be renewed was not submitted.
- The 141 vehicles owned and controlled by the Ministry were not made available for physical verification.
- Evidence of correspondence with the Ministry of Transport and Aviation for the disposal of the 42 unserviceable vehicles was not submitted for audit verification.
- Evidence of action taken to address the query was not submitted for audit inspection.
- Evidence of cheque payment (cheque no. 268247) to the Sierra Leone Road Safety Authority for 100 log books for MOHS was submitted for audit verification. However, those log books had not been delivered and put into use.

The issues therefore remain unresolved.

5.20.4. Poor Personnel file management system

We observed poor personnel file management at the Directorate of Human Resources. This was evident from the following:

- Grades of personnel were not included in the staff list submitted for audit, thereby making it difficult to ascertain the accuracy of staff grades during physical verification.
- Personal files for 28 staff whose salaries totalled Le638,825,701 for the year under review were not submitted for audit. As a result, we were unable to determine whether the staff concerned possessed the requisite qualifications to perform assigned tasks.
- There was no evidence to justify whether approval was granted to 15 of these staff who proceeded on study leave with pay.
- Although extension letters were on files for five staff on study leave with pay, it was observed that progress reports from their colleges of studies were not provided for audit to justify the need for extension of their study leave period. Total amount paid to them for the year under review amounted to Le166,461,444.
- The course duration for seven staff receiving salaries of Le19,272,065 was not indicated on their records.

It was recommended that the Director of Human Resources should ensure the following:

- That the grades of all staff are incorporated in the electronic staff list.
- That personal files for the 28 staff containing the relevant documents are submitted by the Ministry within 15 days of receipt of the report.
- With immediate effect, the Ministry should stop the payment of salaries to those personnel until appropriate authority for study leave has been given.
- That all personnel on study leave submit their progress reports within 15 days of receipt of the report; otherwise, the Ministry should stop the payment of salaries to these personnel until the situation is normalised.

Official's Response

The PS in his response stated that the Directorate of Human Resources, Health had moved towards including every MOHS worker in the Integrated Human Resource Information System (IHRIS) which was now fully functional. He said that the system had several functions including an electronic staff list where grades of all staff were listed. He further noted that the

personal files together with the relevant documents that were requested are available for verification and all other issues had been addressed. He also mentioned that during the payroll verification exercise, personnel on study leave had been verified by either checking records or asking for a list of those on approved study leave, and that anyone who didn't have a valid study leave approved by HRM was classified as "unverified". A valid study leave was required for part of the reinstatement process, he concluded.

Auditor's Comment

26 staff files were submitted for audit verification. However, the electronic staff list, study leave approval for 12 of 15 staff and progress reports were not submitted for audit verification. Therefore, the issues remain unresolved.

5.20.5. Unverified Personnel

From a sample of 281 staff selected for physical verification, 142 of them failed to make themselves available for verification. Total salaries paid to them for the year under review amounted to Le3,903,165,564. The Director of Human Resources should ensure that those 142 staff made themselves available for physical verification within 15 days of receipt of the report; otherwise, the matter would be forwarded for further investigation.

Official's Response

The PS mentioned that during the payroll verification exercise, personnel on study leave had been verified by either checking records or asking for a list of those on approved study leave. Anyone who didn't have a valid study leave approved by the HRMO was classified as "unverified". For part of the reinstatement process, a valid study leave was required, he noted.

Auditor's Comment

The concerned staff did not show up for verification. Therefore, the issue remains unresolved.

5.20.6. Procurement of Thermometer and Batteries

On 24th May 2016, a contract for the procurement of thermometers worth Le880,000,000 was awarded to Interlinks Commercial Enterprises. Scrutiny of the bid document and records revealed that Imres Pharmacy submitted a bid price of Le584,329,680. Had the Ministry placed value-for-money at the centre of the decision-making process and considered Imres Pharmacy for the supply, a net saving of Le295,670,320 of public funds could have been realised. The Director of Support Services and the Procurement Officer should provide adequate explanation, supported with documentary evidence to justify the reason for the anomalies noted; otherwise the savings of Le295,670,320 that should have been made if the contract was awarded to the lowest responsive bidder, should be refunded within 15 days upon receipt of the report.

Official's Response

The PS in his response said "the contract for thermometers was awarded based on earliest delivery date as stated in the Standard Bidding Document. The Procurement Committee was advised by the Director of Drugs & Medical Supplies who had submitted the requisition that the thermometers were very urgently needed. This was in the wake of an Ebola case being discovered in Magburaka. Immediate action therefore needed to be taken to nip the spread of the virus in the bud. Early delivery of the thermometers was therefore a significant determining factor. The rationale of the Procurement Committee was that the life of one Sierra Leonean was worth more than Le295,670,320."

Auditor's Comment

Management's comment is noted. However, this came at a time when the Ebola epidemic was under control, and did not warrant the "emergency" reason. The lost savings could have been used to meet other health needs. The issue therefore remains unresolved.

5.20.7. Mortuary and Histopathology Equipment

Of seven bidders, bid documents were only submitted for two bidders and documents for the remaining five bids were not made available for audit in respect of the contracts for the supply of mortuary and histopathology equipment valued at US\$3,531,512 (approximately Le19,976,778,067) and US\$2,537,383.17 (approximately Le14,353,266,125) respectively awarded to Imres Enterprises and Universal Trading. Therefore, the auditors were unable to determine whether details as per the bid evaluation report were in agreement with bids from suppliers. These included:

- Okar Agency.
- Al Umar Ventures.
- Universal Trading.
- Diaco Investment.
- CC&S Enterprises.

It was recommended that the procurement officer should provide adequate explanation, supported with documentary evidence to justify the deviations noted in the procurement of those items.

Official's Response

No management's response

Auditor's Comment

Bid documents for CC&S Enterprises and Al-Umar Ventures for lots 1 and 2 and Imres Pharmacy bid for lot 2 were not submitted for audit verification. Therefore, the issue remains unresolved.

5.20.8. Diet and Sundry items

On 1st November 2015, various contracts were signed for the supply of diet and sundry items to eight tertiary hospitals worth Le7,758,733,600. The following issues were noted:

- 21 bids submitted by bidders and evaluated by the Technical Evaluation Committee for the award of contract for the supply of diet and sundry items, were not produced for inspection, and as such, we were unable to verify the accuracy of the evaluation report and the transparency of the selection of the supplier.
- The selection process for lots 12 and 13 for the supply of diet and sundry items to the Kenema Government Hospital worth Le1,269,276,000 and Le207,180,000 did not appear to be competitive and transparent as only one bid was evaluated per lot.
- The bid register which accounted for all submissions by bidders for bids purchased and returned for the year under review was not produced for audit inspection and as such, we cannot ascertain the number of bids purchased or returned.
- Le29,500,000 collected in respect of the sale of bid documents was not deposited in the bank, neither was there any retirement details submitted to account for the money.

It was recommended that the procurement officer should provide adequate explanation, supported with documentary evidence to justify deviations noted in the procurement of diet and sundry items within 15 days of receipt of the report. The Procurement Officer should account for the proceeds received for the sale of bid documents within 15 days of receipt of the report; otherwise, the full amount should be refunded into the Ministry's account.

Official's Response

No management's response

Auditor's Comment

- Bidding documents for Tomflorie (lot 2) and Lassi International (lot 8) were not submitted for audit verification. In addition, 15 contracts were awarded to various vendors. The special conditions of the contract required them to supply performance bonds for the duration of the contract. However, only one vendor supplied the performance bond.
- The bid registers were not submitted for audit verification.
- Evidence showed that the Procurement Officer handed over Le8,520,000 to the Senior Accountant on 13th November, 2015 which was banked on 25th January, 2016 more than two months after receipt. Evidence of banking and or utilisation of the remainder amounting to Le20,980,000 was not submitted for audit verification. Therefore, the issues remain unresolved.

5.20.9. Improper Stores Management at the Central Medical Stores

During the audit exercise, the team observed the following at the Central Medical Store:

- Floor spaces were not properly managed as there were not enough shelves, forklift, trolleys, etc. for the proper packing of drugs and medical equipment resulting in drugs and medical equipment worth Le36,805,472 and US\$198 littered on the floor.
- On average, drugs for the Free Health Care programme totalling US\$2,493,318 were identified as being distributed on a quarterly basis to pharmacists in various district medical stores even though no request for such drugs and medical items was made resulting in overstocking for which there was not enough store space. Furthermore, there was no monitoring and supervision report for drugs supplied to the district medical stores, neither were appropriate returns made regularly to the Central Medical Stores.
- The air-conditioner in Store 1 was not operating properly, while Stores 2 and 4 did not have any air conditioner. The Free Health Care Store and Store 4 were also found to have leaking roofs.

It was observed that 120 motorbikes were delivered to the store on 12th January, 2015. However, the distribution list and recipients' signatures for 108 motorbikes issued out of the store were not submitted for audit. The team also noticed five tricycles and 12 motorbikes parked outside the store and exposed to sun, dust and rain. Le550,300,000 worth of assorted store items procured by the Ministry were not taken on ledger charge. In addition, authorised store issue vouchers justifying the recipients of these items were not submitted for audit.

It was recommended that the Director of Drugs and Medical Supplies should ensure that the store is fitted with adequate and appropriate shelves for the proper upkeep of drugs and medical equipment. In addition, the PS and the Director of Drugs and Medical Supplies should institute appropriate stock procedures that take into consideration, the stock requirement of District Stores, reorder level and lead time.

Furthermore, regular monitoring and evaluation of stores should be carried out and reports produced for the attention of management. The PS must ensure that all drugs and medical equipment received and issued are appropriately recorded and taken on ledger charge and store issue vouchers justifying the issue of assorted store items should be produced within 15 days of receipt of the report or the sum involved is refunded immediately.

Official's Response

The PS said that steps will be taken to address the recommendations. However, management would like to indicate that section 168 of the Financial Management Regulations, 2007 is always observed and that annual stock taking is carried out, together with physical verification to identify slow moving items and expired drugs.

Auditor's Comment

Evidence of annual stock taking was not submitted for audit verification. Therefore, the issues remain unresolved.

5.20.10. Improper Stores Management at the Fawaz Store at Ferry Junction

The following were observed at the Fawaz Store at Ferry Junction:

- Stock cards were not updated regularly with the quantity of drugs and medical equipment received and issued and as such we were unable to determine the quantity of drugs and medical equipment at hand.
- Annual stock taking exercises/physical verification to identify quantity of drugs and medical equipment at hand, slow moving items and expired drugs were not carried out as required by section 168 (1 and 2) of the FMR 2007.
- There was no allocation of fuel for the generator at the store in order to keep the drugs in a cool atmosphere in case of any power outage.

It was recommended that the PS and the Director of Drugs and Medical Supplies should ensure that stock cards are updated regularly with drugs and medical equipment received and issued. Regular stocktaking exercises should also be conducted and reports filed for reference purpose; and fuel supplied to the store on a regular basis to ensure that drugs are maintained at acceptable temperatures.

Official's Response

The PS stated that steps would be taken to address the issues as recommended by the auditors.

Auditor's Comment

Evidence of action taken by management to implement the recommendations was not submitted for audit verification. Therefore, the issues remain unresolved.

5.20.11. Improper Stores Management at the Wellington Store

There were no air conditioners at the store for the appropriate storage of drugs and medical equipment. In addition, 116 hospital beds and 178 camp beds received in January 2015 were not kept in an appropriate store. Instead, they were left outside and exposed to sun, dust and rain. Furthermore, there were not enough shelves for the proper packing of drugs and medical equipment and there were no trolleys and folk-lifts at the warehouse. It was recommended that the PS should ensure that the store space was increased and fitted with enough shelves and functioning air conditioning equipment. In addition, appropriate action must be taken to ensure the proper storage of the 116 hospital beds and 178 camp beds.

Official's Response

The PS stated that management would like it to be noted that the Kingdom, Ferry Junction and Wellington stores were rented properties with enough ventilation for the appropriate storage of drugs.

Auditor's Comment

Evidence of action taken to implement the recommendations was not submitted for audit verification. Therefore, the issues remain unresolved.

5.20.12. Mismanagement of Fuel

It was observed that 7,624 litres of fuel worth Le28,590,000 were allegedly issued to 19 vehicles attached to the Transport Services Unit of the Ministry for official purposes without requests from the end users.

The vehicles were also without logbooks to justify the utilisation of the fuel. It was recommended that the Transport Manager should provide the fuel requests and vehicle logbook to justify the utilisation of fuel within 15 days of receipt of the report; otherwise, the amount involved should be refunded.

Official's Response

The PS stated that all efforts had been made to coordinate the response but unfortunately, at the time of compiling the response, no information relating to the above recommendation was received from the Transport Unit.

Auditor's Comment

Fuel request and the vehicle log book to justify the utilisation of fuel were not submitted for audit verification. Therefore, the issue remains unresolved.

5.20.13. Documents not Submitted for Audit

Project agreements/terms of reference and performance contract signed between the President and the Minister were not submitted for audit inspection. It was recommended that the PS should ensure that the documents listed are submitted within 15 days of receipt of the report; otherwise section 36 of the Audit Service Act, 2014 would be invoked.

Official's Response

The PS said that the documents were available for verification.

Auditor's Comment

The documents were not submitted for audit verification. Therefore, the issue remains unresolved.

5.20.14. Financial Statements Not Submitted for Audit

Contrary to section 12 (1) of the Sierra Leone Health Service Commission Act, 2011 which states that the Commission shall prepare annual accounts within the period of three months after the end of the financial year, it was observed that this was not done by the Commission. It was recommended that the Executive Secretary should prepare and submit the annual accounts for audit within 15 days of receipt of the report; otherwise, his personal emoluments will be withheld.

Official's Response

The PS stated that the Executive Secretary of the Sierra Leone Health Service Commission will prepare and submit the annual accounts for FY 2015 as recommended.

Auditor's Comment

The annual financial statements for FY2015 for the Health Service Commission had not been submitted for audit. Therefore, the issue is unresolved.

5.20.15. General Observation

Discussions held with key personnel revealed that the Ministry did not have a national policy regarding the collection and utilisation of revenue generated by public health institutions. It was recommended that the PS should liaise with the Ministry of Finance and Economic Development and the National Revenue Authority to facilitate the development of a national revenue policy for public health institutions within 15 days of receipt of the report.

Official's Response

The PS said that steps would be taken to address the issue.

Auditor's Comment

The evidence of action taken by management to implement the recommendation was not submitted for audit verification. Therefore, the issue remains unresolved.

Refer to the Table of Common Issues (Page 118) for further observations.

5.20.16. Outstanding Issues from Previous Audit Report

The following issues were still outstanding:

- *improper procurement of 123 hard-top ambulances;*
- *no evidence of duty payment and waiver Granted to D&S Associates and Najets Company;*
- *no approved procurement plan;*
- *procurement documents not presented for audit;*
- *utilisation of proceeds from sale of bid documents amounting to Le 32,134,000 without approval;*
- *payment without supporting documents Le849,120,000 and Le 2,507,229,640;*
- *imprest without retirement details totalling Le130,000,000;*
- *payment in respect of tuition fees were without student progress reports -Le 839, 519,653*
- *staff personal files not submitted;*
- *staff not signing attendance register;*
- *no training policy for medical and non-medical staff;*
- *fuel records not submitted;*
- *withdrawals from miscellaneous account Le140, 843,100 without supporting documents;*
- *internal asset policy not maintained;*
- *inventory register not maintained;*
- *assets not marked with identification codes;*
- *vehicles not licensed and insured;*
- *grants not utilised- Le1,380,013,555;*
- *withholding tax not deducted and paid over to NRA - Le67, 832,733; and*
- *mismanagement of assets at Births and Deaths Department.*

Central Medical Stores

- *there was lack of training on the use of the fire extinguishers;*
- *there were massive leaks on the roof of Store 1 and the Free Health Care Store;*
- *there were inadequate storage facilities for consumables, drugs and hardware; There was lack of collaboration between the pharmacists in the hospitals and the National Pharmaceutical Procurement Unit (NPPU) to determine fast moving drugs or those in high demand by patients; There was no licensed antivirus on the computers to protect against viruses;*
- *there was no audit trail or access control to prevent unauthorised staff accessing relevant data;*
- *channel report showed stock balances did not reconcile with the storekeeper's records;*
- *there was lack of segregation of duties;*
- *drugs and other supplies were not properly packed;*
- *physical stock counts of drugs and other supplies revealed that physical stock balances were different from the stock balances on the stores records;*
- *health information was not properly harmonised at the Ministry; there was inadequate funding of the Health Education Unit.*
- *there was no Board in existence for the group of hospitals in the Western Area to provide the hospitals with facilities;*
- *there was inadequate funding for the health sector; and*

- *there was no distribution list for tools and materials procured and distributed, which were valued at Le1,585,430,000 for the cleaning of schools in the Western Area.*

5.21 KINGHARMAN ROAD HOSPITAL–2015

5.21.1. Inadequate Controls over the Management and Distribution of Drugs

The following were observed:

- Cost recovery and management drugs were not available at the hospital at the time of our verification.
- The records of drugs at the hospital were not computerised. Record keeping in the store was found to be very poor as the team observed that goods received notes, store issue vouchers, bin cards and prescriptions were not maintained in the store.

It was recommended that the Medical Superintendent (MS) in collaboration with the Director of Drugs and Medical Supplies and the Chief Administrator should ensure that adequate mechanisms are instituted to address issues of stock out and in future, buffer stock must be maintained to ensure a sustainable availability of drugs in the Hospital. Management should also ensure that cost recovery and management drugs are supplied to the hospital within 15 days of receipt of the report.

The MS should ensure a computerised system of recording drugs is implemented and store records like bin cards, goods received notes and issue vouchers are maintained.

Official's Response

The MS in his reply said that drugs were not available and there was no stock out. He mentioned that management had now procured drugs with the help of Freetown City Council. He further said that the hospital had channel computer software for tracking drugs flow and utilization in the hospital and that the new storekeeper was putting other stores records and documents in place.

Auditor's Comment

Cost recovery drugs had been supplied to the hospital by the Freetown City Council. Receipt, invoice and delivery note were submitted and verified. However, store records such as allocated store ledger, store receipt and issue vouchers were not made available for verification. Therefore, the issue is partly unresolved.

Evidence of channel computer software was not made available for verification and store records regarding the procurement of drugs were also not made available for verification. The issue therefore remains unresolved.

5.21.2. Inadequate Control over the Management of Revenue

The policy on the payment of revenue into the CRF was not provided for audit inspection. Interviews with the Hospital Secretary and the hospital's finance officer however revealed that they were not aware of the policy. In addition, revenue collected from the sale of hospital charts, admission and discharge fees and proceeds from the rendering of general clinical services were not deposited into the CRF.

In contravention of section 62(1) of the FMR, 2007, revenue from the sale of cost recovery drugs was paid into an account that was known only to the Pharmacist and the Director of Drugs and Medical Supplies. In addition, the bank statement to justify deposits of revenue collected from the sale of drugs was not submitted. This was contrary to past practice, when a percentage of the revenue went to the hospital for the treatment of destitute.

It was recommended that the MS, through the Director of Financial Resources, should ensure the following:

- That the policy on the payment of revenue into the Consolidated RF is made available to the Finance Officer and revenue collectors within 15 days of receipt of this report. In addition, revenue collected by the Hospital must be paid directly into the CRF.
- That reasonable explanation on why revenue generated from the sale of cost recovery drugs were paid into an account without the knowledge of the MS is provided by the Pharmacist. Henceforth, all revenue generated from the sale of cost recovery drugs, must be managed in accordance with section 62(1) of the FMR, 2007.

Official's Response

The MS stated that a mechanism had been put in place for payment of revenue to the CRF and there was a receipt as evidence of payment. He added that the payment of cost recovery drug sales was outside the scope of the Hospital Management and that the Directorate of Drugs and Medical Supplies was responsible for the collection of revenues which was a recent policy of Ministry of Health and Sanitation.

Auditor's Comment

The policy to retain revenue collected by the hospital was not submitted. Furthermore, evidence of a mechanism that had been put in place for the payment of revenue generated at the hospital into the CRF was not made available for verification. Therefore the issue remains unresolved.

The response was not adequate to justify why revenue generated from the sale of Cost Recovery Drugs supplied to the hospital were paid into an account without the knowledge of the MS. The issue therefore remains unresolved.

5.21.3. Inadequate equipment to Support Clinical Activities

The generator donated to the laboratory unit by WHO about six months ago had still not been installed by the hospital. It was recommended that the Medical Superintendent should ensure that the generator was installed within 15 days of receipt of the report.

Official's Response

The MS stated that due to the road construction, it was planned that the generator house was going to be demolished and later be reconstructed. He added that the installation will take place when the reconstruction was done.

Auditor's Comment

Management's response was noted. However, the generator has still not been installed by the hospital. The issue therefore remains unresolved.

5.21.4. Issues that are Impacting Health Service Delivery Negatively

Medical Superintendent

Sourcing funds from the Freetown City Council has been a challenge. Although PET forms had been completed, the requested funds have not been disbursed to the hospital. The hospital ambulance was not functional. It required repairs and in addition, it had not been licensed and insured. It was recommended that the Medical Superintendent, in collaboration with the Chief Medical Officer and the Chief Administrator of the Freetown City Council, should ensure that appropriate measures were instituted for the timely disbursement of funds to the Hospital and as a matter of urgency, funds should be allocated for the repair, maintenance, licensing and insuring of the Hospital's ambulance within 15 days of receipt of the report.

Official's Response

The MS stated that the hospital management was working closely with the Chief Administrator of FCC to ensure timely disbursement of funds and that the ambulance was now fully functional with the insurance in progress at Sierra Leone Road's Authority.

Auditor's Comment

The hospital had started receiving funds from the Council even though it was not adequate to fully take care of the operations of the hospital. Evidence of a functioning ambulance with license in progress was not submitted for verification. Therefore the issues remain unresolved.

5.21.5. Pharmacy

The Hospital's store lacked a trained and qualified storekeeper and a thermometer for the monitoring of temperature. It was recommended that a trained and qualified storekeeper should also be recruited and a thermometer procured for the hospital within 15 days of receipt of the report.

Official's Response

The MS stated that there was now a newly posted trained and qualified storekeeper.

Auditor's Comment

A storekeeper had now been posted to the hospital. However, the store still lacked a thermometer for monitoring temperature of the store and the air conditioner was not functional. Therefore, the issue remains partly unresolved.

5.21.6. Insufficient Medical Personnel

An interview conducted with the Matron confirmed that midwives, state registered nurses and support staff were inadequate in the Hospital. It was also observed that 59 volunteers ranging from nurses to support staff were working in order to temporarily remedy the staff shortage. 27 personnel on the Hospital's payroll did not avail themselves for physical verification. It was recommended that the MS should ensure that specific staffing needs were communicated to the CMO for appropriate action and the Director of Human Resources, MoHS, in collaboration with the Director of Laboratory and Hospital Services should engage the HRMO and the Health Service Commission to ensure that the Hospital is adequately staffed.

The MS should also ensure that the staff in question avail themselves for physical verification otherwise, their names would be forwarded to the appropriate authorities for prompt action to be taken.

Official's Response

The MS said that there was still a staff challenge and that had been communicated with the Human Resources Directorate. He however mentioned that for the time being there was need for casual workers to remedy the situation. Regarding the personnel who were not present for physical verification, the MS said that it was as a result of various reasons, i.e. study leave, retirement, work engagements, etc."

Auditor's Comment

There was no evidence regarding measures put in place for staffing needs and three staff were still unavailable for verification. Therefore, the issues were not fully resolved.

5.21.7. Outstanding Issues from Previous Audit Report

The following issues were still outstanding:

- *Minutes of board meetings to justify the existence and operations of the Hospital board were not submitted for audit. Further investigation revealed that the board was not in existence during the period under review.*
- *Management Meetings not Held to address issues of development at the Hospital.*

- *The drugs management records at the Hospital were not computerised. Record keeping and reconciliation in the store was found to be very poor as the team observed that store records such as store issue vouchers, bin cards and prescriptions were not maintained at the pharmacy/ store.*
- *Physical stock verification revealed that Cost Recovery drugs worth Le7,400,000 and 42,399 units of FHC drugs expired due to the Push System used by the ministry to distribute drugs to the Hospital. This situation resulted in the supply of drugs and consumables to the Hospital that it did not need. It also accounted for the huge amount of expired drugs in Hospital's pharmacy and stores. It was surprising to note that some of the drugs had expired since 2013 and were still in store occupying space. – Partly resolved*
- *Interviews conducted with patients and heads of the Paediatric and Labour wards in respect of Free Health Care drugs revealed, that some of the essential drugs prescribed for them were not available in the Hospital. Therefore, patients had to purchase the drugs from the hospital's pharmacy or elsewhere. The Drugs and Therapeutic Committees were non-functional during the period under review.-Partly resolved*
- *The Hospital did not have an assets management policy.*
- *The Hospital did not maintain a master inventory register to keep record of all the assets held in the Hospital. Furthermore, assets held in the Hospital were not marked with unique identification codes.*
- *There was no ventilation in the female ward or in the HIV unit; there was only one window in the ward which opened to the toilet area. The air conditioner in the ward was just above a patient's bed, and when power goes out, the window could not be opened to allow fresh air in. Furthermore, the ward was over congested with little or no space between beds and the nurses' tables.*

Labour Ward

- *Nurses changing facilities are too close to the delivery couch in the labour ward and to the patient's beds in all the other wards. The lighting in the Labour room was poor as there was only one bulb in it. In the absence of power from the national grid, the window opens to the lower end of the fence that overlooks the neighbouring compound thus compromising patients' dignity and privacy.*
- *There were no blood bank and radiology units in the Hospital. Patients had to be referred to the Connaught Hospital for blood transfusion and for x-rays. Discussions with the Medical Superintendent revealed that a major cause of infant mortality was babies being born anaemic.*
- *Physical inspection of the store facilities revealed that storage facilities to keep drugs and medical consumables at the Hospital were neither sufficient nor conducive. As a result, drugs and consumables were stored in containers above the required temperature. Some drugs were seen cluttered on the floor instead of on pallets and shelves.*
- *Storage facilities for the safe custody of food items were insufficient. The kitchen store was in a very bad shape, with a leaking roof and poor ventilation.*
- *Medical doctors were in short supply as there were only two medical doctors in post in the Hospital, and one of them also works for W.H.O and comes in only late in the afternoon.*
- *Comparison of the staff list obtained from the ministry and the staff list at the Hospital revealed that of the five porters on the government's staff list, only one was reporting for duty at the Hospital.*

- *An interview with the medical superintendent revealed that the Chinese medical team was no longer working at the Hospital and that they were packing away all of their equipment without any explanation to the Medical Superintendent about their current status.*

The following were observed:

Laboratory

Equipment at the laboratory was inadequate to carry out diagnoses or tests. No laboratory reagents, no microscope, cell-washers, sterilising pot, delivery kits and gloves had been procured for them by the Freetown City Council. Interviews with the Medical Superintendent revealed that requests had not been made in writing to the Freetown City Council for the procurement of these items.

Wards

There was only one delivery couch in the labour ward which is inadequate considering the population of pregnant women visiting the hospital. In the event of two or more pregnant woman needing delivery, other wards which may not be convenient for deliveries may be used.

There was no oxygen plant and only one oxygen concentrator was found in the hospital. In cases of emergency, when two or more people are in need of oxygen, only one of them would stand a chance of survival.

There was no properly functional electric incinerator in the Hospital. The only available one lacks the capacity to destroy metal medical wastes. Written requests for a properly functional one were not presented for audit inspection.

Theatre

There were no standing lights. The lights in the theatre were also faulty.

5.22 OLA DURING CHILDREN'S HOSPITAL -2015

5.22.1. Verified and Unverified Staff not on Staff List

During the audit at the Ola During Children's Hospital, the auditors could not verify 11 staff because they were not available for physical verification. In addition, the names of 23 permanent and pensionable personnel who were verified, were not included in the staff list submitted for audit inspection. It was recommended that the Medical Superintendent should ensure that the staff in question should avail themselves for physical verification within 15 days upon the receipt of the report; otherwise, their names will be forwarded by ASSL to the appropriate authorities for action to be taken. The Hospital Secretary should update the PCMH staff list to include their names within 15 days of receipt of the report.

Auditor's Comment

There was no management response to the query. Therefore, the issue remains unresolved.

5.22.2. Outstanding issues from previous audit inspection

The following were outstanding:

- *The hospital lacked basic equipment to carry out various tests at the laboratory, as well as medical services to patients. Based on physiological guidelines, a canister of supplementary oxygen (O₂) should be administered to one patient at a time. Even though it was stated in the 2013 Auditor General's report, we however observed that several patients suffering from diverse ailments were concurrently using one oxygen canister at the same time.*

- Interviews with the Medical Superintendent revealed that the Ola During Children Hospital required 10 specialists. As at the time of the audit, there was only one specialist paediatrician and three medical doctors to serve the hospital population of 16,528 patients (this is the number of patients that visited the Hospital during the year under review).
- Discussions with the Matron revealed that the hospital required 400 nurses. However, review of staff list revealed that the total number of nurses in the hospital was 208.
- An examination of the staff list revealed that 32 staff did not show up for physical verification even though the exercise lasted for more than three weeks and there was no written approval to confirm that they were on leave.

Stores

- The condition of the store at the hospital was deplorable. We observed that the store was not spacious and drugs were scattered on the floor.
- In addition, some drugs were taken to the pharmacist's office.
- There was also no fire extinguisher to protect the loss of valuable items in the event of a fire outbreak.
- There was no assets management policy to provide guidance for the acquisition, management and disposal of assets owned by the hospital.
- The Hospital did not maintain a master inventory register to keep records of the entire set of assets held at the hospital.
- The hospital did not maintain a vehicle logbook to record the movement and repairs of vehicles owned by the hospital.
- Review of the stores records of the pharmacy and dispensary of hospital drugs revealed that 75% of physical drugs were not recorded in the stores control cards. For instance, physical count of Cotrin tabs in the store showed 7,300 tabs, while the inventory control card showed 6,200.
- According to the free healthcare initiative for pregnant women, breastfeeding mothers and children under five years' fees for medical attention had been abolished and drugs were provided for treatment free of charge in every public health facility in the country. We however noted that over 90% of the patients admitted at the hospital were not receiving full prescription drugs i.e. some drugs on the prescription form were not supplied. Many of the drugs were bought by the patients. Further interview with the Pharmacist revealed that this was as a result of the increase in the number of patients visiting the hospital.

5.23 PRINCESS CHRISTIAN MATERNITY HOSPITAL- 2015

5.23.1. Revenue Generated Put into Immediate Use

Payments which totalled Le15,795,000 were made from revenue generated before payment into the bank, contrary to section 44 of the FMR 2007. It was recommended that the MS should produce authority from the Ministry of Finance for the use of revenue generated before banking; otherwise the moneys should be refunded within 15 days of receipt of the report. In future, he should ensure that when allocations are received, moneys utilised from revenue generated should be refunded.

Official's Response

The Medical Superintendent in his response said "Indeed the Finance Officer is aware of section 44 of the FMR 2007. But as you are aware, PCMH is a Free Health Care Hospital and the Ebola epidemic was still ongoing during this period. Due to the delay in the distribution of funds from the Ministry of Health and Sanitation and Ministry of Finance, the management committee of the hospital therefore authorised the Finance Officer to use funds for emergency purposes. Documents and receipts are available for your inspection. In future, I will ensure that when allocations are received, moneys utilised are refunded."

Auditor's Comment

Authority from the Ministry of Finance, justifying the utilisation of revenue collected and not banked totalling Le15,795,000 and evidence of refund were not submitted for verification. The issue remains unresolved.

5.23.2. Receipts not Fully Accounted for

The theatre register into which patients who underwent surgeries during the year under review were recorded, was not submitted for audit inspection to enable the auditors compare the records with those maintained by the collectors. It was recommended that the theatre register maintained by the Anaesthetist should be submitted for audit inspection within 15 days of receipt of the report.

Official's Response

The MS said that the Sister-in-Charge was not available when the theatre register was requested. The register is however now available for inspection.

Auditor's Comment

The theatre register was submitted for audit verification, but the number of recorded patients that underwent surgeries was more than the number of patients that paid and recorded by the collector. Therefore, the issue remains unresolved.

5.23.3. Verified and Unverified staff not on the Staff List

The auditors could not verify 45 staff of the hospital because they were not available for physical verification. It was recommended that the MS should ensure that the staff in question present themselves for physical verification within 15 days of receipt of the report; otherwise, their names will be forwarded by ASSL to the appropriate authorities for action to be taken.

Official's Response

The MS stated that they had already informed the staff in question and notices were displayed on notice boards for them to present themselves for physical verification.

Auditor's Comment

16 staff were physically verified leaving a balance of 29 staff. Therefore, the issue remains unresolved.

5.23.4. Non-Operational Mortuary

Interviews with the MS revealed that when the mortuary was in operation, the staff at the morgue were not on government payroll. It was recommended that the MS should liaise with the Director of Human Resources, MOHS to ensure that the mortuary is properly staffed.

Official's Response

The MS said he had informed that Director of Human Resources, MOHS about the audit recommendation for the posting of mortuary attendants.

Auditor's Comment

Although the Medical Superintendent had notified the Director of Human Resource, however, the staff were still not on government payroll. Therefore, the issue remains unresolved.

5.23.5. Inadequate Security

Even though CCTV cameras were installed at the hospital as one security measure, it was observed that security at the hospital was inadequate as patients and visitors enter and exit the security gate without

proper checks. It was recommended that the MS should ensure that movement of patients, staff and visitors into and out of the hospital was properly managed and controlled in order to avoid unauthorised access.

Official's Response

The MS stated that the hospital gates were secured by police officers and MOHS security personnel and that the observation was a surprise to him. He said at any rate, management had expanded CCTV coverage and recruited 6 voluntary security personnel to assist in the management of all the gates.

Auditor's Comment

Management comment was noted. However, the issue remains unresolved and will be followed up in subsequent audit.

5.23.6. Outstanding Issues from Previous Audit Report

The following were still outstanding:

- *essential equipment was insufficient at the theatre;*
- *taking into account the WHO ratio, the hospital was short of 44 doctors;*
- *the private contractor providing cleaning services at the hospital was not monitored and evaluated by the Environmental Officer to ensure that the hospital was being properly and regularly cleaned;*
- *the hospital did not maintain a database of patients who benefited from the free health care drugs;*
- *the distribution and utilisation of free health care drugs and consumables was neither monitored nor documented;*
- *physical stock counts were not conducted quarterly or annually by the pharmacist;*
- *weekly reconciliations between physical stock and records were not performed by an independent officer. Documents such as sales day books and receipt books were not maintained to show the movement and sale of drugs;*
- *revenues collected were not banked daily or on the following working day;*
- *drugs were supplied to the Hospital using the push system in which drugs supplied were not specifically requested for by the Pharmacist. As a result, some drugs supplied had expired since they were not frequently required;*
- *interviews conducted with patients in wards at the hospital revealed that, drugs prescribed by medical specialists such as Fefol tabs, Ampiclox capsules, vitamin A tabs etc. were not available at the hospital pharmacy. Many of the drugs were bought from pharmacies outside the Hospital;*
- *store records such as bin cards maintained by the storekeeper were not updated daily to reflect the movement of store items;*
- *physical count of stock revealed that actual stock counted did not agree with stock recorded on the tally cards; and*
- *the oxygen plant procured in 2006 to provide 100% oxygen to patients at the hospital had not been functional since its delivery (8 years after delivery).*

5.24 BO GOVERNMENT HOSPITAL-2015

5.24.1. Revenue Mobilisation

Inadequate control over Revenue

The revenue collection system within the hospital was not centralised. There were no revenue clerks in each of the revenue collection units/departments. As a result, departmental collections were not fully reported to the finance department for payment into the hospital account. It was recommended that the Medical Superintendent should ensure that:

- All public funds are recorded in an appropriate accounting record and properly accounted for, in accordance with the provision in Section 44(1) of the FMR 2007.

- Without any further delay, revenue collection within the hospital should be centralised and handled by the finance department only, to help ensure proper documentation and accountability.

Official's Response

The Medical Superintendent (MS) in his response said: "During the year under review, it was unanimously agreed by management that, doctors should have 86% from the consultation fees, with the hospital having the balance 16%. In relation to admission fees, doctors only pay standing fees, theatre fees, and anaesthetic fees. Professional fees and nursing care are being collected by both doctors and nurses respectively. As it stands however, stringent resolutions have been made to deviate from such practices. We have implemented a one collection pool and have embarked on daily banking and key to it, is that, we have changed the incentive ration to 60:40. Meaning 60% goes to the hospital and 40% to the consulting doctor. Though inpatients in most cases refuse to pay, but they now pay to the finance department. These incentives given to our team of medical doctors have helped greatly in making the Bo Government Hospital an envy of all tertiary hospitals and user friendly to all."

Auditor's Comment

There was no evidence to confirm that revenue collection system within the hospital was now centralised. Therefore, the issue remains unresolved.

Service Charter Not Displayed

A service charter, which displays specific services offered by the hospital and the corresponding charges, was not displayed in a conspicuous place in the hospital. It was recommended that the MS should ensure that a service charter is immediately displayed in a conspicuous place in the hospital for the benefit of the public and for accountability and transparency.

Official's Response

No response

Auditor's Comment

The issue remains unresolved.

5.24.2. Human Resources Management

Staff not Available for Physical Verification

In spite of repeated requests, 76 staff (medical and other support staff) were not available for physical verification. It was recommended that the MS and the Matron should ensure that the staff in question be available for verification within 30 days of receipt of the report.

Official's Response

The MS stated that it was a mistake on their part for not presenting the updated staff list as most of the unverified names were either on study leave, sick leave, transferred, retired or deceased.

Auditor's Comment

During verification, 14 staff (medical and other support staff) were still not available for the physical verification. Therefore, the issue remains unresolved.

Volunteer Staff

The names of 162 personnel on the hospital staff attendance records were those of volunteers, who were not on the government payroll and had no pin codes. Investigations revealed that some of the personnel had the requisite qualifications and had worked in the hospital for several years without being absorbed

into the mainstream government system. It was recommended that the MS, Permanent Secretary (PS), Chief Medical Officer (CMO) and other key officials of the Ministry ensure that a review is immediately done on the staff needs of the hospital.

Official's Response

The MS said with regards volunteers, they had escalated their concerns to the directorate on several occasions and probably the human resource department was now working on modalities as to their recruitment.

Auditor's Comment

Management's comment is noted. The issue will be followed up in future audit.

Nurses/Doctors Quarters

There was inadequate control over the allocation of nurses/doctors' quarters. The following were observed:

- In spite of several requests, a comprehensive hospital staff quarter allocation list, containing vital information such as block number, room number, date of allocation, allocation letters, staff pin code and grades, was not submitted for audit inspection.
- It was also observed that the hospital quarters were dilapidated and without standard toilets.
- Only one of six doctors attached to the hospital was residing in the hospital quarters.
- The hospital quarters were not adequate enough to accommodate eligible hospital staff.

It was recommended that the hospital management should ensure that:

- An updated list of allocation of quarters is immediately submitted to ASSL for verification.
- Urgent rehabilitation is done to the hospital quarters.
- More quarters are constructed to accommodate staff.

Official's Response

No response

Auditor's Comment

The issue remains unresolved.

5.24.3. Outstanding issues from previous Audit issues

The following were still outstanding:

- *Assets owned and controlled by the hospital were not affixed with durable identification codes.*
- *The hospital had three ambulances (of which only one was serviceable). In an interview with the hospital Fleet Manager, it was revealed that the serviceable ambulance was so low that it could not be used in some parts of Bo City because of the deplorable condition of the roads; not to talk of conveying patients from other chiefdoms within the district. The two unserviceable ambulances had been in the hospital for more than 15 years. There was no utility vehicle assigned to the hospital.*
- *The team visited various departments and wards of the hospital and observed that there was a lack of basic equipment and facilities for the effective and efficient operation of the hospital, thus undermining the delivery of quality basic health care services to the populace.*
- *The team verified five doctors attached to the hospital. It was however observed that specialist doctors in fields such as paediatrics, radiology, psychiatry, orthopaedics surgery, internal medicine, general surgery ophthalmology, otolaryngology, obstetrics & gynaecology, dentistry, laboratory (pathologist, biochemist, epidemiologists, specialists*

in rabies vaccine), and anaesthetists, cardiologists and physiotherapist were yet to be assigned to the hospital. In an interview with the hospital management, it was revealed that most specialist services were referred to Freetown for appropriate action.

- *Reviews of documents in respect of the sale of cost recovery drugs revealed that, out of a total value of Le55,600,000 worth of drugs received by the pharmacy department, only proceeds amounting to Le12,100,000 were deposited into the cost recovery drugs account, leaving a balance of Le43,300,000 worth of drugs not accounted for.*
- *There was no evidence in the form of minutes or other documentation to indicate that the Hospital Board was operational or engaged in effective monitoring, supervision and control of the hospital's activities and operations, contrary to the Hospital Boards Act, 2003.*
- *There was no back-up (on-site and off- site) system to protect data loss. The hospital did not have fire extinguishers to protect property, plants and equipment in the event of a fire accident.*

5.25 DISTRICT HEALTH MANAGEMENT TEAM, BO-2015

5.25.1. Poor Management of Expired Drugs

An inspection of records of drugs sent from the Central Medical Stores (CMS) to the district store revealed that some drugs were close to expiration before arrival at the district stores. In addition, expired drugs were found in the district stores and Peripheral Health Units (PHUs) that were awaiting collection and eventual disposal by officials from the CMS. Furthermore, claim forms for expired products were not provided for inspection. It was recommended that the District Medical Officer (DMO) should ensure that physical verification to identify expired drugs is carried out on a regular basis and a report filed for reference purpose. The expired drugs should immediately be collected from stores and PHUs and taken to the CMS for disposal. Furthermore, timely distribution of drugs to PHUs should be ensured.

Official's Response

The DMO stated that it was true that the district medical stores received drugs close to expiration date and was as a result of the country still under the push system were expired drugs were collected from PHUs and sent using return claims forms to Central Medical Stores for destruction. He added that claim forms for expired drugs were ready for verification and expired drugs also available for inspection.

Auditor's Comment

Claim forms for expired drugs were examined. However, expired drugs were still found at the district stores and PHUs that were awaiting collection and eventual disposal by officials from the CMS. The issue remains partly unresolved.

5.25.2. Challenges in the Management of the District Medical Stores

We observed the following challenges in the management of the District Medical Stores (DMS):

- There were no permanent manual labourers attached to the DMS, manual labour was contracted on a casual basis;
- Storage facilities were inadequate;
- Vehicle for the distribution of drugs within the district were inadequate;
- Monitoring and supervision was in most cases not effective largely because of inadequate transportation;
- Most of the computers were faulty and their antivirus software not updated;
- The refrigerators were observed to be faulty; and
- There was no internet connectivity in the DMS.

It was recommended that the DMO should ensure that immediate steps were taken to address the perennial problems associated with the management of the district medical stores.

Official's Response

The DMO noted recruitment for support staff in the Ministry of Health has not taken place since 2012 and labour was always hired with support from UNICEF to distribute free health drugs in the district;

In the area of inadequate storage facilities, the DMO noted that the situation was above their mandate as central government communicated last on plans for the construction of a bigger storage space with improved facility at district level. Regarding the unavailability of utility vehicles, the DMO said that after the DERC intervention, utility vehicles were withdrawn from the district, leaving the district with only two utility vehicles under DHMT and maintenance of the only mini drug distribution vehicle had not been done since no funds were available from their Annual Work Plan 2016 from the two councils. He added that due to the non-maintenance of the only vehicle, monitoring and supervision was hindered but with the availability of the 30% of the 6-9 months WHO recovery support, five vehicles had been maintained to improve monitoring and supportive supervision at district level. He mentioned that no funds had been accessed from their 2016 AWP; and internet facility for the District Medical Stores (DMS) and the entire Sanitary Division had been factored in the 10-24 months Post Ebola Recovery Plan for which implementation had not started.

Auditor's Comment

Under the Post Ebola Recovery Plan, there were schedules for the DHMT to address the challenges in the management of the DMS. ASSL shall follow up these issues in subsequent audits.

5.25.3. Outstanding issues from previous Audit report

The following were still outstanding:

- *the dates on the cartons and boxes of some of the drugs sent from the Central Medical Stores to the district store indicated that the drugs were close to expiration before they arrived at the district stores;*
- *there were also considerable delays in sending drugs from the district stores to the peripheral health units (PHUs);*
- *The assets register was not updated on a regular basis. It was noted that some assets such as vehicles and motorbikes owned and controlled by the DHMT were not included in the register;*
- *location inventories for furniture and equipment were not prepared for the various locations/offices for proper safe guard of assets;*
- *there was lack of basic equipment like scales, B.P. machines, suction machines, oxygen machines, solar refrigerators to conserve vaccines at PHUs. Most of the instruments used for delivery were observed to be obsolete.*
- *most of the PHU facilities visited had no staff quarters to accommodate nurses. The water supply facility was dysfunctional and the waste management in most facilities was poor;*
- *where was no back-up (on-site and off- site) system to prevent data loss in cases of damage to computers; and the DHMT did not have fire extinguishers to protect the institution's property, plants and equipment in the event of a fire accident.*

5.26 GOVERNMENT HOSPITAL, KENEMA-2015

5.26.1. Ineffective internal controls

A review of the hospital's internal control and operating environment revealed the following issues:

- There was no risk assessment process in the hospital for the identification of business risk, fraud and inadequate controls in the generation of revenue and disbursement of funds. This resulted in revenue collected not banked regularly and disbursement made without payment vouchers and other supporting documents.

- Monthly management meetings were not held by senior management to discuss, recommend and implement developmental activities in the hospital. This resulted in the hospital's operations not properly coordinated.
- A roster was not prepared for support staff and leave days were not taken by staff.

It was recommended that the Medical Superintendent (MS) should ensure that an appropriate risk assessment process for the identification of fraud and financial deficiencies was designed and communicated to all staff and management meetings are held on a monthly basis and deliberations recorded.

Official's Response

The MS said that appropriate risk assessment process for the identification of fraud and financial deficiencies was currently being designed and will be communicated to all staff. He also mentioned that management was now holding meetings on a weekly basis and when there were emergency issues to be deliberated on. He further said that minutes of management meetings will be made available during the audit verification exercise.

Auditor's Comment

Our recommendations were not implemented. The issues therefore remain unresolved.

5.26.2. Inadequate Control of the Management and Distribution of Drugs

There was no anti-virus software to update the Invoice Channel Management software for the control and management of drugs and related items. It was recommended that the Medical Superintendent should ensure that an appropriate IT policy is designed that addresses antivirus matters and regular backup and storage of data carried out.

Official's Response

The MS mentioned that the previous year, management had recommended to the ministry for antivirus to be put in place and updated. He said anti-virus was now available and regularly updated. He also mentioned that regular backup and storage of data were carried out by the store keeper.

Auditor's Comment

Evidence relating to the response from the Medical Superintendent was not presented. The issues therefore remain unresolved.

5.26.3. Inadequate Control of the Collection, Recording and Banking of Revenue

The collection, recording and banking of own source revenue was ineffective, resulting in the following weaknesses:

- Revenue collected by various units for which receipts were not issued amounted to Le13,248,000;
- Revenue collected totalling Le370,003,000 were not banked and there was no evidence to show how it was utilised;
- Application letter(s) which authorised the printing of receipt books and charts were not submitted for audit; and receipt books submitted were not printed by the Government Printing Department and were not pre-numbered;
- We were unable to determine the quantity of receipt books printed, the quantity issued and the quantity at hand for the period under review;
- Revenue reconciliation between receipt books and bank paying-in slips was not carried out by the Finance Officer; and

- Bank reconciliations between bank statements and the cash books were not carried out by the Finance Officer for the own source revenue account maintained by the hospital.

It was recommended that the Medical Superintendent should ensure that:

- The Finance Officer produce the documents supporting the utilisation of Le383,251,000 within 30 days of receipt of the report, or the amount is refunded immediately;
- The printing of receipt books is done by the Government Printer, authorised by the Medical Superintendent, and application letters maintained for references;
- All expenditure incurred be evidenced on pre-numbered payment vouchers and supported by relevant documentation and cross referenced;
- Revenue generated by the various units, is promptly paid into the hospital's bank account before being put into use; and
- Bank reconciliations are carried out on a monthly basis by the accountant and reviewed by the Finance Officer. All copies are filed for reference purposes.

Official's Response

The MS in his response said "The total amount of Le370,003,000 that was said to be collected as per the admission registers include admissions for pregnant women, lactating mothers, children under five and destitute. The problem in the registers there were no differences in the registers between the categories of patients. However, various categories have been indicated in the registers and will be submitted during your verification exercise.

Management has put systems in place for the printing of receipt books and charts. Evidence of the applications letters and pre-numbering of receipt books will be made available to the audit team during verification.

Management has prepared an accountable document register that determine the quantity of receipt books printed, quantity issued and the quantity at hand. It will be made available during verification.

The finance department has put your recommendation into practice by starting to document the revenue reconciliation done between receipt books and pay-in slips. This document will be presented to the audit team during verification

Bank reconciliations between bank statements and cashbooks were carried out and maintained by the finance officer. These statements will be submitted during verification."

Auditor's Comment

The recommendations were not implemented. Therefore, the issues remain unresolved.

5.26.4. Inadequate Control Over General Processing of Payment Vouchers

A total amount of Le20,052,000 was withdrawn from the Hospital's User Fee Account without payment vouchers and relevant documentary evidence like receipts and certifications. In addition, Le9,746,000 was withdrawn from the Eye Clinic Account without payment vouchers and relevant documentary evidence. Furthermore, a vote service ledger/cashbook was not maintained by the hospital. It was recommended that the Medical Superintendent should ensure that the relevant evidence in respect of the above expenditures are forwarded to ASSL within 30 days upon the receipt of the report; or the amount of Le29,798,000 be refunded immediately. A vote service ledger/cashbook should also be maintained to record all transactions.

Official's Response

The MS mentioned that payment vouchers and the relevant documentation were available for verification. He also noted that a vote service ledger /cashbook was maintained by the hospital and will be presented for verification.

Auditor's Comment

The relevant documents were submitted for verification. However, Le20,052,000 which was withdrawn from the Hospital's User Fee Account was given as loan to the diet contractor and no evidence of repayment had been made by the contractor to the hospital. The vote service ledger/cashbook was not maintained by the hospital as evidence of it was not made to the auditors for verification. The issues therefore remain unresolved

5.26.5. Inadequate Control Over Distribution and Use of Fuel

Records such as log books to show how the sum of Le41,800,000 was spent for servicing and repairs of motor vehicles were not produced for inspection. It was recommended that the Medical Superintendent should ensure that records relating to servicing & repairs should be produced or the amount refunded.

Official's Response

The MS said that the log books for servicing and repairs of motor vehicles will be made available during verification.

Auditor's Comment

During verification, records for the servicing and repairs which amounted to Le41,800,000 were not produced. The issue therefore remains unresolved.

5.26.6. Inadequate Infrastructure to Support Clinical Activities

The following were observed:

- The two stores for the storage of drugs and medical consumables were not spacious and the air conditioning was not operating properly. It was noted that drugs and consumables were scattered all over the floor.
- The space occupied by Paediatric Ward was insufficient. This resulted in bed sharing and overcrowding.
- Both male and female surgical wards were occupying the same facilities and space and there was poor toilet facility.
- There was no proper drainage for waste from the kitchen.
- There was no pipe-borne water in the Major Theatre.
- There was no office space for staff in the Mortuary.

It was recommended that the Medical Superintendent should ensure that the store space is increased and fitted with functioning air conditioning equipment and the needs of the various hospital units and the hospital in general were met to facilitate the smooth and efficient delivery of medical services to the general public.

Official's Response

The MS in his response said: "Stores-There is now a new store that has just been built in the hospital. It is spacious and with air-conditioning, adding,

- *Paediatric Ward- The paediatric ward has now been restructured and expanded.*
- *Female Surgical Ward-Poor toilet facility is really poor, but GOAL and other NGOs had volunteered to build another toilet for patients. The electricity in the ward was hazardous during the time of Ebola epidemic, but the MS and management had put modalities in place to rectify the electrical problems."*

Auditor's Comment

Our recommendations for the store and paediatric ward have been implemented. During verification, it was revealed that a new store and a paediatric ward have been built with functioning air conditioning equipment. However; the conditions of the other units remain the same. The issues therefore remain partly unresolved.

5.26.7. Insufficient Medical Personnel

A total number of 9,171 patients visited the hospital for the period under review. However, there were only four doctors available to provide medical services. The following specialists were not available in the hospital: paediatrician; gynaecologist; orthopaedist; dentist; radiologist and virologist. It was therefore recommended that the MS in collaboration with the Minister of Ministry of Health and Sanitation should ensure that the required medical personnel were made available to the hospital.

Official's Response

The MS stated that the new management recently made recommendations to the Ministry for more medical personnel to the hospital especially specialists for the areas mentioned in the audit report. He however said that effort has been put in place for the recruitment of more personnel in the hospital.

Auditor's Comment

There was no evidence to confirm that the hospital had made efforts to contact the Ministry of Health and Sanitation to ensure that the required medical personnel were made available to the hospital. The issue therefore remains unresolved.

5.26.8. Ineffective Management of Personnel and Related Matters

The following issues were observed:

- Staff personal files were not maintained for all hospital staff.
- Staff list not updated to capture newly transferred staff.
- There was no evidence in the form of training report/ certificates to justify that in-service training programs were conducted for hospital staff.
- Staff appraisal was not conducted for the period under review.
- The auditors were unable to verify 30 staff members shown on the staff list as they were not in their locations at the time of verification.

It was recommended that the Medical Superintendent should ensure the following:

- Staff personal files are maintained.
- Staff list should be updated to capture all recruited staff.
- Staff appraisals should be done regularly.
- Unverified staff members were stationed in their various locations and inform ASSL within 30 days of receipt of the report; or the staff members would be considered "ghost workers".

Official's Response

No Response

Auditor's Comment

The audit recommendations were not implemented. The issues therefore remain unresolved.

5.26.9. Inadequate Equipment

We observed the following:

Paediatric Ward

- No sufficient beds for children and bed sharing were observed.
- Available beds lack bed-locks and general condition was deplorable.
- No metal stand for the administration of intravenous fluids.
- No oxygen machine.

Surgical Ward

- No bed screen, bed-locks, urine pan, thermostat and stethoscope.
- The mattresses were inadequate.
- There were no bed cloth and coverings for pillows.
- No wheelchairs and stretchers for patients.

Kitchen

It lacked adequate kitchen utensils.

Major Theatre

- No D&C sets for dilation and curettage
- Inadequate Manual Vacuum Aspirations-*This was supposed to be disposable material but was still re-used for operation.*
- No Destructive set.
- The generator use by the theatre was not the hospital's asset.
- No refrigerator.
- The overhead operation lamp was not functioning.

X-Ray Unit-There were no films, x-ray materials, chemicals and Contrast Media.

Dentist Unit-There were no drill for teeth cementing, no filling material, no chemical for extraction, no denture replacement materials and the denture lamp bulb was not functioning.

Minor Theatre- There were no artery forceps for minor operations and no consumables minor operation materials.

Mortuary-Of the three cold rooms only one was functioning. Formalin to preserve dead bodies was not sufficient. There was no running water and the air condition was also not functioning.

Dumping Site -Due to the non-functioning of the incinerator, to burn medical waste; and steam autoclave to steam needles and sharp objects, medical wastes are disposed of by burning at a dumping site, which exposes patients and visitors to hazardous smoke. There is therefore the tendency, for the spread of communicable diseases, thereby increasing the cost of government providing healthcare services for the populace.

Maternity Ward

Labour room beds were insufficient as it only had four occupancy. Delivery sets, vacuum and kiwi use for delivery were insufficient.

It was recommended that the Medical Superintendent should ensure that the needs of the various hospital units and the hospital in general were met to facilitate the smooth and efficient delivery of medical services to the general public.

Official's Response

The MS stated that management had taken note of the query and the matter will be addressed as soon as funds were available. For items, such as beds, mattresses etc., some NGOs have volunteered to give support in these areas as soon as possible, he mentioned.

Auditor's Comment

Our recommendations were not implemented. The issues therefore remain unresolved.

5.26.10. Quality of Service

Maternity Ward

Of the 2,649 patients admitted there were: 1,541 vaginal deliveries, caesareans 253, 56 died on arrival, 667 live births live births and 228 still births.

Paediatric Ward-Of the 4,547 patients admitted, the total number of death cases amounted to 306. This represented 6.7% of total patients admitted.

Male Ward-Of the 471 patients admitted, the total number of death cases amounted to 64. This represented 13.6% of total patients admitted.

Female Ward-Of the 518 patients admitted, the total number of death cases amounted to 69. This represented 13% of total patients admitted.

Surgical Ward-Of the 722 patients admitted, the total number of death cases amounted to 42. This represented 5.8% of total patients admitted.

Annex-Of the 264 patients admitted, the total number of death cases amounted to 18. This represents 6.8% of total patients admitted.

It was recommended that the MS should ensure that quality health service delivery is provided to patients and efforts to reduce the number of death cases should be put in place.

Official's Response

No Response

Auditor's Comment - The issues will be followed up in subsequent audit.

Refer to the Table of Common Issues (Page 118) for further observations.

5.27 DISTRICT HEALTH MANAGEMENT TEAM, KENEMA-2015

5.27.1. Ineffective internal controls

A review of the hospital's internal control and operating environment revealed that there was no risk assessment process in the District Health Management Team (DHMT) for the identification of business risk, fraud and deficiencies in the generation of revenue and disbursement of funds. This resulted in disbursement made without payment vouchers and other supporting documents. It was recommended

that the District Medical Officer should ensure that an appropriate risk assessment process for the identification of fraud and financial deficiencies is designed and communicated to all staff.

Official's Response

The DMO in his response said: "Management accepts the findings, except that a process of the nature envisaged by the audit was already underway during the time of the audit. However, to control measures relating to the identification of fraud and financial deficiencies, management ensures that activities are requested by the program manager or focal person to the District Medical Officer and at the end implementation report and necessary documentary evidence are provided. This is to ensure that strict control measures are in place."

Auditor's Comment

The recommendation was not implemented. Therefore, the issue remains unresolved.

5.27.2. No fuel policy

There was no policy for the management of fuel. It was recommended that the DMO should ensure that a policy was formulated and a register maintained.

Official's Response

The DMO stated that the policy existed in draft and the intention was to adopt and rollout the policy during the shortest possible time.

Auditor's Comment

The recommendation was not implemented. The issue therefore remains unresolved.

5.27.3. Inadequate Infrastructure to Support Clinical Activities

During a verification exercise carried out on eight Peripheral Health Units (PHUs): Largo Community Health Centre (CHC), Talia CHC, Ngiehun Maternal Child Health Post (MCHP), Panderu MCHP, Hangha CHC, Military Clinic, Burma MCHP and Kondebortihun, the following issues were identified:

- Poor toilet facilities.
- Inadequate floor space and storage facilities.
- No incinerator for the disposal of medical wastes.

It was recommended that the District Medical Officer should ensure that the infrastructural needs of the various units and the DHMT in general were met to facilitate the smooth and efficient delivery of medical care services to the general public.

Official's Response

The DMO stated that management was putting things in place to address the issues, and that majority of these PHU's were with adequate toilet facilities, floor space and storage facilities. He however noted that management was still working in ensuring additional facilities was provided.

Auditor's Comment

DHMT was working on a plan to ensure that those infrastructural needs were met. The issue will be followed up during the next audit.

Unpresented Documents

Vehicle log book/operating record, strategic plan and performance target were not made available for audit inspection. It was recommended that the DMO should ensure a systematic filing system is

established for the safe custody of all accountable documents and that the documents are forwarded to ASSL within 30 days of receipt of the report, or section 36 of the Audit Service Act, 2014 will be invoked.

Official's Response

The DMO stated that at the time of the audit, the vehicle log book was in the possession of the Transport Officer who was not available during the audit. However, the log book was now available for verification.

Auditor's Comment

Our recommendations were not implemented. The issues remain unresolved.

5.27.4. Inadequate medical personnel

During verification exercise carried out on eight PHU's: - Largo CHC, Talia CHC, Ngiehun MCHP, Panderu MCHP, Hangha CHC, Military Clinic, Burma MCHP and Kondebortihun. One MCH aide was providing medical services to an average of 40 patients per day and some PHU's were without trained midwives. It was therefore recommended that the Chief Medical Officer in collaboration with the Minister of Health and Sanitation should ensure that the required medical personnel are made available to the DHMT.

Official's Response

The DMO noted that the Ministry was in a terrible shortage of personnel, especially after the outbreak of the Ebola epidemic, a good number of personnel were infected and died as a result. He however said that all BEMoN Centres were assigned with trained and qualified midwives and also frantic efforts had been put in place for the recruitment of personnel.

Auditor's Comment

Although not all PHU's were assigned with midwives, the BEMoN Centres were assigned trained and qualified midwives. The issues will however be followed up in subsequent audit.

5.27.5. Inadequate Equipment

During a verification exercise carried out on eight PHU's: Largo CHC, Talia CHC, Ngiehun MCHP, Panderu MCHP, Hangha CHC, Military Clinic, Burma MCHP and Kondebortihun, the following issues were identified:

- No standby generator.
- No oxygen machine.
- No thermostat and stethoscope.
- No air conditioning system.
- No communication equipment (VHF Radio).
- No ambulance.
- Insufficient beds for delivery.

It was recommended that DMO should ensure that the needs of the various Primary Health Units and the DHMT-K in general were met to facilitate the smooth and efficient delivery of medical care services to the general public.

Official's Response

The DMO mentioned that management had been informed and the matter will be addressed as soon as funds are available.

Auditor's Comment

Management's comment is noted. The issue will be followed up in subsequent audit.

5.28 GOVERNMENT HOSPITAL, TONKOLILI - 2015

5.28.1. Infrastructural Inadequacies

From inspection of the hospital the following were observed:

- The maternity unit lacked a store and as a consequence storage was being done in almost all the offices of the wards.
- The theatre unit was in a completely dilapidated condition as roofs were rotten and were leaking, there were cracks in the walls, tiles had collapsed, ceilings were rusty, doors were too old and weak and thus they were in dire need of fundamental repairs and maintenance.
- There was no canteen in the hospital which gave the nurses cause to go out of the hospital premises to find food. This is critical in cases of emergencies where patients would need urgent attention.
- The laundry was considered too small for the size of the hospital. This caused significant delays in the laundering process and can be detrimental.

It was recommended that the Medical Superintendent (MS) should inform the Director General Primary Health Care in the ministry so that appropriate action could be taken to ameliorate the situation.

5.28.2. Equipment Insufficiencies

The kerosene freezers were not functioning. The monitor was also defunct which heightened the likelihood of surgical errors by inhibiting an operating team from having the correct signals. The pulse, oxygen saturator and EGG LEDs were also out of use. It was therefore recommended that the MS should see to it that the equipment in question are included in forthcoming budgets so that they could be made available.

5.28.3. Duplicated Waste Management Efforts

Based on observations, it was concluded that resources and efforts were duplicated in the cleaning of the hospital as the Central Government, the Tonkolili District Council and M.S.F hired separate cleaners whose efforts were observed to overlap. The Council paid Le239,500,000 to AB&B Construction Enterprises, a private company, the government paid its workers called hospital cleaners from the country's payroll and M.S.F paid incentives to other set of cleaners who were not on the payroll of the government. It was recommended that the MS should rethink the total amount spent on cleaning and consider minimising difficulties in other areas using cost-reduction strategies.

5.28.4. Administrative Flaws-Revenue & Others

A revenue cashbook was not maintained and revenue totalling Le9,040,000 as a result of surgeries carried out was not banked nor were there any supporting documents to explain its use(s).

New ambulances were received by the hospital, but they were neither licensed nor insured. The storekeeper for cost recovery drugs did not issue SIVs for cost recovery drugs issued, which created difficulty in ascertaining reliable balances of cost recovery drugs.

It was recommended that the MS should ensure that the amount of Le9,040,000 is paid into the hospital's account within 30 days of receipt of the report, and evidence of refunds brought to ASSL for verification.

Better, controls surrounding the receipt, banking and utilisation of revenue as well as the issues of drugs should be put in place.

5.28.5. Outstanding issues from Previous Audit Report

Only two doctors were posted at the hospital by the Ministry of Health and Sanitation (MOHS), against average patient intake/bed occupancy of 350 per month. Moreover, we noted that priority was not given to internal training, as the amount allocated to training in the hospital's budget for FY 2015 was 0.04% of the total budget allocations taking into account GoSL and DSDP expected funds transfers.

The main store was inaccessible, as it had been locked-up and abandoned since 2012, by Ryme-Engineering and General Services, that had been contracted to rehabilitate the store. Consequently, other rooms such as the maternity, recovery room, labour, theatre and intensive care unit that were meant for admission cases were now being used for storing Free HealthCare and cost recovery drugs. After inspection, these rooms were found to be insufficient and inadequate as they are not spacious or ventilated. The auditors tried to reach the contractor, who had been paid for the rehabilitation of the whole hospital including this store but this was to no avail. Furthermore, no penalties had been meted out to the contractor for non-performance/delay/site abandonment.

Most of the surgical equipment in the theatre were obsolete. In addition, there was no running water in any of the hospital wards.

Revenue generated from surgical operations estimated at Le115 million and cost recovery drugs amounting to Le19 million were neither banked nor were supporting documents provided to substantiate the utilisation of such funds. The total amount received from surgical operations could not be directly ascertained, as the relevant records such as receipt books and revenue cashbooks were not provided for audit examination.

5.29 MINISTRY OF SOCIAL WELFARE GENDER & CHILDREN'S AFFAIRS, SOUTH-2013 - 2014

5.29.1. Inadequate Control over the Supply of Diet to the Remand Home

A review of IFMIS printout for 2013, revealed that diet worth Le378,931,250 was supplied to the Remand Home in Bo. It was further observed that contract agreement and delivery notes were not made available for audit inspection. In addition, there were no store records to ascertain that items valued at that amount were supplied to the home. It was recommended that the Assistant Director should ensure that in future, all transactions from inception to completion, should be supported by the relevant documentary evidence which should be retained for audit and reference purposes. The Assistant Director should also ensure that a copy of the contract agreement, invoices, delivery notes, store receipt and issue records in respect of diets, totalling Le378,931,250 are submitted to ASSL within 30 days of receipt of the report; otherwise, the total amount should be recovered and paid to the CRF.

Official's Response

The Assistant Director in his response said "All transactions for supply of diet to the Remand Home were carried out at head office in Freetown. Neither I, nor the officer-in-charge at the Remand Home had any knowledge about the contract agreement between the Ministry and the contractor, Samara Enterprises.

The officer-in-charge received the food and sundries together with the following stores documents that are available for verification:

- *Schedule of requirements.*
- *Delivery notes.*
- *Certificates of receipt.*

- *Issue vouchers.*
- *Allocated store ledger.*

The contract agreement has not been made available from head office. Several contracts have been made but to no avail.”

Auditor’s Comment

Relevant documents were not provided for verification. Therefore, the issue remains unresolved.

5.29.2. Action not Taken on Grounded Vehicle

Physical verification of assets revealed that a faulty Ford vehicle – with registration number AEJ 234 was beyond economic repairs. It was recommended that the Assistant Director should, in collaboration with the relevant authorities, be responsible for disposal of assets, ensure that action is taken on the grounded vehicle within 30 days of receipt of the report.

Official’s Response

The Assistant Director stated that head office had withdrawn the grounded vehicle AEJ 234.

Auditor’s Comment

There was no evidence of action taken on the grounded vehicle. Therefore, the issue remains unresolved.

5.29.3. Lack of Adequate Transportation

In an interview with some key personnel, it was observed that the Ministry was faced with severe transport problems in the course of the discharge of its duties. There were three vehicles allocated to the region, two of which were not operational, while only one was operational. There were also not enough motorbikes for chieftdom based social workers. It was recommended that the Assistant District in collaboration with the Ministry headquarters and councils should ensure that the office is provided with adequate transportation to effectively carry out its functions.

Official’s Response

The Assistant Director stated that the issue of inadequate assets including vehicles, bikes, computers, furniture etc. was raised with the new Minister during a four-day retreat at head office. She noted all the challenges and promised to act on them.

Auditor’s Comment

The issues will be followed up in subsequent audit.

5.29.4. Inadequate Supply of Office Furniture, Equipment

Office furniture and equipment such as computers, printers, photocopiers, desks, chairs, cabinets, scanners, shelves and office tables were not adequate to facilitate the effective execution of the Ministry’s functions. It was recommended that the Assistant Director, in collaboration with the councils and the Ministry, should ensure the provision of adequate office furniture and equipment to the Ministry, in the Southern region, to enhance the effective and efficient operations of the regional and district offices.

Official’s Response

The Assistant Director said that the issue of inadequate assets including vehicles, motorbikes, computers, furniture etc. was raised with the new Minister during a four-day retreat at head office.

Auditor’s Comment

The issues will be followed up in subsequent audit.

5.29.5. Regional Office Building and Remand Home Not Rehabilitated

The following were observed:

- The office building was dilapidated and had no toilets.
- There was a dumpsite just at the back of the office which could be hazardous to the health of the staff.
- Residential accommodation was inadequate in the Remand Home.
- The entire building and perimeter fence around the facility were in a state of disrepair.

It was therefore recommended that the Assistant Director, in collaboration with the councils and the Ministry should ensure the urgent rehabilitation of the regional office and the Remand Home. In addition, adequate accommodation should be provided for inmates in the Remand Home, or efforts should be made to reduce the number of inmates in line with the prevailing accommodation facilities.

Official's Response

The Assistant Director said that the Regional Office building was currently under rehabilitation, as well as the rest room. He also mentioned that the bill of quantities for the rehabilitation of remand homes had been developed by the engineer at the Ministry of Works and sent to head office for action.

Auditor's Comment

The rehabilitation of the office building was ongoing as at the time of writing the report. There was no evidence that action had been taken on the deplorable condition of the remand home. This issue will be followed up in subsequent audit.

Refer to the Table of Common Issues (Page 118) for further observations.

5.30 MINISTRY OF SOCIAL WELFARE, GENDER AND CHILDREN'S AFFAIRS, KENEMA -2012-2013

5.30.1. Ineffective personnel management

The personal files of some staff members lacked vital information such as passport pictures, staff record card, appointment letters as well as acceptance letters. It was recommended that the Assistant Director should ensure that the necessary documents mentioned, are provided within 30 days of receipt of the report.

Official's Response

No Response

Auditor's Comment

The recommendation was not implemented. This issue therefore remains unresolved.

5.30.2. Unpresented Documents

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

- Bank reconciliation statements.
- Project activities report.
- Receipt books for registration of social institutions.
- List of social organisations in the eastern region.

It was recommended that the Assistant Director should ensure that a systematic filing system be established for the safe custody of all accountable documents. The above documents should also be forwarded to ASSL within 30 days of receipt of the report; otherwise, section 36 (1a) of the Audit Service Act, 2014 will be invoked.

Official's Response

The Assistant Director said that those documents were not presented due to the transfer of key staff as they were misfiled. He however said that they will be made available during verification.

Auditor's Comment

The recommendation was not implemented. This issue therefore remains unresolved.
Refer to the Table of Common Issues (Page 118) for further observations.

5.31 MINISTRY OF SOCIAL WELFARE, GENDER AND CHILDREN'S AFFAIRS, KENEMA -2014

5.31.1. General Observation

There was no juvenile prison in the district. Juvenile prisoners had to be transported from Bo to Kenema to attend court. It was recommended that the Assistant Director should ensure that this matter is looked into in order to have a juvenile prison established in Kenema.

Official's Response

The Assistant Director said that the office space was under construction and negotiations were under way with headquarters to facilitate the construction of a juvenile prison.

Auditor's Comment

The response was noted. The situation will be followed up during the next audit.
Refer to the Table of Common Issues (Page 118) for further observations.

5.32 MINISTRY OF INFORMATION AND COMMUNICATIONS 2012-2015

5.32.1. Procurement procedures not followed

It was observed that the procurement of stationery and computer consumables was split in a bid to evade the national competitive bidding (NCB) procurement method. Instead of undertaking a single NCB procurement procedure, which would have been valued at Le 160,000,000, the contract was split into smaller tranches in order to avoid the formal tendering procedures. It was recommended that the Ministry should liaise with National Public Procurement Authority to design a framework contract in a situation where necessary and should provide documentary evidence to justify why the procurement was done in tranches instead of the NCB process within 30 days of the receipt of the report.

Official's Response

The PS stated that the issue was as a result of the manner in which funds were received from the Ministry of Finance. He however said that the recommendations had been noted and necessary action would be taken accordingly.

Auditor's Comment

The audit recommendation was not implemented. Therefore, the issue remains resolved.

5.32.2. Absentee Staff receiving salaries

The names of two staff continue to appear on the payroll voucher; one was on leave of absence without pay and the other, was absent without leave. They were however paid a total salary of Le14,700,675. It

was recommended that the HRO should inform the HRMO in writing for appropriate action within 30 days of receipt of the report.

Official's Response

The PS stated that a letter informing the HRMO of the behaviour of the staff in question had been sent and a copy of the letter was available for audit reference.

Auditor's Comment

A letter sent to the HRMO for appropriate action to be taken was submitted and verified. The issue therefore will be kept in view for next audit.

Refer to the Table of Common Issues (Page 118) for further observations.

5.32.3. Outstanding Previous issues

- *Payments which amounted to Le62,000,000 were without the relevant supporting documents such as certificate from recipient, expenditure analysis sheet, etc.*
- *Monthly bank reconciliation was not carried out for April – December 2011, in respect of the Administrative Account. It was observed that there was an unreconciled balance of Le6,670,230.*

5.33 MINISTRY OF FISHERIES AND MARINE RESOURCES - 2015

5.33.1. Revenue not Deposited into the Consolidated Revenue Fund

A net difference of Le120,566,913 was observed between the NRA's main revenue cashbook and the revenue deposited into the CRF. In some instances, it was realised that amounts deposited as per bank statement were higher than those recorded in the revenue cashbook; whilst the reverse was observed in other instances. It was recommended that the PS should communicate those differences to the NRA and the Accountant General's Department for corrective actions to be taken within 30 days of receipt of the report, and forward such evidence of reconciliation to ASSL. It was also recommended that NRA should ensure that monthly reconciliations between revenue collected and deposited are carried out on a regular basis so that differences are identified and actions taken at the earliest opportunity.

Official's Response

The PS stated that the Ministry sent a representative to the office of the NRA in order to reconcile the differences between the cashbook of the NRA as against the evidence of the Ministry (cashbook and other documents), raised by the external auditors (ASSL). He mentioned that there was a schedule to substantiate the difference.

Auditor's Comment

A review of the analysis sheet, NRA cashbook and Bank of Sierra Leone bank statement for 2014 and 2015 revealed that from an amount of Le120,566,913 observed as a difference between the NRA cashbook and the CRF, only Le39,715,596 was verified leaving an outstanding balance of Le80,851,317 not paid into the CRF. Therefore, the issue is partly unresolved.

5.33.2. Arrears of Fines and Local Discharge Not Collected from Fishing Companies

Arrears of fines and local discharge amounting to US\$135,942 and Le522,841,333 respectively for the year ended 31st December, 2015 were still outstanding from four fishing companies. It therefore appeared that the debt collection system was not robust as the Ministry was unable to collect the full amount of fines and local discharge fees within the year under review. It was recommended that the PS should ensure that stringent and robust mechanisms are put in place to collect arrears within the financial year and evidence of recovery forwarded to ASSL within 30 days of receipt of the report.

Official's Response

The PS said from Le522,841,333 owed by various fishing companies, Le145,390,200 had been paid and a schedule of those payments was currently with the Ministry for audit review.

Auditor's Comment

From Le522,841,333 owed by the various fishing companies, only Le145,390,200 was paid leaving a balance of Le377,451,133 outstanding. Furthermore, there was no evidence that the fine of US\$135,942 was recovered from the companies. Therefore, the issue is partly unresolved.

5.33.3. Civil Works Contract without Bill of Quantities and Completion Certificates

The Ministry undertook civil works contracts valued at Le405,122,494 without acquiring bill of quantities (BOQ) and work completion certificate from the Ministry of Works. It was recommended that the Procurement Officer should give adequate justifications why civil works contracts were awarded without BOQ and payment made without a work completion certificate from the Ministry of Works, within 30 days of receipt of the report.

Official's Response

The PS said that at the time of preparing the document, the officers responsible were not available but efforts were being made to resolve the issue.

Auditor's Comment

During the verification exercise, documents such as BOQ and work completion certificate were not submitted. Therefore, the issue remains unresolved.

5.33.4. Approved Information Technology Policy Not Maintained

The Ministry did not have an approved information technology policy for its information technology infrastructure. It was recommended that the Chief Technology Officer (CTO) should design and maintain an approved IT policy. The contents of that policy should be implemented and regular monitoring carried out. Evidence of the policy should be made available for audit and reference purposes.

Official's Response

The PS in his response said "As we are all aware, the headquarters for most ICT Units in various MDAs is the Communications Directorate of the Ministry of Information and Communication (MIC), of which the Ministry of Fisheries and Marine Resources is also. MIC is now working towards having a centralised policy document (which will include the soon-to-be implemented Communications Act, National ICT policy and National ICT Strategy) from which each ICT Units in MDAs under its purview can extract and develop their internal ICT policies. The other reason for this is to ensure MDAs follow international standards and implement ICT policies that would ensure that government ICT networks, equipment and services operate seamlessly under a common policy blueprint and standards.

The last National ICT policy was approved in 2009 and considering how fast ICT grows in the world we live in and also to ensure that Sierra Leone is part of the global ICT village as spelt out in the Agenda for Prosperity, the Communication Directorate at the MIC together with other stakeholders have developed a new National ICT policy which is due to be tabled in cabinet for approval. The validation of this policy was done from the 1st to 3rd June, 2016 (as indicated in the attached document). After its approval, the respective ICT Units at different MDAs would then develop their respective internal ICT related policies from it."

Auditor's Comment

There was no evidence of an IT policy being maintained by the Ministry. Therefore, the issue will be kept in view.

5.33.5. Business Continuity and Disaster Recovery Plan Not Maintained

The Ministry did not submit an approved business continuity and disaster recovery plan. Evidence was also not submitted to indicate that the Ministry was prepared to continue its operations unhindered in the event of a disaster. It was recommended that the CTO should develop and implement business continuity and disaster recovery plan that would ensure its information technology infrastructure supports the recovery of its business structure in the event of a disruption or disaster.

Official's Response

The PS in her response said "Since the new draft National ICT Policy took recent trends and best practices into consideration, Business Continuity and Data Recovery (which was not included in the 2009 ICT policy) was incorporated into the newly drafted National ICT Policy (as highlighted in the table of contents of the newly drafted National ICT Policy). Other aspects of ICT that may apply to the internal structures of MDAs have also been highlighted in the attached document. After it has been approved, a comprehensive business continuity and disaster recovery plan would then be developed.

Presently, at the Ministry of Fisheries and Marine Resources, the ICT Unit is following best practices to perform its duties until the approval of the new National ICT Policy. In that regard, the ICT Unit is presently using an external drive to backup critical systems and computers and then kept offsite for the event there is a disaster onsite. There is also a File Server dedicated to the Data Processing Unit which is used to backup all sensitive data and applications. A budget for more external drives has also been presented for which more drives would be available for such purposes. Attached is a copy of the table of contents of the newly drafted National ICT Policy."

Auditor's Comment

There was no business continuity and disaster recovery plan developed by the ministry. Therefore, the issue will be kept in view for subsequent audits.

5.33.6. Inadequate Control over the Utilisation of Fuel

The fuel register was not properly maintained as it did not show the opening balance, actual fuel receipt and closing stock balance for the period under review. Furthermore, fuel reconciliation was not carried out by the Ministry. It was recommended that the Principal Accountant (PA) should ensure that a comprehensive fuel register is developed that shows the opening balance, receipt, issue and closing stock balance and carry out regular monthly fuel reconciliation which should be thoroughly reviewed.

Official's Response

The PS said that a comprehensive fuel register had now been developed which showed the opening balance, receipt, issue and closing stock balance.

Auditor's Comment

There was no evidence of a comprehensive fuel register as it was not submitted for verification. Therefore, the issue remains unresolved.

5.33.7. Fuel not Brought to Account

Review of the fuel statement, fuel register and fuel chits revealed that fuel worth Le5,613,000 was not brought to account. It was recommended that the PA should provide documentary evidence for the difference of Le5,613,000.

Official's Response

The PS stated that the period of audit of the Ministry of Fisheries and Marine Resources was for the year ended 31st December, 2015 and at that cut off point, not all the receipts for the fuel would have been issued and therefore a closing stock of Le 5,613,000 was carried forward to FY 2016 as the opening stock balance. She added that the issue of fuel in

2016 was bound to come from both the opening stock and receipt of outstanding payments for fuel of FY 2015. She referred to the fuel register for FY 2015 and issue in FY 2016 which was from outstanding payments in respect of fuel for FY 2015.

Auditor's Comment

No documentary evidence was provided by the PA to justify the difference. Therefore, the issue remains unresolved.

5.33.8. Review of Performance Contract Agreement

A review of the Performance Tracking Table revealed that 88% of the objectives set in 2015 were achieved. It was however noted that the following objectives were not achieved:

- Recruitment process for marine engineers was ongoing.
- Terms of Reference for installation of buoys finalized.
- Marine engineer for installation of buoys could not be recruited due to lack of funds.
- Buoys not yet installed around Marine Protected Areas (MPA) boundaries due to lack of funds.
- Alternative livelihoods not yet provided due to lack of funds.

It was recommended that in future, government should provide adequate funds to enable the Ministry undertake the activities that were not achieved last year.

Official's Response

The PS stated that the World Bank project was closed in December 2014 which affected the implementation of those activities as funds were not available after the closure. She however noted that efforts were made to request for funds in 2015 budget, but MoFED could not allocate funds to accomplish the task.

Auditor's Comment

The response of the PS is noted and the issue will be kept in view till the next audit.
Refer to the Table of Common Issues (Page 118) for further observations.

5.33.9. Outstanding issues from Previous Audit Report

The following were still outstanding:

- *slow pace in the collection of arrears owed by fishing company- Le614,969,498;*
- *motorbikes were not made available for verification and the state of building at Kissy Dock Yard was deplorable;*
- *assets inherited from GTZ were not properly maintained;*
- *junior staff quarters were without proper windows and doors; and lacked power supply;*
- *€1,679,743 having been paid to PRECON Foods and Management Services, the agreed completion date had elapsed with significant milestones embedded in the objectives of the agreement still not achieved.*

5.34 MINISTRY OF TRADE AND INDUSTRY-2015

5.34.1. Physical verification of staff

From a total of 145 staff of the Ministry, 35 personnel were unverified. It was further observed that the staff list was not updated as it did not have the location of staff and the NASSIT numbers were not included in the staff list.

Official's Response

The PS in his response said that those staff were Trade Monitors whose duty stations were in the provinces. He said they were absent during the verification exercise but will be made available as and when required.

Auditor's Comment

Of the 35 unverified personnel, 15 were verified leaving a balance of 20 who were unverified. The issue therefore is partly unresolved.

5.34.2. No store facility at the Ministry

It was observed that Le 229,720,000 worth of items was procured for the period under review. However, the Ministry had no storekeeper and storage facility to manage the items. Instead, items procured were kept in the office of the procurement officer. It was recommended that the PS should ensure that storage matters were included into their plan to ensure that a storage facility was maintained and a storekeeper employed at the Ministry within the shortest possible time.

Official's Response

The PS stated that the recommendation was noted and that the Ministry will ensure that a provision was made in the 2017 budget for stores and liaise with HRMO for a storekeeper to be assigned.

Auditor's Comment

Management's response was noted. The issue will therefore be kept in view.

5.34.3. Ineffective IT Controls at the Ministry

The team observed IT control weaknesses at the Ministry. These included:

- IT data protection/security policy was not developed and maintained by the Ministry.
- There was no back-up of the system's data at the Ministry in case of cyber-attack or damage to the system.
- There was no business continuity/ disaster recovery plan in operation to manage the risk of any IT breakdown.
- Sample of computers physically verified revealed that there was no updated antivirus installed on computers.

The IT Manager should ensure that:

- IT data protection/security policy was developed and maintained by the Ministry;
- there was back-up of the system's data at the Ministry to ensure that data was easily retrieved in case of attack or damage to the system;
- there was business continuity/ disaster recovery plan in operation to manage the risk of any IT breakdown; and
- there was an updated antivirus in place for all computers at the Ministry.

Official's Response

The PS said that management would ensure that a back-up system is developed and IT control strengthened in the Department. He also said that all the Ministry's computers will be installed with antivirus.

Auditor's Comment

Management's response was noted. The issue will therefore be kept in view.

5.34.4. Non-functioning Fire Extinguisher

The fire extinguisher at the Ministry has not been functioning. It was recommended that a functioning fire extinguisher should be maintained at the Ministry at all times.

Official's Response

The PS said that the Minister will seek the advice of the Chief Fire Officer to give an opinion on the current state of the fire extinguisher to ensure that it was functional.

Auditor's Comment

Management's response was noted. The issue will therefore be kept in view.

Refer to the Table of Common Issues (Page 118) for further observations.

5.34.5. Outstanding issues from Previous Audit Report

The following were still outstanding:

- *Procurement of stationery, computer accessories, sundry items, etc. worth Le695,599,000 was split into tranches in an effort to allegedly evade the national competitive bidding process.*
- *An interview with the Procurement Officer revealed that he was not involved in the procurement process.*
- *A staff member was paid a salary of Le2,107,751 for seven months even though she had abandoned her duty station without any official leave of absence.*
- *Major challenges were faced by the Growth Centre in the implementation of the Small and Medium Sized Enterprises.*

5.35 MINISTRY OF WATER RESOURCES 2014 - 2015

5.35.1. Procurement Procedures Not Properly Followed for the Procurement of 14 Water Bowsers

A contract was entered into between the Ministry of Water Resources and PCS Holdings (S.L.) for the supply of 14 water bowsers worth US\$4,991,000 on 30th September, 2014 to augment the supply of water in the country during the Ebola epidemic.

Examination of the procurement documents and records revealed the following:

- There was a 19 week lapse from the date of the advance payment, to the date of the delivery of the 14 water bowsers even though sole sourcing was used instead of international competitive bidding.
- It was stated in the concept note that the 14 water bowsers should be distributed to SALWCO and Guma Valley Water Company after the country is declared Ebola-free in order to augment the water supply in the country. It was however noted that these water bowsers were allocated to SALWACO only.
Moreover, physical verification revealed that 12 of the 14 water bowsers were parked at the Degramond Store at Kissy, unutilised.
- Review of the payment vouchers and other supporting documents revealed that the Ministry used the selling rate of the US dollar for the payment of the 30% advance payment, instead of the mid-rate of the central bank. In addition, the final 70% payment at the Ecobank rate was used instead of the mid-rate of the central bank. This resulted in the loss of government funds which totalled Le769,172,992.
- Comparison of the invoice prices and the current market prices of similar bowsers disclosed that the bowsers were overpriced by Le14 billion (US\$3,176,082 @ Le4,703.35) by PCS Holdings (S.L.) Ltd.

It was recommended that the Permanent Secretary (PS) should:

- explain why sole sourcing was used instead of competitive procedures, in view of the fact that from the procurement process, initiation to contract signing exceeded 3 months;

- why the delivery period did not conform with the contract agreement;
- distribute the water bowzers between SALWACO and Guma Valley Water Company as stipulated in the concept note within 30 days of receipt of the report; and
- ensure that the supplier is notified and with immediate effect repay the Le769,172,992 to the CRF and evidence of payment should be submitted to ASSL for verification within 30 days of receipt of the report.

It was also recommended that the Ministry investigate the overpricing of the water bowzers and if no adequate information for the overpricing was identified, the amount of UD\$3,715,082 must be recovered from the former PS and paid to the government.

Official's Response

The PS in his response said "MoWR applied for the sole sourcing mechanism purely based on the situation at the time in the country and that was Ebola epidemic. It was against this backdrop that the Minister did a request for the procurement of the said water bowzers to His Excellency the President. Upon approval by the chief executive the Procurement Committee of the Ministry implemented the decision of the government by use of sole sourcing.

Upon enquiry from the contractor why the late delivery of the bowzers, he explained that at the end of the day, the bowzers had to secure a dealership authorisation from Ghana, which took him some months. In any case, the bowzers were delivered in accordance with specifications signed on the contract and the approval of the Director, Road Safety Authority and the Senior Government Stores Verifier at the Ministry of Finance and Economic Development. These vehicles were in use for the three days Ebola lock-down, covering the entire country. With Ebola at our back, the 14 water bowzers are serving the different communities in and around Freetown.

Action will be taken after consultation with the Minister of Water Resources.

Procurement of the 14 water bowzers was undertaken by the Procurement Committee of the Ministry of Water Resources in league with PCS Holdings. Ministry will further investigate the issue of overpricing.

In response to my query regarding the use of different mid rates, the chairman PCS Holdings has indicated that the contract for the procurement of the 14 water bowzers was awarded in dollars, and that at the time of execution of the contract in question, Bank of Sierra Leone was not in a position to provide him with the required foreign exchange.

Further discussion with his bank, Ecobank's advise on the current exchange rate at the time (Ref. letter dated 26th January 2015) was at Leones (SLL)5,100 (Five Thousand, One Hundred Leones only) to United States Dollars (USD) \$1(One United State Dollars).

According to PCS Holdings, they believe Ecobank (S.L.) Limited is a legal entity in Sierra Leone, fully paying its taxes on its various transactions in the Republic of Sierra Leone. They also informed us that Ecobank has been established with the approval of government and is being supervised by the central bank."

Auditor's Comment

The auditors noted the explanation made for the late delivery of the water bowzers. However, the contractor should have had prior knowledge of all requirements to import water bowzers into the country before accepting the contract. The explanation is therefore not satisfactory and the issue remains unresolved.

No action was taken to redistribute the water bowzers between Guma Valley Water Company and SALWACO as stated in the concept note. Verification revealed that four of the 12 water bowzers were still parked at Degramond Store at Kissy. Therefore, the issue is partly unresolved.

The refund of Le769,172,992 was not made as a result of the Ecobank's selling rate used instead of the central bank mid-rate. The issue therefore remains unresolved.

The issue of the overpricing was not addressed to recover the excess and pay back into the Consolidated Revenue Fund. Therefore, the issue is unresolved.

5.35.2. No Approved Procurement Plan

Goods worth Le1,130,957,000 were procured for the period 2014 without evidence of an approved revised procurement plan by MoFED. It was recommended that the Senior Procurement Officer (SPO) should ensure that the revised procurement plan was submitted within 30 days upon receipt of the report. He should also ensure that procurement activities as detailed in the plan should be followed to the letter, and if for any reason adjustments were needed, the plan should be revised accordingly and forwarded to the NPPA for approval.

Official's Response

The PS mentioned that the procurement plan for 2014 was not included in the handing over note from the former procurement manager though he could assure that it had been prepared and reviewed by the MWR procurement committee and had been forwarded to NPPA.

Auditor's Comment

The SPO for the Ministry was not present for the verification and no approved revised procurement plan was submitted. Therefore, the issue remains unresolved.

5.35.3. Contract Splitting

It was observed that the procurement of furniture and equipment and assorted stationery in 2014 valued at Le541,484,500 and Le75,000,000 respectively were split into separate tranches in order to evade the NCB. It was recommended that the SPO should provide documentary evidence to justify why the procurement was done in tranches instead of the NCB process within 30 days of receipt of the report. The Ministry should liaise with NPPA to design a framework contract to mitigate the need for procurement being split into tranches and determine situations, where this contract would be required. In future, the procurement committee should develop a proper procurement plan that will enhance bulk buying and result in economy, efficiency and effectiveness in the procurement process.

Official's Response

The PS in his response said "The total amounts of Le541,484,500 and Le75,000,000 were allocated to different procurement activities as stated in the report. The activities were not split. For ease of reference, the documents are now ready. There was no procurement activity that falls within the NCB that was not treated accordingly. Initially, it was explained in details to the auditors with documentary evidence.

Framework contract can only be implemented based on the scope and nature of the type of procurement e.g. servicing of generator, supply of fuel, bulk purchase of stationery which exceed the ceiling for RFQ can be entered into by signing a framework contract. For example, the Ministry of Defence, normally enters into framework contract for the supply of take home rice, medicine etc., based on the huge volume of procurement.

But as a recommendation in the audit query, we are ready to abide by it and whenever such issue arises, NPPA must be informed accordingly. It will be very difficult for the Ministry to embark on bulk purchase because the allocation is not sufficient to meet the actual needs of the Ministry."

Auditor's Comment

The Ministry did not liaise with NPPA to develop framework contract where applicable as stated in section 130 of the Public Procurement Regulations of 2006. Therefore, the issue remains unresolved.

5.35.4. Three Competitive Request for Quotations Not Submitted

Three competitive request for quotations (RFQs) for goods and services procured by the Ministry which amounted to Le274,925,000 were not submitted for review. It was recommended that the SPO should ensure that the RFQs were submitted within 30 days of receipt of the report. Failing which, the amount of Le274,925,000 must be refunded to the CRF and the pay-in slip forwarded to ASSL for verification.

Official's Response

The PS said that there were RFQ's to the effect, otherwise the Accountant General would not have facilitated the payment process but queried the voucher.

Auditor's Comment

The RFQs were neither submitted during the audit exercise, nor during the verification. The issue therefore remains unresolved.

5.35.5. Competitive Bidding Procedures Not Carried out

Request for quotation method was used instead of NCB for the procurement of furniture and equipment which amounted to Le85,000,000. The SPO should provide admissible justification for the non-use of the required method in awarding the said contracts and this should be submitted by the procurement committee immediately upon receipt of the report. In future, the PS should ensure compliance with the dictates of the regulations. This will enable procurement to be done economically, efficiently and effectively.

Official's Response

The PS in responding said "To the best of my knowledge, I did not procure any furniture and fittings worth Le85,000,000 in 2014. I started working at the Ministry in mid-February 2014. With the aid of the Permanent Secretary's role as a seasoned and experienced civil servant, the Ministry will make sure that it continues due diligence and uphold the NPPA regulation for future procurement."

Auditor's Comment

Further verification showed that the furniture and equipment procured were paid for by cheque number 0256713 on PV number 030033, dated 12th June, 2014. The issue therefore remains unresolved.

5.35.6. Withdrawals Without Supporting Documents

A review of the Ministry's main bank statements at the Rokel Commercial Bank (S.L.) Ltd., and Water Sanitation & Hygiene (WASH Ebola Project, Acc.) at the Zenith Bank and used cheque books revealed that withdrawals of Le765,420,500 and Le506,690,618 for the periods 2014 and 2015 respectively from the Ministry's main account; and Le408,980,530 from the WASH Project account were expended without supporting documents such as internal payment vouchers, invoices, receipts, approved requisitions, reports etc. It was recommended that the relevant supporting documents were submitted within 30 days of receipt of the report. Otherwise, the whole amount should be disallowed and surcharged in accordance with section 12 (b) of the Audit Service Act of 2014. In future, no payment should be made/authorised until all relevant supporting documents are presented and reviewed.

Official's Response

The PS stated that transactions were carried out by the Ministry of Water Resources under the Ministry's main account and that of the Water Sanitation Hygiene (WASH Ebola Project Acc.). He also said that the internal payment vouchers and relevant supporting documents were available for verification.

Auditor's Comment

The internal payment voucher was submitted during verification, but they lacked supporting documents such as invoices, receipts, approved requisitions, reports etc. However, the other supporting documents in respect of the said amount were not made available. Therefore, the issues remain unresolved.

5.35.7. Inadequate Control over the Utilisation of Fuel

Fuel worth Le67,543,900 was unaccounted for by the Ministry for the period under review.

It was recommended that the SA should be provided within 30 days of receipt of the report, provide fuel operating records

Official's Response

The PS said that there were fuel chits to the tune of Le2,537,400 that were not posted. However, they had now been posted and reconciliation done. He also mentioned that the full payment for the fuel for the period under review 2014 – 2015 summed up to Le336, 209,000. He however said that according to their records and copy of analysis, the total fuel utilised was Le386, 209,000.

Auditor's Comment

The relevant fuel records were not provided for verification. Therefore, the issue remains unresolved.

5.35.8. Personnel Files not Regularly Updated

Personal files were not updated regularly as documents such as copies of appointment letters, promotion letters, transfer letters; Public Service Commission (PSC) forms; study leave letters; acceptance letters; medical reports and educational certificates were not in the files. It was recommended that the HRO should submit the personal files containing the relevant documents. In addition, personal files should be regularly updated.

Official's Response

The PS stated that appointment letters for employees since the inception of the Ministry were in employees' personal files. He added that only for some inherited employees from the Water Supply Division (WSD) who had no appointment letters. He further said that employees without Public Service Commission (PSC) forms were directly recruited by PSC and therefore had the PSC forms at PSC and HRMO, and officers who were promoted, transferred, on study or sick leave, had their individual documents in their respective files at the Ministry of Water Resources.

Auditor's Comment

Personal files in respect of staff inherited from the Water Supply Division were still not updated. Therefore, the issue is partly unresolved.

Refer to the Table of Common Issues (Page 119) for further observations.

5.35.9. Outstanding Issues from Previous Audit Report

Assets such as furniture procured by the Ministry valued at Le318,270,000 were not coded or labelled with identification marks. US\$35, 000, equivalent to Le137,478,285 was paid as rent for the office building the Ministry occupied at Jomo Kenyatta Road. However, there was no evidence that 10% tenancy withholding tax of Le13,747,828 was deducted and

paid to NRA. In addition to the normal fuel allocations to staff, an extra 5,054 litres which cost Le 22,743,000 was issued without any documentary evidence indicating the purpose or use of the fuel.

5.36 MINISTRY OF YOUTH AFFAIRS 2014-2015

5.36.1. Payments without Supporting Documents

There was no distribution list signed by recipients to acknowledge receipt of telephone recharge cards worth Le100,000,000 distributed to them by the Ministry. the Accountant should ensure that the signed distribution list was made available for verification within 30 days of receipt of the report; otherwise, the amounts should be refunded into the Ministry's bank account and evidence of refund forwarded to ASSL for verification.

Official's Response

The PS stated that the Auditor General's recommendation has been adhered to. He however said that distribution list, signed by recipients of Top-up cards totalling Le100,000,000 will be presented for audit verification.

Auditor's Comment

The signed distribution list for telephone recharge cards worth Le40,000,000 was presented for verification. The difference of Le60,000,000 was not supported by documentation. The issue is therefore partly unresolved.

5.36.2. Fuel Reconciliation Not Done with the Retainer

The Ministry was not preparing reconciliation of its fuel records with the records of the retainer for fuel totalling Le245,210,000. The Accountant should ensure that the Ministry's fuel records are reconciled on a monthly basis with the retainer's records and any discrepancy discovered should be investigated immediately to prevent loss of funds and the evidence should be submitted to ASSL for verification.

Official's Response

The PS stated that the Auditor General's recommendation had been adhered to as fuel register and monthly reconciliation of fuel utilised by the Ministry costing Le245,210,000 were available for audit inspection.

Auditor's Comment

Reconciliation of the Ministry's fuel records with retainer amounting to Le245,210,000 was not presented for verification. Therefore, the issue remains unresolved.

5.36.3. Overseas and Local Travelling without Back to Office Report

Payments totalling Le431,683,573 were disbursed in respect of overseas and local travelling. However, back to office reports were not made available for audit to confirm that the Ministry actually benefitted from the trips. The PS should ensure that all officers travelling abroad should submit reports on the program they attended within 30 days of receipt of the report; failing which, the amount in question should be refunded and the pay-in slips forwarded to ASSL for verification.

Official's Response

The PS stated that the Auditor General's recommendation had been adhered to. He however mentioned that relentless effort was made to retrieve the back-to-office reports from officers who had travelled both locally and internationally utilising an amount totalling Le431,683,573 and a good number of the officers had submitted their back-to-office reports. These reports are therefore now available for verification.

Auditor's Comment

Back-to-office reports for local travelling amounting to Le2,200,000 were presented and verified. The balance of Le429,483,573 was not supported. The issue remains unresolved.

5.36.4. Grants without Retirement Details

It was revealed from documents submitted that grants totalling Le1,609,403,316 utilised for projects activities by the Ministry were without retirement details such as receipt, invoices, etc. The Accountant should ensure that the relevant supporting documents were made available for verification within 30 days of receipt of the report; otherwise the total sum of Le1,609,403,316 should be refunded to the CRF and receipt forwarded to ASSL for verification.

Official's Response

The PS stated that supporting documents relating to the utilisation of grants totalling Le1,609,403,316 will be presented for verification.

Auditor's Comment

Retirement details in the form of receipts, invoices and recipients list totalling Le235,000,000 were presented and verified. Printout obtained from the Accountant General's Department revealed that payment on PV no. AG045372 totalling Le690,000,000 did not reflect on the expense analysis as payment to the Ministry. The remaining Le684,403,316 was not accounted for. The issue is partially unresolved.

Drainage Clearing Project

5.36.5. Procurement Procedures Not Followed

A review of procurement documents submitted for audit revealed that RFQs and LPOs under the shopping method of procurement in respect of tools, rain gears and gloves valued at Le439,325,000 were not made available even though a request was made to the procurement officer. Furthermore, it was observed that the procurement of rain gears in April 2014 was split into smaller tranches in order to avoid the NCB method which would have delivered greater value for money.

Procurement worth Le1,411,121,825 for the drainage clearing were done using the restricted bidding method. The Ministry made an advance payment of 50% of the total cost in contravention of section 135(3) of the Procurement Regulation 2006 which stipulates that "the total amount of an advance payment should not exceed 30% of the total contract price."

The following were recommended:

- The Procurement Officer should provide documentary evidence to justify why procurement was done in tranches instead of complying with the NCB process.
- The PO should provide adequate explanation, supported with documentary evidence why 50% advance payments were made to the suppliers in violation of section 135(3) of the Procurement Regulations 2006, within 30 days of receipt of the report.
- The Ministry should liaise with NPPA to design a framework contract where necessary.
- In future, the Procurement Committee should develop a proper procurement plan that encourages bulk buying which would enhance economy, efficiency and effectiveness in the procurement process.

Official's Response

The PS said that the decision to pay 50% of the contract sum for the procurement of drainage clearing costing Le1,411,121,825 was made by the procurement committee and attached was the minute of the meeting. He mentioned that

procurement document for the acquisition of tools, rain gears and gloves valued at Le439,325,000 were available for verification.

Auditor's Comment

The minute of the Procurement Committee meeting was not presented and the decision to pay 50% advanced payment was contrary to section 135(3) of the Procurement Regulations of 2006. In addition, procurement documents with respect to the acquisition of tools, rain gears and gloves were not presented for verification. The issue therefore remains unresolved.

5.36.6. Deductions Made from Allowances Paid to Project Workers

The sum of Le20,000 was deducted from the monthly allowances paid to some workers of the Drainage Clearing Project without any form of authority or agreement with these workers. The total deductions made for the period was Le80,400,000. It was recommended that the National Coordinator of the Drainage Clearing Project should provide documentary justification to support the deductions within 30 days of receipt of the report; otherwise, the total amount of Le80,400,000 should be refunded to the workers and the evidence submitted to the ASSL for verification.

Official's Response

The PS stated that the Le20,000 deductions made from monthly allowances paid to some drainage workers was done after a consultative meeting with them, where it was agreed that as part of their support to the fight against Ebola epidemic, the amount should be deducted and paid to the Ebola centre, he added. He however noted that those contributions were made and became national news.

Auditor's Comment

Documentary evidence in the form of letter of consent/authority to justify the deductions and payment of Le80,400,000 to the Ebola centre was not submitted for audit. There was also no evidence of receipt to show to whom the money was paid or how it was expended. The issue remains unresolved.

5.36.7. Grants Utilised without Supporting Documents

Retirement details for amount totalling Le111,300,000 utilised for payments for road maintenance activities were not made available for audit purpose. The Accountant should ensure that the relevant supporting documents were made available for verification within 30 days of receipt of the report; otherwise, the total amount of Le111,300,000 should be refunded to the Road Maintenance Fund account and the evidence of payment forwarded to ASSL for verification.

Official's Response

The PS said that supporting documents relating to withdrawals totalling Le111,300,000 from the Road Maintenance Fund were available for verification.

Auditor's Comment

Relevant supporting documents in respect of the payment of grants totalling Le111,300,000 were not presented for verification. The issue still remains unresolved.

5.36.8. Withdrawals without Supporting Documents

Withdrawals totalling Le6,155,137,162 made from the Road Maintenance Fund account were without supporting documents. It was recommended that the Accountant should make the relevant documents available for verification within 30 days of receipt of the report; otherwise, the said amount should be refunded and evidence of payment forwarded to ASSL.

Official's Response

The PS stated that the relevant documents relating to withdrawals totalling Le6,155,137,162 from the Road Maintenance Fund were available for verification.

Auditor's Comment

Relevant supporting documents in the form of signed salary vouchers paid to drainage clearing workers totalling Le6,155,137,162 were presented and verified.

However, the following were observed:

- From a sample of 1,019 drainage clearing workers in Freetown, Makeni and Kenema, we were able to verify 715 with a total sum of Le1,144,000,000 the remaining 304 workers with a total sum of Le486,400,000 did not avail themselves for verification.
- The team was unable to verify any drainage clearing worker in Bo and outside the provincial headquarter towns.
- Included in the total staff verified are 20 staff in Makeni with amount paid totalling Le32,000,000 whose signatories were not consistent with signatories as per signed payment vouchers/recipients list.

The issues are therefore partly unresolved.

5.36.9. Per Diem Paid to Staff of the Ministry to Carry Out Payment of Allowances

Payments in respect of per diem which totalled Le82,170,004 were made to the Ministry's staff to carry out payment of allowances to workers of the Drainage Clearing Project. The Ministry could have saved this amount of per diem by simply making the payment of allowances through the banks which was more reliable and less expensive. It was recommended that the PS should ensure that all payments of allowances to staff in the provinces were made through the bank rather than taking physical cash from Headquarters to the provinces. This will save government huge sums of per diem that may be involved and also eliminate the risk of the money being stolen on the way to the provinces.

Official's Response

The PS stated that per diem totalling Le82,170,004 was paid to staff to facilitate payment of allowance nationwide on the Road Maintenance Fund. He stated that the beneficiaries to the said allowances were without bank accounts hence making it very difficult for payment to be done through bank accounts. He however said that recommendations made by the AG had been adhered to and plans were on the way to make subsequent payment through bank accounts when all modalities were in place.

Auditor's Comment

Management comments were noted. The issue will be kept in view for next audit.

5.36.10. Documents not Presented for Audit

The following documents were not submitted for inspection:

- bank statement and project cashbook;
- bank reconciliation statements for 2014; and
- payment vouchers in respect of allowances paid to drainage workers for 2015.

The Project Accountant should submit the outstanding documents for verification within 30 days of receipt of the report; otherwise, section 36(1) of the Audit Service Act will be invoked.

Official's Response

The PS noted that outstanding documents such as bank statements, cashbook, bank reconciliation statement, etc. in respect of the drainage clearing project were available for verification.

Auditor's Comment

Bank statement and project cashbook in respect of allowances paid to drainage workers for 2015 were not presented for verification. Payment vouchers in respect of allowances paid to drainage workers for July - October 2015 were however presented and verified. The issue is therefore partly unresolved.

National Youth Farm Project

5.36.11. Procurement Documents Not Made Available

Advertisements, minutes of Procurement and Evaluation Committee Meetings and certificates of work completed for the construction of five water towers at the National Youth Farm valued at Le299,920,000, were not made available for audit inspection. It was recommended that the Procurement Officer should ensure that the relevant supporting documents were submitted for verification within 30 days of receipt of the report; otherwise, section 36(1) of the Audit Service Act will be invoked.

Official's Response

The PS in his response said: "the construction of the five water towers was done by funds provided by PLAN International as part of their support to the Ministry. The Ministry in disbursing these funds worked in line with the check list provided by the donor, bearing in mind the exigency of time, as unutilised fund for a specific period should be refunded to PLAN. However, recommendations made by the Auditor General have been adhered to and relevant document for withdrawals from the National Youth Farm totalling Le299,920,000 will be made available for verification."

Auditor's Comment

Relevant supporting documents in the form of advertisements, minutes of procurement and evaluation committee meetings were not presented for verification. The issue is therefore partly unresolved.

5.36.12. Proceeds from Youth Farm Not Brought to Account

Interviews with the Project Coordinator and the Project Accountant revealed that records such as receipt books, cashbook, bank pay-in slips and bank statements were maintained by the project; however, those documents were not submitted to account for the proceeds received from the sale of farm harvests at the National Youth Farm. It was recommended that the project accountant should make available the relevant documents for verification of the proceeds of the youth farm harvest within 30 days of receipt of the report.

Official's Response

The PS stated that the relevant documents for the National Youth Farm Project were available for verification.

Auditor's Comment

Relevant supporting documents such as receipt, cashbooks and bank statement in respect of proceeds from the Youth Farm were not presented for verification. The issue therefore remains unresolved.

National Youth Village Project

5.36.13. Procurement Procedures Not Followed

Procurement totalling US\$227,000 in respect of vehicles for the National Youth Village were done using the restricted bidding method. The Ministry made an advance payment of 50% of the total cost, this is in

contravention of section 135 (3) of the Procurement Regulations 2006 which stipulates that “the total amount of an advance payment should not exceed 30% of the total contract price. The Procurement Officer should submit justifiable reasons supported by documentary evidence why tendering procedures were not followed and ensure that in future, the procurement of goods and services is done in accordance with the Public Procurement Act, 2004 and the Public Procurement Regulations of 2006.

Official's Response

The PS stated that the procurement method used for the procurement of vehicles worth US\$227,000 for the National Youth Village was national competitive bidding (NCB). Also 30% not 50% advanced payment was made. However, the Auditor General's recommendation has been adhered to and the relevant document will be available for verification.

Auditor's Comment

An advertisement extract from the Awareness Times newspaper justifying that the procurement was not restricted, was submitted and verified. However, payment vouchers and receipt justifying that the advanced payment made was 30% of the contract price was not submitted for verification. Therefore, the issue is partially resolved.

5.36.14. Withdrawals without Supporting Documents

Withdrawals totalling Le562,930,500 made from the National Youth Village Project account were without supporting documents. It was recommended that the Project Accountant should submit the relevant supporting documents for verification within 30 days of receipt of the report; otherwise, the whole amount should be refunded and evidence of payment into the project account forwarded to ASSL for verification.

Official's Response

The PS mentioned that supporting documents relating to withdrawals from the National Youth Village project account totalling Le562,930,500 were available for verification.

Auditor's Comment

Relevant supporting documents in the form of receipts, invoices, certification and delivery note totalling Le285,150,500 were presented and verified. The balance of Le277,780,000 was not supported. The issue therefore is partly unresolved.

5.36.15. Disbursements without Supporting Documents

Disbursements totalling Le 212,420,000 by the National Youth Village in 2014 were without supporting documents. The Project Accountant should submit the relevant supporting documents within 30 days of receipt of the report; otherwise, the whole amount should be refunded and evidence of payment into the project account forwarded to ASSL for verification.

Official's Response

The PS stated that the supporting documents relating to disbursements totalling Le212,420,000 by the National Youth Village were available for inspection.

Auditor's Comment

Relevant supporting documents in the form of receipts, invoices and recipient lists totalling Le144,458,000 were presented and verified. However, the balance of Le67,962,000 was not supported. The issue is therefore partially resolved.

5.36.16. Procurement Procedures Not Followed

Procurement totalling Le390,000,000 for the Youth in Fisheries Projects were done using the restricted bidding method. The Ministry of Youth Affairs (MOYA) made an advanced payment of 50% of the total cost in contravention of section 135(3) of the Public Procurement Regulations 2006 which stipulates that “the total amount of an advance payment should not exceed 30% of the total contract price.” All of these contracts were approved / signed by the Minister. It was recommended that the Procurement Officer should submit justifiable reasons supported by documentary evidence why tendering procedures were not followed and ensure that in future, the procurement of goods and services is done in accordance with the PPA, 2004.

Official’s Response

The PS stated that the decision to pay 50% of the contract sum was arrived at by the Procurement Committee with evidence of minute of the meeting.

Auditor’s Comment

The minute of the Procurement Committee meeting was not presented and the decision to make 50% advanced payment was contrary to section 135(3) of the Public Procurement Regulations of 2006. The issue therefore remains unresolved.

5.36.17. Withdrawals without Supporting Documents

Withdrawals totalling Le2,203,287,000 made in 2015 from the Youth Empowerment Project account were without supporting documents. It was recommended that the Project Accountant should submit the relevant supporting documents within 30 days of receipt of the report; otherwise, the whole amount should be refunded and evidence of payment into the CRF forwarded to ASSL for verification.

Official’s Response

The PS mentioned that the documents relating to withdrawals totalling Le2,203,287,000 from the Youth Empowerment Project account will be made available for audit inspection.

Auditor’s Comment

Relevant supporting documents in the form of bank transfer letters and contract agreement were seen and verified. However, receipts and delivery notes to justify the goods procured and delivered to the Ministry were not submitted for verification. Therefore, the issue is partly unresolved.

Refer to the Table of Common Issues (Page 119) for further observations.

5.36.18. Outstanding Issues from Previous Audit Report

- *Procurement of goods and services by the Ministry for the sum of Le 504,720,000 were done without an approved procurement plan.*
- *Procurement of equipment and furniture which totalled Le151,000,000 were split into tranches between 7th and 8th October, 2013 hence the NCB method was not followed.*
- *Amount which totalled Le 666,541,655 spent on the Drainage Clearing and Sexual Reproductive Health projects were without payment vouchers and supporting documents.*
- *Payments to the sum of Le252,052,948 were without adequate supporting documents such as receipts, invoices, delivery notes.*
- *Items such as computers, equipment and office supplies worth Le348,750,000 were issued without them being recorded in the store ledger and store issue vouchers.*
- *Withholding taxes of Le4,663,750 was not deducted from payments to suppliers and paid over to the NRA.*

- *The Ministry was not reconciling its fuel register with the records of the fuel station. Moreover, request made by the auditors to access the fuel station's records through the Ministry proved futile. The total amount spent on fuel for the year was Le149,012,500. From this amount, additional fuel worth Le16,281,000 were issued to officials of the Ministry for provincial trips without written requests and back-to-office reports to justify their issuance.*
- *Nine staff who received total salary of Le74,966,344 did not sign the attendance register for the entire period under review. In the same vein, an interview with the HRO revealed that the personnel in question had been transferred to the provinces. However, the letters of transfer were not submitted for audit inspection.*
- *The Ministry obtained a total overdraft of Le18,433,508 from the Sexual Reproductive Health Programme Account held at the Sierra Leone Commercial Bank without the approval of the Ministry of Finance and Economic Development (MoFED). Accumulated interest charges on this overdraft amounted to Le1,952,239.*

5.37 SIERRA LEONE EMBASSY, LIBERIA-2008-2015

5.37.1. Inadequate Control of the Management of Embassy's Operations

The following were observed:

- There was no management policy and operational manual used for the successful operations of the mission,
- There was no evidence that monthly staff meetings were held; management had meetings on an ad hoc basis but did not document their discussions in minutes,
- There were no job descriptions for the positions in the embassy, hence some staff do little or nothing for the salary they are being paid.
- Differences were noted in the coordination and allocation of roles and responsibilities of staff. The structure of administrative command was missing and hence the flow of instruction was fragmented.

It was recommended that the Head of Chancery (HOC) should ensure that clear lines of authority and responsibilities were maintained between administrative and political activities.

Official's Response

The HOC in her response said: "I acknowledge that management and control of the embassy was not too satisfactory. I presented to the Assistant Audit General job description for all staff, (Diplomatic and Non-Diplomatic). This document could be forwarded again upon request. There was no proper time management system to monitor the attendance or full presence of staff (diplomatic and local) in the embassy. This is due to the poor transport system in Monrovia, but most importantly the embassy has no vehicles or a mini bus to carry workers to and from the embassy."

5.37.2. Consular Fees Expended without Prior Approval

The following were observed:

- requests made from the HOC to the Accountant General, through the Director General, of the Ministry of Foreign Affairs and International Cooperation (MFAIC) for receipts books for the sale of visa stickers were yet to be supplied to the embassy; hence the embassy purchased receipt books from the open market but some of them were not recorded in an accountable register with an estimated amount of US\$195,000;
- there was no evidence that the Financial Attaché carried out any inspections/on the spot checks with regard to visa stickers issued, the sale of the stickers and the collection of fees by the consular office;

- an examination of the consular records and cashbook disclosed that amounts totalling US\$4,186 were collected as visa fees for the period under review but not recorded or banked;
- there was no evidence of remittance into the CRF for the period and total amount expended from the consular account amounted to US\$62,199 with no approval from MoFED;
- there was no reconciliation for the period under review between the cashbook and bank account for the visa stickers sold; and
- there were lack of adequate control of the recording and sale of visa stickers in the embassy as some visa stickers were sold and receipt books bought were not recorded.

It was recommended that the HOC should ensure the following:

- Adequate controls exist for the monitoring and supervision of all consulate operations.
- That regular check is conducted by the Financial Attaché on financial activities of the embassy especially the consular section.
- Make sure the Consular Officer at the time accounts for the US\$4,186 or refund it immediately.
- He should explain why approval was not sought from the MFAIC and MoFED for the unauthorised utilisation of US\$62,199.
- In future, consular income must not be utilised under any circumstance without the prior approval of MoFED and MFAIC. However, in the event that this is done, the amounts utilised must be paid back into the consular account immediately funds are received.
- The MoFED should put adequate mechanisms in place to safeguard revenue generated and also ensure that the mission is adequately resourced to prevent the recurring use of proceeds from consular fees. There should be a regular monthly or quarterly remittance of consular fees into the CRF.
- In the absence of receipt books, the embassy should seek approval for the use of temporary receipts that should be printed and serially pre-numbered.

Official's Response

The HOC in her response said: "There is a little mishap in this section since the allocation of other charges had been greatly reduced and the need to settle matters of ill health and payment of medical bills among the staff, monthly payment of electricity and water rate bills are on the priority list, so there is a delay for permission from headquarters to allow disbursement. Immediate action has been taken to prevent it." She added:

- *Visa stickers were only handed over to me at the end of 2015 for safekeeping by Head of Mission's instructions and the receipts books were bought from the open markets due to the fact that receipts books were not forthcoming from headquarters.*
- *I was not properly informed and as such I could not take any appropriate decision.*
- *I have put in place adequate controls and systems.*
- *Requests for use of consular fees could have been forwarded but due to the outbreak of the Ebola epidemic in the sub region, no attention was given to such requests and as such, action had to be taken. Actions could be taken immediately for refunds to be made as soon as funds are released."*

5.37.3. Procurement Procedures Not Followed

Review of procurement undertaken showed that there was no procurement procedure followed on the construction of buildings in the embassy. For example, there was no contract signed for the construction of the buildings or bid process followed. Except for receipts, there were no documents to support the total amount of US\$1,235,546 paid to the contractor (Dingjian International Group) for the construction of the embassy buildings. It was recommended that the HOC should ensure proper supervision and review to ensure that all the relevant documents are made available to support the total amount paid for the construction of the buildings.

Official's Response

- *The HOC in her response said: "I would like to inform you that US\$ 1.2 million was allocated for the construction of buildings in the embassy compound but unfortunately, I only arrived in Monrovia on 7th December 2012, and as such, I could not be able to provide any adequate reply to this or be of help for further enquiries concerning the construction of the complex.*
- *The Embassy of the People's Republic of China to Liberia contributed US\$1,204,609 which is 85% while the Sierra Leone Government contributed only US\$180,691; that is why the contract was allocated to a Chinese company without other contractors competing for the building of this embassy complex.*
- *Unfortunately, I was not here during the construction of the embassy compound but Mr. Ahmed Wurie who was the Procurement Officer by then has provided the following documents: agreement signed between the embassy and the Chinese company including receipts paid out to the Chinese company."*

5.37.4. Inadequate Control of the General Processing of Payments

Payment vouchers and supporting documents in the form of requests, invoices, delivery notes, receipts and certification spent on US\$56,592 were not submitted for audit. In addition, there was no policy or system for the use of fuel in the embassy making it impossible to audit this area. Furthermore, there was no evidence to show that salary advances made to two staff totalling US\$10,000 were repaid during the period under review. It was therefore recommended that the documents should be submitted to the ASSL for verification within the regulatory timeframe of 30 days upon the receipt of the draft report; or the amount US\$56,592 is refunded. The HOC should ensure that the salary advance to staff was paid back immediately and evidence of payment forwarded to ASSL.

Official's Response

The HOC in her response said: "The comment on this section and action is taken to prevent further recurrent of procuring assets. The appointment of a local staff as a local procurement officer has been stopped and a senior diplomatic staff has been appointed. The lack of a register or logbook to monitor telephone calls in the embassy is lacking due to the fact that there are no land lines telephones operating in Monrovia, and as such, all officers use their personal telephones for official and non-official duties, most times.

The embassy on many occasions had visited the office of the Liberian Electricity Cooperation in connection with the high electricity bills, and I could not get any favourable reply from them. Requests for the installation of meters have also been turned down due to lack of good meters. The embassy can purchase another British made generator to support the supply of power in the embassy. If the embassy relies only on the use of the generators, I think the money used in paying the huge bills will be greatly reduced. This happened at a time when I was not here.

I produced copies of fuel receipts when I was performing my duties.

Request for repayment of advanced salaries made to staff in the period under review could not be effected on time because it could have been made, but unfortunately, I was not at post yet."

5.37.5. Inadequate Control of Human Resources

The following were observed:

- There was no proper time management system to monitor the attendance or full presence of staff at the embassy. There was a time-book/ attendance register signed by local staff but there was no proper system of monitoring local or diplomatic staff.
- The embassy did not have an independent human resource policy for its staff. Performance appraisals for staff were not conducted and mechanisms to measure the capacity of staff before allocating assignments (their movement or redeployments) were not instituted. Hence the reason why the HOC took decision on some staff retirement and the Ambassador reversing such decisions.

- 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 bank accounts.
- Payments were made to persons other than the staff whose names were listed on the salary voucher without any letter of authorisation to sign on behalf of such staff.
- Some staff personal data such as appointment letters, certificates, date of birth and performance appraisals were not on file. Copies of NASSIT records were not on staff files and were not produced for audit inspection. Moreover, two staff are still in active service, even though they have attained the statutory retirement age of 60 years.

The following were therefore recommended:

- The attendance register should be used to monitor the attendance of all staff.
- A policy of staff salary deduction for staff arriving late and leaving before end of day without authority should be introduced.
- Salary advice or pay slips should be issued to staff at the end of the month when salaries are paid into their individual bank accounts.
- The MFAIC or MoFED should ensure that accurate staff records are maintained. Staff records maintained by the Accountant General and the embassy should be regularised within 30 days of receipt of the report.
- A performance appraisal system for all staff (diplomatic and local) should be introduced; and
- An annual leave roster of all staff should be prepared.

Official's Response

The HOC stated that personal files of officers are maintained, but some of those files lacked vital information like appointment letters due to the fact that most of those officers were not recruited by him, and as such, most of their applications for employment in the embassy were not processed properly and most of the information were removed from their personal files. She added that there were a few officials who had their own NASSIT numbers and performance appraisals for staff were not conducted but will do so soonest. She noted that the retirement of three officers had been effected. She also mentioned measures had been put in place and a time book/attendance registrar for diplomatic staff had been opened. She affirmed that all other issues raised as queries had been addressed.

5.37.6. Poor management of assets

The vehicle log books or operating records for the embassy vehicles to monitor the movement of drivers and vehicles were not maintained. In addition, the inventory / fixed assets registers were in loose sheets and were not properly maintained. Details such as cost of assets, PV/invoice numbers, serial numbers, date of purchase/acquisition, description and other relevant details were not recorded. This made it extremely difficult to ascertain assets that were in existence and owned by the embassy. Furthermore, furniture and equipment were not marked with identification codes in order to avoid unauthorised use or loss. It was also observed that inventory or stock takes were not done when recalled officers vacated their residence. It was therefore recommended that the HOC should ensure that drivers of all government vehicles were 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. Those log books must be in operation within 30 days of receipt of the report and are maintained for reference and audit purposes. Inventory or stock takes should be conducted before recalled officers vacate their residences. With immediate effect, an embassy inventory/ assets register should be maintained to record details of date of acquisition, cost, description, serial number, additions and other relevant details. An asset policy should also be designed and developed for the embassy.

Official's Response

The HOC in her response said "It is true that a fixed assets register was not properly maintained since most furniture in the office/residence were not coded. Vehicle documents have been found and they will be forwarded upon request. Most of the officers rented their own houses and these are self-furnished. They were already posted here before my arrival in 2012. The only fixed assets in the Embassy are in the HOM, HOC residence, and the Chancery.

Drivers of all government vehicles will be supplied with log books. Most assets were acquired in my absence and a new assets policy will be designed and developed."

5.37.7. Inadequate Information Technology Control Environment

The embassy did not have fire extinguishers to protect the embassy's property, plants and equipment in the event of a fire accident. It was also noted that there was no back-up system for the operations of the embassy. The embassy did not have an approved information technology policy for its information & technology infrastructure and the desktop computer in the finance department was not operational.

It was recommended that HOC should ensure the following:

- A back-up system is speedily organised for daily back-up of the financial and other relevant records of the embassy, to ensure that in the event of a system breakdown, all relevant records would be retrieved;
- Fire extinguishers are procured to protect the embassy's electronic information, IT equipment and other properties from damage in the event of a fire disaster;
- The Information Attaché designs and maintains an approved IT policy documents; and
- Procurement of additional computer is done on a request made to MoFED.

Official's Response

The HOC said that there was a need to purchase computers for HOC, FA, Ambassador's secretary and Consular Section and that would be done as soon as funds are made available. She added that the Embassy had suffered two fire outbreaks, one in May, 2013 and another in February, 2014. Many reports were forwarded to headquarters so that funds could be provided for insuring the premises but he said he was yet to receive a response to them. She said he would however send another request including estimates for the insuring of the building noting that fire extinguishers should also be purchased. She further mentioned that the embassy already had a back-up system to ensure the safety of relevant records. She noted that fire extinguishers would be installed immediately to protect the embassy, properties and electronic equipment. New computers will also be acquired as soon as possible.

5.37.8. Physical State of the Embassy

The embassy building is in a very good condition and properly maintained to a high standard. There was however no insurance policy on the embassy's properties to mitigate loss in the event of disaster. It was recommended that the HOC should do a formal request to MFAIC for insurance policy to be taken on those properties.

Official's Response

The HOC stated that the embassy's buildings were now in a very good condition and that she would put into practice the Embassy systems, controls and management of financial transactions and requests for insuring the complex will be forwarded soon.

5.37.9. Delays in Remittances to the Embassy

Remittances for personal emoluments and other charges expenditure continued to reach the embassy's bank account. However, such remittances were not received in a timely manner. In an interview with key officials of the embassy, it was revealed that this resulted in revenue held on behalf of the Government of

Sierra Leone, such as consular fees, being used to meet pressing expenses such as payments for vehicle insurance and salaries and wages (especially for local staff) that were time bound. It was recommended that the Director General, MFAIC should ensure that quarterly allocations of other charges and monthly salaries and wages for staff are sent within the proper time frame. The Minister of Finance in consultation with the Director General, MFAIC should make a formal directive for the embassy to use a requisite approved and agreed portion of consular fees to meet pressing expenditure such as the payment of insurance for official vehicles, and urgent unforeseen expenditure that are incurred during presidential visits.

Official's Response

No response

5.37.10. Late Recordings into the Cashbook

Since 2012, recording of transactions were made in the cashbook by the finance department. However, this was not done promptly and accurately as cheque numbers were in some instances not recorded in the provision made in the cashbook. It was recommended that the Financial Attaché should ensure that recordings were made immediately into the cashbook and that complete information such as PV and cheque numbers fully included.

Official's Response

No response

5.38 SIERRA LEONE EMBASSY, IRAN - 2001-2014

5.38.1. Non-Compliance with Relevant Legislation

The embassy failed to comply with the relevant financial regulations such as the Government Budgeting and Accountability Act, 2005 (GBAA) and Financial Management Regulations (FMR). Account ledgers and records were not kept in accordance with stipulated regulations thereby rendering accountability questionable. No bank reconciliation statements were prepared and produced for inspection. Fuel register, revenue and expenditure cashbooks were also not maintained. It was recommended that the Head of Chancery (HOC) should ensure that the embassy's operations were conducted in line with laid down procedures and policies.

Official's Response

The HOC said that the recommendations were well noted and the salient advice will be implemented accordingly.

5.38.2. Poor Records Management

Documents such as receipts, invoices, visa stickers and application forms were not sequentially recorded and referenced. In addition, financial documents were not properly filed and no file movement record was in place. It was recommended that the HOC should ensure that visa application forms were pre-numbered and visa stickers issued sequentially and a documented system for the management and recording of the embassy's operations designed and submitted to all staff. Financial documents should also be properly referenced and filed.

Official's Response

The HOC said that those concerns have been noted and the embassy had started its implementation.

5.38.3. Inadequate Control of the Collection, Banking and Transfers of Consular Fees to the Consolidated Account

An examination of visa stickers for 2001 to 2014 revealed that a total amount of US\$253,108 was collected from the issuance of visas. From this amount, only the sum of US\$83,586 was remitted into the CRF leaving an outstanding balance of US\$169,522. Documentary evidence to support the utilisation of this amount was not provided for audit inspection. Furthermore, it was observed that approval was not sought from MoFED for its utilisation.

For the period 1st January to 31st December 2005, 10 booklets of passport receipts estimated at US\$50,000 were not submitted for audit. However, bank deposit slips/swift transfers to justify the amount collected from the issuance of passports and remitted into the CRF were not made available for audit.

It was recommended that the HOC should ensure that all consular fees collected on behalf of government were remitted directly to the CRF and the amount of US\$169,522 transferred, with evidence forwarded to ASSL within 30 days upon receipt of this report. In addition, delay in the remittances of consular fees into the CRF needs to be effectively monitored. Furthermore, the 10 booklets of passport receipts must be submitted to ASSL within 30 days upon receipt of the report; or the amount refunded immediately.

Official's Response

The HOC said, that had been the normal practice of remitting consular fees into CRF and explained in the following headings:

Transfer of visa fees into the consolidated fund (2001 – 2007) by the former HOC- "Documents went missing in the course of the embassy's series of emergency transfers under forceful ejectment notices due to its non-payment of rent fee on the signed date. In addition, I'm unable to get unto Albaji Marwan to seek any guidance on the matter relating to him as he was compulsorily retired after his return in 2008 due to blindness and his whereabouts are unknown till date."

Transfer of visa fees into the consolidated fund (2008 – 2010) by the former Counsellor & HOC.

No.	Date/Period	Amount Transferred
1	19 th November, 2009	US\$ 2,200
2	20 th January, to 27 th September, 2010	US\$ 6,460
3	October, November & December 2010	US\$ 3,150

P/S, I'm to inform that, some essential documents to clarify the remittances' situation are missing and cannot be traced unto now. Transfer of visa fees into the consolidated fund (2011 – 2014)

No.	Date/Period	Amount Transferred
1	From November 2011 to September, 2012	US\$ 5,600
2	October and November, 2012; January to May, 2013	US\$ 2,500
3	February 2014 to June 2014	US\$ 3,300

P/S, I'm to inform that, some essential documents to clarify the remittances' situation are missing and cannot be traced until now.

Transfer of visa fees into the consolidated fund (2006 – 2014) by the Honorary Consul General, Sozer – Ankara, Turkey

No.	Date/Period	Amount Transferred
1.	January and February, 2006	US\$ 8,600
2.	March and April, 2006	US\$ 4,650
3.	May, June and July, 2006	US\$ 1,750
4.	December 2006; January 2007	US\$ 1,850
5.	February, March, April, May, June and July 2007	US\$ 900
7.	October and November 2008; March, April, August, October, November 2009; January, March, April, June, July, August, September, October, November, December 2010; February, March, June, July, August, September, October, November 2011	US\$ 5,011
8.	December 2011 to 25 March 2015	US\$ 17,590
	Total	US\$ 41,101

Transfer of visa fees into the consolidated fund (2001 – 2014) by the former Honorary Consul General, Mr. Samir H. Mansour as per available documents:

No.	Date/Period	Amount Transferred
1.	July to December, 2006	US\$ 7,540
2.	January to December, 2007	US\$ 10,850
3.	January to December, 2008	US\$ 14,600
4.	January to December, 2009	US\$ 18,000
5.	January to December, 2010	US\$ 12,600
6.	April to June, 2011	US\$ 3,050
7.	November to December, 2013	US\$ 1,200
	Total	US\$ 67,840

P/S I wish to submit below, for record purposes, that, Mr. Samir H. Mansour, former Sierra Leone Honorary Consul General in Beirut, Lebanon returned to the embassy through his Excellency, the Ambassador, a total of 273 unused visa sticker booklets which are presently under safe custody with the serial numbers as follows:

SL 043251 to SL 043300 (23 Stickers)
SL 043301 to SL 043350 (50 Stickers)
SL 043351 to SL 043400 (50 Stickers)
SL 043401 to SL 043450 (50 Stickers)
SL 043451 to SL 043500 (50 Stickers)
SL 043501 to SL 043550 (50 Stickers)

Transfer of visa fees (2001 – 2014) By Malaysia: -

I'm to inform that, the Sierra Leone Honorary Consul in Malaysia was appointed on 11th October, 2003 as per the attached appointment letter.

In 2010, the Honorary Consulate was transferred under the jurisdiction of the embassy in China.

Unfortunately, files pertaining to the Honorary Consulate's probable visa issuances, other consular matters and transmission of consular fees are missing and cannot be traced as of now to make an effective response on the matter.

Ten booklets of passport receipts (1st January, 2005 to 31st December, 2005) – (US\$ 50,000): -

I wish to inform that; the embassy has in its custody (seven) passports receipt booklets while the remaining three are missing and cannot be traced as of now. The serial numbers of the available ones are:

*088001 – 088050 (5)
088051 – 088100 (50)
088101 – 088150 (50)
088151 – 088200 (50)
088201 – 088250 (50)
088401 – 088450 (50)
088451 – 088500 (50)*

P/S please note that, the embassy will endeavour to send the seven passport receipts booklets in a convenient and safe way as per request of the Audit Service Sierra Leone.”

5.38.4. Ineffective Management of Bank Accounts Operated by the Embassy

For the period 1st January, 2001 to 31st August 2008, the embassy was operating a United States Dollar account and a Rials account with Bank Melli Iran. It was also observed that relevant information such as bank reconciliation statements, bank statements and signatories to these accounts were not provided for audit inspection. It was noted that for the period 1st September, 2008 to 31st December, 2014, financial transactions of the embassy were carried out on a cash basis which was prone to abuse instead of cheque payments. It was recommended that the HOC should ensure that bank statements for those accounts were provided and bank accounts were opened to conduct the financial activities of the embassy and relevant details pertaining to those be maintained for reference purposes. In future, bank reconciliation statements must be prepared on a monthly basis for all accounts operated by the embassy. Henceforth, all financial transactions and payments must be conducted by cheque payment.

Official's Response

The HOC stated that the issue had been noted and the embassy had already contacted the bank. He noted that sanctions had been lifted but not yet implemented. He further mentioned that all other issues had been noted for action.

5.38.5. Inadequate Control of the Collection and Recording of Revenue

No accountable document register was maintained for recording the receipt and issuance of visa stickers, passport receipts and other accountable documents. Revenue cashbook to record the total amount collected from the issuance of visas and passports was not prepared and maintained, and as a result of this, revenue amounting to US\$303,108 was not recorded. It was recommended that the HOC should ensure that a register is maintained for the recording of all receipts, visa stickers received and issued out for the period under review. The register shall be updated regularly. In future, a revenue cashbook for the recording of all revenue collected from the issuance of visas and other consular services be maintained and must be regularly updated.

Official's Response

The HOC mentioned that the recommendations were noted and the embassy will implement accordingly as advised. He also noted that a revenue cashbook was well in place to simplify the calculation of the revenues derived from the visa issuance and other consular services.

5.38.6. Inadequate Control of the General Processing and Management of other Charges

An expenditure cashbook was not maintained by the embassy. In addition, the relevant documentary evidence such as receipt/certification, invitation letter and invoices were not made available for the disbursement of funds from other charges received, which amounted to US\$59,624. For the period

1st January, 2005 to 31st December, 2014, a difference of US\$248,746 was noted between other charges remitted as per advice from Bank of Sierra Leone and actual disbursement made as per monthly financial returns. Evidence in the form of bank transfers to confirm that this amount was refunded to the CRF was not submitted for audit.

For the period 1st July, 2002 to 26th September, 2005, various withdrawals amounting to US\$22,800 were made from the embassy's US Dollar bank account for petty cash expenses. However, adequate retirement details in the form of petty cash payment vouchers, receipts and claims were not made available for inspection.

It was recommended that the HOC should ensure the following:

- That expenditure cashbook was maintained for the recording of all financial transactions of the embassy.
- That the relevant evidence in respect of the above expenditure is forwarded to ASSL within 30 days upon receipt of the report; or the amount of US\$59,624 be refunded immediately.
- Deposit slips/bank transfers justifying the refund of the sum of US\$248,746 to the CRF must be submitted to ASSL for verification or the amount is refunded immediately.
- Adequate retirement details in support of petty cash expenses were submitted to ASSL within 30 days upon receipt of the report; otherwise the amount of US\$22,800 should be paid back to the CRF.

Official's Response

The HOC said that the issue was well noted for action.

In relation to other charges expended without adequate supporting documents (US\$59,624) the HOC said, "I wish to inform that, this embassy is the only one among all the Sierra Leone missions around which receives its remittances (salaries, wages and allowances) through other embassies – formerly Saudi Arabia/Riyadh and currently United Arab Emirates/ Abu Dhabi – due to the harsh financial, economical, commercial and other sanctions imposed and still prevailing on the host – Iran.

It's interesting to note that, the embassy has been incurring consistent losses all along over the years which might have resulted in the above-mentioned differences as explained earlier. For further explanation, the scenario is as follows:

- *The SAMBA Bank in Riyadh, Saudi Arabia receives the remittances in dollars from the Bank of Sierra Leone;*
- *After the deduction of the usual bank charges, it gives out Saudi Riyals (at the lesser bank rate) to our Saudi Arabia Embassy with the pretext that, there's no dollar;*
- *For safe transporting and payment of the staff in Iran, the embassy is then compelled to take the amount to the bureaux for conversion to dollar at the local bank (at the higher black market rate) thereby incurring further loss."*

Regarding a difference of (US\$248,746) noted between the other charges remitted as per advice from Bank of Sierra Leone and actual disbursement made as per monthly financial returns the HOC said, "I wish to reiterate that, the embassy was receiving its remittances (salaries, wages and allowances and other monies meant for rent, purchase of vehicles, furniture, repairs etc.) through our sister mission in Riyadh, Saudi Arabia for quite a while because of the financial and other sanctions imposed on Iran.

Other than the remittances like salaries, wages and allowances for which a monthly advice is usually sent, the Bank of Sierra Leone doesn't officially send advice on other monies remitted except by information received from our sister embassy in Saudi Arabia. Added to that, this embassy has no direct access to the accounts of this sister embassy. As such, the embassy is in total financial transfer darkness. So, what is received is what is known.

As such, this above matter can be effectively handled between the Bank of Sierra Leone and our sister embassy in Riyadh, Saudi Arabia.”

Regarding various withdrawals US\$ 22,800 the HOC in his response said “The embassy wishes to inform that; it was unable to submit documents for audit inspection relating to the above withdrawals as it couldn’t trace the concerned documents pertaining to the retirement. Other details in the form of petty cash payment vouchers, receipts and claims resting on the above amount the embassy will duly endeavour to submit when found.”

5.38.7. Inadequate Control of the Distribution and use of Fuel, and Repairs and Maintenance cost

There was no fuel register and chits to justify the utilisation of fuel worth US\$25,320. There were also no records to show how the sum of US\$73,736 was spent for servicing and repairs of motor vehicles, owned by the embassy. It was observed that motor vehicles owned by the embassy were unserviceable or had been used over their economic life as was noted in the high maintenance cost incurred for the above period.

It was recommended that the HOC should ensure the following:

- a fuel register and chits must be maintained to account for fuel;
- recipients of fuel must sign the register as an acknowledgement of receipt;
- an appropriate record that addresses the issue of vehicle repairs and maintenance be developed;
- mechanism be put in place for the disposal of all unserviceable vehicles; and
- government must look into the possibility of procuring an additional vehicle for the embassy.

Official’s Response

The HOC maintained that action will be taken on the recommendations and informed that other than vehicles bought in Iran, disposing of foreign imported vehicles was just too impossible since any buyer had to pay full customs like a new vehicle because there was no signed custom waiving agreement between the two countries. He said the procuring of an additional vehicle will really relieve the embassy of repair costs for the old worn out vehicles.

5.38.8. Ineffective Management of Personnel and Related Matters

Scrutiny of staff personal files and records disclosed the following:

- for the period under review, five staff members were without personal files;
- samples of files reviewed disclosed that they lacked application letters, appointment letters and photographs;
- there was no formal policy for the recruitment of local staff;
- attendance record to justify employees’ attendance at work was not submitted for review; and
- staff identification cards to verify the legitimacy of current employees were not produced during physical verification.

It was recommended that the HOC should ensure that personal file with relevant information relating to staff employment was maintained by the embassy and updated within 30 days of receipt of the report. He should also ensure that an attendance register was maintained and staff must sign it upon arrival and departure from work on a daily basis. Staff identification cards should also be provided to staff of the embassy.

Official's Response

The HOC stated that the embassy had opened a file titled: "Application, Interviews and Employments of Local Staff". He added that personal files of current local staff were and would be constantly reviewed and updated as per advice. He further stated that an attendance register now opened for signing by the local staff on arrival and departure and that the embassy had requested a printing press to produce the necessary cards and was also contemplating, like other Embassies, the use of uniforms by the local staff if funds were available.

5.38.9. Payment of Salaries without Letter of Authority

For the period 1st January, 2001 to 31st August, 2008, it was observed that salaries totalling US\$170,765 for local staff were signed for and received by the two former ambassadors without letter of authority from staff members. It was recommended that the HOC should ensure that letters of authority from the legitimate employees were produced by the two former ambassadors otherwise the total amount of US\$170,765 be refunded. In future, a letter of authority must be produced before salaries are paid to individuals other than the legitimate staff.

Official's Response

The HOC responded below:

"Total of US\$170,765 salaries signed for local staff by two ambassadors without any letter of authority

Ambassador	Total	Comment
Haja Alari Cole	US\$ 114,374	She was served a copy of the draft audit report but till date I've been unfortunate to get in touch with her to assist me with a copy of the request letter as I'm unable to trace it as of now.
Alhaji Mohamed Kemoh Fadiga	US\$ 56,393	Letter of authority signed by his domestic staff dated 01-09-2008 is hereby duly attached for your kind attention.

- *Noted for action henceforth."*

5.38.10. Non-availability of a Finance Staff

The embassy was without a finance officer to manage and coordinate financial activities and record keeping. This resulted in the number of weaknesses in the finance system as highlighted in the report. It was recommended that the HOC must recruit a local staff with the necessary qualification, skills and experience to handle the finances of the embassy.

Official's Response

The HOC in his response said "Advice noted and highly appreciated. But the embassy hopes that, Audit Service Sierra Leone can make this special recommendation to the Accountant General's Office for the provision of an Accountant not just an Accounts Clerk in order to greatly relieve the HOC who has been single-handedly handling administrative and financial matters concurrently. What a great strain!

I'm to advise that, sending an accountant to the embassy who is totally au fait with our country's financial rules and regulations, budgeting etc. and which has been done for our other missions around the world is far better and safer than recruiting a local accounts clerk in the region who doesn't even know our country's system."

5.38.11. Salaries and Allowances Not Brought to Account

An examination of salaries paid as per payroll vouchers and actual salaries and allowances remitted to the embassy revealed a difference of US\$37,508. Evidence to confirm that that amount was paid back to the CRF was not submitted for audit. It was recommended that the HOC should ensure that the amount of US\$37,508 was paid back to the CRF and evidence of transfers/deposits submitted to ASSL for verification. Otherwise, the full amount should be refunded immediately.

Official's Response

The HOC in his response said "as for the "Amounts Paid Less than Ones Received", he is still searching for documents to ascertain the cause or rather the expenditure of the shortage amounts but couldn't find them. With regards the "Amounts Paid More than the Ones Received", the HOC said this could definitely be miscalculation in the entries, as one cannot pay out more salaries than what is received."

Refer to the Table of Common Issues (Page 119) for further observations.

5.39 SIERRA LEONE EMBASSY, SAUDI ARABIA - 2007-2014

5.39.1. Visa Sticker Books Not Submitted for Audit

In the absence of an accountable documents register, it was difficult to determine the actual number of receipt books that were unutilised during the period 2006. Information received from the Immigration Department showed that 20 visa sticker books were issued on 18th July, 2007 and 16th February, 2010 respectively, to the Sierra Leone Embassy in Saudi Arabia. However, of the 20 books, only five were submitted which related to the period under review. It was therefore evident that a total of 15 books estimated at US\$75,000 were not accounted for by the mission. It was recommended that the Head of Chancery (HOC) should submit for audit verification, the 15 missing visa sticker books with estimated value of US\$75,000 within 30 days upon the receipt of the report, otherwise, the matter would be referred to the relevant authority for further investigation. He should also ensure that measures are put in place for the safe custody, security and the provision upon request of all such documents. In line with previous audit recommendations, a remittance register, cashbook and an accountable documents register should also be maintained to enhance transparency and accountability in the collection of revenues.

Official's Response

The HOC in his response said "On the issue of the observation that adequate controls were not in place to account for all revenues received by the embassy, i.e. for want of maintaining a remittance register and cashbook, to account for all revenues collected, the mission has taken the following steps to address these anomalies:

- *By introducing and maintaining accountable documents such as registers, cashbook registers, remittance registers and revenue registers to record transactions in a transparent and accountable way in their respective registers;*
- *With regards to the visa sticker booklets, according to information available, the mission was supplied with visa sticker booklets in late 2005 and those stickers were in use up to the time of audit in September 2006. Since then, no supply of visa sticker booklets has been recorded."*

5.39.2. Consular Fees Not Remitted to the Consolidated Revenue Fund

A comparison among the revenue returns, visa sticker stubs, pay-in slips and bank statements revealed that US\$23,563 was collected as revenue from visa stickers. However, only US\$8,193 was transferred to the Consolidated Revenue Fund (CRF). Due to the failure of the mission to carry out monthly bank reconciliations, it was difficult to determine that transfers to the tune of US\$9,422 made on diverse dates for which bank pay-in slips had been issued, had been reversed by the bank. Correspondences from the bank to ascertain the reason(s) for the reversals were not made available for review. Of utmost

importance, was the fact that bank charges had been levied by the bank to enable the transfers to be made. It was recommended that the accounts clerk should ensure that monthly bank reconciliations were carried out on a regular basis so that issues were identified and actions taken at the earliest opportunity. He should also carry out regular reconciliations of returns submitted to his office and the Treasury Account in New York and provide regular feedback to the various missions. With immediate effect, the HOC should ensure that US\$15,370 was remitted to the CRF and a copy of the pay-in slip and bank statement forwarded to ASSL for verification.

Official's Response

No management's response received.

5.39.3. Revenues Collected by Cash Instead of through Bank Payment

Receiving payments for goods and services through direct payments to bank ensure that revenues collected are accounted for. During the course of the audit, it was realised that revenues from visa stickers were collected by cash rather than through direct bank payments. In addition, revenues to the tune of US\$13,662 could not be substantiated as being banked intact, as bank statements and deposit slips for the period January 2007 to December 2010 were not submitted for audit inspection. It was therefore recommended that with immediate effect, the HOC should ensure that no cash payments were accepted for visa fees and all visa fees should be paid directly into the consular bank account opened for that purpose. He should further ensure that the remaining bank statements and deposit slips were submitted within 30 days upon the receipt of the report.

Official's Response

The HOC in his response said: "Better still, as of January 2016, all applicants for entry visas to Sierra Leone are required to deposit the visa fee directly into the embassy's consular bank account after approval has been granted for the issuance of the visa - as any amount deposited into that account would not be withdrawn but rather transferred to the CRF."

5.39.4. Lack of Segregation of Duties in the Collection of Revenue

There was inadequate control over the collection, recording and reporting of financial transactions. The Accounts Clerk was responsible for issuing out visa application forms, collection and payment of revenues to bank and issuing out of visa stickers. It was recommended that the HOC should ensure that the functions of collecting revenues and issuing of visa stickers were clearly separated and must ensure that a reorganisation of the embassy's current workforce was carried out in order to clearly separate the various functions and instill sanity in the operations of the embassy. He should further ensure that all applications for entry visas were authorised prior to the processing and issuance of visas by the consular officer.

Official's Response

No management's response was received.

5.39.5. Disbursements without Documentary Evidence

For the period 2007 to 2010, 'Other Charges Transfer' which totalled UD\$465,467 was made to the embassy to enable it carry out its functions. However, supporting documents to justify how the amount in question was utilised were not submitted for audit.

In the absence of payment vouchers, expenditure ledgers and a cashbook, it was impossible to review and relate the supporting documents to the cheque payments; more so, when the supporting documents submitted were mostly in Arabic and not translated into English. Based on a sample of transactions selected for the period 2011 to 2014, a total payment of US\$60,192 could not be substantiated as being

utilised solely for the activities of the mission. It was therefore recommended that the relevant supporting documents were submitted within 30 days upon the receipt of the report, otherwise, the whole amount should be disallowed and surcharged in accordance with section 12 (b) of the Audit Service Act of 2014. In future, no payment should be made or authorised until all relevant supporting documents are presented and reviewed.

Official's Response

The HOC in his response said: "In the effort to address the perceived breach of section 73(1) of the Financial Management Regulation (FMR) 2007 which requires that all disbursement of public funds be supported by appropriate payment vouchers and other relevant documents, the HOC has adopted measures ensuring that all such payments be only approved by the HOC on the submission of the relevant supporting documents in respect of such expenditure (with translation where necessary);

With regards to the response to the issue of the repeated issuance of cheques in the name of the Account Clerk for processing, below is the justification provided for this course of action;

In the Kingdom of Saudi Arabia, two types of cheques can be issued: (1) a cheque with a payee's name and (2) a cashier's cheque which is to be applied for and a fee charged for its issuance. Any cheque without a payee's name on it and a place of issue would not be honoured. Management of the mission therefore deemed it necessary to write out most of the Embassy's cheques in the name of Mr. A.R. Jalloh, the Accounts Clerk of the embassy.

With regard to the cheque issued for freighting the Ambassador's container at the end of his tour of duty, the cheque was issued in the name of the Accounts Clerk and the cash handed over to the Ambassador as he was dealing directly with the freighters and ticketing agents. This has always been the case with any recalled officer.

Regarding the challenges over the issue of accessibility to or availability of certain accountable records of a certain period during the review period, it was reported that:

- *The embassy relocated from the previous chancery building in Olaya District immediately after the Hajj in December 2010, when the Ambassador returned from Jeddah on his usual Hajj assignment.*
- *Before travelling to Jeddah to undertake the usual Hajj assignment, all accounting documents together with their supporting documents were placed in the office of the HOC. Upon the relocation of the embassy's chancery building to its current location in Al Maseef District, the documents went missing and have not been found. This was the reason why they were not presented for auditing."*

5.39.6. Travelling without any Authority from MFAIC

Examination of cheque stubs and bank statements revealed that daily subsistence allowances, passages and air tickets which cost US\$98,809 in respect of overseas travelling were paid to officials without any formal approval from the Ministry of Foreign Affairs and International Cooperation (MFAIC), nor were there evidence of programme reports or back-to-office reports. It was recommended that the HOC should explain why approvals were not sought from the MFAIC for the various trips undertaken by embassy officials and submit evidence of back-to-office reports on the programmes attended.

Official's Response

No Management's response received.

5.39.7. Refunds to Staff

In the absence of a budget and plan of activities, the expenditure controls in the mission were poor. During the period 2011 to 2014, a total payment of US\$236,757 of US\$276,013 was paid out as refunds to staff in respect of medical expenses. Moreover, supporting documents to substantiate the utilisation of such funds were not submitted for review. It was further observed that all the diplomats posted at the

mission were claiming refunds for medical expenses for themselves and their entire family members at the end of almost every month. It was recommended that the HOC should ensure that an annual operational plan for the mission, with performance indicators clearly spelt out, was designed, developed and implemented. In addition, refunds should only be made to diplomatic staff for reimbursable expenses, according to their letters of appointment or any other documented authority. Furthermore, prior authority should be sought in writing from the HOC, before personal monies expected to be reimbursed from public funds were spent. The HOC should again ensure that future reimbursements should only be made in respect of medical expenses upon submission of a medical report from a recognised hospital/medical practitioner with an authentic bill/invoice and receipt.

Official's Response

The HOC in his response said: "All refunds accruing to every staff will henceforth be made by the issuance of cheques in the name of the payee or through a direct transfer with the appropriate payment vouchers being raised.

With respect to the anomaly regarding 85% of other charges remittances covering the period 2011 to 2014 being paid as refunds to staff, the reasons for this are as follows:

- *the other charges remittances are hardly received in time - often times, they are remitted in the middle or at the end of the intended period for which the remittance is to be utilised, leaving the administration of the mission to do the utmost in order to have the mission running;*
- *in such circumstance, staff are often obliged to spend their personal money to run the day to day activities of the Embassy. Such expenditure includes utility bills payments, purchase of fuel, medical bill for diplomatic staff and their dependants including the accumulated monthly telephone allowances paid to diplomatic staff; and*
- *consequently, these expenditures plus previous outstanding commitments, more often than not, end up exceeding or absorbing more than 90% of the sum of other charges remitted.*

Thus, upon receipt of remittances for other charges, the HOC will certainly be compelled to make good refunds on the monies that they had spent.

The HOC, in his capacity as vote controller has cautioned that for refunds to be honoured in respect of any expenditure incurred on behalf of the embassy, claimants must obtain prior approval, in writing or otherwise, including medical bills exceeding 50 Saudi Riyal not accompanied by prescriptions in the name of the concerned staff and eligible dependant. It is hoped that this, together with the timely receipt of quarterly remittance for other charges, will minimise instances of refunds to staff."

5.39.8. Doubtful Remittances to the Mission Utilised for Other Operational Activities

Amounts which totalled US\$11,115 and US\$35,861 were remitted to the mission in 2014 to undertake repairs to the mission properties and for the payment of utility bills. The activities in question were never carried out by the mission, instead the funds were utilised as part of the mission's other charges. The basis upon which those transfers were made by the MFAIC and MoFED could not be ascertained, as correspondences to substantiate the need for the repairs and payment of utility bills were not submitted for review. A general inspection of the chancery building showed that it was in good shape and therefore in no need of repairs and the amount transferred for the payment of utility bills was exorbitant, as the mission spent money from its normal quarterly allocation a yearly average of US\$7,500 on utility bills. It was recommended that the Director General, MFAIC should provide adequate explanation backed by relevant documentary evidence why such funds were remitted to the mission. In addition, the HOC should submit the necessary approvals from the MFAIC and MoFED to utilise the amount of US\$46,976 for activities other than those intended.

Official's Response

The HOC said that on the observation of special transfers in the tune of US\$120,976 to the embassy to undertake repairs on mission property, procurement of furniture and payment of utility bills being expended otherwise – the information and documentation available revealed that part of the funds was used in procuring furniture for the chancery and the rest allocated to the payment of outstanding obligations.

5.39.9. Cash Payments

Financial transactions undertaken by the embassy were mostly done by cash instead of cheque which was prone to abuse. Activities of similar nature were also grouped together and amounts then withdrawn from bank to fund the activities. The HOC should ensure that all major expenditure such as stationery, major repairs and maintenance and travelling etc., should be made using cheque. In addition, activities should be clearly separated and cheques drawn based on those activities. He should further institute an imprest system and set a limit for what can be paid for in cash.

Official's Response

The HOC stated that regarding cheques drawn on grouped payment, during the annual Hajj assignment that the embassy was required to undertake, a greater number of members of staff relocate to Jeddah for a period of not less than a month. In the absence of daily subsistence allowances, certain amounts of money were withdrawn to sustain those members of staff, run the temporary office and give tips to the hotel workers during the one month or more they spend in Jeddah, he mentioned.

5.39.10. Procurement Procedures Not Followed

On 16th May, 2014 and 31st October, 2014, amounts of US\$29,624 and US\$37,858 respectively were transferred to the mission to procure a representational car for the ambassador. From a review of records submitted, it was observed that the representational car was purchased without any consideration for the Public Procurement Act of 2004, as only payment receipt was submitted to substantiate the purchase. It was recommended that the HOC should provide adequate documentary evidence justifying the deviation from the normal procurement procedures in the procurement of the representational car within 30 days of receipt of the report.

Official's Response

The HOC in his response said: "The Management Letter holds that the mission failed to adhere to the provisions of the Public Procurement Act of 2004 and the Public Procurement Regulations of 2006 in the utilisation of the sum of \$67,482 transferred to the mission in 2014 to procure a representational car for the Ambassador for want of the required bidding process. According to the information available, quotations were obtained from two companies and forwarded to headquarters in respect of a Mercedes Benz 400 and a BMW 730 series. However, on noting that the cost of either of the two vehicles was too much for the funds available, the Ambassador directed they (he, the Head of Chancery and one other staff member) should go in person to the Mercedes dealership and see for themselves what was available and the costs involved. Upon inspection of the vehicles available in their showroom, they (with the erstwhile HOC) decided to purchase the current representational vehicle which is a Mercedes Benz 300.

Based on the information available in this particular circumstance of the Kingdom of Saudi Arabia, the claim of breach of procurement procedure may not obtain as there seem to be sole dealerships for specific vehicles. For example, the sole dealership is strictly franchised – whereas Mercedes Benz vehicles are the exclusive domain of Al Juffali; BMW rests with Naghi Motors and Toyota vehicles; Abdul Latiff Jameel and Wallan Motors handle Hyundai. Thus, new vehicles can only be bought from designated dealers authorised to deal in specific vehicles."

5.39.11. Unpresented Payroll Vouchers

Payroll vouchers for the period January 2007 to December 2010 were not presented for audit inspection. For the period in question, a total amount of US\$2,217,363 was transferred to the mission to enable it meet its planned salary commitments. It was recommended that the HOC should conduct a thorough

search and produce the documents for inspection; otherwise section 12(b) of the Audit Service Act of 2014 will be invoked.

Official's Response

The HOC in his response said: "Regarding the challenges over the issue of accessibility to or availability of certain accountable records of a certain period during the review period, it was reported that:

- *The embassy relocated from the previous Chancery Building in Olaya District immediately after the Hajj in December 2010 when the ambassador returned from Jeddah on his usual Hajj assignment.*
- *Before travelling to Jeddah to undertake the usual Hajj assignment, all accounting documents together with their supporting documents were placed in the office of the HOC. Upon the relocation of the chancery to its current location in Al Maseef District, the documents went missing and have not been found till date. That was the reason why they were not presented for auditing."*

5.39.12. No Authority from the for the Employment of Locally Engaged Staff (LES)

Staff members were replaced by other employees without any evidence of interviews or authority from the Ministry of FAIC for their employment. In addition, the names of those staff who were no longer working for the embassy had not been removed from the payroll and replaced by the names of their successors. Furthermore, there was no evidence on file to substantiate why the employees in question were replaced. It was recommended that staff should be recruited through a proper recruitment process after the necessary consultation and approval had been sought from the MFAIC. The names of those who were no longer working for the embassy should be immediately replaced in the embassy's payroll.

Official's Response

The HOC said that further to the issue for the payroll to be reviewed to reflect the current staff strength and character, all replacements and other anomalies were now being addressed with headquarters.

5.39.13. Salary Short Paid to Staff

A review of personal files and paid up salary vouchers revealed that a staff was employed in April 2014, as driver/mechanic and was paid his correct salary for this month. Even though the MFAIC had been regularly remitting his salaries to the embassy, it was realised that he was only paid his correct salaries in April 2014. Further scrutiny of the paid-up vouchers revealed that the salaries of the staff were utilised to pay the salaries of another staff who was brought in to replace a staff without any formal appointment letter; with the salaries of the latter given to the former. A total salary of \$3,184 was short paid to the former staff as at 31st December 2014. It was recommended that the HOC should ensure that salaries were paid in line with staff employment letters and conditions of service. He should also ensure that the shortfall in salary of US\$3,184 be paid back to the employee in question within 30 days of receipt of the report.

Official's Response

The HOC mentioned that the short payment of salary to a staff member, which was being done in error due to misinformation, had been addressed and the affected staff member had been compensated.

5.39.14. Staff who Had Exceeded the Statutory Retirement Age

It was observed that a staff was appointed as temporary Consular Assistant in May 2001 for a period of three months. There was however no evidence on file to suggest that he was confirmed as part of the mission's permanent locally engaged staff. Further, it was observed that NASSIT deductions continued to be made from his salary, even though he had reached the statutory retirement age of 60 years.

Similarly, even though another staff was issued with a NASSIT registration card in January 2006 to confirm his eligibility for the scheme, it was observed that regular monthly NASSIT deductions were not made from his salary. It was recommended that the Director General, MFAIC should be informed for appropriate action to be taken on the NASSIT deductions of both personnel and the good practice of probation and confirmation should thereafter be continued.

Official's Response

The HOC said that the issue of NASSIT deductions in respect of Alpha M. Kadri Cole and the issues regarding the respective situations of Mohamed M. Kamara and Alpha Kadri Cole, will be addressed to headquarters.

5.39.15. Inconsistent Signatures on Salary Vouchers

The signatures of the maids in the salary vouchers for the periods January 2011 – March 2014 and April 2014 – December 2014 respectively, were inconsistent. In some instances, salaries were collected on behalf of the current maid without any letter of authority. A total of US\$42,667 was involved. In a memo dated 16th April 2009, from the Director of Administration and Finance, MFAIC to all Repleones, it was stressed that for prudent financial management and the principle of accountability, all employees should be allowed to sign for and receive their salaries and other personal emoluments.

It was recommended that the HOC should ensure the following:

- An explanation in respect of the above anomalies should be submitted in the absence of which the amount involved should be recovered;
- Staff at all times should be consistent in their signatures;
- The above instruction on staff signing for their salaries and other personal emoluments should be followed to the letter in order to ensure probity and accountability in the use of public funds; and
- He checks and reconciles the monthly payroll report from the MFAIC against the embassy's staff list and reports all variances for correction to the MFAIC and Accountant General's Department.

Official's Response

The HOC in his response said: "The current Ambassador's maid could not travel to the Kingdom due to the travel restriction that our country was subjected to because of the Ebola epidemic in the sub-region. As there is someone else performing the duties of the maid, that person is receiving the salary of the maid until the arrival of the designated maid which is expected to be very soon after the lifting of the travel restriction imposed on the three affected countries in the sub-region."

5.39.16. Staff Failing to Sign the Attendance Register and Payroll

There was no evidence in the staff attendance register to justify the continued maintenance of a staff on the embassy's payroll voucher. A review of the attendance register revealed that another staff stopped signing the attendance register in December 2012. However, salaries which totalled US\$14,510 were claimed to have been paid to him for the period January 2013 to March 2014. It was recommended that the HOC should provide adequate explanation supported by the relevant documentary evidence for the above anomaly; in the absence of which the amount involved should be recovered and paid back to the CRF and the pay-in slip forwarded to ASSL for verification. He should also ensure that whenever LES are replaced, the information should immediately be communicated to MoFED through MFAIC to regularise the salary voucher or take appropriate action.

Official's Response

No management's response received.

5.39.17. Other Staff Related Matters

A review of payroll records and documents of the embassy revealed the following:

- the conditions of service for LES did not make provision for end of service benefits;
- letters of employment issued to staff did not contain the terms of engagement i.e. whether on a contractual basis or pensionable employment;
- LES were not issued with job descriptions;
- a majority of staff members were paid their salaries by cash rather than directly into their individual bank accounts;
- personal files for 10 staff were not submitted for review. A review of personal files submitted revealed that the files were not updated with details such as certificates of qualifications; salary incremental letters, curriculum vitae, etc.;
- even though a staff attendance register was maintained and there was provision on the register for signature, time in and time out, we realised that staff members were not signing the register, rather they were only writing their names and the time they reported for duty; and
- performance appraisals for local staff were not conducted.

It was therefore recommended that the HOC should ensure the following:

- the embassy should engage the MFAIC for serious consideration to be given to the retirement plan for LES;
- the terms of engagement should be made clear in the letters of employment issued to LES;
- job descriptions should be done and issued to all LES;
- all salaries of members of staff should be paid directly into their individual bank accounts;
- all personal files of staff members should be reviewed and updated accordingly;
- members of staff should sign the attendance register which should be monitored and reviewed by the HOC on a regular basis; and
- a performance appraisal system for all staff (diplomatic and local) should be introduced.

Official's Response

The HOC in his response said: "On the question of the letters of employment issued to locally employed staff not stating whether those appointments were contractual and pensionable – this issue is being addressed by the fact that while staff members of Sierra Leonean nationality contribute to the NASSIT scheme other nationals are exempted and considered to be on contractual employment. The merit of the observation is however very pertinent and critical for the pre-emption of any future litigation for damages or restitution. We are certainly referring the matter to headquarters for directives as this has been the practice since the inception of the mission in the 1970s. However, we will also seek reference to the new policy guidelines on the recruitment of local staff in the absence of a specific directive from Freetown.

The existing challenge (at the time of concluding the draft report) of inadequate monitoring to ensure that the personnel sign the attendance register and seek authority from headquarters before recruiting are things of the past. There is a regular monitoring of the register and we are in the process of allocating job schedules to relieve certain staff members of the overload of duties they carried out.

- *We now have a full-time receptionist who receives all correspondence (that come through the snail mail system) as well as all visa and other consular related applications for processing and ensuring the requisite payment where applicable through the appropriate channel within the stipulated time frame of 72 hours.*
- *Like the Ambassador, the HOC is regularly monitoring the attendance register daily to ensure that staff are regular and punctual at work.*

Members of staff who have been receiving their salaries in cash have been instructed to open bank accounts into which their salaries will be deposited. Except where it is absolutely necessary, no member of staff will receive his / her salary in cash anymore.”

5.39.18. Signing of Accounts Maintained by the Mission

In a memo dated 17th October, 2011 from the Director of Administration and Finance, MFAIC to all Repleones relating to the administrative relationship between HOM and HOC, it was stressed that the HOC is the principal signatory to the mission’s accounts whilst the HOM (Ambassador) is entitled to be informed about the financial status of the mission. It was however observed that the ambassador was one of the signatories to the mission’s accounts; thereby being fully involved in the day-to-day operations of the mission. In the same vein, during the course of the audit, the auditor was unable to gain timely access to bank statements for the period 2007 to 2010 simply because the ambassador being a signatory to account was out of the country. It was recommended that with immediate effect, the HOM should relinquish his signing of the mission’s bank accounts. In the same vein, the HOC should provide regular updates to the Head of Mission on the financial status of the mission.

Official’s Response

The HOC in his response said: “The Saudi Embassy strictly seeks to adhere to the memo issued to all Repleones on 17th October, 2011 that the HOC is the principal signatory to the mission’s accounts. At any given time, two persons have to sign any cheque or documents addressed to the embassy’s bankers.

The suggestion that bank statements for the period 2007 to 2010 were not submitted in time for review was due to the Ambassador being signatory to the account is in our estimation, not a balanced assessment of the situation. Firstly, the Ambassador was on state duty at the time the auditor arrived for the exercise. Secondly, and more importantly, the former HOC, who was the principal signatory to the embassy’s accounts, had already departed from the duty station prior to the arrival of his successor. Therefore, the back-up role of the Ambassador to facilitate access to funds in the event that any of the two main signatories to the account is out of station cannot be faulted in the circumstance described in the management letter.

The Ambassador assumed duty in April 2014 and became signatory to the account in July 2014. Prior to him becoming a signatory to the accounts, there were only two signatories after the departure of the former Ambassador. This meant that in the circumstance that one of the two signatories to the accounts was unavailable for any reason; the embassy could not carry out any banking transaction such as payment of salaries or withdrawals for the day-to-day activities of the embassy. It became necessary to include the Ambassador’s signature to the accounts to forestall any such occurrence. That does not stop or hinder him from carrying out his oversight functions.

Consistent with the audit observation, the Ambassador is relinquishing his signature to the bank accounts in order to perform his supervisory and monitoring role rather being seen to be directly involved in the operational aspects.”

5.39.19. Inadequate Control over the Management of Assets

A general inspection of assets at the ambassador’s residence showed that most of the furniture and fittings were obsolete and some unserviceable; even though funds were remitted to the mission in 2012 to procure furniture for both the chancery and the ambassador’s residence. It was also noted that only US\$1,577 of US\$74,000 transferred to the embassy for the procurement of furniture was used for the intended purpose; the remaining amount of US\$72,423 was utilised by the embassy to pay refunds to staff, utility bills etc. without any supporting documents. It was recommended that the HOC should submit the necessary approval from the MFAIC and MoFED to utilise the amount of US\$72,423 for activities other than those intended and the relevant documentary evidence to substantiate the utilisation of US\$72,423 within 30 days upon receipt of the report. It was recommended that the HOC should in future ensure that transfers meant for specific activities were used only for that purpose and if for any reason there was need for virement, authorisation should be sought from the MFAIC and MoFED; and the Government of Sierra Leone through the Ministry of Finance should cause additional funding to be provided for the upkeep of its properties abroad.

Official's Response

The HOC in his response said: "Regarding the issue of the state of the furnishing of the residence of the Ambassador and the demeaning outlook of the image and reputation of that office- being the face of the country, the matter has been taken up with the Ambassador for his guidance and directive. A special appeal will be made to headquarters for this demeaning look of the residence to be addressed as other charges remittances are normally not adequate."

Refer to the Table of Common Issues (Page 119) for further observations.

5.39.20. Outstanding Issues from Previous Audit Report

An accountable documents register was not maintained and produced for audit inspection.

Although consular revenues were collected in respect of sale of passports and issues of visas and emergency travelling certificates, it was observed that no revenue cashbook was maintained during the period under review, even though receipts were being issued.

Between the period February 2001 and July 2006, a total of US\$2,945,240 was remitted to the embassy in respect of salaries and other charges. Examination of available records disclosed that neither a cashbook nor a remittance register was maintained at the embassy, even though remittances were regularly received and payments made in respect of salaries and other charges.

- *payments made in respect of other charges were not supported by any form of payment vouchers;*
- *revenue collected was not promptly paid into the bank. For example, consular fees collected for February 2001 was paid into the bank in September; and for July 2001 was paid into the bank in April 2002 as per bank pay-in slips.*
- *operating records were not maintained to indicate the frequency of maintenance for all vehicles at the mission;*
- *An advance register was not maintained to record the particulars of advances issued. Recoveries/repayments of advances were also sometimes delayed;*
- *although an imprest cashbook and supporting documents were maintained, it was observed that in spite of recommendations in the last audit report, invoices, receipts and bills were not translated into English;*
- *examination of available store records disclosed that a master inventory register was not maintained in the embassy; and*
- *no safe or any strong room was available for the safekeeping of cash, receipt books, cheques and other valuable items at the embassy.*

5.40 SIERRA LEONE EMBASSY, ETHIOPIA – 2011 -2015

5.40.1. Inadequate control over the management of Embassy's operations

The following were observed:

- There was no management policy or operations manual used for the successful operation of the mission.
- There was no evidence of monthly staff meetings being held. Management had weekly meetings on an ad hoc basis but did not document their discussions and decisions in minutes. This may create challenges for disseminating information from management meetings to the rest of the staff in the Embassy.
- There was no proper time management system to monitor the attendance or the full presence of staff in the embassy. An attendance register to monitor the attendance of staff is yet to be maintained and made operational by the embassy.
- The embassy did not have an independent human resource policy for its staff. Performance appraisals for staff were not conducted and mechanisms to measure the capacity of staff before allocating assignments (their movement or redeployments) were not instituted. Assignments were allocated to staff by the Ambassador or Head of Mission (HOM) without any technique to

measure their capacity or capabilities. For instance, the movement or redeployment of staff from security guard to driver and appointment of the Information Attaché as Procurement Officer, were instituted without any structured approach. It was also observed that performances of staff (e.g. security guards, drivers, etc.) were not linked to other forms of benefit.

- Some staff personal data such as appointment letters, date of birth and performance appraisals were not on file.
- Differences were noted in the coordination and allocation of roles and responsibilities of staff. There were instances where directives were from HOM instead of from HOC to all administrative staff.

It was therefore recommended that the HOC 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;
- an attendance register is maintained to effectively monitor the attendance of staff within 30 days of receipt of the report;
- a policy of staff salary deduction for staff arriving late and leaving before close of business is introduced; and
- an annual leave roster of all staff is prepared.

Official's Response

The HOC in responding to the audit queries stated thus:

"There is a schedule of duties for the HOM and HOC prescribed by the MF AIC, specifying their roles, functions and responsibilities.

For both home based and local staff, there is an internal schedule of duties designed by the senior management of the Mission for home based officers and local staff approved by the HOM which has been in effect since June 2014.

To implement the recommendations of the Audit Service Sierra Leone and with immediate effect, the HOC in consultation with the HOM will ensure that clear lines of authority and responsibilities between administrative and political activities are maintained at all times. This is done with the full support and assistance of the Deputy Head of Mission.

I agree that minutes of all meetings being held by the Management including round-table discussions were poorly handled. Nonetheless, as a matter of updating the internal control measures and, with immediate effect, management has directed that the Second Secretary be responsible for taking down minutes of all meetings and roundtable discussions for official purposes. He is to be assisted by the Counsellor and Information Attaché respectively.

A performance review mechanism will be designed and reviewed periodically by the management.

Effort is also being made to introduce an attendance register for the local staff. This system, when introduced, can be maintained at all times.

There is an annual leave roster for all staff members which is communicated to capital at the beginning of every year.

Movement of security guards from one profession to another is based on career development. Some of the security guards being recruited are professional drivers with valid documents to drive. As a result of that, anytime there is a vacancy in the system they are upgraded."

5.40.2. Consular Fees Expended without Prior Approval

In spite of repeated requests from the HOC to the Accountant General, through the Director General, MFAIC, receipts books for the sale of visa stickers were yet to be supplied to the embassy. Instead, the

Assistant Accountant only records the names of successful applicants, visa sticker numbers and amounts paid into the revenue cash book.

The embassy is accredited to 15 other countries. It was however noted that visa stickers were issued to three consulates; Kenya, Jerusalem and Tel-Aviv. Examination of the revenue cash book disclosed that moneys were received from these consulates. There was however no evidence that the Financial Attaché carried out any inspections/on the spot checks with regard to visa stickers issued to accredited embassies to ascertain whether relevant financial management procedures were followed as regards the procedures governing the collection of revenue in respect of visa fees from these consulates.

An examination of the consular records and cash book disclosed that amounts totalling US\$58,267 were collected as visa fees for the period under review.

Period	Amount US\$
1 st – 31 st December 2011	100
1 st January - 31 st December 2012	19,048
1 st January - 31 st December 2013	21,283
1 st January - 31 st December 2014	11,163
1 st January - 31 st December 2015	6,673
Total	58,267

Out of this, the embassy received approval from the MFAIC and MOFED for the utilisation of US\$9,300 and the sum of US\$7,906 was transferred to the CRF. The balance of US\$41,060 was used to cover other types of expenditure without evidence of prior approval from the MoFED and MFAIC.

It was recommended that:

- In the absence of receipt books, the embassy should seek approval for the use of temporary receipts that should be printed and serially numbered.
- The HOC should ensure that adequate controls exist for the monitoring of other consulates under the supervision of the embassy. There should be regular checks by the Financial Attaché on the activities of the consulates.
- In future, consular income must not be utilised under any circumstance, without the prior approval of MoFED and MFAIC. However, in the event where this is done, the amounts utilised must be paid back into the consular account immediately funds are received.
- MoFED must put adequate mechanisms in place to safeguard revenue generated and also ensure that the mission is adequately resourced to prevent the recurring problem of the use of proceeds from consular fees.
- There should be a regular/monthly or quarterly remittance of consular fees into the CRF; and
- The HOC should refund the amount of US\$41,060 used to cover other types of expenditure without evidence of prior approval from the MoFED or the full amount should be deducted from the quarterly allocations/remittances to the embassy by MoFED.

Official's Response

The HOC in his response said in the absence of official receipt books which were yet to be received from the Office of the Accountant General through the MFAIC, measures had now been put in place to ensure that revenue collected was recorded and certified at the end of every month by the HOC before it is remitted into a consular bank account at the Commercial Bank of Ethiopia, Addis Ababa. He added that another measure also instituted by the Consular Officer is to give a weekly account to the HOC on consular fees generated for that period.

He also mentioned that the process to bank –in-tact will be reviewed, as lately the account in operations was in USDollars and mostly fees collected were in local currency. He however said that plans were underway to open a local currency account to solve the problem once and for all.

Section 40 (1) of the Financial Management Regulations of 2007 states, 'the vote controller is personally responsible for ensuring that adequate safeguards exist and are applied for the assessment, collection of and accounting for of such revenues and other public moneys relating to their departments or offices'.

In light of the above-mentioned regulation, the HOC mentioned that the mission was actively working on a mechanism that will institute measures to discourage the use of consular fees for operational activities. He noted that in difficult circumstances where there was no alternative, the mission could resort to recommendation 111, page 12 of the report of the Audit Service, which states thus, 'However, in the event where this is done, the amounts utilised must be paid back into the Consular Account immediately funds are available'. The use of consular fees for operational activities in the past was due mostly to late receipt of remittances for the needs of the mission and such remittances were inadequate to serve the needs of the mission, the HOC further mentioned. He concluded by stating that the diplomatic district of the mission consisted of 16 countries and two multilateral organisations: the African Union (AU) and United Nations Economic Commission for Africa (UNECA) respectively.

5.40.3. Inadequate Control over Payroll Records

It was observed that 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 bank accounts.

In spite of repeated requests from the embassy to the Accountant General through the MFAIC for amendments to the payroll of local staff, inconsistencies were observed in the salary vouchers prepared by the Accountant General and those prepared by the embassy for local staff. Payments were made to persons other than staff whose names were listed on the salary voucher without any letter of authorisation or approval by the MFAIC or MoFED. A difference of a total of US\$6,965 was observed between the Accountant General's records and the one prepared by the embassy.

According to the Conditions of Service of Sierra Leone Commonwealth and Foreign Service, "When an officer's children accompany him abroad and reside at his post, he will receive in addition to his overseas allowance, further allowance equivalent to ten percent of that part of the overseas allowance which is to cover additional overseas cost of living in respect of each child up to a maximum of three children under the age of 18 years, unmarried and not gainfully employed".

Copies of birth certificates of children of some diplomatic staff were neither on file nor where they produced or made available to the auditor for inspection. As such, it was not possible to determine whether the children's allowances paid to diplomatic staff were justified entitlements.

It was recommended that salary advice or pay slips should be issued to staff at the end of the month when salaries are paid into their individual bank accounts. In addition, the MFAIC or MoFED should ensure that accurate staff records are maintained and staff records maintained by the Accountant General and the embassy must be regularised within 30 days of receipt of the report.

The HOC should also ensure that children's allowances are only paid to diplomatic staff entitled to receive such allowances for a maximum of three children under 18 years and the officers concerned should produce evidence of their children's birth certificates for verification within 30 days of receipt of the report, otherwise; MoFED will be advised for appropriate action.

Official's Response

The HOC stated that monthly salary advice/pay –in slip was given to local officers by the Commercial Bank of Ethiopia where all the financial transactions of the Mission were processed.

Regarding local staff, the HOC mentioned that there were variations on the salary vouchers of local staff as compared to the actual names of staff currently working at the mission. He said that over the years there had been resignations and

terminations of local staff members and every effort had been made by the mission to correct the anomaly with capital but to no avail. Until such corrections were made from headquarters, it would be difficult for the mission to normalise the situation, be further mentioned.

Regarding diplomatic staff, the HOC stated that the concern was noted and officers will be requested to provide the necessary documentation as required. He said nonetheless, one basic requirement for posting officers to overseas missions was for them to submit their relevant personal details with that of their family members to the MFAIC which therefore implied that those records were at headquarters.

5.40.4. Poor Management of Fixed Assets - Vehicles

The vehicle log books or operating records for four out of six vehicles were not maintained or operated by the mission to monitor the movement of drivers and vehicles. It was also observed that vehicles were not parked in a designated parking area after close of business. The statutory period for the parking of all government vehicles was not observed by the mission. In a five-working day audit monitoring on the timing of vehicle parking (monitoring exercise was up to 11pm each day), it was observed that the two utility vehicles and vehicles assigned to the HOC and the Deputy Ambassador were not in the office vicinity after the statutory time of 8pm, if on official duty, as stipulated in section 2.22 of the Sierra Leone Civil Service Code & Regulations.

5.40.5. Furniture, Equipment and Other Assets

The following was observed:

- It was observed that inventory or stock takes were not done when recalled officers vacated residences.
- In a memorandum referenced 14929/5/1A of 30th April, 2013, the Director-General & Ambassador-at-Large in consultation with the Ministry of Transport and Aviation gave approval to the embassy's request for the disposal of three ageing vehicles. It was observed that there was neither a record regarding the status of these vehicles nor were they available for physical verification.
- The embassy was still in possession of some household furniture that had been given approval by the MFAIC in consultation with the National Assets and Governments Property Commission to be disposed of since March 2014. In an interview with the Ambassador and HOC, it was revealed that even though approval was given for the disposal of these assets funds had not been provided for their replacement despite the fact that there was correspondence from MFAIC and MoFED stating that this issue should have been addressed in the 2015 Supplementary Budget as it was extra-budgetary. Instead, some of the assets were still being used in the chancery residences of staff.

It was 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 30 days of receipt of the report and must be maintained for reference and audit purposes.
- A designated parking area (preferably the chancery) should be identified and a register be introduced for all official vehicles (with the exception of the HOM and DHOM vehicles), showing details of parking times and other information.
- Inventory or stock takes should be conducted before recalled officers vacate premises or residences.

- The MFAIC and MoFED must ensure that request sent by the embassy for purchase of assets is honoured with immediate effect.
- The HOC must submit a status report on the three ageing vehicles within 30 days of receipt of the report.

Official's Response

The HOC stated **“Vehicle Control and Management-***A vehicle log book has been in use all this time but due to the busy schedule of some of the drivers, they rarely make use of it. Also, as you indicated in your observation, control measures are difficult to maintain particularly in the case where drivers do not record the quantity of fuel and lubricants they receive on a weekly basis. For effective implementation, this will be corrected and measures put in place for the supervision of drivers by the HOC who will be assisted by the Office Manager.*

Designated Parking Areas -*All official vehicles as per regulations in force are required to park at secured designated areas (i.e. the Chancery) after working hours. However, the operations of the Sierra Leone overseas missions are slightly different from what takes place back at home. The Addis Ababa Mission is of both bilateral and multilateral nature. Addis Ababa is a transit point of Government functionaries travelling to Asia, central and eastern Africa. In addition, the mission is responsible for providing protocol services for delegates arriving for meetings, conferences and workshops organised by either the African Union or the UNECA and this is done mostly at night and on a weekly basis. Due to its multi-faceted responsibility, the workload has always been heavy which explains why the mission works 24 hours a day, providing protocol services. When guests are received at the airport and in cases where such guests are ministers or other high ranking personnel of the government, senior diplomatic agents are normally present to receive them. In short, the official vehicles of the Deputy Heads of Mission and Chancery are stationed in their respective homes after work. Their residences are secure and are manned by security guards.*

What has not been in control, is the utility vehicle being used by the senior driver but measures will be instituted to ensure that the utility vehicle is parked at the chancery.

Inventory Management-*There is a fixed asset register that is periodically updated (every six months) for both the chancery and local officers with mission assets when their term of duty comes to an end. To label these assets, necessary action has been taken to comply accordingly.*

In the area of disposal, it is difficult to implement the approval of the government to dispose of old age / damaged assets due to the following reasons:

- *Assets disposed of must be replaced by new ones. A case in point is that several requests for funds have been made to headquarters to procure furniture, fittings and equipment for the residences of the HOM and DHOM but to no avail. In the absence of funds for designated purposes, the mission will eventually resort to periodically using its meagre other charges to replace old assets at residences of officers.*
- *Disposal of three ageing vehicles: the three ageing vehicles were disposed of and replaced by two second hand but useable vehicles. The two replaced vehicles are: one ML Mercedes (SUV) CD52-002 which is currently used by the DHOM and the other is Mitsubishi (SUV) CD: 52-007 for utility services which is under the supervision of the Counsellor of the Mission.”*

5.40.6. Inadequate Control over the Processing of Payments/Financial Transactions

The following were observed:

Unauthorised Travelling

Staff were engaged in local and overseas travelling without authorisation, even though there was a policy that approval should be sought from the MFAIC. Between 2012 and 2015, US\$ 108,332 was spent on such travels. It was observed that the ambassadors regularly travelled accompanied by local staff.

The auditor did not come across any evidence of approval from the MFAIC nor was there evidence of programme reports or back-to-office reports. Officers were also paid overseas rates in respect of local travelling in their area of jurisdiction or 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.

Telephone Usage

There were no registers or log books to monitor telephone calls/usage in the embassy. Even though ambassadors, deputy ambassadors and local staff were entitled to monthly telephone facilities, it was noted that bills were not submitted to support payments made to staff for telephone usage. It was also noted that additional telephone expenses to the tune of US\$26,979 were incurred by the Embassy outside the approved monthly telephone ceiling communicated by the MFAIC. These bills include but were not limited to roaming telephone services for the Ambassador.

Fuel Allowance

Payments were made to diplomatic staff on a monthly or quarterly basis in respect of fuel allowance even though that was not included in the terms and conditions of service or policies of the MFAIC. The sum of US\$24,300 was paid to staff as fuel allowance for the period under review. No documented policy was made available for the above expenses with regard to financing limits or personnel who were entitled to those facilities.

It was therefore recommended that the HOC should explain why approval was not sought from the MFAIC for the utilisation of monies expended for travelling, telephone and use of fuel. He should also produce evidence of back-to-office reports of the programmes attended in respect of travelling. These documents should be submitted to ASSL for verification within the regulatory timeframe of 30 days upon the receipt of the draft management letter; otherwise, the whole amount should be refunded.

Official's Response

The HOC in his response said:

Unauthorised travelling: *Travelling by the HOM and other officers is done mostly:*

- *during the presentation of credentials by the HOM; and*
- *when statutory meetings or summits of the African Union or the United Nations Economic Commission for Africa are held outside of Addis Ababa.*

It is also to be noted that confirmation of the presentation ceremony of the HOM from any of the fifteen countries to which the mission is accredited is normally received at a very short notice and when that is done, the capital is informed immediately.

Secondly, the HOM assumed duty at post with letters of credence signed by the Sierra Leone Head of State and Government to countries of accreditation of the former which in principle, implies approval from the President himself.

Telephone Usage

- *there is a telephone log book maintained by the receptionist for all calls made through the official land lines;*
- *the telephone ceilings for the ambassador and other officers which you detected during inspection as being very high and exorbitant were approved by the then Ministry of Finance of the Republic of Sierra Leone on 25th October, 2001 and that was fifteen years ago; and*

- *all diplomatic agents are entitled to telephone allowances as mentioned above. For them, credit cards for the use of telephone services are bought from open markets and receipts for such purchase are not normally issued.*

Fuel Allowance -*A provision of fuel to the tune of US\$100 per officer and per month is made for diplomatic staff using their private vehicles for official functions. Mostly this money is not given on time but is provided on the availability of other charges. The amount is not commensurate to the functional responsibilities of these officers."*

5.40.7. Considerable Delays in the Purchase of a Representational Car

In 2014, the sum of US\$44,924 was remitted to the embassy for the purchase of a representational car. It was however noted that that car had still not been bought.

In an interview with key personnel and during a review of records the following were observed:

- On 13th July, 2015, the Financial Attaché received approval from the HOC to transfer the said amount from the Operations (Main) Accounts to the Salary Account to avoid unauthorised use of the funds.
- Bids analysis from five different bidders for brand new and second hand vehicles revealed that the lowest evaluation bid price was US\$65,000 (this amount was \$20,075 in excess of the amount remitted).
- In another correspondence from the Procurement Officer to the HOC, it was discovered that contacts made to the Sierra Leone Permanent Representative in New York (NY) on the cost of his own representational car in NY gave figures that were between US\$37,000 and US\$38,000. This was below the amount the embassy already had in their possession.

It was therefore recommended that the HOC should take immediate steps in following the procurement procedures under such circumstances, putting the relevant documents together, seeking clarifications/authorisation from the MFAIC and then collaborating with NY for the purchase of the representational car.

Official's Response

The HOC stated in his response that the sum of US\$ 44,924 was received by the mission to procure one new representational vehicle for the HOM. He added that tenders were sent out by going through the official procurement procedures but the bids received were very high and far above the amount at hand US\$65,000, etc. Notwithstanding the above, a mechanism had been instituted in concert with the Sierra Leone Mission in New York to buy a similar representational vehicle which they bought for their Permanent Representative and hopefully all transactions regarding that purchase will be concluded by July, 2016, the HOC concluded.

5.40.8. No Consideration of the Ministry of Works Housing and Infrastructure

Adverts were placed for the invitation to submit tenders, bids were received, evaluated and contract awarded to successful bidders. The following were observed during the review of selected project documents:

- There was no evidence of collaboration between the MFAIC and the Ministry of Works Housing and Infrastructure (MWHI) on the project;
- At some point of the exercise, a team from the MWHI in Sierra Leone should have come to debrief the bidders and meet with other engineers in Ethiopia; and
- An officer from the MWHI should have been assigned to the Ethiopia Embassy as part of the supervision team and to overcome some challenges.

During a review of the bid documents, it was observed that US\$3,420,165, US\$2,806,430 and US\$2,010,619 were prices quoted by three different bidders. The successful bidder was the one with the lowest bid price of US\$2,010,619 and was awarded the contract.

On 10th December 2012, a contract was signed between the successful bidder (MEEG Building Contractor PLC) and the Embassy for the construction of the Sierra Leone Embassy Complex which comprised-chancery building, Ambassador's residence, VIP suite and general site works) for a contract value of US\$2,010,619. The construction commenced on 20th December, 2012 and was to be completed by 1st December, 2014.

In 2013, reviews and changes were made to the structural design of the chancery building which attracted an additional cost of US\$609,623. The additional cost was for design modifications to the chancery building and the VIP suite, change in quality material and price variation in cost of materials and labour. This cost was then added to the original contract price to give the current contract sum of US\$2,620,243. As at 31st December, 2015, a total of US\$1,130,804 had been remitted by the Sierra Leone Government to the embassy for the project leaving an outstanding balance of US\$1,489,439. It was therefore recommended that in future, the HOC should ensure that consideration is given to the MWHI on projects of that nature and magnitude.

Official's Response

The HOC said as part of the contract for the Project, a professional officer was to have come from the Ministry of Works, Housing and Infrastructure (MWHI) and included in the technical supervising team. He added that in the absence of that and since one such technical person was provided by the Government of Ethiopia, a monthly report from the technical team was submitted to the mission for onward transmission to headquarters for the attention of the appropriate MDA.

5.40.9. Progress on Contract

Ongoing Work on Project

In an interview with embassy officials and the site engineer, it was revealed that work has been suspended at the contract site since May 2015 because of lack of funds. In a letter dated 8th September 2015 from the HOC, the service of the Project Supervising and Structural Engineer was suspended because much work was not ongoing at the project site due to lack of funds. His professional service fee for June to August 2015 was not paid. It must be noted that the suspension was unilaterally done by the HOC without consideration given to the HOM and the Building Project Committee. There was also no consideration given to the legal ramifications of this action. The HOC was therefore advised by the HOM to rescind the suspension and discuss the issue with the Building Project Committee for consultations and appropriate course of action. There was no correspondence on file to ascertain that this was done.

Delays in completing project

Several correspondences were reviewed in which the contractor expressed dissatisfaction over the delay in remitting of funds for the completion of the project and the consequences on his profession and business. He was concerned about price escalation, payment of bank interest, payment for labour, guards, engineers on site, storekeepers and office expenses, as well as the resulting loss to his company. The embassy had been sending several reminders and requests to MFAIC for funds to be made available for the completion of this project. At the time of writing the report, no funds had been remitted for the completion of that project.

Site Visitation

On 31st March, 2016, a site visitation was done to assess the status of work done as at that date. The team met with the site engineer, reviewed the last monthly construction work report (Report No.26 of 4th September, 2015 for August) and observed the following approximate percentages on work done to date:

- *Chancery Building-(Approximated work done-90%-95%)*: All other work on the chancery building was 100% fully complete with the exception of: electrical installations (80-85%-fixing of bulbs), sanitary installations (over 95%-connections to water supply), internal wall paint (95%), and PVC floor tile (95%), CCTV camera (10-15%: points identified but yet to be installed).
- *Ambassador's Residence-(Approximated work done-40%-45%)*: Of the 46 major items on the checklist for the completion of work, only 10 items on the checklist were considered to be fully complete (100%), three range from 25%-50% complete and 33 not yet done.
- *VIP Suite-(Approximated work done-5%-15%)*: Of the 46 items on the checklist, only three had been attempted with percentages between 40%-100% of work done.
- *General Site Work-(Approximated Workdone-40%-45%)*: Seven items on the checklist had been attempted with percentages ranging from 15% to 90% of work done.

It was recommended that the HOC, in collaboration with the MOFED through the MFAIC, regularise the above anomalies within 30 days of receipt of the report and evidence of action taken submitted to the ASSL for verification. He must also continue to request the MOFED through the MFAIC, to expedite provision of funds for the completion of the entire project in order to avoid price variation in the contract.

Official's Response

The HOC in his response said "The chancery building project is still a work- in-progress. Unfortunately, due to an undue delay in the remittance of funds from the capital, work on the project cannot continue and it has been like that for over a year now. For the completion of the entire project which consists of the chancery, residence of the Ambassador, VIP suite and the general site work, the total amount of \$ 1,489,439 will be required and when such funds are available and the whole project could be completed within six months.

You are also to take note of the high risk involved in the protracted delay in remitting money for the resumption of work at the site. As you are aware, if action is not taken to address the issue, the operational cost to maintain security personnel that are paid monthly by the contractor and the mobilisation cost of personnel and construction equipment can affect the life span of the project which in the future will cost the Sierra Leone Government dearly."

5.40.10. Lack of Back-up and an Approved Information Technology Policy

The Embassy did not have fire extinguishers to protect the institution's property, plants and equipment (PPE) in the event of a fire accident. In addition, there was no back-up system to protect data on-site and off- site for the current Excel software operational in the Embassy's Finance Department. It also did not have an approved Information Technology Policy for its information technology infrastructure.

The HOC was therefore urged to organise a back-up system speedily for a daily back-up of the financial and other relevant records of the Embassy to ensure that in the event of a system problem, all relevant records would be secured. In addition, immediate steps should also be taken to install fire extinguishers to protect the Embassy's electronic information, IT equipment and other properties from damage in the event of a fire disaster. Furthermore, the Information Attaché should design and maintain an approved IT policy. The content of the policy document should be completely implemented; regular monitoring done and evidence of the monitoring should be retained for audit and reference purposes.

Official's Response

The HOC stated that the mission will take into consideration the availability of fire extinguishers and other security apparatus at the chancery. He mentioned that the issue of back-up was also taken into consideration and added that action will be taken to centralise the system as soon as possible. The Information Attaché will draw up a proposal on that matter but as a stop gap measure, officers using computers will be provided with 64GB memory sticks to back-up their work on a weekly basis.

5.40.11. Additional Professional Staff

Considering the several bilateral and multilateral issues within the diplomatic district of the Sierra Leone's mission in Addis Ababa, Ethiopia, it is extremely important to establish some professional offices and assign staff with the requisite qualification and experience to handle matters in those offices. Examples are:

Defence Attaché- since Sierra Leone is a troop contributing country and a member of the Peace and Security Council.

Trade Attaché - To focus on expansion of international trade by building strong trade relations as a means of identifying opportunities for export and imports services that will bring huge benefits to Sierra Leone.

First Secretary-for improving and strengthening the management and administration programme implementation.

The MFAIC should ensure that the Embassy is staffed with additional personnel.

Official's Response

The HOC stated that for the appointment of a Defence Attaché, every effort had been made by the Ministry of Defence of the Republic of Sierra Leone to recruit one and the Commission of the African Union was fully informed of developments. He added that the logistical arrangement for the office of the Defence Attaché was in progress as well as for the recruitment of a Trade Attaché to the Mission. He said that he would recommend this to Government through Headquarters for necessary action.

5.40.12. Delays in Remittances to the Embassy

Transfers from headquarters were not remitted into individual accounts even though there were instructions to the effect; instead remittances were still being made into the main account (Other Charges) and later transferred into the other respective accounts.

Remittances for personal emoluments and other charges expenditure continued to reach the embassy's bank account. However, such remittances were not received in a timely manner. In an interview with key officials of the Embassy, it was revealed that this resulted in revenue held on behalf of the Government of Sierra Leone, such as consular fees, being used to meet very pressing expenses such as payments for vehicle insurance and salaries and wages (especially for local staff) that were time bound. This issue has to be thoroughly looked into. The Sierra Leone Embassy in Addis Ababa is a very busy office with huge expenditure needs for basic running costs.

It was recommended that the Director General, MFAIC should ensure that quarterly allocations for other charges and monthly salaries and wages for staff are sent within a reasonable time frame.

The Minister of Finance should consider options that can be instituted to enable the embassy meet its commitments with the appropriate approval for expenditure. One such option is an increase in the quarterly allocation of the embassy. Another is giving the requisite approval for an agreed portion of consular fees to be used to meet huge and pressing expenditure such as the payment of insurance for official vehicles, and urgent unforeseen expenditure that are incurred during the visit of H.E the President to the republic of Ethiopia.

Cash Payments

It was observed that significant amounts were paid out in cash. Such payments included those made to contractors. Others were salaries, wages and petty cash expenditure which were most inappropriate. It was recommended that the HOC ensures that all major expenditure such as stationery, major repairs and

maintenance, salaries and wages, travelling etc. are made using cheques. This would ensure that the use of government funds can be easily and readily monitored and accountability for such funds would be assured.

Official's Response

The HOC responded by stating: "Cash Payment-Due consideration will be given to the matter but the lapse is as a result of the use of dual currency - payments cannot be made directly to local business enterprises. The local regulations prohibit local citizens and commercial enterprises to maintain foreign currency accounts. In that case, payment process normally requires the following: first transfer US\$ into the mission's local currency account (ETB) before payment can then be made to suppliers. Notwithstanding, the "Code of Best Practice" mentioned in the audit inspection will be put in place to minimise direct cash payment to suppliers

Cash Payment of Wages to Local Staff -*This matter is indeed a challenge for the mission. It should be noted that 90% of the local staff are junior staff in the lower grades: maids, cooks, security guards, and gardeners. The nature of their respective jobs only gives them a day off, which normally falls on Sundays"*

5.40.13. Bilateral Air Services Cooperation between Ethiopia and Sierra Leone

In a letter ref. SL/AA21 (1736) dated 14th August, 2013 from the ambassador to the Chief Executive Officer, Ethiopian Airlines, it was observed that the two parties had since 2008 reached an agreement for the establishment of air links between the two countries. This agreement was yet to be made operational. It was recommended that the HOC in consultation with the HOM should follow up on this arrangement with the current Ethiopia Air Services administration to ensure that there is cooperation between Sierra Leone and Ethiopia with regards air services.

Official's Response

The HOC stated that a follow up will be made by the HOM or his deputy as and when necessary.

5.40.14. Late Recordings into the Cash Book

Since September 2013, there has been much improvement in the financial reporting format and submissions of the embassy. However, the cashbook was not accurately maintained. Cheque numbers were in most instances not recorded in the provision made in the cashbook. It was recommended that the Financial Attaché should ensure that the cashbook is completed with full information such as PV and cheque numbers.

Official's Response

The HOC stated that there was much improvement in that area now as the cashbooks of the mission were now maintained on time, and all transactions recorded with the cheque numbers accordingly.

Refer to the Table of Common Issues (Page 119) for further observations.

5.40.15. Outstanding Issues from previous Audit Report

The government rules and regulations such as the FMR, 2007 and the GBAA, 2005 were not always adhered to.

A total of US\$33,316, in respect of consular fees received by the embassy in Addis Ababa for the period under review was not banked.

The sum of US\$20,500 and US\$4,950 was given to the Ambassador and HOC respectively for telephone usage. It was however observed that these funds were not used for their intended purpose and the Embassy ended up using its scarce resources to settle their telephone bills.

The sum of US\$39,532 was spent in excess of the approved government limit for expenditure on telephone for the chancery office and ambassador's residence.

A total of US\$39,406 was spent on international travelling that was neither approved by the Office of the President nor by the MFAIC.

Extra per-diem allowances were given to officers of the embassy on their return from internationally sponsored programmes without any authorisation from the relevant authorities.

During the period February 2009 and August 2011, the Ambassador received the sum of US\$7,000 as special imprest whilst travelling on international duties to present his credentials. The amount was not retired.

Retirement benefit of US\$5,709 was paid out of the other charges account without the approval of the MOFED or MFAIC. There was no evidence to show that this amount was later refunded into the account.

The sum of US\$12,644 was spent of the 50th Independence Anniversary celebrations programme without any instruction/ authority from the MFAIC.

The Embassy had no policy for the distribution of fuel and maintenance of its vehicles and generators/plants

No laid down vehicle use policy. In addition, vehicle log books were not in use and pooled vehicles were parked at the senior driver's premises after working hours.

Procurement procedures such as request for quotations (RFQ) requirements, the requirement for supplier/ contractors' business registration certificates and income tax clearances for most of the Embassy's transactions were not followed.

The sum of \$600 was generated from the issue of FPAC by the Consulate Office in Nairobi. Further investigation revealed that this money was given to the Information Attaché at the Embassy in Addis Ababa as stated in the regulation, but there was no evidence that this amount was either banked or accounted for.

5.41 SIERRA LEONE EMBASSY–GUINEA 2010 - 2015

5.41.1. Inadequate Control of Visa Fees

Inconsistencies were observed in the record keeping between the Immigration Department and the Ministry of Foreign Affairs and International Cooperation (MOFAIC). Whereas the Immigration Department records showed a submission of 10 visa books, MOFAIC records showed a total of 27 visa books issued to the Embassy for the period under review. It was recommended that the Ministry of Foreign Affairs and the Immigration Department should collaborate on information regarding the issuance of accountable records and it should be done by maintaining accountable documents registers in both institutions and reconciling information on a monthly or quarterly basis.

5.41.2. Missing Receipts and Visa Sticker Books

Eight receipts books valued at US\$40,000 and seven visa books valued at \$35,000 recorded in the cashbook were not submitted for inspection despite various requests made by the auditor.

Five visa books registered on serial no. SL192001-SL192250 were neither evidenced in the cashbooks, nor made available for inspection. It was recommended that the HOC should submit for audit verification, the missing receipt and visa books within 30 days upon receipt of the report, otherwise, the matter would be referred to the relevant authority for further investigation.

Official's Response

The HOC said that due to the rehabilitation of the chancery that characterised the entire movements and transfers of documents from one office to the other, some of the financial documents were misplaced in the process. Some of them had however been seen following the rehabilitation and ready for inspection.

5.41.3. Consular Fees Collected with No Evidence of Regular Banking and Transfers into the Consolidated Revenue Fund

Out of the collection of US\$258,832 on visa fees for the review period, only US\$13,480 was paid into the CRF, leaving a balance of US\$245,352. Further examination of the bank statements revealed that from the unremitted amount (US\$245,352), US\$209,112 was put into immediate use without approval from the Ministry of Finance and Economic Development. There were also no documents (cashbooks, receipts, bank pay-in slips or bank statements) indicating the collection, banking and utilisation of revenue generated from laissez passers for the period under review. It was recommended that the MOFED should put a mechanism in place whereby consular fees are paid into a separate government foreign bank account, outside the control and management of the mission staff. In addition, the HOC should explain the reason for the utilisation of visa funds without prior approval from MOFED, failing which the amount should be recovered and paid back into the CRF. Furthermore, the HOC should also give clear reasons regarding the non-banking of consular fees and the lack of accountability for laissez passers.

Official's Response

The HOC in his response said "No evidence of regular banking and transfer into the consolidated revenue fund for 2014 and 2015 was due to the following reasons:

I would like to clarify that in 2013, the sum of \$11,000 was banked in the mission's account.

The fact that no banking took place in 2014 and 2015 was a result of the late remittance of other charges. This situation forces management to utilise the consular fund in the running of the mission. In the absence of the other charges, we are normally compelled to utilise the consular funds, and by the time other charges are remitted to the mission's account, over 90% of the consular fees have been utilised in the undermentioned areas:

The payment of bills to the relevant personnel, which are as follows:

a. Electricity and water rate;

b. Medical;

2) a. Rehabilitation of the chancery building;

b. Rehabilitation of the ambassador's residence.

c. The reception of very important personalities (VIPs) from the Sierra Leone – Guinea border to Conakry for the purpose of either to obtain visas in the different embassies in Conakry, especially the French embassy in order to travel to other countries. Especially during the Ebola period when Conakry became the main departure point of government functionaries for overseas travels.

d. The receptions of His Excellency President Dr. Ernest Bai Koroma and entourage to Conakry.

i) During these visits, the embassy gives funds to the Sierra Leone communities, such as the Sierra Leone Nationals Union, the Sierra Leone managed schools and the Sierra Leone Association of Fishermen and Fishmongers Association in Guinea.

ii) The preparation of food for the President and entourage.

iii) Fuel allocation to staff of the embassy for the reception the President from the Gbessia International Airport to the case Bellevue Conference Centre and back to the airport to accompany the President and entourage following his visit. I would like to please inform that, due to the proximity between Sierra Leone and Guinea, with President Alpha Condé, being the current Chairman of the Mano River Union, His Excellency President Dr. Ernest Bai Koroma has visited Conakry more than any other mission under the aegis of the Sierra Leone Government in order to attend the MRU summits, especially during the Ebola crisis.

iv) Monthly fuel allocation to the staff. Fuel is given to members of staff from the ambassador, including the deputy ambassador, down to every messenger on a monthly basis.

v) DSA's for staff on official trips to Freetown.

vi) The provision of courtesies to VIPs from Sierra Leone when referrals are received from headquarters which are very frequent, especially during the Ebola epidemic.

3) a. Reception, hospitality and eventual repatriation of destitute Sierra Leoneans, especially women and children to Sierra Leone. These are very frequent occurrences due to the proximity of the two countries.

b) The ambassador's trips to the provinces to meet Sierra Leoneans in those parts of Guinea;

- c) *The purchase/payment for the safe, stationery and other items for the Embassy.*
- d) *The establishment of a fuel policy that will capture the following: the use of vehicle logbooks, check books, fuel register and chit stubs have been put in place as recommended by the auditor.*
- e) *The Red Cross and Red Crescent in Guinea very frequently inform the embassy about Sierra Leoneans imprisoned in many parts of Guinea. Immediately the embassy receives a correspondence of that kind, we engage the Sierra Leone Nationals Union (SLNU) for visitations to the relevant correctional facility (prison) for verification. It is pertinent to inform that the outcomes of most of the verification visits reveal that the alleged Sierra Leoneans are not citizens of Sierra Leone.*
- 3.5 *The recommendation of the auditor to sequentially file visa application forms, giving the relevant information e.g. the type of visa, amount, date of issue and expiry date to be indicated for official use was done before the rehabilitation exercise. The above-mentioned information was properly displayed at the noticeboard at the reception, but during the rehabilitation work, the noticeboard had to be removed. That method would however be reinstated, now that the chancery has been refurbished.*
4. *The other charges remitted to the mission's account are very meagre and normally very late. For example, in 2013, Other Charges were remitted only once for the whole year. In such a situation, the mission is left with no alternative, but to utilise the consular fund.*
5. *The embassy has two standby generators: i) a 44 KVA – SDMO generator for the chancery and ii) a 15 KVA – SDMO generator at the residence of the ambassador. Due to the poor electricity supply in Conakry, management has to use the two generators, almost on a daily basis; and this requires regular use of fuel, oil and repairs.*
6. *The repatriation of stranded Sierra Leoneans especially women and children, which is taking place almost on a weekly basis, is another area the embassy is spending some substantial amount of money.*
- Stranded Sierra Leonean children are brought to the embassy from all over Guinea, and upon the reception or acceptance of these children, while investigating in order to ascertain the veracity of their claims of being Sierra Leoneans and whether they are really lost, the Embassy is normally responsible for their sustenance, which constitute their lodging, feeding, medication, and in most cases, clothing before repatriating them to Sierra Leone. The SLNU representative who normally takes these repatriated children to the MEAIC in Freetown, or to the homes or villages of those children is usually given a daily subsistence allowance (DSA) for the number of days he spends in Sierra Leone, including transportation fare. The Ministry of Foreign Affairs and International Cooperation and the Ministry of Social Welfare, Gender and Children's Affairs (MSWGCA) could attest to this statement.*
7. *The embassy is also very frequently requested to render assistance to Sierra Leoneans in Guinea that are in dire need or in a state of emergency, such as those involved in accidents, funerals, etc.*
- The above factors were very frequent during the Ebola epidemic. In short, these were some of the factors that forced the embassy not to be able to bank the consular fees in 2014 and 2015.”*

5.41.4. Utilisation of Visa Fees without Relevant Supporting Documents

Visa fees amounting to US\$116,110 were put into immediate use without the relevant supporting documents. It was also revealed that those funds were utilised on the understanding that they would be reimbursed when other charges remittances were received. It was however recommended that the HOC should provide the relevant supporting documents regarding the US\$116,110; otherwise, the amount should be refunded into the CRF.

He should furthermore give reasons for the non-reimbursement of consular fees from allocations as promised.

Visa Application Forms

Visa application forms were not sequentially filed and some forms did not have information provided for official use, i.e. the type of visa, amount, date issued and expiry date. It was recommended that with immediate effect, visa application should be sequentially filed and the relevant information provided for official use.

5.41.5. Disbursements Without Documentary Evidence

The sum of US\$60,353 was disbursed without the relevant supporting documents such as, requisitions, invoices, receipts, delivery notes etc. It was recommended that the HOC should within 30 days of receipt of the management letter, provide all supporting documents relating to the said amount; failing which those monies should be refunded and paid back to the CRF.

5.41.6. Overseas Travelling

Amounts totalling US\$74,907 in respect of overseas travelling were without the necessary authority from MFAIC and back-to-office reports. It was recommended that the HOC should provide evidence of approval from the MFAIC and the relevant back-to-office reports; otherwise the money should be refunded.

5.41.7. Refurbishment to the Chancery Building

Payment voucher number AG 7258 of 15th May, 2010 and payment voucher number AG14810 of 30th November, 2010 in the sum of US\$25,428 and US\$11,041 respectively, were raised for the renovation of the chancery building and the ambassador's office. It was however observed that contract agreements, invoices, certificates of work completed and receipts were not attached to the payment voucher. It was recommended that the HOC should within 30 days explain the utilisation of the said amounts with documentary evidence; otherwise, the moneys should be refunded to the CRF.

5.41.8. Telephone Facilities Consumed beyond Authorised Limits

A circular had been issued by the Sierra Leone Government specifying the use of telephone facilities as far back as 25th October, 2001. However, there was no evidence that the process had been followed by the embassy as the bills incurred by the chancery offices and residences continue to increase exorbitantly. For example, in the months of March and May of 2010, an accumulated amount of US\$5,413 was paid for the settlement of telephone bills. It was recommended that the HOC should ensure, with immediate effect that steps are taken to monitor and record all telephone calls using the format of authorising and monitoring all calls. Overpayments on telephone bills should henceforth be paid by the officers concerned.

5.41.9. Utilisation of Fuel

Fuel registers, chits and monthly reconciliation reports were not in operation to support the utilisation of fuel worth US\$19,180. It was recommended that the HOC should immediately ensure that a fuel register and a vehicle log book are instituted with an official policy drawn up as a guide to fuel usage.

The fuel policy must be formulated to clearly indicate the procurement and disbursement procedure, the personnel entitled to receive fuel and the quantity of fuel to be given to the entitled official; and recipients of fuel must sign the register as acknowledgement of receipt.

5.41.10. Procurement of Goods/ Services

It was observed that good procurement practices and processes were not followed in the procurement of goods and services. There were instances in which shopping methods were used without the three requests for quotation. It was recommended that all expenditure incurred for the procurement of goods and services should meet the usual three requests for quotation requirement and all goods procured should be accompanied by delivery notes. The embassy should also ensure it does business with reputable suppliers/ contractors.

Official's Response

The HOC in his response said "As observed during the exit conference, the procurement of goods and services in Guinea under the Public Procurement Policy of the Republic of Sierra Leone is challenging with regard to its strict compliance.

Unlike Sierra Leone, business entities in Conakry carry on their business functions largely in an informal manner. Requesting for proforma invoices could even result in a blatant refusal to issue same to prospective customers. The challenge runs through the procurement of goods and services. It is shocking to hear that business people in Guinea are asking for payment before the issuance of proforma invoices. A customer's refusal to obey their demand will result in their refusal to issue out their proforma invoices, especially when it concerns a bigger purchase.

As a way forward, coupled with the embassy's commitment to the strict adherence to the Public Procurement Policy of the Republic of Sierra Leone, the embassy with immediate effect will adopt and follow a policy of accessing the local market in Sierra Leone for the procurement of goods and services for major development projects."

5.41.11. Procurement of Two Vehicles and a Generator

Utility Vehicle

On 1st October, 2014, with payment voucher AG No. 0018, a Ford Everest STW Ltd., 4x4 2.5TD SUV was purchased for US\$42,500 without adherence to good procurement practices and procedures. Relevant documents such as bid document, letter of award, contract agreement, minutes of procurement committee meetings, receipts, invoices, etc. were not made available for audit inspection.

Representational Car

Remittances made to the embassy of the Republic of Sierra Leone in Conakry - Guinea showed that US\$44,161 was remitted to the said embassy on 31st October, 2014 for the purchase of a representational car. It was however observed that procurement procedures were not followed and no supporting document in respect of the said procurement was made available for audit inspection.

Purchase of Generators

On 29th December, 2010, with payment voucher no. AG 7276, a 13KVA Perkins generator was purchased for US\$11,000 without the relevant procurement documents such as bid document, letter of award, contract agreement, minutes of procurement committee meetings, request for quotation, receipts, etc.

On 21st April, 2011, with payment voucher no. AG 7284, a 44 KVA SDMO generator was purchased for US\$18,612 without going through procurement procedures. Relevant procurement documents such as bid document, letter of award, contract agreement, minutes of procurement committee meetings, request for quotation, receipts, etc. were also not evidenced on the payment voucher.

It was therefore recommended that the HOC should submit the procurement documents and records to ASSL within 30 days of receipt of the report; otherwise the amounts involved should be refunded.

5.41.12. Payroll Vouchers Not Presented

In spite of repeated requests by the auditor, salary and wages vouchers for the period under review were not submitted for inspection. It was recommended that the HOC should immediately conduct a thorough search and produce the documents for inspection within 30 days upon receipt of the report; otherwise section 36 of the Audit Service Act, 2014 will be invoked.

5.41.13. Unclaimed Salaries

Unclaimed salaries amounting to US\$76,945 for the period under review were not paid back into the CRF. It was recommended that the HOC should within 30 days of receipt of the report produce documentary evidence for the payment of salaries which amounted to US\$76,945; otherwise the amount should be recovered and paid back into the CRF.

5.41.14. Management of Staff Personal Files

The embassy maintained personal files for every member of staff. However, some of the files were not properly maintained as important records relating to staff such as appointment letters, application letters, acceptance letters, agreed salary considering host country's minimum wage, leave application and approval letters, promotion letters including new salaries, transfer letters from MFAIC, etc. were not on file. In some instances, records in the files were not organised chronologically. It was recommended that the HOC should within 30 days of receipt of the report ensure that all staff files must contain all relevant records pertaining to that staff.

5.41.15. Staff Failing to Sign the Attendance Register

The attendance register was not signed by some staff and there was evidence of persistent lateness by some staff during the audit exercise. It was recommended that with immediate effect all staff should sign the attendance register. The HOC should also put stringent measures in place for staff coming late to work.

5.41.16. Bank Reconciliation Not Prepared

There was no evidence that bank reconciliations were prepared by the accountants for the accounts of the embassy.

The embassy has not operated a 'Consular Fee' account for its operations and activities since 2012. It was recommended that with immediate effect that bank reconciliation statements should be prepared by the Finance Officer on a monthly basis and approved by the HOC. The HOC should with immediate effect, open a consular account for the payment of all consular revenue.

5.41.17. Cash Transactions

It was observed that transactions of the embassy were carried out on a cash basis, which was prone to abuse instead of through cheque payments. It was recommended that the HOC henceforth should ensure that all financial transactions and payments must be conducted by cheque.

5.41.18. Documents Not Available for Inspection

The following undermentioned documents were not made available for inspection:

- accountable document register;
- procurement plan: 2010-2016;
- contract agreements (vehicles and generator);
- bank reconciliation statements;
- cheque book/stubs;
- deposit slips;
- documents relating to laissez passer
- imprest/ petty cash register;
- maintenance log book;
- vehicle log book;
- fuel register;
- fuel chit stubs;
- fuel policy;
- list of credit cards in use in the mission with their corresponding statements; and
- monthly financial report sent to the Accountant General.

It was recommended that the HOC should immediately conduct a thorough search and produce the documents for inspection within 30 days of receipt of the report; otherwise, section 36 of the Audit Service Act, 2014 will be invoked.

5.41.19. The Environment

The free space at the back of the chancery allocated as vehicle spots was occupied by two old vehicles which were unserviceable. This situation created congestion problems for drivers and staff who owned vehicles and for security at the embassy. In addition, a huge pile of unserviceable office furniture, were packed in a corner at the back of the building creating an unsightly environment. It was recommended that the HOC should immediately ensure that the chancery compound is cleared of items that need to be disposed of as well as the two old vehicles in order to minimise congestion and environmental pollution.

Refer to the Table of Common Issues (Page 119) for further observations.

5.41.20. Outstanding Issues from Previous Audit Report

Price lists for visa fees, laissez-passers and identification cards were not displayed in a conspicuous place on the premises of the chancery. Of US\$133,665 collected as revenue, US\$89,812 was banked, leaving a balance of US\$43,853 unbanked. There was also no evidence of its utilisation. Weaknesses were observed in accounting for laissez-passers and identification cards.

US\$5,500 was withdrawn from the visa account without corresponding authority and there were also no supporting documents suggesting the utilisation of such withdrawals.

A review of the internal control systems of purchases revealed that expenditure incurred on goods and services did not adhere to the usual three proforma invoices requirement. Requisition forms, delivery notes, suppliers/ contractors' business registration certificates and income tax clearances were not attached to the payment vouchers produced for inspection.

US\$33,346 was withdrawn from salaries and other charges account without the corresponding authorisation. There were also no supporting documents to justify those withdrawals.

A final payment of US\$8,000 was made to a supplier (Arpen-con Associate) for the purchase of a vehicle for the deputy ambassador. Copies of the contract agreement, delivery note and all relevant supporting documents were not available.

Several claims were submitted for refund by a number of staff. Those were out of pocket expenditure incurred by them on behalf of the embassy. Of 25 PVs examined, seven with amounts totalling GNF 9,147,400 and US\$ 4,132, had no requests from claimants.

Salary and wages vouchers for October-December 2007; January-April 2008 and June and July 2008 were not submitted for inspection.

Signatures of two staff and the former deputy ambassador were inconsistent.

Salary payments totalling US\$1,071 were signed and received by persons other than those whose names were on the salary vouchers. There were no authorities for third parties to sign for and collect their salaries in their absence.

Salary arrears/ unclaimed salaries totalling US\$2,050 and US\$43,928 were not paid into the CRF.

A total of US\$9,108 was deducted from salaries of staff but there was no evidence of those moneys being paid over to NASSIT.

Conditions of service/ personnel policy, to serve as a guide for the Sierra Leone Government, in managing the affairs of locally employed staff were not established.

5.42 SIERRA LEONE HIGH COMMISSION–GHANA 2010-2014

5.42.1. Inadequate Control over the Collection of Consular Fees

The following were observed:

- consular revenues collected in respect of visa fees were not recorded in the cashbook for the year 2011, except for November;
- consular fees totalling US\$16,313 were not deposited into the consular account but rather put into immediate use without approval from the Ministry of Finance and Economic Development (MoFED); and
- the high commission's visa application forms were not pre-numbered and filed in chronological order.

It was recommended that the consular officer should liaise with the Financial Attaché to ensure that all consular fees collected were recorded in the cashbook at the time the actual transaction occurred. In future, the Head of Chancery (HOC) should ensure that all revenue collected is banked intact and approval sought from MoFED before moneys are utilised. The Financial Attaché should also take full responsibility for the collection and banking of consular fees and the Consular Officer should ensure that all visa application forms are pre-numbered and chronologically filed to facilitate ease of reference.

Official's Response

The HOC said that he noted the observation and recommendation of the report and would comply and act as recommended.

5.42.2. Disbursements without Payment Vouchers

The High Commission was disbursing funds without preparing payment vouchers to indicate the purpose of the payment and the payee. The practice was also highlighted in the previous audit report. It was recommended that all disbursements from inception to completion should be supported by the relevant documentary evidence which must be retained for audit and reference purposes and the Financial Attaché should ensure that disbursements were supported with payment vouchers and retained for audit and reference purpose.

Official's Response

The HOC stated that the mission noted the observation and wished to state that since the attachment of a Financial Attaché all recommendations had been adhered to.

5.42.3. Disbursements without Supporting Documents

A review of the cashbook and supporting documents submitted for audit revealed that for disbursements totalling US\$176,085, in respect of Other Charges in 2010, supporting documents were only submitted for US\$165,646 leaving a difference of \$10,439, for which supporting documents such as receipts, proforma invoices, and delivery notes were not submitted. It was recommended that the Consular Officer who was acting as finance officer should submit supporting documents of the said amount of US\$10,439 to the ASSL for verification; within 30 days of receipt of the report; otherwise, the whole amount should be refunded and in future, all transactions from inception to completion should be supported by the relevant documentary evidence which must be retained for audit and reference purposes.

Officials Response

The HOC stated that the high commission noted the findings but wished to state that the non-availability of the documents referred to was not deliberate, rather, most had got mixed up among other documents during the mission's movement from the old chancery to the new premises. He however said that action will be taken as recommended to secure the supporting documents.

5.42.4. Medical Allocations Remitted to the High Commission for Overseas Treatment

A review of cashbook, bank statements and other documents revealed that moneys were remitted to the high commission on behalf of public officials for medical treatment in Ghana. During the period under review, a total of US\$381,035 was deposited into the mission's account. It was also observed that the cheques were drawn in the names of officers of the high commission instead of the beneficiaries; and there were no receipts or letters of acknowledgement by the beneficiaries to confirm that they received their medical allowances. It was recommended that in future, the Financial Attaché should ensure that all patients should sign the claim sheet as evidence of the receipt of their medical allowances and copies of the patients' passports and other medical documents should be attached to the relevant payment vouchers for audit or reference purpose.

Official's Response

The HOC stated that the mission noted the finding and wished to state that action had already been put in place as recommended.

5.42.5. Differences between Salaries Received from Accountant General's Department and Salaries Paid to Staff

There were differences between total salaries remitted by the Accountant General's Department and actual salaries paid by the high commission to staff. Further investigation revealed that the differences were as a result of staff loans deducted from staff salaries. However, the loan deductions were not reflected on the local salary vouchers prepared by the high commission. It was further observed that the high commission did not maintain a loan register to record staff loans and monthly deductions made from their salaries. It was recommended that the Financial Attaché should ensure that loans given to staff should be properly recorded in a loan register and the deduction should be indicated in the monthly salary vouchers.

Official's Response

The HOC said the High Commission noted the findings and wished to state that action had already been taken as recommended.

5.42.6. Local Staff Personal Files not properly Maintained

The mission did not properly maintain personal files for local staff. For instance, employment records such as job application letters/forms, copies of educational certificates/qualifications, birth certificates, and letters of resignation or termination of employment were not available in most of the files selected for audit. It was recommended that HOC should ensure that those documents were made available and properly kept in the staff personal files within 30 days from receipt of the report.

Official's Response

The HOC said that the mission noted the findings and wished to state that action had commenced as recommended.

5.42.7. No written job description or schedule of duties for support staff

It was also observed that there were no written job descriptions or schedule of duties for support staff that were locally recruited. This may make it difficult to pin point responsibility in the event of pitfalls in

the day-to-day operations of the high commission. The conditions of service for local staff did not make provision for end of service benefits. It was recommended that HOC should ensure that job descriptions were developed within 30 days from the date of receipt of the report. The HOC should engage the MFAIC for serious consideration to be given to the retirement plan for local staff.

Official's Response

The HOC stated that the mission noted the findings and wished to state that action had commenced as recommended.

5.42.8. Land Allocated to the Sierra Leone High Commission in Ghana (Chancery Land)

A review of correspondences between the Sierra Leone High Commission, the Ministry of Foreign Affairs of the Republic of Ghana and the Ghana Lands Commission revealed the following:

- On a reciprocal basis, the Government of Sierra Leone had provided five acres of land in a prime diplomatic enclave on the hills of Freetown adjacent to the US Embassy, to the Ghana High Commission in Freetown. The following issues were observed:
 - A piece and parcel of land measuring approximately 0.8 acres situated at plot 15 of 4th Circular Road in Cantonments area in Accra was allocated to the Sierra Leone High Commission in Ghana by the Government of Ghana on a reciprocal basis. This portion is quite less than the quantity of land given by the GoSL to the Ghana High Commission in Freetown and a private individual had also encroached on the land. The Sierra Leone High Commissioner had written letters to the Ghana Lands Commission to inform them of the short allocation of land and the encroachment by a private individual. However, no action was taken by the Lands Commission.
 - Discussion held with the HOC revealed that there was no title deed or conveyance issued to the high commission for the property to convey legal ownership of the land.

It was recommended that the High Commissioner should report the issue to the MFAIC in Freetown to prevail on the Government of Ghana to fulfil its commitment. The High Commissioner should also bring this issue to the attention of the President of the Republic of Ghana for a diplomatic resolution of the matter. The High Commissioner should request from the Ghana Lands Commission and the Ghanaian Ministry of Foreign Affairs and Regional Integration to expedite the process of obtaining title deed for the piece of land allocated to the High Commission in Accra.

Official's Response

The HOC stated that the high commission had already taken the issue up with headquarters as recommended and the high commission's engagement with the Ghanaian authorities was ongoing.

5.42.9. Motor Vehicles Not Roadworthy

Physical verification of the high commission's motor vehicles revealed that only two of seven vehicles are roadworthy. The five non-roadworthy vehicles were parked at the chancery compound at 4th Circular Road, Cantonments. It was further observed that the two vehicles that were roadworthy incurred frequent repairs and high maintenance costs. It was recommended that the HOC should seek approval from the Ministry of Transport and Aviation through the Ministry of Foreign Affairs for the disposal of the five vehicles that were not roadworthy.

Official's Response

The HOC mentioned that the authority had been received from headquarters to dispose of unwanted and unserviceable items/properties.

5.42.10. Motor Vehicle Operating Records Not Maintained

Vehicle operating records were not maintained to record the usage of vehicles, repairs and maintenance done, and quantities of fuel consumed. It was recommended that the HOC should provide a motor vehicle log book for every vehicle and the drivers should record the usage of vehicles, repairs and maintenance done, and the quantity of fuel consumed.

Official's Response

The HOC said that the finding was noted and action had been taken as recommended.

5.42.11. Poor Records Management

Supporting documents maintained by the High Commission in respect of its disbursements and the collection of funds were not properly filed by date, in order to enhance easy verification. As a result, visa application forms were only submitted for 2014. Discussions with the Finance Assistant and the Secretary to the High Commissioner revealed that the documents were disorganised during the transfer from the former chancery building to the current chancery building. It was recommended that the HOC should ensure that the records of the high commission are chronologically filed in date order, and securely maintained to enhance ease of reference and auditing exercises.

Official's Response

The HOC said that the finding was noted and action had been taken as recommended.

5.42.12. Outstanding Issues from Previous Audit Report

The following were observed:

- *vehicle log books were not maintained;*
- *there was no formal administrative control over the use of the High Commission's vehicles; and*
- *periodic spots checks at intervals were not carried out, to ensure that the appointed checking officers fulfilled their obligations; in particular that cash in hand is correct – cashbook and ledgers are posted to date-controls and safeguards are applied; From a careful scrutiny of payment vouchers during the course of the audit, loans were observed to have been given out to various officers of the high commission, but there were no records such as a loan register giving the names and the amount of the loans and payment details or application letters and a loans file.*

5.43 ACCOUNTANT GENERAL'S DEPARTMENT - 2015

5.43.1. Non-Preparation of Annual Financial Statements by Vote Controllers

The Accountant General's Department (AGD) did not prepare financial statements as required by Section 56 (1) of the Government Budgeting and Accountability Act, 2005 (GBAA 2005).

It states that "every vote controller shall, within one month after the end of the financial year prepare financial statements for that year, in accordance with generally recognised accounting practice approved by the Auditor-General, and submit them to the Accountant-General to enable him to consolidate and prepare the annual accounts of the Government". It was recommended that the AGD should prepare financial statements for the department to enable him consolidate and prepare the annual accounts of the government.

Official's Response

The Accountant General stated that the Accountant General's Department was responsible for the preparation of Public Account with a centralised Accounting system. He however said that the audit comments were noted for future implementation.

Auditor's Comment

This issue remains unresolved.

Refer to the Table of Common Issues (Page 119) for further observations.

5.43.2. Outstanding Issues from Previous Audit Report

Fuel worth Le629, 311,500 used for the year ended 31st December 2013, was not audited. The auditors were not provided with documents to show how the fuel in question was utilised. Interviews conducted with the two liaison officers and a management representation signed by the Accountant General indicated that about Le90,000,000 worth of fuel was fraudulently stolen from the fuel station using Accountant General's fuel chit. A police report was submitted relating to the fuel theft but it was realised that the report had been sent to the Attorney General and Minister of Justice for legal advice.

5.44 OFFICE OF THE PRESIDENT-2015

5.44.1. Inefficient Inventory Management

Notwithstanding previous recommendations made, it was revealed that the office still had ten vehicles that were faulty and had not been repaired. It was recommended that the transport officer should ensure that those faulty vehicles were repaired.

Official's Response

The Secretary to the President stated that the faulty vehicles had not been repaired due to lack of funds. He added that the office had not been given adequate budgetary support to undertake repairs of all vehicles. He however noted that they had been able to repair three of the ten vehicles mentioned in the report and were now on the road.

Auditor's Comment

The seven faulty vehicles had not been repaired. Therefore, this issue remains unresolved.

5.45 OFFICE OF THE VICE PRESIDENT -2015

5.45.1. Payments without supporting documents

Review of bank statement revealed that the sum of Le 149,450,000 in respect of funds for the Scaling Up Nutrition Secretariat was not backed by supporting documents, contrary to section 81(1a & 1b) of the Financial Management Regulation, 2007. It was recommended that the Secretary to the Vice President should produce the relevant supporting documents to the auditors within 30 days of receipt of the report; otherwise, the total amount will be disallowed and surcharged.

Official's Response

The Secretary to the Vice President stated that the Sun Secretariat Coordinator and team were now in the office and the documents available for inspection.

Auditor's Comment

During the verification exercise, some supporting documents were submitted and verified. However, distribution list(s) for the said amount to confirm who the beneficiaries were was not submitted for audit verification. Therefore, this issue is partly unresolved.

Refer to the Table of Common Issues (Page 119) for further observations.

5.46 OFFICE OF THE CHIEF OF STAFF-2015

5.46.1. No imprest cashbook

Petty cash transactions were not recorded in imprest cashbook for the period 2015. It was therefore recommended that the Director of Finance should ensure that all petty cash transactions were recorded in the imprest cashbook before distribution to the beneficiaries.

Official's Response

The Chief of Staff stated that petty cash transactions were recorded electronically on a spread sheet but had noted the recommendations of ASSL and will maintain an imprest cashbook hence forth.

Auditor's Comment

Management's explanation was noted and will be followed up in subsequent audit.

5.46.2. No procurement unit

There was no procurement unit to provide technical assistance in procurement activities of the department. It was recommended that the Procurement Committee should ensure that there was procurement unit with a procurement officer.

Official's Response

The Chief of Staff mentioned that the office of the chief of staff did not undertake huge procurements on a regular basis and therefore did not see the need for a specific procurement unit. He however noted that the Procurement Officer attached to the office of the secretary to the President doubled for both offices and moreover, they had a former NPPA trainer who now works as an Analyst in the Strategy and Policy Unit (SPU) who also advises on procurement matters in the office of the chief of staff.

Auditor's Comment

Management explanation was noted and the issue will be kept in view for subsequent audits.

5.46.3. Outstanding issues from previous Audit Report

Over-payment of tax on employees totalling Le 2,095,461,142 and standard staff list not maintained.

5.47 LAW OFFICERS DEPARTMENT - 2015

5.47.1. Human Resources Management Unit Not Established

A Human Resources Unit had not been established at the Law Officers Department; furthermore, performance appraisals had not been carried out in the department. It was recommended that the Permanent Secretary in collaboration with the Director General Human Resources Management Office should ensure that a Human Resources Unit was established and made operational in the department.

Official's Response

The Permanent Secretary stated that a request had been made to HRMO. She however mentioned that the Deputy Secretary had been tentatively assigned to carry out the duties of human resource officer supported by two clerical staff.

Auditor's Comment

Management's effort had been noted; however, this issue will be followed up during the next audit.

5.47.2. Service Charter not available for inspection

The Legal Aid Board which provides free legal assistance for citizens who are indigent did not have a service charter showing the various procedures that clients could follow before a service could be

provided. It was recommended that the Executive Director of the Sierra Leone Legal Aid Board should institute a service charter within 30 days of receipt of the report.

Official's Response

The Permanent Secretary stated that the service charter was available for verification.

Auditor's Comment

The auditors verified the draft service charter of the Department. However, the issue will be followed up during next audit.

5.47.3. Outstanding Issues from Previous Audit

The payroll voucher of the department included staff of the Administrator and Registrar General's Department and the judiciary.

5.48 JUSTICE SECTOR COORDINATION OFFICE - 2015

5.48.1. Overview of issues from previous audit inspection

There was no evidence of handing over note from the outgoing coordinator and accountant to the current administration.

5.49 CABINET SECRETARIAT-2015

Refer to the Table of Common Issues (Page 119) for further observations.

5.50 ADMINISTRATOR AND REGISTRAR GENERAL-2015

5.50.1. Transfers from the Transit Account to the Consolidated Revenue Fund Not Traced in the Bank Statement

Although it was claimed that the sum of Le44,822,948 was transferred from the transit account operated at the Sierra Leone Commercial Bank (SLCB), to the CRF account at BSL, the said amount could not be traced to the CRF. In addition, reconciliation of the various accounts and cashbook was not done between Office of the Administrator Registrar General and the National Revenue Authority (NRA). It was recommended that the Commissioner of NRA in collaboration with the SLCB provide evidence of payment to the CRF within 30 days of receipts of the report; otherwise, the appropriate authority would be advised. Furthermore, evidence of reconciliation between the Office of the Administrator and Registrar General and the NRA should also be produced for audit inspection.

Official's Response

The Administrator and Registrar General stated that the transit account is controlled and operated by the NRA and that the query should be referred to the NRA.

Auditor's Comment

At the time of the verification exercise a response had not been received from the NRA. Therefore, this issue remains unresolved.

5.50.2. Poor Payroll Administration

During the physical verification of staff, it was observed that two personnel had abandoned their official duties for the period under review, but continued to receive salaries even though a letter from the Administrator and Registrar General was sent to the HRMO for prompt action to be taken in respect of the same. It was recommended that the HRMO should ask the Accountant General to remove the names of the two personnel from the payroll voucher within 30 days of receipt of the report.

Official's Response

The Administrator and Registrar General said that management had written a reminder letter to the Director General of HRMO in respect of the two personnel in question in order for their names to be deleted from the payroll voucher and were awaiting response.

Auditor's Comment

During the verification exercise, it was observed that one of the names had been deleted from the payroll. Therefore, the issue remains unresolved.

5.50.3. Lapses Identified in the Businesses Registration Unit

It was observed that the Business Registration Unit does not maintain a separate file for partnership and sole proprietorship registration as all the files were packed together, and it was very difficult to determine the total number of partnership and sole proprietorship registration for the period under review. It was recommended that the Administrator and Registrar General should ensure that a proper filing system for business registration was done within 30 days of the receipt of the report.

Official's Response

The Administrator and Registrar General stated that management noted the lapses identified by the auditors and will henceforth separate sole proprietorship files from partnership files. He added that a cashbook will also be maintained for both categories of business in order to ascertain the total of each category.

Auditor's Comment

Management comments were noted. However, the issue will be kept-in-view for subsequent audit.

5.50.4. Inadequate Procedures and Controls in the ICT Unit

The ICT Unit of the Office of the Administrator and Registrar General had no plan of activities including no IT or licensed antivirus policy. It was recommended that the ICT officer should develop a plan of activities and an IT policy and ensure that a licensed antivirus software is installed within 30 days of receipt of the report; otherwise, the appropriate authorities would be advised.

Official's Response

The Administrator and Registrar General maintained that management was putting mechanisms in place for the development of a robust plan of activities and the purchasing of a licensed antivirus. He added that the ICT policy was under development by the ICT directorate at the Ministry of Information and Communication from which the individual ICT Unit's policy would be drawn.

Auditor's Comment

Management's comments were noted. However, the issue remains unresolved.

5.50.5. Outstanding issues from previous audit report

The following were still outstanding:

- *It was revealed that there was a deposit of Le 1,092,248,536 in the transit bank account. However, the transfers in respect of this deposit could not be traced to the Bank of Sierra Leone (BSL) bank statement as at the end of December.*
- *A difference of Le1, 631, 466,160 was revealed in the NRA cashbook total of Le 3,568,881,802 that did not reconcile with the total bank balance of Le 1,937,415,641 as indicated in the BSL bank statements as at 31st December, 2014.*

- *In an account, the sum of Le 398,274,818 was shown as bank balance for intestates. However, we were unable to verify the details of beneficiaries of such funds.*
- *Revenue collected in the SLCB account was not transferred within 24hrs.as stated in the MOU. This gave rise to a 21% prime rate levied on late payments that amounted to Le 34,889,183.*

5.51 OFFICE OF THE ADMINISTRATOR AND REGISTRAR GENERAL, SOUTH-2015

5.51.1. Documentation in the Registration Process

A review of the adequacy of documentation in respect of the registration of businesses and marriages revealed the following:

- In spite of repeated requests, files containing relevant documents to support the registration of six businesses were not submitted for verification.
- Fifteen files were with missing relevant records such as business registration certificate, memorandum and article of association, etc.

It was recommended that the Registration Officer (RO) ensure that in future, all registration from inception to completion should be supported by the relevant documentary evidence which must be retained for audit and reference purposes. Files to support the registration of six businesses and missing documents in respect of 15 files must be submitted to ASSL for verification within 30 days of receipt of the report.

Official's Response

The RO stated that files were now available for verification and a memorandum and articles of association of such files were forwarded to head office since the registration of companies was done by Cooperate Affairs Commission.

Auditor's Comment

Outstanding files were submitted and verified. However, 14 files were still without relevant records such as business registration certificate, memorandum & article of association, etc. The issue therefore remains partly unresolved.

5.51.2. Incomplete Returns

Revenue generated in respect of three business registration files were not recorded in the returns prepared and submitted to the office headquarters in Freetown by the RO. It was recommended that the RO should ensure that all registrations were included in the returns prepared in respect of revenue generated from business registration. The updated returns must be submitted to ASSL for verification within 30 days of receipt of the report.

5.51.3. Outstanding Issues from Previous Audit Report

- *There was no evidence that the OARG reconciled its records with that of the NRA. In addition, there was no confirmation from NRA for the sum of Le52.5million alleged to have been collected in respect of business and marriage registration fees.*
- *In an interview with the RO, it was revealed that information on all registered businesses and other related activities of the OARG are maintained in a database through software. There was no evidence in the regional office that this software was installed. Instead, registration details are inputted into excel and forwarded to headquarters in Freetown for onward recording into the database.*
- *It was revealed that there was no vehicle or motorbike assigned to the office. This has greatly affected the movements of officials within the region.*

5.52 HUMAN RESOURCE MANAGEMENT OFFICE - 2015

5.52.1. Poor Payroll Administration

Upon review of the payroll documents, it was revealed that there were still staff who had attained the statutory retirement age of 60 years for public sector workers, but were without extension letters or agreement in contravention of section 39(1) of the NASSIT Act, 2001. A total of 457 members of staff were discovered as follows:

- Ministry of Health and Sanitation -251
- Ministry of Agriculture -154
- Ministry Works Housing and Infrastructure -33
- Ministry of Education - 9
- Accountant General's Department -7
- Ministry of Lands and Country Planning -3

It was recommended that the Director General of HRMO should ensure that necessary action is taken that the names of personnel who had attained the retirement age were removed from the payroll, or extension letters be issued to them to regularise their status.

Official's Response

The Director General stated that management had made considerable improvement in that regard. He added that from January to date, more than 300 personnel had been issued retirement letters and during the period under review, 551 individuals were deleted from the payroll. There was documentary evidence available for verification, he further mentioned.

Auditor's Comment

Management's response has been noted. However, there were still a considerable number of personnel above the statutory retirement age in the payroll of MDAs, therefore, this issue remains unresolved.

5.52.2. Outstanding Issues from Previous Audit Report

The auditors observed that HRMO's response time to correspondences in relation to staff that had attained the statutory retirement age in the different MDA's was very slow.

5.53 IMMIGRATION DEPARTMENT, HQ-2015

5.53.1. No Record of Normal Passports

During the period 2015, the Immigration Department started issuing out passports in September. However, the Department did not submit records for the passports that were issued for the period January to June 2015. It was recommended that the Chief Immigration Officer (CIO) should produce all records of passport issued between January to June 2015 within 30 days of receipt of the report; otherwise, the Department will be in breach of section 36 of the Audit Service Act, 2014.

Official's Response

The CIO in his response said "While it is true that in September 2015, the Immigration Department commenced the issuance of e-passports, a ledger in which all entries of passports were done was tendered to the auditors but they insisted on been given the ledger for e-passports only. We still have the ledger for regular passports issued between January and June 2015, which can be tendered a second time to Audit Service."

Auditor's Comment

During the verification exercise, records of regular passports were not submitted. Hence this issue remains unresolved.

5.53.2. Procurement Regulations not followed

Procurement regulations were not followed for the contract awarded to NetPage Limited such that technical evaluation including the action taken to invite, evaluate and negotiate the bids and the procurement committee minutes of meeting to justify the selection of the supplier concerns were not provided. There was no evidence that plans for the evaluation of bids specifying what was supposed to be negotiated and the objective to be achieved were prepared. There was no evidence that the third party (NetPage Limited) selected possessed the requisite capacity to win the contract.

Official's Response

The Chief Immigration Officer (CIO) said in his response that the procurement for the printing of biometric passport and the awarding of contract to NetPage Limited was done by the Ministry of Internal Affairs. He also said that all documents relating to the contract should be provided by the Ministry of Internal Affairs.

Auditor's Comment

The auditors noted management's response and this will be considered when the Ministry of Internal Affairs is audited during the financial year 2016.

5.53.3. Non-reconciling of passports record

The Immigration Department was not reconciling its records of passports authorised and issued with the revenue records maintained by NRA for the period January to August 2015. It was recommended that the CIO should ensure that controls are implemented to ensure that the Immigration Department's cash book reconciled with the revenue collected by NRA.

Official's Response

The CIO stated that reconciliation had been done for the period under review and the certificate of such available for inspection.

Auditor's Comment

During the verification, statements of reconciliation were submitted.

5.53.4. Imprest cashbook not maintained

An imprest cashbook was not maintained by the Department. In addition, adequate supporting documents such as evidence of approval of request and receipts of moneys spent were not submitted for imprest totalling Le65,208,080. It was recommended that the CIO should ensure that a standard petty cash imprest system was developed and implemented.

Official's Response

The CIO stated that an imprest cashbook will be instituted and a policy formulated which will be strictly adhered to by all, and receipts should also be provided for all imprests allocated during the period under review.

Auditor's Comment

During the verification exercise, receipts and a new cashbook were submitted.

5.53.5. Landing Visa Granted without Required Documents

It was observed that landing visas to the tune of Le14,501,000 were granted to immigrants without the required documentation such as application request, photocopies of passports, duration of stay and the approval of the CIO. In addition, the sum of Le4,256,000 was recorded in the landing visa register at Lungi, but evidence such as NRA receipts and pay-in slips to confirm payment to the bank were not provided. It was recommended that the CIO should ensure that all landing visa revenues are recorded in

the register and monthly reconciliation with NRA records should be done and monitored by a responsible officer. It was further recommended that the NRA should ensure that receipts and paying-in slips confirming deposit into the transit account and the CRF are produced within 30 days of receipt of the report; otherwise, the said moneys should be refunded to the CRF.

Official's Response

The CIO stated that measures have been put in place to record applications received for landing visas by individuals or institutions and register open for all payment. He added that a meeting had been held with NRA and all parties related to the issue and was agreed that the receipts and paying-in slips should be produced as recommended.

Auditor's Comment

During the verification, the receipts and pay-in-slips were not produced. Therefore, this issue is still outstanding.

5.53.6. Visa sticker records not maintained

Records of visa stickers were not maintained for the period January to March 2015 as those documents were not submitted for inspection. In addition, a total of 68 visa sticker booklets were supplied to various missions abroad for April to December 2015, for which returns were not submitted. It was recommended that the CIO should ensure that all visa sticker records were produced within 30 days of receipt of the report; otherwise, the appropriate authorities would be advised accordingly. It was also recommended that the CIO should ensure that the MFAIC accounts for all visa stickers for the said period within 30 days of receipt of the report; otherwise, visa stickers supplied for the said period may be considered misappropriated.

Official's Response

The CIO stated that they had made several requests to the Ministry of Foreign Affairs for them to instruct the various embassies and high commissions to make returns to Immigration Department but to no avail. Instead, they were only making returns to the MoFED through the Accountant General's Department, he added.

Auditor's Comment

Management's response was noted. The issue will be followed up in subsequent audits.

5.53.7. Outstanding Issues from Previous Audit Report

- *The sum of Le 23,000,000 was paid as imprest to various section heads for which there were no retirement details.*
- *The sum of Le 66, 824,000 expended on stationery items was not entered in the store allocated ledger.*

5.54 IMMIGRATION DEPARTMENT, SOUTH-2015

5.54.1. Inadequate Personnel at Crossing Points

There were inadequate personnel to cover all the crossing points in the southern region. From interviews conducted and during a review of documents, it was observed that there were 17 crossing points in the southern region; six in Makpele Chiefdom and 11 in Sorogbema Chiefdom to be fully manned by the immigration officers. The ideal staff requirement for each crossing point is at least two personnel (34 staff for the 17 crossing points). There were only four staff in Zimmi (Makpele Chiefdom) and 10 staff in Gendema (Sorogbema Chiefdom). This resulted in a staff shortage of 20. It was recommended that the Assistant Director, in collaboration with the CIO should ensure that adequate staff are provided for the effective operations of the immigration department in the south.

Official's Response

No response

Auditor's Comment

Staffing issues still continue to remain a challenge at the Immigration Department. This issue therefore remains unresolved.

5.54.2. Outstanding Issues from Previous Audit Report

- *A review of information from the immigration headquarters in Freetown revealed that on 23rd January, 2014, an amount of Le74,480,000 was allocated for the smooth running of the regional office. However, there was no documentary evidence of how that amount was utilised by the office.*
- *There was only one vehicle assigned to the Deputy Director. That vehicle was reported to have been taken down to Freetown for repairs and maintenance since January 2015 -some seven months now. The lack of transportation had therefore greatly affected the movement of officials within the region.*
- *On 6th February, 2015, a new regional head was transferred to the southern region office. An official handing-over note from his predecessor was not submitted to the audit team for review.*

5.55 NATIONAL REGISTRATION SECRETARIAT - 2015

5.55.1. Revenue Collected Not Traced to the Consolidated Revenue Account

Revenue collected in the months of January –March 2015 totalling Le 168,446,000 could not be traced to the CRF. It was recommended that the Director of Finance of the NRA provide documentary evidence to confirm that the said sum had been paid into the CRF.

Official's Response

The Chief Registrar (CR) mentioned that the issue had been communicated to the NRA but management was yet to receive a response from NRA on the subject as at the time of responding. He however noted that mechanisms were being put in place such that an automatic transfer system of all revenue collected by Rokel Commercial Bank will be forwarded to the consolidated account.

Auditor's Comment

During verification, there was no evidence from NRA to confirm whether those monies had been paid to the CRF. Therefore, the issue remains unresolved.

5.55.2. Inadequacies in the ICT Unit

There was no IT policy and operational website for the Secretariat. It was recommended that the Chief Registrar should ensure that structures were put in place at the unit soonest.

Official's Response

The CR stated that management was doing all it could to ensure that a website was developed and made operational when funds were available.

Auditor's Comment

We have noted the response on the provision of an operational website. However, this will be kept in view for next audit.

5.55.3. Poor Payroll Administration

It was observed that the payroll voucher of the secretariat comprised staff in the Ministry of Internal Affairs. Upon review of the attendance register it was revealed that most of their staff came to work late. The Human Resource Officer (HRO) was expected to display a list for staff to verify their details. However, that was not done. It was recommended that the HRO should ensure that the payroll voucher is separated from the Ministry of Internal Affairs. Additionally, robust measures must be put in place to prevent persistent lateness in the Secretariat.

Official's Response

The CR mentioned that the HRO of the secretariat will ensure that a follow up was made to the HRMO for the separation of the payroll vouchers. That issue, he said, had been taking up with the HRMO over and over again. He also noted that a robust measure was now in place to prevent persistent lateness in the secretariat and the attendance register was now effectively monitored.

Auditor's Comment

The management response was noted. However, the matter will be kept in view for future audit.

5.55.4. Outstanding Issues from Previous Audit Report

The Secretariat's payroll voucher had the names of two individuals who were not staff of the Secretariat. The Secretariat did not have an ICT policy for the operations of all its ICT equipment and no website that could make it possible for the public to access information and the activities of the Secretariat online.

5.56 SIERRA LEONE POLICE (SLP), HQ –2015

5.56.1. Internally Generated Revenue Utilised without Approval from the Ministry of Finance and Economic Development

The sum of Le3,449,469,287 generated as own source revenue for various chargeable services offered by the SLP, was retained in contradiction of the Financial Management Regulation, 2007 and without written permission of the MoFED. Although there was evidence that the SLP had approached MoFED on this matter, the latter is yet to respond and therefore the SLP was in breach of the above regulation over the past five years. It was recommended that the Inspector General of Police should seek the approval of the MoFED for the utilisation of those funds, within 30 days upon receipt of the report, otherwise, the said amount should be refunded into the CRF.

Official's Response

The IG stated that the Sierra Leone Police had written twice to the MoFED seeking his approval for the utilisation of revenue collected as recommended by previous auditors. He said that the Sierra Leone Police had still not received any response from the Minister. In view of the above, the Sierra Leone Police had taken up the same issue with the Public Account Committee and Finance Committee in Parliament, he noted. He further noted that the issue was now under discussion with the committees and MoFED.

Auditor's Comment

During the verification exercise, the auditors were provided with the evidence of the letter submitted to MoFED seeking approval for the use of own source revenue. However, the approved letter from MoFED was not produced. Therefore, this issue remains unresolved.

5.56.2. Inadequate Information Technology

Notwithstanding the subsequent recommendations made by the auditors, it was revealed that there were still inadequacies in the information technology infrastructure of the SLP. Amongst such were inadequate

server, unlicensed antivirus software, no data backup and storage system, and its website was not regularly updated. It was recommended that the Assistant Inspector General in charge of Support Services should ensure that adequate server, licensed antivirus software, data back-up systems and regularly updated website were set up within 30 days upon the receipt of the report.

Official's Response

The IG stated that prior to the audit report, the ICT Unit of the SLP had already procured few blade servers that were currently deployed at the Kingdom Communications Department. He said because of the vast deployment location of the SLP, priority infrastructural development was being implemented and the antiviruses were now being deployed and that was ongoing at strategic locations. He further mentioned that the full backup system was with the ICT Unit for sensitive SLP data, and the website was up and running acting as a point of interaction with the public.

Auditor's Comment

Adequate server, licensed antivirus, back-up systems and updated website could not be independently verified. Therefore, this issue remains unresolved.

5.56.3. Outstanding Issues from Previous Audit Report

The following were still outstanding:

- *The sum of Le3,319,875,474 generated as own source revenue for services rendered by the SLP, was utilised in contradiction to rules and regulations, and without the permission of the Minister of Finance and Economic Development. Although this issue had been observed over the past three years, the SLP had continuously failed to obtain the permission of the Minister of Finance and Economic Development in the utilisation of these funds.*
- *Police Clearance Certificate issued at the CID was internally generated and not pre-numbered.*
- *There was no policy on the issuance of imprests, as they were given on an ad hoc or irregular basis.*
- *The SLP did not maintain updated assets register.*

5.57 SIERRA LEONE POLICE, BO-2015

5.57.1. Inadequate Accommodation Facilities

The auditors visited selected detention centres/lockups/cells used for culprits that were arrested and brought to the police for the breach of public peace. It was observed that the cells were not spacious enough to accommodate a large number of inmates. In one of the locations visited, there were 20 inmates in a facility with a capacity for only 10 persons. In another instance, a juvenile was seen in an adult cell and interviews with some key officers on the issue revealed that there was no detention facility for juveniles in SLP South premises.

It was also observed that there was overcrowding of police personnel in some of the offices visited. In one instance, eight officers were crammed into an office space meant for four people.

It was recommended that the Acting Inspector General (AIG) should ensure that more spacious or additional detention centres/lockups/cells are provided and an appropriate detention facility constructed for juveniles and adequate office space provided for SLP personnel at the regional headquarters.

Official's Response

The AIG in his response said:

"It is very true that detention centres at Bo West Police Station are not spacious enough to accommodate large number of detainees. The station has three cells since its erection in the colonial era. The AIG South has discussed the issue with the

Inspector General of Police for the construction of additional cells as a facelift to avoid overcrowding of inmates, as the observation of human rights requirements of inmates in Police custody is our guide.

Juvenile delinquency is a concern for the SLP. There is no detention centre for juveniles in any of the police stations in the southern region. The Local Unit Commander, Bo West, has written a request to the AIG South for the attention of Inspector General of Police for the construction of detention centre for juveniles (see Appendix III). Some juveniles brought to the station for investigation are criminally minded, any preferential treatment like open detention accorded to any one, may lead to his escape from lawful custody and members of the community thereby blame the Police for compromising with suspects.

The regional police headquarters in the past years was hosted at a rented private house situated at the Bo /Kenema Highway, but the tenancy was terminated as the SLP could not afford to pay the high cost for the rent. As a result of this, the regional police headquarters was relocated to the Bo West Divisional Headquarters in October 2014 awaiting the construction of the regional police headquarters. However, the building of the Bo West Divisional headquarters cannot provide adequate office spaces for regional personnel. It is as a result of this that personnel from various offices are combined and allocated to a single office tentatively for office work whilst awaiting the construction to take effect.”

Auditor’s Comment

ASSL continues to note with grave concern, the lack of action on its recommendations on accommodation for SLP in the south. No action has been taken on the following:

- construction of a regional police headquarters to address the congestion of personnel in offices;
- construction of juvenile cells; and
- construction of additional cells.

5.57.2. Inadequate supply of Office Furniture, Equipment and Protective Gears

The following were observed:

- office equipment such as computers, printers, photocopiers, desks, chairs and cabinets were not adequate for the proper functioning of the facility;
- the facility’s generator was faulty; and
- during a review of store records for 2015, it was observed that there was inadequate supply of weapons, protective gear and other security paraphernalia such as lamps, batons, handsets, helmets, shields, etc. to the SLP South.

It was recommended that the AIG should ensure that the SLP is provided with the necessary equipment to ensure effective and efficient operations. Office furniture and equipment should also be provided for the SLP, South.

Official’s Response

The AIG in his response said “There is insufficient office equipment at regional headquarters to help in the timely execution of duties. The supply of these items at regional level is the sole responsibility of the Force Store Supplying Office (FSSO) at Kingdom upon directives from police headquarters as the need arises. No fund is provided at the region for the procurement of these items. The AIG has discussed with the Inspector General of Police the need for some basic office equipment such as computers and accessories at regional headquarters, and the risk involved in the printing and photocopying of official documents at private computer cafes.

The automatic voltage regulator (AVR) and the connecting rod of a 30 KV Parkinson generator at regional police headquarters got faulty and since then has not been repaired. However, in replacement a 5 KV Honda generator has been bought for the supply of power at regional headquarters tentatively until spare parts for the generator are acquired.”

Auditor's Comment

The SLP south is still challenged with inadequate supply of office furniture, equipment and protective gears. The issues remain unresolved.

5.57.3. Lack of Specialist Doctor

There was no specialist doctor such as a pathologist to assist in cases where an autopsy report is required to ascertain the cause of death, or a gynaecologist, to support the work of the Family Support Unit (FSU). Instead, cases of death/murder/manslaughter and rape were referred to government hospitals. It was recommended that the AIG should ensure the services of the above-mentioned specialist medical personnel to support the work of the SLP South.

Official's Response

The AIG in his response said " the only pathologist in Sierra Leone is retired Dr. Owiz Koroma, now on secondment to SLP who is resident in Freetown. He is also a consultant in the sub region and most times out of the country. He seldom comes to Bo to exhume bodies for post-mortem examinations. This has an adverse effect on the investigation of murder cases, as appropriate legal advice will not be given to charge the matter to court without autopsy result, as this is the main cause for the delay in police investigation, as police will never ever compromise murder cases as analysed. There is no gynaecologist in the SLP, but cases sent to government hospital on issues relating to the operations of FSU are handled professionally by Doctor Younge at cost fee and in time."

Auditor's Comment

A specialist doctor is yet to be assigned to the SLP south. The issue remains unresolved.

5.57.4. Outstanding Issues from Previous Audit Report

- *During the physical verification of fixed assets, the team observed that a number of vehicles and motorbikes had remained grounded for a long time with no action taken to either repair or dispose of them. In addition, it was observed that major parts (such as engines, tyres & rims, gear boxes, head lights, dashboards, etc.) had been removed from these assets and there was no trace of them in the SLP Mechanical Store maintained for such purpose.*
- *There was lack of adequate means of transportation, office equipment and investigating tools to enable the units/divisions carry out their work effectively.*

5.58 SIERRA LEONE POLICE, KENEMA-2015

5.58.1. Assets Management

Furniture and equipment movement report/inventory list was not prepared by the SLP-Eastern Region when moving asset from one place to another. An inspection exercise carried out on the Kenema police Barracks revealed that the quarters were dilapidated and required urgent refurbishment/renovation. The occupants were still using bucket toilets instead of flush facilities and most of the toilet roofing was completely damaged. The occupants complained that during the rains, it was disaster for them.

Due to the insufficient quarters, there was an internal arrangement that allowed staff to build structures to accommodate personnel and family members. However, no written agreement, application or memos were made available to confirm that arrangement.

It was recommended that the AIG should ensure that a plan for rapid renovation of these quarters exists and there should be a formal agreement and properly coordinated arrangements for the self-built structures to meet health and safety standards.

Official's Response

The AIG said that all the observations made had been taken care of.

Auditors Comment

The audit recommendations were not implemented. The issues therefore remain unresolved.

5.58.2. General Observations

Office Environment

There were poor working conditions in the offices and the environment was deplorable.

Police Cells

The cells were filthy, no proper toilet facilities and were exposed to diseases. It was also noted that there were no cells for female suspects/detainees.

Armed Guard Store

The store that accommodated arms and ammunitions was not in good condition. It needed immediate renovation as the wall had cracks which may expose the arms to high risk in a period of disaster. It was recommended that the AIG, Eastern Region should ensure that the offices and its environment were in good working conditions that met health and safety standards; there was a spacious and better cell facilities for suspects/detainees; and the ammunitions store was properly renovated to meet health and safety standards.

Official's Response

The AIG said that all observations highlighted on the office environment, police cells and armed guard store will be put in place and inspected.

Auditor's Comment

The recommendations were not implemented as no plan was in place to ensure proper renovation to cells, armed guard and the environment. The issues therefore remain unresolved.

5.59 SIERRA LEONE CORRECTIONAL SERVICES, HQ-2015

5.59.1. Contract Agreement Not Followed

An advanced payment was made to Shekamson International Business for the construction of billets and six compartment VIP toilets on the 4th May, 2015 (PV no. 0068766) at the cost of Le 163,086,068. However, the contract was not completed on the expected date of completion. During physical verification of the ongoing contract, it was observed that only three VIP toilets were built instead of six as stated in the contract agreement. It was recommended that the DG should provide evidence of action taken to enforce the contract within 30 days of receipt of the report; otherwise, the appropriate authority will be informed.

Official's Response

The DG stated that the Article 3 of the signed agreement indicated that 30% down payment shall be made to the contractor at the time of signing the contract which was not honoured by the department because of budget allocation constraints. He added that it was until 4th May, 2015 when MOFED made provision of funds for the said 30% down payment which meant that funds were made available at a time when the contractor would have delivered the project to the department.

He however noted that although funds were provided very late to the contractor, he made relentless effort to deliver up to 80% of the job and followed the terms and conditions of the said contract. He expressed dismay over not being invited during audit inspection because the issue raised for the six VIP toilets came up.

He concluded that the monitoring and evaluation team of MoFED had inspected the site and expressed satisfaction. The team also agreed to make recommendation for payment of the balance of 70%.

Auditor's Comment

The construction of billets and six components VIP toilets had still not been completed. Therefore, this issue remains unresolved.

5.59.2. Overpricing of Rice Supplied by Suppliers.

Contract agreement signed between the GoSL, Yetaya Ltd. and Bramtec Ltd. state that rice should be supplied at a cost of Le 178,500 per bag. However, payments made to both suppliers were Le 190,000 per bag. This resulted in an overpricing of Le147,660,000 and Le148,235,000 respectively. It was recommended that the DG should explain with documentary evidence why due diligence or due regard was not paid to economy in the award of the contract which anomaly could have occasioned the overpricing of the rice.

Official's Response

The DG said that because of price increase per bag in 2014, the supplier (YETAYA General Supplies) made several requests for price adjustment (upwards) in line with international market price of rice. The department communicated this information to MoFED for necessary advice.

He however mentioned that MoFED organised a meeting for all sister forces on 15th September, 2014 and unified the price of rice from Le178,000 to Le 190,000 effective September, 2014. He said further instructions were also given to the department for the payment of the difference.

Auditor's Comment

During the verification exercise, a letter was submitted by the Sierra Leone Correctional Service to the Financial Secretary. In the letter, the department brought to the Financial Secretary's attention the typographical error regarding the effective date that should have read September 2014 instead of September 2015. However, until the Financial Secretary replies to the said letter and clearly corrects the typographical error, the issue remains unresolved.

5.59.3. Review of the Sierra Leone Correctional Service Act 2014

The auditors requested evidence of appointed correctional centre visitors for each correctional centre, but the DG failed to provide such evidence. In addition, inmates at the Pademba Road Correctional Centre were over 1,500 compared to 324 which is the correct capacity of the centre. However, the DG failed to take appropriate action as indicated in the Act. It was recommended that the DG should provide evidence of how that section of the act had been implemented so far within 30 days of receipt of the report.

Official's Response

The DG in his response said "Implementing the act is a process. Your recommendation to appoint Correctional Centre visitors is noted. Several efforts have been made by the department to source funds from government and other donor agencies to combat overcrowding but to no avail. The department will still continue to make frantic efforts to combat overcrowding or any outbreak of diseases."

Auditor's Comment

Management comments have been noted and would be kept in view for subsequent audits.

5.59.4. General Observations on Operational Areas and Records Management

The auditor requested the legal ownership for a landed property at Waterloo but it was not presented for audit inspection. During site inspection, also, it was observed that the land had been encroached upon and it was not protected with a perimeter fence. In addition, the criteria used in the selection of 100 personnel for firearm training at Waterloo were not made available to the auditors. The garage used by

the Sierra Leone Correctional Service was without a building, inadequate working equipment and protective kits. It was observed that the Sierra Leone Correctional Service School did not have basic school equipment such as computer, classroom furniture, pipe borne running water, inadequate learning materials, etc. The school compound was also very dusty. It was recommended that the Director General should provide evidence of their legal ownership to the property and the Director, Human Resources should produce evidence of the criteria used in selecting personnel for the training. He should also ensure that a structure for the garage is established with improved equipment within 30 days of receipt of the report. Basic school equipment should also be provided to enhance the school for better learning.

Official's Response

The DG stated that a survey had been done in a bid to obtain legal titles for all the department's lands and it was now awaiting approval from the Ministry of Lands, Housing and Country Planning.

He also mentioned that the HR Unit requested selected personnel for the training from each of the four regional commands namely: West, East North and South using the following criteria:

- *Physical Fitness.*
- *Experience.*
- *Discipline.*
- *Education.*

He further stated that the structure for the garage and sufficient working tools were noted for action, especially when funds were available, and the management of the school in consultation with the Ministry of Education were doing everything possible to equip the school with modern technology.

Auditor's Comment

During the verification exercise, legal title to the said land was not produced for audit inspection. Therefore, the issue remains unresolved. In addition, management's comments regarding personnel had been noted; however, until written documentation is provided for audit verification, the issue remains unresolved.

Refer to the Table of Common Issues (Page 119) for further observations.

5.60 SIERRA LEONE CORRECTIONAL SERVICES, BO - 2015

5.60.1. Lack of Requisitions and Recipients' Signatures

Control weaknesses observed in the utilisation of diets in the different centres include:

- the daily returns for the total number of inmates maintained by the correctional centres were inconsistent with the records maintained by headquarters in Freetown;
- there was no requisition from the master cook stating the number of inmates and the quantity of rice required per day; and
- there was no recipient signature on the allocated store ledger to acknowledge receipt of daily supply of rice.

It was recommended that the Regional Director (RD) should ensure that records in respect of the total number of inmates on a daily basis should be consistent. In addition, proper procedures should be followed in the supply and utilisation of diets. Requisitions from the master cook and evidence of receipt of store items should be submitted for verification within 15 days of receipt of the report.

Official's Response

The RD said that management had put in place for it not to happen again and managers were correcting their mistakes. He also noted that management had put mechanisms in place for master cook to have the number of inmates per day before

cooking and as well requisition form. He further said that they now acknowledged the area of signatures of individual recipient.

Auditor's Comment

The inconsistencies in the records for the total number of inmates maintained by the correctional centres and those at headquarters had not been reconciled. There was also no evidence that the master cook had started preparing requisitions for quantity of rice required per day. The issues therefore remain unresolved.

5.60.2. Improper Accounting for Store Items

Quantity of rice and flour received by various correctional centres were not recorded in the allocated store ledger. In some instances, there were no records to show how these items were utilised by the centres. The table below gives names of centre and quantity of bags of rice and flour.

Table 5.3		
Name of Correctional Centre	Quantity(Bags)	
	Rice	Flour
Bo	351	143
Moyamba	708	-
Pujehun	234	135
Matru Jong	-	48
Total	1,293	326

It was recommended that the RD should ensure that in future, all transactions from inception to completion are supported by the relevant documentary evidence which must be retained for audit and reference purposes. In addition, these items should be correctly taken on charge and details of their usage forwarded to ASSL within 30 days of receipt of the report.

Official's Response

The RD stated that the manager was now working on the matter and that the anomaly had been due to a change of managers from headquarters in Freetown. He added that the 351 bags of rice and 143 bags of flour were now on record. He said that the new manager was working on the records for the Moyamba Correctional Centre, and the 708 bags of rice were now on record. He noted that the new manager was also working on the said amount of rice for Pujehun Correctional Centre. In the case of Matru Jong Correctional Centre, the amounts mentioned were also now recorded in the store ledger.

Auditor's Comment

Complete store records were submitted for Bo and Matru Jong Correctional Centres. Store records to show the utilisation of 708 bags of rice supplied to the Moyamba, 234 bags of rice and 135 bags of flour supplied to the Pujehun correctional centres were still not available for verification. The issues were therefore partly unresolved.

5.60.3. Accountable Documents Not Submitted

Records of the daily total number of inmates (by category), for 1st January to 31st December 2015 for the Moyamba and Bonthe correctional centres were not submitted for inspection. It was recommended that the RD should ensure that the documents in question are submitted to ASSL for inspection within 30 days of receipt of the report.

Official's Response

The RD stated that all the documents were being put in place and would be ready for inspection shortly.

Auditor's Comment

Records of daily total inmates (by category) for 1st January to 31st December 2015 for Bonthe Correctional Centre. The recommendation was therefore partly unresolved.

5.60.4. Lack of Mobility in the District Correctional Centres

It was observed that the district correctional centres were faced with severe transport issues in the course of their duties. The following were observed during a field visit:

- Four of the district correctional centres visited were without official vehicles or motorbikes to ease movement.
- Transporting prisoners from other locations within the district to the Bonthe Correctional Centre was marred with major constraints. The institution did not have a boat of its own to transport prisoners; instead they were ferried in commercial boats or the government ferry that was used by the general public.

It was recommended that the RD in collaboration with the correctional headquarters should ensure that the various centres were provided with an appropriate means of transportation to carry out their functions efficiently and effectively.

Official's Response

The RD stated that management was working on getting those areas to be supplied with official vehicles, but for now all areas had motorbikes. He also mentioned that management was working very hard to get the Bonthe Correctional Centre to have a boat of its own.

Auditor's Comment

The Pujehun, Moyamba and Mattru Jong correctional centres had been provided with motorbikes. However, only Bo has an official vehicle to transport prisoners to and from court. ASSL shall however continue to follow up on issues relating to transportation of prison inmates within the southern region.

5.60.5. Non-Availability of Computers and other IT Equipment

There were no photocopiers, computers, printers, scanners or internet facilities in the centres. It was observed that photocopying, typing and printing of key sensitive documents were done in the open market. It was recommended that the RD, in collaboration with headquarters, the PS and other key personnel in the Ministry of Internal Affairs should ensure that the correctional centres were provided with the necessary equipment to enhance their operations.

Official's Response

The RD stated that management was working on getting various centres to be well equipped with the said items.

Auditor's Comment

Photocopiers, computers, printers, scanners and internet facilities were yet to be provided for correctional centres in the region. The issues therefore remain unresolved.

5.60.6. Non-Availability of Water Tanks

There was no water tank to store water in the office or its environs for the use of the prisoners. Instead, prisoners were taken outside their cells to fetch water on a daily basis contrary to the Sierra Leone Prisons Ordinance and Sierra Leone Prisons Rules of 1960 and 1961 respectively. It was recommended that the RD should ensure that the provisions made in The Sierra Leone Prisons Ordinance and Sierra Leone Prisons Rules of 1960 and 1961 respectively, for dealing with prisoners are adhered to by the district

correctional centres. Water tanks must be erected in all correctional centres to serve as reservoir for water to the prison facilities.

Official's Response

The RD stated that management was working on getting water tanks to be supplied within the various centres.

Auditor's Comment

There was no evidence that water tanks had been provided for the correctional centres. The issue therefore remains unresolved.

5.60.7. Lack of Adequate Vocational or Skills Training Equipment/Materials

It was observed that the correctional centres lacked adequate materials to undertake vocational or skills training programmes. It was recommended that the RD in collaboration with the Director General and PS of the Ministry of Internal Affairs should provide adequate training facilities relevant for the rehabilitation of inmates. This will enable inmates to acquire valuable skills and experience, and live a productive life after their release from the centre.

Official's Response

The RD stated that the Director of Industry and Technical and Management had made a tour all over the regions to see how best they can solve those problems.

Auditor's Comment

Adequate training facilities relevant for the rehabilitation of inmates were yet to be provided for the correctional centres in the south.

5.60.8. Poor Controls in the Administration of Medical Items

Control weaknesses were observed in the distribution of medical supplies to the different correctional centres in the region. The recipient of the medical supplies did not sign for the quantities received in the allocated register of the regional headquarters. Documents were also not made available to confirm that medical supplies allocated to Moyamba, Bonthe, Mattru Jong and Pujehun correctional centres as per the regional office allocated store ledger, were correctly taken on charge. Furthermore, inmates' daily treatment record book was not made available for Moyamba, Bonthe, Mattru Jong and Pujehun correctional centres. It was recommended that the centre managers should ensure that these medical drugs supplied are correctly taken on charge and utilisation records in respect of these items forwarded to ASSL within 30 days of receipt of the report.

Official's Response

The RD stated that the new Regional Medical Health Officer was putting things in place relating to the said problems.

Auditor's Comment

The control weaknesses identified in the administration of medical supplies were yet to be addressed by the correctional centres. ASSL will however follow up this issue in subsequent audits.

5.60.9. Outstanding Issues from Previous Audit Report

There was inadequate control over the receipt and issue of diet.

- *The fixed assets register was not properly maintained. For instance, various columns in the register such as, the acquisition date, serial numbers, cost of assets and status were not completed. In addition, the register was not up to*

date as it was prepared as far back as 2011. During verification of selected fixed assets, it was observed that a number of furniture and equipment were not coded.

- *There was no evidence to indicate that regular reconciliations were being carried out between the records maintained by the regional correctional centre, the district centres and the fuel records maintained by the supplier.*
- *Contract agreements, local purchase orders, SIVs and distribution lists in respect of medical drugs to be supplied to the Sierra Leone Correctional Centre-South were not made available for inspection contrary to section 119(2) of the 1991 Constitution of Sierra Leone.*
- *A proper storage facility was lacking and there was no refrigerator for preserving medical drugs.*

5.61 SIERRA LEONE CORRECTIONAL SERVICES, KENEMA-2015

5.61.1. General observation

There were no sufficient mattresses for the male inmates and some were worn out. It was recommended that the Regional Director - East, should ensure that sufficient mattresses were available for inmates.

Official's Response

The RD stated that mattresses were supplied for inmates use at the centre on a regular basis. He said, apparently, the number of the inmates keep rising and falling slightly. At times, the mattresses were not enough to be supplied to all the inmates at the same time. They however manage the crisis by allowing two inmates to share a mattress. He further mentioned that the administration had requested for mattresses which had been factored into the 2016 – 2018 budget.

Auditor's Comment

The recommendation was not implemented, as the number of inmates keeps fluctuating.

5.62 SIERRA LEONE CORRECTIONAL SERVICES NORTH-2015

5.62.1. Store Issue Vouchers Not Made Available for Inspection

An average total of 2,580 bags of rice were issued to officers in the North Region without any evidence of Store Issue Vouchers. This has been recurrent as it seemed management paid less attention to it during the review period. It was recommended that the Regional Commander in collaboration with the Head of Stores at headquarters should ensure that SIVs are issued for all issues made out of stores.

5.62.2. Over-Crowded Cells

The living condition of inmates was far from pleasant. The cells were over-crowded and deplorable. It was recommended that the Regional Commander should, in collaboration with the courts, ensure that communal sentences are implemented where applicable.

Refer to the Table of Common Issues (Page 119) for further observations.

5.63 NATIONAL FIRE FORCE 2015

5.63.1. No Framework Contract

There was no evidence of framework contract for the supply of lubricants, stationery, food stuffs, spare parts, vehicle and building maintenance worth Le 576,927,250. It was recommended that the Chief Fire Officer (CFO) should ensure that framework contracts were in place for the procurement of goods, works or services when the items were urgently needed, but the quantity and timing of the items could not be determined precisely in advance.

Official's Response

The CFO in his response said: "It is true that there had been no framework contract at the National Fire Force due to our lack of knowledge in that area. Management however notes the findings and recommendations and will work towards having

a framework contract in place in future. Management is currently studying how to implement such a contract without adversely affecting the operations of an emergency service like ours.”

Auditor’s Comment

Management’s comments had been noted. The issue will be followed up in subsequent audit.

5.63.2. Procurement Procedures Not Followed

The cost of building maintenance with Wake Venture was split into two contracts of Le95,000,000 and Le70,000,000 using RFQ instead of NCB for the sum of Le165,000,000. It was recommended that the NFF should ensure that the procurement process was followed for all expenditure. In addition, the department should explain the reason for the split within 30 days on the receipt of the report otherwise the total amount should be disallowed and surcharged in accordance with section 12 of the Audit Service Act of 2014.

Official’s Response

The CFO mentioned that the contract for Wake Venture was not split, adding that those were two separate and independent procurement activities. The one with a contract value of Le70,000,000 was for the construction of a perimeter fence around the headquarters building with sub head 2632, while the other was for the maintenance of the headquarters building with sub head 2261, he noted. So, in effect, while one was for building maintenance, the other was for a new construction, the CFO concluded.

Auditor’s Comment

During the verification exercise, local purchase orders and request for quotations for Wake Venture were provided. Documents like contract agreement were not produced to justify that the two procurement activities were separate and independent contracts. Therefore, this issue remains unresolved.

5.63.3. No Vehicle numbers on issue vouchers

We observed that on the issue vouchers that the vehicle numbers were not indicated to show the vehicles for which the supply of lubricant and spare parts were made at the cost of Le94,554,000 from Anduco Incorporation. It was recommended that in future, the CFO should ensure that the specific vehicle numbers are indicated on the issue vouchers.

Official’s Response

The CFO said that the findings and recommendations were noted and in future, the vehicle numbers will be indicated on the issue vouchers.

Auditor’s Comment

Management’s explanation had been noted and will be followed up in subsequent audits.

5.63.4. No Agreement with Statutory Authority

Section 10(1) of the National Fire Service Act, 1980 states: “For the purpose of section 9, a Fire Authority may enter into an agreement with a statutory water authority for the taking by such Water Authority of such measures as may be available for securing that an adequate supply of water will be available in case of fire; and no water Authority shall unreasonably refuse to enter into any agreement proposed by a Fire Authority under this subsection”. However, it was observed that the National Fire Force had no agreement with a statutory water authority like Guma Valley Water Company for the supply of adequate water. It was recommended that the CFO produced within 30 days of receipts of the report evidence of a signed agreement with statutory water authority like Guma Valley Water Company for the adequate supply of water.

Official's Response

The CFO in his response said "While we agree whole heartedly with section 10(1) of the National Fire Service Act of 1980, it should be noted for the sake of interpretation of the said section that the National Fire Force is not the Fire Authority. The Fire Authority in this case is the Government of Sierra Leone through the Ministry of Internal Affairs. That is why whenever it comes to this issue of hydrants, we communicate all information to the Ministry of Internal Affairs. This concern is noted and as soon as our new Minister takes over we will bring this to his attention."

Auditor's Comment

Management's explanation had been noted and the issue will be followed up in subsequent audit.

5.63.5. Encroachment on Land at Training School

The NFF Training School land at Rokel is being encroached upon by the local people and there was desperate attempt to grab the football field of the training school as they had erected several beacons around the land. It was recommended that the CFO should ensure that the land was fenced and contact necessary authority to evict the encroachers.

Official's Response

The CFO in his response said "It is so true that the land of the National Fire Force Training School at Rokel is being encroached upon. We have made frantic efforts to bring it to the attention of the ministries of Lands and Internal Affairs; the ONS, and the Police to help remove the encroachers. There are times when the encroachers would be so bold as to attack fire fighters attached to the training school. Even though the National Fire Force is ill resourced, yet we have made significant effort to partially fence the compound. The fencing is now more than one-third done. We intend to continue as and when funds are available. Last letter to the Inspector General of Police (IGP) is available for inspection."

Auditor's Comment

During the verification exercise, a letter written to the IGP was submitted. However, until the fence is completed and the squatters removed from the land, the issue remains unresolved.

5.63.6. Outstanding issues from previous Audit Report

- *Four fire engines and a 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.*
- *From a total of 300 installed hydrants in Freetown in 2005, only two are currently functioning. Furthermore, in a memo dated 17th January, 2014, this matter was brought to the attention of the Ministry of Internal Affairs, but to date, the situation remains unchanged.*
- *It was observed that the NFF did not maintain an asset register.*

5.64 NATIONAL FIRE FORCE, SOUTH-2015

5.64.1. Office Furniture, Equipment and Protective Gears Not Available

Office equipment such as computers, printers, photocopiers, desks, chairs and cabinets were not available to support the effective execution of the duties of the force. During a review of store records for 2015, it was observed that there was no evidence of supply of uniforms and other fire-fighting protective gears. It was recommended that the Regional Commander (RC) should ensure that the NFF is provided with the necessary materials and equipment to ensure effective and efficient operations. Office furniture, equipment and security apparatus should also be provided for the NFF south.

Official's Response

No response

Auditor's Comment

The recommendation was not implemented. The issue therefore remains unresolved.

5.64.2. Staff Absence without Authority

A review of staff attendance records revealed that a senior staff member abandoned his duty station for 133 days in 2015 without the expressed authority of the RC.

It was recommended that the RC ensure that proper controls over the management of staff. Approval for payment of salaries to a staff who was permanently absent from work should be submitted to ASSL; otherwise, the total amount paid to the personnel in question should be recovered from the RC and paid back into the CRF within 15 days of receipt of the report. The RC should also submit an explanation, with relevant evidence, on administrative actions taken against the staff who abandoned the duty station without approval.

Official's Response

The RC noted that the issue in respect of Mr Francis B Sowonnie, a first-class fireman, management of NFF at headquarters did take disciplinary action against him for absence from duty without leave for 133 days in FY 2015. He mentioned that he was taken to headquarters in Freetown to face the Ordering Room and it was at that meeting that punitive actions were meted out to him. Minutes of that meeting and action points taken were available for verification, he further noted.

Auditor's Comment

Minutes of meetings on actions taken on staff absence from work without authority were not made available for audit verification. The issue therefore remains unresolved.

5.64.3. Outstanding Issues from Previous Audit Report

- *The team observed that a number of assets recorded in the inventory of assets were not available at the premises of the NFF.*
- *The NFF failed to reconcile its fuel records with that of the fuel dealer. A review of the NFF and dealer's records for selected dates revealed a difference of 3,635 litres of fuel, valued at Le16,357,500 between the NFF and fuel dealer.*
- *A review of the operational effectiveness of the NFF revealed that there was no electricity/generator to supply power for administrative activities.*
- *There was no reserve water tank in the office or its environs for refill purposes in case of severe fire accidents and in the event where water in the fire engines run out. The water source for the only fire engine in the southern region is not accessible enough to ensure a longer lifespan of the fire engine.*
- *In the 2014 financial statements of Pujebun and Bonthe districts and the Bonthe municipal councils, it was observed that the sum of Le34,862,000, was remitted by the central government to the councils for fire prevention activities. In an interview with the Regional Fire Force Commander, it was revealed that this amount was not made available to the regional fire force office for the implementation of the intended activities.*

5.65 NATIONAL FIRE FORCE, KENEMA-2015

5.65.1. Inadequate Control of the Distribution and Use of Fuel and Non-Operating Records

Fuel chits and registers were not produced for inspection to support disbursement of fuel worth Le17,600,000 and there were no procedures for the distribution and use of fuel. It was recommended that the RC should ensure that a fuel register was maintained, and the relevant documentary evidence to support the utilisation of Le17,625,000 forwarded to ASSL within 30 days of receipt of the report; or the

full amount refunded. He should also ensure that a policy was formulated to guide and control the distribution and use of fuel.

Official's Response

The RC stated that a fuel policy to guide and control the distribution and use of fuel was maintained.

Auditor's Comment

Fuel registers and chits are not maintained. And a policy for the distribution and use of fuel is yet to be instituted. The issue is therefore partly unresolved.

5.65.2. Ineffective Personnel Management

There was no evidence, in the form of training report/ certificates that in-service training programmes were conducted for staff; whereas personal files were not maintained for all staff. It was recommended that the RC should ensure that staff personal files were maintained and training programmes organised for staff.

Official's Response

The RC in his response said "permit me to inform you that personnel files are maintained at the headquarters station. I will however, discuss the issue with the CFO, to see if there is a possibility for me to maintain those files at the Eastern Region Office. With regards to in-service training programmes for staff, it has been ongoing up until the outbreak of the Ebola epidemic. We are yet to get the go ahead from the central government to conduct training."

Auditor's Comment

Management's response was noted; however, the issues remain unresolved.

Refer to the Table of Common Issues (Page 119) for further observations.

5.65.3. General Observation

The following were observed:

- according to the RC, the office did not receive imprest from headquarters;
- the NaFF, Eastern Region only had one fire engine for the entire eastern region;
- fire kits such as gears, boots, gloves and helmets were not enough for the fire officers;
- uniforms for fire officers had not been supplied to the department since 2012;
- food ration for fire officers had not been received for the 2nd 3rd and 4th quarters in 2015; and
- antivirus was not installed on the computer in the RC's office;

It was recommended that the RC should ensure that a formal request is made to headquarters for additional engine and fire gears. This should also be included in the department's budget. He must also ensure that an antivirus was installed on the office computer.

Official's Response

The RC in his response said that allocation for imprest for 2015 was not released by the central government and that management still maintained one fire engine for the entire eastern region. He added that some fire gears in the form of boots, protective clothing and helmets were supplied. He however mentioned that uniforms were yet to be supplied. The RC further noted that rations for the 2nd, 3rd and 4th quarters for officers were received and antivirus had been installed on the office computers.

Auditor's Comment

Our recommendations were not implemented. The issue therefore remains unresolved.

5.66 NATIONAL FIRE FORCE, NORTH-2015

5.66.1. Inadequate Controls over the Management of Fuel

The controls over the management of fuel were far from adequate. This was evidenced by the fact that variances were identified between the department's fuel register, fuel chits and the fuel station's records as follows: NFF's fuel register – 3695 litres; NFF's fuel chits – 3630 litres and NP's fuel register – 3,505 litres. This indicated that the reconciliation process was not robust enough to allow for follow-up action to be taken on reconciling items.

It was recommended that the Assistant Chief Fire Officer should ensure that the fuel registers of both the department and the fuel station are reconciled and follow-up action taken on the reconciling items within 15 days of the receipt of the report. The department's fuel register should also be revised to reflect the accurate and complete fuel balance at 31st December, 2015.

In future, appropriate procedures and financial controls such as the issue of chits for fuel distribution, regular reconciliation, supervising the recording of fuel distribution etc., should be implemented to enable the department to demonstrate that the fuel management process is adequate and the fuel balance is accurate and complete.

Official's Response

No response

5.66.2. Outstanding Issues from Previous Audit Report

- *the contract agreement in respect of diet supplied to NFF, Bombali District was not made available for audit inspection;*
- *office equipment which was procured by headquarters for Le22,800,000 on 25th August 2014, had still not been delivered to the NFF, Bombali District; and*
- *the state and condition of the office complex and generator house was far from pleasant.*

5.67 NATIONAL STADIUM MANAGEMENT–2015

5.67.1. Revenue Collected but not Paid into the Department's Bank Account

An amount of Le1,402,326,500 generated as own source revenue for various chargeable services offered by the National Stadium Management (NSM) was not paid into the department's bank account. It was recommended that in future the GM should ensure that moneys collected should be deposited in to the department's bank account.

Official's Response

The GM in his reply mentioned that the NSM did not receive subvention from the Government of Sierra Leone and therefore relied on these funds raised from revenue generation to meet personnel and other administrative costs. He however noted that the National Stadium was bound by the policies of Hotels, Catering, Entertainment and General Workers Union and NASSIT.

Auditor's Comment

The department's response was noted. However, in future, the GM should ensure that moneys collected should be first deposited into their bank account. This issue will be kept in view and followed up during the next audit.

5.67.2. Non-Payment of Arrears

During 2015, total arrears of Le236,700,000 were observed in respect of occupancy at the stadium hostel. It was recommended that the GM should ensure that those debts were recovered and paid back to the Stadium Management Account within 15 days of receipt of the report, and evidence of payment made available for audit verification.

Official's Response

The GM said that frantic efforts had been made by management in the past, including restricting guest access to the rooms, cash discount and reminders. He however said that management will continue to pursue receivables (debtors) until all debts owed were fully paid. He also stated that most of the guests residing in the hostel were there on directives from the Ministry of Sports.

Auditor's Comment

Reminder letters that were sent to guests residing in the hostel, requesting them to settle their outstanding bills, were provided during the verification exercise. Nonetheless, documents to confirm that the bills were paid by the guests in question were not made available. Therefore, the issue remains unresolved.

5.67.3. Repayment of Loan to Former General Manager

The sum of Le20,000,000 was withdrawn by the Stadium Management as repayment of loan to the former General Manager. It was however observed that loan request, loan agreement and acknowledgement of receipt of the loan were not evidenced to confirm that the department had a liability to the former General Manager. It was recommended that the GM should provide the agreement in respect of the loan and other evidences of how it was recorded and utilised within 15 days upon receipt of the report.

Official's Response

The GM said that management had decided that loans will not be given to staff.

Auditor's Comment

The relevant documents were not made available for inspection. Therefore, the issue remains unresolved.

5.67.4. Loan to Ministry of Sports

A loan of Le 7,000,000 was given to the Ministry of Sports with no documented agreement showing conditions and terms of repayment. It was strongly recommended that the said amount should be repaid within 15 days of receipt of the report.

Official's Response

The GM stated that the Ministry of Sport had committed to pay the loan of Le 7,000,000 and talks were ongoing. He added that an agreement had been reached between the Stadium Management and the former GM for quarterly repayments of four instalments.

Auditor's Comment

During the verification exercise, documentary evidence to confirm that the Ministry of Sports was committed to repay the loan was not submitted for inspection. Therefore, the issue remains unresolved.

5.67.5. NASSIT Contributions Not Deducted

Social Security the sum of Le50,523,000 were not deducted and paid to NASSIT for the period under consideration.

Official's Response

The GM mentioned that management was in the process of computing NASSIT contributions for all contract staff. He however noted that payments had been made in two instalments for contributions owed for 2015, and receipts from NASSIT as acknowledgement of payments were available for your inspection.

Auditor's Comment

NASSIT receipts for the sum of Le9,471,000 were provided to the audit team. There was however an outstanding balance of Le41,052,000 due NASSIT. Therefore, this issue is partly unresolved.

5.67.6. Staff Exceeding Statutory Retirement Age still on Payroll

During the period under review, the staff in question received a total salary of Le20,640,000. It was recommended that the calculation of all contributions by staff for the audited period to date, should be computed and paid with immediate effect. It was also recommended that the GM should ensure that personnel were processed and their records updated within 15 days of receipt of the report; otherwise, the appropriate authorities would be advised.

Official's Response

The GM said that payroll had been updated and letters of retirement had been issued to the eight staff and their retirement benefit had been calculated to effect payment.

Auditor's Comment

Although the eight staff in question had been served termination letters, they were still in post as funds were not available to pay their end-of-service benefits. Therefore, this issue is unresolved.

5.67.7. Incomplete Personnel Records

It was revealed that relevant documents such as application letters, academic qualifications and resumes were not included in personnel files. It was recommended that the GM should ensure that deficiencies in the department's internal controls on payroll, are addressed within 15 days of receipt of the report; otherwise, the appropriate authority would be advised.

Official's Response

The GM said that management had informed staff to provide photos, personal and educational information to the Administrative Manager so that the information could be included in their personal files.

Auditor's Comment

Management did not provide documentary evidence to suggest that staff had been informed to make available their documents to be included in their personal files. Therefore, this issue remains unresolved.

5.67.8. Operational Issues

Financial issues of the department were decided by senior personnel in the Ministry of Sports. In some cases, such decisions were not taken in the interest of management. For example, the stadium's GM was not a signatory to the department's bank account, and the granting of loans was authorised by Ministry of Sports officials.

It was also observed that the stadium management did not have a tangible contract with advertising agencies which should show the terms and conditions of the agreement. It was recommended that the management of the National Stadium should have overall responsibility for the day-to-day operations of the stadium and should develop a tangible contract with advertising agencies.

Official's Response

The GM stated that the Ministry was in the process of developing a clear and precise terms of reference for functions of staff of the Ministry and the stadium management.

The GM said that management had informed the Ministry to review the existing agreement with advertising agencies so that all relevant clauses would be included therein.

Auditor's Comment

There was no evidence to support that the Ministry was in the process of developing a document which would clearly show the responsibilities of the department. Therefore, the issue remains unresolved.

There was no evidence to support that current agreements with advertising agencies were yet to be reviewed. Therefore, the issue remains unresolved.

5.67.9. General observation- Information Technology

The following were observed:

- transactions were not processed electronically;
- most of the finance staff were computer illiterate;
- the department did not have an IT Unit; and
- NSM did not prepare financial statements.

It was recommended that the GM should ensure that the accounting system be fully computerised by networking all the computers in the Finance Department and the installation of a new server. In addition, all staff should be adequately trained in the use of the new accounting software. Furthermore, the GM should ensure that financial statements are prepared and submitted for audit as stated in the Public Financial Management Act, 2016.

Official's Response

The GM said now that the issue had come to the attention of management, computers will be procured for the account division when funds were available and the financial statement will be prepared in future.

Auditor Comment

The department's response has been noted and will be kept in view till the next audit.

5.67.10. Outstanding Issues from Previous Audit Report

- *The department did not maintain a fixed asset register and an inventory list in which all assets owned and controlled by the department including their purchase dates, locations, value, and serial number should be recorded.*
- *Fixed assets of the department are not marked with identification codes.*
Inspection of the National Stadium facilities revealed the following:
- *Hostels rooms – It was observed that some of the equipment in the hostel rooms were owned by private individuals.*
- *Main Bowl- There were no chairs in the presidential stand; advertising boards of different organisations were still on display in the main bowl even though their contracts with the NSM had expired.*
- *Guests do not fill forms on arrival at the hostel.*
- *The NSM did not have a recruitment policy and background checks were not conducted before staff were recruited.*

- *The premises of the swimming pool were occupied and managed by the National Youth Commission from which facility revenue was not forthcoming.*
- *Information gathered from both bank statements and cash analysis sheet showed that the department's cash was not banked instantly.*
- *Withholding tax for the sum of Le 17,981,650 was not deducted from goods supplied and services rendered from various suppliers that exceeds Le 500,000 and paid to the NRA.*
- *Upon review of receipt books, it was observed that the sums of Le 322,111,000 and Le 754,488,500 were collected. Bank pay-in slip showed the total sums of Le317, 302,125 and Le741, 932,500 that were paid into the bank account of NSM as total deposit for 2013, leaving a difference of Le4,808,875 and Le 12,556,000 for the years ended 2013 and 2014 respectively.*
- *The sum of Le21, 680,000 was a loan to the Ministry of Sports with no agreement showing conditions and terms of payment.*
The sum of Le 118,719,778 was not paid to NASSIT as statutory contributions for the period under consideration.
- *No agreement between Stadium Management and advertising agencies for their adverts displayed in the main bowl of the stadium.*

5.68 GOVERNMENT PRINTING DEPARTMENT (GPD)-2015

5.68.1. Lapses Identified in the Collection of Revenue

The following were observed:

- cash and cheque payments were made directly to the GPD instead the bank;
- reconciliation was not done between the NRA and GPD; and
- revenue collected by Excellent Printing Press (EPP) was not disclosed to the auditors for the verification of 20% that should be paid into the CRF according to the EPP contract agreement.

It was therefore recommended that the clients should make payments directly to the bank and submit the pay-in-slip to the accountant for the issuing of a receipt. In addition, reconciliations between NRA and GPD should be produced for audit inspection. It was further recommended that the EPP should produce all financial records and a schedule of moneys transferred to the CRF within 30 days of receipt of the report, otherwise, the appropriate authority would be informed accordingly.

Official's Response

The GM stated that clients now make payments directly to the bank and submit the pay-in-slip to the Accountant for receipts to be issued and that would have been implemented by the next audit.

Auditor's Comment

During audit verification, evidence of direct payments to the bank by the clients were not submitted for inspection. Reconciliation between NRA and GPD, was also not produced for audit inspection. Therefore, the issue remains unresolved.

Financial records for the financial year 2014 and 2015 were presented for audit inspection. However, it was disclosed in the financial statement that the entity had made no profit since the start of the corporation. This issue will be followed up in subsequent audits.

5.68.2. Overpayment of Staff

The auditors observed that the paid-up salary vouchers of the GPD indicate eleven staff who appeared to have been paid more than their normal salary without explanation. The total amount of overpayment was Le8,485,680 for the period under review. It was recommended that the DG should ensure evidence to support the change in salary payments are provided within 30 days of receipt of the report.

Official's Response

The GM said that a letter had been written and forwarded to the Director-General, Human Resource Management Office with a copy extended to the Accountant General for necessary action to be taken.

Auditor's Comment

During the verification exercise, the auditors verified a letter written to the Director General, Human Resource Management Office and the Accountant General for necessary action. However, at the time of the verification exercise, a response had not been received from the Director General, Human Resource Management Office and the Accountant General on the matter. Therefore, this issue remains unresolved.

5.68.3. Staff Names Not Included on the Payroll Voucher

The auditors observed that the names of three staff members of the GPD were not included on their payroll vouchers. It was recommended that the GPD in collaboration with the HRMO must ensure that this matter is investigated and resolved.

Official's Response

The GM stated that the issue had been communicated to the Human Resource Management Officer for action to be taken.

Auditor's Comment

During the verification exercise, the names of the three staff members were still not included on the payroll. Therefore, this issue remains unresolved.

5.68.4. Review of the MOU between the Government Printing Department and Excellent Printing Press

The EPP failed to provide relevant documents for audit purpose. It was recommended that the EPP provides all the requested relevant documents and information within 30 days of the receipt of the report; otherwise they will be in breach of section 119 (2) of the 1991 Constitution of Sierra Leone and section 36 of the Audit Service Act, 2014.

Official's Response

The GM mentioned that documents relating to the operations of Excellent Printing Press were available for audit inspection.

Auditor's Comment

Monthly payroll computations were presented for audit verification from July 2014 to December 2015; the auditors observed that the PAYE and withholding tax deductions were made monthly. However, the corresponding NRA returns were not made available for audit inspection for the sum of Le 124,866,630 and US\$4,241 from July to December, 2014 and the sum of Le224,385,180 and US\$8,160 from January to December 2015. Except the corresponding return from NRA is made available for audit inspection, this issue will remain unresolved.

Employee's files were also not presented for audit inspection.

Refer to the Table of Common Issues (Page 119) for further observations.

5.68.5. Outstanding Issues from Previous Audit Report

The audit team requested documentary evidence to ascertain the amount of custom duties paid or waived. These documents were not provided for audit inspection. It was observed that the department did not have an internal audit unit.

5.69 METEOROLOGICAL DEPARTMENT - 2015

5.69.1. Internal Audit Report Not Produced

Internal Audit reports for the period under review were not provided for ASSL examination. It was recommended that in future, the Department should ensure that an internal audit of the Department be carried out and this should be evidenced by the production of a report.

Official's Response

No response from management.

Auditor's Comment

The issue remains unresolved.

5.69.2. Outstanding of Issues from Previous Audit Report

It was observed that Le479,600,000 was budgeted for uniforms, office and general etc. Le662,209,000 was however expended for all expenditure, thereby resulting in an overspending of Le182,609,000 to which a variance of total estimate warrant was not made available to the audit team.

CHAPTER VI - PUBLIC ENTERPRISES, COMMISSIONS AND DONOR FUNDED PROJECTS

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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.
- Mismanagement of assets mainly in the area of not making use of asset registers.
- No evidence that staff performance appraisals conducted.
- Cash and bank reconciliation ignored.

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.

Historically there have been a number of public enterprises that missed their statutory deadline for preparation, publication and submission of annual financial statements. Nine PEs have not produced

“As IAS 26 has not been properly applied it is not possible for the user of the financial statements to understand the value of the assets held by the Trust, the present value of promised pension payments and, critically, the net surplus/deficit.

annual financial statements for 2015. Some are more than one year behind. A few are working to catch up. Among these, NASSIT, for example, is now almost up to date. Only its accounts for 2015 remain outstanding.

However, NASSIT is a particular concern because of its importance to the citizens of Sierra Leone and also because the audit opinions on the 2012, 2013 and 2014 financial statements have been adverse opinions. That is to say, the financial statements do not give a true and fair view of the financial position of the Trust.

While collectively many issues are raised in our observations on NASSIT that give rise to this professional judgement, of greatest significance is the Trust's non-compliance with International Accounting Standard 26 (IAS26), Accounting and Reporting by Retirement Benefit Plans. The Trust investment properties and other investments are carried in the 2014 Statement of Net Assets Available for Benefits at historical cost, that is to say, at their original cost, to the amount of Le459 billion (Le371 billion in 2013). IAS 26 requires they be carried at 'fair value', that is to say, their actual present worth or market value. It also requires that the actuarial present value of promised retirement benefits is disclosed. Actuarial present value is a mathematical calculation to determine value today of the future stream of payments that an entity expects to pay, under a retirement benefit plan, to its existing beneficiaries based on contributions made. No such disclosure has been made in the financial statements.

As IAS 26 has not been properly applied it is not possible for the user of the financial statements to understand the value of the assets held by the Trust, the present value of promised pension payments and, critically, the net surplus/deficit.

We are yet to receive the 2015 financial statements for audit. While it is a matter for NASSIT management, it does seem unlikely that application of IAS 26 will be corrected in the preparation of those financial statements. To do so requires both a professional appraisal of the fair value of the many investments held and an actuarial determination of the present value of the Trust's liabilities. The full

valuation of NASSIT investments and the actuarial valuations are not small undertakings. Even if management decided to update both before the end of 2016 it would require months to get them done properly. A critical point also is that the asset valuation needs to be done before the actuarial valuation. The current value of the investments held is used to estimate the value of funds available in the future to meet pension liabilities. Both are required to determine the current net surplus or deficit going forward.

Detailed Findings and Recommendations

6.1. NON-SUBMITTED ACCOUNTS

As at 31 March, 2016, the following Public Enterprises and Commissions had not submitted their accounts for the 2015 financial year.

Table 6.1 –Non-Submitted Accounts		
Institution	Financial Year	Allocation(Le000)
National Social Security & Insurance Trust	2015	-
National Commission for Democracy	2015	4,993,643
Guma Valley Water Company	2015	16,677,000
Milton Margai College of Education	2015	-
Independent Media Commission	2014-2015	2,748,264
National Revenue Authority	2015	-
Sierra Leone Roads Authority	2015	-
Sierra Leone Roads Transport Corporation	2015	-
Sierra Leone Postal Services	2015	-

Late Submission of Accounts

Again, too many Public Enterprises and Commissions submitted their accounts beyond the stipulated date of 31 March, 2016.

Table 6.2 - Late Submission of Accounts		
Institution	Financial Year	Date of Submission
Financial Intelligence Unit	2015	4/4/16
Sierra Leone Housing Corporation	2015	29/4/16
Electricity Distribution and Supply Authority	2015	26/4/16
National Protected Area Authority & Conservation Trust Fund	2015	1/4/16
Sierra Leone National Shipping Co Ltd	2015	10/5/16
Sierra Leone Insurance Commission	2015	17/5/16
Sierra Leone Electricity and Water Regulatory Commission	2015	24/5/16
Pharmacy Board of Sierra Leone	2015	6/6/16
National Commission for Democracy	2014	6/5/16
Sierra Leone State Lottery Company	2015	8/6/16
Sierra Leone Road Safety Authority	2014-2015	4/7/16
National Commission for Privatisation	2015	4/7/16
Sierra Leone Broadcasting Corporation	2015	25/7/16
National Insurance Company Sierra Leone	2015	1/8/16
Office of National Security	2015	1/8/16
Sierra Leone Library Board	2015	2/8/16
Human Right Commission	2015	9/8/16
Human Right Commission	2015	11/11/16
Tertiary Education Commission	2015	9/8/16
Medical and Dental Council	2014-2015	16/8/16

Table 6.2 - Late Submission of Accounts		
Institution	Financial Year	Date of Submission
Sierra Leone Telecommunication	2015	23/8/16
Njala University	2013-2015	24/8/16
University of Sierra Leone	2015	26/8/16
National Council for Technical Vocational and Other Academic Awards	2012-2015	26/8/16
Sierra Leone Stock Exchange	2015	30/8/16
Sierra Leone Maritime Administration	2015	22/9/16

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.

Payments without adequate supporting documents

Other disbursements totalled Le3.7 billion, 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 ASSL. In future, ALL supporting documents should be retained and made available for audit inspection.

Withholding taxes not deducted and paid to the NRA

Withholding taxes totaled Le942 million were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act 2000. All heads of public enterprises 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.

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.

Performance appraisal for staff not done

There was no evidence that staff appraisal had been done for staff in various PEs for the period under review. An implication for failure to conduct such an exercise results to an organisation not been able to identify staff training needs and career development. It was recommended that the Human Resource Managers/ Heads of PEs should develop and implement staff performance appraisal mechanism.

Ineffective Internal Audit Unit

A number of PEs did not have effective functioning internal audit units. Internal audit function helps to ensure that financial and operational are operating as intended within the organization. It gives stakeholders assurance that management is implementing appropriate control mechanisms. It was recommended that the internal audit units should with immediate effect carry out their functions effectively and their activities should be taken seriously across the board.

6.3. TABLE OF COMMON ISSUES

Public Enterprises	Payments without adequate supporting documents (Le)	Withholding taxes not deducted and/or paid to the NRA (Le)	Inventory Ledger not maintained/ updated	Assets Not Coded	Annual Performance appraisal not conducted	Ineffective Internal Audit Units
National Social Security & Insurance Trust 2013-2014			✓			✓
Sierra Leone Ports Authority- 2015	275,038,295				✓	✓
Sierra Leone Roads Authority-2014						✓
Road Maintenance Fund Administration-2014-2015					✓	✓
National Revenue Authority-2013-2014	167,670,967 244,006,514		✓			
National Public Procurement Authority-2015					✓	✓
Sierra Leone Telecommunication 2014	209, 075, 000	842,732,810	✓			✓
National Electoral Commission-2014						✓
Sierra Leone Investment and Export Promotion Agency 2015				✓		
Sierra Leone Maritime Administration 2013-2014	616,712,845 661,051,993					✓
National Commission for Privatisation-2013-2014		84,463,558	✓			
Sierra Leone Agricultural Research Institute 2013-2014	292,373,875 517,523,113 374,746,716		✓		✓	✓
Nuclear Safety and Radiation Protection Authority- 2014	295,214,145					✓
Sierra Leone Stock Exchange Company-2012-2014		2,110,980			✓	
Parliamentary Service Commission-2014					✓	✓
Law Reform Commission -2014-2015			✓	✓		✓
Corporate Affairs Commission-2015						✓
Sierra Leone Insurance Commission-2015						✓
Milton Margai College of Education and Technology-2013-2014						✓
Eastern Polytechnique-2015			✓			✓

Public Enterprises	Payments without adequate supporting documents (Le)	Withholding taxes not deducted and/or paid to the NRA (Le)	Inventory Ledger not maintained/ updated	Assets Not Coded	Annual Performance appraisal not conducted	Ineffective Internal Audit Units
Sierra Leone Biodiversity Conservation Project-2015			✓	✓		
Rehabilitation and Community-Based Poverty Reduction Project-2015			✓	✓		
Sierra Leone Artisanal Mining Community Development and Sustainable Livelihood Project – 2014		12,423,476				
Rural Finance and Community Improvement Programme Phase II- 2015			✓			
TOTAL	3,653,413,463	941,730,824,	n/a	n/a	n/a	n/a

6.4. BANK OF SIERRA LEONE-2015

6.4.1. Lack of Co-ordination between Accounts and Budget Department; and other Departments of the Bank

Co-ordination between the Accounts and Budget Department and other departments of the bank on the treatment of accounting issues affecting the trial balance was in some instances lacking. In some cases, no action was taken whilst for others the accounting treatments were not aligned to IFRS. The instances noted include, but are not limited to:

- Interest received from investments on treasury bills was not accounted for on accrual basis by the Financial Markets Department, rather it was accounted for on cash basis.
- The treatment of the 'Ways and Means' advances to government by the Banking and Operations Department which gave rise to both a debit and a credit balance of the same amount. This is expected to be a debit balance as it depicts a receivable from the government.

It was recommended that the accounting treatment applied to transactions be aligned to IFRS requirements and that coordination be improved to ensure this is achieved.

Official's Response

The Bank Governor in his response said "In respect of the accruals concept of interest received from treasury bills investments, the Bank will endeavour to adopt the accruals basis of accounting for treasury bills going forward. The 'Ways and Means' account shows the net position of all government treasury accounts as explained by the Manager to the primary auditors and as highlighted by the auditors, 'Ways and Means' is always a debit balance."

Auditor's Comment

The issues still remain unresolved.

6.4.2. Cash Vault Controls

During the year-end cash count at the Kenema Branch, it was observed that physical controls on the cashier's vault were lacking in the following areas:

- The vault was left open in the auditor's presence.
- Access to the vault during the cash count was not restricted.
- There was no security search on us (auditors) when entering and exiting the vault.

It was recommended that controls within and around the vaults be tightened and same be adhered to always.

Official's Response

The Bank Governor in his response said "We note the auditor's observation in respect of the above and want to comment as follows:

- *That the main Chubb door when opened for operational purpose in the morning will be closed at the end of the day after the last transactions. However, the grill door which is also under dual control system is always locked.*
- *On the issue of the security search, it can be confirmed that the internal auditors and representative of the external auditors were searched when entering and exiting the vault on the 31st, December 2015. In fact, their names were logged in the movement register maintained for vault operations.*
- *Kindly note that the bank is taking additional measure to enhance the effectiveness of the CCTV camera at the entrance of the vault. This will provide evidence on the activities of those entering and exiting the vaults."*

Auditor's Comment

Management's response was noted; however, the issue remains unresolved.

6.4.3 Property Plant and Equipment

The rate of depreciation used by the Bank was inconsistent with the Bank's stated depreciation policy. It was recommended that the bank should be consistent in applying the rate of depreciation charged on non-current assets which we expect to be in sync with the depreciation policy.

Official's Response

The Bank Governor in his response said "We note the Auditors' observation and confirm that some Assets under the Furniture category do have 20% instead of 25% depreciation rates. We continue to monitor the position on the relevant Asset and we will ensure that all the issues are addressed before the end of year 2016."

Auditor's Comment

Management's was response noted. However, the issue remains outstanding.

6.4.4 Confirmation Responses

A total number of 230 depositors were circularized. However, only 45% responses were received. More importantly, confirmation response from the Government of Sierra Leone with respect to the Ways and Means advances and the Treasury main deposit account had not been received. It was recommended that the Internal Audit Department embarks on confirmation exercises during the year especially on the Government account balances to facilitate reconciliation in instances where discrepancies are noted.

Official's Response

The Bank Governor in his response said "We note the Auditors' concern on the low response rate to the Confirmation Letters. We will continue to do a follow up in future in order to ensure that all or most of the responses are received during the audit process."

Auditor's Comment

Approximately 50% of the responses were received and payables ways and means were not confirmed. The issue remains unresolved.

6.4.5 Outstanding Issues from Previous Audit Report

Cash advances given to employees for local travel were not retired within the deadline of two weeks.

6.5. ROKEL COMMERCIAL BANK-2015

6.5.1. Reconciliation of the General Ledger to the Trial Balance

During the audit review, it was noticed that several of the accounting schedules provided to the audit team had balances that were completely different from those stated on the trial balance. Quite a lot of audit time and effort was spent in trying to resolve these issues with the Finance and IT Departments. It was recommended that management should establish policies and procedures requiring responsible personnel to analyse significant general ledger accounts at month-ends. Such policies and procedures should include performing roll forwards of balances, indicating beginning balances, transaction details for the period, and ending balances. Additionally, reconciliations of all subsidiary ledgers to the general ledger should be performed. Finally, high-level reviews of balances should be performed by knowledgeable individuals to determine the reasonableness of such balances.

Official's Response

The Managing Director (MD) in his response said "This cannot be true. The bank operates 13 branches including Head Office. Schedules were provided for all general ledger accounts separately. The auditors failed to appreciate that, but wanted the amalgamated summation which we provided later. The reason for the apparent situation is that the system generated format of the figures was different from what was required by the auditors."

6.5.2. Journal Entries

The bank was unable to generate all journal entries posted to the account system during the year. It also does not have a formal process for documenting and recording adjusting journal entries. Furthermore, once the journal entry was recorded, there was no formal process for reviewing the adjusting journal entry. It was recommended that the bank should create a standard journal entry form documenting the account number, description of the account, the amount, and the reason or comment for the entry. Each journal entry (with supporting documentation attached) should be reviewed and approved by appropriate management prior to posting it to the general ledgers. Also, the bank should automate the entire journal process by upgrading its system to be able to generate general journal entries reports.

Official's Response

The MD stated that the bank currently operated software provided by Office Automation System International Limited and the software did not make provision for journal entries to be posted after the close of the year to make adjustments for that year. He said that they would explore the possibility with their service provider to see if that could be made possible by the next audit.

6.5.3. Staff Loan Control

Some staff loan forms were not signed by the staff in question. More over some ex-staff exposure was not covered by their end of service benefit. It was recommended that the bank should ensure that staff loan forms are signed by the staff and loans granted to staff are within their end of service benefits or the excesses fully secured by adequate collaterals.

Official's Response

The MD in his response said "Staff wishing to obtain loans are required to apply in writing and fill in the staff loan form before submitting same to the Human Resource department. The application thus bears a signed letter of request in additional to the staff loan application form. Signing of the staff loan form is done as acknowledgement of the loan facility granted and thus after obtaining approval of the loan requested. Meanwhile, we confirm that the list of staff loan forms highlighted as unsigned have been signed by the respective staff in acknowledgement of the facility granted. With regards ex - staff exposure not covered by their end of service benefit, we mention that all staff loans granted during the review period are within their end of service benefit, fully secured by legal mortgage. Meanwhile we advise that the outstanding balances seen for some ex-staff are due to the fact that these staff were summarily dismissed with no end of service benefit."

6.5.4. Overdrawn Limits

Customers were allowed to withdraw above their approved limits with no evidence of approval. It was recommended that the bank should design, implement and monitor controls in place to ensure customers operate within their approved limits.

Official's Response

The MD said that accounts can be overdrawn due to system generated entries at month end e.g. interest and COT charges and also by cheque(s) posted through the clearing system which are reflected in the report the next day for management's scrutiny. He however said that necessary monitoring measures will be put in place to control accounts within approved limits. He also noted that the appendix referenced related to a list of accounts for the previous year.

6.5.5. Loan Review for Impairment Control

The bank did not review its credit portfolio in the first three quarters of the year, even when they did the review in the last quarter of the year it did not make adequate provision for the non-performing loan in accordance with the BSL regulations. The intention of this was unclear. It was recommended that the bank should review its asset portfolio at least once in each quarter and make adequate provision for non-performing loans in accordance with the prudential guideline requirements.

Official's Response

The MD said that necessary action will be taken to review the credit portfolio on a quarterly basis and with regard provisioning, he noted that informed decisions were made to achieve this.

6.5.6. Control over Creation of Suspense Accounts

Some suspense accounts were created without authorisation and some were used to prevent customer account from overdrawing in their limits. It was recommended that the system should be upgraded to prevent staff from creating suspense accounts and the access to/or function of creating such accounts should only be given to/done by authorised staff in the IT department (the Manager) who will then request for authorisation from management before such accounts are opened.

Official's Response

The MD said that no suspense account can be created without management approval and control. The opening of suspense account Albaji B. S. Macasuba was authorised by management and there was documentation to the effect, he added. He mentioned that management will however continue to monitor the postings into those accounts.

6.5.7. Audit and Accounting Issues-Unclaimed Balances

It was noted that some long outstanding unclaimed balances had still not been transferred to the central bank. It was recommended that a strong monitoring and control system should be put in place by management to identify on a monthly basis all inoperative accounts or unclaimed balances and transfer those balances to the central bank in order to avoid potential fraud and penalties against the bank. If a customer fails to respond to the bank on his/her abandoned or unclaimed account within six months after the expiry of seven years as clearly stated in Section 56 sub- section (4) of the Banking Act of 2011, management should without any further formality, transfer those balances to the central bank.

Official's Response

The MD said that the bank currently had a comprehensive list of those accounts and arrangements were now being put in place to transfer them to the central bank by the end of September 2016.

6.5.8. Insurance Coverage

The bank kept money in its vault above its insurance limit during the year under review. It was recommended that the bank should maintain its cash level within the maximum insured limit and should establish procedures to monitor its cash level within the maximum insured limit.

Official's Response

The MD stated that action was taken to increase the insurance cover in 2015 which had proved inadequate. He added that the bank will continue to review the insurance cover during 2016 to meet the needs. The economy, he said, was cash driven and they needed to hold enough cash at all times to meet customers' demands for cash withdrawals.

6.5.9. Inaccurate Computation of Depreciation

During the review and re-computation of depreciation of fixed assets, it was noted that depreciation was not computed accurately. This led to over depreciation of Le 759 million. It was recommended that

management should ensure that depreciation computations were done accurately and reviewed by a senior officer to ensure correctness.

Official's Response

The MD said they would endeavour to check their computation to prevent misstatement in future.

6.5.10. Supporting Documents

Certain income items (trade finance and commission) posted into the income account were not properly supported with appropriate underpinning documentation. Furthermore, the bank was not able to provide the auditors with enough information on generated fee income for them to carry out their audit procedure to ascertain the accuracy, existence and completeness of those revenues. It was recommended that the Bank should develop and implement a policy which would require an appropriate level of supporting and underpinning documentation of income transaction posted in the bank's general ledger. In addition, the system should be upgraded to enable it to generate reports on account balances whether material or not as well as the recognised rate used in calculating the income.

Official's Response

The MD stated that supporting documents referred to were for income/revenue e.g. bank charges and interest, which was never the practice as the debit vouchers to customers' accounts are the other part of the double entry process. He however mentioned that they would ensure that the supporting documents were readily available.

6.5.11. Non-Compliance with Account Opening Procedures

It was noticed that the bank did not effectively comply with the required account opening procedures - Know Your Client (KYC) as some of the vital account opening documentation required prior to the opening of an account were not provided for review. It was recommended that management should ensure required account opening procedures were strictly followed.

Official's Response

The MD in his response said "We advise that account opening procedures – Know Your Customer (KYC) process is being actively monitored by management. This is an ongoing and daily activity by branches to update existing records and also comply at the initial stage with correct account opening requirements.

We mention that several branch visits were undertaken by the Compliance and Regulatory Unit during the course of 2015 to check and guide branches regarding KYC during which queries were raised and letters done to ensure compliance. In addition, a Know Your Customer (KYC) Policy Booklet was introduced and circulated as a guide to assist with account opening procedures.

In view of the foregoing, it is anticipated that account opening procedures will improve in future."

6.5.12. Non-Compliance of Procurement Procedures of the Bank

The due procedures for procurement were not adequately followed by management for a huge number of procurements. It was therefore recommended that procurement procedures should be strictly followed by the Bank.

Official's Response

The MD mentioned that though in its teething stage, he could confirm that a Procurement unit had now been set up in the bank. He added that with the services of the Bank's Procurement Consultant they hoped to see a marked improvement in the Bank's procurement procedures when the team fully assumed office.

6.5.13. Audit Adjustments

It was noticed that most of the prior year audit journals were not posted correctly in the bank's general ledger thereby leading to misstatements of account balances. It was recommended that management should ensure that proper internal control is put in place regarding posting of journals and if possible organise training for the finance department on how to post audit journals. Consideration should also be given to maintaining qualified and experienced accountants within the Bank.

Official's Response

The MD said that consultation with KPMG will now be done to ensure that prior year audit journals are posted correctly. He however stated that even if the audit journals were wrongly posted and corrected by the audit team that should not significantly increase the hours of audit exercise.

6.5.14. Grouping of Loans

The Bank is required by Bank of Sierra Leone to submit on monthly basis information on the Bank's exposure by specific industries. Even though the Bank submitted this information to the central bank, details showing the breakdown of these loans on a sectorial basis were not made available to the auditors for their review. It was recommended that the Bank should put in place a system to ensure proper audit trail on all information.

Official's Response

The MD said that the Bank would take necessary steps to ensure that the account opening was overhauled to ensure proper segmentation of accounts from inception and which will subsequently reflect upon granting of credit facility(ies).

6.5.15. Personnel Expenses

It was observed that both permanent and contract staff payrolls were not reconciled with the general ledger. The auditors noticed inconsistency on both the permanent and contract staff monthly basic salary on the payroll paid to the Bank's employees with the amount disclosed as basic salary on the trial balance. Review of the Bank PAYE computation revealed that the Bank had calculation in excess of Le30,000 PAYE computation per individual staff as against their PAYE re-computation test check. Based on enquiries from the Human Resource Manager, the difference was as a result of the system used to generate payroll. There were approximately 314 permanent staff and 32 contract staff. With regards to the above, a monthly average payment of Le113,070,000 was observed. It was recommended that management should review all the PAYE computations for the year, determine the excess deduction and contact NRA for possible refund to the affected employees. Subsequently, management should ensure that statutory deductions are calculated correctly and reviewed by a more senior officer.

Official's Response

The MD stated that a review of the PAYE computation for the year to determine the excess deduction would be carried out and management through their tax advisers would contact NRA for a possible refund to affected employees. In addition, to ensure that statutory deductions calculated are correct, a review of the statutory deductions is now being carried out by two senior officers.

6.5.16. Composition of Board of Directors

The current composition of the Oversight Committee breaches section 25(c) of the Banking Act which requires the bank to have at least two Executive Directors of the board. The bank has three Executive Directors in the Oversight Committee but Bank of Sierra Leone has only approved the Managing Director (Executive Director) to the Oversight Committee. The other two Executive Directors have not been approved as part of the Oversight Committee. It was recommended that the bank should seek for

approval from Bank of Sierra Leone for at least one of the other two Executive Directors to be part of the Oversight Committee.

Official's Response

The MD stated that the composition of the Oversight Committee which carries out the duties of the Board reflects the peculiarity of the administration of Rokel Commercial Bank (SL) Limited in terms of solving the recent past woes of the bank. With time this will be regularised, he explained.

6.5.17. Single Borrower Limits

The bank breached the single borrower limits during the period under review on all major outstanding credit facilities since the capital base of the Bank as at 31 December, 2015 was very minimal. It was recommended that the bank should put more effort into recovering loans and also increase its share capital base.

Official's Response

The MD noted that the position was well known to the Central Bank and efforts were being made to regularise the Bank's position with regard to the adequacy of capital which formed the basis of determining the single obligor limit.

6.5.18. Capital Adequacy

The Bank breached section 20 of the Banking Act and section 3.3.2 of the Revised Prudential Guidelines which required the bank to maintain a minimum capital adequacy of 15% and 7.5% core capital ratio. The Bank's capital adequacy ratio during the year under review was as follows,

Capital adequacy ratios

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
9.01	8.93	8.69	6.32	9.21	(3.15)	2.62	2.59	1.23	(0.14)	(2.96)	(3.33)

Core capital ratios

JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
3.46	3.43	3.31	2.39	3.44	(10.17)	5.28	-	2.19	(0.42)	(5.64)	(7.27)

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 in his response said "We note your observations and comments. This will continue until the minimum capital requirement and share structure are regularised. Options are currently being explored to improve the capital position of the bank. Management has been engaging the National Social Security and Insurance Trust (NASSIT) with a view to the trust investing in the equity shares of the Bank to improve our current capital position."

6.5.19. Local Liquid Assets Ratio

The Bank breached section 7.4.2.11 of the Prudential Guidelines which required the Bank to maintain local liquid asset ratio of 75% during the year as follows:

JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
61.83	59.54	57.23	58.39	60.61	68.55	57.21	56.60	62.69	69.05	70.59	66.62

It was recommended that the Bank should ensure it complied with regulatory requirements of the central bank.

Official's Response

Refer to response above

6.5.20. Ratio of Aggregate Exposure to Capital Base

Review of the bank aggregate exposure to capital base was above the maximum 300% requirement of the revised prudential for the months of January, February, March and April but went into negative after posting the 2014 audit adjustments.

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
724	(3,508)	704	699.29	(430)	(1,829)	2,197	2,142	4,030	(30,664)	(1,480)	(3,038)

It was recommended that the Bank should monitor its exposure in order to ensure it was maintained within the maximum requirement.

Official's Response

Refer to response above

6.5.21. Non-Performing Loan to Total Loans Tolerable Limit 10%

The Bank's non-performing to performing was higher than the minimum requirement of the Revised Prudential Guidelines as show in the table below.

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
52.26 %	51.89 %	52.24 %	52.16 %	52.58 %	73.74 %	73.10 %	72.21 %	75.16 %	78.67 %	76.63 %	73.91 %

It was recommended that the bank should be in compliance with the central bank requirement and put more effort into recovering loans from their customers.

Official's Response

The MD in his response said "We note your comments and advise that the position is well known to the central bank and efforts are being made to regularise the position and to avert future recurrence. Meanwhile, we have employed the services of legal practitioners and debt recovery organizations to assist us with our debt recovery drive."

6.5.22. Approvals of CEOs and Management Staff by the Bank of Sierra Leone

The bank currently has 27 management staff including three Executive Directors. A letter of no objection was seen for the three Executive Directors only. This was in violation of section 5.3.4 of the Revised Prudential Guidelines which requires that: "no chief executive officer or management staff shall take up office without a 'no objection' from the Bank of Sierra Leone. The bank shall submit to the Bank of

Sierra Leone copies of all management staff CVs together with all relevant certificates of academic and professional qualifications for the ‘fit and proper’ persons test.” It was recommended that the bank should send the CV’s of the management staff to the central bank to seek approval.

Official’s Response

The MD said the bank had submitted all the files of those officials who were to secure a “no objection” from the central bank. The central bank is in the process of examining the files, he mentioned.

6.5.23. The Board and Director Evaluation

The Bank did not evaluate their Oversight Committee performance in the year under review and it contradicted section 5.5 of the Revised Prudential Guidelines. It was recommended that the board should ensure the evaluation was done in compliance with regulatory requirements.

Official’s Response

The MD stated that the Tripartite Committee which comprises the Ministry of Finance, The Bank of Sierra Leone and The National Commission for Privatisation received a quarterly report from the Oversight Committee by which the committee was being assessed.

6.5.24. Maximum Limits on Open Positions in Foreign Currencies

The bank breached section 8.1.2 of the Revised Prudential Guidelines which required that “Every licensed institution shall maintain the following maximum limits on its open positions in foreign currencies, precious metals and precious stones: -

- (i) Net open position in a single foreign currency, shall not exceed 15% of the institution’s capital base
- (ii) Net open position of the aggregate of all foreign currencies shall not exceed 25% of the institution’s capital base”

See table below:

Month	US Dollar	Pounds	Euro	Aggregate
January	-	-	55%	-
February	78%	-	-	-
March	-	-	-	-
April	47%	88%	46%	87%
May	-	-	33%	55%
June	36%	-	-	-
July	62%	-	-	60%
August	22%	-	-	-
September	82%	-	-	61%
October	-	-	-	-
November	-	65%	-	-
December	38%	-	-	-

It was recommended that the Bank should ensure full compliance with that requirement.

Official’s Response

The MD stated that they noted the observations and comments but the situation will continue until the minimum capital requirement and share structure is regularised. He added that options were currently being explored to improve the capital position of the bank and that management had been engaging the NASSIT with a view to the trust investing in the equity shares of the Bank to improve their current capital position.

6.5.25. Violation of Ceiling on Total Borrowing by Staff

Section 3 of the company staff loan policy requires that the total of all borrowing under the staff scheme will not be permitted to exceed 10% (inclusive of housing loans) or 7.5% (exclusive of housing loans) of the Bank's shareholders' funds, as evidenced by available figures from time to time. This was violated during the year as the staff loan outstanding was higher than the net worth of the bank as at the period under review. It was recommended that management should ensure adherence to all internal policies and procedures.

Official's Response

The MD stated that necessary action was being taken to regularise the position.

6.5.26. Access to Program and Data

Information Security Policy/ User Awareness-

Rokel Commercial Bank SL Ltd (RCB) had developed and implemented an information security policy titled "Information Technology Security Policy"; that was published in July 2010. The policy noted amongst others that threats to computerised information and processes were threats to business quality and effectiveness. The policy also outlined as one of its objectives putting measures in place to eliminate or reduce significant threats to an acceptable level. The policy determines the minimum level of security to be achieved and establishes the criteria against which results are measured. It is Management's responsibility (via the IT Steering committee) to implement the policy document detailing procedures to govern the IT environment and infrastructure. Compliance with information security policies is mandatory. If an individual violates the provisions in an information security policy, either by negligence or intent, the Bank reserves the right to take appropriate measures such as disciplinary action, dismissal, legal prosecution, claims for compensatory damages, or others. Accordingly, we obtained and reviewed the IT Security Policy noting that it covered the following areas:

Security Principles and Strategies

- Asset Clarification and Control.
- Security Organisation.
- Personal Security.
- Physical Security.
- Communication and Operations Management.
- Access Control.
- System Development and Maintenance.

However, the following weaknesses with regards the policy document were noted:

- The policy document became effective in July 2010; however, we were not provided with any evidence of subsequent review of the same after implementation;
- The auditors sighted no evidence of senior management sign-off on the document even though one of the policy requirements is for it to be approved by the Board of Director's, Chief Information Officer (IT Manager) or Risk Management Committee by way of sign-off; and
- The auditors were not presented with evidence to show that formal user awareness trainings or updates were carried out during the period under review for users of IT resources.

It was recommended that a thorough review of the current IT Security Policy should be conducted with the view of updating it to reflect the current state of affairs in the IT department and security expectations

of management. The process of review of the policy should also be scheduled to occur regularly at least annually and when there is a major change in the bank that would have an effect on the IT operations, the same should be done. This should be evidenced by senior management's sign-off on the document whenever it is reviewed. Management should maintain an ongoing schedule of trainings on information security to ensure that both old and existing users are aware of their security responsibilities, common and emerging security issues and updates in the industry. This should be evidenced by users signing the IT acceptable use form whenever an update is done. The IT Steering Committee saddled with enforcing the implemented policies and procedures should have hands-on approach to the same, ensuring the policy objectives are being achieved.

Official's Response

The MD said that they were in the concluding stages of the updated I.T Security Policies and anticipated its conclusion by November 2016.

6.5.27. Monitoring

The IT Policy of the Bank outlines security logging and monitoring of activities on the system which takes account of accountability via the audit trail report. Users are responsible and accountable for their actions. It also states that the audit trail should be monitored and analysed independently to detect security breaches. Appropriate accounting, monitoring and auditing should be implemented to assist with identifying and investigating potential security breaches. The banking application automatically generates an audit trail of user activities on the system. We obtained and reviewed audit trail report for 30th October, 29th May and 30th December, 2015 respectively and noted that it details the following; 'USER ID, Job Description, Name, Log-in-Time and Date and Log-off- Time and Date'. However, our review revealed some inconsistencies in the audit trail report with regards log-in and log-off dates.

There were also some users who logged in at an odd time. Further, the report was not detailed enough to show amongst others the specific activity of the user on the system, the data table/files/programs affected as the case may be.

It was recommended that the current audit trail design should be reviewed and modified to ensure information captured was accurate and complete and in addition the contents should be modified to capture more details to make management decision making easier and more reliable.

Official's Response

The MD stated that the issue had been raised with the Banking Software Providers – Office Automations Systems International Limited (OASIL) and they are presently working on incorporating the modification in an upgrade.

6.5.28. Computer Operations -Business Continuity Plan/Disaster Recovery Plan

The RCB had developed a Business Resumption Plan (BRP) document detailing procedures to follow in order to resume business operations in the event of a system breakdown. The auditors reviewed the BRP for the Bank noting its detailed resumption plans for the computer centre. The information presented in the plan guides management and computer staff in the recovery of computing and network facilities operated by the bank in the event that a disaster destroys all or part of the facilities. It also covers key service providers for both software and hardware that will be needed to perform the recovery tasks. As per best practice, it is required that a BRP be tested at least once annually for its operating effectiveness and adequacy. Based on audit review, it was noted that the bank did not perform this for the period under review. It was recommended that the regular update to the BRP was recommended for every time there was a major change or development in the operations of the bank to ensure it was comprehensive and adequate at all times. Key stakeholders of the process should also be involved and well informed of their responsibilities in this regard. Management should also ensure the plan is tested at least twice annually

involving all stakeholders. Results of the test should form a basis for assessing its adequacy and updating the plan as necessary. Results of the tests should also be documented and communicated to management.

Official's Response

The MD stated that IT recommendations were noted for the BRP to be updated whenever there was a major change or development in the operations of the Bank, and for tests to be done at least twice annually.

6.5.29. Entity Wide Risk Assessment

Review and monitoring of IT operations was lacking at the Internal Audit Unit and that was evidenced from the review of the monthly reports generated by internal audit. The auditors noted limited IT related issues in the monthly reports. Ideally the IT related responsibilities of the internal audit function should include amongst others:

- risk assessment reviews to identify significant risks in IT related processes;
- monitoring and review of the IT function on an ad-hoc basis to assess controls;
- review system logs/audit trails to identify activities of users on the network and banking applications;
- using CAAT via ACL to re-compute interest/expense for significant caption in the financial statement generated by the banking applications and
- review of the general IT control environment of the bank for adequacy and efficiency of controls (antivirus updates, regular back-up of relevant and critical information amongst others).

It was recommended that with the existence of the IT Steering Committee, a risk assessment framework should be developed and documented by the Bank and responsible personnel (either the Internal Auditor or another set of independent personnel) should be entrusted with the responsibility of performing regular entity wide risk assessment reviews to identify significant risks especially in IT related processes considering the fact that IT is critical to the operations of the Bank. Management should ensure that these personnel have the requisite IT knowledge and experience to perform the above and their independence should be enforced by directly reporting to the Risk Committee. Monitoring activities of IT should also be enhanced by the internal audit function. This can be achieved by incorporating the above-mentioned activities into their audit plan and ensuring they are regularly performed. The existence of ACL a CAAT tool in the Bank's internal audit function should facilitate the performance of task four (4) above.

Official's Response

The MD in his response said "we agree that in general more audit work is necessary on the IT related processes and control environment. At the moment, the Internal Audit Department audits the IT Department at Head Office once a year and that audit includes the examination of all the IT processes, security controls, administration, training and data management. In addition, the IT system is audited during each branch department operations audit which will include the examination of log-ins, user access levels and controls, data security etc. However, it is only when there are audit queries and recommendations that these checks are seen in the audit report for the branch or department.

Though KPMG conducted training on ACL in September 2014 in which staff of the Internal Audit Department attended, the license was restricted and we have not actually used the CAAT to test or re-compute interest or other data. We shall arrange a refresher course on this and get new members of the Internal Audit Department trained and start using the tool in audit work.

The new IT Steering Committee in recognition of the importance of the IT functions to the Bank, the problems encountered and the need for upgrade to automate some key functions and improve security and general control environment."

6.5.30. Trainings for IT Personnel

The development and implementation of a training plan ensures amongst others that IT personnel are kept abreast with technological development and it enables them better support end users. Based on our

review and discussions held, we noted that the department is yet to conduct or implement a training programs that should detail specific training courses, staff that are supposed to attend, location, cost, etc. It was recommended that an annual training plan of the company should incorporate trainings for IT personnel. Specific, value adding training courses should be identified and planned for IT staff. Management should also ensure the plans are implemented during the course of the period.

Official's Response

The MD said they were working on a comprehensive training requirement for members of the I.T unit to encompass all the knowledge areas of the I.T unit.

6.5.31. Credit Interest on Ineligible Savings Account

As per the bank's operating procedure/practice, savings accounts customers attract credit interest at month end based on their minimum closing balance during the month. Furthermore, another criterion for credit interest is the number of withdrawals made during the month i.e. a maximum of 4 withdrawals is allowed without forfeiting the credit interest. Total withdrawal above four, forfeits the credit interest and a Le5,000 levy is applied by the system for every additional withdrawal. The auditors however noted instances where customers made more than four withdrawals yet interest was credited to their accounts with no further charge. It was recommended that system parameters for saving interest expense and savings commission (income) be reviewed by management in collaboration with IT and system vendor to ensure the rules set by management as per approved policies are implemented consistently. The internal audit department should regularly review these parameters and rules to ensure they are operating effectively and consistently across various categories.

Official's Response

The MD stated that those accounts not charged fall under the category of Premium Savings and Premium Kids Accounts. Those accounts listed on pages 74 & 75 are exempted from the over-withdrawal charges.

6.5.32. Savings Overdrawn Accounts

The auditors observed and noted instances where customer savings accounts were overdrawn i.e. their account balances were in a negative position. It was recommended that the parameter settings on UNIVBANK as regards customers overdrawing their savings accounts be looked into and remedial measures taken to prevent this from recurring going forward.

Official's Response

The MD said that most of the accounts listed were having credit balances; not withstanding they had raised the issue with their software providers to investigate the reasons for the system allowing some accounts to be overdrawn and to proffer a solution.

6.5.33. Outstanding from Issues Previous Report

- *It was noted that some assets were bought during the year with no pre-approval from Bank of Sierra Leone.*
- *Differences on depreciation were noted between the equipment register and the general ledger amounts. This discrepancy arose because no reconciliation of the equipment register to the general ledger was done by management during the year and at the year end.*
- *Based on the physical verification carried out we noted that the asset's IDs in the fixed asset register were different from the IDs of the physical asset. In addition, the fixed assets purchased during the year were not tagged.*
- *During our review of the uncleared effect account, we observed that an amount of Le38,287,556 was included and described as head Account (uncleared effect) for which no explanation or supporting documents were provided.*
- *The office account debit balances contained items that did not qualify as an asset.*

- *We observed that there was no procurement plan for the financial year 2014, more so as there was presently no structured procurement unit in the Bank.*
- *Data analysis for the period under review, noted instances where customer savings accounts were overdrawn i.e. their account balances were in a negative position. A sample of such customers was shown in the appendix for the months of October, November and December 2014*
- *An audit plan for the financial year had been prepared by the Internal Audit department. However, review and monitoring of IT operations was lacking and that was evidenced from the review of the monthly reports generated by internal audit. We noted limited IT related issues in the monthly reports.*
- *We reviewed the most recent audit trail noting that it did not show the log off time of some users, thus making the log documentation incomplete. Further discussion with the head of IT revealed that the issue was still being worked on with the system vendor.*
- *The Bank did not fully comply with the stipulated account opening procedures - Know Your Client (KYC) as some of the vital account opening documentation required prior to opening of an account were not adhered to.*
- *Customers with no approved limit were still allowed to operate as overdraft customers and also customers with approved limits were being allowed to withdraw above their approved limit.*

6.6. NATIONAL SOCIAL SECURITY AND INSURANCE TRUST 2013-2014

6.6.1 Non-compliance with international Accounting and Reporting Standard 26 for Retirement Benefit Plans (IAS 26)

The audit opinions on the 2012, 2013 and 2014 financial statements of NASSIT have been adverse opinions. That is to say, the financial statements do not give a true and fair view of the financial position of the Trust.

While collectively many issues are raised in our observations on NASSIT that give rise to this professional judgment, of greatest significance is the Trust's non-compliance with International Accounting Standard 26 (IAS 26), Accounting and Reporting by Retirement Benefit Plans. The Trust investment properties and other investments are carried in the 2014 Statement of Net Assets Available for Benefits at historical cost, that is to say, at their original cost, to the amount of Le459 billion (Le371 billion in 2013). IAS 26 requires they be carried at 'fair value', that is to say, their actual present worth or market value. It also requires that the actuarial present value of promised retirement benefits is disclosed. Actuarial present value is a mathematical calculation to determine value today of the future stream of payments that an entity expects to pay, under a retirement benefit plan, to its existing beneficiaries based on contributions made. No such disclosure has been made in the financial statements.

As IAS 26 has not been properly applied it is not possible for the user of the financial statements to understand the value of the assets held by the Trust, the present value of promised pension payments and, critically, the net surplus/deficit.

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We are yet to receive the 2015 financial statements for audit. While it is a matter for NASSIT management, it does seem unlikely that application of IAS 26 will be corrected in the preparation of those financial statements. To do so requires both a professional appraisal of the fair value of the many investments held and an actuarial determination of the present value of the Trust's liabilities. The full valuation of NASSIT investments and the actuarial valuations are not small undertakings. Even if management decided to update both before the end of 2016 it would require months to get them done properly. A critical point also is that the asset valuation needs

to be done before the actuarial valuation. The current value of the investments held is used to estimate the value of funds available in the future to meet pension liabilities. Both are required to determine the current net surplus or deficit going forward.

6.6.2 Advance Payments Exceeding 30% of Total Contract Values

Section 137(3) of the Regulations on Public Procurement 2006 states: “The total amount of an advance payment shall not exceed 30% of the total contract price.” It was observed that the Trust made advance payments of 70% and 90% amounting to Le6,572,146,526 and US\$142,624 on several contracts during the period under review. It was recommended that the Ag. Head of procurement should provide explanations and supporting documents (if applicable) on why the regulations on Public Procurement 2006 were not complied with when making advance payments to contractors within 30 days of receipt of the report. In future, the Trust must ensure that all relevant laws and regulations are complied with in its activities.

Official’s Response

In quoting section 135(3-4) of NPPA Regulation 2006 which states that: “total amount of an advance payment shall not exceed thirty percent of the total contract price” and section (4) which states that: “unless otherwise specified in the contract, any advance payments shall only be made against the provision by the supplier of an advance payment guarantee, covering the full amount of the advance payments”. The DG however said that all advance payments made by the Trust had been included into all contract agreements and such payments were made against advance payments guarantee.

Auditor’s Comment

Section 135(3) of the Procurement Regulation 2006 clearly states that advance payment must not exceed 30% of the contract price. Section 135(4) however deals with the issue of advance payment guarantee and not the percentage of advance to be given. The auditors therefore still maintained that section 135(3) of the Regulation was breached.

6.6.3 The Use of Inappropriate Procurement Method

Section 42(2) of the Public Procurement Act 2004 states: “When restricted bidding is employed on the grounds referred to in paragraph (b) of section 41, the procuring entity shall solicit bids from a minimum number of five bidders, if possible.”

It was observed that the Trust procured electrical equipment and furniture in 2014 for the furnishing of Sea View Estate valued at Le217,672,000 and Le1,498,680,000 respectively using the restricted bidding procurement method for which only three suppliers were invited to bid for the supply of electrical equipment and two for the supply of furniture. Additionally, evidence of authorisation from the procurement committee for the use of this method was not submitted for audit inspection. In addition, section 46 of the Public Procurement Act, 2004 states the circumstances which permit the use of the sole-sourcing procurement method. It was observed that sole-sourcing procurement method was used for the procurement of generators for the Bo Plaza valued at US\$614,794 for which these circumstances were not evidenced. It was recommended that Ag. Head of Procurement should explain why procurement procedures were not followed in accordance with the Public Procurement Act, 2004. The Head of Procurement should ensure that in future, the Trust complies with all relevant procurement laws and regulations.

Official’s Response

The DG stated that furthering of the sea view estate was a single procurement action with several lots for which various suppliers were invited to submit quotations based on their areas of business. He mentioned that the generator at the Bo Plaza was part of the construction cost not supplied as an independent action for the facility above.

Auditor's Comment

The responses were noted. This issue remains unresolved.

6.6.4 Comprehensive Bids Register Not Submitted

A comprehensive register of bids submitted in 2013 and 2014 was not submitted for audit review; therefore, the auditors were unable to ascertain the total amount received in respect of sale of bids for the period under review. It was recommended that the Acting Head of Procurement should design and maintain in an appropriate format, a register of bids in which the bids sold and received were recorded.

Official's Response

The DG said that the register referred to was submitted for audit review and samples copied for same.

Auditor's Comment

No bid register was seen and the documents provided for which samples were copied did not adequately serve the purpose for which bid register was required. Therefore, the issue remains unresolved.

6.6.5 Staff Loan Policy Not Observed in Respect of Loans Given to Two Staff

Section 1604 (1) of the loan policy states that, the amount of loan will be dependent on the staff's category and ability to repay as assessed by the Finance Department, subject to the limit of 40% of net pay, and salary advances shall not exceed 10% of net pay. Thus, total exposure shall be a maximum of 50% of net pay. It was observed that in 2013 two staff took loans with repayment of more than 50% of their net pay. It was recommended that the head of human resources should provide explanations why the total loans given out to those staff exceeded 50% of their net pay.

Official's Response

The DG said that the entire loan in question was being covered by the staff's terminal benefit. Nonetheless, management had reviewed its loan policy, and instituted a more robust control in the application and processing of loans to ensure that loan policies were adhered to, be maintained.

Auditor's Comment

Management's response was noted. The issue however still remains unresolved.

6.6.6 Additional Loans to Executive Staff given without Making Fifty Percent Repayment on Existing Loan

Section 1604(8) of the loan policy states that staff will be eligible for one personal loan at a time and top-up only after 50% of existing loan had been paid. It was observed that executive staff were allowed to take additional loans even though the 50% repayment of existing personal loan was not made. It was recommended that the head of human resources should provide explanations why additional loans were given to executive staff even though they had not repaid 50% of their existing loans. In future, the head of human resource should ensure that the loan policy is always complied with when loans were given to staff.

Official's Response

The DG mentioned that those were exceptional loans and approval of such loans was done exclusively by the Director General, based on exceptional circumstances.

Auditor's Comment

Management's response was noted; however, the issue remains unresolved.

6.6.7 Payments to SBTS without Completion of Upgrade to NAPOS-II Application Systems

In 2013, the Trust signed a maintenance contract worth US\$576,069 per annum for the maintenance and upgrading of the NAPOS-II application systems. The upgrading works among other things included cluster for operational improvements for matching and operational redundancy, operating system compatibility tests, future proof research and implementation, compatibility improvement, patch fixes, performance tuning, algorithmic integration and fine tuning, application visioning, server maintenance, server OS maintenance, implement all BRS-NAPOS II upgrades and biometric templates data merging for all-registered members into one single database and maintain compatibility and upgrades that have backward compatibility with the existing operation components algorithms.

In 2013 and 2014 the Trust made payments to SBTS of Le2,353,244,783 and Le2,470,304,396 respectively for which evidence of certificate of work done was not submitted for audit inspection. In addition, from our review of the Board of Trustee minutes and other relevant supporting documents in 2014, it was observed that the Acting Director General informed the Board of Trustees that the BRS-NAPOS II is still not fully functional, and that the processing of benefits payments are being done manually; deficiencies and bugs were yet to be fixed and the source code and the BRS license authorisation yet to be handed to the Trust.

Even though the problems highlighted above were communicated to the Board of Trustees, authorisation was given by the Board of Trustees for payment totalling Le2,470,304,396. It was recommended that the Director General should in future ensure that payments to consultant are made after work done is being certified by the responsible officer of the Trust; and to stop more payments to this company directly.

Official's Response

The DG mentioned that the SBTS Group was given a contract to develop the NAPOS II System and integrate it with the Biometric Systems. He added that the system had been deployed in the live environment since September 2014. He however said that as it is the case with most systems, there were still challenges with the system and the SBTS Group was fervently working to resolve those challenges whenever they were reported by users departments

Auditor's Comment

Management's response was noted, however, the issue still remained unresolved.

6.6.8 Long Outstanding Reconciling Items in the Bank Reconciliation Statements

There were long outstanding reconciling items in the bank reconciliation statements amounting to Le1,171,426,183 and Le2,282,537,334 for 2013 and 2014 respectively. Credits in bank statement not in cash book amounted to Le2,225,906,876 and Le9,848,463,459 for 2013 and 2014 respectively. It was recommended that the Ag. Finance Director should investigate the reason for those long reconciling items and credit in bank statement but not in cashbook. Stale cheques should be rewritten and payables created for the unpaid amount and other reconciling items should be cleared and recorded in the appropriate cashbook. These journals created should be submitted for audit inspection.

Official's Response

The DG in responding said that a stakeholders' retreat, comprising managing directors from various banks, had been convened and the way forward in clearing un-reconciled items jointly mapped out. He added that their inspectors had also been given details of credits outstanding in the accounts for collection of credit advices and contribution schedules from establishments making such payments into the accounts. He further said that stale cheques were mostly pensions/benefits cheques paid out to beneficiaries who had not presented them to the banks. He however mentioned that they were returned as stale and rewritten upon verification as and when the member showed up to claim their benefit.

Auditor's Comment

Management's response was noted; however, the issue still remains unresolved.

6.6.9 Fixed Assets Register Relating to Investment Not Submitted for Audit Inspection

Fixed assets register relating to investment was not submitted for audit inspection. As a result, it was difficult to perform any physical verification to confirm the physical existence of those assets. Additionally, the auditors were unable to re-compute depreciation charges recorded in the draft financial statements for 2013 and 2014 totalling Le1,665,550,000 and Le1,616,767,000 respectively. It was recommended that management should develop and continuously retain an up-to-date non-current asset register.

Official's Response

The DG stated that the creation of a comprehensive fixed Assets Register for Sea-View estate, being the case in point was on-going as at the time of the audit. He however noted that one had been put in place and was available for audit inspection.

Auditor's Comment

Fixed assets register for Sea-View Housing Estates was submitted for audit inspection. The Trust had other investments properties recognized in the financial statements for which fixed assets register were not submitted for audit inspection. Hence, comprehensive fixed assets register was not submitted for all of the Trust's investment properties for audit inspection. Therefore, the issue remains unresolved and will be followed up in subsequent audits.

6.6.10 Land Acquisition at Gloucester and Advance Payment Made Above 30% Stipulated by the Regulations on Public Procurement

The Board of Trustees approved the acquisition of an additional 39.2 acres (455.1 town plots at Le18,500,000/town plot) of land at Gloucester, Bathurst Road for Le8,419,350,000 from the Scott Family even though there were claims laid by other persons on the 100 acres bought earlier by the Trust from this vendor. A 40% advance payment of Le3,367,740,000 was made on 19th December, 2014 but signed sales agreement, survey report and conveyance were not submitted for audit inspection. The cost of this land was omitted from investment properties. It was recommended that the signed sale agreement, survey report and conveyance should be submitted for audit inspection. Otherwise, the Head of Legal Division should provide explanations with supporting documents of actions taken to get the signed conveyance and inspection report for those lands acquired.

Official's Response

The DG stated that a survey plan was prepared in the name of the Trust and a signed sales agreement was also done. He also mentioned that a conveyance was yet to be prepared as the payment was only 40% done and envisaged that the conveyance will be prepared and signed when the entire deal was completed or as the case may be.

Auditor's Comment

A signed survey plan was submitted for audit inspection, but signed sales agreement and inspection report were not submitted for audit inspection. Management's comment on the signed conveyance to be made when the deal is completed is noted. In addition, evidence of journal entries was not made available for the inclusion of the cost of land in investment properties recognised in the statement of comprehensive income. Therefore, the issue remains unresolved.

6.6.11 Land Acquired by the Trust Not Protected

The Trust had lands (total acreage of 700.69) at different locations in the country which were not protected from possible encroachment even though the Board of Trustees instructed this in its

53rd Emergency Meeting. The investment division identified lands with total acreage of 584.18743 as being under threat because the Trust had not done anything to date to protect those lands from encroachment. For example, during the verification of NASSIT land (57.4594 acres) at Old Mattru Road, Bo, it was observed that a house had already being constructed on the Trust Land. It was recommended that the Trust's Resident Engineer should provide explanation why the Trust's landed properties had not been adequately protected as advised by the Board of Trustees. The Trust should also install NASSIT sign boards at the border points of the land showing ownership, employing land guards or constructing fences.

Official's Response

The DG stated that the lands were not fenced as recommended by the board due to the huge cost involved in carrying out that exercise. He however said that management had put modalities in place to protect those lands as the issue of encroachment had been a serious challenge for management. He said that steps had been taken to resurvey those lands and caretaker shelters had been constructed on some of the lands and will be replicated in all the Trust's lands by the end of 2016. He further said that with respect to the Mattru on the main land, a court action had been instituted and were awaiting a verdict on the issue.

Auditor's Comment

Management's comments on the alternative method that will be used to protect the Trust's lands by the end of 2016 are noted. The writ of summons in respect of the court action taken or other evidence to prove that court action had been instituted was not submitted for audit inspection. Therefore, the issue still stands and will be followed up in subsequent audits.

6.6.12 Permanent Structures Constructed by MSF

Agreement between the Trust and MSF was submitted for the rental of the Bo Affordable Houses. In that agreement, MSF was authorised to make alterations to the affordable houses structures but these should be removed by MSF unless agreed otherwise. It was however observed that MSF constructed permanent structures at the back, and an office block and security post at the front of the Affordable Houses during the Ebola epidemic for treatment of patients but those structures had not been demolished even though MSF had vacated the property. It was recommended that the Resident Engineer should provide explanations why MSF did not demolish those structures as stated in the contract agreement and to provide supporting evidence of the Trust's action to demolish or retain those structures.

Official's Response

The DG in his response said:

"The Trust found out that these structures constructed will be useful to the Trust as there will be no additional cost to be incurred. The other structures constructed were makeshift and will be used as temporary structures to carry out the other phase of the pilot project.

The buildings were handed over after three months when the Ebola treatment finally ended. The entire place was detoxified to mitigate against any health hazards.

Further, in order to ward off encroachment, these structures were maintained to instil the presence and ownership of the Trust on the land until a fence is erected."

Auditor's Comment

Management's comment on the use of those structures not being demolished was noted. However, the fact of the matter is that those were permanent and not make-shift structures. Hence, the demolition of those structures would incur significant cost to the Trust in future. Therefore, provision should be estimated and recognised in the financial statement in respect of the demolition of those structures.

6.6.13 Investment under Construction

The Trust made payments for the construction of the Bo Plaza totalling US\$332,026 above the approved contract cost. Evidence of Board of Trustees authorisation for that payment was not submitted for audit inspection. It was recommended that the Ag. Finance Director should make available to the Board of Trustees authorisation for the additional payment in respect of the construction of Bo Plaza.

Official's Response

The DG stated that the total board approval for the entire contract as at 31st December, 2014 was US\$4,142,261 less retention fee. He however noted the sum of US\$4,642,636 was expended and the extra sum was paid in order to expedite outstanding works such that the plaza could be completed in time, commissioned and become operational. He mentioned that board's approval was later sought at their 91st and 92nd General Meetings when it was properly constituted and evidence of it was available for audit inspection.

Auditor's Comment

Evidence of minutes of 91st and 92nd General Meetings indicating Board's approval was not submitted for audit inspection. Therefore, the issue remains outstanding.

6.6.14 Sewa Ground Project

The Trust had spent Le45,016,915,171 as at the end of 2014 on the Sewa Ground Project for the acquisition of lands, buildings, and other construction costs. Evidence of signed conveyance, Memorandum of Understanding between the Trust and the Freetown City Council were not submitted for audit inspection. It was recommended that the Head of Legal Division should submit signed the memorandum of understanding between the Trust and the Council and conveyance in respect of those acquired properties for audit inspection within 30 days upon receipt of the report.

Official's Response

The DG in his response said "The MOU is yet to be signed, though in principle the agreement had been endorsed. This is as a result of certain amendments highlighted that should be reflected in the agreement. When it is signed, it will be presented for audit review.

In addition, series of letters and consultative meetings have been held with the Freetown City Council (FCC) with respect to the survey plan. This process is closely monitored to ensure it is completed and handed over to the Trust. It will be presented for audit inspection when available."

Auditor's Comment

Evidence of letters and consultative meetings held with the Freetown City Council were not submitted for audit inspection. Therefore, the issue remains unresolved.

6.6.15 Sierra Akker Agricultural Project

The Trust acquired 30% stake in Sierra Akker Agricultural Project valued at Le6,943,135,000 in 2014 for which shares certificate was not submitted for audit inspection. Audited financial statements were also not submitted for audit inspection. Furthermore, the Trust approved a loan of US\$5 million which was secured on the fixed and floating assets of the company, but at the end of 2014, it had disbursed Le10,245,000,000 (40% of the total loans). Evidence of the title documents for the fixed and floating assets used as security for this loan was not submitted for audit inspection. It was recommended that the Head of Legal Division should submit the shares certificate of the Trust's 30% holding in Sierra Akker Agricultural Project. The title documents of the fixed and floating assets used as collateral should be submitted for audit inspection within 30 days of receipt of the report. The audited financial statement should also be submitted for audit inspection.

Official's Response

The DG said that they would ensure that the share certificate and assets register were made available for audit inspection. He also noted that the audit process of its financial statements was ongoing and a finalised copy would be submitted for audit inspection.

Auditor's Comment

A share certificate in respect of the Trust's 30% holdings was submitted for audit inspection.

A fixed assets register was submitted but evidence of the title documents of fixed and floating assets used as security for the loan were not submitted for audit inspection. Additionally, evidence of the ongoing audit (for instance an engagement letter) was not submitted for audit inspection. Therefore, the issue remains unresolved.

6.6.16 Benefits Payment Vouchers Not Submitted

Benefit payments totalling Le38,658,004,000 and Le63,712,021,000 were made to beneficiaries during 2013 and 2014 respectively. Supporting documents such as payment vouchers, benefit computations schedule and other relevant supporting documents were not submitted for audit inspection. It was recommended that the said documents should be submitted within 30 days of receipt of the report.

Official's Response

The DG stated that management had instituted an investigation on the account to ensure that the appropriate payments vouchers, benefits computational schedules were submitted for audit inspection.

Auditor's Comment

During the verification exercise, the audit team was provided with documents relating to payments amounting to Le42,342,396 and Le9, 086,461 for 2013 and 2014 respectively. However, considering the amount involved, the audit team was unable to satisfy that sufficient amount of vouchers were provided to ascertain the completeness and accuracy of the entire population. Therefore, the issue remains unresolved.

6.6.17 Receivables Overstatement

Start-up cost in respect of Sierra Estate Management Company which amounted to Le426,510,000 was disclosed as receivables even though there was no agreement indicating that it was a loan to Sierra Estate Management Company. The auditors could also not verify receivables amounting to Le222,588,000 for both 2013 and 2014 from sales of affordable houses as HFC Mortgage and Savings (SL) PLC were yet to confirm those amounts. It was recommended that the Ag. Finance Director should provide explanation why pre-operational expenditure in respect of Sierra Estate Management was recognised as receivables. Additionally, the Trust should contact HFC Mortgage and Savings (SL) PLC to confirm the receivables in respect of the sale of affordable houses.

Official's Response

The DG said that it related to pre-incorporation expenses incurred in setting up Sierra Estate Management Company. He mentioned that a reconciliation of those accounts had been launched to ensure that the appropriate journals were passed to write off those expenses. He also noted that the other issue related to the sale of affordable houses contracted out to HFC Mortgage and Savings Plc and that management had requested to HFC Mortgage and Savings Plc to confirm the sale of those affordable houses.

Auditor's Comment

The auditors were not presented with the reconciliation and the relevant journals during the verification. During the verification exercise, no evidence was provided in respect of receivables relating to the sale of affordable houses. Therefore, the issues remain outstanding.

6.6.18 Business Continuity Plan and Disaster Recovery Plan Not Submitted

An approved Business Continuity Plan and Disaster Recovery Plan were not submitted for audit inspection. It was recommended that the Head of the Information Technology Unit should submit documents mentioned within 30 days of receipt of the report.

Official's Response

The DG said that work on updating a Business Continuity Plan and Disaster Recovery Plans was on-going and it would be made available for verification immediately it was finalised.

Auditor's Comment

Management's response was noted. However, the issue remains outstanding.

Refer to the Table of Common Issues (Page 294) for further observations.

6.6.19 Outstanding Issues from Previous Audit Report

The following were still outstanding:

- *The Trust did not have a system of monitoring survivors in order to determine when they became ineligible to receive benefits.*
- *The NAPOS system did not automatically capture defaulters of late payments after the 15th of the following month.*
- *The Trust did not have an approved asset capitalisation policy.*
- *Le6,666,915,000 was stated as a loan to RG (SL) Ltd. as a result of loan repayment it made as a RG (SL) Ltd.'s guarantor. 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.*
- *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. The total loan (principal and interest charges) to SCPL in the books of the Trust now stands at Le15,789,019,821.*
- *SCPL was making payment of 8% of its quarterly revenue in respect of this loan but evidence of agreement for these payment terms were not submitted for audit inspection.*
- *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., Regimmanuel Gray (SL) and Sierra Ferries Ltd.*
- *There was no evidence of any documented funding policy.*
- *A contract worth Le825,573,666 was awarded to Posseh Hotel & Catering Services for the supply of household goods in 2011. The Trust terminated the contract based on the fact that the goods could not be delivered as planned.*
- *As evidenced by a report, the procurement unit critically looked at the fact and circumstances, they advised the Trust to evaluate the situation and determine the most practical solution without liquidated damages but the Trust refused to re-evaluate the circumstances. Posseh's Hotel had to take the matter to court for which the Trust lost Le400,000,000 in an out of court settlement.*
- *Payment of Le704,700,000 for the sale of house at 10 Atlantic Street was disclosed as rental income. No sale agreement was submitted for audit inspection.*

- *The Trust had 60% share holdings in this investment valued at Le5,296,415,000. The hotel has been under construction since 2009. There have been lot of changes in the project. The project completion date had been postponed several times over the years. At the time of the audit, the hotel was still under construction. No audited financial statement for 2007, 2008, 2009, 2010, 2011 and 2012 was submitted for audit review. Sierra Ferries Ltd. is 100% owned by the Trust. The auditors observed that as at 2012, the Trust had capitalized Le26,348,372,033 in respect of expenditure undertaken by the Trust on behalf of Sierra Ferries Ltd. Most of the expenditure undertaken were administrative and repair costs for the ferries. No evidence of audited financial statement of Sierra Ferries Ltd. was provided to the audit team. The Trust subsidised its operations. These ferries would be depreciating over the years and there was an indication of impairment.*
- *The auditors were unable to confirm the value of the Trust's share holdings. No share certificates were provided for audit inspection.*
- *The amount decreased by Le389,367,000 over the year. This amount related to work contracted to Class Diving Co. (SL) which was not executed and the Trust asked for refund. The amount was recognised as receivable. There was no supporting document provided for audit review to show that this money had been paid or accepted to be paid by Class Diving Co.*
- *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 observed that senior management staff with car loan 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 observed that 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. A loan of Le21,192,838,000 has been capitalised in respect of this investment. As per the loan agreement, the Trust was supposed to accrue interest for these loans but this was not evidenced in the account. No audited financial statements were submitted for audit inspection.*
- *It was observed that an aggregate sum of Le21,840,000,000 was approved by the Trust as loan. Of which, Le21,407,921,000 was paid in 2012 to Kimbima Hotel, a subsidiary of the Trust for the completion of the project. Included in the amount paid as loan was US\$2,000,000. There was no evidence to confirm that the Trust converted this US\$2 million to shares as stipulated by the loan consolidation agreement. As per the loan agreement, the Trust was supposed to accrue interest for these loans, but this was not evidenced in the account. No audited financial statement was submitted for audit review.*
- *A loan of Le25,143,838,000 was given to West Africa Holdings Ltd. for the rehabilitation and refurbishment of Radisson Blu, Mammy Yoko Hotel. As per the loan agreement, the Trust is supposed to accrue interest for these loans, but this was not evidenced in the account. No audited financial statement was submitted for audit review.*

6.7. SIERRA LEONE PORTS AUTHORITY - 2015

6.7.1 The Authority did not Comply with IAS 2 in the Measurement of its Inventories

The Authority did not comply with International Accounting Standards 2 (IAS 2) in the measurement of its inventories recognised in the financial statements. Inventories valuation according to IAS 2 is to be measured at the lower of cost or net realisable value. The Authority did not take cognisance of the net realisable value when determining the value to use. It was recommended that the Financial Controller should provide explanations backed with supporting documents for the Authority's failure to take the net realisable value of inventories into account and why it did not comply with IAS 2.

Official's Response

Our current accounting software was not set up to accommodate lower of cost and net realisable value valuation method. In future, the Authority will endeavour to take cognisance of the net realisable value, thereby fully complying with IAS 2.

Auditor's Comment

Management's response was noted and will be followed up in subsequent audits.

6.7.2 Staff Performance Appraisal Not Done

There was no evidence of staff performance appraisal for the period under review and despite this, the Authority laid off 141 staff on the recommendations of divisional heads. It was recommended that the head of human resources should explain why an annual performance appraisal was not done for staff and provide evidence of the suitability of the method used to lay off some staff.

Official's Response

The GM stated that due to the restructuring process which faced a lot of turmoil or strife during a good part of the year, previous year's appraisal report was taken cognisance of in conjunction with assessment of heads of department to arrive at identifying employees to be made redundant. He further mentioned that employees whose names were submitted by their respective head of department were subject to further scrutiny by management to ensure that subjective actions by heads of department were curbed. The necessary supporting documents he said were now available for audit review.

Auditor's Comment

The auditors reviewed the memo sent to various divisional heads in respect of redundancy during the verification exercise. However, it did not suffice for a performance appraisal; hence the issue remains unresolved.

Refer to the Table of Common Issues (Page 294) for further observations.

6.7.3 Outstanding Issues from Previous Audit Report

Overtime allowances given to staff exceeded the approved threshold (30% of basic salary approved by the Board of Directors on 11th June, 2013). This amounted to Le142,151,678 for the three months of June, September and December 2013. The audit team however noted that, the reason(s) for which the overtime was requested and approved was not provided for review. There was no evidence of an authorisation process/mechanism for the movement of non-current assets.

At Government Wharf, it was noted that, three occupied buildings with the following logos: MODEP (UNICEF), CARE and Mano Fishing were all with a carrying value of Le99,868,125. From investigations carried out, it was discovered that these buildings were presently managed by the Ministry of Finance and rental incomes from the said buildings were paid to the MoFED and not SLP A.

6.8. SIERRA LEONE AIRPORT AUTHORITY-2015

6.8.1 No Rental Agreement for Sierra Leone Airports Authority Clients

It was observed that contracts between the Authority and its clients were in full operation even though some rental agreements valued at US \$27,315 had either expired or were yet to be signed. It was therefore recommended that the Authority should take prompt action to draw up rental agreements between itself and its customers and to ensure that draft documents are signed and copies of the signed agreements provided for audit verification within 30 days of receipt of the report. In future, contract agreements should be signed at all times before the commencement of the contracts as that will have the benefit of ensuring that both parties to the contract are aware of their rights, responsibilities and obligations; and if for any reason disputes arise, there would be a legal document to fall back on.

Official's Response

The General Manager (GM) in his response said the following:

DHL: "This contract has been renewed and signed by both parties."

Brussels Airlines: "This contract was active during the audit period under review (it expires on the 31st December 2015). However, it has been renewed and signed."

Asky Airlines: "The contract was valid during the audit period (1/5/15 – 31/12/15). The operator ceased operations in 2014 due to the Ebola crisis and vacated the office in April 2016 after full settlement of the outstanding bill."

Tap Foreign Exchange Bureau: "The process of renewal of this contract was in progress in 2015 and it has been completed and signed in 2016."

CCFG Consultancies: "This was a short-term contract of six months which expired in April 2015. However, they refused to vacate the premises and as a result the matter is now in court for legal redress."

USISK: "There was a delay in the preparation process due to the unavoidable absence of the proprietor caused by ill health. However, the contract has been signed."

Auditor's Comment

During verification, signed contracts were provided for Brussels Airlines, Usisk Foreign Exchange Bureau and TAP Foreign Exchange Bureau. However, no evidence of signed contract agreements was provided for DHL and ASKY Airlines. The issue with CCFG Consultancies will be followed up during the next audit inspection.

6.8.2 Procurement Procedures Not Followed

Request for Quotations (RFQs) and local purchase orders (LPOs) were not used consistently for all the procurements undertaken by the Authority that required the use of those documents during the period under review. From a sample of procurement activities reviewed, procurements valued at Le144,590,000 were undertaken without the use of RFQs and LPOs. It was recommended that for all procurements that required the use of RFQs and LPOs, the Authority must use those documents consistently.

Official's Response

The GM stated that the procurements in question were supported by LPOs and RFQs. The relevant documents which were miss-placed had been located and were now available for verification.

Auditor's Comment

Evidence of LPOs and RFQs were provided for procurements undertaken valued at Le 101,560,000; leaving Le 43,030,000 outstanding. The issue was therefore partly unresolved.

6.8.3 Long Outstanding Debts

A review of the age receivable schedule revealed that the sum of US \$341,843 (Le1,796,386,488) in respect of monies owed by airlines, agencies and others for landing, passenger service charges and infrastructural development charges was included as part of the total amount disclosed as short term receivable in the financial statements. That amount had been outstanding for more than two years and no evidence was submitted as to the recoverability of the amount. Such long outstanding debts would have been better managed and controlled if there had been a policy in place for the management of debts. It was recommended that management institute a formal discussion with the Board on making provisions for those debts in line with previous audit recommendations. A formal debtor policy should also be developed and enforced in order to minimise the possibility of bad debts and the Authority should also provide evidence to the audit team of efforts made to recover those long outstanding debts.

Official's Response

The GM said they would take the necessary action to have those amounts adequately provided for. A formal policy to address issues of outstanding debt had been developed and was now being discussed by management. He added that management had intensified the collection of long outstanding debts in the recent past through various means such as meetings with customers, letters and the institution of sanctions.

Auditor's Comment

During the verification exercise, the audit team was not provided with any evidence to justify whether action had been taken by management with the Board to have those debts adequately provided for. Also, no evidence of a draft or formal policy to address issues of debts was submitted for audit verification. Therefore, the issue remains unresolved.

6.8.4 Debtor's Circularisation Not Received

Debtors' circularisation was sent to clients which amounted to US\$1,669,786 (Le8,774,732,869) for which no responses had been received so far. It was recommended that management should initiate action to get clients to respond to the circularisation.

Official's Response

The GM in his response said "With the exception of FIR, DHL, and Doorway all others debtors circularised had settled over 80% of the amount owing as at 31st December, 2016 showing existence of debt and their non-response was a mere case of non-corporation.

In the case of Doorway, their debt is being discussed by the board and a 50% write-off is being considered. Relevant correspondence showing the existence of the debt and Doorways' appeal for a 50% write off is available for verification.

Similarly, relevant documentations are available that shows the existence of FIR's debt and discussion in progress to have it settled."

Auditor's Comment

The auditors did not receive any confirmation from the circularisation to debtors; evidence of post year-end payments was, however, submitted for 69% of the total debts circularised. The audit team was not provided with any documentation to confirm the 50% write off of the debt of Doorway and the existence of FIR's debt. The issue therefore is partly unresolved.

6.8.5 Inadequate Succession Planning

Inadequate succession planning in the IT division of the Authority was noted. In addition, the IT Manager was off sick for over two weeks during our audit engagement and in her absence, all questions relating to the IT unit were not answered and access to the IT infrastructure was also denied. It was recommended that the GM should develop and implement a succession planning mechanism for the Authority as a whole in order to mitigate critical skills shortages that would significantly affect the operations of the Authority.

Official's Response

The GM stated that management was in the process of identifying staff with relevant IT skills within the Authority with the aim of having them transferred to the IT department. The process when completed will solve the skills gap and succession issues within the department, he noted.

Auditor Comment

Management's response was noted. This issue will therefore be followed up in subsequent audits.

6.8.6 IT Steering Committee Not Established

There was no evidence of the existence of an IT Steering Committee to ensure effective day to day operation of the Authority's IT infrastructure. It was recommended that the GM should ensure that an IT Steering Committee was set up to oversee the operation of the Authority's IT infrastructure (including the Microsoft Dynamics Great Plain Financials).

Official's Response

The GM stated that an IT steering Committee had been established in August 2016 and had commenced work. Relevant documents showing its formation and minutes of inaugural meeting were available for viewing.

Auditor's Comment

There was no evidence of the establishment of an IT Steering Committee submitted during the verification exercise. Therefore, the issue remains unresolved.

6.8.7 Lack of Defined User's Access Rights

The Authority was yet to develop and implement formal policies and procedures guiding the creation, modification and management of user profiles on the 'Great Plains' application and on the network. For instance, no documents existed to show the number of users who were permitted into the MS great plains and their level of access rights. It was recommended that the detailed procedures must be established to provide guidance on the management of user profiles on the business applications and the network. Amongst others, the guidelines should encompass the following:

- access rights must be assigned to each staff and must be modified as required when staff move internally within the organisation; and
- profiles of staff disengaged from the organisation or who were on extended leave of absence should immediately be disabled or removed from all business applications and the network.

Official's Response

The GM in his response said "There are adequate procedures that guide the management of users' profiles. Permitted users of the MS Great Plains with their respective access rights are well documented. There is a draft IT policy which is currently being reviewed by management and after the review process, board approval will be sought and implementation is expected before the end of 2016."

Auditor's Comment

A draft Information Technology policy and Microsoft Dynamics Great Plains Access Rights Policy were submitted for verification. Since these documents are in the draft stage and currently being reviewed before submission for board approval, this issue will be followed up in subsequent audits.

6.8.8 Non-Compliance with Terms and Conditions of Service

The Authority's actual practices were not in line with its documented terms and conditions of service. For instance, Article 53 of the current terms and conditions of service required the operation of a Provident Fund. It was however observed that the scheme was no longer in operation and there was no evidence to suggest the dissolution of the scheme or approval from the board. Of utmost importance was the fact that no mention was made in the terms and conditions of service as to when it should be subject to review. It was recommended that the Financial Controller should develop and implement a policy regarding the granting of loans and advances to staff and the Authority should review the terms and conditions to ensure that it remains up to date.

Official's Response

The GM stated that the provident fund scheme had been abolished and replaced with the statutory scheme (NASSIT). He added that the observation of the auditor was however noted and the review of the terms and conditions of service was in progress and would be completed before 2016 and the issue under reference will be accordingly addressed.

Auditor Comment

Management's response was response noted. The issue will therefore be followed up in subsequent audits.

6.8.9 PAYE not Paid over to NRA

Deductions of PAYE tax for the period under review totalling Le2,807,982,331 and previous outstanding balances of Le 3,637,505,792 were not paid over to the NRA. It was recommended that the Authority should ensure that all outstanding PAYE is paid over to NRA.

Official's Response

The GM in his response said "Through a debt set-off agreement, the Authority settled fully its tax liabilities up to June 2013. The intention then was to settle future bills promptly. However, the Ebola crisis which led to the reduction of our revenue below 40% led to severe cash flow constraints and eliminated our capacity to meet our tax liabilities. However, we are working out modalities to settle our liabilities by giving a monthly standing order to address both the current and the previous as we did for NASSIT."

Auditor Comment

Management's response was noted. The issue will therefore be followed up in subsequent audits.

6.8.10 Social Security Contributions Not Paid over to NASSIT

Deductions of Social Security Contributions for 11 months totalling Le 1,059,499,690 were not paid to NASSIT. It was recommended that the Authority should ensure that all outstanding social security contributions are paid to NASSIT with immediate effect.

Official's Response

The GM mentioned that as stated with respect to PAYE, management was unable to pay NASSIT contributions due to cash flow problems that were exacerbated by the EBOLA crisis. He however noted that management had worked out a payment plan to settle the arrears in which a standing order of Le200m was given to SCB and that order was addressing both the current and part of the arrears. The standing order, he mentioned, is being serviced every month.

Auditor Comment

Evidence of payment plan agreed with NASSIT dated 30th June, 2016 for a monthly standing order of Le200 million to SCB was submitted during the audit verification exercise. This issue will therefore be followed up in subsequent audit.

6.8.11 No Evidence of Impairment Review Conducted

No evidence of impairment review was carried out on assets owned and controlled by the Authority. The auditors physically verified two generators, 220 KVA and 650 KVA, amounting to Le437,440,400 that were unserviceable. It was recommended that the Authority should write off all assets that were not in good working condition based on laid down policies and should carry out impairment reviews to write down all impaired assets to their recoverable amount and evidence of action taken should be made available for audit inspection.

Official's Response

The GM stated that management had noted the observations of the auditors and their recommendations would be executed.

Auditor's Comment

The audit team was neither provided with any evidence of impairment review carried out by the Authority nor the necessary adjustment and journal entries for the write off of Le437,440,400. Therefore, the issue remains unresolved.

6.8.12 Encroachment at Hastings Airfield

During the course of the audit, the audit team undertook a physical verification of the Hastings Airfield with the sole purpose of verifying assets, personnel and the general condition of the airfield. It was observed that the Hastings Airfield was unprotected by a perimeter fence which indicated a possible security threat to the physical assets of the Authority. There was no evidence on site of the Authority's efforts to protect this land from possible encroachment. It was recommended that with immediate effect, the Authority should take action to protect the Hastings Airfield from possible encroachment and loss of property by putting modalities in place to clearly demarcate its land and erecting a perimeter fence.

Official's Response

The GM stated that management had been instructed by the board to erect columns around the perimeter of Hastings Airport. He added that the process had started and when completed, new encroachers will be forestalled. He further maintained that management had taken court action against existing encroachers and were optimistic that the court will rule in management's favour.

Auditor Comment

Management's response was noted. The issue will therefore be followed up in subsequent audits.

Refer to the Table of Common Issues (Page 294) for further observations.

6.8.13 Outstanding Issues from Previous Audit Report

- *The Accounting Manual used during 2014 was not up to date.*
- *It was observed that the carousels at the terminal building were old. The auditors also noted several break downs and maintenance work on these carousels which often rendered them unserviceable.*
- *There was no evidence of vehicle registration numbers recorded on the vehicle parking tickets and no payment tickets displayed on dash boards inside the vehicles.*
- *It was observed that a contract signed in January 2011 for the duration of 15 weeks for the upgrading and modification of the Sierra Leone Airport Authority's terminal building had not been completed to-date. The original contract price was US \$4,157,000 when it was signed in January 2011, but to date, cumulative payments of at least US \$6,461,000 had been made. At the time of the audit the revised timeline for completing the contract was requested but not submitted for inspection. Furthermore, even though the remainder had not been completed, there were already defects in the parts that had been completed.*
- *The Authority did not have a policy with regards to the maintenance of its non-current assets, such as computer hardware and vehicles.*
- *There was no evidence of authorisation process/mechanism for the movement of non-current assets. For instance, the auditors could not verify some assets in some locations as detailed in the assets register.*
- *There was also no evidence of periodic reconciliation between the billing and finance departments on revenue collection.*
- *There was no evidence of an approved business continuity or disaster recovery plan.*
- *The auditors noted that bank balances held at the Standard Chartered Bank, London, which amounted to Le 64.1 million were disclosed as receivables. Those amounts had been outstanding for long and there was no evidence that they would be recovered because no evidence of any correspondence with the bank for the recovery of those monies was submitted for audit inspection.*

6.9. SIERRA LEONE ROADS AUTHORITY-2014

6.9.1 Omission and Revaluation of Fixed Assets

Fixed assets from completed road projects transferred to the Authority were completely omitted from the Authority's financial statement. A revaluation of plant, equipment and motor vehicles was carried out in 2000. However, the relevant class of plant, equipment and motor vehicles was neither carried at cost nor at market value since a revaluation at 2000 may not reflect the market value as required in the 2014 financial statement. It was recommended that assets received or transferred from completed road projects to SLRA should be appropriately valued and incorporated into the Authority's fixed assets register and financial statement for proper monitoring, control and accountability. Revaluation should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value/market value at the end of the reporting period.

Official's Response

The Director General (DG) stated that the observation was true but the assets in question were donated to the Authority without knowledge of their actual cost. He added that management had already prepared a detailed list of all the assets transferred to the Authority from the completed road projects. He further mentioned that management had requested for board approval to hire the services of a quantity surveyor so that all the assets omitted/ donated could be incorporated into the Authority fixed asset register.

Auditor's Comment

Implementation of recommendation is in progress.

6.9.2 Insurance of Property, Plant and Equipment

With the exception of motor vehicles which were insured on the general third party insurance rather than the comprehensive insurance policy for replacement value as stated in the Authority's standard contract agreement (1.6.6 Provision of vehicles), the Authority's assets were not insured against the risk of fire, theft, damage or any natural or man-made disaster. It was recommended that the Authority should consider insuring assets which were of high value or difficult to repair and replace, as an insurance cover could assist it to recover quickly from a disaster. Management should also compel contractors to adhere to the contract agreement of insuring motor vehicles on a comprehensive insurance cover rather than the standard third party insurance.

Official's Response

The DG said that it was management's desire to insure all assets but this could not be done in piece meal. He said that after the valuation of the donated assets (mainly buildings in camp site) and revaluation of the existing assets, they would continue to request for funding to insure all the assets.

Auditor's Comment

Implementation in progress

6.9.3 Efficient Use of the Authority's Assets

Assets in the form of camp sites received/transferred from completed roads project especially Lungi, Mange, Bo and Mile91 had not been properly secured by the Authority as most of the furniture and equipment in those camp sites were either being stolen, damaged and or were wearing out. It was recommended that the Director General should consider transferring the furniture and office equipment to either the Authority's headquarters or its regional offices that are in constant use or need of such assets. It should also consider taking viable action to either utilise such assets through rental of the camp site or transfer to another government department or agency that are in need of such assets.

Official's Response

The DG stated that fixtures and fittings at the Mange camp were vandalised but that was done before the camp was officially transferred to SLRA. As regards Bo and Mile 91 camp sites, he stated that the Authority already had staff members residing in the quarters and that the Lungi camp site was properly secured. He also mentioned that they had caretakers residing at the campsite until the end of DLP when management would then decide how to efficiently use the site.

Auditor's Comment

Implementation of recommendation is in progress.

6.9.4 Controls over Use of the Authority's Buildings/Equipment (Records; Physical checks)

During our assets verification exercise, we noted that road contractors/ consultants were using the authority's buildings and other assets without any formal contract agreement signed for the use of the assets. It was recommended that Director General should formalise the use of such buildings or assets and the appropriate department responsible should be notified and regular monitoring should be done to ensure the proper use of the assets.

Official's Response

The DG in his response said "Buildings and Laboratory equipment had been donated to the Authority at the end of each road project. The use of the laboratory and lab equipment by consultants (particularly in Bo) was authorised by the management to avoid deterioration of the assets. The equipment in question could deteriorate if they are not in use. The equipment in Bo should serve for quality control for projects in both the Eastern and Southern provinces. The laboratory facilities at Headquarters would complement the Bo laboratory as and when required. All the assets donated to the Authority would be included in the register after the valuation so that they could be capitalised and a charge for amortisation provided for."

Auditor's Comment

Implementation of recommendation is in progress.

6.9.5 Fixed Assets Cost and Depreciation Reconciliation

There were discrepancies between the fixed assets register and the amount stated in the trial balance for cost and depreciation as stated below. This discrepancy arose from the trial balance (TB) not from a summary of the general ledger (GL) because there was no regular reconciliation of the fixed assets register during the year.

Cost reconciliation	Balance as per TB	Balance as per FAR/GL	Difference
Furniture & Office Equip.-Cost	3,830,602,748.63	3,926,102,748.63	95,500,000.00
Land & Building-Cost	3,556,121,811.35	3,548,930,811.35	(7,191,000.00)
Motor Vehicle –Cost	3,562,635,361.86	3,637,714,361.96	75,079,000.10
Leased Land	729,003,333.33	805,670,000.00	76,666,666.67
Total			240,054,666.77
Depreciation reconciliation	Balance as per TB	Balance as per FAR/GL	Difference
Depreciation Plant & Equipment	41,111,666.67	43,530,000.00	2,418,333.33
Depreciation Furniture and office equipment	260,938,688.35	277,351,036.32	16,412,347.97

Depreciation Building	140,268,656.41	141,957,231.24	1,688,574.83
Depreciation Motor Vehicle	181,188,541.83	120,930,019.80	(60,258,522.03)
Depreciation Laboratory Equip	431,649.27	413,254.20	(18,395.07)
Total			(39,757,660.97)

It was recommended that regular reconciliations of additions, disposals, balances of fixed assets, tools and supplies should be performed between the fixed assets register and the general ledger on a monthly basis and this should be documented and approved by management. Any differences encountered should be investigated and necessary action taken to resolve the matter

Official's Response

The DG stated that they had a very old system (Great Plains) which malfunctioned regularly and in most cases the vendor was not available. He said that management would ensure that the discrepancies were cleared in the account and they would also be conducting regular reconciliation exercises.

Auditor's Comment

The recommendation was not implemented.

6.9.6 Fixed Assets Clearing Account

Assets stated as furniture and office equipment clearing and motor vehicle clearing in the trial balance at Le192,383,750 and Le7,125,000 respectively relates to assets that were held under the suspense account awaiting transfer into the assets register. However, those assets had been transferred from the clearing account to the asset register but the relevant account still contained the above amount in the clearing account. It was recommended that there should be reconciliation, monitoring and review of amounts posted into the system and work done by subordinates.

Official's Response

The DG in his response said "The fixed asset clearing account has direct links with fixed asset and depreciation reconciliation; it serves as a suspense account, once the discrepancies are cleared the clearing account will read nil. The postings will be monitored by senior personnel when the system is replaced. Training, monitoring and supervision will be a continuous process."

Auditor's Comment

The recommendation was not implemented due to the reason stated above.

6.9.7 Ownership of Vehicle

Vehicle registration number AFH 124 Toyota Land Cruiser Jeep with chassis number JTGE73JA79003B owned and possessed by the Authority transferred from CYMAIN SL had not been registered in the name of the authority as recorded in the said vehicle's life card. It was recommended that the vehicle (s) received by the Authority should be registered and licensed in the name of SLRA rather than the original owner reflected on the vehicle life card.

Official's Response

The DG stated that like many other vehicles, AFH 124 was a project vehicle transferred/donated to the Authority by CYMAIN, a contractor who was working on the Port Loko, Kambia-Lunsar Township road but was later terminated. He affirmed that management would register and license the vehicle in the name of SLRA during the renewal of SLRA vehicle licenses.

Auditor's Comment

However, the issue remains unresolved.

6.9.8 Acting Director's Allowance

Directors acting allowances were not included as part of the employee's taxable income in applying the applicable PAYE rates. It was recommended that all income earned by employees from past, present and future employment should be taxed accordingly, unless specifically excluded by the Income Tax Act like leave pay, non-taxable allowance and reimbursement on cost incurred on behalf of the employer in carrying employment duties, etc.

Official's Response

The DG stated that the error had been corrected.

Auditor's Comment

The issue remains unresolved.

6.9.9 Omission of Construction and Rehabilitation Cost of Roads

Transactions relating to the construction and rehabilitations of roads were omitted from the Authority's books. Consequently, the total value of these constructions and rehabilitation work could not be determined.

Road construction contracts are awarded by SLRA as the sole employer of roads construction in Sierra Leone. Contract agreements are made and signed between the Authority and the contractor (CSE, CRSG etc.). Contract fees are agreed and progress payment on value of work are certified and endorsed by the Authority and thereafter, the contractor invoices the Authority and the Authority's request for payment is sent to MOFED or RMFA or any financier.

Nevertheless, the Authority received and accounted for funds relating to administrative costs and for engineering works on the same road and compensation payment arising from project affected persons.

Recommendation

The Sierra Leone Roads Authority Act, 1992 defines the functions of the Authority as below:

Section 5(1) states that "notwithstanding any existing law to the contrary the authority shall be responsible for the administration, control, development, and maintenance of all roads and related ferries in Sierra Leone". Section 5(2g) further explained that for the purpose of discharging the responsibility in S5(1), the authority shall "keep adequate records and operate a management information system providing managers at all levels with timely and accurate information on commitments and expenditure for works and services for which they are responsible".

It was recommended that management should take active steps in ensuring that the Authority's financial statement accounts for all road activities undertaken by the Authority during the period, as stated in the Act.

Official's Response

The DG in his response said "Your comment is in place and also highlights/supports the difficulties management encountered in carrying out their maintenance and rehabilitation activities. Although the Authority (SLRA) is responsible for the administration, control, development and maintenance of all roads, ferries and bridges, some agencies are now engaged in road construction and rehabilitation without our direct involvement.

Contractors like CSE, CRSG and others normally sign contract agreements with the Authority (SLRA) but direct payments are made by MoFED (and other donors) to the contractors without getting regular advice from MOFED to

update the disbursement status. The details available for such expenditures had been very sketchy at the time of preparing our financial statement. It is extremely difficult for us to capture total expenditure on road work in our financial statement without those required details.

The RMFA is no exception as they are awarding contracts and making direct payment to contractors. The performance of the Authority is grossly understated since most of the activities undertaken on road works are not reflected in the financial statement.

We therefore accept that the financial statement does not show a comprehensive true and fair view of the Authority's performance as an institution in charge of all road works."

Auditor's Comment

The issue remains unresolved.

6.9.10 Long Outstanding Payables

There were long outstanding payables in the books and movement in six accounts for over three (3) years. As most of these debts existed before the transition of the Road Maintenance Fund to RMFA, it was strongly recommended the Authority's management should take steps to inform the appropriate authorities (Ministry of Works, Ministry of Finance and Economic Development etc.) and try all possible means of settling those long outstanding debts to avoid further legal and other action being taken against the authority by those aggrieved suppliers.

Official's Response

The DG in his reply said "We do admit that there are long outstanding payables with no movement in the last three years. The Authority had created the liabilities some years ago in expectation of receiving the Le 16 billion withheld by the oil companies. The money was never received even though many appeals were made to the Ministry of. However, Management has discussed the issue with the board and efforts are now underway to resolve the creditors' crisis."

Auditor's Comment

Implementation of recommendation is in progress

6.9.11 Long Outstanding Receivables

There were long outstanding payables in the books and movement in six accounts for over five years. It was recommended that management should ensure that all long outstanding receivables should be cleared and transactions must affect their actual substance and not form. In addition, all outstanding receivables should be recovered if possible or management should consider seeking board approval for a possible write off of such debts.

Official's Response

The DG in his reply said "These three categories of debtors have been in the account for over five years (Advance payment to contractors, Hill side receivables, and others). The other receivables are mainly utility companies. Our problem with debt management is attributed to the fact that utility companies cannot be treated in the same manner as trade debtors. Efforts have been made to get the utility companies to pay but the response has been slow. A few actually paid some of the debts over the periods, whilst some have disputed them. RMFA has now taken over the responsibility of collecting these bills. Management had recovered a very little amount from the Hill Side debtors. The Judiciary and ACC have been making efforts to recover the outstanding balance.

Management had set up a team to review the advance payment to contractors. Where the possibility of continuing the contract is remote, management will seek board approval for termination of such contracts."

Auditor's Comment

Implementation of recommendation is in progress

6.9.12 Availability, Integrity and Confidentiality of Management Information System (MIS)

Availability

There were limited users of the Great Plains Dynamics and the current users could not adequately operate the system as heavy reliance of support service was sought from a service provider of the software thereby leading to most of the general ledgers requested at the inception of the audit process being unavailable. The Management Information System's involvement or knowledge of the system was not adequate enough to enable the effective operations of the system in order to closely monitor, resolve issues and control users of the system. This however led to delay in information availability during the audit exercise most especially in soft copy form.

Integrity

The system lacked data integrity as adequate controls were not instituted in the system to limit the level of involvement or modification of entries within the system without adequate authorisation. This was clearly evidenced in the general ledgers provided as there were several reversals of entries for which the adequate documentation and approval was not found.

Confidentiality

Overall the Authority did not have policies, procedures and controls in place over the Authority's information system and infrastructure. This led to people using their private computers to undertake the authority's functions and using their private emails to transmit private and confidential information to external parties because the draft IT policy was not in operation.

The following were recommended:

- the Authority should develop an IT policy. Strict adherence should be communicated to all users and defaulters should be dealt with appropriately;
- the staff of the MIS unit should be given additional training or refresher courses in operating the Accounting software GP and adequate controls should be instituted to restrict the level of involvement and modification of information recorded by subordinate or junior staff;
- additional users should be made accessible and restrictive measures instituted; and
- the Authority's work should be done and saved on the authority's IT infrastructure and not on personal PCs. An official mail should be developed and the use of this mail imposed for all official communication to avoid the consequences of loss of pertinent information when staff leave the services of the Authority taking along such information with them.

Official's Response

The DG in his reply said "Your view on system availability is correct; the MIS Unit had not been actively involved in running the system. The Great Plain Dynamics had been in use for over ten years. The functionality of the system had been very critical. It has been extremely difficult to operate the system without reliance on the vendor. Management intends to buy an updated version of the software and to conduct additional training for users.

A person from MIS Division has been attached to the Finance Department to assist in some critical areas and management intends to offer additional training in the use of GP Dynamics.

Integrity

The functionality of the system had been questionable and the controls embedded in the system at the initial stage do not seem to be working any longer. Controls such as reversal of entries, voiding and reconciliation of transactions were carried by

personnel with adequate authorisation. These controls were not working as required due to the age of the programme. Unfortunately, the system finally crashed requiring the management to procure a new system.

Confidentiality

It is true that most of the personnel in the regional offices use personal computers to undertake the Authority's functions. Management intends to procure desktop computers and photo copiers for all the regional offices."

Auditor's Comment

The issues remain unresolved.

6.9.13 Back-up Data

Data at the Authority is backed up daily, weekly and monthly on to external hard drives; however, they were kept in the same room and building as the server. It was recommended that the Authority should prepare regular back-ups of operational and financial records in a data storage back-up server or any other safe mode. Back-ups should also be stored securely away from the original computer or server room and building.

Official's Response

The DG stated that management would ensure proper arrangement including disaster management recovery for any future contract.

Auditor's Comment

The issues remain unresolved.

6.9.14 Road signs, Road markings and Reflectors

Road signs were not found along the roads, road markings were not visible and reflectors were not found in most of the areas where they were required. Those items were found in the Authority's store

Official's Response

The DG said that most of the road signs installed along the highway had been removed and management had been facing challenges over the years. He added that the road signs that were currently available in store were meant for the Freetown municipality. He mentioned that management would seek funding to replace all the road signs that have been removed and also erect new ones at critical points.

Auditor's Comment

The issues remain unresolved.

6.9.15 Monitoring and Supervision of Roads

There was no proper monitoring and supervision of roads based on enquiry from management they stated that there is little or no adequate mobility (Vehicle or motor bike).

Official's Response

The DG stated that even though they had difficulties at the moment, the supervision was carried out in all the regions and that was reflected in the quality of the development projects. He added that lack of mobility in the regions caused some challenges for the engineers. He however noted that arrangements had been put in place to provide supervision vehicles and motor bikes in all the regions as that would enhance regular supervision and monitoring of road works.

Auditor's Comment

Implementation of recommendation is in progress.

6.9.16 Official Computers and other IT Equipment

Staff in the provinces were using their personal laptops to undertake the Authority's work and there was no proper maintenance/repairs of the existing IT equipment.

Official's Response

The DG said that management was in the process of acquiring computers and photocopiers for all the regional offices.

Auditor's Comment

The issues remain unresolved.

6.9.17 Staff Attendance in Regional Offices

Monitoring of attendance of staff in the various regional offices was not effective especially at the regional office of Mile 91 where the auditors were unable to obtain audit evidence from key management staff due to their absence from work.

Official's Response

The DG said that although the staff strength in the regions had reduced considerably due to old age and death, management shall replicate measures adopted at Headquarters in the regions to ensure that staff attendance is monitored effectively and defaulters are punished accordingly.

Auditor's Comment

The issue remains partly unresolved.

6.9.18 Detailed Findings and Results

The auditors obtained a listing of assets from the general ledger for purposes of the verification exercise. Based on these listings it was observed that most of the assets introduced during the formation of the Authority in 1994 were assets burnt down, or used by MOW, or MSU, or consultants etc. they were not in direct use by the authority. The laptop computers stated in the Authority's register as being in various parts of the regions were not physically verified except the one in the Kenema Regional office.

Some of the moveable assets verified were not tagged. All assets in the register had been coded of which some of the codes could not be linked to the physical asset. However we were able to physically verify the assets bought during the period and the values of these assets were vouched for based on book values derived from suppliers' invoices.

Auditor's Comment

The DG stated that like the other MIS gadgets, the laptops were given to the regional offices over five years. He however said that management would investigate the status of the laptops and assets in the regions would be coded after the valuation exercise.

Auditor's Comment

The issues remain unresolved.

Refer to the Table of Common Issues (Page 294) for further observations.

6.10. SIERRA LEONE ROAD TRANSPORT CORPORATION-2010

6.10.1 Revaluation of Assets

The Corporation's land and buildings, furniture, tools and equipment were re-valued during the period under review and the following was observed:

- the revaluation report was yet to be signed by the valuator;
- the corporation's land and buildings were re-valued even though the corporation was not in the position to substantiate ownership; and
- the revaluation was done in June 2013 but the revaluation adjustments were recorded as part of the financial statements for year ended 31st December, 2010.

It was recommended that the revaluation should be revisited with the view of clarifying the above-mentioned issues.

Official's Response

The General Manager (GM) in his response said that the finding had been noted and management would take corrective action.

Auditor's Comment

Corrective actions are yet to be taken. The issues therefore remain unresolved.

6.10.2 Stock Taking

Stock counts were not carried out at the end of the financial year under review to check the accuracy of stock balances indicated in the books and financial statements of the Corporation. It was recommended that stock counts should be carried out at every location at the end of the corporation's financial year and that the exercise should be witnessed by senior and independent officers of the Corporation who should verify the accuracy of the amounts indicated in the stock count sheets.

Official's Response

The GM in his response said that the finding had been noted and management would take corrective action.

6.10.3 General Ledger Postings

The general ledger postings were not reviewed by senior officials of the corporations to ensure that postings were true and correct at all times and transactions to the tune of Le 286,815,000 were not posted to the general ledger. It was also noted that the general ledger pertaining to bus tickets was not available for our inspection and receipts amounting to Le53,032,999 were not posted to the accounts. It was therefore recommended that the general ledger postings should be reviewed by a senior official of the corporation with the appropriate experience to do so on a monthly basis and evidence of such review should be indicated in the ledgers. In addition, the above-mentioned omission should be investigated and the general ledger pertaining to those tickets should be made available for inspection.

Official's Response

The GM in his response said that the finding had been noted and management would take corrective action.

Auditor's Comment

Corrective actions are yet to be taken. The issues therefore remain unresolved.

6.10.4 Cash Takings

Cash takings are not deposited into the Corporation's bank accounts on time and as a result large amounts of cash were being held without any insurance coverage. As at 31st December 2010 the cash balance stood at Le 172,491,447. It was recommended that cash takings should be deposited into the Corporation's bank accounts on the working day immediately following the day after they are collected.

Official's Response

The GM in his response said that the finding had been noted and that management would take corrective action.

Auditor's Comment

Corrective actions are yet to be taken. The issues therefore remain unresolved.

6.10.5 Reconciling Items

Reconciling items indicated in bank reconciliation statements were not properly investigated in order to prove their correctness. It was recommended that those reconciling items should be investigated with the view of determining their correctness.

Official's Response

The GM in his response said that the finding had been noted and that management would take corrective action.

Auditor's Comment

Corrective actions are yet to be taken. The issues therefore remain unresolved.

6.10.6 Bank Accounts not in Existence but Disclosed in the Financial Statements

Sources revealed by Bank of Sierra Leone and Standard Chartered Bank (SL) Limited showed that the under mentioned bank accounts were not in existence.

	Le
▪ Bank of Sierra Leone Bank	
Account Number: 1100696 – Balance as at 31/12/2010	1,866,426.50
▪ Standard Chartered Bank	
Account Number: 010-11-55999-01 – Balance as at 31/12/2010	872,722.30

On the other hand, the following under mentioned bank accounts were confirmed by the respective banks but not disclosed in the financial statements of the corporation:

	Le
▪ Sierra Leone Commercial Bank	
Account Number: 003001104842100110	(1,900,000)
▪ Sierra Leone Commercial Bank	
Account Number: 003001103723100134	(66,295.95)
▪ Sierra Leone Commercial Bank	
Account Number: 003005510676100186	(1,500,000)
▪ Union Trust Bank	
Account Number: 21025913-01	746,282.44
(Dormant)	

It was recommended that the above-mentioned banks should be contacted with the view of determining the existence and authenticity of those bank accounts.

Official's Response

The GM stated that those bank accounts were not disclosed in the financial statements because they were all closed and dormant and as a result management regards such accounts as inoperative and was therefore unable to produce them for external audit purpose.

Auditor's Comment

Documentary evidence provided did not make mention of those specific banks.

6.10.7 Withholding Tax Deductions

The withholding tax rule was not applied to payments above the threshold as provided by the Sierra Leone Income Tax Act, 2000 (as amended). It was recommended that the Corporation should consider all applicable tax rules before making payments.

Official's Response

The GM in his response said that the finding had been noted and that management would take corrective action.

Auditor's Comment

Corrective actions are yet to be taken. The issues therefore remain unresolved.

6.10.8 Accounting for Outstanding Liabilities

There was no formal system in place to capture liabilities of the Corporation or when they were incurred especially at the end of each financial period. It was recommended that a formal system should be put in place that will be capable of capturing liabilities of the Corporation as and when they are incurred especially at the end of each financial period.

Official's Response

The GM in his response said that the finding had been noted and that management would take corrective action.

Auditor's Comment

Corrective actions are yet to be taken. The issue therefore remains unresolved.

6.10.9 Independent Review

Some of the accounting computations that were being done by the Accounting and Administrative Officer were not reviewed by an independent and experienced officer of the Corporation to ensure that they were true and correct at all times.

Below are some of the computations that may require a second or independent review:

- Prepayment computations.
- Depreciation computations.
- PAYE and NASSIT computations.

It was recommended that end of year computations pertaining to the above-mentioned areas should be reviewed by independent officers with the required knowledge and experience to do so.

Official's Response

The GM in his response said that the finding had been noted and that management would take corrective action.

Auditor's Comment

Corrective actions are yet to be taken. The issues therefore remain unresolved.

6.10.10 Disbursement without evidence of receipts

Transactions amounting to Le78,930,110 were made without any evidence of receipts. It was recommended that the required documentation supporting those transactions should be made available for verification.

Official's Response

The GM stated that the finding had been noted and that corrective action would be taken.

Auditor's Comment

Corrective actions are yet to be taken. The issue therefore remains unresolved.

6.10.11 Procurement Policy

Evidences were not made available to us to enable us substantiate that best procurement practices including procurement rules in Sierra Leone were applied in procuring goods and services during the period under review. It was recommended that documentation should be maintained by the corporation to prove that procurement rules were being abided by at all times.

Official's Response

The GM stated that a procurement unit had now been established effective in the year 2011 headed by a procurement manager who oversees all procurement issues ensuring that the NPPA Act of 2004 is fully complied with.

6.10.12 Outstanding Issues from Previous Audit Report

These are as follows:

- *The corporation did not have a formal policy with regards the capitalisation of its tangible fixed assets. Expenditure as low as two hundred thousand (Le 200,000) Leones was being capitalised by the corporation.*
- *The tangible fixed assets of the Corporation were not physically verified on a regular basis to enable the corporation determine their existence and condition.*
- *The Corporation did not have possession of conveyances and other documentation to substantiate its title to freehold and leasehold properties indicated in the above mentioned financial statements.*
- *The Corporation's tangible fixed assets (with the exception of its motor vehicles) were not covered by any insurance policy.*
- *The corporation did not maintain a register of its staff loans & advances.*
- *It was noted that loans amounting to Le 2,500,000 were granted to two directors and were still unpaid as at 31st December, 2010.*
- *There were no formal policies governing bus hire services resulting in the accumulation of debts totalling Le152,456,000.*
- *There were no structural financial procedures in place to check the accuracy and completeness of bus hire transactions as there were no linkages between buses hire, subsidiary ledgers and the financial statements.*
- *Cash counts were not carried out at the end of the financial year under review in order to check the accuracy of cash balances indicated in the books and financial statements of the Corporation.*
- *Payments were made out of daily takings to meet business transactions even though a petty cash system is in operation.*
- *It was observed that the net asset of the Corporation as at 31st December 2010 was above five billion three hundred million Leones (Le 5.3b) in the negative.*
- *It was noted that some of the staff allowances were not part of the PAYE computation.*
- *PAYE deductions were made from salaries of staff members of the Corporation but such deductions were not paid over to the tax authorities within the time period specified in the Sierra Leone Income Tax Act, 2000 (as amended).*
- *It was observed that the Corporation was not meeting its NASSIT obligation within the time frame of (15 days) as indicated in the act.*
- *Corporation tax totalling Le 813,000,000 had been outstanding for several years.*
- *Corporation tax computation for the period under review was also not available for audit review.*

- *Budget performance reports were not closely monitored by management to ensure that expenditures were in line with approved budgets at all times.*
- *The Sierra Leone Road Transport Corporation was maintaining its accounting records manually. Quite apart from the fact that such a system is old fashioned and outdated; it is also unreliable, not tamper proof and prone to errors and fraud as well as time consuming in terms of producing accurate financial reports. It was also observed that staff in the finance department were not experienced enough to manage a complex accounting environment such as the Sierra Leone Road Transport Corporation accounting system.*
- *Some of the provisions of the Sierra Leone Road Transport Corporation Acts of act were in conflict with other statutory provisions and instruments which were relevant to the affairs of the corporation.*
- *Tenancy agreements with individuals and institutions occupying properties belonging to the corporation were not available for verification, except for the agreement with Catholic Relief Services.*
- *Cash payments were made out of the daily takings to meet operational expenses;*
- *Information indicated in way bills were not checked against any other document to prove their accuracy; and*
- *There was no formal control system in place to ensure that all takings were paid over to the Corporation.*
- *There were no structural financial policies and procedures to govern the administration and activities of the Corporation's training school and technical department.*

6.11. ROAD MAINTENANCE FUND ADMINISTRATION-2014-2015

6.11.1 Lack of Business Continuity and Disaster Recovery Plan

Information Technology (IT) is critical to the operations of RMFA. However, the Administration was yet to develop and implement a formalised Disaster Recovery plan/Business Continuity plan (DRP/BCP) to ensure continuity of business operations in the event of a major disruption or a disaster. It was recommended that the IT Manager should develop and implement a business continuity plan and disaster recovery plan that would ensure its information technology infrastructure support the recovery of its operational process in the event of a major disruption or a disaster. Additionally, the DRP/BCP should be regularly reviewed by management to reflect the most current IT infrastructure of the Administration.

Official's Response

The Chief Executive Officer (CEO) in his response said "IT Department is currently working on a Business continuity and disaster recovery plan for approval by the Board. For now, there is monthly back-up of the entire systems into a compact disc, which is kept in the office safe. There is also a daily 6:00 O' Clock back up of the Integrated Financial Management & Information Systems from the Server. RMFA is also looking at procuring a back-up Server for the Administration. However, management is yet to identify a suitable off-site location to store back-up systems."

Auditor's Comment

Management's response was noted and the issue would be followed up in subsequent audits.

6.11.2 Procurement Procedures Not Followed

Section 44 of the Public Procurement Act of 2004 requires that Request for Quotation procedures should be followed for the procurement of goods and services below the threshold of 60 million. However, it was observed that those procedures were not followed for the procurement of various goods and services amounting to Le 89,603,500 and Le 107,852,000 for 2014 and 2015 respectively.

Section 39(2) of the Public Procurement Act of 2004 requires that National Competitive Bidding procedures should be employed for the procurement of goods and services above Le60 million, however, it was observed that those procedures were not followed for the procurement of various goods and

services amounting to Le149,061,000 for 2015. In the above instances, it was noted that expired framework contracts were extended instead of new procurement procedures being undertaken. It was recommended that the Administration should provide reasonable explanation why procurement procedures were not followed. In future, the Administration must ensure that procurement procedures are followed.

Official's Response

The CEO said that for most of the instances cited particularly in 2015, the administration had completed the full procurement process as prescribed by the Act in 2014 and only saw it fit to renew the existing contracts based on the satisfactory performance of the supplier as was provided for in the original contract.

Auditor's Comment

The act of extending a contract is in contravention of the above section of the NPPA Act, especially because the contract values were increased. Framework contracts should be executed within the time period covered by the contract using the fixed unit prices specified in the contract. The idea of extending contracts due to satisfactory performance by the contractor prevents open and competitive procurements. The issues therefore remain unresolved.

6.11.3 Addendum to King Jimmy Embankment

A review of the Administration's road maintenance expenses revealed that a contract agreement was signed with Benton Villa Limited for the reconstruction of King Jimmy Embankment with an initial contract price of Le4,700,098,250. It was noted that this contract was modified which resulted in an increase in the contract value by Le 25,820,330,239. In accordance with section 144(5) the Administration should have initiated a new procurement proceeding; however, the additional contract was awarded to the existing contractor. It was also noted that the modification did not relate to the reconstruction of the King Jimmy embankment but was for the rehabilitation of other feeder roads in the vicinity of King Jimmy. It was recommended that the Administration/the procuring entity should provide reasonable explanation why procurement procedures were breached.

Official's Response

The CEO in his response said the risk as rightly mentioned by the auditor is that the Authority (SLRA) may be in breach of the NPPA Act 2004 as the arrangement did not qualify as an addendum. He added that the auditors should take the matter up with the Authority as the administration did not procure contractors, nor were they involved in the procurement process of the Authority. He therefore said that they were not in any position to hold brief for the (SLRA) in that regard.

Auditor's Comment

Management's comment was noted. However, section 9(1) of the Roads Maintenance Fund Administration Act, 2010 states 'the object for which the Administration is established is the proper, efficient, economic and sustainable management and administration of the Fund'. The auditors therefore believe that as financier, RMFA does not only have the responsibility to pay for contracts that are forwarded to the Authority, but also to vet contracts so as to be satisfied that the procurement processes are free, fair, open and competitive and have been done in line with procurement law and regulation. The issue remains unresolved.

6.11.4 Supporting Documents for Expenses Not Provided

During the review of the road maintenance expenses of the Administration, payments totalling Le13,623,145,256 and Le4,247,571,450 for 2014 and 2015 respectively were made. However, supporting documents such as contract agreement, returns, APG, progress reports etc. were not submitted for audit inspection. In addition, payment vouchers and supporting documents in respect of payment of

Le142,768,470 to SLRA contractors were not submitted for audit inspection for the period 2014. In addition, the Director of Finance and Investment should produce supporting documents for those transactions. In future, he should ensure that all necessary supporting documents are provided for audit inspection and that complete documentation is maintained in respect of all road maintenance expenditure it undertakes.

Official's Response

The CEO in his response said "Your findings can be categorized into the following:

6.11.5 No Receipts Produced as Evidence of Payments Made

Receipts are normally available for ALL payments which the Administration makes by cheque to third parties. However, since the change introduced by the central bank in requesting for payments exceeding Le50 million to be made through bank transfer, the Administration now encounters great difficulty in collecting receipts for payments made by bank transfer once the payment has been effected. As this situation was explained to your auditors on the field, RMFA would appreciate your suggestion on how this situation can be made better, so that receipts are collected for all payments made. Note however that until this issue is jointly addressed, the Administration cannot and will not frustrate government infrastructural projects simply because contractors have not submitted "physical" receipts.

6.11.6 No Advance Payment Guarantee for Advance Payments to Contractors

Due to the difficulties, which contractors encounter with the commercial banks to obtain an Advance Payment Guarantee (APG) from them, and the stringent conditions which they impose on the contractor, RMFA has entered into an unwritten agreement with implementing agencies, not to request an APG, for contracts with values of less than Le150 million. APG's are therefore not available for contracts of less than Le150 million. However, going forward, RMFA will seek to put this in writing in an agreement with the implementing agencies, if the auditors think this would better cover the risk of the Administration.

An APG is normally requested for contracts of Le150 million and above. However, on the expiration of the guarantee period, these documents are expected to be returned to the banks in order to relieve them from any liability that may arise after the period of the guarantee. So, although these APGs would have existed at the time the advance payments were made, they had since been returned to the banks by the time of the audit. Unfortunately, copies were not in every instance available for inspection during the audit exercise. But from now on, the Administration will ensure that for advance payments made on valid Advance Payment Guarantees, a copy will be held on file for posterity.

6.11.7 No Contract Agreement

Contract agreements are all available at the RMFA premises. Without a signed copy of the contract, the process of payment cannot commence. The M & E staff is in the process of putting all the contracts in your sample together, for your examination.

6.11.8 No Progress Report, Site Verification Report, or Certificate of Work Done (I.e. Interim Payment Certificates (IPCs) or Measured Work Certificate

The Administration continues to record significant improvement in the area of progress and site verification reports. Our M & E unit goes on regular site verification exercises to ascertain how much work has been done and to ensure value for money. Where several sites are visited at the same time, there is normally only one report detailing the findings on all the different sites. It is not always possible therefore to see separate reports for every single site.

Progress reports are sent quarterly by the SLRA who is the implementing Agency. These quarterly reports are also available for verification.

Interim Payment Certificates (IPCs) actually request for payment to be made to a contractor, based on measured work certified by SLRA. Without an IPC, it would be hard to determine how much to pay to the contractor. So these are available on every payment request from SLRA to pay a contractor. All these reports form part of the documentation for payment and are all held together in one place.

6.11.9 Returns

Returns are available at RMFA from both the Ministry of Social Welfare, Gender & Children's Affairs (MSWGCA) and the Ministry of Youth Affairs (MOYA). The initial payment is treated as an advance; subsequent payment would only be triggered by the retirement of a previous one.

6.11.10 Payment Vouchers in 2014 & 3 in 2015 not Submitted for Verification.

The 6 items detailed in 2014 and the 3 items in 2015, do not represent payments for which payment vouchers should be expected to be seen. These debit amounts in the general ledger represent commitments only. E.g. the Le2.7million for CEMMATS is the contract amount to pay them on a technical consultancy which the Administration entered into with them. Some of this amount was paid within the year upon their submission of certain reports as was the requirement contained in the contract document. The payments have payment vouchers. This is the same for all the other items detailed in this section of the query. So payment vouchers and other documentation are available for the payments made under each particular contract.”

Auditor's Comment

We note the detailed response by management. However, we want to further state that documents without receipts did not form part of this observation. Also on the issue of APG, we want to continue to state that our work is guided by the relevant laws and regulations which are very clear on the essence of APG. Supporting documents were not provided in respect of Le1,679,888,700 and Le3,307,239,650 for 2014 and 2015 respectively. Therefore, the issue remains unresolved.

6.11.11 Long Outstanding Loan with no Documentation

A loan to the Sierra Leone Roads Authority of Le1,872,300,000 had been outstanding for over three years with no documentation ascertaining its existence. It was recommended that the Director of Finance and Investment should provide the necessary documentation or write off the amount and make the necessary adjustments in the account.

Official's Response

The CEO stated that in 2013, SLRA, RMFA and the Ministry of Finance and Economic Development (MoFED), agreed that, it will not be financially prudent for RMFA to continue to pay SLRA their monthly salaries and operational costs, as that accounted for over 25% of the annual road fund budget. He added that the last payment to SLRA was agreed to be made in the 3rd Quarter of 2014, however, RMFA received a request for payment to again be made for the last quarter as MoFED was short of funds for this expense. He mentioned that although that amount was paid, it was becoming more evident that the possibility of recovery was negligible. He however noted that a request will be made in the current year for Board of Director's approval to write it off.

Auditor's Comment

Management's response was noted and the issue will be followed up in subsequent audits.

6.11.12 Loan of Given to BETON VILA Ltd

The Administration signed an MOU with FIMET/BETONVILA Limited for a loan of USD\$2,000,000. Furthermore, an addendum was made to the MOU increasing the loan to USD\$5,000,000. It was noted that the Administration did not have the mandate to give out loans to contractors and there was no repayment period in the signed MOU. There has also not been any significant movement in the repayment of the loan as the outstanding amount as at 31st December 2015 was Le24,350,505,000. It was recommended that the Chief Executive Officer should provide explanation why the Administration acted outside its mandate and should provide a repayment plan in respect of the said loan.

Official's Response

The CEO in his response said "We accept that the Administration does not have within its mandate the giving out of loans to contractors. We would like to draw your attention to the signed MOU where the Administration together with SLRA, agreed to provide funding to the contractor on behalf of the Government of Sierra Leone who could not meet their obligation at the time. We have however taken a proactive step to skilfully convert these payments into advance payments made against the Waterloo Township Roads contract which RMFA is committed to finance. These advances will now be recouped in the normal way against future payments on Interim Payment Certificates on measured works, submitted by the contracting agents – SLRA."

Auditor's Comment

We note management's response in respect of the recoupment plan. However, we are of the opinion that the whole arrangement will have a significant impact on the execution of the Waterloo Township Roads contract. Nonetheless, the auditors will follow up on the recoupment of this amount in subsequent audits. The issue remains unresolved.

6.11.13 Advance Payment Guarantees Not Submitted for Advanced Payments Made

The Administration made advance payments to its various contractors in 2014 and 2015 of Le15,823,296,534 and Le50,023,183,186 for which valid Advance Payment Guarantees or any other form of security in respect of these advance payments were not submitted for audit inspection. This contravenes sections 135(4) and 139 of the Procurement Regulations, 2006. It was recommended that the Chief Executive Officer should ensure that those advanced payment guarantees were provided for audit inspection and in future the Administration should ensure that APG'S were received in respect of advanced payments.

Official's Response

The CEO as already stated said "Due to the difficulties which contractors encounter with the commercial banks to obtain an Advance Payment Guarantee (APG) from them, and the stringent conditions which they impose on the contractor, RMFA has entered into an unwritten agreement with implementing agencies, not to request an APG, for contracts with values of less than Le150 million. APG's are therefore not available for contracts of less than Le150 million. However, going forward, RMFA will seek to put this in writing in an agreement with the implementing agencies, if the auditors think this would better cover the risk of the Administration."

An APG is normally requested for contracts of Le150 million and above. However, on the expiration of the guarantee period, these documents are expected to be returned to the banks in order to relieve them from any liability that may arise after the period of the guarantee. So, although these APGs would have existed at the time the advance payments were made, they had since been returned to the banks by the time of the audit. Unfortunately, copies were not in every instance available for inspection during the audit exercise.

But from now on, the Administration will ensure that for advance payments made on valid Advance Payment Guarantees, a copy will be held on file for posterity".

Auditor's Comment

We note management's response. However, the issues remain unresolved.

6.11.14 Payments not Refunded after Termination of Contracts

An outstanding amount totalling Le1,459,968,081 had not been refunded by BEGEC- TP in respect of a terminated contract. The Administration did not disclose the amount as receivables in its financial statements and the audit procedures revealed that a contract with Providian Group amounting to Le1,421,178,596 was terminated because the contractor abandoned site and didn't complete work. It was also noted that the Administration had paid Le1,049,401,229. The interim payment certificate to justify the contract amount paid was not submitted for audit review hence they could not ascertain that the work done equalled the progress payment. It was recommended that the Director of Finance and Investment should provide an explanation for the amounts omitted in the financial statements and make the necessary adjustments to reflect that in the account. Steps should also be taken to ensure that those monies were recovered from the contractors.

Official's Response

The CEO in his response said "Prior to the termination of the contract, the contractor made it plain that part of the money was utilised for the procurement of additional equipment. At the time of termination, considering that the contractor was a Sierra Leonean, it was generally agreed that the contractor would be allowed to keep the equipment which technically should belong to RMFA, and reach an agreement for payment of the difference of Le1.4billion. RMFA and SLRA were to work towards engaging the contractor on smaller contract works from which deductions would have been made until the outstanding balance was eventually recouped. This did not happen as planned as the contractor either did not bid for contract works or was not awarded contracts. However, in 2016, this contractor has now been awarded a US\$34million contract, in joint venture with another, and RMFA will work with SLRA to recover the outstanding amount, hopefully before the end of this financial year.

We were reliably informed by SLRA who are the contracting agents, that Providian Group had completed work up to the amount of Le1,049,401,229.90 by the time the contract with Providian Group was terminated. We therefore did not and do not expect to recoup this amount from the contractor. Also, as we are not a party to any of these contracts, it is very difficult for RMFA to take any action against any contractor for losses incurred from contract termination without the support and concurrence of the contracting agency."

Auditor's Comment

We note management's response in respect of BEGEC –TP. We however note that the Authority may lose significant amounts due to the absence of consensus with SLRA. Recouping payment from future contracts is not a sustainable way to manage the Funds. We want to reiterate that contracts should be watertight to prevent such from happening. Hence, advance payments should not be given without advance payment guaranty. Performance bonds should be obtained for all major contracts and progress payment made only for certified work. The issue will be followed up in subsequent audits.

Certificate of work done to substantiate claim in respect of Providian Group was not provided. Therefore, the issues remain unresolved.

6.11.15 Recruitment Procedures Not Followed

It was observed during the two years under review that some vacancies existed which were not advertised and the persons appointed were given service contracts for specific periods. At the end of their service contracts, they were given full employment. Four and six persons in 2014 and 2015 were employed respectively without evidence of the recruitment procedures undertaken. It was recommended that the Head of Human Resources should adequately explain why recruitment procedures were not followed and

in future, the Head of Human Resources should ensure that recruitment procedures are followed to the letter.

Official's Response

The CEO said most of the vacant positions filled then were initially available on a short-term basis because as a new institution there was need for a little bit of trials and tests until they can get the correct fit for the Administration so some recruiting was done on a short-term basis until the Administration could reasonably assure itself that the positions would indeed add value to the operations of the Administration. He said that following the period of reassurance and of course the performance of the short-term contractors they were given permanent contracts approved by Management and endorsed by the Board.

Auditor's Comment

The short-term recruitment was not done on a competitive and open basis; hence, management did not comply with the Administration's Approved Human Resources procedures manual. Therefore, the issue remains unresolved.

Refer to the Table of Common Issues (Page 294) for further observations.

6.11.16 Outstanding Issues from Previous Audit Report

The Chief Executive Officer was paid full per diem for ten days amounting to \$4,914. However, 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. Also, there was no evidence that the Chief Executive Officer made retirement of \$1,000 given to him as contingencies to attend this same workshop, no reasonable explanation was given to the audit team.

There were payment vouchers without adequate supporting documents such as retirement details and signatures of beneficiaries amounting to Le899, 085,000. This included payments to the Freetown City Council totalling Le 859,540,000 for Sewa Grounds market construction and operation WID for which retirement details were not provided.

6.12. ANTI-CORRUPTION COMMISSION- 2015

6.12.1 No Provision Made in the Financial Statements for End-of-Service Benefit

The Commission provides end-of-service benefits to its retirees. Entitlement to those benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period as stipulated in the conditions of service. The audit team observed that the Commission did not make any provision for the expected cost as prescribed by IAS 19. Those benefits were paid as they became necessary and were paid from operating cash flows. It was recommended that the Commission computes its end-of-service benefits in line with IAS 19 and make full disclosure in the financial statements.

Official's Response

The Commissioner in his response said "The Anti-Corruption Commission (ACC) notes the audit observation and recommendations.

The Commission wishes to state that the employing authority (Government of Sierra Leone-GoSL) has so far honoured in full all requests for payment of terminal benefits to ex-employees.

We note the remoteness with caution of the willingness of GoSL's of ideally setting up separate bank accounts and transferring funds to same to meet obligations that are not yet due.

We also note the perpetuity of the going concern of the employing authority. (Government of Sierra Leone-GoSL)

In addition, a recent circular received from the Ministry of Finance and Economic Development indicates that with effect from January 2017, all salary payment to staff would be handled at the Accountant General's department.

However, in view of the audit observation, the Commission is willing to revise the financial statements to reflect the recommendation."

Auditor's Comment

The necessary adjustment and journal to effect the accounting entries in the financial statement were not submitted for audit review. Therefore, the issue remains unresolved.

6.12.2 Outdated Windows Server Software Used

Inspection of the server at the Commission revealed that the Commission was using Windows server 2003 version even though there was an updated 2012 version. The end of life for Windows server 2003 was July 14th 2015. The Commission was therefore advised to take immediate steps to plan and execute a migration strategy to protect its IT infrastructure.

Official's Response

The Commissioner stated that necessary steps would be taken as soon as possible to procure and install the updated version of windows server.

Auditor's Comment

Management's comment was noted and the issue will be followed up in subsequent audits.

6.12.3 Outstanding Issues from Previous Audit Report

It was observed that the office building in Makeni had cracks which might be hazardous to staff;

That the electrical water pumping machine was not functional, and that staff were therefore constrained in obtaining water for office use.

6.13. NATIONAL REVENUE AUTHORITY – 2013-2014

6.13.1 No Policy on Corporate Social Responsibility

A policy in respect of corporate social responsibility was not made available to the audit team, even though more than Le1.0billion was spent on such activities in 2014. It was recommended that management should produce the policy that had guided the expenditure of such sum on corporate social responsibility to date.

Official's Response

The Commissioner General (CG) stated that the Authority had policy on corporate social responsibility that is further supported by the State House Performance Tracking able requirements.

Auditor's Comment

A draft Corporate Social Responsibility policy was evidenced. However, the issue remains unresolved.

6.13.2 Prior Year Adjustments Not Supported

Supporting documents in respect of prior year adjustments in 2013 for the following were not made available for audit inspection:

- additional depreciation of Le292M; and
- additional commission in arrears of Le23.3 billion

It was recommended that management should provide the necessary documents in respect of those prior year adjustment or restate the figures. Otherwise, the accounts will be quantified.

Official's Response

The CG stated that the Authority was in cognisance of the challenges posed by those prior year issues and had put measures in place to effectively deal with the problem. She added that a specialised valuer had been hired to carry out the valuation of all assets, buildings and equipment including donor and IT assets for proper inclusion into the register and statement of financial position. The commission in arrears is based on the 3% commission that NRA should receive based on the Authority's total collections made during the year, she concluded.

Auditor's Comment

Management's response was noted. However, the issue remains outstanding.

6.13.3 Non-Compliance with the NRA Act 2002 by Ministry of Finance

Section 24 (2) of the NRA Act 2002 states that "The funds of the Authority specified in paragraph (b) shall be payable to the Authority in equal quarterly instalment at or before the beginning of every quarter." It was however noted that this regulation was not currently been adhered to by MoFED, thus resulting in substantial receivables being disclosed in the Authority's financial statement and there was no evidence of action taken by the Authority to prompt MoFED accordingly. It was recommended that the Commissioner General should engage the Ministry of Finance and Economic Development to map out a clear approach to reducing the amount of commission in arrears.

Official's Response

The CG stated that management had written to the Financial Secretary for compliance with the release of commission in arrears.

Auditor's Comment

A letter written by the Commissioner General to the Financial Secretary on the issue was submitted for inspection. The issue will be followed up in subsequent audits.

6.13.4 Unretired Contingency Payments

Retirement details relating to contingency payment amounting to Le37,518,200 and Le121,874,189 for 2013 and 2014 respectively were not made available for audit inspection. It was recommended that management should make available retirement details in respect of contingency payment.

Official's Response

The CG stated that retirement details had been compiled and all training reports for both local and international trips were ready for your verification.

Auditor's Comment

The auditors evidenced refund and retirement details in respect of Le26,108,000 and Le78,397,260 for 2013 and 2014 respectively. However, retirement details were not provided in respect of Le11,410,200 and Le43,476,929 for 2013 and 2014 respectively. Therefore, the issue remains unresolved.

6.13.5 Annual Depreciation Wrongly Charged

The auditors were unable to verify depreciation charges of Le621,899,697 and Le1,999,531,398 disclosed in the financial statement for 2013 and 2014 respectively. Depreciation was charged on the total cost of various assets irrespective of the lifespan in relation to the Authority's depreciation policy. This is contrary to International Accounting Standards 16 which states that "the depreciable amount (cost less residual value) should be allocated on a systematic basis over the useful life. It was recommended that the Finance Director should ensure that the depreciation disclosed in the financial statement was accurate by complying with the relevant standards.

Official's Response

The CG stated that that problem had existed as far back as the establishment days of the NRA. She said that the then auditors were unable to classify the assets and transferred assets were also not established. She added that that problem had posed significant challenges in the preparation of the accounts which was also the case faced with donated assets. She however mentioned that a valuer had been hired to help establish historical cost of assets transferred to the Authority and those donated, and to classify and value assets accordingly for inclusion in the asset register and the statement of financial position.

Auditor's Comment

The response of management was noted. However, the issue remains unresolved.

6.13.6 Intangible Noncurrent Assets Not Disclosed

The Authority did not disclose its intangible non-current assets such as Microsoft Dynamics GP (accounting software) in its financial statement for the period under review. It was recommended that the Finance Director should ensure that intangible non-current assets were adequately disclosed in the financial statement.

Official's Response

The CG said that the Authority had hired the services of a valuer to do the valuation of both tangible and non-tangible assets for inclusion in the financial statements and the asset register.

Auditor's Comment

The response of management was noted. However, the issue remains unresolved.

6.13.7 Request for Quotation Procedures Not Followed

Evidence in the form of request for quotations, evaluation report, local purchase order, delivery notes, etc. to justify the procurement of various items amounting to Le481,241,345 were not submitted for audit inspection. The non-availability of RFQ's procurement documents creates doubts, whether or not the procurement process was actually conducted in accordance with section 45 (1) and the First Schedule of the Public Procurement Act, of 2004. It was recommended that the authority should provide the necessary procurement documents for audit inspection.

Official's Response

The CG stated that the evidence was available for your verification.

Auditor's Comment

During the verification, procedures were not followed in respect of outstanding procurement amounting to Le165,767,745. Therefore, the issue remains unresolved.

6.13.8 Use of Inappropriate Procurement Procedures

Procurement procedures for the supply of various items etc. amounting to Le519,429,625 awarded to various suppliers, were not adhered to, as there were no evidence of bid documents, bid opening minutes, evaluation report, notification of award, and contract agreement etc. The absence of those documents would limit the scope of the audit team in ascertaining whether or not procurement procedures were adhered to. It was recommended that the Head of Procurement should provide explanation why procurement procedures were not undertaken in accordance with the Public Procurement Act 2004. He should also ensure that in future the Commission complies with all relevant procurement laws and regulation.

Official's Response

The CG in her response said "Appropriate procurement procedures were followed. This is framework contract and there are the minutes that requested for the extension of the contract. Since 2011 the extension contract is available for 2013 and 2014. Leon Merchant was awarded the printing of operational and office material (LPO books and requisition materials). There is a contract and in the contract, there is the notification of award page 28 and 29. The letter submitted by the supplier for the award and bond. In the case of H.M Safideen, the materials in question were urgently needed by the Domestic Taxes Department and as a result the issue was taken to the Procurement Committee. The issue was discussed at the Committee and it was recommended to follow the Request for the Quotation (RFQ) process. Three invoices were generated from three suppliers and analysed and one of them, selected under competitive circumstances. A contract was signed, minutes of the procurement committee meeting were taken, letter of notification sent".

Auditor's Comments

The auditors evidenced appropriate procurement documents in respect of Le320,997,125. However, this was not the case for Le 198,452,500. Therefore, the issue remains unresolved.

6.13.9 No Evidence of an Approved Information Technology Policy

There was no evidence of an approved information technology policy being operational at the Authority. It was recommended that the IT Director should develop and implement a documented information technology policy that will protect the Commission'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 CG stated that an information technology policy was contained in the strategic plan of the Authority adding that the strategic plan contained the framework for the migration from manual systems to fully automated information technology driven systems. She further mentioned that the strategic plan was approved by the Board which also approved the information technology approach in doing business in the Authority. The approval he said, had led to approval of other policies like the information security policy, disaster recovery plan and the business continuity plan.

Auditor's Comment

A draft information technology policy was evidenced during verification. Therefore, the issue remains unresolved.

6.13.10 Lack of an Approved Business Continuity and Disaster Recovery Plan

There was no evidence of an approved business continuity plan and disaster recovery plan. It was recommended that the IT Director should develop and implement a business continuity plan and disaster recovery plan that will ensure its information technology infrastructure support the recovery of its operational process after a disruption or disaster.

Official's Response

The CG stated that both documents were available for your verification. She mentioned that an information technology security policy establishes the framework for the recovery of technology and sets out the need for putting together of a business continuity plan that looks at other aspects of the organization. She noted that there was a security policy and business continuity plan in the final stage for approval.

Auditor's Comment

The auditors evidenced a draft business continuity plan and disaster recovery plan. The issue however will be followed up in subsequent audits.

6.13.11 Commission in Arrears Not Confirmed

The auditors did not receive receivables/debtors confirmation from the Ministry of Finance and Economic Development in respect of 3% commission owed by Government of Sierra Leone which amounted to Le37,130,469,106 and Le35,116,112,921 for 2013 and 2014 respectively; and the authority did not make provisions in the account. It was recommended that the management should ensure the confirmations were made or make the necessary adjustments in the account.

Official's Response

The CG said that they noted the audit comments and would want an escalation of the process. She added that they had written the Financial Secretary for compliance with the release of commission.

Auditor's Comment

The auditors evidenced a letter written by the Commissioner General in that regard to the Financial Secretary. However, that had not been responded to. Therefore, the issue remains unresolved.

6.13.12 No Evidence of Follow up on Outstanding Reconciling Items

There was no evidence of prompt follow up on outstanding items in the bank reconciliation; this was further evidenced by several unverified transactions in the bank reconciliation statement that were treated either as income or expenditure in the financial statement. It was recommended that the Director of Finance must ensure that there was prompt follow up on outstanding reconciling items.

Official's Response

The CG stated that there was evidence of follow up activities with the bank on reconciling items and the letters written to the bank available for your verification.

Auditor's Comment

Management's response was noted and the issue will be followed up in subsequent audits.

Refer to the Table of Common Issues (Page 294) for further observations.

6.13.13 Outstanding Issues from Previous Audit Report

- *there was no evidence of follow-up on the internal audit findings and recommendations;*
- *the Authority did not reconcile returns received for the outstations, such as Gbalamuya, Lungi, Sania, Dogolia, Kono, Koindu, Kailahun, Zimmi and Mano River Bridge;*
- *the bank charges on revenue collected by transit bank could not be verified as confirmation was not received from Bank of Sierra Leone in respect of the revenue collected;*
- *prepayment amounts totalling Le96,372,940 in respect of postage/communications was wrongly treated as expense in the financial statement.*
- *withholding tax deducted at source from suppliers' invoices which amounted to Le482,241,916 was not paid to the CRF;*
- *advance payment of Le148,712,963 in respect of vehicle procured was omitted from the costs of vehicle and amounts totalling Le257,520,000 were disclosed for vehicles not received;*
- *for some procurement, the Authority used inappropriate procurement procedures. For instance, competitive price quotations from at least three different suppliers and other documents were not obtained and maintained for some procurement worth Le230,223,775;*
- *full procurement documents were not provided for some transactions amounting to Le659,146,000 undertaken during the period under review;*
- *some staff acted for more than the required time stated in the Authority's conditions of service while some staff members who had acted for more than five years were still yet to be confirmed; and*
- *the Authority did not maintain a leave roster as it was not available for audit inspection.*

6.14. NATIONAL PUBLIC PROCUREMENT AUTHORITY-2015

6.14.1 Lack of Business Continuity and Disaster Recovery Plan

The Authority was yet to develop and implement a formalised Disaster Recovery Plan/Business Continuity plan (DRP/BCP) to ensure continuity of business operations in the event of a major disruption or a disaster. It was recommended that the IT officer should develop and implement a business continuity plan and disaster recovery plan that will ensure its information technology infrastructure supports the recovery of its operational process in the event of a major disruption or a disaster. Additionally, the DRP/BCP should be regularly reviewed by management to reflect the most current IT infrastructure of the Authority.

Official's Response

The Executive Director stated that the Authority had developed a Disaster Recovery Plan/Business Continuity Plan (DRP/BCP) which was available for inspection.

Auditor's Comment

A draft copy of the DRP was submitted for verification. The auditors were however informed that the Authority still intended to employ the services of a consultant to fine tune the document. The issue therefore remains unresolved.

Refer to the Table of Common Issues (Page 294) for further observations.

6.15. SIERRA LEONE TELECOMMUNICATION - 2014

6.15.1 No Agreement for Site Sharing Location

The co-location agreement for the income of the Site Sharing Location which amounted to Le510,993,000 disclosed in the financial statement was not made available for audit inspection. It was recommended that the company should provide all relevant supporting documents in connection with this co-location for audit inspection; otherwise the accounts would have to be adjusted or qualified. In future, the company should ensure that all income disclosed should be supported with the relevant supporting documents.

Official's Response

The General Manager (GM) stated that the documents were substantially available for review and verification.

Auditor's Comment

Some co-location agreements were made available for audit verification. However, there was no schedule or evidence to match the values in the agreement to the figures included in the financial statement.

If management did not provide the complete evidence for this income stream, it should be removed the financial statement or the same will be qualified. This issue remains unresolved.

6.15.2 Procurement Procedures Not Followed

Procurement procedures were not followed and adequate supporting documents such as adverts, bidding documents, bid opening minutes, technical evaluation report, contract agreement and evidence of payment for bidding documents etc. were not provided for the procurement of one Toyota 4Runner; four routers and two transformers worth Le1,882,185,888. It was recommended that the Procurement Manager should provide the relevant supporting documents for audit inspection and in future, he should comply with all relevant procurement laws and regulations in the procurement activities of the company.

Official's Response

The GM stated that those documents were substantially available for review and verification.

Auditor's Comment

The relevant procurement documents totalling Le1,882,185,888 were not submitted for audit inspection. Therefore, the issue remains outstanding.

6.15.3 Procurement Documents Not Submitted

Procurement documents (such as contract agreement, advertisements and signed bidders' documents) relating to an amount of Le500,000,000 disclosed in the financial statement for the procurement of CDMA phones were not provided for audit inspection. It was recommended that the Procurement Manager should provide the relevant supporting documents for audit inspection and in future, the Procurement Manager should comply with all relevant procurement laws and regulations in its procurement activities.

Official's Response

The GM stated that the procurement documents were available for review and verification.

Auditor's Comment

The relevant procurement documents were not provided for audit verification. Therefore, the issue remains unresolved.

6.15.4 Request for Quotations and Local Purchase Orders Not Produced

Request for quotations and local purchase orders, etc. were not produced to substantiate procurement which totalled Le321,425,684 and Le333,526,688 for consumables and computer accessories respectively for 2014. It was recommended that the Procurement Manager should provide the relevant supporting documents for audit inspection. The Company should ensure that in future, it should comply with all relevant procurement rules and regulations.

Official's Response

The GM stated that the documents were substantially available for review and verification.

Auditor's Comment

Request for quotations and local purchase orders, etc. were submitted for amount totalled Le321,425,684 for consumables for 2014. Procurement for the balance totalling Le333,526,688 relating to computer accessories were not supported with request for quotations and local purchase orders for 2014. Therefore, the issue remains unresolved.

6.15.5 Payments Made Directly to Individuals

The sum of Le170,000,000 was paid directly to an individual staff rather than to the beneficiary of the said sum. It was recommended that the Director of Finance provide explanation why the said sum was paid directly into an individual staff member's account instead of the beneficiary. He should also provide all the necessary supporting documents for audit inspection.

Official's Response

The GM stated that the documents and justifications were substantially available for review and verification.

Auditor's comment

No explanation why the said sum amount was paid directly to an individual staff rather than to the beneficiary was given and no supporting documents were provided to support the amount. Therefore, this issue is unresolved.

6.15.6 Mismanagement of Fuel

The sum of Le7,374,161,537 was spent on fuel and lubricants without a fuel distribution list, generator usage log book and fuel reconciliation statement. The vehicle log book for fuel submitted was not comprehensive and did not include required details such as mileage and destinations. It was recommended that the Director of Finance should ensure that all necessary supporting documents were provided for ASSL and that complete documentation was maintained in respect of all fuel usage undertaken by the company.

Official's Response

The GM stated that the documents were substantially available for review and verification.

Auditor's Comment

Fuel distribution lists, generator usage log and fuel reconciliation statements for the total amount of Le4,474,643,600 were submitted for audit inspection. However, fuel usage for the balance of Le2,899,517,937 was without its fuel distribution list, generator usage log and fuel reconciliation statement. Therefore, the issue remains outstanding.

6.15.7 Schedule and Supporting Documents Not Submitted in Respect of Exchange Loss

Schedules, relevant supporting documents and the reliable basis for calculation in respect of foreign exchange loss disclosed in the financial statement, totalling Le1,065,364,000 were not submitted for audit review. It was recommended that the Director of Finance should submit schedules and necessary documents for audit verification; otherwise the amounts should be adjusted or will be qualified.

Official's Response

The GM stated that the documents were available for review and verification.

Auditor's Comment

Evidence of ledger print out from the system was submitted to support the amount of Le1,065,564,000 disclosed in respect of foreign exchange loss. However, the relevant supporting documents and reliable basis for calculation in respect of this amount were not submitted for audit verification. Therefore, the issue remains outstanding.

6.15.8 Loan Register Not Properly Supervised

There was no evidence indicating that the loan register submitted by the company was being regularly updated, reviewed and approved by the appropriate officer. In addition, the sum of Le25,000,000 as loan given to members of staff at the end of the year was not accrued or provided for in the year under review and this amount was not included in the loan register. Furthermore, the loan register did not reconcile with the amount disclosed in the financial statement. It was recommended that mechanisms should be developed to ensure that the loan register was updated to include all additions, payments etc., reviewed by senior personnel and approved by the appropriate officer. The Director of Finance should also make the necessary journal entries to reflect this correction and evidence of such adjustments made available for audit inspection.

Official's Response

The GM stated that the documents were substantially available for review and verification.

Auditor's Comment

The loan register submitted was still not updated as the sum of Le25,000,000 was not included and no evidence of supervision was found on the loan register. Furthermore, the loan register did not reconcile with the amount disclosed in the financial statement. Therefore, the issue remains outstanding.

6.15.9 Debtor's Confirmations Circularised Not Received

Debtors' circularisation sent to clients which amounted to Le14,801,082,287 had no responses received. It was recommended that the GM initiate action in getting clients to respond to the circularisation as this would impact on the audit opinion.

Official's Response

The GM noted that the documents requesting circularisation are available for review and verification.

Auditor's Comment

Responses received were for accounts with balance amounts stated as 'Nil' from National Electoral Commission (NEC) which is 1% of the total amounts circularised. There was a difference between debt confirmed and its debts in the Company's sales ledger which stated Le130,548,000. However, no responses from debtors for the remaining amount of Le14,670,534,287 which represents 99% of the debts circularised were received. The company should engage their debtors to gain comfort as the amount involved is material and could impact the opinion of the account.

6.15.10 Lack of Debtor Management Policy

There was no formal debtor policy governing the management of debtors. The net receivable balance of Le51,353,286,000 disclosed in the financial statement would have been better managed and controlled if there was a policy. As such, a formal debt policy would provide the following benefits:

- demonstrate the company's commitment to sound financial management and establish transparency for audit purpose;
- ensure a considered approach on each outstanding amount, having regard to possible impairment and on a consistent basis; and
- set out the required approach, responsibilities and processes for staff to properly administer the debt of the company in accordance with its wishes and consistent with statutory requirement to minimise the risk of liquidity problems.

It was recommended that a formal debtor policy should be developed and enforced in order to minimise the possibility of bad debts. The company should also provide evidence to the audit team of efforts made to recover these long outstanding debts.

Official's Response

The GM stated that at the time, there was no formal policy; however, they had requested permission from the board, and received the said permissions, to write off many of those debts, including IDD, National calls, and more. He mentioned that the company now had a policy for better Accounts Receivable Management.

Auditor's Comment

A draft copy of the Debt Management Policy and Procedures was submitted for audit inspection. Considering the fact that the verified draft policy had not yet been approved by the Board, it could not be considered as appropriate audit evidence. Therefore, this issue remains unresolved.

6.15.11 Outstanding Receivables

A review of the receivable schedule revealed that the sum of Le8,759,149,969 in respect of monies owed by distributors, dealers, and others was included as part of the total amount disclosed as short term receivable in the financial statement. This amount had been outstanding for more than two years. No evidence was submitted as to the recoverability of that amount. The GM should explain why those amounts had not been paid or make the necessary provision in the financial statement if collection was remote.

Official's Response

The GM stated that they had requested from the Board permission, and received said permissions, to write off many of those debts, including IDD, National calls, and more.

Auditor's Comment

No evidence of authorisation from the Board was submitted to support the write off of those debts. Therefore, this issue remains unresolved.

6.15.12 Lack of a Comprehensive Fixed Assets Register

Fixed assets register submitted was not reconciled to the amounts disclosed in the financial statement. For instance, accumulated depreciation recorded in the fixed assets register summed up to Le62,461,125,337, whilst the amount recorded in the financial statement was Le108,873,820,000. Sierratel did not maintain a comprehensive fixed asset register that recorded all the necessary assets such as motor vehicles. Some assets verified in the provinces were missing in the register, and those assets physically present were not coded nor were there recorded details of the status of the assets etc. This made it very difficult for the audit team to verify the existence and completeness of the assets disclosed in the financial statement for the year 2014. It was recommended that the GM should develop and implement a comprehensive fixed asset register which must be regularly updated to record any movement by way of addition or disposal. The financial statement should also be reconciled to the fixed assets register otherwise, the amounts would be qualified.

Official's Response

The GM mentioned that up to 2013, there was no fixed assets register in the company and that the software was installed and loaded in 2014, but during 2015 through mid-2016, Sierratel had been working on a fixed assets reconstruction program. He mentioned that those were particularly difficult issues for telecoms companies as many of the assets were 'ducts in the ground' and similar works, which were difficult to historically quantify. The current status of the project he said was available for inspection and verification.

Auditor Comment

Management's response was noted. However, the company did not submit an updated comprehensive asset register during the verification exercise. Therefore, this issue remains unresolved.

6.15.13 Advances from Teltac

Le8,600,000,000 was disclosed as advances from shareholder in the financial statement for the year ended 31st December, 2014 as non-current liability. It was discovered that the money was given by Teltec to the company. The schedule related to this amount was not submitted for audit review. Furthermore, there

was neither share certificate nor loan agreement submitted to substantiate whether the amount related to capital commitment or a loan to the company. It was recommended that the GM provide the schedule and all relevant supporting documents in connection with that amount for audit inspection as this would impact on the audit opinion.

Official's Response

The GM mentioned that the said description was inadvertently made, as it was never an advance from shareholder but from Teltac. The only shareholder for Sierratel is the Government of Sierra Leone, he noted. He further stated that the relevant loan documentation was available for review and verification.

Auditor's Comment

Management's response is noted. The relevant loan agreement was not made available for inspection. Therefore, the amount should be removed from the financial statements or it would form a basis for qualification.

6.15.14 Terminal Benefit

The company provides end of service benefits to their retirees. The entitlement to those benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period as stipulated in the conditions of service. The audit team observed that the expected cost of these benefits was not accrued nor was any provision made in the financial statement as required by IAS37, Provisions, Contingent liabilities and Contingent Assets. It was recommended that the management should ensure that amounts payable was promptly entered into the payables register for inclusion into the financial statement. The financial statement should be adjusted to reflect the actual liabilities owed by the company. Adjustment should also be made to other affected account balances otherwise the financial statement will be qualified.

Official's Response

The GM stated that the company had never set aside funds or made provisions for terminal benefits. Those benefits he said were paid on an as needed basis. He mentioned that they ensured at the beginning of the year that appropriate funding was available for the following year and that the company was in the process of determining the appropriate treatment for government institutions, and would adjust the financials for 2014 within the next week accordingly.

Auditor's Comment

Management's response noted. According to the company policy, after meeting certain conditions staff are entitled to a redundant benefit on retirement or resignation. Consequently, according to IAS 19, these contingent liabilities should be provided for in the company's financial statement. However, no evidence of provision was made for the 2014 financial statement in respect of the expected cost of benefit due. Therefore, the issue remains unresolved and will form a basis for qualification.

6.15.15 Payable Aged Listing

The company did not submit aging analysis of its creditors. The payable schedules presented were not reconciled to show the stated amount for each creditor. It was recommended that the company should develop and maintain payable aged analysis of its payables and ensure that regular reconciliation was carried out between the payable schedule and the creditors' ledger.

Official's Response

The GM stated that the documents were substantially available for review and verification.

Auditor's Comment

Evidence of an aged payable listing and analysis were submitted but regular reconciliations were not submitted. Therefore, the issue will be followed up in subsequent audits.

6.15.16 Creditor's Confirmation Circularised

Creditors' circularisation which amounted to Le14,131,329,671 was sent to clients, but responses were only received for 11%. Furthermore, the response received from Airtel disagreed with the records of Sierratel by Le1,659,970,570. It was recommended that the management should initiate action to get their clients to respond to the circularisation. The audit team should be informed of such action accordingly. The difference in the debts confirmed by Airtel should be investigated and reconciled, and the necessary correction effected in the financial statements.

Official's Response

The GM stated that the documents were substantially available for audit review and verification.

Auditor's Comment

No explanation or reconciliation was given for the difference from Airtel's response. Furthermore, there were no responses from creditors for the remaining amount of Le12,540,335,270 which represents 89% of the debts circularised that had been received so far. If the Airtel account is not reconciled, it will form the basis for qualification of the accounts.

6.15.17 Unpaid Tax

Amounts totalled Le13,502,783,321, Le522,692,101 and Le3,183,279,355 with respect to sales tax, withholding tax and tax due on terminal benefit respectively had been outstanding to NRA; some for over three years. It was recommended that the company should pay the outstanding amounts to the National Revenue Authority. It should also ensure that prompt payment should be made in respect of its tax obligations.

Official's Response

The GM said that the Le13,502,783,321 was an incorrect accrual for corporate taxes, an amount not due since the company was not profitable. The accrual he said will be reversed. He also mentioned that the Le522,692 was for withholding tax and payments were being made to the NRA. He further noted that the Le3,183,279,355 was for taxes withheld on terminal benefits and that amount was not remitted to the NRA as the NRA owed GST tax credits to Sierratel and the two institutions were in the process of negotiations.

Auditor's Comment

Management's response is noted. Evidence in the form of receipts was submitted to support that payments are being made by the Company to NRA for withholding tax. However, no evidence was submitted indicating that the Company has honoured its tax liabilities in respect of sales tax and terminal benefit tax. Therefore, the issue remains unresolved.

6.15.18 Non-Submission of Statutory Documents

Statutory and other records such as memorandum of association, share certificate, register of members etc. are to be maintained by the company in order to confirm establishment and ownership were not submitted for audit review. It was recommended that the company be required to submit all related documents in relation to its establishment and ownership.

Official's Response

The GM said that those documents were available for review and verification.

Auditor's Comment

A memorandum of association was provided for audit inspection. However, no evidence of statutory and other relevant documents such as share certificate or register of members were submitted for audit inspection. Therefore, the issue remains outstanding.

6.15.19 Revaluation Reserve

The sum of Le22,526,630,000 related to property revalued since 2008 disclosed as revaluation reserve in the financial statement had been constant over the past five years and depreciation had been charged on the property. This reserve can only be utilised:

- when the asset is revalued to a lower figure in the following period;
- annually whereby an amount equivalent to the depreciation on the re-valued proportion of the asset is transferred from the revaluation reserve to distributable reserve; and
- when the asset is sold.

It was however observed that the company did not release its revaluation reserve to income over the past five years as per the requirement above. It was recommended that the company should effect the necessary adjustment in the financial statement and make available the journal entry for audit inspection.

Official's Response

The GM in his response said "The company did not segregate property from buildings, and is currently in process of a fixed assets verification program (as stated above) and will be revaluing this property again during 2016. As such, the above buildings, which were not released, as the property increase (both due to value increase and due to FX differences) substantially more than outweighs the potential releases. We do not recommend releasing any amounts from this reserve."

Auditor's Comment

Management response was noted. However, this issue will be followed up in subsequent audits.

6.15.20 Adequate Supporting Documents Not Submitted in Respect of Inventory

Schedules, inventory register and other relevant supporting documents in respect of items on the inventory, which amounted to Le17,908,958,413 disclosed in the financial statement for the year under review were not submitted for audit inspection. It was recommended that the Director of Finance should ensure that all necessary supporting documents are provided for audit inspection and that a complete documentation is maintained in respect of all inventory maintained by the company.

Official's Response

The GM stated that the inventory software was only implemented in late 2014, and as such were inaccurate; however, stock sheets and stock bin cards are available for audit review and verification.

Auditor's Comment

Schedules of inventories were submitted for inspection. However, the inventory register and other relevant supporting documents were not submitted for audit inspection. Therefore, the issue remains unresolved.

Refer to the Table of Common Issues (Page 294) for further observations.

6.15.21 Outstanding Issues from Previous Audit Report

The following were still outstanding:

- *there were no evidence of an approved internal audit charter and audit manual;*
- *there was no evidence that the company established an approved IT policy document for operational activities;*

- *there was no evidence of an approved business continuity plan and disaster recovery plan;*
- *there was no evidence of a documented maintenance and capitalisation policy in operation in the company;*
- *amount stated as revenue from National Telephone, IDD, CDMA and collocation totalling Le 8,457,800,000 could not be verified as adequate supporting documents such as receipts were not submitted for audit inspection;*
- *we observed that the IT system which processed the bills to charge customers had no access restriction. Data input was not controlled by a password. Therefore, generated information could be unreliable;*
- *no evidence of performance appraisal of staff;*
- *there was no evidence of a documented policy that guided the management of inventory in the company for the periods 2012, 2013 and 2014; and*
- *it was observed that there was no approved financial management manual for the period under review.*

6.16. NATIONAL ELECTORAL COMMISSION - 2014

6.16.1 No Procurement Plan for 2014 Was Submitted for Audit Inspection

It was observed that an approved procurement plan for 2014 was not submitted for audit inspection. It was recommended that the Procurement Manager should submit the approved procurement plan for 2014 for audit inspection within 30 days of receipt of this management letter.

Official's Response

The Executive Secretary stated that it was an oversight and that the Commission's approved procurement plan for 2014 was available and ready for inspection.

Auditor's Comment

During the verification exercise, a draft procurement plan was submitted but not approved; therefore, the issue will be followed up in subsequent audits.

6.16.2 No Vehicle Assessment Report

The sum of Le50,174,750 was spent on repairs and maintenance of vehicles without obtaining assessment report from SLRSA. It was recommended that in future, the Director of Logistics should obtain an assessment report from SLRSA before undertaking vehicle repairs.

Official's Response

The Executive Secretary said that the commission had duly noted the findings and in future, it will link up with the SLRSA to obtain an assessment report before undertaking vehicle maintenance.

Auditor's Comment

The Commission has noted the findings and the issue will be followed up in subsequent audit exercise.

6.16.3 Fire Extinguisher Not Serviced

It was observed that fire extinguishers which were supposed to have been serviced every year had not been serviced since 2013. It was recommended that the Director of Logistics should ensure that those fire extinguishers were regularly serviced to comply with relevant safety laws and regulation.

Official's Response

The Executive Secretary said that plans were on the way to engage the services of the Fire Force for the inspection and servicing of all fire extinguishers.

Auditor's Comment

The commission has noted the findings and the issue will be followed up in subsequent audits.
Refer to the Table of Common Issues (Page 294) for further observations.

6.16.4 Outstanding Issues from Previous Audit Report

- *The Commission did not have a comprehensive fixed asset register that records all the necessary details of assets owned and controlled by the Commission. Information such as date received/purchased, asset identification code and cost were not included in the assets register maintained by the Commission.*
- *The Commission did not have a fixed asset policy for its generators, computers and other assets. However, these issues have been raised in the previous report, but they have still not been addressed.*
- *There was no evidence of an approved disaster recovery plan being operational in the Commission.*
- *There were debits in the Commission's bank account at Sierra Leone Commercial Bank for amounts totalling Le384, 055,917 dating as far back as 2012. No reasonable explanation was provided by the Commission for these authorised debits.*

6.17. SIERRA LEONE INVESTMENT AND EXPORT PROMOTION AGENCY - 2014

6.17.1 No Signed Accounting, Procurement Manuals and IT Policies

There was no information technology policy and the procurement planned accounting manual was not signed by appropriate authorities. It was recommended that management should take action to ensure that there was a policy for information technology and a printed and signed copy of the accounting manual and procurement policies with immediate effect.

Official's Response

The Chief Executive Officer (CEO) stated that he would ensure that the accounting manual etc. are printed and signed for future reference. He also stated that they were in the process of designing an IT Policy.

Auditor's Comment

The matter under this subject will be reviewed in future audit.

6.17.2 Cancelled Cheques

It was observed that cheques were cancelled frequently.

Official's Response

The CEO in his reply said "These may have resulted from mistakes by staff. Also, we normally draw cheques monthly to board Directors for their sitting fees, and if they do not attend these meetings, cheques are cancelled for non-attendance. We prepare these cheques before the meeting so that at the end of the meetings payments are ready for the Directors. We will look into these issues and see how we can improve on the system."

Auditor's Comment

Management's response was noted. The issue will be followed up in future audits.

6.18. SIERRA LEONE INVESTMENT AND EXPORT PROMOTION AGENCY - 2015

6.18.1 Property Title Deed

The property title deed for the head office building at Rokel Street was not made available to the auditors for inspection. The Chief Executive Officer (CEO) should ensure that they obtained the title deed for the building as soon as possible and make it available to the auditors for inspection.

Official's Response

The CEO stated that the management had tried assiduously to obtain the deed but to no avail. He noted that the assignment was in the hand of their Procurement Officer and the search would continue.

Auditor's Comment

The audit recommendation was not implemented. Therefore, the matter remains unresolved.

6.18.2 No Written, Signed Fuel Policy

It was noted during the period under review that there was no documented fuel policy. It was recommended that management should take action to develop a fuel policy and it should be printed and signed by authorised officials.

Official's Response

The CEO stated that management would form a committee to sort out the above query immediately.

Auditor's Comment

The audit recommendation was not implemented. Therefore, the matter remains unresolved.

6.18.3 Fuel Log Sheet

There was no fuel and maintenance log in place for vehicles and motorbikes. In addition, the generator log book did not have a recorded balance column; therefore, the auditors could not ascertain the daily amounts of fuel that had not been consumed. It was recommended that CEO should ensure that they record amounts in the balance column so as to know the exact amount of fuel being consumed for a day.

Official's Response

The CEO stated that management was looking into the matter and that very soon all office government vehicles would start maintaining log books. He added that the finance and admin office had developed a new generator logbook indicating the balance of fuel remaining at the end of every day.

Auditor's Comment

The audit recommendation was not implemented. Therefore, the matter remains unresolved.

Refer to the Table of Common Issues (Page 294) for further observations.

6.19. SIERRA LEONE MARITIME ADMINISTRATION – 2013-2014

6.19.1 Source Documents and Other Relevant Supporting Documents Not Submitted for Income from International Ships Registration

The Administration did not submit for review source documents (such as invoices, receipts and other relevant supporting documents) for income from the registration of international ships which amounted to Le457,097,255, in 2013. It was recommended that the Executive Director should provide all necessary

supporting documents for audit inspection and should in future ensure that adequate supporting documents are maintained in respect of all income disclosed in the financial statement.

Official's Response

The Executive Director (ED) stated that payment of fees from the international ship registry was done by remittances from the overseas office. He added that the fees were paid into the SLMA as reported over the period and the advices were sent to the management of the SLMA. He affirmed that the necessary supporting documents were available in support of the amount disclosed.

Auditor's Comment

The necessary supporting documents were not submitted for verification. Therefore, the issue remains unresolved.

6.19.2 Rental Agreement between the Administration and CUBE Restaurant Not Submitted, and Income Not Accrued for

Rental agreement between the Administration and CUBE Restaurant was not submitted for audit inspection. There was also no evidence that the Administration invoiced CUBE for 2013 and 2014, neither were those rents accrued for in the financial statements. It was recommended that the Executive Director should submit the rental agreement between the Administration and CUBE restaurant for audit inspection. The Finance Director should also explain why CUBE Restaurant was not invoiced for 2013 and 2014; and why the rent due were not accounted for in the 2013 and 2014 financial statement.

Official's Response

The ED stated that the rental agreements between SALPROCO (cube restaurant) and the request for payment for the years 2013 and 2014 were available for inspection

Auditor's Comment

Evidence of rental agreement was not provided and no evidence of journal entry to correct the accruals was provided for audit review. Therefore, the issue remains unresolved.

6.19.3 Evidence of Banking and Recognition of Revenue from Rokupr not Submitted for Audit Inspection

Revenues from annual boat license fees which amounted to Le915,000 and Le1,800,000 in 2013 and 2014 respectively, were handed over by the regulator at Rokupr to the Northern Overseer. Evidence of banking of these revenues and recognition in the financial statements were not submitted for audit inspection. It was recommended that the Northern Overseer should provide evidence of banking of these monies for audit inspection. In addition, appropriate journal entries (if applicable) should be effected to record those omissions.

Official's Response

The Executive Director stated that the northern overseer was authorised to use money for reimbursing search and rescue activities which was part of their duty. He mentioned that the necessary supporting documents showing how those monies were utilised were available for audit verification.

Auditor's Comment

Evidence of the authority and how those monies were utilised was not submitted for audit inspection. Therefore, the issue remains unresolved.

6.19.4 Procurement Procedures Not Followed

The Administration procured seven wooden boats in 2014 for rescue operations, valued at Le104,385,000. However, no evidence was submitted indicating that appropriate procurement procedures were followed. The Administration also terminated the contract of International Shipping Bureau for the registration of international ships on 19th March, 2014 and signed a new agreement on 20th June, 2014 with Ship Registration Bureau Sierra Leone. Evidence of procurement procedures for the new agreement was not submitted for audit review. It was recommended that the Executive Director should provide an explanation for procurement procedures not being undertaken in accordance with the Public Procurement Act 2004. He should also ensure that in future the administration complies with all relevant procurement laws and regulations.

Official's Response

The ED in his response said "The SLMA is in partnership with the Sierra Leone United Boat Owners Association. One key area of collaboration is in search and rescue. The association approached the SLMA for the construction of three boats to aid in search and rescue. The Board did give approval for the construction of the boats. The President of the association is a member of the Board of Directors of the SLMA, the boats are nearly in completion stage and will form part of the assets of SLMA. The boats will be stationed in those riverine areas where SLMA boats will not be stationed. The necessary supporting documents are available for inspection.

The function of the ship registry is a delegated function. The ED of the SLMA is the registrar of ships. The decision to terminate the contract of the ISB was taken by the GOSL after consultation with various stakeholders including the SLMA, MTA, AGMJ, IMO. The international registry was marred with lots of problems ranging from carrying of illegal arms and ammunitions to the trafficking of illegal migrants.

In the interim we needed to have a company to look after the ships flying the flag so as to mitigate the effect and for our ships to have an office to report to and that is why I went into a contract with the SRB pending the approval of the Government. This decision of who the possible next agents will be is to be taken at the highest level of decision making in the country. Cabinet having satisfied so far with the efforts of the SRB has requested that the SRB continue to run the registry for now. At the moment SLMA is working now on the details of the agreement so that mistakes of the past will not be repeated. Contracts are available for inspection."

Auditor's Comment

Management had failed in its response to address the procurement query raised therefore the issue remains unresolved.

6.19.5 Contract Splitting

Contract worth Le110,632,700 for the procurement of second quarter stationery was divided into two portions (Le54,848,400 and Le55,784,300) and awarded to Saidu Sesay Enterprises and Foba Investment respectively. Another contract worth Le110,506,000 for the procurement of safety materials was divided into two halves of Le54,450,000 and Le56,056,000; then awarded to Batrays Business Venture. It was recommended that the Procurement Manager should explain why those procurements were split in contravention of the Public Procurement Act, 2004.

Official's Response

The ED stated that the contract awarded to Saidu Sesay Enterprise was for the procurement of 2nd quarter stationeries (i.e. copy paper, LaserJet Ink etc.) whilst Foba Investment awarded the contract for 2nd quarter sundries (i.e. tea items and toiletries etc.) He also mentioned that the contract awarded to Batrays was for two separate procurement activities, namely: Rain Gears and Marine Safety Materials. He however noted that to maximise competition by bidders, they intended using Framework Contract hence forth to enable more widely competitive bidding for grouping of similar items.

Auditor's Comment

Evidence for the award of contract to Saidu Sesay and Foba Investment was verified. However, no evidence was submitted to substantiate management response for awarding contract to Batrays Business Venture.

6.19.6 Disengaged Staff Files Not Submitted for Audit Review

Nine staff left the Administration in 2013 and 2014, but their files were not submitted for audit inspection. The schedules as well as other relevant supporting documents detailing their terminal benefit calculations were also not submitted for audit review.

It was recommended that the Acting Director of administration and human resources should submit the files, schedule and relevant documents for the calculation of terminal benefits for the nine separated staff, within 30 days upon receipt of the report.

Official's Response

The ED stated that the names and files of the nine staff involved had been found and the terminal benefits paid to entitled leavers would be made available for inspection.

Auditor's Comment

Only one employee file was submitted during verification. No evidence such as files, and basis of terminal benefit calculation were submitted in support of the remaining eight disengaged staff. Therefore, the issue remained unresolved.

6.19.7 Terms and Conditions of Service Not Submitted for Audit Inspection

The Administration did not submit approved employees' terms and conditions of services for audit inspection. It was recommended that the Acting Director of Administration and Human Resources should submit an authorised terms and conditions of service within 30 days of receipt of the report.

Official's Response

The ED stated that the administration had approved terms and conditions of services HR Policy, Pay Structure and Grading System which will be made available for inspection.

Auditor's Comment

During the verification exercise, a terms and conditions of service approved by the board was not submitted for audit inspection. Therefore, the issue remains unresolved.

6.19.8 Bank Reconciliation Statements for certain Months in 2013 and 2014 not Submitted for Audit Inspection

The Administration did not submit bank reconciliation statements for several months in 2013 and 2014. There was also no evidence of prepared bank reconciliation to indicate that they were reviewed. It was recommended that the Finance Director should ensure that in future, monthly bank reconciliation statements were prepared and reviewed and these should be retained for audit and reference purposes.

Official's Response

The ED stated that reconciliation of each account maintained by the Administration was done monthly and available for inspection.

Auditor's Comment

No evidence of bank reconciliation statements was provided. Therefore, the issue remains unresolved.

6.19.9 Bank Confirmations for Le273m and Le422m not Received

The auditors did not receive 31% of responses for bank confirmation circulated, which amounted to Le421,838,937, for the year 2014. It was recommended that the Finance Director should ensure that the Administration's bank responds to the bank confirmation submitted to them by the ASSL as soon as possible.

Official's Response

The ED stated that there was only one bank account that remained unconfirmed and efforts were being made to get the confirmation from the bank

Auditor's Comment

Management's comment was noted. However, no bank confirmation was received from the Administration's banker and "efforts" by the Administration for the bank to confirm the balance were not evidenced. Therefore, the issue remains unresolved.

6.19.10 Staff Loan Policy Not Submitted for Audit Review

The staff loan policy which guided the administering of staff loans was not submitted for audit review. It was recommended that the Acting Director, Administration and Human Resources should design a staff loan policy which should be approved by the board before implementation.

Official's Response

The ED stated that there was a Loan Committee and their work was guided by the loan policy which would be made available for inspection.

Auditor's Comment

ASSL confirmed the existence of a loan committee but not a loan policy. Therefore, the issue still stands.

6.19.11 Receivables Circularisation Not Received

Receivable circularisations which amounted to Le5,528,777,012 and Le4,853,827,748 in 2013 and 2015 respectively were sent to ten customers, but no response had been received so far. Circularisation letters were also sent to six jetty contractors, with regards Le840,449,000, but no response had been received so far. It was recommended that the Executive Director should the respective customers and urge them to reply to the circularisation within 30 days upon receipt of the report.

Official's Response

The ED said that some of the responses had been received and efforts were underway to receive the remaining.

Auditor's Comment

Circularisations totaling Le2,480,474,744 and Le925,993,596 were submitted by the Administration in respect of some clients. Even though it was stated in the circularisation letters for clients to send their responses to the Audit Service Sierra Leone, these clients sent theirs to the Administration. However, we have not received circularisations for receivables totaling Le3,048,302,268 and Le3,927,834,152 for 2013 and 2014 respectively. Evidence of post year end payments and evidence of efforts by the Administration for clients to respond were also not submitted for audit review. Therefore, the issue still stands.

6.19.12 Agreements for Loans to Jetty Contractors Not Submitted for Audit Review

The Administration gave loans to jetty contractors of Le1,753,804,044 for the continuous execution of the jetties construction. Agreements for these loans were not submitted for audit inspection and Le1,240,448,750 of the loans had been outstanding since 2012 with no evidence of repayment. It was

recommended that the Executive Director should submit these loan agreements within 30 days of receipt of the report. He should also provide explanations why those loans had been long outstanding.

Official's Response

The ED said that those amounts disbursed were based on their pending certificates of completion for work done and would be deducted from the outstanding amounts before payment into their respective accounts by EBID. He stated that the SLMA Board did give approval for the utilisation of these funds and the contractors still had outstanding monies in the bank and therefore will put an agreement together so that whenever remittances were made into their accounts, SLMA would recover its money. He also mentioned that the SLMA Head of Projects was working on their remaining payment certificates which would be forwarded to the bank in Togo. He stated that the slow pace was a result of problems encountered with the consultants whose contract expired and had to be renegotiated. He also affirmed that the jetties had now been completed with five in the Northern Province and three in the Southern Province. The funds were given out taking into consideration what was left as payment for the various contractors from the amount that is disbursed from the Bank, he concluded.

Auditor's Comment

Management's comments were noted. However, ASSL was concerned about the proposed solution which stated that EBID will pay the contractors and then the contractors will pay the Administration. Furthermore, there was no evidence of the proposed agreement as indicated in the management response. Therefore, the issue still stands.

6.19.13 Payments of Pay-As-You-Earn and Withholding Taxes Not Made to NRA

The Administration did not pay PAYE and withholding taxes to NRA which amounted to Le1,061,893,125 and Le2,660,836,432 in 2013 and 2014 respectively. It was recommended that the Executive Director should ensure that those payments were made and evidence in the form of receipts provided for audit inspection.

Official's Response

The ED stated that the Administration had controversies regarding the deductions of withholding tax from freight levy. The issue, he added had been settled and amounts deducted written off against its withholding and PAYE taxes. He further said that payment of the arrears after the write off was now being done in instalments.

Auditor's Comment

A draft proposal to NRA detailing the instalment payment of PAYE taxes was submitted for audit inspection. Additionally, copies of NRA receipts for the payments of PAYE and withholding tax were submitted for audit inspection. However, the issue still stands.

6.19.14 Pending Litigation in Respect of Short Payment of End-of-Service Benefit and other Entitlements Not Disclosed

The Administration did not disclose any pending litigation in respect of its activities for both years under audit. However, the Administration's legal retainer confirmed Le674,422,200 as short payment of end-of-service benefit and other entitlements due against the Administration for 2014. It was recommended that the Finance Director should record the necessary adjustment and disclose in the financial statement, and evidence of such action submitted for audit review.

Official's Response

The ED said that the Financial Statements had been adjusted to reflect this.

Auditor's Comment

No evidence was submitted indicating that the financial statement had been adjusted to reflect the pending litigation. Therefore, the issue still stands.

6.19.15 PAYE Taxes on Vehicle Maintenance Subsidies Not Deducted and Paid to NRA

The Administration paid vehicle maintenance subsidies of Le78,000,000 and Le110,400,000 in 2013 and 2014 respectively. PAYE taxes of Le23,400,000 and Le33,120,000 on those subsidies in 2013 and 2014 respectively were not deducted and paid over to NRA. It was recommended that the Executive Director should ensure that these payments were made and evidence in the form of receipts provided for audit inspection.

Official's Response

The ED stated that vehicle maintenance subsidy was not part of the employee's salary but as a subsidy for the use of the employee's personal car for official duties as the Administration did not provide vehicles for its senior management staff. He said going forward, the Executive Director will ensure that PAYE on these subsidies were paid over to the NRA.

Auditor's Comment

Management's comment was noted. However, the "subsidy" which is literally a transportation allowance should be taxed under Pay-As-You-Earn (PAYE) just like any other allowance paid to employees. Therefore, the amount of PAYE that should have been deducted from this allowance should be calculated and included in the financial statement. Therefore, the issue still stands.

6.19.16 PAYE taxes on rent allowance in 2013 understated

PAYE taxes deducted from rent allowances in 2013 were understated by Le104,016,557 because an inappropriate tax rates were used to calculate the tax amounts. It was recommended that the Finance Director should make the appropriate journal entries to record the understated payables in the 2013 financial statements.

Official's Response

The ED said that there was a tax-free allowance for allowances which were taken into account in doing the calculations and which the administration was of the opinion that should apply.

Auditor's Comment

The tax-free allowance was utilised when PAYE taxes were computed on other allowances paid to staff. Therefore, the amount of PAYE that should have been deducted from this allowance should be calculated and included in the financial statement. Therefore, the issue still stands.

6.19.17 Schedules and other Relevant Supporting Documents for Loan Interest and Processing fees not Submitted

Schedule and other relevant supporting documents for loan interest and processing fees which amounted to Le756,332,000 in both 2013 and 2014 financial statements, were not submitted for audit review. It was recommended that the Finance Director should submit the schedule and other relevant supporting documents in respect of loan interest and processing fees within 30 days of receipt of the report.

Official's Response

The ED said that all relevant schedules were available for review.

Auditor's Comment

Schedule showing computation of interest calculations on the EBID loan was not submitted during the verification. Therefore, the issue still stands.

6.19.18 Evidence of Repayment of ECOWAS Bank for Investment and Development Loan Not Submitted

It was discovered that the five years' grace period for repayment of the principal expired on 3rd March 2011. However, evidence of repayment and/or correspondence indicating subset arrangement was not submitted for audit review. It was recommended that the Executive Director should provide the necessary explanations and relevant supporting documents for non-repayment of principal. The Finance Director should also carry out the necessary adjustments in the financial statements and evidence of such adjustments submitted for audit review.

Official's Response

The ED stated that the Administration was working with the Ministry of Finance and Economic Planning to get evidence of repayments as they had been making it. He said that according to the project document, repayment of the loan was to be done by the SLMA from the revenue generation and that MFED had been paying but had decided that SLMA should now do the repayment. He further noted that a payment plan had been put together and the necessary documents available for verification.

Auditor's Comment

No evidence was submitted to substantiate management's response. Therefore, the issue remains unresolved.

6.19.19 Expenditure Budgets Exceeded with Relevant Supporting Documents

The Administration annually prepared a budget which was approved by the Board. The budget was then used to control actual performance during the period. However, it was observed that the Administration exceeded 16 budgeted expenditure lines in 2013 and 2014 respectively without any relevant supporting evidence such as approved supplementary budget. It was recommended that the Finance Director should provide explanations with relevant supporting documents why those actual expenditures exceeded their budgets.

Official's Response

The ED said that during the budget presentation to the Board, supplementary budgets were also presented with revised budgeted amounts as inflations and other circumstances normally occurred during the year necessitating a review of the current budget.

Auditor's Comment

No evidence was submitted to substantiate management response. Therefore, the issue remains unresolved.

Refer to the Table of Common Issues (Page 294) for further observations.

6.19.20 Outstanding Issues from Previous Audit Report

The Administration used data (in tally slips, and / vessel / tonnage sheets) submitted by the shipping agents for preparing its invoices. However, there was no evidence of an independent verification with regards the data supplied by the shipping agents. London Mining Ltd. and Africa Minerals Ltd. had not been paying freight levy charges. No evidence was submitted by the agency for exempting these companies from paying these charges.

Source documents (invoices, receipts and other supporting documents) were not provided for income disclosed in the financial statement from international ships registration which amounted to Le324,388,700 handle Le461,064,469, for 2011 and 2012 respectively.

Rental agreements for West Africa Insurance Company Association Re-Insurance (WAICA) and CUBE restaurant were not made available for audit inspection.

There was no evidence in the financial statement that WAICA had paid their rent or how much had been accrued. Also, there was no evidence of reconciliations to ascertain whether rental payments were made in full, partly or prepaid.

Procurement procedures were not followed for the procurement of non-current assets worth Le196,637,975 handle 382,226,850 for 2011 and 2012 respectively.

Payment vouchers amounting to Le675,418,076 and Le1,478,642,496 for 2011 and 2012 respectively were not supported with adequate supporting documents, such as receipts, requisition and delivery notes.

Supporting documents such as bin cards, goods received notes and dispatch notes in respect of life jackets and seamen diaries were not submitted for audit inspection for the years 2011 and 2012.

The Administration did not have an updated fixed asset register to facilitate the verification exercise; we were unable to trace assets from the assets register to their physical presence because their identification codes and locations were not recorded in the fixed assets register. Hence we could not verify their existence.

Amounts totalling Le387, 980,000 and Le346,840,000 for 2011 and 2012 respectively were recorded as revenues collected in respect of sales of life jackets, seamen diaries and local registrations. However, banking details were not submitted for audit inspection, as a result the audit team could not trace or verify these monies in the bank statement.

There was no debtor policy governing the management of debtors and no age listings / analysis of debtors.

Debtors' circularisation which amounted to Le7,671,909,487 and Le8,769,342,246 were sent to clients for the years 2011 and 2012 respectively. No responses had however been received from the debtors.

Long outstanding payments due to NRA and NASSIT in respect of employees PAYE and NASSIT contributions which amounted to Le 387,981,868 was still unpaid as at 31st December 2012.

6.20. NATIONAL COMMISSION FOR PRIVATISATION – 2013-2014

6.20.1 Transaction Postings

Postings to the Quick Books Accounting System were not being properly reviewed by senior officers of the Commission as variances were noted between transactions values and amounts posted to the accounting system. It was recommended that postings to the Quick Books Accounting System should be properly reviewed by senior officers of the commission with the relevant experience to do so.

Official's Response

The Executive Secretary (ES) in his response said that the Quick Books Software was purchased and installed in 2012 but started developing problems shortly thereafter. He added that management had on several occasions contacted the software provider to rectify the problems so that they could continue with postings, but they have been unable to resolve the problems and management therefore continued with parallel postings on excel from which the trial balance was provided for the audit.

Auditor Comment

The issue remains unresolved.

6.20.2 PAYE Computations

The Commission did not compute staff PAYE in accordance with the provisions of the Sierra Leone Income Tax, Act 2000 (as amended). We test checked a reasonable sample of the PAYE computations and noted a difference of Le805,074 between that of the NCP and of the auditor's computations.

It was recommended that staff PAYE computations should be done in accordance with the provisions of Sierra Leone Income Tax Act, 2000 (as amended) and should be properly computed and checked. The Commission should also engage National Revenue Authority with the view of finding ways as to how the above-mentioned issue could be resolved.

Official's Response

The ES stated that the previous years' tax tables were used for PAYE computation which resulted in an over deduction of tax for staff in 2014 and up to August 2015. He added that a letter was also forwarded to the NRA in that regard for which responses had still not been received so as to offset overpayment against the monthly PAYE tax liability. He however confirmed that the correct tax tables for the current year had now been obtained from the NRA following the audit exercise and the 2015 situation had since been regularised.

Auditor Comment

The correspondence to NRA was submitted for verification. However, the issue remains unresolved.

6.20.3 Staff Conditions of Service

The Commission was not operating formal conditions of service for staff that should document the commission's policies with regards staff matters. It was recommended that the commission should develop a formal condition of service manual for staff that would document the Commission's policies on all staff issues.

Official's Response

The ES stated that a draft 'conditions of service' document was approved by the commission in 2015 and had been submitted to the Ministry of Labour for authentication.

Auditor Comment

The issue remains unresolved.

6.20.4 Questioned Transaction

A total of Le8,237,500 was paid to a staff as part of his end of service benefits on the 16th December 2013. The auditor's concern was that the end of service benefits computations included additional three months i.e. to 31st December 2013 even though his services were terminated as at 30th September 2013. It was recommended that all payment should be properly checked for correctness before they are processed and paid.

Official's Response

The ES said that the former NCP Chairman, Mr Abu Bangura, was relieved of his duties in November 2013 and he paid himself his end of service benefit up to 31st March 2014, hence the excess payment of Le8,237,500. This matter had been brought to his attention.

Auditor Comment

The issue remains unresolved.

Refer to the Table of Common Issues (Page 294) for further observations.

6.21. SIERRA LEONE AGRICULTURAL RESEARCH INSTITUTE – 2013-2014

6.21.1 Non-Submission of Project Agreements

Project agreements in respect of CORAF, IFAD6 and WARDA Rice Statistics for 2013, and CNRA, RPSDP/RARC and SLARI/WAAP RARC for 2014 were not provided. It was recommended that the Director General should ensure that a systematic filing system is established for the safe custody of all accountable documents. The project agreements should also be forwarded to ASSL within 30 days of receipt of the report; or Section 36 of the Audit Service Act, 2014 would be invoked.

Official's Response

The Director General (DG) in his response said "CORAF/WECARD is the West and Central African Council for Agricultural Research and Development but not a project on its own but we have several projects such as AfricaRice, CNRA, DONATA which are funded by this body. In this regard, there is no project agreement between CORAF/WECARD and SLARI but we have signed MOU with the projects being funded by the Council. IFAD6 is a subset project under AFRICARice Hub and the agreement is available for Audit inspection, for CNRA also the project agreement is available for audit inspection. RPSDP/RARC is a project which have been closed since 2011 financial year, but the account name since remains the same and we are currently using that account for consultancy funds which are remitted into SLARI for research activities. SLARI/WAAPP RARC is an account created for the implementation of WAAPP activities therefore there is no signed MOU between WAAPP and SLARI. Moreover, WAAPP is a GoSL/World Bank/JICA-funded programme within ECOWAS."

Auditor's Comment

Project documents relating to CORAF and IFAD6 were submitted and verified. However, project documents relating to WARDA Rice Statistics for 2013, and CNRA for 2014 were not submitted during the verification exercise. On the SLARI/WAAP RARC, we recommend that both parties sign an MOU to guide the implementation of activities. We further recommend that the account name for RPSDP/RARC be changed to reflect the actual situation since the project had been closed.

6.21.2 Scientific and Technical Committee Not Constituted

Section 15(1) of the SLARI Act 2007 states that: "The STC shall hold at least three regular meetings each year at such place and time as the Chairman may determine." However, it was observed that the Scientific and Technical Committee did not hold any meeting for the period under review. It was recommended that the DG should provide evidence of meetings held by the Committee, or provide explanation for the committee not meeting during the period under review.

Official's Response

The DG mentioned that it had been difficult over the years for the STC to meet because it formed part of the largest committee in council. He added that it had been a serious challenge for council, as funds were not available to hold such a large meeting, and at the same time organize the annual review conference. But notwithstanding, council will make the necessary effort to ensure that the STC meets at least once in a year in future, he maintained.

Auditor Comment

Management's response was noted and the issue will be followed up in subsequent audit.

6.21.3 Poor Management of Staff Terminal Benefit Scheme

The staff benefit's account showed a balance, as at the end of the year, of Le403,088,306 and Le228,184,685 in 2013 and 2014 respectively. These amounts were not adequate to meet the institute's future end of service benefit obligations, considering the number and level of staff who were due

retirement. It was recommended that the Finance Officer should explain why funds set aside for the payment of staff benefits, were used for other purposes.

Official's Response

The DG stated that he had drawn the attention of management and council to the issue, and said that necessary action would be taken to address this issue in future.

Auditor's Comment

Management's response in respect of inadequate funds to meet its future end of service benefit obligations considering the number and level of staff who are due for retirement was noted. This issue will be followed up in subsequent audits.

6.21.4 Breach of National Competitive Bidding Procedures

Procurement of furniture amounting to Le88, 000,000 was split into two separate orders of Le58,600,000 and Le29,400,000 with request for quotations for these two procurement activities dated 16/10/2014 and 15/10/2014 respectively. This was done in order to evade the national competitive bidding requirement. It was recommended that the Procurement Manager, should provide adequate documentary evidence to justify the deviation from the normal procurement procedures within 30 days of receipt of the report.

Official's Response

The DG in his response said "the request for furniture for Rokupr was received on the 3rd September, 2014 towards the end of the tenure of the Acting Director General. This request was sent back to RARC for adjustment. The adjusted request was received and approved by the substantive Director General on the 16th October, 2014. On that same date RFQ's were issued to supplier. The request for the purchase of furniture for Magbosi which amounted to Le 29,400,000 was received on the 15th October, 2014. On the same date RFQ's were issued out to three suppliers."

Auditor Comment

Procurement planning was normally undertaken to address an institution's needs and to achieve this, the planning activity should be done with due regard to economy and value for money. Had a proper procurement plan been developed, the two different requests should have been harmonised and the correct procurement method used. Therefore, the issue remains unresolved.

6.21.5 Rokupr Agricultural Research Centre (RARC)

The following issues were observed:

- An Interview with the Farm Manager revealed that the two wheeled Kobota power tiller that was used to plough and prepared the mangrove swamp for the planting of rice, was not appropriate for such a farming terrain. It was further noted by the Farm Manager that, milling capacity of the rice milling machine, which mills husk rice for customers domiciled in the farming community, had dropped from 1 ton to ½ ton per day.
- There was inadequate control over the collection, recording and reporting of financial transactions. The Rice Mill Unit did not maintain financial records with respect to revenue generated, and the guest houses in Rokupr, Makeni and N'jala did not submit financial records such as guest booking forms, receipts, cash book etc. for audit review. In addition, there was no evidence of periodic reconciliation between the Unit and the Finance Department on revenue collection.
- The audit team was unable to meet and discuss with any of the farmers in order to evaluate the general impact of research outcomes on the farming community, and in a bid to determine whether the varieties discovered by the researchers, were acceptable to the farmers and that the seeds were in good condition and fit for cultivation.

- No fixed assets register was maintained.

The following were recommended:

- The Centre should urgently modify or replace the existing two wheeled Kobota rice tiller and the rice milling machine to enhance productivity.
- The Centre should provide all relevant supporting documents in respect of periodic reconciliation between the Rice Mill Unit and the Finance Department as regards revenue collection for audit inspection.
- The Centre should ensure that appropriate financial records are maintained by the Rice Mill Unit, guest houses in Rokupr, Makeni and Njala and there should be periodic reconciliation between the Rice Mill Department and the Finance Department on revenue collected.
- The Centre should ensure that farmers are informed and are made available for interviews during verification exercises.
- A fixed assets register should be maintained and the lists of assets in every office should be attached to its doors in line with the Finance and Administrative Manual.

Official's Response

The DG said that management will take the necessary actions to address all the issues raised on Njala, Rokupr and Makeni.

Auditor Comment

Management's response was noted and those issues will be followed up in subsequent audits.

6.21.6 Teko Livestock Research Centre (TLRC)

The premises of TLRC were discovered to be unprotected by a perimeter fence. This lapse posed some security threat to the physical assets of the Centre. In addition, there was lack of readily available meal for the livestock bred for an ongoing research. Furthermore, no assets register was maintained. It was recommended that the Centre should take necessary actions to protect its premises in Makeni from possible threats, and food should be made readily available for all livestock. It was also recommended that an assets register should be maintained, and lists of assets in each office should be attached to its doors in line with the Finance and Administration Manual.

Official's Response

The DG said that management will take the necessary actions to address all the issues raised from Njala, Rokupr and Makeni.

Auditor Comment

Management's response was noted and those issues will be followed up in subsequent audits.

6.21.7 NJALA Agriculture Research Centre (NARC)

The audit team was constrained to meet and discuss with farmers, the general impact of research outcomes on the farming community, in a bid to determine whether the varieties discovered by the researchers are acceptable to them, and whether the seeds were in good condition and fit for cultivation. In addition, an assets register was not maintained. It was recommended that in future, the Centre should ensure that farmers are informed and made available for interviews during verification exercises. An assets register should also be maintained, and the lists of assets in each office should be attached to its door.

Official's Response

The DG said that management will take the necessary actions to address all the issues raised from Njala, Rokupr and Makeni.

Auditor Comment

Management's response was noted and the issues will be followed up in subsequent audits.

Refer to the Table of Common Issues (Page 294) for further observations.

6.21.8 Outstanding issues in Previous Year's Report

The following were outstanding matters since the previous audit:

- *there was no evidence that the work of the Internal Audit Unit was conducted in a structured manner that takes into account the following: audit planning, methodology, audit documentation and review;*
- *the Internal Audit Unit reported directly to the Director-General who is also responsible for day-to-day operations of the Centre. This is the case because, the Centre does not have an Audit Committee;*
- *there was no evidence that management responded to audit queries raised by the Internal Auditor;*
- *the Institute did not have a policy to guide the acquisition, maintenance and disposal of its non-current assets;*
- *there was no evidence of an approved Business Continuity and Disaster Recovery Plan; and*
- *there was no evidence of an approved information technology policy document being operational at the Centre.*

6.22. NUCLEAR SAFETY AND RADIATION PROTECTION AUTHORITY- 2014

6.22.1 No Evidence of an Approved Information Technology Policy

There was no evidence of an approved information technology policy been operational at the Authority. It was recommended that the IT Officer should develop and implement a documented information technology policy that will protect the Authority's information technology infrastructure from unauthorised use. This policy should provide for the training of staff on security, website maintenance, and so on.

Official's Response

The Executive Secretary noted that management would ensure that an Approved Information Technology policy is established.

Auditor Comment

Management's response was noted and the issue will be followed up in subsequent audits.

6.22.2 Lack of an Approved Disaster Recovery and Business Continuity Plan

There was no evidence of approved business continuity and disaster recovery plans. It was recommended that the IT officer should develop and implement a business continuity and disaster recovery plans that would ensure its information technology infrastructure supports the recovery of its operational process after a disruption or disaster.

Official's Response

The Executive Secretary stated that management will ensure that a Business Continuity and Disaster Recovery plan was established.

Auditor Comment

Management's response was noted and the issue will be followed up in subsequent audits.

Refer to the Table of Common Issues (Page 294) for further observations.

6.22.3 Outstanding issues in Previous Year's Report

There was no fixed asset maintenance policy in existence at the Authority.

It was observed that regular or minor disbursements were made for various activities for the period under review. Procedurally, a petty cash system should have been put in place to cover those minor expenditure. However, it was observed that no such system was in place to substantiate the various minor payments. The Authority did not have a dedicated human resource officer in post.

6.23. OFFICE OF THE OMBUDSMAN-2015

6.23.1 Extension of Employee Service Contract

Section 10.4.1 of the terms and conditions of services of the Office of the Ombudsman states that "an employee of the Office of the Ombudsman shall retire on attaining the statutory age of sixty years, unless his/her services are extended beyond this age by the Ombudsman".

In the absence of a definite timeframe for the extension of service contract in the terms and conditions of service, the audit team observed that service contracts for the Director of Operations and the Assistant Accountant were continually being extended by the Ombudsman. For instance, the service contract of the Director of Operations had been continually extended since May 2012, and that of the Assistant Accountant was extended to December 2015 and subsequently to December 2016 by the Executive Secretary. It was recommended that the Executive Secretary should provide a detailed explanation for the continued extension of services of those personnel. He should also cause a revision to be made to Section 10.4.1 of the conditions of service, by indicating a time limit the extension of service contracts.

Official's Response

The Ombudsman in his reply said "On the first query regarding the extension of the service contract for the Director of Operations and Assistant Accountant, I have taken note of your concern. As executive Secretary, I would look at our Staff Rules with a view of putting a time limit on the extension of the service contract of staff that have attained the retirement age. I will ensure that by the next audit; our Staff Rules will be revised to have an extension of not more than three (3) years."

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.23.2 Complaints and Investigation Unit Grossly Understaffed

The office of the Ombudsman was established by an Act of Parliament in 1997, as an independent investigative body set up to investigate any administrative act of a prescribed authority (any member of the public service, statutory corporations or institution of higher learning), against which a complaint is made by any person who claims to have suffered injustice as a result of maladministration. However, the audit team observed that the department was grossly under staffed. This situation has made it difficult for the department to effectively execute its mandate as it had only five personnel, three of whom were stationed in the three provincial offices of Bo, Kenema and Makeni, and the remaining two including the Principal Investigator, are stationed at head office in Freetown. It was recommended that the Institution should engage the Ministry of Finance and other stakeholders, to increase the number of staff in the department and build their capacity.

Official's Response

The Ombudsman in his reply said "On the second query regarding the shortage of staff and the adverse effects that this will have on our operations, has led the office to write to the Ministry of Finance to increase the number of staff. Unfortunately, the ministry placed a ban on staff recruitment which has not only affected us but other MDA's. The Office of the Ombudsman is poorly staff with Investigators both in Freetown and the provincial offices. The office would like to recruit at least (10) Investigators - four (4) in Freetown; two (2) in Bo; two (2) in Kenema and two (2) in Makeni. The Office of the

Ombudsman will continue to engage the Ministry of Finance and other stakeholders with a view to increase the number of staff to effectively execute our mandate. The office hopes to make progress on staff recruitment by 2017.”

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24. GUMA VALLEY WATER COMPANY-2014

6.24.1 Disposal of Assets Not Properly Accounted for

A Review of the financial statements revealed that a vehicle was disposed of for Le 41,000,000. It was noted that the proceeds from the sale was incorrectly recorded as revenue in the income statement and the cost of the vehicle and the accumulated depreciation were not correctly treated as disposal in the noncurrent assets schedule.

An identification of the asset was also requested so that the correct accounting procedure would be carried out but the Finance Manager could not provide us with the relevant information because the institution did not maintain a comprehensive asset register. It was recommended that the Finance Manager should ensure that a comprehensive noncurrent asset register is maintained to facilitate the proper recording of assets, when they are acquired or disposed of.

Official's Response

The General Manager (GM) stated that entries to correct the above had been effected and the company was compiling its non-current assets register and will soon be made available for your inspection.

Auditor's Comment

Journal entry reflecting the correct accounting procedure for the disposal of the vehicle was submitted. However, a comprehensive fixed assets register was not submitted during the verification exercise. Therefore, the issue remains unresolved.

6.24.2 Bank Statements, Cash books and Bank Reconciliation Statements Not Submitted for Audit Inspection

Bank statements, cash book and bank reconciliation statements with respect to six bank accounts for an amount totalling Le164,787,239 were not submitted for audit inspection. It was recommended that the Finance Manager should submit all bank statements, cash books and bank reconciliation statements for these bank accounts for the period under review.

Official's Response

The GM stated that those were accounts that were no longer maintained with the various banks. He however noted that they had not been written off over the years hence they were still in their books. Letters of confirmation had been written to those institutions and upon their reply, the matter will be taken to the Board for it to approve a write off be further maintained.

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24.3 Bank Confirmations Were Not Received

Bank confirmations for nine bank accounts were not received. The total balance disclosed in the financial statements for these bank accounts, amounts to Le1,661, 226,997. It was recommended that the Finance Manager should ensure that the Company's banks respond to the bank confirmation request submitted to them by ASSL as soon as possible.

Official's Response

The GM said that the company had prevailed on its bankers to respond to those confirmation requests and will continue to do so.

Auditor's Comment

Bank confirmations were not received; therefore, the issue remains unresolved.

6.24.4 Procurement Procedures Not Followed

National competitive bidding procedures for the procurement of goods above Le60 million threshold were not followed for the procurement of goods amounting to Le 211,398,670. It was recommended that the Procurement Officer should explain why procurement procedures were not followed in accordance with the Public Procurement Act, 2004. He should also ensure that in future, the Company complies with all relevant procurement laws and regulations.

Official's Response

The GM mentioned that documents in respect of those transactions had been sighted and were available for inspection. He added that the recommendation proffered in respect of the finding had been noted and compliance would be strengthened.

Auditor's Comment

There was no evidence submitted for the amount of Le211,398,670. Therefore, that issue remains unresolved.

6.24.5 Supporting Documents and an Explanation for Inventory Adjustment Not Submitted for Audit Inspection

A review of the disbursement listing for direct expenses revealed that an adjustment of Le2,641,115 was passed in the account. However, no plausible explanation was provided for this adjustment. Supporting documents were also not submitted for audit inspection. It was recommended that the Finance Manager should provide an explanation for the adjustment, and provide the necessary supporting documents for audit review.

Official's Response

No response.

Auditor's Comment

No plausible explanation or supporting documents were provided during the verification exercise. Therefore, the issue remains unresolved.

6.24.6 Duplication of Payments and Differences between Ledger Amounts and Supporting Documents

From the review of disbursements, it was observed that some payments amounting to Le162,724,375 were duplicated in the general ledger. This difference amounting to Le12,064,500 was also noted between the amount in the supporting documents and that in the general ledger for some expenses. It was recommended that these duplications should be investigated and if necessary reversed. Management should also ensure that the internal controls instituted are robust enough to identify and stop a reoccurrence of such in future.

Official's Response

The GM stated that investigations were ongoing to determine the cause of those discrepancies and the necessary actions will be taken to avert their future recurrence.

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24.7 Twenty - four staff who Have Passed Retirement Age

24 of the Company's staff had exceeded the statutory retirement age of 60 years. No reason or explanation was provided for their continued employment. It was recommended that the Human Resource Manager should explain the reason(s) why the Company did not comply with the relevant laws and regulations in respect of the staff in question.

Official's Response

The GM noted that the Company had reduced the retirement age for staff from 65 years to 60 years in line with the national statutory retirement age. He added that the action was taken during the review of the staff conditions of service which had been approved by the board, and now with the National Commission for Privatization for concurrence.

Auditor's Comment

A letter from the National Commission for Privatisation relating to the retirement age of staff, and the calculation of benefits to enable the company prepare its terms and conditions of service, was submitted during the verification exercise. However, there was no evidence of approved conditions of service and any action taken by management to retire those staff. Therefore, the issue remains unresolved.

6.24.8 Supporting Documents with Respect to Retirement Benefit Expenses for Service Charge and Interest Cost Not Submitted for Audit Inspection

The sum of Le1,416,006,000 was disclosed in the accounts as postretirement benefit expenses. The auditors were informed by the Finance Manager, that the amount disclosed was computed using 8% and 11% for service charge and interest cost respectively. However, the basis upon which those percentages were selected and used to calculate the post-retirement benefits was not provided for the auditors during the audit exercise. It was recommended that the Finance Manager should provide justification for the selection of the percentages used to calculate the service charge and interest cost.

Official's Response

No response given.

Auditor's Comment

The basis upon which these percentages were selected and used to calculate the post retirement benefit was not given to us during the audit verification exercise. Therefore, the issue remains unresolved

6.24.9 Approved Terms and Conditions of Service Not Maintained

The Company's terms and conditions of service were still in its draft stage and had not been approved by the Board of Directors. It was recommended that the Human Resource Manager should ensure that approved terms and conditions of service are maintained by the Company.

Official's Response

The GM said that the revised terms and conditions of service for staff had been approved by the Board and is now with the National Commission for privatization for concurrence.

Auditor's Comment

A letter from the National Commission for Privatisation relating to the retirement age of staff and calculation of benefit to enable the company prepare its terms and conditions of service, was submitted

during the verification exercise. However, there was no evidence of an approved terms and conditions of service. Therefore, the issue remains unresolved.

6.24.10 Schedules and Supporting Documents for Account Balances in the Financial Statements Not Submitted for Audit Inspection

A review of the financial statements revealed that a number of account balances in the statement of financial position had remained unchanged over the years. Furthermore, supporting schedules and documentation to substantiate whether those balances had been recorded completely and accurately in the financial statements were not provided for audit review. It was recommended that the Finance Manager should submit schedules and the necessary documents for audit verification.

Official's Response

The GM stated that an investigation was set up to look into the validity of those balances and a report requesting their write off had been presented to the Board for approval.

Auditor's Comment

A proposed board paper for the write off of long outstanding payables and borrowings was evidenced during the verification exercise. However, there was no evidence of any action being taken by management for the remaining balances. Therefore, the issue remains unresolved.

6.24.11 Dormant and Non- Existent Receivables

A sample of Le5.5 billion of customers' receivable accounts balances were reviewed. It was however noted that Le4.8 billion of the account balances were dormant with no evidence of payments into these accounts. It was recommended that management should sort out all dormant accounts and delete them from the books.

Official's Response

The GM stated that management was investigating those balances with a view to determining not only their existence, but also their collectability. The decision to write them off will be based on the findings of the investigation, he noted.

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audit.

6.24.12 Receivables' CircularisationNot Received

Receivables circularisation's amounting to Le5.5 billion were sent to customers, but no responses have been received so far. It was recommended that the Company should contact the respective customers, and urge them to reply to the circularisation as soon as possible.

Official's Response

The GM mentioned that management was in touch with the various customers and prevailing upon them to reply to that circularisation.

Auditor's Comment

Evidence of receivables confirmation was still not received. Therefore, the issue remains outstanding

6.24.13 Pension Payment Wrongly Recognised as Receivables

A total of Le463,341,583 in respect of payments made to retired staff as pensions was included in the receivables account. However, no explanation was given to justify this accounting treatment. It was

recommended that the Finance Manager should investigate the difference, and pass journal entries to correct that amount. The journal should be submitted for inspection.

Official's Response

The GM said that the discrepancy had been investigated and the necessary journal entry passed.

Auditor's Comment

The relevant journal entries were not made available during the audit verification exercise. Therefore, the issue remains outstanding.

6.24.14 Receivables without Supporting Documentation

Receivables to the tune of Le277,571,706 were not backed by supporting schedules and documentations. It was recommended that the Finance Manager should submit schedules and necessary documents for audit verification.

Official's Response

The GM said that management had set up a team to investigate and report on all non-moving balances in the financial statement.

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24.15 Pay as You Earn (PAYE) Taxes not Paid for the Year under Audit

PAYE taxes amounting to Le176 million for all staff were not paid for the year under review. It was recommended that the Finance Manager should provide an explanation why PAYE was not paid over to the NRA. He should also take necessary actions to ensure that all outstanding tax obligations are settled with the N.R.A.

Official's Response

The GM said that they were in dialogue with the National Revenue Authority following a resubmission of a tax audit report conducted by the KPMG, and a recommendation by the Ministry of Finance and Economic Development for the implementation of a cross debt settlement.

Auditor's Comment

Evidence in relation to the cross-debt settlement negotiations or payment of PAYE was not submitted during the audit verification. Therefore, the issue remains unresolved.

6.24.16 Supporting Documents for Overdraft Not Submitted for Audit Review

An amount totalling Le5,305,814,580 was disclosed in the statement of financial position as bank overdraft. During the audit, it was discovered that this balance was not an overdraft but a control account balance with an opening balance of Le7.6 billion.

There was a movement of Le2.3 billion during the year under review. The reason for the movement of Le2.3 billion was also not justified with the relevant explanation and documentation. It was recommended that the Finance Manager should submit all the necessary supporting documentation in support of the purported overdraft amount for audit verification.

Official's Response

The GM stated that the Company had closed its foreign currency account with standard chartered bank. He however noted that the Company was investigating this balance with a view to writing it off upon the approval of the Board.

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24.17 Differences between the Amounts in the Financial Statement and those in the General Ledger

Audit scrutiny of the financial records revealed differences between some account balances recognised in the 2014 financial statements, and the general ledger for that same period. Those account balances were deferred income, noncurrent assets and pipes and fittings. It was also observed that the amount disclosed in the financial statement in relation to cash in hand, was different from the amount disclosed in the yearend cash count certificate. A difference of Le25,510,748 was noted. Similarly, the depreciation charged in the assets schedule (notes to the accounts) was different from that charged to the statement of comprehensive income. The difference noted was Le20.5 million. It was recommended that the Finance Manager should provide explanations for those differences and make the necessary adjustments in the financial statement.

Official's Response

The GM stated that those discrepancies were being investigated and the necessary adjustments will be made as soon as the reasons for the differences were identified.

Auditor's Comment

The necessary adjustment in the Financial Statement was not evidenced during the verification exercise. Therefore, the issue remains unresolved.

6.24.18 Differences between the Closing Balances in the 2013 Financial Statement and the Opening Balances in 2014 General ledger

An Analysis revealed differences between some closing balances reported in the audited 2013 financial statements, and the corresponding opening balances in the 2014 general ledger. Those differences were noted in the following account balances: Retirement benefit obligation, chemicals, fuel, lubricants and receivables. It was recommended that the Finance Manager should provide explanations for those differences and make the necessary adjustments in the financial statement.

Official's Response

The GM stated that those discrepancies were being investigated and the necessary adjustments will be made as soon as the reasons for the differences were identified.

Auditor's Comment

The necessary adjustment in the financial statement was not evidenced during the verification exercise. Therefore, the issue remains unresolved.

6.24.19 Internal Audit Working Papers Not Submitted for Audit Inspection

The Internal Audit Department did not maintain working papers to keep track of its work, and there was no evidence that the work of the Internal Audit Unit was conducted in a structured manner that takes into consideration audit methodology and review. It was recommended that the Internal Auditor should ensure that appropriate documentation was maintained.

Official's Response

No response

Auditor's Comment

We did not receive any response from management on this issue. Therefore, the issue remains unresolved.

6.24.20 No Standby UPS and Fire Extinguishers in the IT Office

Upon review of the Company's IT system, it was noted that there was only one UPS in the Company's main server room which was faulty. There were also no fire extinguishers in the IT office. It was recommended that the management should ensure that there was adequate back up UPS in the server room to prevent business disruptions in case of a break down.

Official's Response

The GM stated that the faulty UPS was presently being repaired. He however mentioned that management had decided to purchase a new one to support the existing ones, and that the issue of the fire extinguisher was noted and action would be taken.

Auditor Comment

Management response noted. This will be followed up in subsequent audits.

6.24.21 Non-Involvement of the IT Department in the Procurement of a New Information System

Management procured a new information system called the EDAMS billing system. However, there was no evidence that the IT department was involved in the design and procurement of the new IT package for the Company. It was recommended that the management should explain why the design and capacity assessment of the new software package was not done by the IT department.

Official's Response

The GM in his response said "The IT unit was from the inception of the procurement aware and involved in the process leading to the installation of the EDAMS software. The EDAMS is bespoke software which was purchased by the World Bank. They (World Bank) intervened to replace the old software. The World Bank undertook all the procurement processes and the training. Installation of the software was done together with the IT unit."

Auditor's Comment

Evidence of the involvement of the IT unit in the process leading to the installation of the EDAMS software was not submitted for verification. Therefore, the issue remains unresolved.

6.24.22 No Evidence of Restriction of Access to the Treatment Works at Allen Town

During the field visit to the Allen Town Treatment Works, it was noted that access to the facility was not restricted as the facility was not protected by a perimeter fence. The windows of the building where the laboratory, chlorine and all other equipment were housed were damaged; this exposed the Company's assets to the risk of theft or misuse. It was recommended that the General Manager should take immediate action to ensure that the windows were repaired and the Company's treatment works is protected. The General Manager should also put in place control measures to safeguard the treatment works from unauthorised access through the construction of a perimeter fence.

Official's Response

The GM mentioned that the recommendations had been noted and the necessary repairs were underway. He also noted that plans were underway by management to construct a perimeter fence at the Allen Town treatment works by next year.

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24.23 No Standby Generators at Allen Town and Regent Treatment Works

There were no standby generators at Allen Town and Regent Treatment Works. Each station had only one generator in good working condition. It was recommended that the General Manager should provide an explanation for the absence of a standby generator at the treatment works.

Official's Response

The GM maintained that the Allen Town Treatment Works had a stand by generator which was faulty at the time of the audit visit, but he said it had since undergone repairs and was now in good working condition. The Regent Treatment Works did not have a standby generator management. However, he said that management had noted the recommendation and promised to purchase one.

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24.24 Faulty Assets at Regent Treatment Works

During a visit to the Regent Treatment Works, it was noted that the chlorine mixer and dosing pump tanks were dysfunctional and one of the 3.5 KVA water pumps at the Regent water treatment facility was also faulty. It was recommended that the General Manager should ensure that immediate action was taken to repair or provide a replacement for the chlorine mixer, dosing pump and the 3.5 KVA water pump. In addition, the Finance Manager should write off those assets that were no longer usable.

Official's Response

The GM said that the spare parts in respect of the faulty assets had been ordered for the necessary repairs to be carried out.

Auditor Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24.25 Insufficient Protective Gears at Mile 13 Treatment Works

Workers were not provided with basic protective gears (such as respiratory masks, safety goggles, safety boots, ear moss, overalls and gloves) at the Mile 13 water treatment works even though hazardous chemicals were handled on a daily basis by those workers. It was recommended that the General Manager should provide sufficient protective gears for workers at mile 13 on a regular basis.

Official's Response

The GM mentioned that the Company always provides protective gears for staff and promised to continue doing so in line with the recommendations. He however noted that in addition to those, management will now be providing the gears as recommended.

Auditor's Comment

Management's response is noted. This issue will be followed up in subsequent audits.

6.24.26 Deterioration in the Condition of Assets at Mile 13

At mile 13 treatment works, it was observed that the timer breakers in the control panel had all been damaged by chlorine. This had further led to the destruction of the plant's automated system and as a result, the plant was now run manually. The pre-chlorinator and the perforated pipes used for filtration at the Mile 13 treatment plant had also been damaged. It was recommended that the General Manager

should ensure that the timer breakers in the control panel are replaced and comprehensive repairs done to the entire automated system at the Mile 13 treatment works. The General Manager should also take necessary action to ensure that all assets that were not functional were replaced or repaired to prevent untreated water being supplied to the city. The Finance Manager should write off those assets that were no longer usable.

Official's Response

The GM stated that management was aware of the issue and had approached the Government of Sierra Leone for funding to remedy the situation. He said as a result, the Department for International Development (DfID) and the Government of Sierra Leone Ebola Recovery Response Plan had consented to fund the total overhaul of the treatment works, and the distribution network. He further mentioned that preliminary works had already begun.

Auditor Comment

Management's response was noted. This issue will be followed up in subsequent audits.

6.24.27 Inadequate Electrical System at Mile 13 Treatment Plant

The electronic system at the main Mile 13 plant was dangerously faulty due to damage to the wiring system. The unavailability of a fire extinguisher at the plant further compounded the risk this poses to life and property. It was recommended that the General Manager should take immediate steps to ensure that the electrical fault at Mile 13 was addressed. He should also ensure that fire extinguishers were installed at the treatment works.

Official's Response

The GM stated that management was aware of the issue and had approached the Government of Sierra Leone for funding to remedy the situation. He said as a result, the Department for International Development (DFID) and the Government of Sierra Leone Ebola Recovery Response Plan had consented to fund the total overhaul of the treatment works and the distribution network. He further mentioned that preliminary works had already begun.

Auditor's Comment

Management's response was noted. The issue will be followed up in subsequent audits.

6.24.28 Non-Functional Pumping Stations

During the visit to the area offices, it was observed that, out of nine pumping stations in the central and eastern parts of Freetown, only five were functional with only one Pump Attendant on duty at each station, while the remaining four stations located at OAU Drive, Hill Station, Tower Hill by Library Board and Africanus Road, Kissy were all dysfunctional. It was recommended that the General Manager should explain why those pumping stations were not functional, and take the appropriate steps to ensure that those pumping stations become functional.

Official's Response

The GM mentioned that repairs to those pumping stations had been brought to the notice of the Government of Sierra Leone and were part of the DfID intervention under the Ebola Recovery Response Plan already mentioned.

Auditor Comment

Management's response was noted. The issue will be followed up in subsequent audits.

6.24.29 Outstanding issues in Previous Year's Report

The following issues were still outstanding during the period under review:

- *The rent agreement between the Company and its tenant, the list of occupants of the property at Hill Cot Road (G Gate) was not submitted for audit review.*
- *No evidence was submitted of rent being paid or accrued by the Company for the year under review.*
- *The Company's area office cashiers transported revenue to the Company's headquarters by public transport on a daily basis.*
- *The Company did not maintain an updated non-current asset register in which records such as date of purchase, cost, and location of all assets owned and controlled by the Company were supposed to have been kept.*
- *Schedule and supporting documents for deferred tax account (assets) amounting to Le7.4 billion were not submitted for audit inspection.*
- *Shares certificate for 25% holding in Trelawney Site Limited was not submitted for audit inspection.*
- *Additionally, the company did not comply with International Accounting Standard 28 (Investments in Associates and Joint Ventures), in accounting for its 25% holdings in Trelawney Site Limited.*
- *Although the insurance policies on the dams, buildings and mains expired in 2011 they were not renewed.*
- *Schedules and supporting documents for inventories valued at Le610.8 million recognised in the statement of financial position were not submitted for audit review.*
- *There was a difference of Le2.4 billion between the yearend values of inventories in the stores bin card and the amount disclosed in the statement of financial position.*
- *There was no policy governing the management of receivables and aged listing or analysis of receivables was not submitted for audit inspection.*
- *Receivable circularisations amounting to Le8.8 billion were sent to fifty customers, but no responses have been received so far.*
- *Schedule and supporting documents for receivables amounting to Le659million were not submitted for audit review.*
- *Schedule and supporting documents for long outstanding payables amounting to Le1.6 billion were not submitted for audit inspection.*
- *Schedule and supporting documents in respect of income tax payable amounting to Le6.7 billion were not submitted for audit.*
- *Bank confirmation received from Standard Chartered Bank showed a positive cash balance of Le15.921 million, but an overdraft of Le7.459 billion was recorded in the statement of financial position for which no schedule or supporting documents were provided.*
- *Loan liabilities of Le8.5 billion which were waived by the World Bank have not been written off in the Company's financial statements.*
- *Sierra Leone qualified in 2006 for HIPC and Multilateral Debt Relief Initiatives, and qualifying loan balances prior to December 2004 were cancelled in December 2006.*
- *No evidence of an approved internal audit charter was provided for audit review.*
- *There was no evidence of management's response to the Internal Auditor's queries and recommendations submitted for audit review.*
- *The number of guards securing Mile 13 (main Guma Dam) was inadequate even though there are valuable chemicals such as chlorine, lime and alum stored within the premises for water treatment purposes.*
- *The washing desk machine and the Volvo petrol generator plant were not functional.*
- *The auditors observed cracks in the concrete filters which could have resulted in sand sipping into the nozzle of the filters and causing eventual damage.*
- *Only one of the three blower machines were functional hence the filters had to be washed manually.*

6.25. SIERRA LEONE STOCK EXCHANGE COMPANY – 2012-2014

6.25.1 Acting allowances not taxed

Tax of Le4,350,000 on acting allowance of Le14,500,000 paid to a staff whilst acting in the capacity as the Company's General Manager (GM) was neither deducted nor paid to the National Revenue Authority. It was recommended that the Finance Officer should ensure PAYE in respect of the acting allowances paid to the then acting General Manager be paid to the NRA and the receipt made available for review.

Official's Response

The GM stated that the tax of Le4,350,000 on acting allowance of Le14,500,000 paid to the staff was inadvertently not deducted nor paid over to NRA. In light of the above it was agreed at the exit meeting that an audit adjustment should be put through, and the amount of Le4,350,000 accounted for in the financial statements.

Auditor's Comment

PAYE adjustments had been made and the financial statements adjusted, but the payment to NRA had not been made. Therefore, the issue remains unresolved.

6.25.2 Long outstanding NASSIT obligations not paid

NASSIT obligations of Le25,840,000 had been outstanding for over four years in the Company's financial statements. It was recommended that the Finance Officer should promptly take the necessary action to settle these obligation and evidence submitted for audit verification within 30 days upon receipt of the report.

Official's Response

The GM said that the amount in question of Le25,840,000 was in respect of a former Director General of the Exchange which he added they proposed discussing with NRA. In the meantime, the liability will still be outstanding and unpaid in the financial statements.

Auditor's Comment

The NASSIT obligation had not been settled, therefore the issue remains unresolved.

6.25.3 Bank Confirmation Circularised Not Received

Bank balances totalling Le50,658,000 for 2012; Le495,804,000 for 2013 and Le128,632,000 for 2014 were sent to the bank for confirmation, but response so far had not been received. It was recommended that the Finance Officer should initiate actions to get the banks to respond to the circularisation and ASSL should be informed of such actions accordingly.

Official's Response

The GM stated that they had received assurances from the central bank that the required bank confirmations will be forwarded to ASSL immediately.

Auditor's Comment

ASSL had not received the bank confirmation from the Bank of Sierra Leone in respect of the bank balances for 2013 and 2014. Therefore, the issue remains unresolved.

6.25.4 Absence of Executive Management

It was observed that the general manager of the stock exchange company resigned more than three year ago and the Finance and Accounts Manager who also acted as the general manager resigned more than

one year ago. However, none of them were replaced. It was recommended that the Council of Members of the Stock Exchange Company should initiate actions to recruit executive management.

Official's Response

The GM stated that in view of the current financial constraints facing the exchange, they had been unable to recruit appropriate executive management staff.

Auditor's Comment

Management's comment noted therefore the issue will be followed up in future audit.

Refer to the Table of Common Issues (Page 294) for further observations.

6.25.5 Outstanding issues in Previous Year's Report

The following were observed:

- *Assets were physically verified. However, there were no set procedures for the management of assets in the form of a policy. It was further noted that some were not in good operational condition.*
- *There was no evidence of a budget that guides the activities of the Exchange for the period under review.*
- *There was no evidence of accounting manual in use by the Stock Exchange.*
- *There was lack of segregation of duty between the finance and the administrative/operational branch.*

6.26. PARLIAMENTARY SERVICE COMMISSION-2014

6.26.1 Long Outstanding Cheques

It was observed that in the bank reconciliation of Bank of Sierra Leone, there were long outstanding cheques valued at Le25,129,252 which had remained unpresented for over six months, and continued to reflect in subsequent bank reconciliation. It was recommended that management should endeavour to conduct a thorough investigation in order to resolve long outstanding items.

Official's Response

The Clerk of Parliament (CP) stated that ASSL's comments were noted on the findings in respect of long outstanding cheques amounting to Le25,129,252. He mentioned that those cheques remained outstanding because the central bank failed to take appropriate action at the time they were presented for payment. But as at the end of 2015, most of them were cleared and investigations were ongoing on the others that were still in suspense, he further stated.

Auditor's Comment

Copies of bank statements were produced that showed the clearance of three cheques valued at Le14,307,250 with two cheques that remained uncleared valued Le10,882,002. Therefore, the issue will be followed up in subsequent audits.

6.26.2 No Standard Imprest System

It was observed that Parliamentary Service Commission had no standard imprest system in place to handle petty cash transactions as large amounts of cash is withdrawn from bank for cash transactions. It was recommended that Clerk of Parliament should ensure that a standard Imprest system is developed and implemented to handle petty cash.

Official's Response

The CP in his reply said "We note your findings in respect of the non-availability of a Standard Imprest System. Please be informed that the draft Accounts and Finance Manual, which is at the Commission's discussion stage for approval that will allow its implementation fully, makes provision for the use of imprest and related transaction. A copy of the said document (i.e. Accounts and Finance Manual) will be provided for sighting."

Auditor's Comment

During the verification, a draft copy of the manual was submitted. The implementation of the standard imprest system will be followed up in the subsequent audit.

6.26.3 Internally Generated Payment Voucher

Payment vouchers prepared by the Commission were internally generated and were not sequentially numbered. It was recommended that the Clerk of Parliament should obtain a copy from the Accountant General Office.

Official's Response

The CP stated that action will be taken accordingly to ensure that all internally generated PVs were pre-numbered either manually or electronically.

Auditor's Comment

Management's explanation had been noted and will be followed up in subsequent audits.

6.26.4 Inappropriate filing of Document

It was observed that the procurement files were not in order. It was recommended that in future, management should ensure that documents and records are filed in appropriate order.

Official's Response

The CP in his reply said "We note your findings regarding the disorderliness of procurement files. Indeed, the files were not in order, but it was due to the nature of the office. The office was flooded, which affected all the documents and as a result some of the documents that were presented for auditing was placed under the sunlight for hours since all the documents were soaked. The attention of the Auditors was drawn to this mishap, which is due to the structural defects of Parliament Building. But promised to put the files in order for the next auditing."

Auditor's Comment

Management's explanation was noted. The issue will be followed up in subsequent audits

6.26.5 Local Purchase order not used

The Procurement Unit does not use local purchase orders (PLO) for the procuring of goods. It was recommended that the Commission should ensure that local purchase orders (PLO) are used for the procurement of goods.

Official's Response

The CP in his reply said "We note your findings regarding the point of not using LPO. The Procurement Unit uses request for quotation (RFQ) as one of Procurement methods. For PLOs, it is more often used by Department of Finance in most cases where payment is not immediately effected and it serves as collateral to the service provider that payment would be made in future. However, one of the signatories is the OIC/Procurement. We therefore assure you that necessary action will be taken to ensure that LPO will be used on all transactions that require the use of LPOs."

Auditor's Comment

Management's explanation was noted. The issue will be followed up in subsequent audits.

6.26.6 Damaged Roof of Office Building

The roof of the police post, printing section, the official report typing pool and the offices of the Editor of Debates leaked profusely thus making the offices not conducive for effective work. The windows in the entire west wing of the office building are damaged as result when it rains, the office leaks profusely.

It was recommended that the Ministry of works is adequately informed and asked to effect a repair of the windows.

Official's Response

The CP in his response said "We note your comment on this issue and hereby inform you that management has taken action to amend the identified leakages. Please note however that because of the age of the building these leakages are unavoidable. Kindly also note that the leakage is due to structural defeats, which is beyond management control."

Auditor's Comment

Management's explanation was noted. The issue will be followed up in subsequent audits.
Refer to the Table of Common Issues (Page 294) for further observations.

6.26.7 Outstanding issues in Previous Year's Report

The following were still pending:

- *The sum of Le23,295,702 was paid to seven staff members who had attained the statutory retirement age of 60 years and had no letters of extension of their contracts to justify their continued employment.*
- *Appointment letters for staff did not state the terms and conditions of their appointment.*
- *The accounting manual submitted by the Commission for audit inspection had not been approved by the Parliamentary Service Commission, hence the basis for the preparation of the financial statements could not be relied upon.*
- *An updated fixed assets register was not maintained by the Commission.*
- *Some assets were not marked with unique identification codes for ease of reference.*
- *The Commission did not have a loan policy.*

6.27. LAW REFORM COMMISSION – 2014-2015

6.27.1 Accounting Software not in Use

An accounting software was bought (QuickBooks) but was not in use in the office at the time of the audit. It was recommended that the Commission make use of the Quick Books software to expedite the release of important information to users.

Official's Response

The Commissioner stated that the commission was in the process of securing a server to host the Quick Books accounting software upon the receipt of the first (1st) half yearly allocation.

Auditor's Comment

Management response is noted and will be followed up during the next audit.

6.27.2 No Accounting and Procurement Policy

There was no accounting policy and no procurement plan/policy in the Commission that all could be relied upon for carrying out the business of the Commission. It was recommended that the preparation of an accounting policy and a procurement plan should be embarked upon immediately and strictly used for all accounting and procurement processes.

Official's Response

The Commissioner stated that the Commission was currently going through the Government Budgeting and Accounting Act in a bid to develop an accounting policy for the Commission.

Auditor's Comment

The response is noted and will be followed up in the next audit.
Refer to the Table of Common Issues (Page 294) for further observations.

6.28. NATIONAL YOUTH COMMISSION - 2014

6.28.1 Sitting Fees Paid to Absentee Board Members

A review of the Board minutes and attendance register of meetings held on 30th July 2014 and 23rd October 2014, revealed that the sum of Le4,000,000 was paid to the Board Chairman as sitting fees even though it was evident from the board minutes, that he was absent for those meetings. It was recommended that the Chairman should refund the amount of Le4,000,000 within 30 days of receipt of this report, and evidence of payment submitted to ASSL for verification.

Official's Response

The Commissioner stated that the queries were noted and promised he will ensure that in future, any anomaly would be corrected and payments made only to Board members that attend meetings.

Auditor's Comment

Documentary evidence was not submitted therefore, the issue remained the same.

6.28.2 Income Tax not deducted from Monthly Allowances of Board Members

Income tax deductions of Le7,200,000 were not made from the monthly allowances of Board members and paid to the NRA. It was recommended that in future, the Finance Manager should ensure that the regulations requiring the deduction of income taxes and the payment of such taxes to the NRA, were strictly adhered to. The Finance Manager should also retrieve the amounts from the allowances of Board members and pay such to the NRA, and evidence of payments submitted to the ASSL for verification.

Official's Response

The Commissioner stated that they had noted the queries, and would ensure that in future, deductions would be done accordingly.

Auditor's Comment

Documentary evidence was not submitted therefore, the issue remained unresolved.

6.29. CORPORATE AFFAIRS COMMISSION-2015

Refer to the Table of Common Issues (Page 294) for further observations.

6.30. PUBLIC SERVICE COMMISSION - 2014

6.30.1 Payment Voucher without Relevant Supporting Document

Certificate of work done was not submitted for vehicle maintenance, which cost Le10,164,750. It was recommended that the Finance Manager should ensure that the relevant supporting documents were produced to the auditors within 30 days upon receipt of the report otherwise; the said amount should be disallowed and surcharged.

Official's Response

The Chairman of the Commission stated that their understanding of the policy on vehicles maintenance was that work done should be certified by the Commissions Procurement Unit. He added that they had accordingly secured such certification which she said was available for verification He however said that from the audit exercise, it emerged that certification should

come from the Sierra Leone Road Safety Authority (SLRSA) and so would ensure full compliance with that policy in future.

Auditor's Comment

Certificates of work completed was presented for verification but was not certified by SLRTA. However, as management has promised to ensure full compliance in future. The issue will be followed up in subsequent audits.

6.30.2 Poor Records Management

The Commission did not have a records management office for the proper archiving of its records. It was recommended that the Chairman of the Commission should ensure that a records management unit is established within the Commission for the proper custody of its records.

Official's Response

The Chairman in his response said "The commission recognizes the importance of a record management unit for the proper management of records. A dedicated officer has been appointed to that effect and a records unit established in the Commissions organogram. The challenge of space within the current building has made it difficult to identify appropriate space for a separate records unit. However, the current building has been identified for demolition, to be replaced by a new modern purpose built complex. The new building, if constructed, would certainly have a separate records unit. In the meantime, the commission would endeavour to rationalize current space in the building and identify suitable space for a record unit."

Auditor's Comment

The Commission did not have a records management office for a proper archiving of it records, and does did not envisage having one pretty soon. Therefore, the issue remained unresolved.

6.30.3 Outstanding issues in Previous Year's Report

The fixed assets register was not updated with items such as office furniture, equipment and refrigerators that were purchased during the period under review, at the cost of Le55,656,625. It was also observed that these assets, were not taken to the stores allocated ledger before distribution, and were not uniquely coded.

6.31. SIERRA LEONE INSURANCE COMMISSION-2015

Refer to the Table of Common Issues (Page 294) for further observations.

6.32. POLITICAL PARTIES REGISTRATION COMMISSION-2015

6.32.1 Overpayment of DSA

It was observed that DSA paid to a staff amounting to Le9,745,000 was overstated by Le3,750,000 because it was for 15 days at Le400,000 per day. It was recommended that the overstated difference of Le3,750,000 be refunded if evidence for justification of the overpayment was not produced within 30 days of the submission of the report.

Official's Response

The Executive Secretary in his response said "Management of PPRC has noted the concerns raised by the audit team relating to the over payment of DSA to commissioner M.B. Williams amounting to Le3,750,000. Management wishes to draw the attention of Audit Service Sierra Leone to the fact that payment of the DSA was as a result of a Commission's decision in a meeting of 18th January 2012, in which it was decided that the DSA for the Chairman and Commissioners should be increase from Le400, 000 to Le 645,000 an equivalent of US\$150, to meet the high cost of living in the regions. Minutes of the Commission's meeting is hereby attached"

Auditor's Comment

Minutes of PPRC Commission meeting was submitted dated 18th January, 2012 in which it was decided that DSA should be increased to the equivalent of US\$150 per night. He however said that the decision contravened memorandum CP (2010) 27 on the review of Daily Subsistence Allowances (DSA) for international/external and local travel which requires that DSA for officers in Grade 14 upper was Le400,000 per night. Therefore, the issue remains unresolved.

6.32.2 Bank reconciliation not Reviewed

Bank reconciliations were not prepared and reviewed by separate individuals. It was recommended that bank reconciliation should be prepared for each month and approved by the Finance Manager.

Official's Response

The ES stated that management acknowledges and appreciates the concern raised by the auditors over this issue. He added that he would ensure that the recommendation was duly adhered to. He further noted that the recommendation had already been implemented.

Auditor Comment

The Commission response has been noted and will be kept in view for next subsequent audits.

6.32.3 Financial Statements Not Submitted by Political Parties

Five out of eleven registered political parties did not submit audited financial statements as required by section 20(2) of the PPRC Act 2002. It was further noted that financial statements provided for the year ended 31st December 2015, by the Alliance Democratic Party, Peace and Liberation Party and the People's Democratic Party were audited by Ramonic International Business Group Limited, a firm which was not registered with the Institute of Chartered Accountants of Sierra Leone in accordance with section 20(3) of the PPRC Act 2002. It was recommended that the Registrar should request the audit certificate of Ramonic International Business Group Limited from the concerned political parties, and forward the copies to the auditor not later than 30 days after receipt of the report.

Official's Response

The ES in his response said: "Management is aware of the statutory obligation of Political Parties and has noted the point raised by the audit team in respect of the five out of eleven political parties that have not submitted their audited financial statements to the Commission. The Commission has also written a letter to the defaulting parties with a deadline for the submission of their audited reports. The letter has been sent to the three political parties requesting for the audit certificate of Ramonic International Group Limited is hereby attached for audit verification."

Auditor's Comment

The Commission has written letters to five political parties requesting the submission of their audited financial statements, and to three other political parties requesting the submission of the audit certificate of Ramonic International Group Limited. However, during the audit verification exercise, documentary evidence was not made available to the audit team to confirm that the documents requested above were submitted to the Commission. Therefore, this issue remained unresolved.

6.32.4 Regional Offices Not Maintained by Political Parties

Some political parties did not have regional offices as required by the PPRC Act 2002. It was recommended that the Executive Secretary should ensure that political parties furnish the Commission with documentary evidence of the existence and location of their national and provincial offices for which they have paid rent for a period of not less than five years.

Official's Response

The ES said that the Commission had taken the recommended steps and will endeavour to address the audit query before the next audit.

Auditor's Comment

Letters have been sent to the political parties concerned requesting submission of the addresses of their regional offices. However, responses from those political parties were not made available to enable the audit team confirm the locations of those regional offices. Therefore, the issue was remained unresolved.

6.32.5 Outstanding issues in Previous Year's Report

There was no financial management manual for the period under review.

6.33. JUDICIARY AND LEGAL SERVICE COMMISSION-2015

6.33.1 Revenue Collected by the NRA and Paid into Transit Bank at SLCB but not Reflected in the CRF

The sum of Le539,946,680 was deposited into the transit bank account at the Sierra Leone Commercial bank by the NRA but could not be traced in the CRF account. It was recommended that the Commissioner for non-tax revenue should in collaboration with the Director of Banking at the Bank of Sierra Leone, provide documentary evidence to confirm that the said fund was paid into the CRF within 30 days of receipt of the report; otherwise, the fund would be considered misappropriated.

Official's Response

The Master and Registrar said that a letter had been written to the Director of banking at the Bank of Sierra Leone to confirm that the said fund was paid into the Consolidated Revenue Fund with documentary evidence available for verification.

Auditors Comment

During the verification exercise, a letter from the Master and Registrar to the Commissioner of NRA requesting the provision of documentary evidence as evidence of payment of the said fund for audit query was produced to auditors for verification. However, a document showing that the amount stated was actually paid into the Consolidated Revenue Fund was not made available for audit inspection. Therefore, this issue remained unresolved.

6.33.2 Inadequate Procurement Process

Splitting of contract was done for supplies from Mosaic Business Enterprises to the tune of Le63,123,700 which was above the Le60,000,000 threshold set by the Public Procurement Act 2004. It was therefore recommended that the Master and Registrar should provide documentary evidence to confirm that the above procurement Act was not disregarded; otherwise the said money should be refunded into the CRF.

Official's Response

The Master and Registrar said that the requests came at two different times.

Auditor Comment

Adequate response was not given on the issue of splitting of contracts therefore, this issue remained unresolved.

6.33.3 Poor Environmental Condition of the Department

The Commission's water supply and toilet facilities were largely dysfunctional. The garden around the court building was unsanitary with insects and rendering the environment not conducive for public use. It was recommended that the Master and Registrar should ensure that improvements are made to the water and sanitation facilities and the garden be disinfected and made more conducive for public use.

Official's Response

The Master and Registrar said that improvements had been done with all facilities departments and their environment given a facelift.

Auditor Comment

During the verification exercise, evidence like Committee's minute to show that the department had an audit committee was not submitted. However, it was observed that the environmental conditions had improved as there were new water tanks in the toilets and the garden was being mended. Therefore, the issue of poor toilet facility and unsanitary condition of the garden around the court was resolved while the issue of Audit Committee remained unresolved.

6.34. TERTIARY EDUCATION COMMISSION-2014

6.34.1 Expenditure Issues

The budget estimates and strategic plan 2014 - 2016 provided to the auditors were not signed and approved by the Commission. It was recommended that the annual budget should be signed and approved by the Commission at all times.

Official's Response

The Executive Secretary stated that approval of the above document was given by the Ministry of Finance and Economic Development based on how realistic the budget was that was presented at the Annual Budget Hearing with other stakeholders in the country. He however mentioned that before that presentation, the budget estimate and strategic plan for the period was discussed and agreed upon by the Commission.

Auditor's Comment

The issue remained unresolved.

6.34.2 Lack of Capacity Building

It was observed that management had not been embanking on capacity building for its staff. It was recommended that all efforts should be made to strengthen staff capacity.

Official's Response

The ES stated that efforts were being made to provide training for staff as a number of them had undergone further training in recent times. He said that management noted the observation and will take necessary action.

Auditor's Comment

Capacity building remains an issue in the Commission.

6.34.3 Assets Uninsured

The organisation's property, plant and equipment, were not insured. It was recommended that immediate action should be taken to insure all assets.

Official's Response

The ES noted that the financial records of the Commission showed that there was an operating lease agreement for the property occupied by the Commission. Therefore, the owner of the building had the responsibility to insure the building and not the Commission. He however said that with regards property, plants and equipment contained in the secretariat, the Commission was working towards insuring all those items.

Auditor's Comment

The insurance regarding the building had been resolved, but nothing had been done in respect of insuring property, plant and equipment.

6.34.4 Unjustified Expenditure Increase

We noted the increase in the cost of recharging mobile phones and fuel to staff for three consecutive times within the year under review, with no minute to the effect. It was recommended that all increase in staff benefits should be approved by senior management and minutes to that effect should be kept.

Official's Response

The ES in his response said: "Based on the financial records, it is clear that since the government took over staff obligations, allowances had changed proportionally in line with the increase in basic salaries. The addition of two new staff also increased the fuel and mobile phone recharge allowance for the period under review. It was clear that full budget provisions were made for these allowances and they were captured as staff entitlement on the commencement of appointment. The observation raised on the issue of management minute is taken into consideration and will be acted upon."

Auditor's Comment

The issue was still pending with regards management minutes.

6.35. MILTON MARGAI COLLEGE OF EDUCATION AND TECHNOLOGY-2013

6.35.1 Receivables

It was noted that there were some staff whose loans had not been deducted from their salaries. This amounted to Le28,229,425. It was recommended that management should explain the reason for the non-repayment of the loan due the College.

Official's Response

The Principal stated that management will take necessary action to deduct the various amounts from the concerned members of staff salaries accordingly.

Auditor's Comment

The issue remains unresolved.

6.35.2 Assets Purchased without Supporting Documents

Furniture, fittings and equipment procured in 2013 to the tune of Le107,155,800 did not have vouchers and other supporting documentation.

Official's Response

The Principal stated that vouchers and supporting documents were missing in respect of some internship students who were with the College during that period. He however mentioned that management would take necessary action to make the supporting documents available for audit verification. The payment voucher and supporting document in respect of the final phase payment for the pre-fabricated building were now available for verification, he further added.

Auditor's Comment

The issues remain unresolved.

6.35.3 Physical Inspection of Assets

The auditors were unable to carry out physical inspection of fixed assets bought in the financial year amounting to Le14,039,000 because, the Estate Officer in charge of the assets said he was not aware of those assets bought in 2013. There was also no fixed assets register to verify previous assets, and property titles, deeds and vehicle registration documents were not made available to the auditors for review. It was recommended that management should prepare an asset register for the recording of all assets owned by the College and the title deed of the building should be produced for inspection by the auditors.

6.35.4 No Accounting Manual

There was no accounting manual or procedural guideline in place. It was recommended that the College should prepare an accounting manual appropriate for the institution which should be approved by management.

Official's Response

The Principal stated that plans were in progress to prepare an accounting manual.

Auditor's Comment

Management's comment noted. The issue will be followed up in subsequent audits.

6.35.5 No Payable List or Supporting Documents

The auditors requested payable lists and supporting documentation that were not made available for review. Therefore, the auditors could not rely on the figures in the balance sheet. It was recommended that management should make available schedules in support of the balance sheet figures.

Official's Response

The Principal in his reply said "the present management received this amount as a brought forward figure from the previous Management. However, the present management is following up on the issue to know what constitutes the said amount."

Auditor's Comment

Management's comment noted. The issue will be followed up in subsequent audits.

6.35.6 Non- Reconciliation of Bank Slips and Receipt Books

The bank slips and receipt books could not be reconciled with the figures amounting to Le2, 278,641,105 for 2013 for the three campuses. It was recommended that the receipt books and the bank slips for the three campuses should be made available to the auditors.

Official's Response

The Principal said that the reason why the figure on the bank slips was not reconciled with the receipt books, was as a result of some receipt books and bank slips that were destroyed in the Finance Office by the rain.

Auditor's Comment

The issue will be followed up in subsequent audits. The issue therefore remains unresolved

6.36. MILTON MARGAI COLLEGE OF EDUCATION AND TECHNOLOGY-2014

6.36.1 Rent Prepaid

There were no supporting documents for rent prepaid. It was recommended that the supporting documents should be made available to the auditors as evidence of the rent prepaid.

Official's Response

The Principal said that staff paid were no longer with the College and Management had been making several calls to retrieve the supporting document but to no avail. He however noted that management was still making effort to retrieve the said supporting document.

Auditor's Comment

The recommendation was not acted upon. Therefore, the issue remains unresolved.

6.36.2 Bank Balances and Cash

A good number of bank reconciliation statements were done in pencil and were not reviewed and approved by the appropriate authority. There were also no supporting schedules for the cash in hand, and no evidence of a cash count at the end of the financial year. It was recommended that the Principal should provide the auditors with bank reconciliation statements for the following accounts: Acc. nos. 106204 and 101762 and evidence of the cash count. It was also recommended that bank reconciliations should be done on a monthly basis and evidence to ensure that it was checked by the appropriate authority retained for audit purposes.

Official's Response

The Principal stated that the management had implemented a policy that says all payments of fees and staff salaries should be made into the college bank account. He added all reconciliations have been done in print for audit verification

Auditor's Comment

The issue will be followed up in subsequent audits.

6.36.3 Disposal of Assets

The following assets were disposed of but were not accounted for in the financial statement and the supporting documents for the disposal were not made available to ASSL for our review:

(a)	Mercedes Mini Bus	AAG 096
(b)	Toyota Mini bus	AAN 764
(c)	Hyundai Mini Bus	ACQ 335
(d)	Toyota 4 Runner	ACQ 336
(e)	Peugeot Saloon Car	AAI 648 (Brookfields Campus)
(f)	Mission Vanette	ABQ 128 (Congo Cross Campus)
(g)	Suzuki Jeep	AED 581

A fixed asset register was not produced for inspection and therefore the auditors were unable to carry out physical inspection of fixed assets purchased between January and September 2014. It was recommended that the assets that had been disposed of should be accounted for in the financial statement. In addition, an assets register should be set up immediately.

Official's Response

The Principal noted that the present Management could not produce the relevant supporting documents in respect of the disposal because the process was out sourced as was stated by the previous Management.

Auditor's Comment

Management's comment noted. The issue will be followed up in subsequent audits.

6.36.4 Payables without Supporting Documents

Supporting documents were not available for the following for the seven months January through August

6.36.5 NASSIT Transactions Not Backed by Supporting Documents

Supporting documentation was not available for the following months the seven months January through August:

Supporting documents were not available for the following:

- Payroll deductions amounting to Le25, 266,008.
- An amount of Le29, 000,000 owed to Isha Khan Enterprise for November 2014.
- A write back of the previous year's provision amounting to Le50, 256,135.

It was recommended that all supporting documents should be made available to the auditors for confirmation.

Official's Response

The Principal in his reply said "The supporting documents in respect of PAYE were missing as a result of the transfer of the Finance Officer. However, the supporting documents are not available for your verification. The NASSIT supporting documents were in the office of the Internal Auditor for verification. Management has now made them available for your verification. The supporting documents in respect of the payroll deductions were with the accounting firm which prepared the account (David Bertin) since the preparation of the Financial Statement was out sourced to them. However, the said supporting documents are now available for your verification. The supporting documents in respect of payments made to Isha Khan Enterprise were misplaced as a result of the transfer of the Finance Office. However, the said supporting documents are now available for your verification. The write back was a provision made by the accounting firm which prepared the account using their expertise to prepare it."

Auditor's Comment

Management's comment noted. The issue will be followed up in subsequent audits.

6.36.6 Unreliable Income

The auditors could not rely on the amount of Le1,414,669,050 for the three campuses for 2014 as bank slips and receipt books could not be reconciled with the figures posted in the cash book. It was therefore recommended that the receipt books and the bank slips should be made available to the auditors for the three campuses within 30 days of receipt of the report.

Official's Response

The Principal mentioned that the reason for this was that some receipt books and bank slips were destroyed by the rain in the Finance Office.

Auditor's Comment

Management's comment noted. The issue will be followed up in subsequent audits.

6.36.7 Payroll

Thirty-three salary vouchers for senior, intermediate and junior staff at the Goderich, Congo Cross and Brook fields campuses were not made available for audit inspection for the 2014 financial year. In addition, personnel files were not updated. Even though the college made increases in salaries, the basis

of the increase could not be traced in the files. Furthermore, benefit paid to the former Principal was not seen in his file. It was recommended that salary vouchers should be made available to the auditors for verification and that the personnel files be updated immediately.

Refer to the Table of Common Issues (Page 294) for further observations.

6.37. SIERRA LEONE LIBRARY BOARD-2014

6.37.1 Property Title Deed

The property title deed for the head office building at Rokel Street was not made available to the auditors for inspection. It was recommended that management should ensure that they obtain the title deed for the building as soon as possible, and make it available to the auditors for inspection.

Official's Response

The Chief Librarian stated that the document relating to the title deed for the headquarter building at Rokel Street in Freetown, like all other government libraries nationwide, are in the custody of the Government of Sierra Leone.

Auditor's Comment

This matter is pending as management is expected to have copies in file as proof of ownership.

6.37.2 Inadequate Payroll Information

It was observed that employees' basic salaries and allowances were not indicated in their contract letters. It was recommended that management should make sure that employee' basic salaries and allowances are included in their contract letters.

Official's Response

The Chief Librarian stated that all employees' contract letters contain their basic salaries and allowances. He added that the present payroll voucher amount could not reflect the contract letter due to increase in salaries, movement in point, grades or maximum wage increment.

Auditor's Comment

This will be reviewed in future audit exercise to ensure that staff were properly notified in writing, of any increment in salary, and that internal control procedures were complied with.

6.38. EASTERN POLYTECHNIC-2015

6.38.1 Procurement Procedures Not Followed

The minimum three requests for quotations (RFQs) were not obtained from suppliers for the supply of goods totalling Le62,407,000. It was recommended that the Principal should ensure that the above documents were provided within 30 days of receipt of the report, and that the public procurement rules and regulations are strictly adhered to.

Official's Response

The Principal stated that the necessary documents were now available for verification.

Auditor's Comment

Our recommendations were partially implemented. Three requests for quotations were produced for procurements amounting to Le44,595,680 with an outstanding amount of Le17,812,000.

6.38.2 Inadequate Controls of the Management of Stores

Delivery notes/way bills to justify 285 quantities of assorted building materials received by the Eastern Polytechnic general store, were not submitted for inspection, and store issue vouchers for 338 assorted store items issued to various departments, were not presented for audit. It was recommended that the Principal should ensure delivery notes were obtained for all items received through the store, and that vouchers were prepared for all movement of items from the stores to the various departments.

Official's Response

The Principal mentioned that the documents were not located during the audit. However, they were now available for verification.

Auditor's Comment

Our recommendations were partly implemented. Delivery notes were produced during the verification exercise. However, the store issue vouchers were not produced during the verification exercise.

6.38.3 Inadequate Environmental and Library Facilities

A review of staff profiles revealed that seven (7) staff were in active service despite the fact that they had attained the mandatory retirement age of sixty (60) and sixty-five (65). It was recommended that the Principal should ensure that all staff due retirement is retired with immediate effect.

Official's Response

The principal said that all affected staff will be retired at the end of December, 2016, and that a warning has been given to all affected staff.

Auditor's Comment

Our recommendation was not implemented as the identified staff had not been retired.

Refer to the Table of Common Issues (Page 294) for further observations.

6.39. NATIONAL COMMISSION FOR SOCIAL ACTION(LABOUR INTENSIVE PUBLIC WORKS)-2015

6.39.1 Unretired Advances

Retirement details for advances of \$84,245 given to the COC in respect of material and labour were not submitted to substantiate the utilisation of funds. It was recommended that the Project Coordinator should ensure that strict timelines were set for the liquidation of advances. In addition, he should ensure that the necessary retirement details in support of the expended amount were submitted for verification and in future, all transactions from inception to completion should be supported by the relevant documentary evidence which should be retained for audit purposes.

Official's Response

The Project Coordinator in his response said "Retirement of advances is currently being fast tracked from the regional officers. The 5% retention was held to ensure all advances are accounted for including the project completion report before payment. COC's owed several months of wages held on to returns but wages were paid recently and returns are now coming in. Few returns from 14 COCs have been received from Kono today."

Auditor Comment

Management's response was noted. However, the issue will be followed up during the next audit.

6.40. SIERRA LEONE BIODIVERSITY CONSERVATION PROJECT-2015

6.40.1 Evidence of Delivery, Installation of Solar Systems and Accessories for Training Not Submitted

The project procured solar systems and accessories including installations for its administrative buildings at Outamba, Loma mountain and Kangari hills non-hunting forest, and for the training of personnel in the operation of the solar systems and its accessories at a cost of Le312,860,000. Evidence of delivery, installation and training of personnel were however not submitted for audit inspection. It was recommended that the Project Manager should provide explanation why goods and services paid for were not delivered. The money paid should also be recovered and evidence of recovery submitted for audit inspection.

Official's Response

No management response received.

Auditor's Comment

Management did not respond to this issue, and supporting documents were not submitted for audit verification to prove that the solar panels and accessories were delivered and installed. Therefore, the issue remains unresolved.

6.40.2 Long Reconciling Items in the Bank Reconciliation Statement

From our review of the project's bank reconciliation statements, long reconciling items were observed in respect of the following SLBCP bank accounts:

Imprest Le720,000
Special account US\$11.91
 (US\$9.78)
GoSL counterpart Le3,600,000

It was recommended that the Financial Management Specialist should investigate the reason for those long reconciling items and reconciling items should be cleared and recorded in the appropriate cashbook. Furthermore, the journals created to reverse the transactions should be submitted for audit inspection.

Official's Response

No management response received.

Auditor's Comment

Management did not respond to this query and no evidence was submitted to indicate that the recommendation was implemented. Therefore, the issue remains unresolved.

Refer to the Table of Common Issues (Page 295) for further observations.

6.40.3 Outstanding issues in Previous Year's Report

Withholding taxes of Le223,232,771 and Le10,841,262 for expenditure relating to operating costs and the Makeni imprest account respectively were not deducted from payments made to various suppliers and paid over to the National Revenue Authority.

6.41. SIERRA LEONE WETLANDS CONSERVATION PROJECT-2015

6.41.1 Fixed Assets Register Not Maintained; and Fixed Assets Not Transferred to the Ministry of Agriculture, Forestry and Food Security After Closure of Project.

The Sierra Leone Wetlands Conservation Project (SLWCP) ended on 1st December 2015. During the active phase of the project, fixed assets such as motor vehicles, motorbikes, office furniture & fittings and office equipment were procured and used by project staff. It was expected that after SLWCP's closure, efforts should have been made to hand over the fixed assets of the projects to the Ministry of Agriculture, Forestry and Food Security (MAFFS). However, a comprehensive fixed asset register for SLWCP was not submitted for audit inspection, and efforts were not made to hand over the project's assets to MAFFS. It was recommended that the project manager should submit an updated fixed asset register for audit inspection. Additionally, evidence of efforts made to handover the project's fixed assets to MAFFS should be submitted for audit inspection.

Official's Response

No management's response was received.

Auditor's Comment

Evidence of transfer of assets to the Ministry of Agriculture, Forestry and Food Security was not submitted for audit verification, and management did not respond to this issue.

6.41.2 Outstanding issues in Previous Year's Report

Withholding taxes of Le112,531,002 for expenditure relating to operating cost were not deducted and paid over to the National Revenue Authority (NRA), in respect of payments made to various suppliers.

6.42. REVITALIZING EDUCATION DEVELOPMENT PROJECT (REDISL) 2014-2015

6.42.1 Virement of Funds without Appropriate Approval

Review of project documents revealed that, there was an approved budget line of Le532,000,000 in respect of "lubricants for trucks" for the distribution of hygiene and school materials from Freetown to the districts. The National Electoral Commission that implemented the activity informed the Ministry of Education that only the sum of Le14,000,000 would be required for lubricants. As such, the Commission requested for virement of Le368,850,000 and later an additional Le180,000,000. The Ministry of Education gave approval for such virement without seeking concurrent approval from the World Bank. In addition, the amount for which the Ministry of Education gave approval for virement exceeded the original budget for lubricants by Le16,850,000. It was recommended that the Permanent Secretary of the Ministry of Education, should provide the World Bank approval for virement of the expenditure in question within 30 days of receipt of this report.

Official's Response

The Project Coordinator stated that they will contract the World Bank Task Team Leader for the Revitalizing Education Development in Sierra Leone (REDiSL) Project for issuance of a 'no objection' to MEST for the virement.

Auditor's Comment

ASSL is of the view that the 'No objection' should have been obtained before the activity was undertaken. Therefore, the issue remains unresolved.

6.42.2 Payment vouchers not used in processing payments

Standard payments vouchers with pre-printed serial numbers were not used in the processing of payments by the project. It was recommended that the Project Coordinator should ensure that the use of payment vouchers was immediately instituted.

Official's Response

The Project Coordinator stated in his reply that "Payment vouchers were not used in the disbursement of funds because we thought that the request for payment prepared by the secretariat which also serves as a cheque would serve this purpose. What obtains is that, whenever funds are required for implementation, a request is raised by the beneficiary and approved by the appropriate authorities, before submission to the finance unit for processing. Once processed, it is sent to the project coordinator for onward submission to the authorized signatories for endorsement, after which the payment is recorded in a cheque way register before being handed over to the recipient, who signs in the voucher before receipt. However, we will note your comments for future disbursements."

Auditor Comment

Management's response was noted. However, the issue will be followed up during the next audit.

6.42.3 No Vehicle Log Book

Vehicle log books were not maintained for recording the movement of vehicles. As a result, the audit team was unable to substantiate how Le72,790,890 worth of fuel was consumed during the year under review. It was recommended that the Project Coordinator should ensure there a policy was put in place for the acquisition and use of fuel.

Official's Response

The Project Coordinator stated that they will discuss the issue with the ministry to see how best they can produce one for the project.

Auditor Comment

Management's response was noted. However, the issue will be followed up during the next audit.

6.42.4 Withholding Taxes Not Deducted and Paid to the National Revenue Authority

We observed that the Project did not deduct withhold taxes from amounts due suppliers and contractors and pay them to the National Revenue Authority. It was recommended that in future, the Project Coordinator should ensure that withholding taxes are deducted from all payments to suppliers above Le500,000 and paid over to the National Revenue Authority.

Official's Response

The Project Coordinator in his response said "Withholding taxes were not deducted during the period under review simply because the concept was misunderstood. Most suppliers raised concern that withholding taxes were not deducted by other World Bank and ADB projects. We however note your comments, as the concern was also raised/observed by the World Bank Country Financial Management specialist during the bank's FM review. After receipt of your comments and advice, we have effectively begun deducting withholding taxes from supplier invoices for recent transactions, which you can verify."

Auditor's Comment

Management's response is noted. The auditors were however not provided with documentary evidence to confirm that the Project had begun deducting withholding taxes. Therefore, the issue remains unresolved.

6.43. ENHANCED INTEGRATED FRAMEWORK - 2015

6.43.1 Outstanding issues in Previous Year's Report

There had been no statutory deduction of withholding tax for a number of payments made locally.

6.44. WEST AFRICA REGIONAL COMMUNICATIONS INFRASTRUCTURE PROGRAMME -2014

6.44.1 Approved Annual Work Plan and Budget not Submitted

An approved annual work plan and budget as per the Project Implementation Manual for 2014 fiscal year was not submitted for audit inspection. It was recommended that the Project Coordinator should submit the annual work plan and budget for audit verification within 30 days of receipt of the report. The Project Coordinator should also ensure that in future, all necessary documents are maintained in respect of the project's activities.

Official's Response

The Project Coordinator in his response said "In accordance with the Project Financing Agreement between the Government of Sierra Leone and the World Bank a Project Mid-Term Review (MTR) was conducted from 2nd to 13th December 2013. The recommendations contained therein included a proposed update of the project's work and procurement plans for the entire duration of the project, as had been detailed in Annex2: Work Plan 2011-2014 in the [PIM] Project Implementation Manual [Pages 128 to 151] and [Pages 155 to 160]. The shifting of budget positions necessitates an update of the procurement plan. Unfortunately, before the validation of the MTR, the World Bank suspended the project on the 25th of February 2014. While the PIU anticipated for an immediate lifting of the suspension, it carried on at the minimum with individual shopping activities below the US\$75,000 threshold as scheduled in the Project Appraisal Document [PAD page 44] which required no prior-review; rather post review. When the suspension lasted beyond one month all implementation activities with procurement implications were stopped (after March till date January 2016). While anticipating a resumption of implementation activities, as evidenced in a thread of mails between the PIU, the MoIC and the World Bank, the PIU is emphasising on the urgency of validating the MTR and subsequent update of both the work and procurement plans as the first step after the lifting of the suspension. In short the procurement activities carried out between January 1, 2014 to March 31, 2014 were guided by 1) the Project Implementation Manual, 2) Project Appraisal Document, and 3) Financing Agreement (the provision for the MTR)."

Auditor's Comment

Management's response was noted. However, there was evidence of operational activities being conducted for the period January 1, 2014 to March 31, 2014 and according to the Project Implementation Manual, the annual work plan and budget should be updated annually and presented to the World Bank for approval. This was not done for the 2014 fiscal year; therefore, the issue remains unresolved.

6.44.2 No Procurement Plan for 2014 Submitted for Audit Inspection

It was noted that the procurement plan for 2014 was not submitted for audit inspection. It was recommended that the Procurement Manager should submit the approved procurement plan for 2014 for audit inspection within 30 days of receipt of the management letter. The Procurement Manager should also ensure that in future, adequate supporting documents should be maintained for all activities undertaken by the project.

Official's Response

Same response as above

Auditor's Comment

The procurement plan for 2014 was not submitted during the verification process therefore, the issue still stands.

6.44.3 Outstanding issues in Previous Year's Report

There were control weaknesses in the processing and recording of financial transactions. In addition, adequate segregation of duties did not exist from initiation stage through authorisation, disbursement and recording functions. Furthermore, the Financial Management Specialist carried out all those operations alone from inception to conclusion.

The Internal Audit Department of the MOIC charged with the responsibility to review the internal controls systems, the overall operations and compliance with the agreement of the project did not conduct any work on the project during the period under review.

6.45. REHABILITATION AND COMMUNITY-BASED POVERTY REDUCTION PROJECT-2015

6.45.1 Income Not Restricted to Project Activities

The sum of US\$120,000 was transferred from the project account to the Rural Finance and Community Improvement Project. This contravened the PFA that prevents inter-fund activities. It was recommended that the project be implemented in accordance with the Project Financing Agreement, Annual Work Plan and Budget and any other loan document in order to ensure the sustainability of its achievements over time.

Official's Response

The Project Coordinator (PC) in his response said "We are fully aware of the fact that inter fund are not permissible but the delay in completing one replenishment circle and the pressure of implementation of our annual work plans warrants such mingling. Similar comment was express by Finance Department of IFAD and recommended we seize all co-mingling by end December 2015. To prevent this situation the initial deposit of the RFCIP was increased from US\$2.0M to USD2.50M. The amount in question was settled by the end of the financial year (December 2015)."

Auditor's Comment

Management's response was noted and the issue still remains unresolved. However, management's commitment to stop inter-funding will be followed up.

6.45.2 Procurement not in the Procurement Plan

IFAD Financial and Administrative Procedure Manual Section 255 states: "The procurement plan is updated by the Senior Procurement Officer (SPO) at the end of each quarter to reflect the status of project implementation and any proposed changes in the work plan. When there are changes, the updated plan is re-submitted for the approval of the Procurement Committee, as well as to IFAD for no objection". From a sample of procurement examined, it was however observed that procurement worth US\$59,839 undertaken by the project was neither in the approved procurement plan, nor was concurrence sought from IFAD. It was recommended that the Senior Procurement Officer should provide adequate documentary evidence to justify why procurement worth US\$59,839 was done outside the procurement plan and in future, ensure the dictates of the Financial and Administrative Procedural Manual are followed to the letter.

Official's Response

The PC in his response said "According to IFAD procurement guidelines not all expenditure is incorporated into the procurement plan. For example, the transportation of fabricated furniture for ward offices. The procurement of that furniture

was included in the procurement plan and not the transport cost. In addition, the transportation of furniture was included in the AWPB. The supply of stationery, laptops for Me&E and a surge protector for DPCU Bo and NPCU respectively were charged to operations and maintenance because they were not anticipated.”

Auditor’s Comment

Management comments were noted, however, the other items which included the supply of stationery, laptops and a surge protector for the DPCU Bo and NPCU should have been updated in the procurement plan, and re-submitted for approval to the Procurement Committee as well as to IFAD for a ‘no objection’. Therefore, the issue is partly resolved.

6.45.3 Uncompleted Feeder Road Contracts

In May 2014, a contract was signed between the Project and MKD Jazz Distribution and Construction Company for the rehabilitation of Makakura-Alikalia-Yinfin feeder road Km+000-50+000 and Makakura-Alikalia-Yinfin feeder road Km+000-75+500 in the Koinadugu District for a contract cost of Le1,055,600,000 and Le1,122,599,150 respectively. Those contracts were to be executed within six months from the date of signing the contracts. The following issues were observed:

- The contracts had not been completed two years after they were entered into.
- Due to the long delay in executing both contracts, they were terminated in April 2016. It was however noted that before the termination of the contracts, the projects had made more payments than the work performed by the contractor i.e. 55% of works had been executed out of a total payment of 75% for Km25 +000-50+000; and 50% of works had been executed for a total payment of 80% for Km50+000-74+500.
- A performance bond guarantee was not obtained from the contractor.

It was recommended that the Acting Financial Controller should provide adequate justification why payments made exceeded the work done on the construction of the Makura-Alkalia-Yinfin feeder roads, and why the contract was implemented without a performance bond.

The Project Coordinator should explain how he intends to complete the aforementioned contracts and he should recover the excess amounts from the contractors in the absence of a performance bond.

Official’s Response

The PC in his response stated that management noted that the measurement stated in the findings was for 25.00km and 24.5km, instead of 50km and 50km respectively. He added that the payment to the contractor coincided with the Ebola outbreak, which greatly affected the pace of the work. He however said that work was in progress at the time of termination and that occasioned the payment that was made. The contract was terminated to speedily complete the work he added. He noted that at the time of termination, work was ongoing but due to its slow pace management thought it fit for the contract to be terminated. He affirmed that a performance bond template was not provided in the standard bidding documents for works. It was recommended by the November 2015 supervision mission that a template should be adopted for the initiation of future procurement bidding documents.

Auditor’s Comment

Management did not show any action plan for the way forward concerning the terminated contract, therefore the issue remained unresolved.

6.45.4 Rehabilitation of Feeder Roads

In December 2015, 28 contracts were signed for the rehabilitation of feeder roads which should have been completed in May 2016. The following were however observed:

- During the audit verification, it was realised that 27 of the 28 contracts had not been completed. We further noted that there was no work going on at all the sites visited even though the contracts were due to be completed by 30th May, 2016.
- The rainy season has started and the rains are having an adverse effect on most of the uncompleted roads; it will be very difficult or impossible to carry out rehabilitation work on the roads during the rains.
- Monitoring and supervision of the feeder roads were lacking.

It was recommended that the project team take the necessary steps to ensure that with immediate effect, the contractors resume work in a bid to complete the contracts otherwise, their contract should be terminated. In future, non-performing contractors should not be awarded contracts by the project. It was further recommended that effective monitoring and supervision should be carried out on a regular basis and prompt action taken on contractors that were behind schedule by the district engineers.

Official's Response

The PC said that management can confirm that most of the roads were on average 90% completed. He added that they always allowed rehabilitation work to go through one rainy season, (six months) to measure the extent of defect, and provide remedies. He said, however, that all work will be completed and handed over to the district council on or before November 2016.

Auditor's Comment

Management's response was noted. However, the issue still remains unresolved and will be followed up in subsequent audits.

6.45.5 Construction of Ward Offices

In February 2015, contracts worth Le3,016,381,103 were awarded to various contractors for the construction of ward offices in Pujehun, Moyamba, Bonthe and Bo districts which were to be completed in June 2015. However, during field visits to ascertain the level of work carried out, it was observed that the contractors had abandoned the sites. Of grave concern was the fact that performance securities were not submitted for all the contracts.

It was also noted that six ward offices in Pujehun, six ward offices in Moyamba and three ward offices in Bonthe were yet to be completed by the contractors; even though the completion date expired in June 2015. It was further observed that completion certificates were not issued to the contractors for ward offices that had been completed.

It was recommended that in future, the project should request performance securities from contractors and suppliers before contracts are awarded to them. The project team should also take the necessary steps to ensure that with immediate effect, the contractors resume work in a bid to complete the contracts; otherwise their contract should be terminated.

In future, non-performing contractors should not be awarded contracts by the project. The Project Engineer should submit the completion certificate in respect of the ward offices constructed for audit inspection and effective monitoring. Furthermore, supervision should be carried out on a regular basis, and prompt action taken against contractors that were behind schedule by the district engineers.

Official's Response

The PC stated that management will confirm that the construction work was 95% and 85% completed for ward offices in Bo and Pujehun District respectively, whereas in Moyamba and Bonthe, they were at 80% completion. He mentioned that

the Ebola outbreak slowed down the work on those sites. He however said that management will ensure that completion certificates were issued for all completed structures and to this end, he has therefore summoned meetings with all the engineers in a bid to get them submit regular updates of construction work ongoing in the fields.

Auditor's Comment

Management's response has been noted. However, the issue still stands and will be followed up in subsequent audits.

6.45.6 Long Outstanding Reconciling Items

A review of the bank reconciliation statement revealed that long outstanding reconciling items were still visible in the bank reconciliation statement. It was recommended that the reconciling items should be investigated and the necessary action taken to resolve them.

Official's Response

The PC said that management would look into those long outstanding transactions and ensure they are cleared from the reconciliation statements by end August 2016. He added that letters had been sent to the banks to look into outstanding transactions from the bank's end.

Auditor's Comment

The outstanding reconciling items were still not cleared in the bank reconciliation statement, though a copy of the letter sent to the bank was submitted during the verification, the issue therefore remained unresolved.

6.45.7 Sale of Fertilizer

From our verification of fertilizer sales in Kono, 41 bags NPK 15 and 78 bags Urea costing Le4,920,000 and Le9,360,000 respectively were unaccounted for by the DPCU in Kono. It was recommended that missing fertilizers in the Kono DPCU should be properly accounted for; otherwise, the entire amount will be declared ineligible.

Official's Response

The PC stated that necessary documentation was available for verification.

Auditor's Comment

During the verification, management submitted a repayment plan for the unaccounted fertilizers for the DPCU in Kono. The issue however still stands and will be kept in view for the next audit.

6.45.8 Proceeds and Withdrawals from the Guest House Accounts Not Disclosed in the Financial Statement

Audit procedures revealed that the NPCU was operating a guest house. The auditors were informed by the project team that this facility was handed over to them by the World Food Programme. It was however observed that proceeds totalling Le4,446,352 and US\$10,895; and withdrawals totalling Le50,000,000 and US\$11,500 from the guest house accounts were not included in the financial statements of the project. In addition, activities of this establishment were not reported to any other government institution for accountability purpose. There was no segregation of duties in the running of the guesthouse as the Administrative Assistant was responsible for receiving guests, preparing receipts, receiving payments and depositing payments into the guesthouse account in the bank. It was therefore recommended that these proceeds and withdrawals should be disclosed in the financial statements and responsibilities for the running of the guesthouse assigned to different staff.

Official's Response

The PC stated that the guest house was not the property of IFAD or WFP but was constructed by the UNHCR, used as an office, and later handed over to the WFP. He mentioned that when the WFP withdrew from Kailahun district, the compound was handed over to the NPCU, which had been paying about US\$8,400 as annual rent for one of the buildings within the compound. He said with the current funds raised from the guest house, the NPCU was able to construct two quarters for the heads of DPCU's in Kailahun and Kono District. Since 2012, the NPCU had not paid office rent for office space in Kailahun District, hence saving up to US\$33,600. He concluded.

Auditor's Comment

The auditors noted management's comments, however the matter will only be resolved if NPCU institutes a reporting mechanism to ensure that the activities of the guest house are disclosed to the appropriate authority.

6.45.9 Withholding Taxes Not Deducted and Paid to NRA

Withholding taxes in respect of staff and consultant's salaries, operating cost and contracts awards which amounted to US\$34,261; US\$9,143 and Le530,171,956 respectively, were not deducted and paid over to the National Revenue Authority. It was recommended that the Acting Financial Controller should ensure that all payments above Le500,000 must attract a withholding tax deduction of 5%; which should be deducted and paid over to the NRA.

Official's Response

The PC in his response said "Management was of the opinion that is stated in section 11.02 of the IFAD general condition, which states "...if the fund determines at any time that any amount of loan proceeds have been used to pay taxes, it may require the borrower, by written notice, to refund such amount promptly to the fund. Upon..." Because of this statement, payments made to NRA in 2007 were refunded to employees. However, management has taken action by effecting this deduction from employees and consultant from the month of May 2016. Letters are being sent to respective contractors and suppliers for the payment of the 5% withholding tax and payment will be made to the NRA. Henceforth, management will ensure deduction of withholding tax as this has been clarify with IFAD Finance Office."

Auditor's Comment

Evidence that management had started deducting withholding taxes from employees was submitted and verified by the audit team, the issue will be kept in view for next audit.

6.45.10 Long Outstanding Payables

The amount showed as payables in the financial statement included long outstanding debts of \$12,501 and \$30,114 owed to SCPGASP and ASREP respectively. It is worth noting that ASREP was completed in 2013, yet this amount was not paid and was still being reported in the financial statements of the project. It was recommended that the financial controller should ensure that these figures were investigated and the necessary adjustments made in the financial statement.

Official's Response

The PC said that management would look into those figures and the necessary adjustment would be made in the financial statements, but he recommends that the amount be written off.

Auditor's Comment

The long outstanding payables were still not written off; therefore, the issue remained unresolved.

6.45.11 Inland Valley Swamps Verification

During our visit to the Inland Valley Swamps (IVS) and interviews with service providers, the following were observed:

- The auditors noted that 89 IVS sites had been developed or were in the process of being developed instead of rehabilitated as specified in the Memorandum of Association (MoA). It should be noted that the actual cost of developing an IVS is more than that for rehabilitation. In essence, the project risks not having a full complement of the 89 IVS being fully completed and on time.
- Identification boards were not installed at all the IFAD 2013 IVS sites.
- 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 portion of swamp land that was uncultivated because the service providers did not complete their work.
- IVS sites were not properly surveyed and measured prior to the development and rehabilitation as most of the sites allocated to service providers, were far below the original hectares in the MoA.
- IVS sites were located in areas that were not populated for proper utilisation by farmers.
- Supervision and monitoring of the IVS sites were lacking.
- For most of the IVS sites visited by the audit team, it was observed that second cropping was not done, as farmers were not sensitised in second cropping.
- Some service providers were given new contracts even though they were yet to complete previous contracts.

It was recommended that IVS sites should be located in populated and developed communities where the rehabilitated swamps could be fully utilised by farmers. It was also recommended that massive sensitisation of farmers should be done on the content of the MoA and second cropping. Furthermore, IVS officers should reinforce field supervision on the IVS sites.

Official's Response

The PC mentioned that the IVS sites fall within the categories of development or rehabilitation, for this reason, IVS sites were described as complex and simple rehabilitation respectively. He noted that in retrospect, they erected identification boards in all 2011 and 2012 IVS sites. He further mentioned that for 2013 IVS sites, the assignment was given to the Communications Unit. He however noted that funds were not available for this activity.

Auditor's Comment

Management response was noted and the issue will be kept in view for next audit.

6.45.12 Review of Information Technology

Reviews of the information technology infrastructure of the project revealed the following weaknesses:

- There were no business continuity / disaster recovery plans in operation to identify, reduce and manage risks from significant IT breakdowns.
- The project had not established an appropriate IT security policy document that was communicated to all relevant personnel.
- Regular backups taken from all data were not stored in a safe place.
- The website was not uploaded regularly to inform users about the activities of the project.

- The TORMACHE software procured to assist in the monitoring of procurement actions and status could not perform the task for which it was acquired therefore, it was almost impossible to interface with the TOMPRO software used by the accounting division.
- Passwords were not changed periodically (at least every 3 months).

It was recommended that the Information Officer should ensure the following:

- A business continuity and disaster recovery plan is developed and implemented that would ensure its information technology infrastructure supports the recovery of its business structure in the event of a disruption or disaster.
- An approved IT security policy is designed and maintained and regular monitored.
- Evidence of monitoring is retained for audit and reference purposes.
- Daily, weekly and monthly backups of all systems, applications and data files on appropriate storage media devices are stored outside the office.
- Passwords are changed periodically (at least every 3 months).

Official's Response

In his response, the PC said "There is no provision for business continuity/ disaster recovery plan for now, considering the cost in implementing it. Such a process requires that we set aside a complete replica of our current server hardware and all software that are installed on it. Such an incident had occurred once, we were able to remedy the situation by using one of the desktops as a temporary server, it was slow but it worked. The BDR plan is absolutely necessary as it will reduce the downtime between recovery and continuity. All issues that concern the handling of assets (including IT equipment) are covered in the Admin manual; users of computers are solely responsible for their security including the data within. There is no separate document for IT policy and security. The admin manual is widely distributed amongst staff.

Nowhere is safe in this country for storing backup devices as the country lacks such facilities, the post office is not an ideal place given the regular fire incidents that are synonymous with that building. With my advice, the office has decided to store a copy of our data on google cloud, which is safer than any alternative methods available in this country. I will however, advice that we keep another copy of our data at the central bank if possible."

Auditor's Comment

There was no business continuity / disaster recovery plan in operation, the website was also not uploaded and the TORMACHE software had not been interfaced with the TOMPRO software used by the accounting division. Therefore, the issue was partly resolved.

Refer to the Table of Common Issues (Page 295) for further observations.

6.45.13 Outstanding issues in Previous Year's Report

Although the accounts units did prepare variance reports, the explanation of the variances did not include input from the programmers who were in the front line of implementation. The analysis is therefore not as detailed as it should be.

During the review of bank reconciliation statements, long outstanding reconciling items were observed.

6.46. RURAL FINANCE AND COMMUNITY IMPROVEMENT PROGRAMME PHASE II-2015

6.46.1 Project Implementation Manual (PIM) not revised

Schedule 1, subsection 6 of the Rural Finance and Community Improvement Programme Phase II (RFCIP II) of the Financing Agreement required that as soon as possible, the National Programme Coordination Unit (NPCU) should have prepared a revised version of the PIM and submitted it to IFAD for no objection. The revised version of the PIM should include implementation of activities by Apex Bank. It was however observed that at the time of our audit, the PIM had not been revised. It was

recommended that the Project Coordinator should ensure by the next audit (for financial year 2016), that the approved revised PIM which incorporate activities implemented by the Apex Bank, was prepared.

Official's Response

The Project Coordinator (PC) stated that management accepted the recommendation of ASSL.

Auditor Comment

Management comment was noted and the issue will be followed-up in subsequent audits.

6.46.2 Payment of Goods and Services Tax (GST) on Bank Charges

The financing agreement stipulated that the funds of the project should not be used to make tax payments. It was observed that the RFCIP II paid GST on bank charges totalling US\$4,660, even though the project's financing agreement instructed it not to use the Project's fund for the payment of taxes. It was therefore recommended that the Ag. Financial Controller should take action to engage the project bankers, by providing letters of comfort for the waiving of GST on bank charges. Those letters should be submitted for audit inspection.

Official's Response

The PC stated that management had accepted the observations of ASSL and would draft a letter to the banks.

Auditor Comment

Evidence of efforts taken to contact the project bankers for the waiving of GST on bank charges, was not submitted for audit inspection. Therefore, the issue remains unresolved.

6.46.3 Back to Office Reports for Overseas Travel Not Submitted

The project made payments for Apex Bank staff in respect of overseas training. However, back to office reports were not submitted for audit inspection. It was recommended that the back to office reports for such travels should be submitted for audit inspection and in future, back to office reports, should be obtained from staff who travel for training and other official purposes and those should be kept for reference or audit purposes.

Official's Response

The PC stated that management had noted this, and will implement a system for any staff travelling overseas for training. Henceforth, staff who fail to submit a back to office report will not be granted any other travelling opportunity until he/she submits the report.

Auditor Comment

Management comment was noted. The issue will be followed-up in subsequent audits.

6.46.4 Ineffectiveness of the RTGS/STP Software

The NPCU and Banktec Systems Inc. entered into a contract on 18th September 2015, for the licenses of ACP/ACH and RTGS/STP in 20 community bank sites/branches. The total contract value totalled US\$100,100 (with breakdown as follows ACP/ACH US\$43,000, RTGS/STP US\$48,000, and annual maintenance US\$9100). It was observed that the RTGS/STP was installed but the interface has not been installed at the BSL for the software to come alive and start the real time clearing system. Hence, the system since installed, has not been used by the Apex Bank. In addition, the RTGS/STP amounting to US\$48,000 was bought for 20 sites/branches, but was only needed for the head office where all real time clearing processes will be done. It was recommended that the head of the Management Information Systems at Apex Bank should provide explanation and evidence of actions taken to bring the

communities' banks clearing systems alive. Furthermore, an explanation was needed on why licenses of RTGS/STP were procured for 20 sites/branches even though it was needed for only one location, Apex Bank Freetown.

Official's Response

The PC in his response said "The process of bringing the community banks clearing system live is in the process. An agreement with the Society for Worldwide Interbank Financial Telecommunication (SWIFT) connectivity has been signed. The Sierra Leone Real Gross Settlement (RTGS) runs on the SWIFT platform. With this coming into operation the Apex Bank and the community Banks will be live in the clearing. The agreement between the Apex Bank and SWIFT is available for verification. The reason for the licenses were procured for 20 sites/branches is because there currently seventeen Community Banks in Operation, Apex Bank Freetown and Kenema and one new Community Bank in Western Area Rural."

Auditor Comment

Contract agreement between the Apex Bank and Allied Engineering Group Offshore S.A.L for the SWIFT connectivity was submitted for audit inspection. However, management's comment on the purchase of software licenses for 20 sites/branches is noted. Hence, the issue will be followed-up in subsequent audits.

6.46.5 Procurement not in the Procurement Plan

IFAD Financial and Administrative Procedure Manual Section 255 states "The procurement plan is updated by the Senior Procurement Officer (SPO) at the end of each quarter to reflect the status of project implementation and any proposed changes in the work plan. When there are changes, the updated plan is re-submitted to the approval of the Procurement Committee, as well as to IFAD for no objection". From a sample of procurement examined, it was however observed that procurements totalling US\$444,262 undertaken by the projects, were neither in the approved procurement plan, nor was concurrence sought from IFAD. It was recommended that the SPO should provide adequate documentary evidence to justify why procurement totalling \$444,262, were done outside the procurement plan. In future, the dictates of the Financial and Administrative Procedural Manual should be followed to the letter.

Official's Response

The PC said that management noted that some of the transactions listed were part of the approved AWPB for 2014. He also said that the Programme Coordinator had the mandate to approve payment up to the tune of US\$20,000 and could make payments of up to US\$99,999. With regard to the supply of 17 station wagons and pickup vehicles, he said there was an IFAD "no objection" for the procurement, which was attached to the payments. Those payment, he said were paid in two tranches to the supplier.

Auditor's Comment

IFAD "no objection" was submitted for the purchase of 17 vehicles in 2014 hence this issue was resolved. However, management did not include outstanding obligation in the current annual work plan and budget sent for IFAD's authorisation. Therefore, that issue was still outstanding.

6.46.6 Construction of Financial Services Associations and Community Bank Staff Quarters Not Completed

The NPCU awarded contracts for the construction of Financial Services Association's staff quarters on 26th November 2014 to various contractors, for a construction period of five months. However, at the time of verification, which was eighteen months after, none had been completed. In addition, contracts for the construction of community banks were awarded on 16th March 2015 for contract duration of

between six and seven months. At the time of verification, fourteen months after, none had been completed. The advance payment guarantees submitted by the contractors had expired and had not been renewed. It was recommended that the Senior Engineer should ensure that efforts or actions are taken to spur contractors on to complete assigned contracts. The Project coordinator should also ensure expired advance payment guarantees were renewed by the contractors, with outstanding advance payments.

Official's Response

The PC stated that the contracts were awarded in the midst of the Ebola outbreak, and work in those communities was delayed due to the high number of check points on the road and other travel restrictions. He however said that they would take necessary steps to ensure that those structures were completed in due time, and that management will be calling a meeting with all contractors concerned to express their dissatisfaction over the delay in completing those buildings. He noted that some of those buildings had been completed in some of the locations and staff were presently occupying them.

Auditor Comment

Evidence of action taken to ensure the staff quarters were completed in due time was not submitted for audit inspection. Therefore, the issue remains unresolved.

6.46.7 McAfee Antivirus Not Installed

The Project (RFCIP2) disbursed US\$9,008 for McAfee Antivirus for 187 users to be installed at 17 Community Banks, and 51 Financial Services Associations, during the period under audit. During the audit verification of computers and other IT equipment of Community Banks (CBs) and Financial Services Associations' (FSAs), it was observed that no licensed McAfee antivirus software was installed. Instead, the antivirus software installed in some of their computers was trial versions of Smadav antivirus software. At the Kabala Community Bank, none of the computers and servers had any antivirus software installed in them, and there was no evidence of daily back up being done, as there was no available external storage drive. It was therefore recommended that the Head of MIS at the Apex Bank should submit evidence of installation of the McAfee Antivirus software at the CBs and FSAs for audit inspection; otherwise, the full amount should be refunded to the Project. In addition, policies on back up of CBs and FSAs information should be established.

Official's Response

The PC in his response said that in April 2015, they received from NPCU Norton Antivirus keys for a total of 186 users, 50 for Financial Services Associations and 136 for 17 Community Banks, and he said he also received McAfee antivirus keys for 50 users at Apex Bank. He said He made the above statement to correct the erroneous opening statement that 187 McAfee antivirus keys were meant for 17CBs and 51 FSAs, whereas the McAfee was not meant for the CBs and FSAs. He mentioned that the antivirus was installed in all PCs in the 17CBs and 51 FSAs in April last year which he said also expired in April of the other year since the license was valid for one year. He further added that upon expiration of the antivirus, they observed that their system became very slow and the banking software also malfunctioned. He further stated that they decided to uninstall the Norton antivirus and install a temporal antivirus while waiting for the supply of the 2016 version antivirus from NPCU which they had already requested for. On the issue of backup of Kabala database, he noted that they normally did daily backups on the secondary backup drive in the server, and the monthly backup was sent to the Apex Bank HQ.

Auditor's Comment

Management comments were noted but during the field visit, the staff did not confirm to the auditors that those anti viruses were installed in their computers; evidence of daily backup into the secondary backup in the server was also not submitted for audit inspection. Therefore, the issue is still outstanding.

6.46.8 Use of Project Funds to Finance Activities of Other Projects

Loans totalling US\$435,862 were received, and loans repayments totalling US\$448,000 were made during the period under review. It was recommended that monies paid to other projects as loans should be repaid back to the Project, and loan taken by the project be also repaid. In future, the Acting Financial Controller should ensure that the project's funds were not used as loans other projects.

Official's Response

The PC in his response said "We are fully aware of the fact that inter fund are not permissible but the delay in completing one replenishment circle and the pressure of implementation of our annual work plans warrants such mingling. We have endeavour to end such, the donor also brought this up and that no further inter fund is allowed after December 2015."

Auditor Comment

Management comment is noted. This issue will be followed-up in subsequent audits.

6.46.9 Non-Compliance with the Cash Basis of Accounting

The RFCIP II financial statements for the year ended 31st December, 2015, was prepared on a cash basis of accounting according to Note 1.1: Basis of preparation. It was however observed that the cash basis of accounting was not complied with as accruals items such as receivables, payables were recognised in the financial statement, instead of them being disclosed in the notes to the financial statement. It was therefore recommended that in order to comply with the IPSAS cash basis of accounting, the accruals items should be derecognised and disclosed as notes to the financial statement.

Official's Response

The PC stated that management noted the concern raised by the auditors, and that the cash modified basis was applied in order to recognise cash levels change in respect of advances given to staff and partners. He mentioned that the modification was acceptable to the donors, to keep track of all advances.

Auditor Comment

That method of presentation is not permitted under the cash basis of accounting. Hence, the accruals items should be disclosed in the notes to the financial statements. Therefore, the issue remains unresolved.

6.46.10 Accounts prepared using Microsoft Excel

The financial transactions of the project were processed using the TOMPRO accounting software; however, it was observed that the financial statements provided for audit purpose, were prepared using Microsoft Excel. It was recommended that the Acting Financial Controller should ensure that the accounts were prepared using the accounting software. An accounting software should also be procured, if the existing accounting software cannot perform such a function.

Official's Response

The PC in his response stated that management will ensure that it was communicated to the service provider. He maintained that the information provided was exported directly from the system to ensure it was easily verifiable.

Auditor's Comment

Management comment is noted. However, the issue will be followed-up in subsequent audits.

6.46.11 Documented Policy on Advance Payment to Staff Not Maintained

The RFCIP II did not have a policy on the retirement of advance given to staff for the implementation of activities. As at 31st December 2015, advances totalling US\$109,339.40 were outstanding, and supporting

documents such as payment voucher, receipts, and other documents justifying the use of funds were not submitted for audit inspection. It was recommended that the Acting Financial Controller should ensure that the required supporting documents were provided for audit inspection on or before 30th June 2016.

Official's Response

The PC in his response said "We have noted the unreasonable delay in the retirement of advances and management has resolved and inform all staff that advances should be retired within seven working days after implementation of the activity. It is the decision of management, that defaulters will attract penalty such as withholding of salary until retirement is completed. The required supporting documents are available for verification."

Auditor Comment

Supporting documents were submitted for audit inspection, but evidence of communication to staff on the retirement of advance within seven days after implementation of activities, was not submitted for audit inspection. Implementation of the proposed procedure will be followed-up in subsequent audits.

6.46.12 Recognition of Receivables and Payables

The Project recognised receivables of US\$324,039 from GAFSP in respect of GAFSP Rural Finance activities, but evidence of recoverability of those funds from the SCP-GAFSP, may be unlikely, as the debts had been outstanding for over two years. Additionally, an amount recognised as payable to Apex – AFF Funds amounting to US\$100,000, did not represent actual liability to Apex because evidence indicating obligation to Apex for this amount, was not submitted for audit inspection. It was recommended that steps were taken to recover the said amount from SCP - GAFSP, however if the amount cannot be recovered, it should be written off from the books of accounts. In the case of the payables to APEX Bank, the relevant documentation to prove the existence of such a liability should be provided for verification.

Official's Response

The PC in his reply said "Management has held a meeting with the management of the GAFSP/PMU and it was resolved that the amount will be reimbursed to the NPCU. With regards, to the payables to the Apex bank these are contra entries with the receivables from the NPCU. The relevant documentation is available for verification."

Auditor Comment

Evidence of a meeting held with GAFSP/PMU, and decision reached to reimburse NPCU was not submitted for audit inspection. The receivables contra entries relating to the Apex Bank, was submitted for audit inspection, and the accounts have been adjusted accordingly. The issue of GAFSP/PMU receivables still stands and will be followed-up in subsequent audits.

6.46.13 Long Reconciling Items in the Bank Reconciliation Statement

Long reconciling items were noted in the project bank reconciliation statement, for which explanations and evidence of adjustments to the cash book were not provided. It was recommended that the Ag. Financial Controller should investigate the reason for those long reconciling items. Reconciling items should also be cleared and recorded in the appropriate cash book. The journals created should be submitted for audit inspection.

Official's Response

The PC stated that management will investigate those long outstanding transactions, and ensure they are cleared from the reconciliation statements by end August 2016.

Auditor Comment

Management's comment was noted. However, the issue will be followed-up in subsequent audits.

6.46.14 Funds Transferred into the Project's Bank Account

Funds paid into the Project's USD and Leones accounts totalled Le850,000,000 and US\$23,000, but the reason for those payments were not made available and not recognised in the financial statements. It was recommended that the Ag. Financial Controller should provide reasons for the payment of those funds into the project's bank accounts. The journals created should be submitted for audit inspection.

Official's Response

The PC in his response stated that those funds were not income and cannot be recognised as income. He added that they were inter fund borrowings received during the period that were settled and as a result of those borrowing, the initial advance was increased by US\$500,000. He however mentioned that they will ensure they desist from doing inter fund borrowing in future. The journals created, he said were available for inspection.

Auditor's Comment

Management comment was noted. The issue however will be followed-up in subsequent audits.

Refer to the Table of Common Issues (Page 295) for further observations.

6.46.15 Outstanding issues in Previous Year's Report

The Financial Controller is required to analyse the budget statement at the end of each month, in order to determine whether funds are being utilised as planned. Any significant variance between the budget and actual expenses is investigated and discussed with the technical staff.

Although the accounts units prepared various reports, the explanation of the variances did not include input from the programmers who were in the front line of implementation. Hence the analysis was not as detailed as it should have been.

Payment vouchers were not stamped paid.

The fixed assets register was not updated with assets acquired during the year.

6.47. INTEGRATED ADAPTATION TO CLIMATE CHANGE INTO AGRICULTURE PRODUCTION AND FOOD SECURITY IN SIERRA LEONE - 2015

6.47.1 Long Outstanding Reconciling Items

Review of bank reconciliation statement revealed that long outstanding reconciling items were still visible in the bank reconciliation statement. It was recommended that reconciling items should be investigated and the necessary actions taken to resolve them.

Official's Response

The Project Coordinator stated in his response that management would investigate those long outstanding transactions and ensure they are cleared from the reconciliation statements by the end of August 2016.

Auditor's Comment

The outstanding reconciling items were still not cleared in the bank reconciliation statement. The issue therefore remains unresolved.

6.47.2 Withholding Taxes Not Deducted and Paid to NRA

It was observed that withholding taxes in respect of staff and consultant's salaries and operating costs amounting to \$1,856 and \$13,247 were not deducted and paid over to the National Revenue Authority (NRA). It was recommended that the Acting Financial Controller should ensure that all payments above

Le500,000, must attract withholding tax deduction of 5%; and these should be deducted and paid over to NRA.

Official's Response

The PC in his response said "Management was of the opinion that is stated in section 11.02 of the IFAD general condition, which states "...if the fund determines at any time that any amount of loan proceeds have been used to pay taxes, it may require the borrower, by written notice, to refund such amount promptly to the fund...". However, management has taken action by effecting this deduction from employees and consultant for the May 2016. Letters are being sent to respective contractors and suppliers for the payment of the 5% withholding tax and payment will be made to the NRA. Forthwith management will ensure deduction of withholding tax as this has being clarified with IFAD Financial Office."

Auditor's Comment

Evidence that management has started deducting withholding taxes from employees was submitted and verified by the audit team; however, the issue will be kept in view for till next audit.

6.47.3 Accounts prepared using Microsoft Excel

The financial transactions of the project were processed using the TOMPRO Accounting Software, However, it was observed that the financial statements provided for audit purpose were prepared using Microsoft Excel. It was therefore recommended that the financial controller should ensure that the accounts were prepared using the accounting software. It was also recommended that a new accounting software should be procured if the existing accounting software could not perform such functions.

Official's Response

The Project Coordinator in his response said "The service Provider will be Consultant for upgrading of the Accounting Software. Even though all software has it weakness, but this was recommended purposely for withdrawal application processing and it has been doing it well. The software produces its financial reports, which is not the requirement of the donor. As a result, consultation between the donor and the service provider has gone a long way for the production the interim financial statement."

Auditor's Comment

Management response was noted. The issue will be kept in view till the next audit.

6.47.4 Outstanding issues in Previous Year's Report

Although the accounts units prepared variance reports, the explanation of the variances did not include input from the programmers who were in the front line of implementation. Hence the analysis was not as detailed as it should have been. Staff members were required to prepare back to office or mission reports within three days of their return from a trip, and submit these to the Programme Coordinator along with their travel expenses claims. A copy is also sent to the Monitoring and Evaluation Unit (M&E) for consideration. However, there were some payments for which mission reports were not sighted.

6.48. PRESIDENT'S DELIVERY TEAM-MARCH-2016

6.48.1 Staff records not properly maintained

It was observed that staff records were not well maintained. They records did not include staff information such as, job descriptions, CVs, employment contracts, and confirmation letters for employees. It was recommended that all current staff personnel files should be reviewed and updated accordingly.

Official's Response

The Project Coordinator mentioned that the Office of the Chief of Staff and the management of Freetown Nominees Limited, had noted the concern raised by the audit team on the inadequacy of staff records, and that management will review all staff records and update them accordingly.

Auditor's Comment

Management's explanation was noted and will be followed up in subsequent audits.

6.49. AFRICA CAPACITY BUILDING FUND-2014

6.49.1 No Standard Imprest System

There was no imprest system in place, thus cash was disbursed without authorization. For example, a request of Le4,000,000 was funded out of the Project's fund without authorization. It was recommended that the Project Coordinator should ensure that a standard imprest system was developed and implemented, such that can handle petty cash transactions/predictable expenditure.

Official's Response

The Project Coordinator (PC) in his response said "We note your findings in respect of the non-availability of standard imprest system. Please be informed that the draft Accounts and Finance Manual, which at the Commission's discussion stage for approval that will allow its implementation fully, makes provision for the use of imprest and related transaction. A copy of the said document (i.e. Accounts and Finance Manual) will be provided for sighting."

Auditor Comment

Management's explanation had been noted and will be followed up in subsequent audits.

6.49.2 No Finance Officer in Post

The project had neither substantive Finance Manager nor a Finance Officer in post and as a result, there was delay in the preparation and submission of financial reports. It was recommended that the Coordinator should ensure that a Finance Officer was recruited as soon possible.

Official's Response

The PC mentioned that that had always been a challenge but said he would get one someone who will be responsible for finance and related issues.

Auditor Comment

During the verification exercise, copies of correspondence to the donor for the approval of the recruitment of a Finance Officer were submitted. However, this issue will be followed up in subsequent audits.

6.49.3 Staff Records Not Properly Maintained

Staff records were not properly maintained as they lacked staff information such as, job descriptions, CVs, employment contracts, and confirmation letters. It was recommended that all current staff personnel files should be reviewed and updated accordingly.

Official's Response

The PC stated that the Office of the Chief of Staff and the management of Freetown Nominees Limited, had noted the concern raised by the audit team on the inadequacy of staff records. He added that management will review all staff records and update them accordingly.

Auditor's Comment

Management's explanation had been noted and will be followed up in subsequent audits.

6.49.4 Delay in the Submission of Financial Statements

Section 56 of the Government Budgeting and Accountability Act requires Public Authorities and other bodies to submit their financial statements to the Auditor General for audit purposes, within three months after the end of the respective financial year to which the accounts relate. However, the ACBF submitted its accounts for audit one year six months after the end of the financial year?? 2014. It was recommended that the Project Coordinator should ensure that financial statements were prepared and submitted promptly.

Official's Response

The PC stated that late submission of Financial Statements was due to the vacuum the institution had when the services of the Finance Officer was no longer needed, and no immediate replacement was done. He however noted the importance of the issue and promised to do the best to ensure compliance.

Auditor's Comment

Management's explanation had been noted and will be followed up in subsequent audit.

6.50. SIERRA LEONE ARTISANAL MINING COMMUNITY DEVELOPMENT AND SUSTAINABLE LIVELIHOOD PROJECT - 2014

6.50.1 Procurement Procedures Not Followed

Procurement procedures were not followed for procurement of stationery and training equipment worth Le35,662,530 and Le48,362,000 respectively. It was observed that procurement documents such as request for quotations (RFQs) and local purchase orders (LPOs), were not submitted for audit purpose. It was recommended that the Procurement Officer, should submit the RFQs and LPOs, in respect of the total procurement cost of Le84,024,530 to ASSL for verification, within 30 days upon receipt of the report. In future, all procurement documents should be maintained.

Official's Response

The PC stated that procurement procedures were actually followed in the procurement of goods and services. He added that the missing documents, RFQ's and LPO's had been retrieved from the implementing partners, to whom the sub projects were outsourced and were available for verification.

Auditor's Comment

LPO's were presented for verification for the procurement activities involved. However, RFQ's were not made available for verification. Therefore, the issue was partly resolved.

6.50.2 Disbursements without supporting documents

Grant of Le64,500,000 disbursed to Network Action for Rural Development in respect of livelihood training component in Life After Diamonds (LAD) communities, were not backed by supporting documents. From the total amount of US\$439,544 disbursed to the Life After Diamonds (LAD) project, supporting documents were presented for only US\$6,000 (equivalent of Le25,114,000) leaving a difference of US\$433,544 unaccounted for. It was recommended that the Project Accountant should ensure that all payments from initiation to completion were supported by the relevant documentation; and those should be properly recorded and filed, so that they could be easily noticed in case any supporting documents got missing.

Official's Response

The PC stated that supporting documents to substantiate the grant disbursement of Le64,500,000 had been retrieved from the implementing partners, Network Action for Rural Development in Sierra Leone. He also mentioned that management was requesting that the amount disbursed to LAD Project worth US\$439,544 be properly analysed for the reason being that the said amount is approximately 90% of the total funds received by the entire project.

Auditor's Comment

Supporting documents were provided for the Le64,500,000 disbursed to Network Action for Rural Development. However, included in this amount, Le8,850,000 was used as salaries by the Network Action for Rural Development and there was no agreement available to confirm that NARD should pay their staff salaries out of the project's funds. Therefore, the issue is partly resolved. US\$197,981 was disbursed to LAD as per the cashbook, supporting documents were provided for verification of US\$168,212, leaving a difference of US\$29,768 unaccounted for.

6.50.3 Staff Attendance Not Maintained

Staff attendance register was not made available for audit purposes. Discussion with the Accountant revealed that the project did not maintain a staff attendance register. It was recommended that in the future, the Project Coordinator should ensure that a staff attendance register is maintained and monitored on a daily basis by the Project Coordinator.

Official's Response

The PC stated that management had noted the observation made above by the auditors in the draft report that the GoBifo Project in Freetown had only seven staff members. He added that the Project Coordinator was always in touch with the other staff members either in their offices or in his office for meetings, particularly. This was how he checked on the attendance of staff members. Besides, staff members request for permission to be absent from work if they were incapacitated, or for any other reason, he further stated. He however said that the observation was noted and the Project Coordinator was working on maintaining an attendance register.

Auditor's Comment

The issue remained unresolved.

Refer to the Table of Common Issues (Page 295) for further observations.

6.51. WEST AFRICA REGIONAL FISHERIES PROJECT-2015

6.51.1 Inter fund Transfers

From a review of the financial statements, it was observed that funds were transferred between and amongst the three designated special accounts of the project. The Project Financing Agreement and the Disbursement Letter forbids the inter-transfer of funds between designated special accounts as this may result in funds spent on activities outside the scope of that financing facility. It was recommended that in future, the project should be implemented in accordance with the Project Financing Agreement, AWPB and any other loan document so as to ensure the sustainability of its achievements over time.

Official's Response

The PC in his response said 'Funds were transferred only between two of the three accounts, ACGF to GEF. This happened because the GEF could only hold a maximum of \$250,000 and it was from that account that payment for nets of about US\$500,000 came from as well as Fish stock assessment over US\$250,000, close to US\$500,000 for construction/ rehabilitation of five Fisheries outstation offices, plus staff salaries of almost \$20,000 per month came from this account. This was an issue because the project didn't have access to the Client Connection (CC), which is the quick and easy way to replenish the Designated Account (DA) (5 working days) until few months before project closure in 2014. In the

years prior to this we submitted Withdrawal Applications (WA) manually which would take weeks for it to be approved and posted to the World Bank (WB). This situation created the effect of a net outflow of cash, as a result we had to borrow from the ACGF DA. Once we had access to the CC we were able to frequently replenish the GEF DA but by the time we could completely refund the amount borrowed from ACGF it was too late, the project had come to an end. The situation that warranted these interbank transfers was explained to the WB and a request for a retroactive extension of the project requested. The World Bank accepted the explanation proffered on the issue and had approved the retroactive extension so the transfers have now been reversed at the WB level, so this is no longer a problem”

Auditor’s Comment

The auditors were not provided with evidence to confirm that World Bank had been notified about the interbank transfer. Therefore, the issue remained unresolved.

6.51.2 Low Percentage of Project Implementation

From a review of the financial statements, it was observed that US\$900,628 out of US\$1,016,904 disbursed to the projects for the implementation of activities, representing 88.57% of funds disbursed were transferred back to the fund as being unutilised. This suggests that activities that were agreed upon during the formation of the project were not fully implemented. It was recommended that the Project Coordinator should provide reason(s) supported by documentary evidence for the low implementation of the project. In future, steps should be taken to fully implement project deliverables and if there are bottlenecks, speedy resolutions should be sought so as to achieve the set objectives within the desired timeframe.

Official’s Response

The PC said that the US\$900,628, were funds meant for construction of the harbour which could not be undertaken because the Environmental Impact Assessment Study, that should have earned them the license to proceed, could not be completed because, the consultant who was in charge had his contract terminated due to his inability to deliver on the contract. The funds therefore had to be returned after the deadline for the construction of the harbour expired as was stated by the World Bank, he further mentioned.

Auditor’s Comment

We were not provided with evidence to confirm that the amount of \$900,628 transferred back to the fund relates to the activity in question. Therefore, the issue remained unresolved.

6.51.3 Outstanding issues in Previous Year’s Report

There had been no statutory deduction for withholding tax for a number of payments made locally.

CHAPTER VII - LOCAL CHIEFDOMS

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LOCAL CHIEFDOMS

MAIN POINTS

What we examined

The audits of 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 that 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 for the running of the affairs of the chiefdoms.

What we found

In general, and across virtually all chiefdoms, the significant matters identified in the audit examinations fall within the following areas:

- Disbursements without supporting documents;
- Revenue not brought to account;
- Missing receipt books;
- Inadequate use of or a failure to maintain assets registers; and
- Monthly bank reconciliations not carried out.

It was evident throughout the audit that most of the monies collected in the chiefdom councils were not banked, but rather, they were put into immediate use. It is critical that all revenue collected must be banked for proper accountability; otherwise, they may be diverted to private use.

There were also instances of unrepresented upon request by auditors. The vital documents unrepresented hindered the audit exercise and sadly, after 30 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

7.1. COMMON ISSUES

These common issues are outlined in the paragraphs below. Table 7.1 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 chiefdoms.

Disbursements without Supporting Documents

Supporting documents for payments made by chiefdoms which totalled **Le556,091,912** were not presented for audit inspection for the reviewed period. As those documents were not made available, there is the risk that those 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.

Revenue 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 **Le49,646,260** 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.

Missing Receipt Books

A careful examination of revenue collection revealed that local tax receipt books, issued by the CCAC to the Treasury Clerk with a total cash receivable of **Le114,500,000** were not presented for audit inspection. It was therefore recommended that the Paramount Chief should ensure that the missing receipt books should be produced or the amount refunded within 30 days of receipt of the management report.

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 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.

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 asset 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, and evidence of such should be documented.

7.2. TABLE OF COMMON ISSUES

CHIEFDOM	Disbursements without SD (Le)	Revenue not brought to account (Le)	Missing receipt books (Le)	FAR not maintained	Monthly bank reconciliation not prepared
Maforki Chiefdom, Portloko District-2014	8,867,880		27,500,000		
Marampa Chiefdom, Portloko District-2014	96,073,652		26,500,000		
Kaffu Bulom Chiefdom, Portloko District-2014	13, 155,000		25,500,000		
Buya Romende Chiefdom, Portloko District-2014	11,128,320		3,500,000		
Loko Massama Chiefdom, Portloko District-2014-	82,369,200		31,500,000		
Diang Chiefdom, Koinadugu District-2014	25, 497,860	8,710,000			
Sambaia Bendugu Chiefdom, Tonkolili District-2014		12,540,060			
Kafe Simera Mining Chiefdom, Tonkolili District-2014	144,000,000	10,330,000			
Kalasongoia Mining Chiefdom, Tonkolili District-2014		11,371,200			
Bumpeh Chiefdom-Bo District-2013-2015					✓
Baoma Chiefdom-Bo District-2013-2015					✓
Valunia Chiefdom-Bo District-2013-2015					✓
Soa Chiefdom – Kono -2014	24,000,000			✓	✓
Sandor Chiefdom – Kono-2014				✓	✓
Lei Chiefdom – Kono-2014	28,000,000			✓	✓
Kamara Chiefdom – Kono-2014				✓	✓
Kakua Chiefdom-Bo-2013-2015					✓
Gorama Chiefdom – Kono-2014	17,000,000			✓	✓
Fiama Chiefdom – Kono-2014	24,000,000			✓	✓
Tankoro Chiefdom – Kono-2014				✓	✓
Nimiyama Chiefdom – Kono-2014	24,000,000			✓	✓
Tolie Chiefdom – Kono-2014	17,000,000	3,545,000		✓	✓
Nimikoro Chiefdom – Kono-2014				✓	✓
Mafindor Chiefdom – Kono-2014	17,000,000	3,150,000		✓	✓
Gbane Chiefdom – Kono-2014	24,000,000			✓	✓
Gbense Chiefdom – Kono-2014				✓	✓
TOTAL (Le)	556,091,912	49,646,260	114,500,000	n/a	n/a

Unpresented Documents

In spite of several requests, vital accountable documents were not submitted for inspection in the under-mentioned chiefdoms for various periods under review. See table 7.2 below:

Table 7.2	
Local Chiefdom	Unpresented Documents
Sambaia Bendugu Mining Chiefdom Administration Tonkolili District-2014	Eight general receipts books; Revenue and Expenditure General ledger/cash book for the period 2014 and Local tax receipt books distribution ledger/list to tax collector.
Soa Chiefdom – Kono-2014	Local tax receipt books; Cash book; General receipt book; Budget and Cheque stubs
Gorama Chiefdom – Kono-2014	Local tax receipt books; Cash book; General receipt book; Budget; Cheque stubs and Payment Vouchers
Gbane Chiefdom – Kono-2014	Local tax receipt books; Budget and Monthly payroll

CHAPTER VIII – SCHOOLS

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MAIN POINTS

What we examined

This year, we have focused our audits of schools on high risk areas. Risk is the possibility of something undesirable happening at some time in the future and could have a negative impact should it happen. For each school, selected, we examined, on a sample basis, the payroll, revenue and expenditure procedures that operated in those schools during 2015. The objective was to evaluate the adequacy of internal controls in the collection of revenue and on expenditure from those sums which served as a platform for effective school operations as well as procedures. We also tried to determine whether applicable laws, policies and regulations had been complied with and whether the systems and practices were adequate to exercise a reasonable level of internal control over operating activities.

Why it is important

Education, which is a building block for economic development, is needed for the advancement of society and poverty reduction. The people of Sierra Leone therefore value education for their children and themselves. Poor performance by students in government schools are of great concern to Sierra Leoneans. In addition, there are concerns about value for money reflected in the performance of the school system as a whole. The people of Sierra Leone expect public institutions to implement government policy and utilised public funds in such a way as to get the desired results. ASSL is equally significantly interested in this!!!

What we found

Responsibility and accountability of operations of Secondary Schools rests squarely on the Ministry of Education, Science and Technology (MEST). Our reviews showed that the MEST has done very little to ensure that corrective action is taken to address administrative and financial management issues in the secondary school system. Basic procedures that are not being observed as follows:

- Teachers went on study leave without the approval of the MEST.
- Unclaimed salaries were not paid into the consolidated revenue fund.
- Names of teachers on salary vouchers and not on staff list and/or attendance register.
- Names of retired teachers still on payroll.
- Inadequate controls over revenue generation and utilisation.
- Payments without supporting documents or adequate supporting documents.
- Statutory deductions not paid over to the relevant authority.
- Non-compliance with provisions in the Education Act 2004.

In future years, we will continue to review the situation and we would hope to see evidence of improvement.

8.1. TEACHERS ON STUDY LEAVE WITHOUT THE APPROVAL OF THE MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY

Three (3) teachers whose names were on the salary vouchers were on study leave without the approval of the Ministry of Education. The sum of Le79 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 service of the teachers.

Table 8.1 Teachers on Study Leave without Approval		
Name of School		
	Salary paid Le (million)	No. of Teachers
Methodist Girl's High School (JSS)-Freetown	70.10	2
National Commercial School-Magburaka	8.90	1
Grand Total	79.00	3

8.2. UNCLAIMED FUNDS (SALARIES AND GIRL CHILD SUPPORT) NOT PAID INTO THE CONSOLIDATED REVENUE FUND (CRF)

There was no evidence to justify that unclaimed salaries and girl child supports amounting to Le83.3 million and Le25.1 million respectively was paid into the CRF. In addition, there was no evidence to indicate that this amount was paid back to the respective beneficiaries. There is the risk that payments of salaries and girl child support may be made to non-existing beneficiaries. Table 8.2, Unclaimed Salaries and Girl Child Support, identifies schools for which unclaimed salaries and girl child support were not paid into the CRF.

Table 8.2 Unclaimed Salaries And Girl Child Support Not Paid into the CRF		
Name of School	Unclaimed Amount	
School Name	Salaries	Girl Child Support
	Le (million)	Le (million)
Binkolo Catholic Secondary School-Binkolo	1.93	-
Akibo Betts Junior Secondary School- Freetown	8.70	25.10
Methodist Girl's High School (SSS)-Freetown	61.40	-
Makeni Comprehensive Academy Senior Secondary School	4.80	-
National Commercial School-Magburaka	6.50	-
Grand Total	83.33	25.10

8.3. NAMES OF TEACHERS ON SALARY VOUCHERS NOT IN ATTENDANCE REGISTERS AND/OR ON THE STAFF LIST

Seven five (75) teachers' names appeared on salary vouchers but could not be regularly found in the daily attendance registers for that period. The total salary paid to those teachers amounted to Le852.43million.

Table 8.3 Names of teachers on salary vouchers not in attendance registers or on the staff list		
Name of School	Salary Paid (Le (million))	No. of Teachers
Benevolent Islamic Senior Secondary School-Makeni	4.30	5
Benevolent Islamic Junior Secondary School-Makeni	18.00	5
National Commercial School-Magburaka	59.50	6
Government Secondary School for Girls Mathora	24.40	4
FAWE Junior Secondary School-Makeni	7.50	2
United Methodist Church Secondary School-Makeni	10.50	1
SLMB Junior Secondary School-Makeni	65.50	6
SLMB Senior Secondary School-Makeni	67.93	9
Peninsular Senior Secondary School-Waterloo	228.10	16
Methodist Girl's High School (JSS)-Freetown	36.30	3
Government Secondary School for Girls Mathora	16.40	4
St. Helena AME Junior Secondary School	314.00	14
Grand Total	852.43	75

8.4. TEACHERS ABOVE RETIREMENT AGE BUT STILL IN THE PAYROLL

Three (3) teachers on payrolls were above the retirement age and approval documents, to justify their continued employment, were not provided for examination. The sum of Le78.5 million was paid to these teachers. This may undermine the operational effectiveness of the schools. It was recommended that mechanism should be instituted to ensure that the mandatory retirement age regulation is adhered to and teachers that have already reached the retirement age are given their retirement letters and benefits.

Table 8.4 Salary paid to teachers above retirement age		
Name of School	Salary Paid Le (Million)	No of Teachers
Laura Dove Vocational-Freetown	30.30	2
Methodist Girl's High School (JSS)-Freetown	48.20	1
Grand Total	78.50	3

8.5. REVENUE NOT BROUGHT TO ACCOUNT

Sections 40 (1) of the FMR, 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 schools during 2015. The following were observed:

Table 8.5 Revenue Not Brought to Account	
Name of School	Revenue
	Le (million)
St. Joseph's Junior Secondary School- Makeni Town	4.80
Peninsular Senior Secondary School-Waterloo	1.20
National Commercial School-Magburaka	33.00

Table 8.5 Revenue Not Brought to Account	
Name of School	Revenue
	Le (million)
Prince of Wales(JSS)-Freetown	11.50
St. Helena AME Junior Secondary School	0.50
St. Helena AME Senior Secondary School	18.00
Grand Total	69.00

8.6. DISBURSEMENT PROCEDURES NOT ADEQUATELY FOLLOWED

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 MDAs, totalled Le52.7 million were not presented for audit inspection during 2015. 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 Le153.3 million and €56,175 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.

Table 8.6, Disbursement Procedures Not Adequately followed, identifies schools and provides values for for such major violations.

Table 8.6 Disbursement procedures not adequately followed			
Name of Schools	Payments with Supporting Documents	Payments without Supporting Adequate Documents	
	Le (million)	Le (million)	€
Binkolo Catholic Secondary School-Binkolo		2.80	
St. Joseph's Junior Secondary School- Makeni Town		1.20	
Peninsular Junior Secondary School -Waterloo		10.60	
Peninsular Senior Secondary School -Waterloo		47.96	
National Commercial School-Magburaka	25.00	6.98	
Holy Trinity Secondary School (SSS)-Kenema			56,175.00
Government Secondary School for Girls Mathora	28.00		
Prince of Wales(SSS)-Freetown		34.40	
Prince of Wales(JSS)-Freetown		38.90	
St. Helena AME Junior Secondary School		2.70	

Table 8.6 Disbursement procedures not adequately followed			
Name of Schools	Payments with Supporting Documents	Payments without Supporting Adequate Documents	
	Le (million)	Le (million)	€
St. Helena AME Senior Secondary School		7.80	
Grand Total	52.70	153.34	56,175.00

8.7. STATUTORY DEDUCTIONS NOT PAID TO RELEVANT AUTHORITIES

Withholding Taxes Not Deducted And Paid To The NRA

During the audit of schools in 2015, it was identified that withholding taxes totalled Le7.97 million were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act 2000. All Principals of Secondary Schools 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.

National Social Security and Insurance Trust (NASSIT) Contributions Not Paid for Staff

Section 25 (1, 2, 3) and Section 27(1) of the National Social Security and Insurance Trust Act 2001 requires the deduction and payment of NASSIT contribution for every employer. It was however observed that NASSIT deductions of Le2.7million from salaries of administrative staff were not paid over to NASSIT. The failure to pay over the amounts withheld from employees' salaries would adversely affect the processing of their retirement benefits when they are due. The retirement benefits of staff will also be seriously affected as retired workers will not be able to get their correct terminal benefit packages and pensions, hence Schools risks being sanctioned for not complying with NASSIT regulations.

Table 8.7, Withholding Taxes and NASSIT Not Paid Over to the Relevant Authorities, identifies schools and provides values for the statutory deductions.

Table 8.7 Statutory Deductions Not Paid Over to the Relevant Authorities		
Name of School	Withholding Taxes Not Paid to NRA	NASSIT not Deducted
	Le (million)	Le (million)
Akibo Betts Junior Secondary School- Freetown	1.40	-
Peninsular Junior Secondary School -Waterloo	-	2.70
Peninsular Senior Secondary School -Waterloo	2.50	-
Laura Dove Vocational-Freetown	2.30	-
St. Helena AME Junior Secondary School	0.47	-
St. Helena AME Senior Secondary School	1.30	-
Grand Total	7.97	2.70

8.8. NON-COMPLIANCE WITH THE EDUCATION ACT 2004

Transfer of Teachers without the Approval of MEST.

Section 41. (1) of the Education Act 2004 states: “The appointment of teachers in any assisted school shall lie with the proprietor thereof or the manager acting on his behalf or the Board of Governors with the approval of the Director- General of Education but every dismissal of a teacher from such school or transfer of a teacher from one such school to another, shall be subject to the prior approval of the Minister”. We observed during 2015, teachers were transferred from one school to another s without the prior approval of the Minister of Education.

Poor Management of Secondary Schools

Section 18. (1) of the Education Act requires that it shall be the duty of the manager of a school to ensure that the:

- school premises and site are maintained in a manner satisfactory to the Minister;
- accommodation provided at the premises is adequate and suitable, having regard to the number, age and sex of the pupils enrolled in the school.

Contrary to the above provisions, the following were observed:

Learning Environment

Akibo Betts Junior Secondary School

- The school buildings needed facelift.
- The compound was not paved as it is very dusty.
- One classroom constructed with corrugated iron sheet was not conducive for the health of pupils.
- Furniture in the classrooms were old and broken.
- The school compound was used as thoroughfare by people in the community.

Peninsular Junior Secondary School-Waterloo

- The school compound was partly fenced which was a threat to the night security personnel.
- Nine classrooms were without window panes and five classrooms had most of their hard boards damaged and this may render health hazards to the school going pupils and even other members of staff

Peninsular Senior Secondary School -Waterloo

- The hardboards were damaged and there were windows without glasses.
- The condition of the classrooms was not conducive for learning. For instance, the windows were without glasses and the hard boards on the ceiling were damaged.
- The school perimeter fence was incomplete. There is risk of easy access into the classrooms by unscrupulous persons.

Physical Inspection of Government Schools (Boarding Home Dormitory)

Inspection of the boarding home dormitory revealed that the state and condition of the dormitory complex was far from being pleasant

Government Secondary School for Girls Mathora

The dormitory toilets were damaged and not functioning; the outside toilets used by the pupils were damaged as they are without doors, faeces and other filths scattered within the toilets. Of serious concern was that the inside dormitory toilets were used by the pupils for keeping their belongings. The present status of toilets will result to spreading of infectious diseases amongst the boarding home pupils.

- Metal beds and window glasses were broken down
- The ceilings were damaged
- Damaged mattresses were scattered all over the dormitory
- The drainage system within the dormitory was deplorable
- The Boarding Home Mistress and Matron's quarters were all in a deplorable condition.
- Water supply was nothing to write home about as the whole dormitory depended on one hand dug water well. The hand pump water well was not functional.

Government Secondary School Boarding Home-Kenema

- The toilet facility was poor
- The dormitory laws not fully ventilated
- The mattresses were not good for student use
- The student hostels are in dire need of repairs and maintenance
- Inadequate Sitting Accommodation

Ansarul Girls Junior Secondary School – Kono

A review of class attendance registers revealed that classes were overcrowded and exceeded the required maximum of 40 pupils per class. This may hinder effective learning and thus affect the performances of pupils in public examinations

Gbense Junior High School – Kono

A review of class attendance registers revealed that classes were overcrowded and exceeded the required maximum of 40 pupils per class. This may hinder effective learning and thus affect the performances of pupils in public examinations

God Is Our Light Junior Secondary School – Kono

A review of class attendance registers revealed that classes were overcrowded and exceeded the required maximum of 40 pupils per class. This may hinder effective learning and thus affect the performances of pupils in public examinations

Koidu Junior Secondary School – Kono

A review of class attendance registers revealed that classes were overcrowded and exceeded the required maximum of 40 pupils per class. This may hinder effective learning and thus affect the performances of pupils in public examinations

Koidu Senior Secondary School – Kono

A review of class attendance registers revealed that classes were overcrowded and exceeded the required maximum of 35 pupils per class. This may hinder effective learning and thus affect the performances of pupils in public examinations.

Non-Submission of Documents for Audit Inspection

Section 18 (1) (a) of the Education Act 2004 also requires the manager of a school to keep such records, statistics and accounts and to make such returns and report to the Ministry at such times and in such manner, as may be prescribed by the Minister. This requirement was not met as some schools failed to submit accountable documents for audit reviews. The following were observed:

National Commercial School-Magburaka

A complete set of bank statements and cheque stubs were not submitted for audit inspection.

Holy Trinity Junior Secondary School – Kenema

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

- Details of Basic Education Certificate Examinations (BECE) result;
- Class List;
- School budget;
- Fees register;
- Cash book; and
- Accountable register.

Government Secondary School for Girls Mathora

It was noted that:

- Contract agreement for supply of diets indicating the contract price, terms of reference and bill of quantities was not submitted for audit inspection.
- The delivery notes submitted for the period under review could not be relied upon. Incomplete items such as rice sardine, powder milk, black eyed beans, eggs etc. might be supplied undetected, leading to poor service delivery. The intended quality and standard for diet might not be achieved.

United Methodist Church Secondary School- Makeni

The salary voucher for November, 2013 was not submitted for audit inspection. The estimated value of the salary paid was Le223 million. This indicated poor records management

Receipt books, pay-in-slips, bank statement, cheque stubs, bank reconciliation statements in respect of fees account maintained by the school, inventory Register, etc. were not submitted for inspection.

8.9. APPENDICES

Appendix A - (Losses of cash and stores recorded from 1 st January 2015 to 31 st December 2015)			
MDA	Details	Page Ref.	Cash loss (Le)
Public Accounts-2015	Arrears on Domestic Tax Revenue	32	1,500,000,000
	Underpayment of Foreign Travel Taxes	33	153,922,683
	Non-payment of corporation tax arrears	33	802,000,000
	Non-payment of PAYE	33	262,300,000
	Customs duty and import GST not paid into the CRF	34	22,000,000,000
	Former employees still on the payroll	38	751,800,000
Ministry of Finance & Economic Development-2015	Withholding Tax not deducted and paid to NRA	118	42,200,392
Ministry of Education Science and Technology HQ-2015	Cheques written in the name of staff unaccounted for	121	3,517,199,967
	Withdrawals bank accounts without supporting documents	122	2,605,205,450
	Grants/subventions without retirement details	122	99,941,960
	Excess fuel issued to staff	122	11,254,500
	Withholding taxes not deducted and Paid to NRA-	118	8,439,296
<i>Technical and Vocational Education Training</i>	Withdrawals without retirement details	125	41,591,762
Ministry of Agriculture Forestry & Food Security -HQ -2015	Withdrawals from accounts without supporting documents	127	769,259,643
	Payments for alleged agricultural activities in the provinces	127	148,250,000
	Payment of tuition fees to retired employees	128	50,350,000
	Withdrawals without supporting documents	130	153, 511,856
	Withdrawals without supporting documents- US\$3,000@Le6,000/00	130	18,000,000
	Outstanding tractor hire purchase debts	131	1,482,636,801
	Withholding taxes not deducted and Paid to NRA-\$24,311 @Le6,000/00	118	145,866,000
	Withholding taxes not deducted and Paid to NRA	118	30,495,932
	Staff paid at the ministry also receiving allowance from projects	132	180,220,298
Ministry of Agriculture, Forestry and Food Security - Kenema - 2013	Annual installment payment in arrears of	130	528,930,942
	Revenue collected from transport permit unaccounted for	137	92,744,000
Ministry of Agriculture, Forestry and Food Security Kenema - 2014	Transport permit revenue unaccounted for	137	70,292,000

Appendix A - (Losses of cash and stores recorded from 1 st January 2015 to 31 st December 2015)			
MDA	Details	Page Ref.	Cash loss (Le)
Ministry of Mines and Mineral Resources, HQ - 2015	Excess fuel issued without justification	140	13,500,000
	Personnel not available for physical verification and on annual salary of	141	19,425,924
	Unrecovered loan of	141	704,431,448
Ministry of Defence, HQ-2015	Procurement documents not available for inspection	143	1,573,542,789
	Withdrawals without supporting documents	144	131,290,000
Ministry of Internal Affairs -2013– 2015	Special imprest without supporting documents	159	385,199,500
	Unretired Imprest	118	474,326,350
	Withholding taxes not deducted and Paid to NRA	118	26,097,090
Ministry of Health and Sanitation, Headquarters -2015	Payments without supporting documents	159	2,426,977,817
	Payments without supporting documents- US\$32,842 @Le6,000/00	159	197,052,000
	Supporting documents not submitted for cheque withdrawals amounting to	159	1,842,338,675
	142 Unverified Personnel paid the sum of	163	3,903,165,564
	No justification for contract not awarded to the lowest responsive bidder	163	295,670,320
	Sale of bid documents and unaccounted for	165	20,980,000
	No documents to justify the usage of fuel	166	28, 590,000
Government Hospital – Kenema	Revenue not brought to account	181	370,003,000
	Loan issued with no evidence of repayment	182	20,052,000
	No records justifying monies spent for servicing and repairs of motor vehicles	183	41,800,000
Government Hospital Tonkolili 2015	Duplicated efforts and resources on waste management	189	239,500,000
	Revenue not brought to account	189	9,040,000
Princess Christian Maternity Hospital- 2015	Revenue generated put into immediate use without evidence of authority	174	15,795,000
Ministry of Foreign Affairs and International Cooperation 2013-2015	Unretired Imprest	118	536,245,508
Ministry of Social Welfare-2013-2014	Documents not submitted in respect of diets supplied totalled	190	378,931,250
Ministry of Fisheries and Marine Resources-2015	Revenue not deposited into the CRF	194	80,851,317
	Arrears of fines and local discharge from fishing companies	195	377,451,133

Appendix A - (Losses of cash and stores recorded from 1 st January 2015 to 31 st December 2015)			
MDA	Details	Page Ref.	Cash loss (Le)
	Arrears of fines and local discharge from fishing companies-US\$135,942@Le6,000/00	195	815,652,000
	Fuel not brought to account	196	5,613,000
	Withholding Tax not deducted and paid to NRA	118	6,727,900
Ministry of Water Resources 2014 - 2015	Withdrawals without supporting documents	202	1,681,091,648
	Unretired Imprest	119	158,635,000
	Fuel operating records were not submitted to account for the	203	67,543,900
Ministry of Youth Affairs 2014-2015	Payments without supporting documents	204	60,000,000
	Withholding Tax not deducted and paid to NRA	119	248,176,707
	Grants without retirement details	205	684,403,316
	Unauthorised deductions made from allowances paid to project workers	206	80,400,000
	Grants utilised without supporting documents	206	111,300,000
	304 unverified workers paid the sum of	207	486,400,000
<i>National Youth Village Project</i>	Withdrawals without supporting documents	209	277,780,000
	Disbursements without supporting documents	209	67,962,000
<i>Youth Empowerment Project</i>	Withdrawals without evidence of procurement and delivery	210	2,203,287,000
Administrator and Registrar General-2015	Transfers from transit account not traced in the CRF	257	44,822,948
National Registration Secretariat - 2015	Revenue not traced to the CRF	263	168,446,000
National Fire Force, Kenema - 2015	Fuel unaccounted for	277	17,625,000
National Stadium Management - 2015	Arrears of occupancy at the National Stadium hostel rooms	280	236,700,000
	No evidence of loan owed to former General Manager	280	20,000,000
	Loan issued out without terms and conditions of repayment	280	7,000,000
	Staff exceeding statutory retirement age still on payroll	281	20,640,000
Sierra Leone Correctional Services Hq-2015	Withholding Tax not deducted and paid to NRA	119	4,800,000
Government Printing Department-2015	Overpayment of salaries to staff	284	8,485,680
National Revenue Authority 2013-2014	Unretired contingency payments	345	54,887,129
Koidu New Sembehun City Council 2015	Relevant contract documents for the maintenance of eight feeder roads.	72	400,400,000
	Payments without supporting documents	75	145,740,000
Kono District Council - 2015	Assets Not Available for Physical Verification	78	85,000,000

Appendix A - (Losses of cash and stores recorded from 1 st January 2015 to 31 st December 2015)			
MDA	Details	Page Ref.	Cash loss (Le)
Freetown City Council 2015	Procurement documents not submitted	73	913,600,000
Bonthe Municipal Council - 2015	Payments without supporting documents	75	447,900,000
	Withholding taxes not deducted and paid to the NRA	76	17,100,000
	Unclaimed Salaries	79	4,950,000
	Assets not available for physical verification	78	56,900,000
Western Rural District Council - 2015	Payments without supporting documents	75	10,600,000
	Withholding taxes not deducted and paid to the NRA	76	11,700,000
Bo District Council - 2015	Withholding taxes not deducted and paid to the NRA	76	4,200,000
Bonthe District Council - 2015	Withholding taxes not deducted and paid to the NRA	76	15,000,000
Kambia District Council - 2015	Withholding taxes not deducted and paid to the NRA	76	3,240,000
Koinadugu District Council -2015	Withholding taxes not deducted and paid to the NRA	76	46,070,000
Moyamba District Council - 2015	Assets not available for physical verification	78	36,200,000
Bo City Council - 2015	Assets not available for physical verification	78	18,000,000
Bombali District Council - 2015	Duplication of Salaries to Core Staff	79	6,500,000
GRAND TOTAL			65,411,149,395