

## Transmittal Letter



December, 2017

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 31<sup>st</sup> December, 2016.

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
AGD	-	Accountant General's Department
AIG	-	Assistant Inspector General
ASL	-	Allocated Store Ledger
ASSL	-	Audit Service Sierra Leone
BSL	-	Bank of Sierra Leone
CDA	-	Community Development Agreement
CIO	-	Chief Immigration Officer
COC	-	Community Oversight Committee
COP	-	Clerk of Parliament
CRFA	-	Consolidated Revenue Fund Account
CSM	-	Civil Service Management
CSTC	-	Civil Service Training College
DACDF	-	Diamond Area Community Development Fund
DAO	-	District Agriculture Officer
DFPP	-	Diversified Food Production Project
DG	-	Director General
DHMT	-	District Medical Health Team
DMO	-	District Medical Officer
DODA	-	Director of the Office of Diaspora Affairs
EC	-	Executive Chairman
EDSA	-	Electricity Distribution and Supply Authority.
EGTC	-	Electricity Generation and Transmission Company
EPA	-	Environmental Protection Agency
FA	-	Financial Accountability
FAO	-	Food and Agricultural Organisation
FMR	-	Financial Management Regulations
GAFSP	-	Global Agricultural Food Security Program
GDP	-	Gross Domestic Product
GOSL	-	Government of Sierra Leone
GM	-	General Manager
HQ	-	Headquarters
HRMO	-	Human Resource Management Office
ICT	-	Information and Communication Technology
IDB	-	Islamic Development Bank
IFAD	-	International Fund For Agricultural Development
IFMIS	-	Integrated Financial Management Information System
IFRS	-	International Financial Reporting Standards
IPSAS	-	International Public Sector Accounting Standard
LFM	-	Linking Farmers to the Market
MAFFS	-	Ministry of Agriculture, Forestry and Food Security
MD	-	Managing Director
MDA	-	Ministries, Departments and Agencies
MEST	-	Ministry of Education Science and Technology
MFAIC	-	Ministry of Foreign Affairs and International Cooperation
MIS	-	Management Information System
MoFED	-	Ministry of Finance and Economic Development

MS	-	Medical Superintendent
NASSIT	-	National Social Security and Insurance Trust
NCTVA	-	National Council for Technical Vocational and Other Awards
NMA	-	National Mineral Agency
NPCU	-	National Programme Coordination Unit
NPL	-	Non Performing Loans
NPPA	-	National Public Procurement Authority
NRA	-	National Revenue Authority
OARG	-	Office of the Administrator and Registrar General
ODA	-	Office of Diaspora Affairs
PFMA	-	Public Financial Management Act
PHU	-	Primary Health Unit
PS	-	Permanent Secretary
PV	-	Payment Voucher
RCB	-	Rokel Commercial Bank
RPSDP	-	Rural and Private Sector Development Project
SABI	-	Sierra Leone Agric Business Initiative
SIVs	-	Store Issue Vouchers
SLCB	-	Sierra Leone Commercial Bank
SPO	-	Senior Procurement Officer
SRVs	-	Store Receive Vouchers
TVET	-	Technical and Vocational Education Training
UNICEF	-	United Nations International Children's Emergency Fund
USL	-	University of Sierra Leone
WHT	-	Withholding Holding Tax

## Foreword



It gives me great pleasure to present the annual report for the financial year ending 31st December 2016. The report covers the audit outcomes of the central government, parastatals and other public institutions. This year, our country experienced the impact of economic austerity measures introduced by government to address the current economic challenges.

The crash in the price of iron ore, the country's leading export commodity, and the fall in domestic revenue not only left real GDP growth and inflation at 6.1% and 17.4% respectively, but significantly depreciated an already diminished Leone in foreign exchange markets. The country also remains vulnerable to external risks as a member of the "global village".

While it is hoped that the economy may recover in the aftermath of the austerity policies, I emphasize that sustained control and governance reform efforts are also needed especially in the fiscal and financial sectors. It is my firm belief that prudence in the management of public expenditure and improvements in revenue mobilisation will increase citizen confidence in the public sector, assist in generating robust and sustainable growth and contribute to poverty reduction.

Despite government's financial austerity measures - which affected our operations within Sierra Leone and had suspended our audit activities in diplomatic missions - we were able to audit 72.5% of government budgeted expenditure.

We were also commended by the African Organisations of English-speaking Supreme Audit Institutions (AFROSAI-E) for an outstanding environmental audit report on solid waste management in the Bo City Council. A presentation to AFROSAI-E in South Africa was very well received and this report is now referenced by other Supreme Audit Institutions as a model project.

We produced our annual report within the statutory timeframe. It included comments arising from the financial audit of the Public Accounts, compliance audits in ministries, departments and agencies as well as public enterprises, commissions and governmental projects. We also submitted two performance audit reports to Parliament on the Youths in Drainage Clearing Project and Monitoring of Environmental Compliance and Enforcement.

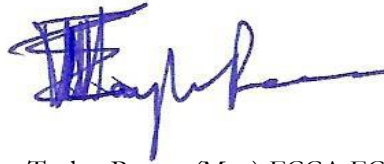
We include in this report a detailed review of the Integrated Financial Management Information System (IFMIS) and summary chapters on audits of devolved local councils, local chiefdom administrations and schools. In summary, I report on all our audit activities nationwide so as to provide a comprehensive picture of the work of my office. Our audits are conducted in accordance with professional auditing and ethical standards generally recognised around the world.

Accountability for resources entrusted is a Sustainable Development Goal (SDG). It is fundamental to the pursuit of poverty eradication and enhancing prosperity. My reports reflect on and draw attention to the Le75.5billion of financial resources allocated to MDAs which remain unaccounted for. This may assist the Public Accounts Committee (PAC) of the Parliament of Sierra Leone in focusing its discussions on the recovery of those public funds. I will continue to comment on this occurrence until it has been addressed.

I would like to acknowledge the support from Parliament especially the Public Accounts Committee, that has been deliberating the previous annual report, and also the intervention of the Executive in following up on the implementation of audit recommendations of 2015. This will make a real contribution to enhancing scrutiny of the more than Le65.4 billion unaccounted for during 2015.

Finally, I also acknowledge the support of the Audit Service Board and all government officials. My deep and sincere gratitude to my very committed staff for their enthusiasm and single-minded tenacity in pursuing audit issues during the past year.

Thank you.

A handwritten signature in blue ink, appearing to read 'Lara Taylor-Pearce', with a stylized, cursive script.

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 the summary is a standalone chapter that accurately reflects the overall content. It is laid out in the same sequence as the chapters in the document. Readers seeking detailed information need only go to the individual chapters in the annual report.

## The Role of ASSL

We are the guardian of the public purse and Sierra Leone's economic security. In the exercise of our legitimate authority as the supreme audit institution, and acting in a professional, ethical and transparent manner, we audit and report on the stewardship provided by the government over moneys received - whether from taxpayers, donors or others - and related expenditure from these funds.

Through independent professional audit, we establish to a reasonable level of assurance whether or not public moneys were used by the government in the manner intended by Parliament. We assess whether these funds are adequately controlled, clearly and accurately reported by government and how they are used in terms of economy, efficiency and effectiveness.

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

Our vision is to be a leading audit organisation promoting excellence and accountability in public institutions.

## Audit of the Financial Statements of the Consolidated Revenue Fund Account (CRFA)

The enactment of the Public Financial Management Act (PFMA) in 2016 was aimed at ensuring both fiscal efficiency and discipline in the use of public finances in the best interest of the people of Sierra Leone. This Act repealed the Government Budgeting and Accountability Act 2005 (GBAA). The PFMA 2016 is meant to provide for more effective management of public finances by the national and local governments. To this end, a series of practical steps have been taken by the government. These include: the establishment of an inventory of Government of Sierra Leone bank accounts; the closure of dormant accounts; engaging expert consulting services to assess and advise on the technological, infrastructure, organisational and institutional arrangements; and to plan for the Treasury Single Account (TSA) system implementation.

Section 87 of the PFMA 2016, requires the preparation of the annual financial statements of the Consolidated Revenue Fund Account. The Accountant General is to prepare and sign the annual financial statements of the Consolidated Revenue Fund Account not later than three months after the end of a financial year and to submit same, together with his explanatory report, through the Minister of Finance and Economic Development, to the Auditor General for audit in accordance with section 119(2) of the Constitution of the Republic of Sierra Leone, 1991.

Our audit processes include a series of tests designed to provide a reasonable level of assurance on management's representations as set out in the financial statements. The auditor is to be reasonably sure that the financial statements are free from material misstatements.

We found sufficient and appropriate audit evidence to support an unqualified audit opinion on the financial statements of the government of Sierra Leone.



The issuance of an unqualified opinion with an 'Emphasis of Matter' paragraph on the accounts of the government of Sierra Leone signifies that there have been some improvements in accounting controls and in the presentation of accounts over recent years when modified opinions were issued.

The opinion is based on our professional judgement after evaluating evidence gathered during the Consolidated Revenue Fund Account audit and, indirectly, on the findings of the many other audits undertaken throughout 2017 on transactions carried out in 2016. The issues giving rise to the unqualified audit opinion on the 2016 Consolidated Revenue Fund Account are summarised below:

### **Bank and Cash Transactions**

Controls over bank and cash transactions have continued to improve. Activities such as the rationalisation and closure of dormant bank accounts; establishing connectivity with twelve commercial banks and the establishment of live linkages from the Bank of Sierra Leone (BSL) to the AGD/MoFED have gone a way towards reducing the level of errors and omissions in the accounts.

### **Domestic Revenue**

Controls around the assessment, collection and reporting of government revenue also continue to improve. For instance, in 2016 domestic revenue receipts increased by Le407.6 billion which is 15.9% over domestic revenue receipts in 2015 financial year. This was assisted by improvement in internal control. Nonetheless, the continued lack of regular reconciliations between the National Revenue Authority (NRA) in respect of the various revenue departments, and between the NRA transit bank accounts and the Bank of Sierra Leone, remain to be addressed. Recent focus has largely been on reducing government spending to help balance the books. The other side of this coin is the need to maximise government revenue. Much more effort is however required in these areas.

### **External Debt**

In recent years, differences have been observed between the external debt amounts, recorded in CS-DRMS and the Schedule of Outstanding Debt prepared by the public debt unit, and also with external confirmations received directly from creditors. The lack of adequate reconciliation between these three information sources means that it is impossible to be sure that the figure as presented in the Consolidated Revenue Fund Account is free from material misstatement. The rate of third party confirmations from external creditors has continued to improve. Despite the improvements in the amount of debt confirmed by external creditors, confirmations received as part of the 2016 audit identified a number of errors in the Consolidated Revenue Fund Account that have now been corrected in the financial statements.

### **Financial Reporting Framework**

Explanatory Notes 2a to the financial statements states that the General Purpose Financial Statements (GPFS) of the Consolidated Revenue Fund Account have been prepared in accordance with the requirements of the Public Financial Management (PFM) Act 2016 and comply with International Public Sector Standard-Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS). However, the accounts do not comply with section 1.3.24 Cash Basis IPSAS which require the disclosure of payments made by third parties. The Accountant General has added a narrative disclosure to the Consolidated Revenue Fund Account acknowledging that the government received amounts from various sources but that they cannot identify and reliably ascertain the financial value received for such donations.

The Consolidated Revenue Fund Account of the Government of Sierra Leone is 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 (ISSAI).

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

An audit also includes evaluating the following:

- Appropriateness of accounting policies used.
- Reasonableness of accounting estimates made.
- Overall presentation of the financial statements.
- 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.

### **Unqualified Opinion**

In my opinion, the Consolidated Revenue Fund Account gives a true and fair view, of the financial position of the Government of Sierra Leone as at 31st December, 2016 and its receipts and payments and additional financial statements (Statement of Comparison of Budget and Actual Revenue and Expenditure, and the Statement of Cash Position) in accordance with the PFM Act, 2016, cash basis IPSAS and other applicable laws and regulations.

### **Emphasis of Matter**

#### *Reconciliation of Domestic Revenue*

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 were not performed. Similarly, reconciliations between transit bank accounts and the Bank of Sierra Leone (BSL) accounts were not done. Furthermore, there was no process by which the amount assessed by revenue collecting MDAs was compared to the revenue collected by NRA.

#### *Difference between Public Debt disclosed in the Financial Statement of the Consolidated Fund and debt balances confirmed by creditors.*

We noted that for some of the confirmations received from external creditors; debts recorded in the accounts were not included in the confirmations received. For instance, a debt of Le33.4 billion in respect of Research Agreement under HIPC relief - BADEA disclosed in the accounts was not confirmed by the Arab Bank for Economic Development in Africa. Also, an IDA (World Bank Loan) debt of Le4.4 billion in respect of Smallholder Commercialisation and Agri-Business Development Project was observed to have been cancelled by IDA but this loan was disclosed in the accounts. There were no reconciliations between the books of government and those of the creditors.

My opinion is not qualified in respect of these matters.

### **Other Matters**

#### *Payroll*

The audit revealed irregularities in payroll records. These irregularities were mainly in respect of consultants on open-ended contracts and staff receiving salaries twice from the Consolidated Revenue Fund Account. The continued delay or failure to regularise the anomalies in the contracts of consultants 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.

### **Other Commentary on the Public Accounts**

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.

The purpose of the annual audit of the financial statements is to provide the users thereof with an opinion on whether the financial statements fairly present, in all material respects, the key financial information for the reporting period, in accordance with the financial framework and applicable legislation.

This year I have issued an unqualified opinion, on the financial statement of the Consolidated Revenue Fund Account of the government. This signifies a shift from last year when I issued a qualified 'except for' opinion. This year's report as compared to last year shows an improvement on issues such as; control over the preparation of financial and performance reports; as well as improved review and monitoring of compliance with legislation, record-keeping and document control generally.

Improving basic controls and discipline, if sustained, will continue to ensure that errors, omissions and non-compliance are prevented, detected and corrected in a timely manner.

We have over the years consistently reported on the main causes of poor audit outcomes. Further to that, we have made recommendations for improvement. However, implementation of recommendations, while improving, needs to be sustained.

The intervention of the executive arm of Government in following up on the implementation of the audit recommendations will draw attention to and enhance scrutiny of the report of the Auditor-General, a report debated and approved by Parliament. This action will also help in achieving the goals of improving public financial management reforms in Sierra Leone. If the action of the executive in relation to recommendations persists, instances of financial indiscipline will reduce. It continues to be my fervent hope and belief that with greater collaboration between the executive, parliament and the Auditor-General we could ensure that those charged with the implementation of programmes and/or projects adhere to the constitutional and statutory provisions aimed at effective public financial management, enhanced transparency, accountability and good governance. This will ultimately build trust in public officials, institutions and systems responsible for effective financial management.

### **Local Councils**

Local councils are responsible for the promoting the development of the locality, and the welfare of their people. They are financially supported by the central government through the Consolidated Revenue Fund Account and therefore 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. My principal responsibility is to express an opinion on the financial statements based on the audit that we conduct. This year, annual financial statements for 19 local councils were submitted for audit before, or shortly after, the legislative deadline of 31<sup>st</sup> March, 2017. Whereas the outcome of the audit exercises resulted in a large number of unqualified opinions, a few received qualified and even adverse opinions suggesting that the financial management and operations of some councils need to be improved. Greater focus on basic principles of internal control and proper records management is essential. As in prior years, all 19 councils submitted financial statements that contained material misstatements in one or more areas. Some received unqualified audit opinions because they used the opportunity provided by the ASSL to correct all misstatements identified during the audit. Those councils

that were not willing and/or able to correct all the errors of misstatements could not avoid the qualification of their financial statements. This was primarily due to the unavailability of information or documentation required to determine the correct amounts.

Councils and the related oversight bodies should be more involved in the monitoring of key governance matters and related internal controls and hold transgressors accountable for poor performance.

Significant matters identified in the audit examinations across local councils can be found in chapter 2 of this report. Even more detail is contained in the separate individual council audit reports submitted to Parliament.

### **A Review of the Integrated Financial Management Information System (IFMIS)**

If there is an overarching conclusion from this study, it would be that the expected outcomes following the introduction of IFMIS have not yet been fully achieved.

There was no evidence of an IT governance structure such as an IT Steering Committee. However, there is an IT strategic policy at national level that aligns the IT goals and objectives with the MDAs using the system but none at the MDA level *per se*. The current governance structure for IFMIS, such as it is, seems to suggest that the Accountant General is not the ‘business owner’ even though it is the prime user of the data.

Important financial systems outside the AGD do not interface with IFMIS. Integration of the IFMIS would improve data accuracy, simplify reconciliation, enhance transparency and accountability of overall financial management processes. In the absence of systems integration/interfacing, institutions are at liberty to restrict financial information from GoSL which also lessens the spirit of accountability and transparency and hence is a recipe for poor control and an enabler for corruption. In addition, not all IFMIS modules are utilized. However, financial reporting has improved in terms of timeliness, accuracy and completeness.

An appropriate-IT security policy document has not been created and communicated to all relevant personnel. There was no evidence to suggest that an appropriate business/disaster recovery plan and back-up policy was in operation to identify, reduce and manage risks from significant IT outages, however caused.

There was no policy on password management. In some instances, system users in MDAs changed their own passwords. In cases where it was not done by them, passwords were changed by the system by default.

The AGD did not have a help desk designated to assist end-users and record all complaints and the manner in which they were addressed. Furthermore, the ICT of MoFED did not maintain a register of complaints raised by end-users.

Training, a key component for effective implementation of IFMIS, had been provided by PFMRU to users across MDAs to ensure that activities were properly and adequately captured within the system. However, there were no detailed operation manuals for the various users although there is a training manual for the Financial Accountability (FA) and CSM modules.

The functionality for contract management is at the moment not available in IFMIS and this is a major activity in all MDAs.

Key fields, such as the National Social Security Number, are not mandatory despite their importance to human resource management. The functionality to prompt HRMO about imminent retirement dates does not exist.

An asset register for use by IFMIS project was available and majority of the computers and equipment were physically verified at their locations. Some of missing assets had police reports to substantiate the claims but in some instances, the assets were reported not to have been delivered.

### **Performance Audit**

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

Two performance audit reports issued by ASSL and tabled in the house of Parliament this year are: Ministry of Youth Affairs (Youth in Drainage Clearing Project) and Environment Protection Agency (EPA) – Sierra Leone. The main observations follow under each activity examined.

#### *Ministry of Youth Affairs - Youth in Drainage Clearing Project*

Jobs are critical to poverty reduction in Sierra Leone. Adding to the job challenge is the high unemployment rate amongst the youth and growing population. In an effort to address the issue of youth unemployment, the Youths in Drainage Clearing Project was instituted with its main objective to provide livelihood for deprived, excluded and vulnerable youths. Nonetheless, the following were observed:

- The project was not linked to the intended outputs and objectives in the absence of a proper planning and implementation framework.
- The absence of a signed MOU posed serious financial impediments and commitment from the various stakeholders in implementing the project.
- The identification and recruitment of youths was not based on defined eligibility criteria, thereby increasing the possibility for the exclusion of deprived and vulnerable youths from benefiting from the livelihood programme. The recruitment of youths outside registered youth groups was in contravention of the revised National Youth Policy, 2014 thereby undermining the purpose of forming and registering youth groups that should receive special attention in implementing youth programmes.
- The absence of unique identification of participants posed further challenges in ensuring that payment was made to deserving participants and affected efficient and effective monitoring and auditing.
- The arrangements for ensuring that the team carried out assigned duties were not effectively done by the Ministry. The Ministry limited the involvement of SLRA and failed to establish adequate systems to identify the scope of work and certification of work done which further increased the risk of misuse of project funds and raised the question of creditability in the whole process.
- The inadequate provision and control of tools and equipment provided to youths hindered productivity in the project and loss of man hours.
- Irregular supply and limited use of the personal protective equipment potentially posed serious risk to the health and occupational safety of the youths while executing their assigned duties.
- Ad-hoc systems of monitoring affected the Ministry in tracking the progress of the project and taking necessary and corrective measures in a timely manner.
- Failure by MoYA to introduce training in microeconomic businesses affected the sustainability of the livelihood of the beneficiaries.

### *Environmental Protection Agency (EPA) – Sierra Leone*

Efforts made by the EPA to provide environmental regulations and undertake monitoring activities were noted. However, the findings of this report indicated that environmental issues have not been adequately managed, monitored or coordinated leaving room for potential undermining of environmental sustainability in Sierra Leone.

The EPA's database of proponents (companies whose activities impact the environment) was not updated and did not include all existing proponents yet did include those with closed operations.

The omission of some proponents that may qualify for EIA (Environmental Impact Assessment) licenses renders the agency's database incomplete and ineffective for planning and execution of environmental monitoring and auditing activities.

There were proponents operating without EIA licenses; especially exploration companies. In addition, the institution did not keep track of quarterly and annual reports of proponents.

As a policy, 20% of all EIA license fees collected should be used for monitoring activities. However, a careful review of EPA-SL's accounting records showed that the 20% portion of the EIA license fees collected were not used exclusively for monitoring purposes.

A significant number of artisanal miners in the rural areas were not inspected due to weak coordination between the agency and the National Mineral Agency. This resulted in artisanal activities been unattended to.

### **Ministries, Departments and Agencies**

Our reports on MDAs suggest an overall estimate of cash losses in the region of Le75.5billion. Despite this enormous amount, our reviews show that some MDAs have taken corrective action to address the issues raised on administrative and financial management matters while in others very little has been done. Public financial management on a whole still has room for improvement in all MDAs.

Examples of basic procedures not being observed are as follows:

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

The benefit associated with our audits is not in the number of recommendations we give, but their effective implementation. The lack of adequate response does not inspire confidence that resources are being managed optimally with due regard for economy, efficiency or effectiveness or fully in accordance with the intent of Parliament.

### **Public Enterprises, Commissions and Donor Funded Projects**

As in preceding years, there have been a number of public enterprises (PE) that missed their statutory deadline for preparation, publication and submission of annual financial statements. Fourteen PEs and commissions have not produced annual financial statements for 2015. Some are more than one year behind and some others since formation. Again, 36 public enterprises and commissions submitted their accounts beyond the stipulated date of 31 March, 2017.

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

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

There are also instances of inadequate personnel records and weak internal audit departments. These instances altogether suggest a need for greatly improved financial management with a clear focus on basic principles of internal control.

### **Chieftdoms**

The audits of local chieftdoms focused primarily on the collection and administration of local taxes and other revenue generated by chieftdom councils which were deemed high risk areas. Transactions were examined to ascertain whether tax collected and funds allocated by the central government to the chieftdoms were utilised in accordance with the relevant regulations and for the intended purposes. This exercise included the assessment or examination of the records of each chieftdom, its control environment, control procedures and other requirements. In general, and across virtually all local chieftdoms, the significant matters identified in the audit examinations were as follows:

- Missing receipt books.
- Withdrawals/disbursement of funds without supporting documents.
- Revenue collected, not deposited to bank accounts but put into immediate use.
- Monthly bank reconciliations not carried out.
- Failure to maintain asset registers.
- Non-presentation of vital documents.
- Chieftdom committees not operational.

A broader picture on the outcome of the audits carried out is captured in chapter 7 of the report.

### **Tertiary Level Institutions and Schools**

A review of schools and vocational institutions was carried out with the focus on evaluating the adequacy of internal controls in the collection of fees and on expenditure from those monies which served as a platform for effective school operations as well as procedures. We also sought to determine whether or not applicable laws, policies and regulations had been complied with and whether or not the systems and practices were adequate to exercise a reasonable level of internal control over operating activities.

Responsibility and accountability rests squarely on the Ministry of Education and it is from there that corrective action needs to be initiated as a matter of the gravest urgency.

The review pointed out basic procedures that were not being observed as follows:

- Disbursement procedures not adequately followed.
- Withholding taxes not deducted and paid to NRA.
- Unclaimed funds not paid into the Consolidated Revenue Fund Account.
- Retired teachers still on payroll.
- Irregular teachers in receipt of salaries.
- Revenue not brought to account.
- Monthly bank reconciliations not prepared.
- Poor asset management.
- Inadequate personnel management.
- Teachers without the approval of the MEST.
- Non-compliance with provisions of the Education Act 2004.
- Non-submission of documents for audit inspection.

Details on the outcome of the audits are seen in chapter 8 of the report.



## INTRODUCTION

### **Differing Roles**

Whilst the role of the government official is to ensure quality service delivery, our role as the external auditor of all government activities is to be an independent professional voice assessing how well the government, supported by the public officers, delivers services generally and public financial management in particular. In these efforts, civil servants are to comply with government laws, regulations and policy as approved by Parliament.

We are concerned about how government expenditure is accounted for; and with the orderly and equitable collection and accounting for all sources of government revenue. Also, a key part of our role, through our audit reports, is to bring control issues (including matters of efficiency, effectiveness and economy) and failures to meet accountabilities conferred to the attention of stakeholders including citizens.

The role of the ASSL is therefore to examine whether or not public funds are spent economically, efficiently and effectively in compliance with existing laws, rules and regulations and as intended by Parliament, as well as being clearly and accurately reported. The outputs of our reviews are reports with observations and recommendations. With implementation of our recommendations, outcomes from MDA initiatives would improve. 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. Specifically, we comply with The International Organisation of Supreme Audit Institutions (INTOSAI) professional and ethical standards and, as an institution ASSL is very active in its regional body, the AFROSAI-E.

The Auditor General of Sierra Leone who was elected in 2014 to serve a three-year term as Chairman of the Governing Board of AFROSAI-E has recently been re-elected due to her dedication and competence.

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 and donor-funded specialised capacity building. In the past year the ASSL has continued to deliver internal training seminars and workshops for both technical and non-technical members of staff. Selected members of our staff have attended training overseas and, in that regard, been commended for excellent performance.

### **Brief History of ASSL**

ASSL was originally established as the Audit Department, through the Audit Act of 1962. The office later became the Auditor General's Department and, ultimately, enabled by the Audit Service Act 1998, the Audit Service Sierra Leone of. ASSL is now further empowered by the Audit Service Act of 2014.

### **Infrastructure and Resources**

Since 1962, the office expanded progressively by opening regional offices in Bo, Kenema and Makeni. Headquartered in Freetown, ASSL operates from a number of locations there including the Youyi and Lotto buildings. It is hoped that construction on our new headquarters at Tower Hill, commenced some years ago, will soon recommence. Its completion would enhance consolidation of all Freetown staff to one location with the resulting efficiencies and economies of scale.

Over the years some considerable success in recruiting skilled returning ex-patriots and young graduates from local universities has been achieved. Upon hiring, the graduates are encouraged to pursue certification as full members of a professional accounting body. We have also been able to attract experienced professionally qualified staff from the domestic market to our mid- and senior-level

positions. However, more financial resources are needed as we pursue the improvement of public financial management as mandated by the Constitution, the Audit Service Act (2014) and other related financial legislations.

### **Our Mandate and Independence**

Section 119 of the 1991 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. Her mandate includes the university and public institutions of like nature, statutory corporations, companies or other bodies and organisations established by act of parliament or statutory instrument or otherwise set up partly or wholly out of public funds.

The independence the Auditor General in discharging the responsibilities of the office is strongly supported by the Constitution of Sierra Leone. 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.”

This independence is a fundamental characteristic of all well-functioning SAIs and we value and defend ours.

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 would always be defended robustly.

### **ASSL's Vision**

Our vision is to be a leading audit organisation promoting excellence and accountability in public institutions.

## **Mission Statement of ASSL**

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

## **Our Core Values**

The following ethical values underpin the work of all staff members of the ASSL:

- *Professionalism* - We carry out our work with respect, competently and in the public interest.
- *Integrity* - We are straightforward and honest in all professional and business relationships and deal fairly with those we work.
- *Impartiality* - We are unbiased and politically neutral.
- *Objectivity* - We always ensure we avoid any actual or perceived conflict of interest in the work we do.
- *Independence* - As an organisation, we work independently from Government.

## **Compliance with 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 already mentioned, 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 2016 Report is divided into Part I and Part II. 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.

Part I has my opinion on the Consolidated Revenue Fund Accounts (previously known as Public Accounts) along with comprehensive chapters on cross-cutting subject matters; comments drawn from analysis of Local Councils audits; a review of the Integrated Financial Management Information System (IFMIS); and a summary of performance audits;

Part II has detailed comments, observations and official responses from specific audit entities such as MDAs and parastatal enterprises.

Each Part has chapters dealing separately with discrete components of the activities of government.

### **Part I**

- My audit opinion on the financial statements of the government of Sierra Leone for the year-ended 31<sup>st</sup> December, 2016, and related comments on the audit examination findings.
- A chapter summarising performance audit reports.
- A chapter on the review of the Integrated Financial Management Information System (IFMIS).
- A chapter drawn from and analysis of audits of Local Councils.

### **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.
- Matters arising from audits of local chiefdoms and schools.

## **Plain Language**

I have continued to use the plain language approach that began in my 2010 report. This is in the interest of clarity and communicating unambiguous 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. However, I recognise 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 at the beginning of each chapter I include 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 is 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 has gained tremendous success in terms of improving its technical capacity. As a technically well-functioning highly regarded institution, backed by a growing group of accounting professionals, ASSL has been working with other partners to build staff capacity in the audit of extractive industries. Significant progress has been made in this direction. ASSL has established a team of extractive industry auditors. It has carried out initial audits of mining surface rent revenues in extractive industries. This is in line with the Extractive Industry Transparency Initiative (EITI) to which Sierra Leone is a signatory and the implementation of the International Financial Reporting Standard (IFRS 6) for the extractive industry sector.

Our staff continue to perform exceptionally during international workshops. A waste management report in the audit of local councils stands as a testimony to ASSL's progress. This report was rated the best in 2016 when published and is now referenced by other Supreme Audit Institutions. There has been marked improvement in the efficiency and work consistency of our audits and we can therefore legitimately claim to be one of the best-performing public-sector organisations in the country with increased international recognition. We are using ISSAIs, have better quality embedded in our audit work and working papers and we carry out not only financial, compliance and regularity audits but also have a nascent performance audit (PA) unit which I believe is our future.

## **Looking to the future**

ASSL's work is one of the pillars to achieving sound public financial management. However, public financial management in Sierra Leone is improving slowly at best. We make observations on issues coming to our attention and provide recommendations for improvement to the public financial management system. For years ASSL has been reporting an array of audit issues and given recommendations but as yet has seen little evidence of progress in addressing them.

With a thorough follow-up on recommendations, we are in the position to disclose to taxpayers improvement and deterioration in government programmes and operations. The merits of such an exercise are not in the number of recommendations made, but in their effective implementation.

Passionate about the positive outcome of audit recommendations, ASSL has not only been technically supportive to the PAC deliberation on audit findings and recommendations over the years but has gone a step further to work closely with the Attorney General and Ministry of Justice on executing the PAC's recommendations. It is hoped that in the near future our efforts in this regard will yield dividends.

In 2018, we hope all institutions, particularly public enterprises, will submit financial statements for audit at the earliest possible date. In this regard ASSL recently formulated an approach bringing to the attention of the public, those institutions considered to be deliberately flouting legitimate rules and regulation for the submission of financial statement.

### **Relationship with PAC**

When the report of the Auditor General is submitted to parliament, the PAC has the responsibility to summon vote controllers and other stakeholders to respond to queries raised in the audit report. The PAC's own accountability process is further strengthened through support by an ASSL technical unit located in parliament headed by the AG or her Deputy. The team briefs the Committee at pre-hearings and during hearings.

Officials summoned by the Committee are requested to make submissions on the issues raised by the Auditor General. After deliberations, the PAC prepares its Report on the AG's Annual Report. It contains the PAC's recommendations. In 2016, PAC deliberated on the Auditor General's main report on the 2014 Accounts. Performance Audits and Local Council audit reports are subjected to a similar process.

### **A Word of Thanks**

I take this opportunity to acknowledge the dedication and quality of our employees who, through their contribution, have enabled Audit Service Sierra Leone to continue to grow day by day. Finally, a note of gratitude goes to the Parliamentarians, Ministers of Government and public officials, who in one way or the other have enhanced the work of Audit Service Sierra Leone. It is with considerable pride I present this report.

# PART I

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

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## **MAIN POINTS**

### **What we examined**

Sections 87 of the Public Financial Management Act (PFMA) of 2016 requires the Accountant General to draw up and sign the annual financial statements of the Consolidated Fund not later than three months after the end of a financial year and to submit them together with his explanatory report to the Auditor General for auditing through the Minister of Finance and Economic Development (MoFED).

The presentation of Consolidated Revenue Fund Account seeks to comply with the provisions of the PFM Act 2016 and cash basis IPSAS accounting standard. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies as indicated on pages 8 to 57 of this report. It also seeks to ensure that reliable and relevant accounting information are made available to Parliament in particular and to the public in general to enable interested parties make an informed judgment on the management of the Consolidated Fund 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 rate, interest rate, inflation, etc.

The Annual Financial Statement of the Consolidated Fund is subject to audit by the Auditor General in accordance with Section 119(2) of the 1991 Constitution of the Republic of Sierra Leone. Section 16 of the PFM Act, 2016 mandates the Auditor General to Audit the Annual Financial Statement of the Consolidated Fund on an annual basis to enable her give an opinion on the Annual Financial Statement. We have also checked that the internal controls instituted by the Accountant General and other key institutions operated effectively and efficiently.

We selected a sample of transactions from the Integrated Financial Management Information System (IFMIS), on a risk basis, and examined the underlying supporting documentation. We also verified the accuracy of the compilation process used to produce the Annual Financial Statement of the Consolidated Fund and reviewed the system of internal control in place. These included, but are not limited to, segregation of duties, authorisation, and record-keeping.

### **Why it is important**

The Consolidated Revenue Fund Account (CRFA) of the Government of Sierra Leone shows the financial performance of the Government of Sierra Leone for the financial year ended 31st December 2016. It is prepared on the basis of moneys received by, held in or paid out of the consolidated fund. The Government through the Accountant General's Department (called as the Treasury) operates a centralised treasury function that accounts for moneys collected by the National Revenue Authority (NRA) and administers cash expenditures incurred by all Ministries, Department and Agencies (MDAs) with the exception of government business entities during the financial year.

The amounts appropriated to MDAs are not controlled by the MDAs but instead they are expended on their behalf by the treasury on the presentation of appropriate authorised supporting documents for each transaction. 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.

The enactment of the PFMA (2016) put public financial management at the centre of PFM policy reform. The reforms are aimed at ensuring both fiscal efficiency and discipline in the use of public finances for the betterment of the people of Sierra Leone. Enactment of this Act repealed the Government Budgeting and Accountability Act (GBAA) 2005. The PFMA (2016) is meant to provide for effective management



of public finances by national and local government. To this end a series of practical steps such as the establishment of an inventory of Government of Sierra Leone (GOSL) bank accounts, the closure of dormant accounts, the hiring of consultants to assess the technological, infrastructure, organizational and institutional arrangements and plan for the Treasury Single Account (TSA) system implementation, etc. have been taken.

Notably also is the preparation of the annual financial statements of the Consolidated Fund in compliance with Sections 87 of the PFMA (2016).

These financial statements are also 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.

### **What we found**

We found sufficient and appropriate audit evidence to support an unqualified audit opinion on the financial statements of the government of Sierra Leone (Consolidated Revenue Fund Account). The audit evidence we have gathered was sufficient throughout the financial statements to render the financial statements to be a true and fair expression of the financial position and performance of the government with the exception of the issues mentioned in the emphasis of matter paragraphs.

The issuance of an unqualified opinion with an 'Emphasis of matter' paragraph on the accounts of the government of Sierra Leone signifies that there have been some improvements in accounting controls and in the presentation of accounts.

The opinion is based on our professional judgement after evaluating evidence gathered during the Consolidated Revenue Fund Account audit and, indirectly, on the findings of the many other audits undertaken throughout 2017 on transactions carried out in 2016. The issues giving rise to the unqualified audit opinion on the 2016 Consolidated Revenue Fund Account are summarised below.

### **Bank and Cash Transactions**

Controls over bank and cash transactions have continued to improve. Activities such as the rationalisation and closure of dormant bank accounts, establishing connectivity with twelve commercial banks and the establishment of live linkages from the Bank of Sierra Leone (BSL) to the AGD/MoFED have gone a long way to eliminate or reduce to an acceptable level of errors and omissions in the accounts.

### **Domestic Revenue**

Controls around the assessment, collection and reporting of government revenue continue to improve. For instance, in 2016 domestic revenue receipts increased by Le407.6 billion which is 15.9% over domestic revenue receipts in 2015 financial year. This was made possible by improvement in control weaknesses. Nonetheless, the lack of regular reconciliation between the National Revenue Authority (NRA) in respect of the various revenue departments and the transit banks and between NRA and transit banks and between NRA and the Bank of Sierra Leone will render this opinion unsustainable. 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 however required in this area.

## **External Debt**

In recent years differences have been observed between the external debts figures as recorded in CS-DRMS, the Schedule of Outstanding Debt prepared by the public debt unit and external confirmations received directly from creditors. The lack of adequate reconciliation between these three information sources means that it is impossible to be sure that the figure as presented in the Consolidated Revenue Fund Account is free from material misstatement. The rate of third party confirmations from external creditors has continued to improve. Despite the improvements in the amount of debt confirmed by external creditors, confirmations received as part of the 2016 audit identified a number of errors in the Consolidated Revenue Fund Account that have now been corrected in the final Financial Statements.

## **Financial Reporting Framework**

Notes 2a states that the General Purpose Financial Statements (GPFS) of the Consolidated Fund has been prepared in accordance with the requirements of the Public Financial Management (PFM) Act 2016 and comply with International Public Sector Standard-Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS). However, the accounts do not comply with section 1.3.24 Cash Basis IPSAS which require the disclosure of payments made by third parties. Nonetheless, the Accountant General added a narrative disclosure to the Consolidated Revenue Fund Account acknowledging that the government received from various sources but that they cannot identify and reliably ascertain the financial value received for such donations.

### **1.1. AUDITOR GENERAL'S OPINION ON THE CONSOLIDATED REVENUE FUND ACCOUNT**

I have audited the accompanying General Purpose Financial Statements (GPFS) of the Consolidated Fund for the year ended 31st December, 2016. The GPFS of the Consolidated Fund Accounts comprise of a Statement of Cash Receipts and Payments, a Statement of Comparison of Budget and Actual Revenue and Expenditure, a Statement of Cash Position, and other notes of explanations and elaboration as presented on pages 7 to 8 of this report.

### **Responsibility of the Ministry of Finance and Economic Development for the Consolidated Revenue Fund Account**

The overall responsibility for maintenance, preparation and submission of the Consolidated Revenue Fund Account lies with the Minister of Finance and Economic Development.

Section 5 (1) of the PFM Act 2016 states amongst other things that the Minister shall in accordance with this act and any other enactment:

- Develop the Government's fiscal policy covering the general government through the preparation of Fiscal Strategy Statement and state budget documents including the medium-term budgetary framework mentioned in section 30 of the PMF Act 2016.
- Formulate policies on, and exercise control over the acquisition, management, and disposal of financial and other assets held by entities included in the general government.
- Ensure transparency in the execution of state budgets, the management of public money, and the financial management of entities included in the general government and public enterprises.
- Prepare cash flow forecasts of public money in consultation with budgetary agencies and other entities included in the central government.
- Monitor and exercise control over the execution of the state budget.
- Monitor, and exercise control over, the financial management of entities included in the general government.

The responsibility of the Accountant General for the Consolidated Revenue Fund Account is in Section 9 (2a) of the PFM Act 2016 which states that the Accountant General shall be responsible for *“keeping and rendering the accounts of the Consolidated Fund and preparing and publishing the annual statements of the Consolidated Fund”*.

### **Responsibility of the Auditor General**

The Consolidated Revenue Fund Account of the Government of Sierra Leone is 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.
- 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.

## **1.2. UNQUALIFIED OPINION**

In my opinion, the Consolidated Revenue Fund Account gives a true and fair view, of the financial position of the Government of Sierra Leone as at 31st December, 2016 and its receipts and payments and additional financial statements- Statement of Comparison of Budget and Actual Revenue and Expenditure, and the Statement of Cash Position are in accordance with the PFM Act, 2016, cash basis IPSAS and other applicable laws and regulations.

## **1.3. EMPHASIS OF MATTER**

### **Reconciliation of Domestic Revenue**

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 were not performed. Similarly, reconciliations between transit bank accounts and the Bank of Sierra Leone (BSL) accounts were not done. Furthermore, there was no process by which the amount assessed by revenue collecting MDAs was compared to the revenue collected by NRA.

### **Difference between Public Debt disclosed in the General Purpose Financial Statement of the Consolidated Fund and debt balances confirmed by creditors.**

We noted that for some of the confirmations received from external creditors; debts recorded in the accounts were not included in the confirmations received. For instance, a debt of Le33.4 billion in

respect of Research Agreement under HIPC relief - BADEA disclosed in the accounts was not confirmed by the Arab Bank for Economic Development in Africa. Also, an IDA (World Bank Loan) debt of Le4.4 billion in respect of Smallholder Commercialisation and Agri-Business Development Project was observed to have been cancelled by IDA but this loan was disclosed in the accounts. There were no reconciliations between the books of government and those of the creditors.

My opinion is not qualified in respect of these matters.

#### **1.4. OTHER MATTERS**

##### **Payroll**

The audit revealed irregularities in Payroll records. These irregularities were mainly in respect of consultants on open-ended contracts and staff receiving salaries twice from the Consolidated Revenue Fund Account. The continued delay or failure to regularise the anomalies in the contracts of consultants 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.



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

## 1.5. CONSOLIDATED REVENUE FUND ACCOUNT

### STATEMENT OF CASH RECEIPTS AND PAYMENTS OF THE CONSOLIDATED FUND FOR THE YEAR ENDED 31ST DECEMBER 2016

Amounts in millions of Leones

	Note	FY2016	FY2015
<b>RECEIPTS</b>			
<b>Domestic Revenue</b>			
<b>Tax Receipts</b>	6		
Income Tax Receipts		1,271,017	906,118
Goods and Services Tax (GST) Receipts		658,635	595,652
Customs and Excise (C & E) Receipts		563,097	550,824
Other taxes		7,771	6,018
<b>Total Tax Receipts</b>		<b>2,500,519</b>	<b>2,058,612</b>
<b>Non Tax Receipts</b>	7		
Mineral Resources		155,287	94,209
Fisheries		60,341	31,546
Other Departmental Receipts		159,394	50,160
Privatization Receipts		4,874	17,809
Road User Charges		86,543	80,838
<b>Total Non-Tax Receipts</b>		<b>466,439</b>	<b>274,563</b>
<b>Total Domestic Revenue Receipts</b>		<b>2,966,958</b>	<b>2,333,175</b>
<b>Receipts from Foreign Grants (Direct Budgetary Support - Grants)</b>	8		
HIPC Debt Relief Assistance		8,716	11,526
Catastrophe Containment Relief		0	138,213
UK DFID		41,517	78,199
EU State Building Contract		171,763	152,773
Grants from the ECOWAS Commission		41,935	0
Other Grant and Aid		151,402	177,790
<b>Total Direct Budgetary Support Grants</b>		<b>415,333</b>	<b>558,501</b>
<b>Receipts from External Borrowings (Direct Budgetary Support - Loans)</b>	9		
World Bank		0	165,605
World Bank - Pay & Perf Project		26,568	0
African Development Bank		0	110,429
International Monetary Fund (IMF)		284,046	117,904
<b>Total Direct Budgetary Support Loans Received</b>		<b>310,614</b>	<b>393,938</b>
<b>Domestic Borrowings</b>	10		
Bridging Loans – BSL		280,000	0
Ways and Means Advances (Net)		48,181	24,348
Sale of Treasury Bills		2,427,325	2,605,200
Sale of Treasury Bonds		93,861	161,840
<b>Total Domestic Borrowing Receipts</b>		<b>2,849,366</b>	<b>2,791,388</b>
<b>Other receipts</b>	11		
Staff Loans and Advances Recovered		652	659
Sale of Goods and Services		0	106,767
<b>Total Other Receipts</b>		<b>652</b>	<b>107,426</b>
<b>Total Receipts</b>		<b>6,542,924</b>	<b>6,184,428</b>
<b>PAYMENTS</b>			
<b>Operations</b>			
Wages, Salaries and Employee Benefits	12	1,786,516	1,573,882
Use of goods and services	13	956,782	764,750
<b>Transfers and Grants</b>			
Grants to Tertiary Educational Institutions	14	180,187	140,585
Transfers to the Road Fund	15	86,543	80,838
Transfers to Local Councils	16	98,463	110,534

<i>Other Grants</i>	17	18,260	16,492
<b>Other Recurrent Payments</b>	18		
<i>Social Benefits</i>		2,139	2,208
<i>Other Contributions</i>		37	3,730
<i>Loans to Other Government Units</i>		437	849
<i>Consolidated Act Based Expense</i>		18,643	19,431
<b>Total Non-Interest Recurrent Expenditure Payments</b>	19	<b>3,148,008</b>	<b>2,713,300</b>
<b>Capital/Development Expenditure</b>	20	<b>657,585</b>	<b>808,503</b>
<b>Loan Repayments and Interest</b>			
<i>Financing Costs – Domestic Interest Payments</i>	21	142,347	134,847
<i>Bridging Loans Repaid</i>	21	160,000	0
<i>Redemption of Treasury Bills</i>	21	2,188,028	2,293,180
<i>Redemption of Treasury Bonds</i>	21	84,350	195,560
<i>Ways and Means Repayment</i>	21	0	
<i>Financing Costs – External Interest Payments</i>	22	61,778	39,483
<i>Repayment of principal on External (Foreign) Loans</i>	22	144,993	116,972
<b>Arrears Payments</b>			
<i>Wages and Salaries Arrears</i>		20,684	10,812
<i>Domestic Arrears</i>		137,201	75,566
<i>Parastatal Arrears</i>		10,000	15,756
<b>Staff Loans and Advances Given</b>		653	638
<b>Total Payments</b>		<b>6,755,625</b>	<b>6,404,617</b>
<b>Cash Surplus/(Deficit) from Operations</b>		<b>(212,701)</b>	<b>(220,189)</b>
<b>Other Items (Net)</b>			
<i>Returned Payments</i>		2,202	4,259
<i>Cheques Payable - FY2015</i>		(74,306)	0
<i>Cheese Payable - FY2016</i>		227,835	143,242
<b>Total Other Items (Net)</b>		<b>155,732</b>	<b>147,501</b>
<b>Overall Cash Surplus/(Deficit)</b>		<b>(56,969)</b>	<b>(72,688)</b>
<b>Cash at 1st January 2016</b>	23	<b>(137,553)</b>	<b>(64,865)</b>
<b>Cash at 31st December 2016</b>	23	<b>(194,522)</b>	<b>(137,553)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

**Richard S Williams**  
**Accountant General**  
**Government of Sierra Leone**  
**31 March 2017**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL REVENUE AND EXPENDITURE FOR THE YEAR ENDED  
31<sup>ST</sup> DECEMBER 2016**

Amounts in millions of Leones

	Budget Estimates	FY2016 Actual	Surplus/ (Shortfall)	FY2015 Actual
<b>Domestic Revenue</b>				
Tax	2,250,071	2,500,519	250,448	2,058,612
Non tax	309,269	466,439	157,171	274,563
<b>Total Domestic Revenue</b>	<b>2,559,339</b>	<b>2,966,958</b>	<b>407,619</b>	<b>2,333,175</b>
<b>Proceeds from Direct Budget Support Grants</b>	215,506	415,333	199,827	558,501
<b>Proceeds from Direct Budget Support Loans</b>	425,618	310,614	(115,003)	393,938
<b>TOTAL DOMESTIC REVENUE</b>	<b>3,200,463</b>	<b>3,692,906</b>	<b>492,443</b>	<b>3,285,614</b>
<b>EXPENDITURE PAYMENTS</b>				
Wages, Salaries and Employees Benefits	1,650,669	1,786,516	(135,848)	1,573,882
Use of goods and services	808,569	956,782	(148,213)	764,750
<b>Transfers and Grants</b>				
Grants to Tertiary Educational Institutions	137,090	180,187	(43,097)	140,585
Transfers to the Road Fund	113,503	86,543	26,960	80,838
Transfers to Local Councils	91,841	98,463	(6,622)	110,534
Other Grants	44,969	18,260	26,709	16,492
<b>Other payments</b>	0	21,257	(21,257)	26,218
<b>Total Non-Interest Recurrent Expenditure Payments</b>	<b>2,846,641</b>	<b>3,148,008</b>	<b>(301,367)</b>	<b>2,713,300</b>
Capital/Development Expenditure	613,412	657,585	(44,173)	808,503
Financing Costs – Domestic Interest Payments	254,202	142,347	111,855	134,847
Financing Costs – External Interest Payments	45,419	61,778	(16,359)	39,483
<b>Arrears Payments</b>				
Wages and Salaries Arrears	0	20,684	(20,684)	10,812
Domestic Arrears	10,107	137,201	(127,094)	75,566
Parastatal Arrears	9,522	10,000	(478)	15,756
<b>TOTAL PAYMENTS</b>	<b>3,779,302</b>	<b>4,177,603</b>	<b>(398,300)</b>	<b>3,798,267</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(578,840)</b>	<b>(484,697)</b>	<b>890,744</b>	<b>(512,652)</b>
Total Domestic Borrowing Receipts		2,849,366		2,791,388
Staff Loans and Advances Recovered		652		659
Sale of Goods and Services		0		106,767
Bridging Loans Repaid		(160,000)		0
Redemption of Treasury Bills		(2,188,028)		(2,293,180)
Redemption of Treasury Bonds		(84,350)		(195,560)
Repayment of principal on External (Foreign) Loans		(144,993)		(116,972)
Staff Loans and Advances Given		(653)		(638)
<b>Net Borrowings</b>		<b>271,996</b>		<b>292,464</b>
<b>Cash Surplus/(Deficit) from Operations</b>		<b>(212,701)</b>		<b>(220,189)</b>

# STATEMENT OF CASH POSITION AS AT 31ST DECEMBER 2016

Amounts in millions of Leones

	As At 31st December 2016	As At 31st December 2015	Change in Balances
<b><u>CONSOLIDATED FUND</u></b>			
<b><u>CASH AND CASH EQUIVALENTS</u></b>			
Treasury Ways & Means Advances Account	111,587	63,406	48,181
MDRI Debt Relief Bank Account	512	512	0
Strategic Petroleum Fund Account	2,017	2,017	(0)
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>114,115</b>	<b>65,934</b>	<b>48,181</b>
<b><u>OVERDRAFTS HELD AT BANK</u></b>			
Treasury Main Account	(23,502)	(67,526)	44,024
Other Charges Account	(258,073)	(137,525)	(120,548)
Salaries Account	(26,819)	1,569	(28,388)
Pensions Accounts	(237)	1	(238)
Salary Advances Account	(5)	(5)	0
<b>TOTAL BANK OVERDRAFT HELD</b>	<b>(308,637)</b>	<b>(203,487)</b>	<b>(105,151)</b>
<b>NET CASH AND BANK BALANCES - CONSOLIDATED FUND</b>	<b>(194,522)</b>	<b>(137,553)</b>	<b>(56,969)</b>

Note: The overdrafts held at bank represent overdraft balances in Treasury Accounts held at the Bank of Sierra Leone.

## 1.6. NOTES OF EXPLANATIONS AND ELABORATION TO THE CONSOLIDATED REVENUE FUND ACCOUNT

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 are for the Consolidated Fund of the Government of Sierra Leone, as specified in section 111 of the Constitution of Sierra Leone 1991 and the Public Financial Management Act of 2016.

The Financial Statements presented above reflect the Cash Receipts and Payments of the Consolidated Fund of the Government of Sierra Leone for the financial year ended 31<sup>st</sup> December 2016 on the basis of moneys received by, held in or paid out by the Accountant General 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 COMPARISON OF*



*BUDGET AND ACTUAL REVENUE AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016* is those the Treasury has expended for the benefit of the MDAs.

In effect, the Annual Financial Statements of the Consolidated Fund of the Government of Sierra Leone include the results of transactions and financial operations of all its Ministries, Departments and Agencies that were processed through the National Treasury.

The principal address of the Accountant General's Department of the Ministry of Finance and Economic Development is Ministerial Building, George Street, Freetown, Sierra Leone. Website: [www.mofed.gov.sl](http://www.mofed.gov.sl), Email: [info@mofed.gov.sl](mailto:info@mofed.gov.sl).

## **2. Summary of Significant Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Statement of Consolidated Revenue Fund Account.

### **a. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with the requirements of the Public Financial Management (PFM) Act, 2016 and comply with the International Public Sector Accounting Standard - Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

The financial statements have been prepared on the cash basis using the Government's standard chart of accounts.

The accounting policies adopted have been consistently applied to all the years presented.

### **b. Reporting Currency**

The financial statements are presented in Leones, which is the functional and reporting currency of the Government of Sierra Leone.

### **c. Reporting Period**

The reporting period for these financial statements is a period of twelve months starting on 1<sup>st</sup> January 2016 to 31 December 2016, as specified in Section 1 of the PFM Act, 2016.

### **d. Receipts**

Receipts are cash inflows within the Financial Year, comprising of receipts from Statutory/Authorized Allocations, Taxes, External Assistance (Bilateral and Multilateral Agencies), Other Aid and Grants, other borrowings, Capital receipts (Sale of Assets etc.), Receipts from Trading activities, fines, levies, and other receipts.

These items shall be disclosed in summary on the face of the Statement of Cash Receipts and Payments for the year in accordance with the standardized GPFS. Notes shall be provided with detailed Statement of Revenues collected during the year by source of revenue and by line item accounts code. Also, a Statement of Arrears of Revenues as at end of the financial year shall be provided by source of revenue and by line item accounts code.

Disposal proceeds from the sale of assets are recognized as receipts at the time of disposal.

**e. Interest Received**

Interest actually received during the financial year shall be treated as a receipt under item 'other receipts'.

**f. Government Business activities**

Cash receipts from trading activities shall be recorded net in the GPFS (after deducting direct expenses) unless otherwise provided for by law or policy in force. Total net receipts from all trading activities shall be disclosed in the Statement of cash receipts and payments under 'trading activities' item

Wherein gross revenue is recorded, corresponding payments shall be charged under a corresponding payment item head 'Government Business activities' in the Statement of Cash Receipts and Payments.

**g. Payments**

Payments are recurrent and capital cash outflows made during the financial year and shall be categorized either by major economic categories/Programme (activities) and/or by function in the statement of cash receipts and payment.

Payments for purchase of items of capital nature shall be expensed in the year in which the item has been purchased. It shall be disclosed under capital payments. Investments shall also be treated in the same way as capital purchases. At the end of the financial year, a schedule of fixed (physical) assets purchased shall be provided as part of the Additional Disclosures to the GPFS.

Prepaid expenses are amounts paid in advance of receipt of goods/services or work done (under contractual arrangements) and are charged directly to the respective expenditure item in the period of payment.

**h. Interest on Loans**

Actual Interest on loans and other bank commissions charged on Bank Accounts during the year shall be treated as payments and disclosed under interest payment in the Statement of Cash Receipts and Payments.

**i. Foreign Currency Translation**

Cash flows arising from foreign currency transactions are translated into Leones using the spot exchange rates prevailing at the date of payment/receipt.

Foreign currency balances, as at the year end, shall be translated at the exchange rates prevailing on that date (closing spot rate or year-end exchange rate).

Foreign exchange gains and losses resulting from the settlement of foreign transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Cash Receipts and Payments accordingly either as receipts/payments.

**j. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. These comprise mainly Bank account balances, include amounts held at the Bank of Sierra Leone

and at various commercial banks, cash imprests and other short term highly liquid investments held at the end of the financial year.

**k. Imprests and Advances**

The Government policy specifically states that all imprests and advances shall be retired before the end of the financial year. However, should circumstances occur (including an Emergency) where either an imprest/advance is given out close to the financial year end or an imprest/advance already given could not be accounted for, such an imprest/advance (or balance outstanding) shall be treated as cash equivalent since there shall be no proof that such funds have been utilised.

**l. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements.

The Budget Figures are the amounts approved by the Legislature in accordance with the Appropriation Act (annual budget and supplementary budget) and as detailed in the Government of Sierra Leone Budget Printed Estimates.

An assessment of the actual budgetary performance, at the level of legislative approval, against the comparable budget for the financial year under review has been included as Statement B of these Financial Statements.

**m. Contingencies**

Contingent liabilities (including Guarantees) are recorded in the Statement of Contingent Liabilities (on memorandum basis) when the contingency becomes evident and under the cash accounting method they are recognized only when the contingent event occurs and payment is made. Contingent assets are not recognized and where not probable neither disclosed.

**n. Unpaid (Outstanding) Commitments**

Unpaid (Outstanding) Commitments including operating and capital commitments arising from non-cancellable contractual or statutory obligations are in the Statement of Unpaid (Outstanding) Commitments (shown on memorandum basis – as additional disclosure).

**3. Authorization Date**

The Audited Financial Statements were authorized for issue on 12<sup>th</sup> October 2017 by the Minister, Ministry of Finance and Economic Development of the Republic of Sierra Leone.

**4. The Approved National Budget**

The approved National Budget is developed on the same accounting basis (cash basis), same classification basis, and for the same period (from 1<sup>st</sup> January 2016 to 31<sup>st</sup> December 2016) as for the financial statements. The Appropriation Act for FY2016 was adopted and passed into law by Parliament in December 2015. Following that, the Appropriation Act for FY2016 was signed into law by the President of the Republic of Sierra Leone in December 2015. There was no supplementary appropriation for financial year ended 31<sup>st</sup> December 2016.

The changes between the Original and Final Budget are a consequence of reallocations within the budget as a result of is changing conditions and circumstances with the challenges brought about during Budget Execution.

The total amount of the Approved Appropriation from the Legislature for FY2016 is Le3,938,461,822,000, representing Wages, Salaries and Employees Benefits Le1,650,668,981,203, Use of Goods and Services Le1,103,051,555,197, Devolved Functions Le87,715,830,900, Development Expenditure Le613,412,000,000, Public Debts Charges Le458,583,454,700, and Contingency Fund Le25,030,000,000.

## 5. Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation. In particular, the provisions of the recently enacted PFM Act 2016 require that the annual financial statements of the Consolidated Fund be prepared and submitted within three months of the end of a financial year, separate from those of budgetary and subvented agencies, and other entities of the Central Government. However, section 89 of the PFM Act 2016 further required that the Accountant General prepare and submit to the Auditor General the Annual Financial Statements of the Central Government, which cover all entities included in the Central Government, not later than ten months after the end of a financial year.

## 6. Tax Receipts

The total amount of tax receipts collected during the fiscal year 2016 amounted to Le2,500,519 million (Le2,058,612 million - FY2015). These comprised of tax receipts from various sources (classified in the same form as the National Budget) collected for and on behalf of the Government during the year and paid into the Consolidated Fund. The summary details of the tax receipts are presented in the table below:

### Tax Receipts for the financial year ended 31<sup>st</sup> December 2016

Amounts in millions of Leones

	Budget Estimates FY 2016	Actual FY 2016	Surplus/ (Shortfall) FY 2016	Actual FY 2015
<b>Income Tax Receipts</b>				
PAYE- Government Employees	0	146,105	146,105	131,085
Personal Income Tax	912,087	1,111,046	198,960	757,210
Withholding Tax-Govt. Contractors	0	13,865	13,865	17,823
<b>Total Income Tax Receipts</b>	<b>912,087</b>	<b>1,271,017</b>	<b>358,930</b>	<b>906,118</b>
<b>Goods and Services Tax (GST) Receipts</b>	<b>634,980</b>	<b>658,635</b>	<b>23,655</b>	<b>595,652</b>
<b>Customs and Excise (C &amp; E) Receipts</b>				
Petroleum Fuel Oils Excise Duty	303,568	138,772	(164,796)	97,416
Import Duties - Other Goods	391,000	424,325	33,325	453,407
<b>Total C &amp; E Receipts</b>	<b>694,568</b>	<b>563,097</b>	<b>(131,471)</b>	<b>550,824</b>
<b>Other taxes</b>				
Foreign Travel Tax	8,436	7,771	(665)	6,018
	<b>2,250,071</b>	<b>2,500,519</b>	<b>250,448</b>	<b>2,058,612</b>

An amount of Le180.85 billion is included in Personal Income Tax, representing a one-off Capital Gains Tax paid in respect of the sale of the mobile phone company, Airtel SL Limited.

The total amount of Domestic Revenue (Tax) Arrears as at 31<sup>st</sup> December 2016 amounted to Le34.2 billion. Further details are presented in Appendix 1 - Statement of Domestic Revenue Arrear.

- 7. Non-Tax Receipts** The total amount of non-tax receipts collected during the fiscal year 2016 amounted to Le466,439 million (Le274,563 million - FY2015), with further details shown below:

**Non-Tax Receipts for the financial year ended 31<sup>st</sup> December 2016**

Amounts in millions of Leones

	<b>Budget Estimates FY 2016</b>	<b>Actual FY 2016</b>	<b>Surplus/ (Shortfall) FY 2016</b>	<b>Actual FY 2015</b>
<b>Mineral Resources</b>				
Diamond Export Agency Fees	0	0	0	7
Diamond Royalties	76,433	4,790	(71,644)	3,559
Miscellaneous		150,497	150,497	90,643
	<b>76,433</b>	<b>155,287</b>	<b>78,854</b>	<b>94,209</b>
<b>Fisheries</b>				
Reg'n Artisanal Fish Vessels	43,601	54,312	10,711	30,739
Freight Levy Maritime	0	4,169	4,169	270
Marine Resources Fines	0	1,860	1,860	537
	<b>43,601</b>	<b>60,341</b>	<b>16,740</b>	<b>31,546</b>
<b>Other Departmental Receipts</b>				
Hotel Leases	0	0	0	312
Issuance of National ID Cards	0	705	705	495
Passports - New Issues	0	14,330	14,330	5,106
Pharmacy Board Licence	0	651	651	2,094
Rent Received from Gov't Qtrs.	0	475	475	0
Misc. Receipts	65,731	143,233	77,502	42,154
	<b>65,731</b>	<b>159,394</b>	<b>93,663</b>	<b>50,160</b>
<b>Privatization Receipts</b>	10,000	4,874	(5,126)	17,809
<b>Road User Charges</b>	113,503	86,543	(26,960)	80,838
	<b>309,269</b>	<b>466,439</b>	<b>157,171</b>	<b>274,563</b>

The non-tax receipts were collected from various sources for and on behalf of Government during the period and paid into the Consolidated Fund, except for the amount of Le86,543 million (Le80,838 million – FY2015) received mainly as Road User Charges and transferred to the Road Maintenance Fund under the control of the Sierra Leone Roads Maintenance Fund Authority (RMFA).

Privatization Receipts paid during the fiscal year amounted to Le4,874 million, being amount paid for the Cargo Tracking Note Project.

The total amount of Miscellaneous Receipts of Le143,233 million (Le42,154 million – FY2015) comprises, as follows:

**MISC RECEIPTS - FY2016**

MDA Code	Description	FY2016 Le' m	FY2015 Le' m
110	Office of the President	0	701
124	Law Officers' Department	1,682	3,442
129	Ministry of Finance and Economic Development	351	0
130	National Revenue Authority (NRA)	28,093	8,424
132	Accountant General's Department	14,892	24,087
412	National Telecommunications Commission (NATCOM)	19,573	5,500
501	Miscellaneous Services	78,642	0
		<b>143,233</b>	<b>42,154</b>

**8. Receipts from Foreign Grants (Direct Budgetary Support - Grants)**

The total amount of foreign (external) grants received during FY2016 was Le415,333 million (Le558,501 million – FY2015), with details as shown below:

**Receipts from Foreign Grants (Direct Budgetary Support - Grants)**

**for the financial year ended 31st December 2016**

Amounts in millions of Leones (unless otherwise stated)

	Budget Estimates FY 2016	Actual FY 2016	Surplus/ (Shortfall) FY 2016	Actual FY 2015
HIPC Debt Relief	0	8,716	8,716	11,526
Catastrophe Containment Relief	0	0	0	138,213
UK DFID	148,640 GBP5.0m	41,517	(107,122)	78,199
EU State Building Contract	66,866 Euro22.5m	171,763	104,897	152,773
Grants from the ECOWAS Commission	0	41,935	41,935	0
Other Grant and Aid	0 Euro20.0m	151,402	151,402	177,790
<b>Total Direct Budgetary Support Grants</b>	<b>215,506</b>	<b>415,333</b>	<b>199,827</b>	<b>558,501</b>

A total amount of GBP5.0 million (with Leone equivalent Le41,517 million) was received during FY2016 from the UK DFID as direct budgetary support (Le78,199 million – FY2015).

The European Union gave a direct budgetary support of Euro22.5 million, representing Le171,763 million (Le152,773 million – FY2015), under the second State Building Contract Financing Agreement signed with the Government of Sierra Leone. The funds were provided under the 11<sup>th</sup> European Development Fund (EDF). The amount signed under the Financing Agreement was Euro80 million for transfer of grant resources to the National Budget of Sierra Leone over three fiscal years (FY2015-2017) plus Euro5 million complementary support and evaluation.

The Other Grant and Aid comprises an amount of Euro20.0 million (Le151,402 million) received from Sierra Rutile Ltd. (SRL) in respect of a loan repayment. The loan repayment was based on a loan agreement between the Government of Sierra Leone (GOSL) and Sierra Rutile Ltd. signed in August 2004 with total disbursements of Euro24.75 million (Euro2.0 million in 2006 and Euro22.75 million in 2005), with an interest rate of 8% per annum. These funds were provided by European Union as Grants-in-Aid to the Government of Sierra Leone.

## 9. Receipts from External Borrowings (Direct Budgetary Support - Loans)

The total amount of foreign (external) loans disbursed during FY2016 as direct budgetary support was Le310,614 million (Le393,938 million – FY2015), with details as shown below:

### Receipts from External Borrowings (Direct Budgetary Support - Loans) for the financial year ended 31st December 2016

Amounts in millions of Leones (unless otherwise stated)

	Budget Estimates FY 2016	Actual FY 2016	Surplus/ (Shortfall) FY 2016	Actual FY 2015
World Bank	164,440	0	(164,440)	165,605
World Bank - Pay & Perf Project	0	26,568	26,568	0
African Development Bank	38,138	0	(38,138)	110,429
International Monetary Fund (IMF)	223,040	284,046	61,006	117,904
<b>Total Direct Budgetary Support Loans</b>	<b>425,618</b>	<b>310,614</b>	<b>(115,003)</b>	<b>393,938</b>

Amounts totalling Le284.0 billion was received during the fiscal year from the IMF (through the Bank of Sierra Leone) under its Special Drawing Rights (SDR) on-lending programme. There was a delay in the receipt of the World Banks.

## 10. Domestic Borrowing

Domestic Borrowing during FY2016 totalled Le 2,849,366 million (Le 2,791,388 million – FY2015) and this comprises:

### Note 10

#### Domestic Borrowings

#### Domestic Borrowing for the financial year ended 31st December 2016

Amounts in millions of Leones

	Actual FY 2016	Actual FY 2015
Bridging Loans - BSL	280,000	0
Ways and Means Advances (Net)	48,181	24,348
Sale of Treasury Bills	2,427,325	2,605,200
Sale of Treasury Bonds	93,861	161,840
<b>Total Domestic Borrowing Receipts</b>	<b>2,849,366</b>	<b>2,791,388</b>

**Bridging Loans** - Three Bridging Loans totalling Le280 billion were obtained from the Bank of Sierra Leone during FY2016 but Le160 billion was repaid during the same year leaving an outstanding balance of Le120 billion at the end of the year.

**Ways and Means advances** – The net increase in Ways and Means was Le48,181 million, taking the total amount owed at the end of the fiscal year to Le111,587 million, repayable in the ensuing year.

**Sale of Treasury Bills** – The amount of Le2,427,325 million (Le2,605,200 million – FY2015) represents total amount of treasury bills issued during the year as 91-Day, 182-Day and 364-Day Treasury Bills.

Further details are available in **Note 21** on Domestic Public Debts and in **Appendix 6** for 91-Day Treasury Bills, **Appendix 7** for 182-Day Treasury Bills and **Appendix 8** for 364-Day Treasury Bills.

**Sale of Treasury Bonds** – The amount of Le93,861 million (Le161,840 million – FY2015) represents total amount of treasury bonds issued during the year as 1-Year, 2-Year, 5-Year Treasury Bonds. An amount of Le41,072 million was issued as Treasury Bond in favour of NASSIT in October 2016 for outstanding social security contributions owed by the Government to NASSIT. Further details are available in **Note 21** on Domestic Public Debts and in **Appendix 9** for I-Year Treasury Bonds.

## 11. Other Receipts

The amount of Le652 million for other receipts relates to Staff Loans and Advances recovered from the outstanding balance of loans and advances given to employees of Government as well as Members of Parliament.

## 12. Wages, Salaries and Employee Benefits

The total amount of Wages, Salaries and Employee Benefits paid during FY2016 was Le 1,786,516 million (Le 1,573,882 million – FY2015), excluding Wages and Salaries Arrears Payments of Le20,684 million (Le10,812 million – FY2015) made during the year.

Details of Wages, Salaries and Employees Benefits expended during the financial year being analysed by Object Code are presented below:

### Wages, Salaries and Employee Benefits by Object Code for the financial year ended 31st December 2016

Amounts in millions of Leones

		Actual FY2016	Actual FY2015
2111	BASIC SALARIES	827,881	732,952
2112	SALARY GRANTS	645,304	597,824
2114	TRAVELLING CLAIM TO RETIREMENT	581	375
2121	TRANSPORT ALLOWANCE	265	196
2122	MEDICAL ALLOWANCE	3,878	4,445
2123	RENT ALLOWANCE	281	10,664
2126	DOMESTIC SERVANT ALLOWANCE	64	64
2127	FUEL ALLOWANCE	45	45
2128	RISK ALLOWANCE	76	34
2131	RESPONSIBILITY ALLOWANCE	28	30
2133	ACTING ALLOWANCE	196	377
2139	OTHER ALLOWANCES	29,234	25,903
2139	PENSIONS, GRATUITIES & OTHERS	106,058	56,825
2140	LATE ALLOWANCE	22	26
2149	LEAVE ALLOWANCE	33,555	16,585
2152	SPECIAL ACTING ALLOWANCE	7	11
2181	EMP CONT TO SOCIAL SECURITY PEN	130,331	118,709
2194	ADJ SAL & ALL'CES-SAL GRANTS	656	93
2195	ADJ SAL & ALL'CES-ALLOWANCES	8,056	8,727
<b>TOTAL</b>		<b>1,786,516</b>	<b>1,573,882</b>

Further details on Wages, Salaries and Employee Benefits paid by the Government during FY2016 are available in Appendix 2 below, analysed by Ministry, Department and Agency (MDA).



### 13. Use of Goods and Services

Use of Goods and Services expended during the financial year totalled Le956, 782 million (Le764,750 million – FY2015) and these include such items as Stationery, Communications, Water and Sewage, Fuel and Lubricants for Vehicles, Fuel for Generators, etc.

Further details are available in Appendix 3, comparing the Budget Estimates and Actual Expenditure Payments at the MDA Level and also providing Spending Analysis by Object Code.

### 14. Grants to Tertiary Educational Institutions

The total amount expended during the financial year on Grants to Tertiary Educational Institutions was Le180,187 million (Le140,585 million – FY2015). This amount includes University Fee Subsidies totalling Le98,476 million (Le88,476 million – FY2015).

### 15. Transfers to the Road Maintenance Fund

The total amount accounted for as Road User Charges and transferred to the Road Maintenance Fund under the control of the Sierra Leone Roads Maintenance Fund Authority (RMFA) was Le86,543 million (Le80,838 million – FY2015).

### 16. Transfers to Local Councils

The total amounts paid in respect of Transfers to Local Councils and school fee subsidies for FY2016 was Le 98,463 million (Le 110,534 million – FY2015), including school fee subsidies totalling Le 24,407 million (Le 5,133 million – FY2015).

### 17. Other Grants (Payments)

#### **Note 17 - Comparative Analysis of Estimated and Actual Costs for Other Grants for the financial year ended 31st December 2016**

Amounts in millions of Leones

	<b>Budget Estimates</b>	<b>Actual</b>	<b>Surplus/ (Shortfall)</b>	<b>Actual</b>
	<b>FY 2016</b>	<b>FY 2016</b>	<b>FY 2016</b>	<b>FY 2015</b>
Grants to Educational Units	10,640	1,114	9,526	974
Girl Child Expenses	11,515	1,209	10,306	2,505
Exams Subsidy to WAEC	8,751	4,549	4,202	2,721
Grants-in-Aid	14,063	11,388	2,676	10,291
	<b>44,969</b>	<b>18,260</b>	<b>26,709</b>	<b>16,492</b>

## 18. Other Payments

### Note 18 - Comparative Analysis of Estimated and Actual Costs

for the financial year ended 31st December 2016

Amounts in millions of Leones

	Actual	Actual
	FY 2016	FY 2015
Social Benefits	2,139	2,208
Other Contributions	37	3,730
Loans to Other Government Units	437	849
Consolidated Act Based Expense	18,643	19,431
	<b>21,257</b>	<b>26,218</b>

## 19. Total Non-Interest Recurrent Expenditure Payments

The total amount expended during the financial year on Non-interest Recurrent Expenditure was Le3,148,008 million (Le2, 713,300 million – FY2015). This amount includes amounts spent on Wages, Salaries and Employees Benefits as well as on Use of Goods and Services.

## 20. Capital/Development Expenditure

The total amount of Le657, 585 million (Le808,503 million – FY2015) for Domestic Development Expenditure represents the Government's contribution to various Development Projects.

Further details are available in Appendix 4, with Actual Expenditure Payments at the MDA Level.

## 21. Domestic Public Debts – Domestic Borrowing, Redemption and Financing Costs – Domestic Interest Payments

**Financing Cost – Domestic Interest Payments** - The Financing Costs for Domestic Borrowing held in FY2016 amounted to Le142,347 million (Le134,847 million - FY2015) representing interest payments actually made during the period on various domestic debts of the Government, as outlined below:

### Note 21 - Comparative Summary Analysis of Estimated and Actual Financing

Costs - Domestic Interest Payments

for the financial year 31st December 2016

Amounts In millions of Leones

	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
	FY 2016	FY 2016	FY 2016	FY 2015
Interest on Treasury Bills	167,039	81,930	85,108	91,659
Interest on Treasury Bonds	68,699	54,343	14,356	42,487
Bridging Loan Interest	16,274	922	15,352	0
Ways and Means Interest	2,190	5,152	(2,962)	701
<b>Total Domestic Interest Payments</b>	<b>254,202</b>	<b>142,347</b>	<b>111,855</b>	<b>134,847</b>

**Bridging Loans Repaid** – Bridging Loans repayments during FY2016 totalled Le160 billion for loans that were obtained from the Bank of Sierra Leone during the year leaving an outstanding balance of Le120 billion at the end of the year.

**Redemption of Treasury Bills** – The total worth of Treasury Bills redeemed during the year amounted to Le2,188,028 million. Further details are available in the Summary Schedule on Domestic Public Debts below and in **Appendix 6** for 91-Day Treasury Bills, **Appendix 7** for 182-Day Treasury Bills and **Appendix 8** for 364-Day Treasury Bills.

**Redemption of Treasury Bonds** – A total amount of Le84,350 million of treasury bonds were redeemed during the year, representing Le76,850 million worth of one-year treasury bonds held at the beginning of the year, and Le7,500 million worth of the ten-year Bank of Sierra Leone capitalization bond. Further details are provided in the Schedule overleaf on Domestic Public Debts and in **Appendix 9** for I-Year Treasury Bonds.

Special Marketable Securities held by the Bank of Sierra Leone totalled Le495,566 million as at 31<sup>st</sup> December 2016, comprising: 3-Year Treasury Bonds Le159,316 million, 5-Year Treasury Bonds Le280,000 million and 10-Year Treasury Bond Le56,250 million. These treasury bonds are held by the Bank of Sierra Leone following a Memorandum of Understanding with the Government dated 14th October 2006 converting Non-Marketable, Non-Interest Bearing Securities to Special Marketable Securities for capitalization of the Bank and for monetary purposes. The interest cost of financing the operations and the total amount payable at redemption will be borne by the Government.

**Ways and Means** – The Ways and Means Advances given by the Bank of Sierra Leone to finance Government's operations increased by Le48,181 to Le111,587 million.

## Summary Schedule of Domestic Public Debts – Domestic Borrowing, Redemption and Financing Costs

Summary Statement of Outstanding Domestic Public Debts as at 31st December 2016										
	Outstanding Balance	Issued During the	Matured During the	Outstanding Balance	Interest Payments	Interest Payments	Issue Date	Maturity Date	Interest Rate	Interest Due Period
	1-Jan-16	Year	Year	31-Dec-16	FY2016	FY2015				
	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m				
<b>Short term Securities (with one year or less maturity)</b>										
91-Day Treasury Bills	47,693	126,507	147,238	26,962	1,547	2,509	See Appendix X			On various maturity dates
182-Day Treasury Bills	223,451	126,690	278,375	71,765	5,564	15,447	See Appendix X			
364-Day Treasury Bills	1,762,414	2,174,128	1,762,414	2,174,128	74,819	73,704	See Appendix X			
<b>Total Treasury Bills</b>	<b>2,033,558</b>	<b>2,427,325</b>	<b>2,188,028</b>	<b>2,272,855</b>	<b>81,930</b>	<b>91,659</b>				
1-Year Treasury Bonds	76,850	45,774	76,850	45,774	3,842		See Appendix X			On maturity dates
Bridging Loans - Bank of Sierra Leone (BSL)	0	280,000	160,000	120,000	922	0				
Ways and Means Advances	63,406	48,181		111,587	5,152	701				
<b>Total Short Term Securities</b>	<b>2,173,814</b>	<b>2,801,280</b>	<b>2,424,877</b>	<b>2,550,216</b>	<b>91,846</b>	<b>92,360</b>				
<b>Long term Securities (with more than one year maturity)</b>										
<b>2-Year Treasury Bonds</b>										
2-Year Treasury Bond (NASSIT)	40,487	0	0	40,487	5,263	2,632	1-Jun-15	29-May-17	13.0%	Semi-annually (May&Nov)
2-Year Treasury Bond	9,250	0	0	9,250	1,290	0	20-Nov-15	17-Nov-17	13.0%	Semi-annually (Jun&Dec)
2-Year Treasury Bond	10,000	0	0	10,000	1,339	0	21-Dec-15	18-Dec-17	13.5%	
2-Year Treasury Bond	0	7,015	0	7,015	503	0	29-Jan-16	26-Jan-18	14.4%	Semi-annually (Jul&Jan)
<b>Total 2-Year Treasury Bonds</b>	<b>59,737</b>	<b>7,015</b>	<b>0</b>	<b>66,752</b>	<b>8,396</b>	<b>2,632</b>				
<b>Bank of Sierra Leone (BSL) 3-Year Capitalisation Bonds</b>										
3-Year BSL Capitalisation Bond (NNIB Converted 2014)	81,800	0	0	81,800	4,908	4,908	1-May-14	27-Apr-17	6.0%	Semi-annually (Apr&Oct)
3-Year BSL Recap Bond (2010 W & M)	77,516	0	0	77,516	7,015	7,015	31-Oct-14	30-Oct-17	9.0%	
<b>Total 3-Year BSL Capitalisation Bonds</b>	<b>159,316</b>	<b>0</b>	<b>0</b>	<b>159,316</b>	<b>11,923</b>	<b>11,923</b>				
<b>5-Year Treasury Bonds</b>										
5-Year BSL (Converted from NNIB) Bonds	50,000	0	0	50,000	4,500	4,500	24-Dec-12	18-Dec-17	9.0%	Semi-annually (Jun&Dec)
	65,000	0	0	65,000	5,866	5,866	26-Dec-13	20-Dec-18	9.0%	
	65,000	0	0	65,000	5,866	5,866	26-Jun-14	20-Jun-19	9.0%	
	50,000	0	0	50,000	4,500	4,500	26-Dec-14	20-Dec-19	9.0%	
	50,000	0	0	50,000	4,500	2,250	26-Jun-15	19-Jun-20	9.0%	
5-Year NASSIT Bond		41,072	0	41,072	0	0	1-Oct-16	25-Sep-21	15%	Semi-annually (Mar&Sep)
<b>Total 5-Year Treasury Bonds</b>	<b>280,000</b>	<b>41,072</b>	<b>0</b>	<b>321,072</b>	<b>25,232</b>	<b>22,982</b>				
10-Year BSL Capitalisation Bond	63,750	0	7,500	56,250	4,950	4,950	5-Jan-14	18-Apr-24	8.0%	Semi-annually (Apr&Oct)
<b>Total Long Term Securities</b>	<b>562,803</b>	<b>48,087</b>	<b>7,500</b>	<b>603,389</b>	<b>50,501</b>	<b>42,487</b>				
<b>TOTAL OUTSTANDING DOMESTIC PUBLIC DEBTS</b>	<b>2,736,616</b>	<b>2,849,366</b>	<b>2,432,377</b>	<b>3,153,606</b>	<b>142,347</b>	<b>134,847</b>				

The Treasury Bills are marketable securities of the Government on the basis of a 91-day period, 182-day period and 364-day period. The Treasury Bonds on the other hand are Marketable Securities on one-year, two-year, five-year and ten-year basis.

Further details on Treasury Bills and the 1-Year Treasury Bond can be obtained from Appendices 6-9.

## 22. External Public Debts - Repayment of principal on Foreign Loans and External Interest Payments

The total amount of External Debt Payments made during the financial year was Le206,771 million (Le156,455 million – FY2015), comprising Principal Loan Repayments of Le144,993 million (Le116,972 million – FY2015) and Interest Payments of Le61,778 million (Le39,483 million – FY2015).

### Summary Statement of External Public Debts Payments for the financial year ended 31st December 2016

	FY2016			FY2015		
	Loan Repayment During the Year Le' m	Interest Payments Le' m	Total Payments Le' m	Loan Repayment During the Year Le' m	Interest Payments Le' m	Total Payments Le' m
<b>MULTILATERAL DEBTS</b>						
INTERNATIONAL DEVELOPMENT ASSOCIATION	12,908	10,648	23,556	10,282	8,619	18,901
AFRICAN DEVELOPMENT FUND (ADF)	4,173	8,203	12,376	4,419	5,047	9,467
OPEC FUND FOR INTERNATIONAL DEVELOPMENT	30,628	6,437	37,065	17,509	4,797	22,307
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)	4,534	1,479	6,013	7,219	1,267	8,486
ISLAMIC DEVELOPMENT BANK	19,250	10,780	30,030	10,265	1,406	11,671
ARAB BANK FOR ECONOMIC DEVELOPMENT BANK	4,254	1,215	5,469	3,832	375	4,207
EUROPEAN INVESTMENT BANK	2,508	199	2,706	4,154	525	4,679
ECOWAS Regional Development Fund	908	2,157	3,065	0	0	0
ECOWAS Bank for investment Development	2,964	5,173	8,137	4,816	5,203	10,019
Total Multilateral Debts (A)	<b>82,127</b>	<b>46,291</b>	<b>128,418</b>	<b>62,497</b>	<b>27,240</b>	<b>89,737</b>
<b>BILATERAL DEBTS</b>						
SAUDI FUND FOR DEVELOPMENT	493	1,366	1,859	407	994	1,401
KUWAIT FUND	9,023	4,187	13,210	6,966	2,571	9,538
CHINA	7,399	5,327	12,726	6,353	4,205	10,558
EXIM BANK OF INDIA	12,633	3,618	16,251	5,223	4,473	9,696
Total Bilateral Debts (B)	<b>29,548</b>	<b>14,498</b>	<b>44,046</b>	<b>8,949</b>	<b>12,243</b>	<b>31,192</b>
<b>COMMERCIAL DEBTS(C )</b>						
COMMERCIAL & SUPPLIERS CREDIT	<b>33,318</b>	<b>989</b>	<b>34,307</b>	<b>35,527</b>	<b>0</b>	<b>35,527</b>
<b>TOTAL OUTSTANDING EXTERNAL PUBLIC DEBTS</b>	<b>144,993</b>	<b>61,778</b>	<b>206,771</b>	<b>116,972</b>	<b>39,483</b>	<b>156,455</b>

## 23. Cash and Cash Equivalents

The net amount of Cash and Cash Equivalents totalled a negative balance of Le208,681 million (Negative Le137,553 million – FY2015), most of which are held with the Bank of Sierra Leone.

As at	31-Dec-16	31-Dec-15	Change
	Le' million	Le' million	Le' million
Cash held at Bank	114,115	65,934	48,181
Overdraft with Bank	(308,637)	(203,487)	(105,151)
<b>Net Cash and Bank Balance</b>	<b>(194,522)</b>	<b>(137,553)</b>	<b>(56,969)</b>

## 1.7. ADDITIONAL NOTES TO THE ACCOUNTS

### 1. Investments – Public Enterprises

The Government has participating equity interests in a number of Public Enterprises (as State Owned Enterprise – SOEs), as presented in Appendix 11 below.

### 2. Contingent Liabilities

Contingent liabilities as at year end, relating to pending financial litigations against the Government of Sierra Leone, amounted to Le 2,842.3 billion, as presented below:

SUMMARY OF PENDING FINANCIAL RELATED LITIGATIONS		
NATURE	AMOUNT(Le)	AMOUNT(\$)
Damages	11,833,567,013	150,000,000
Land Dispute	3,770,666,000	6,000,000
Violation of Human Rights & Unfair Dismissal	-	236,850,879
	Le15,604,233,013	\$392,850,879
Amount in Leones (Le)	Le15,604,233,013	Le2,826,707,430,669
Total Amount in Leones (Le)	Le2,842,311,663,682	
<b>Note:</b> The Exchange Rate As At 31st December 2016 \$ 7195.37.		

**Guarantees:** The Government provides guarantees against bank loans contracted by state-owned or public enterprises and local councils. Total guarantees amount to Le115.72 billion as at August 2017. In the event of public enterprises or local councils failing to pay the loan on time, the guarantees would be invoked and the liabilities for payment will be passed on to Government. Consequently, the guarantees would eventually become debt to Government. An examination of the stock of current guarantees indicates that risks emanating from guarantees are minimal at the moment. Should they materialize, the impact on public debt would be small.

The List of Guarantees provided by the Government as of 31<sup>st</sup> August 2017 is as follows:

Recipient	Value in Leones	Date Granted
Njala University	2,500,000,000	Oct-15
Sierra Leone State Lottery	1,000,000,000	Mar-16
SALPOST	110,000,000	Jun-15
Sierra Leone Broadcasting Corporation (SLBC)	3,765,191,013	May-13
Ministry of Social Welfare, Gender and Children's Affairs	14,400,000,000 (US\$2,000,000)	Aug-16
Road Maintenance Fund Authority (RMFA)	30,000,000,000	Feb-17
Njala University College	3,500,000,000	Mar-17
Road Maintenance Fund Authority (RMFA)	15,000,000,000	Mar-17
Road Maintenance Fund Authority (RMFA)	35,000,000,000	Feb-17
Guma Valley Water Company	500,000,000	Aug-17
Ministry of Social Welfare, Gender and Children's Affairs	10,440,000,000 (US\$1,450,000)	Aug-17
<b>Total Guarantees (Le)</b>	<b>115,715,191,013</b>	

### 3. Project Cash Flows

The total receipts recorded for Donor Funded Projects for the year under review amounted to Le274,391 million while total payments made by these projects stood at Le213,005 million, resulting in a surplus of Le61,386 million.

Further summary details are available in Appendix 12.

### 4. In-kind contributions/third party payments

During the Fiscal Year under review, the Government received from various sources In-kind contributions as donations made in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. However, it is not currently possible to identify and reliably ascertained the financial value received for such contributions

## 1.8. SUPPLEMENTARY DISCLOSURES IN APPENDICES

### APPENDIX 1 – STATEMENT OF DOMESTIC REVENUE ARREARS

	Revenue Arrears 31st Dec 2016
<b>Arrears as per Domestic Tax Department</b>	
Large Tax Office (LTO)	4,291
Small and Medium Tax Office	17,458
Freetown Central Tax Office	1,791
<b>Total for Domestic Taxes Department</b>	<b>23,541</b>
<b>Arrears as per Custom and Excise Department</b>	
Debt Management Unit	6,193
Bonded Warehouse	4,441
<b>Total for Customs and Excise Department</b>	<b>10,634</b>
<b>Total Revenue Arrears</b>	<b>34,175</b>

### APPENDIX 2 – COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS FOR WAGES, SALARIES AND EMPLOYEES BENEFITS BY MDA

for the financial year ended 31st December 2016

Amounts in millions of Leones

MDA Code	Description	Budget Estimates FY 2016	Actual FY 2016	Surplus/ (Shortfall) FY 2016	Actual FY 2015
101	Charged Emoluments	58,776	80,009	(21,232)	66,425
105	Ministry of Political and Public Affairs	3,088	2,638	449	2,339
106	Office of the Chief of Staff	20,393	16,760	3,633	16,431
107	Ministry of Local Government & Rural Development	20,630	17,891	2,739	17,737
108	Sierra Leone Small Arms Commission	2,451	2,659	(208)	1,403
110	Office of the Secretary to the President	51,204	53,535	(2,332)	49,326
112	Office of the Secretary to the Vice President	2,605	2,604	0	2,274
116	Parliamentary Service Commission	12,396	14,858	(2,462)	13,790
117	Cabinet Secretariat	1,640	2,105	(464)	1,750
118	Supreme Court	355	42	314	294
119	Court of Appeal	511	179	332	486
120	High Court	5,577	9,813	(4,237)	5,166
121	Audit Service Sierra Leone	19,351	22,306	(2,955)	18,617
122	Human Resource Management Office	5,801	6,307	(506)	4,952
123	Public Service Commission	3,046	4,714	(1,668)	3,194
124	Law Officers' Department	11,304	18,897	(7,594)	11,710

## APPENDIX 2 – COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS FOR WAGES, SALARIES AND EMPLOYEES BENEFITS BY MDA

for the financial year ended 31st December 2016

Amounts in millions of Leones

MDA Code	Description	Budget Estimates FY 2016	Actual FY 2016	Surplus/ (Shortfall) FY 2016	Actual FY 2015
125	Local Courts	600		600	
126	Independent Police Complaints Board	799	542	258	755
128	Ministry of Foreign Affairs & International Co-operation	78,364	100,891	(22,527)	76,147
129	Ministry of Finance and Economic Development	37,907	42,717	(4,811)	30,531
130	National Revenue Authority	0	0	0	(14)
131	Revenue Appellate Board	2,012	2,012	0	1,101
132	Accountant General's Department	8,833	9,641	(807)	7,602
133	Ministry of Information and Communications	14,504	15,511	(1,007)	12,454
134	National Electoral Commission of Sierra Leone	12,353	11,683	670	11,107
137	National Commission for Democracy	4,406	5,221	(815)	4,150
138	Statistics Sierra Leone	11,731	14,429	(2,698)	9,326
139	National Commission for Privatisation	2,662	3,036	(374)	3,315
140	Mass Media Services (SLBC Staff)	9,807	11,397	(1,590)	8,581
141	Government Printing Department	1,333	982	351	1,085
142	National Public Procurement Authority	3,149	3,847	(698)	3,682
144	National Commission for Human Rights	5,934	9,957	(4,023)	7,363
145	Rights to Access Information Commission	1,282	2,405	(1,123)	1,649
201	Ministry of Defence	114,182	112,759	1,422	104,347
203	National Civil Registration Authority	1,200		1,200	
205	Ministry of Internal Affairs	1,407	1,308	99	1,354
206	Sierra Leone Police	133,997	129,759	4,238	125,957
207	Sierra Leone Correctional Services	19,520	17,973	1,547	17,541
208	National Fire Authority	4,231	4,100	131	3,900
209	Central Intelligence and Security Unit	3,807	6,373	(2,566)	5,047
210	Office of National Security	11,355	12,765	(1,409)	11,552
211	Immigration Department	2,385	2,200	184	2,218
212	National Drugs Law Enforcement Agency	855	988	(133)	837
301	Ministry of Education, Science and Technology	422,408	445,049	(22,641)	426,488
302	Ministry of Sports	2,225	2,780	(555)	2,331
303	Ministry of Tourism and Cultural Affairs	515	393	122	883
304	Ministry of Health and Sanitation	144,642	142,871	1,771	136,986
305	Ministry of Social Welfare, Gender & Children's Affairs	5,784	6,942	(1,158)	5,929
306	Ministry of Lands, Country Planning and the Environment	2,645	2,622	23	2,417
307	National Pharmaceutical Procurement Unit	1,470	74	1,396	0
308	National Commission for Social Action	2,788	2,748	40	2,262
310	Ministry of Youth Affairs	2,244	2,950	(706)	2,189
341	Pensions, Gratuities and Retirement Benefits	69,576	106,058	(36,482)	56,825
342	Government's Contribution to Social Security	131,170	130,156	1,014	118,709
345	Pharmacy Board Services	7,277	7,459	(182)	7,091
401	Ministry of Agriculture, Forestry and Food Security	18,705	15,089	3,616	17,350
402	Ministry of Fisheries and Marine Resources	1,117	942	175	1,036
403	Ministry of Mines and Mineral Resources	16,763	16,598	165	16,272
404	Ministry of Transport and Aviation	2,873	5,087	(2,213)	2,511
405	Ministry of Tourism and Cultural Affairs (National Tourist Board and Relics Commission)	4,089	4,885	(795)	5,083
406	Ministry of Energy	2,750	2,931	(181)	4,680
407	Ministry of Employment Labour and Social Security	2,797	3,210	(413)	2,842
408	Ministry of Works, Housing and Infrastructure	3,894	3,030	864	3,673
409	Ministry of Trade and Industry	11,343	11,119	224	10,555
410	National Protected Area Authority	6,293	5,833	461	5,092



**APPENDIX 2 – COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS FOR  
WAGES, SALARIES AND EMPLOYEES BENEFITS BY MDA**

**for the financial year ended 31st December 2016**

Amounts in millions of Leones

<b>MDA Code</b>	<b>Description</b>	<b>Budget Estimates FY 2016</b>	<b>Actual FY 2016</b>	<b>Surplus/ (Shortfall) FY 2016</b>	<b>Actual FY 2015</b>
411	Road Maintenance Fund Administration (SLRA Staff)	36,571	35,607	964	33,464
413	Sierra Leone Electricity and Water Regulatory Commission	1,560	3,111	(1,551)	0
414	Ministry of Water Resources	8,524	8,455	70	6,368
416	Civil Aviation Authority	6,647	7,263	(616)	6,244
417	Nuclear Safety and Radiation Protection Authority	2,276	2,235	42	0
418	Sierra Leone Agricultural Research Institute	18,224	19,933	(1,709)	18,481
501	Unallocated Personnel Emoluments	862	1,638	(776)	2,119
602			0	0	(246)
701	Transfers to Local Councils	4,892	11,634	(6,742)	8,764
<b>Grand Total</b>		<b>1,650,669</b>	<b>1,786,516</b>	<b>(135,848)</b>	<b>1,573,882</b>

### APPENDIX 3 - COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS FOR USE OF GOODS AND SERVICES BY MDA

for the financial year ended 31st December 2016

Amounts in millions of Leones

MDA Code	Description	Budget Estimates FY 2016	Actual FY 2016	Surplus/ (Shortfall) FY 2016	Actual FY 2015
105	Ministry of Political and Public Affairs	1,845	1,959	(114)	1,735
106	Office of the Chief of Staff	5,890	3,463	2,426	3,820
107	Ministry of Local Government & Rural Development	6,814	4,747	2,067	4,778
108	Sierra Leone Small Arms Commission	679	761	(82)	416
110	Office of the President	19,121	37,969	(18,848)	31,312
112	Office of the Vice President	6,341	11,019	(4,678)	11,797
116	Parliament	7,750	10,986	(3,236)	8,827
117	Cabinet Secretariat	1,918	1,352	566	1,668
118	Supreme Court	2,051	1,000	1,051	1,539
119	Court of Appeal	1,824	911	913	137
120	High Court	2,648	1,941	707	2,544
121	Audit Service Sierra Leone	5,482	4,881	601	3,301
122	Human Resource Management Office	2,230	1,392	839	1,671
123	Public Service Commission	1,916	1,916	0	1,083
124	Law Officers' Department	7,367	8,181	(814)	7,134
125	Local Courts	2,152	1,460	692	0
126	Independent Police Complaints Board	800	631	169	625
128	Ministry of Foreign Affairs & International Co-operation	24,225	38,046	(13,821)	32,717
129	Ministry of Finance and Economic Development	26,594	50,406	(23,813)	58,846
130	National Revenue Authority (NRA)	68,675	68,675	(0)	66,329
131	Revenue Appellate Board	940	591	349	570
132	Accountant General's Department	4,995	3,135	1,859	2,783
133	Ministry of Information and Communication	3,385	1,748	1,637	2,692
134	National Electoral Commission (NEC)	33,734	27,727	6,007	10,432
137	National Commission for Democracy	1,801	1,441	361	1,079
138	Statistics - Sierra Leone	9,794	7,837	1,957	4,365
139	National Commission for Privatisation (NCP)	2,037	1,324	712	1,142
141	Government Printing Department	2,416	1,343	1,073	1,900
142	National Public Procurement Authority (NPPA)	2,677	1,586	1,091	1,474
143	Justice and Legal Service Commission	275	0	275	77
144	Human Rights Commission Sierra Leone	1,894	1,665	229	1,689
145	Rights to Access Information Commission	1,719	1,235	484	661
201	Ministry of Defence	85,757	154,747	(68,990)	86,834
203	National Civil Registration Authority	5,842	3,875	1,966	2,176
205	Ministry of Internal Affairs	1,019	581	438	2,512
206	Sierra Leone Police	72,544	83,544	(11,000)	52,363
207	Sierra Leone Correctional Services	32,321	47,438	(15,117)	43,333
208	National Fire Authority	8,815	4,407	4,408	2,736
209	Central Intelligence & Security Unit	5,240	5,240	0	3,088
210	Office of National Security	7,086	9,586	(2,500)	5,421
211	Immigration Department	4,378	3,764	614	2,196
212	National Drugs Law Enforcement Agency	987	691	296	886
301	Ministry of Education, Science and Technology	27,931	20,275	7,656	12,821
302	Ministry of Sports	7,004	9,121	(2,117)	3,668
303	Ministry of Tourism and Cultural Affairs	3,171	2,857	314	4,603
304	Ministry of Health and Sanitation	91,856	93,246	(1,391)	61,366
305	Ministry of Social Welfare, Gender & Children's Affairs	9,160	5,175	3,985	6,219

### APPENDIX 3 - COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS FOR USE OF GOODS AND SERVICES BY MDA

for the financial year ended 31st December 2016

Amounts in millions of Leones

MDA Code	Description	Budget Estimates FY 2016	Actual FY 2016	Surplus/ (Shortfall) FY 2016	Actual FY 2015
306	Ministry of Lands, Country Planning and the Environment	3,069	1,615	1,454	1,952
307	National Pharmaceutical Procurement Unit (NPPU)	703	457	246	16,727
308	National Commission for Social Action	1,346	1,278	67	426
309	Dental and Medical Board	326	144	183	196
310	Ministry of Youth Affairs	7,180	3,601	3,579	2,713
345	Pharmacy Board Services	4,016	3,208	808	2,991
401	Ministry of Agriculture, Forestry and Food Security	51,083	28,436	22,647	39,503
402	Ministry of Fisheries and Marine Resources	3,023	1,532	1,491	821
403	Ministry of Mines and Mineral Resources	6,745	3,225	3,520	3,918
404	Ministry of Transport and Aviation	18,197	87,139	(68,942)	49,652
405	Ministry of Tourism and Cultural Affairs	5,715	3,087	2,628	2,481
406	Ministry of Energy	4,646	1,658	2,988	3,851
407	Ministry of Labour and Social Security	6,001	1,957	4,044	1,354
408	Ministry of Works, Housing and Infrastructure	9,605	4,782	4,823	7,509
409	Ministry of Trade and Industry	11,454	9,077	2,378	11,561
410	National Protected Area Authority	4,163	2,317	1,847	2,834
411	Road Maintenance Fund		9,284	(9,284)	5,500
413	Sierra Leone Electricity and Water Regulatory Commission	2,027	1,318	709	0
414	Ministry of Water Resources	9,865	7,536	2,329	6,345
416	Civil Aviation Authority	1,528	6,610	(5,082)	2,138
417	Nuclear Safety and Radiation Protection Authority	1,581	1,090	491	0
418	Sierra Leone Agricultural Research Institute (SLARI)	5,285	4,232	1,052	2,476
501	Miscellaneous Services	881	27,169	(26,288)	24,444
601	Other Critical Emergencies	25,030	155	24,875	15,994
<b>Grand Total</b>		<b>808,569</b>	<b>956,782</b>	<b>(148,213)</b>	<b>764,750</b>

**Use of Goods and Services by Object Code  
for the financial year ended 31st December 2016**

Amounts in millions of Leones

		<b>Actual FY2016</b>	<b>Actual FY2015</b>
2211	LOCAL TRAVELLING	6,543	10,157
2212	OVERSEAS TRAVELLING	35,336	30,856
2221	ELECTRICITY	2,040	3,149
2222	WATER	354	491
2223	TELEPHONE & OTHER COMM	5,261	5,386
2241	OFFICE & GENERAL	155,587	132,650
2242	STATIONERY	3,467	4,810
2243	OFFICIAL RECPT,ENT & HOSP	1,269	1,206
2244	OFFICE CLEANING	2,284	12,634
2245	OFFICE STORES/SUPPLIES	47,179	30,509
2246	COMPUTER RUNNING COSTS	1,953	2,423
2251	ADVERTISEMENTS	285	134
2252	PUBLICATIONS	1,531	1,262
2253	PRINTING (GENERAL)	80	166
2255	PUBLIC RELATIONS EXPENSES	43	-
2261	BUILDING MAINTENANCE	2,235	2,431
2262	MACHINERY & EQUIP MAINTENANCE	306	60,757
2264	VEHICLE MAINTENANCE	2,365	3,883
2265	GENERATOR RUNNING COST	355	747
2266	INSURANCE-BUILDING	18	100
2267	INSURANCE-MOTOR VEHICLES/CYCLE	60	73
2268	INSURANCE-MACH & EQUIPMENT	16	53
2270	RICE FOR OFFICERS & OTHER RANK	21,009	2,071
2271	LICENCE-MOTOR VEHICLES/CYCLES	0	2
2291	BANK CHARGES	16,075	2,476
2292	MISC OPERAT'L EXPENSES	22,937	23,588
2293	HONORARIA & OTHER ALL'CES	196	560
2294	FREIGHT/PORT CHARGES	0	111
2295	SUBS/MEMBERSHIP DUES-LOCAL	257	103
2296	SUBS/MEMBERSHIP DUES-INT	28,386	28,060
2312	TRAINING LOCAL	1,409	2,180
2313	TRAINING OVERSEAS	4,467	1,313
2314	LOCAL CONFERENCES	746	1,302
2315	PROFESSIONAL FEES/CONSULTANCY	2,224	3,413
2317	LEGAL EXPENSES	-	1,368
2318	MEDICAL EXPENSES	2,274	3,207
2321	UNIFORMS/PROTECTIVE CLOTHING	24,558	1,158
2324	DIETS & FEEDING	17,208	16,507
2325	DRUGS & MEDICAL SUPPLIES	57,282	31,175
2328	FUEL & OIL (VEHICLES)	10,686	14,514
2329	MATERIALS FOR MANUFACTURE	-	504
2337	VERTINARY DRUGS SUPPLIES	-	17
2341	RENT FOR OFFICE ACCOMOD'T	2,445	987
2342	RENT FOR RESIDENTIAL ACCOM'T	74	363
2343	HOTEL ACCOMMODATION	38	379
2344	RATES	-	100
2364	SPORTS COMPETITIONS	8,074	3,264
2381	ELECTION EXPENSES	-	933
2383	OFFICIAL RECEPTIONS/HOSP	363	293

2385	DIPLOMATIC CORP ACTIVITIES	1,214	406
2389	OTHER SERVICE ACTIVITY EXPS	500	142
2391	DEFENCE EXPENSES	24,756	771
2392	STATE SECURITY EXPENSES	8,524	
2393	AGRICULTURAL EXPENSES	28,680	34,529
2398	UNALLOCATED/CONTINGENCY	185	10,174
2411	CURRENT GRANTS GEN GOVN BODIES	286,682	217,551
2417	GRANTS SUBJECT ASS IN SEC SCL	-	511
2442	SUBS TO FINANCIAL PUB ENT	-	150
2531	CAPITAL TRFS TO PUB ENTERPS	-	15
2613	FURN,OFFICE EQUIP,SAFES	1,939	2,945
2614	COMPUTERS AND ANCILLARY EQUIP	763	1,875
2615	VEHICLES	103,795	47,243
2623	MOTOR VEHICLES	6,546	-
2631	PLANT,EQUIP& MACHINERY	3,576	2,523
2632	CONST'N/RECONST'N OF BUILDINGS	311	2,093
2633	REHABILITATION OF BUILDINGS	39	-
		<b>956,782</b>	<b>764,750</b>

#### APPENDIX 4 - COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS FOR DEVELOPMENT EXPENDITURE BY MDA

for the financial year ended 31st December 2016

Amounts in millions of Leones

MDA Code	Description	Actual FY 2016	Actual FY 2015
105	Ministry of Political and Public Affairs		93
107	Ministry of Local Government & Rural Development	703	450
110	Office of the President	1,112	1,155
116	Parliament	7,800	
120	High Court		77
122	Human Resource Management Office	1,082	864
124	Law Officers' Department	250	23
129	Ministry of Finance and Economic Development	8,760	6,952
133	Ministry of Information and Communication	19,318	10,660
134	National Electoral Commission (NEC)		1,095
138	Statistics - Sierra Leone	5,800	32,225
203	National Civil Registration Authority	53,561	300
205	Ministry of Internal Affairs		3,576
206	Sierra Leone Police	7,000	15,955
207	Sierra Leone Correctional Services	2,000	6,240
301	Ministry of Education, Science and Technology	2,769	718
304	Ministry of Health and Sanitation	29,948	99,355
306	Ministry of Lands, Country Planning and the Environment		209
308	National Commission for Social Action	3,050	7,560
310	Ministry of Youth Affairs	8,875	1,107
401	Ministry of Agriculture, Forestry and Food Security	4,831	3,610
402	Ministry of Fisheries and Marine Resources	3,380	27,805
403	Ministry of Mines and Mineral Resources	1,500	180
404	Ministry of Transport and Aviation	2,775	9,063
405	Ministry of Tourism and Cultural Affairs	2,000	5,267
406	Ministry of Energy	11,231	50,623
408	Ministry of Works, Housing and Infrastructure	462,512	455,085
409	Ministry of Trade and Industry		612
410	National Protected Area Authority	500	
414	Ministry of Water Resources	11,999	32,675
418	Sierra Leone Agricultural Research Institute (SLARI)	1,200	
501	Miscellaneous Services	3,000	
610	Other Critical Emergencies	323	
701	Transfers to Local Councils	307	34,972
<b>Grand Total</b>		<b>657,585</b>	<b>808,503</b>

**APPENDIX 5 - STATEMENT OF DETAILED NON-INTEREST RECURRENT  
PAYMENTS BY CLASSIFICATION OF FUNCTIONS OF GOVERNMENT**

	<b>Personnel Expenditure (Including Wages Arrears)</b>	<b>Non Interest, Non Salary Recurrent Payments</b>	<b>Domestic Development</b>	<b>Jan-Dec 16</b>
	<b>Le' m</b>	<b>Le' m</b>	<b>Le' m</b>	<b>Le' m</b>
<b>PAYMENTS/EXPENDITURE</b>				
<i><b>Operating Account</b></i>				
Education Services	409,287	23,308	2,769	435,364
Health services	154,992	167,248	29,948	352,188
Social Security and welfare	6,974	5,175	1,500	13,649
Defence	50,729	159,611	0	210,340
Public Order and safety	154,340	112,309	0	266,648
Recreation, Culture and safety	1,328	9,121	0	10,449
Housing communities amenities	6,525	6,725	411,026	424,276
Environmental Protection	0	0	0	0
Economic Affairs	210,919	135,880	87,936	434,735
General Public Services	812,107	685,889	180,631	1,678,627
<b>Total Payments/Expenditure</b>	<b>1,807,200</b>	<b>1,305,266</b>	<b>713,810</b>	<b>3,826,277</b>

## APPENDIX 6: STATEMENT OF MOVEMENTS IN 91-DAY TREASURY BILLS

during the financial year ended 31st December 2016

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31/12/2016	Interest Paid in FY2016	Interest Paid in FY2016
		Le	Le	Le	Le	Le	In % pa
08-Oct-15	07-Jan-16	8,078,650,000	8,052,566,377	8,052,566,377	-	26,083,623	1.3%
15-Oct-15	14-Jan-16	8,091,800,000	8,060,067,500	8,060,067,500	-	31,732,500	1.6%
22-Oct-15	21-Jan-16	3,000,000,000	2,987,281,156	2,987,281,156	-	12,718,844	1.7%
29-Oct-15	28-Jan-16	5,185,400,000	5,166,119,075	5,166,119,075	-	19,280,925	1.5%
05-Nov-15	04-Feb-16	2,936,050,000	2,925,286,424	2,925,286,424	-	10,763,576	1.5%
12-Nov-15	11-Feb-16	3,746,600,000	3,729,236,601	3,729,236,601	-	17,363,399	1.9%
19-Nov-15	18-Feb-16	8,841,000,000	8,811,304,034	8,811,304,034	-	29,695,966	1.3%
26-Nov-15	25-Feb-16	2,523,300,000	2,515,730,100	2,515,730,100	-	7,569,900	1.2%
03-Dec-15	03-Mar-16	3,022,400,000	3,009,334,619	3,009,334,619	-	13,065,381	1.7%
10-Dec-15	10-Mar-16	352,250,000	351,129,769	351,129,769	-	1,120,231	1.3%
17-Dec-15	17-Mar-16	564,400,000	562,717,866	562,717,866	-	1,682,134	1.2%
31-Dec-15	31-Mar-16	1,526,900,000	1,522,319,300	1,522,319,300	-	4,580,700	1.2%
<b>Outstanding FY2015</b>		<b>47,868,750,000</b>	<b>47,693,092,819</b>	<b>47,693,092,819</b>	<b>-</b>	<b>175,657,181</b>	
07-Jan-16	07-Apr-16	409,800,000	408,570,600	408,570,600	-	1,229,400	1.2%
14-Jan-16	14-Apr-16	2,277,950,000	2,270,927,598	2,270,927,598	-	7,022,402	1.2%
21-Jan-16	21-Apr-16	252,650,000	251,892,050	251,892,050	-	757,950	1.2%
28-Jan-16	28-Apr-16	520,700,000	518,784,131	518,784,131	-	1,915,869	1.5%
04-Feb-16	05-May-16	5,202,850,000	5,161,227,200	5,161,227,200	-	41,622,800	3.2%
11-Feb-16	12-May-16	317,100,000	314,556,400	314,556,400	-	2,543,600	3.2%
18-Feb-16	19-May-16	2,266,050,000	2,245,563,189	2,245,563,189	-	20,486,811	3.6%
25-Feb-16	26-May-16	4,527,900,000	4,482,884,422	4,482,884,422	-	45,015,578	4.0%
03-Mar-16	02-Jun-16	2,078,950,000	2,069,250,071	2,069,250,071	-	9,699,929	1.9%
10-Mar-16	09-Jun-16	1,802,300,000	1,782,031,809	1,782,031,809	-	20,268,191	4.5%
17-Mar-16	16-Jun-16	932,800,000	928,670,394	928,670,394	-	4,129,606	1.8%
24-Mar-16	23-Jun-16	1,002,600,000	991,430,318	991,430,318	-	11,169,682	4.5%
31-Mar-16	30-Jun-16	5,622,950,000	5,554,896,025	5,554,896,025	-	68,053,975	4.9%
07-Apr-16	07-Jul-16	3,320,650,000	3,287,705,883	3,287,705,883	-	32,944,117	4.0%
14-Apr-16	14-Jul-16	13,902,250,000	13,665,158,765	13,665,158,765	-	237,091,235	6.9%
21-Apr-16	21-Jul-16	1,252,800,000	1,232,773,714	1,232,773,714	-	20,026,286	6.5%
28-Apr-16	28-Jul-16	1,114,450,000	1,097,631,936	1,097,631,936	-	16,818,064	6.1%
05-May-16	04-Aug-16	2,412,500,000	2,373,900,000	2,373,900,000	-	38,600,000	6.5%
12-May-16	11-Aug-16	353,100,000	347,797,644	347,797,644	-	5,302,356	6.1%
19-May-16	18-Aug-16	2,446,950,000	2,410,270,620	2,410,270,620	-	36,679,380	6.1%
26-May-16	25-Aug-16	3,795,350,000	3,737,679,987	3,737,679,987	-	57,670,013	6.2%
02-Jun-16	01-Sep-16	3,899,300,000	3,844,725,804	3,844,725,804	-	54,574,197	5.7%
09-Jun-16	08-Sep-16	5,271,800,000	5,213,244,800	5,213,244,800	-	58,555,200	4.5%
16-Jun-16	15-Sep-16	788,550,000	777,029,649	777,029,649	-	11,520,351	5.9%
23-Jun-16	22-Sep-16	1,655,400,000	1,634,873,040	1,634,873,040	-	20,526,960	5.0%
30-Jun-16	29-Sep-16	454,000,000	448,401,360	448,401,360	-	5,598,640	5.0%
07-Jul-16	06-Oct-16	370,900,000	366,712,534	366,712,534	-	4,187,466	4.6%
14-Jul-16	13-Oct-16	949,150,000	935,715,848	935,715,848	-	13,434,152	5.7%
21-Jul-16	20-Oct-16	240,650,000	236,943,990	236,943,990	-	3,706,010	6.3%
28-Jul-16	27-Oct-16	3,545,050,000	3,494,388,601	3,494,388,601	-	50,661,399	5.8%
04-Aug-16	03-Nov-16	4,068,450,000	4,004,273,250	4,004,273,250	-	64,176,750	6.4%
11-Aug-16	10-Nov-16	5,387,150,000	5,306,270,893	5,306,270,893	-	80,879,107	6.1%



## APPENDIX 6: STATEMENT OF MOVEMENTS IN 91-DAY TREASURY BILLS

during the financial year ended 31st December 2016

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31/12/2016	Interest Paid in FY2016	Interest Paid in FY2016
		Le	Le	Le	Le	Le	In % pa
18-Aug-16	17-Nov-16	1,221,750,000	1,202,284,779	1,202,284,779	-	19,465,221	6.5%
25-Aug-16	24-Nov-16	3,238,400,000	3,192,310,826	3,192,310,826	-	46,089,174	5.8%
01-Sep-16	01-Dec-16	2,422,600,000	2,387,451,924	2,387,451,924	-	35,148,076	5.9%
08-Sep-16	08-Dec-16	1,521,800,000	1,497,994,800	1,497,994,800	-	23,805,200	6.4%
15-Sep-16	15-Dec-16	6,152,250,000	6,044,082,030	6,044,082,030	-	108,167,970	7.2%
22-Sep-16	22-Dec-16	1,893,350,000	1,851,331,061	1,851,331,061	-	42,018,939	9.1%
29-Sep-16	29-Dec-16	2,022,800,000	1,973,375,600	1,973,375,600	-	49,424,400	10.0%
06-Oct-16	05-Jan-17	4,511,600,000	4,401,784,100	-	4,401,784,100	-	10.0%
13-Oct-16	12-Jan-17	2,949,950,000	2,879,156,586	-	2,879,156,586	-	9.8%
20-Oct-16	19-Jan-17	515,000,000	503,200,000	-	503,200,000	-	9.4%
27-Oct-16	26-Jan-17	809,800,000	795,067,740	-	795,067,740	-	7.4%
03-Nov-16	02-Feb-17	3,500,000,000	3,406,500,000	-	3,406,500,000	-	11.0%
10-Nov-16	09-Feb-17	3,710,200,000	3,617,987,458	-	3,617,987,458	-	10.2%
17-Nov-16	16-Feb-17	704,950,000	691,169,472	-	691,169,472	-	8.0%
24-Nov-16	23-Feb-17	3,242,700,000	3,180,787,387	-	3,180,787,387	-	7.8%
01-Dec-16	02-Mar-17	2,050,200,000	2,003,196,000	-	2,003,196,000	-	9.4%
08-Dec-16	09-Mar-17	1,925,400,000	1,884,651,053	-	1,884,651,053	-	8.6%
15-Dec-16	16-Mar-17	2,874,800,000	2,817,865,195	-	2,817,865,195	-	8.1%
29-Dec-16	30-Mar-17	800,000,000	780,400,000	-	780,400,000	-	10.0%
<b>FY2016</b>		<b>128,510,600,000</b>	<b>126,506,778,535</b>	<b>99,545,013,544</b>	<b>26,961,764,991</b>	<b>1,370,986,456</b>	
<b>SUMMARY</b>							
Outstanding Balance FY2015		-	47,693,092,819	-	-	175,657,181	
Issued FY2016		-	126,506,778,535	-	-	1,370,986,456	
Matured FY2016		-	-	147,238,106,364	-	-	
Outstanding Balance FY2016		-	-	-	26,961,764,991	-	
<b>Total for FY2016</b>		<b>-</b>	<b>174,199,871,354</b>	<b>147,238,106,364</b>	<b>26,961,764,991</b>	<b>1,546,643,636</b>	

## APPENDIX 7: STATEMENT OF MOVEMENTS IN 182-DAY TREASURY BILLS

during the financial year ended 31st December 2016

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31/12/2016	Interest Paid in FY2016	Interest Paid in FY2016
		Le	Le	Le	Le	Le	In % pa
09-Jul-15	07-Jan-16	12,028,550,000	11,848,940,692	11,848,940,692	-	179,609,308	3.0%
16-Jul-15	14-Jan-16	9,738,300,000	9,638,661,643	9,638,661,643	-	99,638,357	2.1%
23-Jul-15	21-Jan-16	10,359,450,000	10,148,157,675	10,148,157,675	-	211,292,325	4.2%
30-Jul-15	28-Jan-16	17,000,000,000	16,752,758,904	16,752,758,904	-	247,241,096	3.0%
06-Aug-15	04-Feb-16	14,589,000,000	14,426,287,253	14,426,287,253	-	162,712,747	2.3%
13-Aug-15	11-Feb-16	6,560,200,000	6,481,573,409	6,481,573,409	-	78,626,591	2.4%
20-Aug-15	18-Feb-16	10,552,300,000	10,425,033,216	10,425,033,216	-	127,266,784	2.4%
27-Aug-15	25-Feb-16	20,726,400,000	20,393,969,850	20,393,969,850	-	332,430,150	3.3%
03-Sep-15	03-Mar-16	10,010,150,000	9,852,977,450	9,852,977,450	-	157,172,550	3.2%
10-Sep-15	10-Mar-16	9,317,450,000	9,170,089,432	9,170,089,432	-	147,360,568	3.2%
17-Sep-15	17-Mar-16	16,049,000,000	15,787,490,549	15,787,490,549	-	261,509,451	3.3%
24-Sep-15	24-Mar-16	4,000,000,000	3,957,250,000	3,957,250,000	-	42,750,000	2.2%
01-Oct-15	31-Mar-16	5,000,000,000	4,926,136,520	4,926,136,520	-	73,863,480	3.0%
08-Oct-15	07-Apr-16	13,204,600,000	13,005,490,425	13,005,490,425	-	199,109,575	3.1%
15-Oct-15	14-Apr-16	10,291,350,000	10,139,704,145	10,139,704,145	-	151,645,855	3.0%
22-Oct-15	21-Apr-16	7,000,000,000	6,895,800,000	6,895,800,000	-	104,200,000	3.0%
29-Oct-15	28-Apr-16	15,237,650,000	15,026,822,900	15,026,822,900	-	210,827,100	2.8%
05-Nov-15	05-May-16	12,787,550,000	12,601,632,280	12,601,632,280	-	185,917,720	3.0%
12-Nov-15	12-May-16	7,712,100,000	7,594,668,500	7,594,668,500	-	117,431,500	3.1%
19-Nov-15	19-May-16	3,026,000,000	2,980,624,000	2,980,624,000	-	45,376,000	3.0%
26-Nov-15	26-May-16	1,212,400,000	1,194,163,200	1,194,163,200	-	18,236,800	3.1%
03-Dec-15	02-Jun-16	862,400,000	845,264,000	845,264,000	-	17,136,000	4.1%
10-Dec-15	09-Jun-16	8,255,850,000	8,045,266,500	8,045,266,500	-	210,583,500	5.2%
17-Dec-15	16-Jun-16	19,000,000	18,715,000	18,715,000	-	285,000	3.0%
31-Dec-15	30-Jun-16	1,313,050,000	1,293,530,139	1,293,530,139	-	19,519,861	3.0%
<b>Outstanding FY2015</b>		<b>226,852,750,000</b>	<b>223,451,007,681</b>	<b>223,451,007,681</b>	<b>-</b>	<b>3,401,742,319</b>	
07-Jan-16	07-Jul-16	283,300,000	278,718,904	278,718,904	-	4,581,096	3.3%
14-Jan-16	14-Jul-16	342,700,000	336,030,200	336,030,200	-	6,669,800	4.0%
21-Jan-16	21-Jul-16	315,550,000	310,522,600	310,522,600	-	5,027,400	3.2%
04-Feb-16	04-Aug-16	3,225,000,000	3,167,237,500	3,167,237,500	-	57,762,500	3.6%
11-Feb-16	11-Aug-16	123,350,000	121,350,375	121,350,375	-	1,999,625	3.3%
18-Feb-16	18-Aug-16	9,100,000	8,940,750	8,940,750	-	159,250	3.6%
25-Feb-16	26-Aug-16	3,535,800,000	3,436,777,200	3,436,777,200	-	99,022,800	5.8%
03-Mar-16	01-Sep-16	10,000,000,000	9,987,000,000	9,987,000,000	-	13,000,000	0.3%
10-Mar-16	08-Sep-16	8,000,000,000	7,680,000,000	7,680,000,000	-	320,000,000	8.3%
17-Mar-16	15-Sep-16	7,043,250,000	6,756,541,625	6,756,541,625	-	286,708,375	8.5%
24-Mar-16	22-Sep-16	6,447,400,000	6,152,030,525	6,152,030,525	-	295,369,475	9.6%
31-Mar-16	29-Sep-16	2,105,250,000	2,003,987,500	2,003,987,500	-	101,262,500	10.1%
07-Apr-16	06-Oct-16	3,232,350,000	3,079,673,880	3,079,673,880	-	152,676,120	9.9%
14-Apr-16	13-Oct-16	2,055,000,000	1,604,466,144	1,604,466,144	-	450,533,856	56.2%
28-Apr-16	27-Oct-16	2,237,650,000	2,130,009,364	2,130,009,364	-	107,640,636	10.1%
05-May-16	03-Nov-16	2,000,000,000	1,904,000,000	1,904,000,000	-	96,000,000	10.1%
12-May-16	10-Nov-16	67,250,000	63,916,500	63,916,500	-	3,333,500	10.4%
19-May-16	17-Nov-16	3,038,800,000	3,013,216,527	3,013,216,527	-	25,583,473	1.7%
02-Jun-16	01-Dec-16	68,150,000	64,946,950	64,946,950	-	3,203,050	9.9%
09-Jun-16	08-Dec-16	2,306,400,000	2,203,107,400	2,203,107,400	-	103,292,600	9.4%

## APPENDIX 7: STATEMENT OF MOVEMENTS IN 182-DAY TREASURY BILLS

during the financial year ended 31st December 2016

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31/12/2016	Interest Paid in FY2016	Interest Paid in FY2016
16-Jun-16	15-Dec-16	19,000,000	18,164,000	18,164,000		836,000	9.2%
23-Jun-16	22-Dec-16	2,050,000	1,955,700	1,955,700		94,300	9.6%
30-Jun-16	29-Dec-16	629,800,000	601,873,458	601,873,458		27,926,542	9.3%
07-Jul-16	05-Jan-17	1,283,300,000	1,228,759,750	-	1,228,759,750	-	8.9%
14-Jul-16	12-Jan-17	11,279,300,000	10,853,416,825	-	10,853,416,825	-	7.8%
21-Jul-16	19-Jan-17	12,317,700,000	11,775,485,750	-	11,775,485,750	-	9.2%
28-Jul-16	26-Jan-17	507,300,000	485,521,500	-	485,521,500	-	9.0%
04-Aug-16	02-Feb-17	5,835,000,000	5,556,600,000	-	5,556,600,000	-	10.0%
11-Aug-16	09-Feb-17	2,146,900,000	2,045,101,700	-	2,045,101,700	-	10.0%
18-Aug-16	16-Feb-17	4,880,650,000	4,649,083,075	-	4,649,083,075	-	10.0%
25-Aug-16	23-Feb-17	1,735,800,000	1,655,439,000	-	1,655,439,000	-	9.7%
08-Sep-16	09-Mar-17	2,350,000,000	2,234,150,000	-	2,234,150,000	-	10.4%
15-Sep-16	16-Mar-17	4,072,600,000	3,861,852,175	-	3,861,852,175	-	10.9%
22-Sep-16	23-Mar-17	2,328,100,000	2,190,850,750	-	2,190,850,750	-	12.5%
29-Sep-16	30-Mar-17	2,550,750,000	2,397,535,750	-	2,397,535,750	-	12.8%
06-Oct-16	06-Apr-17	3,013,650,000	2,823,817,350	-	2,823,817,350	-	13.4%
13-Oct-16	13-Apr-17	1,283,000,000	1,200,737,000	-	1,200,737,000	-	13.7%
20-Oct-16	20-Apr-17	1,000,000,000	930,000,000	-	930,000,000	-	15.1%
27-Oct-16	27-Apr-17	3,763,800,000	3,511,235,125	-	3,511,235,125	-	14.4%
03-Nov-16	04-May-17	3,570,200,000	3,324,367,325	-	3,324,367,325	-	14.8%
10-Nov-16	11-May-17	2,010,750,000	1,868,997,500	-	1,868,997,500	-	15.2%
17-Nov-16	18-May-17	3,074,600,000	2,862,385,000	-	2,862,385,000	-	14.8%
24-Nov-16	25-May-17	1,501,050,000	1,396,977,550	-	1,396,977,550	-	14.9%
01-Dec-16	01-Jun-17	2,093,800,000	1,939,905,700	-	1,939,905,700	-	15.9%
08-Dec-16	08-Jun-17	1,713,600,000	1,590,516,050	-	1,590,516,050	-	15.5%
15-Dec-16	15-Jun-17	19,000,000	17,670,000	-	17,670,000	-	15.1%
22-Dec-16	22-Jun-17	1,000,000,000	926,500,000	-	926,500,000	-	15.9%
29-Dec-16	29-Jun-17	472,100,000	438,453,975	-	438,453,975	-	15.3%
<b>FY2016</b>		<b>132,890,100,000</b>	<b>126,689,825,951</b>	<b>54,924,467,101</b>	<b>71,765,358,850</b>	<b>2,162,682,899</b>	
<b>SUMMARY</b>							
Outstanding Balance FY2015	-	-	223,451,007,681	-	-	3,401,742,319	-
Issued FY2016	-	-	126,689,825,951	-	-	2,162,682,899	-
Matured FY2016	-	-	-	278,375,474,781	-	-	-
Outstanding Balance FY2016	-	-	-	-	71,765,358,850	-	-
<b>Total for FY2016</b>	-		<b>350,140,833,631</b>	<b>278,375,474,781</b>	<b>71,765,358,850</b>	<b>5,564,425,219</b>	-

## APPENDIX 8: STATEMENT OF MOVEMENTS IN 364-DAY TREASURY BILLS

during the financial year ended 31st December 2016

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31/12/2016	Interest Paid in 2016	Interest Paid in FY2016
		Le	Le	Le	Le	Le	In % pa
08-Jan-15	07-Jan-16	19,061,300,000	18,519,032,799	18,519,032,799	-	542,267,201	2.9%
15-Jan-15	14-Jan-16	18,091,600,000	17,247,388,350	17,247,388,350	-	844,211,650	4.9%
22-Jan-15	21-Jan-16	59,269,450,000	57,200,334,399	57,200,334,399	-	2,069,115,601	3.6%
29-Jan-15	28-Jan-16	24,192,000,000	23,389,394,989	23,389,394,989	-	802,605,011	3.4%
05-Feb-15	04-Feb-16	45,472,650,000	44,064,033,185	44,064,033,185	-	1,408,616,815	3.2%
12-Feb-15	11-Feb-16	41,338,550,000	39,422,219,442	39,422,219,442	-	1,916,330,558	4.9%
19-Feb-15	18-Feb-16	43,958,000,000	42,453,559,606	42,453,559,606	-	1,504,440,394	3.5%
26-Feb-15	25-Feb-16	35,515,550,000	33,663,256,050	33,663,256,050	-	1,852,293,950	5.5%
05-Mar-15	03-Mar-16	19,464,900,000	19,133,170,858	19,133,170,858	-	331,729,142	1.7%
12-Mar-15	10-Mar-16	33,589,200,000	31,808,650,080	31,808,650,080	-	1,780,549,920	5.6%
19-Mar-15	17-Mar-16	41,557,650,000	40,354,971,960	40,354,971,960	-	1,202,678,040	3.0%
26-Mar-15	24-Mar-16	27,940,000,000	27,404,192,604	27,404,192,604	-	535,807,396	2.0%
02-Apr-15	31-Mar-16	27,002,500,000	25,323,923,974	25,323,923,974	-	1,678,576,026	6.6%
09-Apr-15	07-Apr-16	46,258,850,000	43,695,836,771	43,695,836,771	-	2,563,013,229	5.9%
16-Apr-15	14-Apr-16	43,801,150,000	41,381,231,539	41,381,231,539	-	2,419,918,461	5.8%
23-Apr-15	21-Apr-16	32,439,050,000	30,942,200,957	30,942,200,957	-	1,496,849,043	4.8%
30-Apr-15	28-Apr-16	24,491,750,000	23,300,355,048	23,300,355,048	-	1,191,394,952	5.1%
07-May-15	05-May-16	20,013,350,000	18,855,722,906	18,855,722,906	-	1,157,627,094	6.1%
14-May-15	12-May-16	16,348,500,000	15,623,173,114	15,623,173,114	-	725,326,886	4.6%
21-May-15	19-May-16	26,415,750,000	25,020,144,375	25,020,144,375	-	1,395,605,625	5.6%
28-May-15	26-May-16	27,486,000,000	26,688,246,154	26,688,246,154	-	797,753,846	3.0%
04-Jun-15	02-Jun-16	45,060,150,000	42,826,826,533	42,826,826,533	-	2,233,323,467	5.2%
11-Jun-15	09-Jun-16	11,950,800,000	11,278,613,000	11,278,613,000	-	672,187,000	6.0%
18-Jun-15	16-Jun-16	19,480,500,000	19,227,253,500	19,227,253,500	-	253,246,500	1.3%
25-Jun-15	23-Jun-16	45,950,600,000	43,486,353,670	43,486,353,670	-	2,464,246,330	5.7%
02-Jul-15	30-Jun-16	86,110,650,000	82,516,488,413	82,516,488,413	-	3,594,161,587	4.4%
09-Jul-15	07-Jul-16	36,291,200,000	34,748,468,445	34,748,468,445	-	1,542,731,555	4.4%
16-Jul-15	14-Jul-16	51,465,150,000	49,301,295,900	49,301,295,900	-	2,163,854,100	4.4%
23-Jul-15	21-Jul-16	49,250,450,000	47,360,040,018	47,360,040,018	-	1,890,409,982	4.0%
30-Jul-15	28-Jul-16	55,957,950,000	55,043,409,573	55,043,409,573	-	914,540,427	1.7%
06-Aug-15	04-Aug-16	46,848,800,000	45,474,001,273	45,474,001,273	-	1,374,798,727	3.0%
13-Aug-15	11-Aug-16	46,102,850,000	43,837,670,089	43,837,670,089	-	2,265,179,911	5.2%
20-Aug-15	18-Aug-16	19,224,050,000	18,393,765,722	18,393,765,722	-	830,284,278	4.5%
27-Aug-15	25-Aug-16	34,466,800,000	32,940,346,592	32,940,346,592	-	1,526,453,408	4.6%
03-Sep-15	01-Sep-16	33,563,500,000	32,271,350,279	32,271,350,279	-	1,292,149,721	4.0%
10-Sep-15	08-Sep-16	32,428,100,000	31,237,665,949	31,237,665,949	-	1,190,434,051	3.8%
17-Sep-15	15-Sep-16	28,875,250,000	27,300,954,075	27,300,954,075	-	1,574,295,925	5.8%
24-Sep-15	22-Sep-16	41,169,100,000	39,765,683,269	39,765,683,269	-	1,403,416,731	3.5%
01-Oct-15	29-Sep-16	8,296,900,000	7,904,642,250	7,904,642,250	-	392,257,750	5.0%
08-Oct-15	06-Oct-16	32,534,350,000	31,175,488,192	31,175,488,192	-	1,358,861,808	4.4%
15-Oct-15	13-Oct-16	31,274,900,000	30,164,463,683	30,164,463,683	-	1,110,436,317	3.7%
22-Oct-15	20-Oct-16	30,222,850,000	29,044,971,348	29,044,971,348	-	1,177,878,652	4.1%
29-Oct-15	27-Oct-16	29,018,000,000	28,744,698,393	28,744,698,393	-	273,301,607	1.0%
05-Nov-15	03-Nov-16	39,701,350,000	38,677,323,249	38,677,323,249	-	1,024,026,751	2.6%
12-Nov-15	10-Nov-16	18,263,800,000	17,530,937,216	17,530,937,216	-	732,862,784	4.2%
19-Nov-15	17-Nov-16	51,032,200,000	49,718,666,969	49,718,666,969	-	1,313,533,031	2.6%
26-Nov-15	24-Nov-16	61,161,100,000	59,080,341,000	59,080,341,000	-	2,080,759,000	3.5%
03-Dec-15	01-Dec-16	49,294,450,000	46,141,157,015	46,141,157,015	-	3,153,292,985	6.8%
10-Dec-15	08-Dec-16	44,215,100,000	42,185,934,021	42,185,934,021	-	2,029,165,979	4.8%
17-Dec-15	15-Dec-16	29,625,500,000	28,367,129,600	28,367,129,600	-	1,258,370,400	4.4%
24-Dec-15	22-Dec-16	31,490,750,000	29,631,110,250	29,631,110,250	-	1,859,639,750	6.3%
31-Dec-15	29-Dec-16	23,198,350,000	21,545,932,492	21,545,932,492	-	1,652,417,508	7.7%

## APPENDIX 8: STATEMENT OF MOVEMENTS IN 364-DAY TREASURY BILLS

during the financial year ended 31st December 2016

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31/12/2016	Interest Paid in 2016	Interest Paid in FY2016
		Le	Le	Le	Le	Le	In % pa
<b>Outstanding FY2015</b>		<b>1,837,233,250,000</b>	<b>1,762,414,021,137</b>	<b>1,762,414,021,137</b>	<b>-</b>	<b>74,819,228,863</b>	
07-Jan-16	07-Jan-17	41,241,100,000	36,910,441,600	-	36,910,441,600	-	11.7%
14-Jan-16	14-Jan-17	37,585,400,000	33,203,924,300	-	33,203,924,300	-	13.2%
21-Jan-16	21-Jan-17	80,812,400,000	70,765,653,840	-	70,765,653,840	-	14.2%
28-Jan-16	28-Jan-17	46,070,750,000	40,292,875,455	-	40,292,875,455	-	14.3%
04-Feb-16	04-Feb-17	101,865,400,000	88,948,502,110	-	88,948,502,110	-	14.5%
11-Feb-16	11-Feb-17	67,090,000,000	58,077,166,000	-	58,077,166,000	-	15.5%
18-Feb-16	18-Feb-17	76,846,850,000	65,741,860,750	-	65,741,860,750	-	16.9%
25-Feb-16	25-Feb-17	76,604,600,000	65,280,118,650	-	65,280,118,650	-	17.3%
03-Mar-16	03-Mar-17	34,418,500,000	29,415,843,750	-	29,415,843,750	-	17.0%
10-Mar-16	10-Mar-16	33,456,600,000	28,382,976,600	-	28,382,976,600	-	17.9%
17-Mar-16	17-Mar-17	46,712,800,000	39,494,470,500	-	39,494,470,500	-	18.3%
24-Mar-16	24-Mar-17	20,912,850,000	17,403,998,800	-	17,403,998,800	-	20.2%
31-Mar-16	31-Mar-17	72,295,350,000	59,661,892,350	-	59,661,892,350	-	21.2%
07-Apr-16	06-Apr-17	65,090,850,000	53,390,738,290	-	53,390,738,290	-	21.9%
14-Apr-16	13-Apr-17	87,602,400,000	71,201,984,050	-	71,201,984,050	-	23.0%
21-Apr-16	20-Apr-17	68,411,450,000	55,016,734,900	-	55,016,734,900	-	24.3%
28-Apr-16	27-Apr-17	36,898,000,000	29,417,606,410	-	29,417,606,410	-	25.4%
05-May-16	04-May-17	26,913,600,000	21,302,730,950	-	21,302,730,950	-	26.3%
12-May-16	11-May-17	46,607,650,000	37,141,701,500	-	37,141,701,500	-	25.5%
19-May-16	18-May-17	47,161,050,000	37,589,292,080	-	37,589,292,080	-	25.5%
26-May-16	25-May-17	40,311,100,000	32,963,778,700	-	32,963,778,700	-	22.3%
02-Jun-16	01-Jun-17	63,196,050,000	52,361,297,000	-	52,361,297,000	-	20.7%
09-Jun-16	08-Jun-17	27,487,000,000	23,157,913,000	-	23,157,913,000	-	18.7%
16-Jun-16	15-Jun-17	29,624,750,000	25,452,554,000	-	25,452,554,000	-	16.4%
23-Jun-16	22-Jun-17	45,295,750,000	39,403,135,000	-	39,403,135,000	-	15.0%
30-Jun-16	29-Jun-17	119,010,950,000	102,086,451,500	-	102,086,451,500	-	16.6%
07-Jul-16	06-Jul-17	38,240,950,000	32,283,852,000	-	32,283,852,000	-	18.5%
14-Jul-16	13-Jul-17	60,052,650,000	50,774,338,900	-	50,774,338,900	-	18.3%
21-Jul-16	20-Jul-17	55,137,950,000	46,794,702,045	-	46,794,702,045	-	17.8%
28-Jul-16	27-Jul-17	68,690,100,000	58,812,504,050	-	58,812,504,050	-	16.8%
04-Aug-16	03-Aug-17	63,638,000,000	54,492,895,300	-	54,492,895,300	-	16.8%
11-Aug-16	10-Aug-17	48,970,350,000	41,888,655,100	-	41,888,655,100	-	16.9%
18-Aug-16	17-Aug-17	30,813,000,000	26,229,562,350	-	26,229,562,350	-	17.5%
25-Aug-16	24-Aug-17	44,346,200,000	37,662,666,025	-	37,662,666,025	-	17.7%
01-Sep-16	31-Aug-17	45,918,850,000	38,976,947,425	-	38,976,947,425	-	17.8%
08-Sep-16	07-Sep-17	56,321,600,000	47,719,788,225	-	47,719,788,225	-	18.0%
15-Sep-16	14-Sep-17	46,041,150,000	38,888,670,250	-	38,888,670,250	-	18.4%
22-Sep-16	21-Sep-17	53,353,050,000	44,177,113,020	-	44,177,113,020	-	20.8%
29-Sep-16	28-Sep-17	29,014,600,000	23,899,945,500	-	23,899,945,500	-	21.4%
06-Oct-16	05-Oct-17	32,534,350,000	25,999,606,000	-	25,999,606,000	-	25.1%
13-Oct-16	12-Oct-17	24,279,350,000	19,225,442,450	-	19,225,442,450	-	26.3%
20-Oct-16	19-Oct-17	37,995,850,000	29,899,480,000	-	29,899,480,000	-	27.1%
27-Oct-16	26-Oct-17	46,765,650,000	36,785,517,750	-	36,785,517,750	-	27.1%
03-Nov-16	02-Nov-17	39,256,300,000	31,009,862,500	-	31,009,862,500	-	26.6%
10-Nov-17	09-Nov-17	37,649,900,000	28,424,565,400	-	28,424,565,400	-	32.5%
17-Nov-16	16-Nov-17	82,216,900,000	61,766,160,850	-	61,766,160,850	-	33.1%
24-Nov-16	23-Nov-17	59,655,750,000	44,862,566,000	-	44,862,566,000	-	33.0%
01-Dec-16	30-Nov-17	47,641,200,000	36,071,436,400	-	36,071,436,400	-	32.1%
08-Dec-16	07-Dec-17	44,404,300,000	33,880,398,000	-	33,880,398,000	-	31.1%
15-Dec-16	14-Dec-17	32,902,950,000	25,296,980,350	-	25,296,980,350	-	30.1%
22-Dec-16	21-Dec-17	32,386,150,000	25,067,491,450	-	25,067,491,450	-	29.2%

## APPENDIX 8: STATEMENT OF MOVEMENTS IN 364-DAY TREASURY BILLS

during the financial year ended 31st December 2016

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31/12/2016	Interest Paid in 2016	Interest Paid in FY2016
		Le	Le	Le	Le	Le	In % pa
29-Dec-16	28-Dec-17	24,578,850,000	19,171,517,500		19,171,517,500	-	28.2%
		<b>2,622,329,150,000</b>	<b>2,174,128,306,925</b>	-	<b>2,174,128,306,925</b>	-	
<b>SUMMARY</b>							
Outstanding Balance FY2015	-	-	1,762,414,021,137	-	-	74,819,228,863	-
Issued FY2016	-	-	2,174,128,306,925	-	-	-	-
Matured FY2016	-	-	-	1,762,414,021,137	-	-	-
Outstanding Balance FY2016	-	-	-	-	2,174,128,306,925	-	-
<b>Total for FY2016</b>	-	-	<b>3,936,542,328,062</b>	<b>1,762,414,021,137</b>	<b>2,174,128,306,925</b>	<b>74,819,228,863</b>	-

## APPENDIX 9: STATEMENT OF MOVEMENTS IN 1-YEAR TREASURY BONDS

during the financial year ended 31st December 2016

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31/12/2016	Interest Paid in 2016	Interest Rate%
		Le	Le	Le	Le	Le	In % pa
06-Jan-15	05-Jan-16	5,150,650,000	5,150,650,000	5,150,650,000	-	257,532,500	5%
19-Jan-15	18-Jan-16	5,807,050,000	5,807,050,000	5,807,050,000	-	290,352,500	5%
06-Feb-15	05-Feb-16	4,111,500,000	4,111,500,000	4,111,500,000	-	205,575,000	5%
18-Feb-15	17-Feb-16	4,103,900,000	4,103,900,000	4,103,900,000	-	205,195,000	5%
17-Mar-15	15-Mar-16	4,851,400,000	4,851,400,000	4,851,400,000	-	242,570,000	5%
31-Mar-15	29-Mar-16	2,390,700,000	2,390,700,000	2,390,700,000	-	119,535,000	5%
17-Apr-15	15-Apr-16	3,903,000,000	3,903,000,000	3,903,000,000	-	195,150,000	5%
18-May-15	16-May-16	7,549,950,000	7,549,950,000	7,549,950,000	-	377,497,500	5%
12-Jun-15	10-Jun-16	4,225,750,000	4,225,750,000	4,225,750,000	-	211,287,500	5%
13-Jul-15	11-Jul-16	5,981,300,000	5,981,300,000	5,981,300,000	-	299,065,000	5%
29-Jul-15	27-Jul-16	3,442,250,000	3,442,250,000	3,442,250,000	-	172,112,500	5%
21-Aug-15	19-Aug-16	6,075,050,000	6,075,050,000	6,075,050,000	-	303,752,500	5%
11-Sep-15	09-Sep-16	3,456,450,000	3,456,450,000	3,456,450,000	-	172,822,500	5%
02-Oct-15	30-Sep-16	3,040,800,000	3,040,800,000	3,040,800,000	-	152,040,000	5%
30-Oct-15	28-Oct-16	3,592,550,000	3,592,550,000	3,592,550,000	-	179,627,500	5%
27-Nov-15	25-Nov-16	4,544,500,000	4,544,500,000	4,544,500,000	-	227,225,000	5%
11-Dec-15	09-Dec-16	4,622,750,000	4,622,750,000	4,622,750,000	-	231,137,500	5%
<b>FY2015</b>		<b>76,849,550,000</b>	<b>76,849,550,000</b>	<b>76,849,550,000</b>	<b>-</b>	<b>3,842,477,500</b>	
05-Jan-16	03-Jan-17	5,150,650,000	5,150,650,000	-	5,150,650,000	-	5%
18-Jan-16	16-Jan-17	5,234,300,000	5,234,300,000	-	5,234,300,000	-	5%
05-Feb-16	03-Feb-17	2,235,350,000	2,235,350,000	-	2,235,350,000	-	5%
17-Feb-16	15-Feb-17	2,578,350,000	2,578,350,000	-	2,578,350,000	-	5%
15-Mar-16	14-Mar-17	2,480,050,000	2,480,050,000	-	2,480,050,000	-	5%
29-Mar-16	28-Mar-17	1,518,600,000	1,518,600,000	-	1,518,600,000	-	5%
15-Apr-16	14-Apr-17	1,899,550,000	1,899,550,000	-	1,899,550,000	-	5%
16-May-16	15-May-17	4,666,500,000	4,666,500,000	-	4,666,500,000	-	5%
10-Jun-16	09-Jun-17	2,194,600,000	2,194,600,000	-	2,194,600,000	-	5%
11-Jul-16	10-Jul-17	1,055,850,000	1,055,850,000	-	1,055,850,000	-	5%
27-Jul-16	26-Jul-17	4,749,150,000	4,749,150,000	-	4,749,150,000	-	5%
19-Aug-16	18-Aug-17	2,888,800,000	2,888,800,000	-	2,888,800,000	-	5%
09-Sep-16	08-Sep-17	1,629,850,000	1,629,850,000	-	1,629,850,000	-	5%
30-Sep-16	29-Sep-17	2,070,800,000	2,070,800,000	-	2,070,800,000	-	5%
28-Oct-16	27-Oct-17	1,647,200,000	1,647,200,000	-	1,647,200,000	-	5%
25-Nov-16	24-Nov-17	2,512,600,000	2,512,600,000	-	2,512,600,000	-	5%
09-Dec-16	08-Dec-17	1,261,650,000	1,261,650,000	-	1,261,650,000	-	5%
<b>TOTAL FY2016</b>		<b>45,773,850,000</b>	<b>45,773,850,000</b>	<b>-</b>	<b>45,773,850,000</b>	<b>-</b>	
<b>SUMMARY</b>							
Outstanding Balance FY2015		-	76,849,550,000	-	-	3,842,477,500	
Issued FY2016		-	45,773,850,000	-	-	-	
Matured FY2016		-	-	76,849,550,000	-	-	
Outstanding Balance FY2016		-	-	-	45,773,850,000	-	
<b>Total for FY2016</b>		<b>-</b>	<b>122,623,400,000</b>	<b>76,849,550,000</b>	<b>45,773,850,000</b>	<b>3,842,477,500</b>	

# APPENDIX 10 - STATEMENT OF OUTSTANDING DEBTS DUE EXTERNAL CREDITORS (ON A LOAN BY LOAN BASIS)

DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL  
CREDITORS AS AT DECEMBER 2015 AND DECEMBER 2016  
(IN THOUSAND UNITS OF CURRENCIES EXCEPT OTHERWISE STATED)

Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2015	Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2016	
													In Specific Loan Currency			In Leone Equivalent	
Govt. of the People's Rep. of China																	
1993020 /SL GOSL	Chinese U S Dollar Clearing Account	USD	1993	11,220,227.4	1993	1	1994	2	20	2004	1,122,022.7	0	8,415.20	0.00	0.00	8,415.20	61,155,737.2
2005281 /SL GOSL	Chinese Loan Account No. 12	CNY	2005	20,000,000.0	2011	10	2015	1	10	2024	2,000,000.0	0	18,460.00	0.00	0.00	18,460.00	19,297,161.0
2006281 /SL GOSL	Chinese Loan Account No. 2006/1	CNY	2006	20,000,000.0	2007	15	2021	1	10	2030	2,000,000.0	0	18,100.00	0.00	0.00	18,100.00	18,920,835.0
Exim Bank of China																	
2007281 /SL GOSL	SIERRATEL Wireless Local Loop Cr.No.(2007) 011(182)	CNY	2007	115,984,112.	2007	5	2012	2	30	2027	7,732,274.2	2	88,921.2	0	7,732.3	81,188.9	84,870,794.5
2011283 /SL GOSL	Dedicated Security Info system Cr.No.GCL 018	CNY	2011	100,000,000.	2011	5	2017	2	30	2031	6,666,666.7	2	100,000.00	0.00	0.00	100,000.00	104,535,000.
2012284 /SL GOSL	S.L. National Fibre Optic Backbone Proj. Cr.NoGCL 024	CNY	2012	97,000,000.0	2013	4	2017	2	30	2031	6,466,666.7	2	93,469.20	0.00	0.00	93,469.20	97,707,990.0
Kuwait Fund for Arab Econ. Development																	
2008010 /DR GOSL	Resch. WATERLOO-KENT PROJECT - HIPC	KWD	2008	3,513,348.0	2008	16	2024	2	50	2048	48,000.0	0.5	3,513.30	0.00	0.00	3,513.30	83,264,169.3
1989010 /SL GOSL	Waterloo - Kent Road Project	KWD	1989	1,249,626.3	1990	12	2002	2	6	2008	172,000.0	2	0.00	0.00	0.00	0.00	0.00
2002010 /SL GOSL	Waterloo - Kent-Tokeh Road Project Cr.No.640	KWD	2002	3,100,000.0	2002	3	2005	2	43	2027	140,800.0	2	1,379.50	122.10	140.80	1,360.80	32,250,901.0
2004060 /SL GOSL	Tokeh - Lumley Road Project No. 684	KWD	2004	2,500,000.0	2005	3	2008	2	43	2030	114,000.0	2	1,461.50	0.00	114.00	1,347.50	31,935,700.9
2007040 /SL GOSL	Kenema-Pendembu Road Project Cr.No. 753	KWD	2007	3,000,000.0	2009	6	2013	2	40	2033	150,000.0	2	2,538.60	21.30	150.00	2,409.90	57,113,104.8



**DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL  
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Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2015	Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2016	
													In Specific Loan Currency			In Leone Equivalent	
2011060 /SL GOSL	Three Tertiary Hospitals Project Cr.No.830	KWD	2011	4,250,000.0	2013	5	2017	2	39	2036	210,000.0	1.5	624.60	408.00	0.00	1,032.60	24,471,019.7
2013284 /SL GOSL	Reconstruction of the Mototoka-Sefadu Road Project	KWD	2013	4,000,000.0	2014	5	2018	1	40	2057	100,000.0	2	662.90	2,907.80	0.00	3,570.70	84,623,546.4
2016003 /SL GOSL	The Hillside Bypass Road Project Phase II	KWD												1,086.00	0.00	1,086.00	25,738,166.1
Saudi Fund For Economic Development																	
2002300 /DR GOSL	SFED Deferred Arrears @ 2002 Under Hospital Proj. Phase 1 Cr.No.229/01	SAR	2002	3,997,428.7	2002	2	2004	2	25	2017	307,500.0	2	461.2	0	307.5	153.7	297,669.6
1985030 /SL GOSL	SFD-The Hospital Project Phase 1 Cr.No.229/01	SAR	1985	335,200.0		5	1991	2	24	2002	333,200.0	0		0.00	0.00	0.00	0.00
2006030 /SL GOSL	SFED Western Area Power Generation Project Phase 2 Cr.No. 0455/02	SAR	2006	31,000,000.0	2009	10	2017	2	40	2036	1,550,000.0	1	30,819.20	0.00	0.00	30,819.20	59,695,504.4
2008040 /SL GOSL	SFED Kenema Pendembu Road Proj Cr.No 0485/03	SAR	2008	37,500,000.0	2010	10	2018	2	40	2038	1,876,000.0	1	36,256.70	497.30	0.00	36,754.00	71,190,971.4
2010050 /SL GOSL	SFED Western Area Power Gen Proj Ph 1 Cr.No. 0521/04	SAR	2010	6,000,000.0	2011	10	2020	2	40	2040	300,000.0	1	5,777.40	0.00	0.00	5,777.40	11,190,503.7
Exim Bank of India																	
2008050 /SL GOSL	Dollar Credit Line Agreement - Agric. Sector ProjectCr.No.95	USD	2008	15,000,000.0	2009	5	2014	2	30	2028	1,000,000.0	1.75	12,619.00	0.00	1,000.00	11,619.00	84,439,274.4
2010030 /SL GOSL	Dollar Credit Line Agreement - Portable Water Projects Cr.No.110	USD	2010	30,000,000.0	2011	6	2016	2	31	2031	1,935,483.9	1.75	29,280.60	0.00	1,225.50	28,055.10	203,885,532.

**DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL  
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Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2015	Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2016	
													In Specific Loan Currency			In Leone Equivalent	
EXIM BANK OF KOREA																	
2013100 /SL GOSL	FCC Administrative Building Complex - Korea Loan	USD	2013	54,986,000.0	2014	14	2027	2	50	2052	2,199,440.0	0.01	127.10	9,852.00	0.00	9,979.10	72,521,367.8
Abu Dhabi Fund for Development																	
2012286 /SL GOSL	ADHF- Tokeh-Lumley Road Project	AED	2012	20,000,000.0	2014	5	2017	2	30	2032	1,333,333.3	2	16,969.70	0.00	0.00	16,969.70	33,528,411.9
2014105 /SL GOSL	Solar Park Freetown Project	AED	2014	33,057,000.0	0	5	2019	2	30	2034	2,203,800.0	2	0.00	0.00	0.00	0.00	0.00
African Development Fund																	
1994023 /CF GOSL	Matotoka-Sefadu Road Rehab Proj.-Excl MDRI - EUR	EUR	1994	17,591.1	2007	13	2007	2	5	2042	344.1	0.75	14.5	0	0.5	13.9	106,624.0
1998023 /CF GOSL	Health Services Rehab. Proj. - USD excl. MDRI	USD	1998	99,139.5	2005	10	2008	2	80	2048	2,974.2	0.75	92.2	0	1.0	91.2	662,840.2
1999025 /CF GOSL	Health Services proj. - EUR - excls MDRI ass.	EUR	1999	4,298,204.8	2005	8	2008	2	80	2048	45,018.1	0.75	3,961.6	0	45.0	3,916.6	29,961,281.3
1999028 /CF GOSL	ADF Education II - EUR - excls MDRI.	EUR	1999	158,098.4	2007	8	2007	2	65	2039	3,439.0	0.75	93.5	0	4.0	89.6	685,311.8
2002033 /CF GOSL	Artisanal Fisheries - excl. MDRI_EUR	EUR	2002	2,134,609.4	2007	10	2012	2	80	2051	21,346.1	0.75	2,049.2	0	21.3	2,027.9	15,513,030.2
2002034 /CF GOSL	Artisanal Fisheries Devmt Proj. - USD excl MDRI	USD	2002	5,133,617.8	2009	10	2012	2	80	2051	51,336.2	0.75	4,878.2	0	75.1	4,803.1	34,905,667.6
2002035 /CF GOSL	Artisanal Fisheries Dev Project - JPK xcl MDRI	JPK/2	2002	306,705.6	2008	10	2012	2	80	2052	3,067.1	0.75	294.4	0	3.1	291.4	18,131,972.0
2003012 /CF GOSL	ADF-Rehab Basic Non-Form Educ. - xcl MDRI_EUR	EUR	2003	1,706,466.7	2007	10	2013	2	80	2052	17,064.7	0.75	1,655.3	0	17.1	1,638.2	12,532,094.9
2003013	ADF- Rehab of Basic Non-	JPK/2	2003	609,808.0	2005	10	2013	2	80	2052	7,007.9	0.75	588.8	0	7.0	581.8	36,203,946.4

**DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL  
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Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2015	Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2016	
																In Specific Loan Currency	In Leone Equivalent
/CF GOSL	Form Educ.- JPK xcl.MDRI																
2003014 /CF GOSL	ADF-Rehab of Basic non-formal education -USD xlc MDRI	USD	2003	13,964,722.5	2008	10	2013	2	80	2052	139,646.0	0.75	13,545.8	0	139.6	13,406.1	97,426,662.5
2003072 /CF GOSL	ADF - Social Action Support Project - US\$ xcl MDRI	USD	2003	3,311,051.4	2005	10	2013	2	80	2052	33,110.5	0.75	3,228.3	0	33.1	3,195.2	23,220,283.5
2003073 /CF GOSL	Social Action Support Project - JPK xcl MDRI	JPK/2	2003	218,152.8	2005	10	2013	2	80	2052	2,181,528.0	0.75	212.7	0	2.2	210.5	13,100,503.8
2003074 /CF GOSL	ADF-SASProject - EUR xcl MDRI	EUR	2003	3,879,974.5	2006	10	2013	2	80	2052	38,799.8	0.75	3,783.0	0	38.8	3,744.2	28,642,492.4
2003081 /CF GOSL	ADF-Nerica Rice Dissemination Proj. - EUR xcl. MDRI	EUR	2003	442,520.2	2005	10	2013	2	80	2052	4,425.2	0.75	431.5	0	4.4	427.0	3,266,743.5
2003082 /CF GOSL	ADF - Nerica Rice Dissemination - US\$	USD	2003	1,985,046.6	2008	10	2013	2	80	2053	19,850.5	0.75	1,935.4	0	19.9	1,915.6	13,921,059.9
2003083 /CF GOSL	Nerica Rice Dissemination Project - JPK xcl MDRI	JPK/2	2003	104,938.2	2008	10	2013	2	80	2054	1,049.4	0.75	102.3	0	1.0	101.3	6,301,745.1
2003284 /CF GOSL	ADF - Nerica Rice Dissemination - GBP	GBP	2003	243,358.1	2012	10	2013	2	80	2053	2,433.6	0.75	237.3	0	2.4	234.8	2,095,441.0
2004011 /CF GOSL	ERRL II excl. MDRI - ADF - US\$	USD	2004	10,512,538.4	2005	10	2014	2	80	2053	105,125.4	0.75	10,302.3	0	105.1	10,197.2	74,106,041.1
2005011 /CF GOSL	ADF- Agricultural Sector Rehab. Project - JPK xcl MDRI	JPK/2	2005	249,233.4	2006	10	2015	2	80	2055	1,246.2	0.75	246.7	0	2.5	244.2	15,199,597.0
2005012 /CF GOSL	ADF-Agricultural Sector Rehab proj - EUR	EUR	2005	2,140,639.2	2007	10	2015	2	80	2055	21,406.3	0.75	2,129.9	0	21.4	2,108.5	16,129,998.1
2005013 /CF GOSL	ADF-Agricultural Sector Rehab. Proj. - USD	USD	2005	7,219,328.2	2008	10	2015	2	80	2055	72,193.3	0.75	4,805.4	0	0	4,805.4	34,922,465.8
2005014 /CF GOSL	ADF - Agriculture Sector Rehabilitation Project - GBP	GBP	2005	3,811,601.0	2012	10	2015	2	80	2054	38,116.0	0.75	3,163.9	0	38.1	3,125.8	27,890,930.4
2008071	ADF- Bumbuna Hydro Power	USD	2008	8,227,911.3	2009	11	2020	2	80	2060	82,279.1	0.75	8,227.9	0	0	8,227.9	59,794,864.5

**DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL  
CREDITORS AS AT DECEMBER 2015 AND DECEMBER 2016  
(IN THOUSAND UNITS OF CURRENCIES EXCEPT OTHERWISE STATED)**

Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2015	Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2016	
													In Specific Loan Currency			In Leone Equivalent	
/CF GOSL	Project - USD - Add. Financing																
2008072 /CF GOSL	ADF-Bumbuna Hydo Project - JPK -Add. Financing	JPK/2	2008	194,068.4	2009	9	2018	2	80	2058	1,940.7	0.75	194.1	0	0	194.1	12,076,877.8
2010061 /CF GOSL	ADF- Three Towns Water Supply System Proj. - USD	USD	2010	7,962,201.9	2013	9	2020	2	80	2060	79,622.0	0.75	6,482.0	2,245.4	0	8,727.4	63,424,821.4
2010401 /CF GOSL	ADF/NTF- Supp loan_Bumbuna Hydro Power Proj - USD	USD	2010	1,099,819.6	2012	6	2017	2	40	2036	54,991.0	0.75	1,099.8	0	0	1,099.8	7,992,741.2
2012051 /CF GOSL	ADF Matotoka -Yeyi Road Proj. - USD	USD	2012	4,021,702.3	2013	10	2022	2	80	2062	40,217.0	0.75	3,177.0	844.8	0	4,021.7	29,226,997.8
2012052 /CF GOSL	ADF-Matotoka - Sefadu Road Rehab proj - EUR	EUR	2012	15,486.7	2012	10	2022	2	80	2062	154.9	0.75	15.5	0	0	15.5	118,471.0
2013287 /SL GOSL	Cote D'Ivoire, Liberia, Sierra Leone, Guinea (CLSG) Electricity Networks Interconnection Project)	SDR	2013	14,500,000.0	0	10	2023	2	80	2062	104,916.8	0.75		0	0	0	
2013288 /SL GOSL	NTF- Cote D'Ivoire, Liberia, Sierra Leone, Guinea (CLSG) Electricity Networks Interconnection Project)	SDR	2013	6,670,000.0	0	6	2020	2	40	2039	241,308.7	0.75		0	0	0	0
2013298 /CF GOSL	ADF- Rural Water Supply and Sanitation Proj. - USD	USD	2013	653,492.4	2014	10	2023	2	80	2063	13,069.9	0.75	421.0	712.4	0	1,133.4	8,236,752.4
2014106 /SL GOSL	ADF Ebola Sector Budget Support - Fight Back Programme	SDR	2014	19,800,000.0	2014	10	2024	2	60	2054	396,000.0	0.75	19,800.0	0	0	19,800.0	190,925,064.0
2014107 /SL GOSL	ADF Ebola Sector Budget Support - Fight Back Programme	SDR	2014	4,800,000.0	2014	10	2024	2	60	2054	96,000.0	0.75	4,800.0	0	0	4,800.0	46,284,864.0

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Arab Bank For Economic Dev. In Africa																											
2001060 /SL GOSL	Kent-Tokoh Road Project - BADEA	USD	2001	4,991,694.0	2022	11	2013	2	68	2047	146,814.0	1	4,477.8	0	73.4	4,404.4	32,008,327.6										
2003060 /SL GOSL	Rehab. Njala University Cr. No.346	USD	2003	7,200,000.0	2005	12	2020	2	68	2054	211,764.7		7,200.0	0	0	7,200.0	52,324,704.0										
2004030 /SL GOSL	Hillside Bypass Road Proj. Cr.No.396	USD	2004	6,000,000.0	2007	12	2016	2	40	2036	274,000.0	1	5,575.9	0	136.0	5,439.9	39,533,311.7										
2005040 /SL GOSL	BADEA - Western Area Power Gen.Proj. Ph. 1 Cr.No.503	USD	2005	8,000,000.0	2006	16	2022	2	68	2055	235,294.1	0	8,000.0	0	0	8,000.0	58,138,560.0										
2006020 /SL GOSL	Rehabilitation of Kabala Water Supply Proj. Cr.No.561	USD	2006	4,000,000.0	2010	11	2017	2	40	2037	182,000.0	0	3,706.5	0	0	3,706.5	26,936,075.5										
2006080 /SL GOSL	Western Area Power Gen.Proj. Ph. 2 Cr.No.559	USD	2006	7,000,000.0	2009	15	2022	2	70	2056	200,000.0	0	6,989.9	0	0	6,989.9	50,798,141.7										
2008030 /SL GOSL	Kenema - Pendembu Road project Cr.No. 592	USD	2008	10,000,000.0	2010	17	2025	2	68	2058	294,117.7	0	8,983.1	21.2	0	9,004.3	65,437,065.5										
2011070 /SL GOSL	Primary Health Care Support Project Cr.No.	USD	2011	5,700,000.0	0	10	2021	2	40	2041	258,000.0	1		0	0	0	0										
2013291 /SL GOSL	Rehabilitation and Expansion of Fourah Bay College	USD	2013	8,000,000.0	2014	10	2023	2	40	2042	364,000.0	1	560.4	82.8	0	643.2	4,674,579.1										
2008020 /DR GOSL	Resch. Agreement under HIPC relief - BADEA	USD	2008	7,491,287.0	2008	0	2008	2	44	2030	341,318.0	0	4,931.4	0	341.3	4,590.1	33,357,609.3										
INTERNATIONAL MONETARY FUND																											
2001050 /SL BSL	PRGF Three Year Arrangement – IMF	SDR	2001	18,686,800.0	2001	5	2006	2	10	2015	28,000,000.0	0.5	1,400.30	0.00	1,400.30	0.00	0.00										
2006050 /SL BSL	PRGF Three Year Arrangement - IMF	SDR	2006	51,880,000.0	2006	5	2011	2	10	2020	942,000.0	0.5	33,287.00	0.00	9,905.00	23,382.00	225,465,143.80										
2010040 /SL	ECF-Three Year	SDR	2010	22,200,000.0	2010	5	2015	2	10	2022	888,000.0	0	21,312.00	0.00	2,664.00	18,648.00	179,816,696.60										

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BSL	Arrangement – IMF																
2013020 /SL GOSL	ECF - Three Year Loan 2 - IMF	SDR	2013	162,215,000.0	2013	5	2018	2	10	2036	1,778,000.0	0	137,780.00	48,880.00	0.00	186,660.00	1,799,902,648.80
European Economic Community																	
1978060 /SL GOSL	Promotion of Small and Med.Scale Ent.	EURO	1978	462,811.8	1980	10	1989	2	60	2018	28,772.8	1	95.20	0.00	37.70	57.50	439,851.89
1983080 /SL GOSL	North-West IADP Kambia	EURO	1983	1,325,228.0	1991	10	1993	2	60	2023	77,260.0	1	743.30	0.00	95.20	648.10	4,957,704.50
1987020 /SL GOSL	Rehabilitation of Telecoms.Network Ph.I	EURO	1987	10,900,000.0	1993	10	1998	2	60	2027	251,939.4	0.75	4,607.70	0.00	369.50	4,238.20	32,421,752.90
1989030 /SL GOSL	Rehab. of Telecoms. Network Phase II	EURO	1989	1,421,113.7	1992	11	2000	2	60	2030	5,932.2	0.5	1,230.80	0.00	119.90	1,110.90	8,498,271.40
International Development Association																	
1996031 /SL GOSL	Int.Health Sect.Investmt.Proj.No.2827 excl HIPC	SDR	1996	93,265.2	2001	10	2006	2	60	2006	98,945.5	0.75	0.00	0.00	0.00	0.00	0.00
1996052 /SL GOSL	Transport Sector Project..Cr No.2895 excl MDRI	SDR	1996	1,003,831.7	2004	10	2006	2	60	2036	20,076.6	0.75	800.7	0	29.7	771.0	7,434,673.0
2000023 /SL GOSL	Econ.Rehab.& Recovery Credit No.3321 xcl. HIPC	SDR	2000	3,600,000.0	2001	10	2007	2	60	0	0.0	0.75	0.00	0.00	0.00	0.00	0.00
2001201 /SL GOSL	2 <sup>nd</sup> PSMS Cr.No.3462 - excl. MDRI	SDR	2001	637,752.6	2004	10	2011	2	60	2040	6,567.9	0.75	295.6	0	6.6	289.0	2,786,726.8
2002051 /SL GOSL	HIV/Aids Response Proj Cr.No.3627 SL xcl MDRI	SDR	2002	9,859,758.5	2004	10	2012	2	60	2041	197,195.2	0.75	9,071.0	0	197.2	8,873.8	85,567,046.3
2003020 /SL GOSL	National Social Action Project cr.3748 excl MDRI	SDR	2003	24,543,962.7	2004	10	2013	2	60	2043	490,879.3	0.75	23,312.1	0	490.8	22,821.3	220,058,590.5
2003030 /SL GOSL	Econ.Rehab.& Recovery Credit III - 3765	SDR	2003	11,000,000.0	2003	12	0	2	60	0	0.0	0.75	10,450.0	0	220.0	10,230.0	98,644,616.4

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2003031 /SL GOSL	Econ.Rehab.& Recovery Credit III - 3765 excl MDRI	SDR	2003	11,000,000.0	2004	8	2012	2	60	2041	220,000.0	0.75	10,074.60	0.00	264.10	9,810.40	94,598,785.80
2004040 /SL GOSL	Power and Water Project Cr.No. 3945-0SL	SDR	2004	24,200,000.0	2004	10	2014	2	60	2044	484,000.0	0.75	21,985.7	0	453.3	21,532.4	207,629,730.8
2005030 /SL GOSL	Urban Water Supply Project Cr.No. 2702-1 SL	SDR	2005	2,035,358.1	2005	10	2015	2	60	2044	40,707.0	0.75	2,015.0	0	40.7	1,974.3	19,037,519.8
2008060 /SL GOSL	Second Government Reform and Growth Credit Cr.No 45200-SL	SDR	2008	6,400,000.0	2008	10	2019	2	60	2048	128,000.0	0.75	6,400.0	0	0	6,400.0	61,713,152.0
2008080 /SL GOSL	Infrastructure Development Project (Transport) Cr.No 44690-SL	SDR	2008	3,700,000.0	2010	10	2018	2	60	2048	37,000.0	0.75	3,189.3	0	0	3,189.3	30,753,091.4
2009030 /SL GOSL	Third Governance Reform and Growth -3 Cr.No 46610-SL	SDR	2009	6,400,000.0	2009	10	2020	2	60	2049	128,000.0	0.75	6,400.0	0	0	6,400.0	61,713,152.0
2009040 /SL GOSL	Decentralized Service Delivery Programme Cr. No. 4656-0SL	SDR	2009	12,900,000.0	2010	10	2020	2	60	2049	258,000.0	0.75	12,825.0	0	0	12,825.0	123,666,905.8
2009050 /SL GOSL	West Africa Regional Fisheries Pgrm SL Cr. No.46630-SL	SDR	2009	9,700,000.0	2011	10	2020	2	60	2049	194,000.0	0.75	4,275.2	0	1,885.3	2,389.9	23,045,322.9
2010100 /SL GOSL	Third Gov. Reform and Growth Cr-3 No 4775-SL Supp. Financing	SDR	2010	4,700,000.0	2010	10	2020	2	60	2049	94,000.0	0.75	4,700.0	0	0	4,700.0	45,320,596.0
2010200 /SL GOSL	Youth Employment Support Cr.No 47900-SL	SDR	2010	7,500,000.0	2010	10	2020	2	60	2050	150,000.0	0.75	7,443.1	0	0	7,443.1	71,771,045.4
2010300 /SL GOSL	Fourth Government Reform and Growth Devt. Policy Financing Cr.No 48600-SL	SDR	2010	6,400,000.0	2010	10	2021	2	60	2050	128,000.0	0.75	6,400.0	0	0	6,400.0	61,713,152.0
2011010 /SL GOSL	West Africa Regional Communications	SDR	2011	19,800,000.0	2011	10	2021	2	60	2050	396,000.0	0.75	18,436.4	356.7	0	18,793.1	181,215,443.6

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	Infrastructure Prog. Cr.No 48560-SL																
2014104 /SL GOSL	Public Financial Management Improvement and Consolidated Project Cr. No. P133424	SDR	2014	7,900,000.0	2014	10	2024	2	60	2053	158,000.0	0.75	2,246.1	2,548.9	0	4,795.0	46,236,741.0
2012010 /SL GOSL	Fifth Governance Reform and Growth Credit- Cr.No 50560-SL	SDR	2012	15,500,000.0	2012	10	2022	2	60	2051	310,000.0	0.75	15,500.0	0	0	15,500.0	149,461,540.0
2012030 /SL GOSL	S.L. Public Sector Payment & Performance Cr.No 51220-SL	SDR	2012	11,000,000.0	2013	10	2022	2	60	2051	220,000.0	0.75	6,115.0	2,545.5	0	8,660.5	83,510,137.0
2014110 /SL GOSL	Energy Sector Utility Reform Project	SDR	2014	26,100,000.0	2015	10	2024	2	60	2053	361,000.0	0.75	2,857.4	2.5	0	2,859.9	27,577,039.5
2016002 /SL GOSL	Smallholder Commercialisation and Agri-Business Development Project	USD	2016	28,900,000.0	2016	6	2022	2	60	2051	963,333.3	0.75		601.5	0	601.5	5,799,719.9
International Fund for Agric Development																	
1979060 /SL GOSL	Magbosi Int. Agric. Develop. Project 021	SDR	1979	9,600,000.0	0	10	1992	2	80	2029	140,000.0	1	3,360.00	0.00	240.00	3,120.00	30,085,161.60
1981040 /SL GOSL	Int. Agric. Develop. Project- IFAD 064	SDR	1981	4,900,000.0	0	10	1992	2	80	2031	46,984.0	1	728.30	0.00	47.00	681.30	6,569,817.10
1984040 /SL GOSL	Agric. Sector Support Project- IFAD 0152	SDR	1984	2,987,214.0	1992	10	1995	2	80	2034	109,044.5	1	2,071.80	0.00	109.00	1,962.80	18,926,657.50
1992090 /SL GOSL	North-Central Agric. Dev. Proj. IFAD SRS	SDR	1992	1,128,940.8	1993	10	2003	2	80	2042	37,631.4	1	1,016.00	0.00	37.60	978.40	9,434,546.00
1992100 /SL GOSL	North-Central Agric. Dev.Proj. IFAD Reg.	SDR	1992	6,600,000.0	1993	10	2003	2	57	2031	165,000.0	1	2,558.70	0.00	165.00	2,393.70	23,081,290.20
2004020 /SL GOSL	Rehab. & Community Based Povty Reductn Cr.No.619 SL	SDR	2004	5,900,000.0	2007	10	2014	2	60	2043	196,668.0	0.75	5,501.90	0.00	196.70	5,305.20	51,156,225.50



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2011030 /SL GOSL	Rehab.&Comm Based Povty Reductn Cr.No.619-A-SL	SDR	2011	7,050,000.0	2011	10	2021	2	60	2050	235,000.0	0.75	6,871.00	179.00	0.00	7,050.00	67,980,820.70
2012060 /SL GOSL	Rural Finance & Community Improvement Prog. Cr.No. I-873A-SL	SDR	2012	695,000.0	2013	10	2022	2	60	2052	23,168.0	0.75	596.30	0.00	0.00	596.30	5,749,888.90
2013285 /SL GOSL	Rehabilitation and Community Based Poverty Reduction Project - 619-B-SL	SDR	2013	4,215,000.0	2014	10	2023	2	60	2052	140,500.0	0.75	3,088.60	1,126.20	0.00	4,214.80	40,641,720.30
2013286 /SL GOSL	Rural Finance and Community Improvement Programme - Phase II - L-I-893	SDR	2013	7,375,000.0	2014	10	2023	2	60	2082	245,833.3	0.75	2,539.60	2,266.90	0.00	4,806.50	46,347,156.10
Islamic Development Bank /3																	
1985010 /SL GOSL	Bo-Mano River Union Bridge Road Project Cr.No.SL-0004	ID	1985	201,954.5	1988	7	1992	1	1	1992	201,954.5	2.5	0.00	0.00	0.00	0.00	0.00
1996020 /SL GOSL	Emergency Assistance Project Cr.No.SL- 0042	USD	1996	1,500,000.0	1997	10	2006	2	40	2026	67,072.7	2.5	876.5	0	67.1	809.5	5,882,563.2
1996040 /SL GOSL	Bo - Rural Water & Sanitation Project Cr.No.SL-0040	ID	1996	622,000.0	1997	10	2006	2	40	2026	31,100.0	2.5	342.1	0	31.1	311.0	2,998,871.6
2000040 /SL GOSL	IDB - Integrated Rural Dev. Project Cr.No. SL-0043/ SL-0044	ID	2000	5,181,164.3	2001	7	2008	2	40	2028	89,766.0	2.5	3,321.6	0	277.9	3,043.7	29,349,398.7
2001020 /SL GOSL	Constr.of Primary Sch.W/A & S/Prov. No.SL- 0045	ID	2001	1,446,000.0	2004	7	2008	2	39	2027	74,153.9	2.5	1,083.5	0	72.2	1,011.2	9,750,988.0
2001030 /SL GOSL	Const.& Recons.of Pr.Schs.East & N/Prov. Cr.No. SL-0046/SL-0047	ID	2001	3,934,000.0	2004	7	2008	2	76	2031	135,710.3	2.5	2,318.1	0	193.4	2,124.7	20,487,512.7
2001090 /SL GOSL	Acquisition of Buses & Trucks cr. no SL-0048	ID	2001	2,129,912.1	2003	2	2004	2	28	2017	152,136.6	2.5	254.2	0	152.5	101.7	980,424.0
2002200 /SL	Reconstruction of Kissy	ID	2002	1,632,578.2	2003	7	2009	2	36	2027	15,482.0	2.5	1,043.0	0	90.7	952.3	9,183,083.7

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GOSL	Mental Hospital Cr.No. 2SL-0051																
2003040 /SL GOSL	Rural Water SS and Sanitation Proj.SL-0052	ID	2003	3,100,000.0	2004	10	2013	2	40	2033	103,825.8	2.5	1,817.0	0	103.8	1,713.1	16,519,124.7
2003050 /SL GOSL	Social Action Support Project -SASP Cr.No.0054/0055	ID	2003	6,940,000.0	2004	7	2010	2	40	2033	58,500.0	2.5	5,030.7	0	379.1	4,651.6	44,854,275.7
2004050 /SL GOSL	Rural Infrastructure Devmt Project No. 57 & 58	ID	2004	6,681,771.5	2005	7	2011	2	40	2034	82,000.0	2.5	5,158.0	0	354.5	4,803.5	46,318,746.9
2005020 /SL GOSL	IDB- Cap Buid for Palm Oil Prodn and Processing Cr.No.SL-0060	ID	2005	710,000.0	2006	10	2015	2	40	2035	35,500.0	2.5	557.9	0	29.4	528.5	5,096,359.9
2006010 /SL GOSL	Diversified Food Prod. Proj.SL-061	ID	2006	7,000,000.0	2008	7	2013	2	36	2031	388,888.0	2.5	4,249.2	157.6	388.9	4,017.9	38,743,501.5
2007010 /SL GOSL	Technical and Vocational Educ. & Training 2SL-0063	ID	2007	5,391,000.0	2007	7	2014	2	36	2031	299,526.0	2.5	1,208.4	2,193.8	299.5	3,102.8	29,918,882.6
2007020 /SL GOSL	Reinforcemt of Medium & Low Voltage Netw 2SL-0065	ID	2007	7,000,000.0	2012	7	2014	2	36	2032	388,888.9	2.5	1,238.4	4,360.5	388.9	5,210.0	50,238,059.0
2009010 /SL GOSL	Construction of Kenema - Pendembu Road Project - 3SL-0068	ID	2009	7,653,000.0	2010	10	2019	2	40	2038	382,650.0	2.5	7,653.0	0	0	7,653.0	73,795,430.0
2010010 /SL GOSL	I.D.B-S.L. Community Driven Dev't Project Cr.No. 2SL 0070	ID	2010	5,620,000.0	2011	7	2017	2	36	2034	312,222.2	2.5	5,616.4	0	0	5,616.4	54,157,407.1
2010020 /SL GOSL	I.S.F.D. Resources S.L. Community Driven Dev't Project Cr.No. 7SL 0071	ID	2010	5,620,000.0	2011	7	2017	2	36	2034	312,222.2	2.5	5,499.3	0	0	5,499.3	53,028,376.6
2010070 /SL GOSL	IDB- Palm Oil Prodn Cap Building Proj. Cr.No.2SL 0074	ID	2010	2,770,000.0	2011	8	2018	2	36	2036	153,888.9	2.5	1,274.2	557.9	0	1,832.2	17,666,925.1
2010080 /SL GOSL	I.S.F.D- Palm Oil Production Capacity Building Project	ID	2010	1,033,000.0	2016	8	2018	2	36	2036	57,388.9	2.5	257.1	0	0	257.1	2,478,706.6

**DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL  
CREDITORS AS AT DECEMBER 2015 AND DECEMBER 2016  
(IN THOUSAND UNITS OF CURRENCIES EXCEPT OTHERWISE STATED)**

Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2015	Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2016	
																In Specific Loan Currency	In Leone Equivalent
	Cr.No.SL 0076																
2010090 /SL GOSL	ISTISNA'A- Palm Oil Production Capacity Buiding Project Cr.No. SL-073	USD	2010	4,680,000.0	2015	10	2020	2	30	2034	312,000.0	2.5	136.2	278.3	0	414.5	3,012,301.2
2011040 /SL GOSL	Kabala Water Supply Project 2SL- 0079	ID	2011	8,000,000.0	2012	7	2018	2	36	2036	444,444.4	2.5	4,775.8	3,224.2	0	8,000.0	77,141,440.0
2011050 /SL GOSL	IDB- Implem't. of National Compo - (ECOWAN) Project 2SL-0077	ID	2011	2,830,000.0	2011	8	2019	2	36	2036	157,222.2	2.5	2,264.4	568.8	0	2,833.2	27,319,748.9
2011080 /SL GOSL	ISTISNA'A- Implem't. National Compo. ECOWAN (SALCAB) Cr.No. 2SL-0078	USD	2011	20,350,000.0	2014	5	2016	2	24	2027	1,695,833.3	2.5	17,815.6	2,534.4	0	20,350.0	147,889,958.9
2012020 /SL GOSL	Construction of Pendembu - Kailahun Road Project - 3SL- 0080	ID	2012	9,530,000.0	2016	7	2019	2	36	2037	529,444.4	2.5		165.9	0	165.9	1,599,785.3
2013010 /SL GOSL	ISTISNA'A- Linking Small Holder Farmers to Market in S/L Cr.No. SL-0081	USD	2013	20,000,000.0	2014	4	2017	2	30	2031	1,333,333.3	2.5	1,119.0	3,456.7	0	4,575.6	33,252,704.7
2015003 /SL GOSL	Regarding Health System Strengthening Project	USD	2015	10,000,000.0		12	2027	2	40	2046	500,000.0	2.5	0.00	0.00	0.00	0.00	0.00
<b>Opec Fund for International Development</b>																	
2003100 /SL GOSL	OPEC - Commodity Import Program Cr.No.952G	USD	2003	9,500,000.0	2004	5	2008	2	30	2023	633,320.0	1	4,750.1	0	633.3	4,116.8	29,917,957.6
2005050 /SL GOSL	OPEC- Tokeh - Lumley Road Project 1017P	USD	2005	7,000,000.0	2007	5	2010	2	30	2024	466,666.7	2	4,200.0	0	466.7	3,733.3	27,131,328.0
2005060 /SL GOSL	OPEC -Hillside Bypass Road Cr.No. 1016P	USD	2005	6,000,000.0	2011	5	2010	2	30	2024	400,000.0	1	1,842.2	0	400.0	1,442.2	10,480,769.6
2006060 /SL GOSL	-OPEC- Bumbuna Hydroelectric Power Project 1088P	USD	2006	10,000,000.0	2008	5	2011	2	30	2026	666,666.7	2	6,933.7	0	666.7	6,267.1	45,544,726.9

**DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL  
CREDITORS AS AT DECEMBER 2015 AND DECEMBER 2016  
(IN THOUSAND UNITS OF CURRENCIES EXCEPT OTHERWISE STATED)**

Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2015	Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2016	
																In Specific Loan Currency	In Leone Equivalent
2007030 /SL GOSL	-OPEC- Kenema - Pendembu Road Project 1160P	USD	2007	12,510,000.0	2010	5	2012	2	30	2027	834,000.0	1	9,591.0	0	834.0	8,757.0	63,639,915.2
2007050 /SL GOSL	OPEC- Debt Relief Agreement Cr. No. 1161H	USD	2007	5,400,000.0	2009	5	2012	2	30	2027	360,000.0	1	4,140.0	0	360.0	3,780.0	27,470,469.6
2011090 /SL GOSL	-OPEC- Three Towns Water Supply and Sanitation Project Cr.No.1377P	USD	2011	19,000,000.0	2013	5	2016	2	30	2030	1,266,666.0	1	11,953.4	4,047.0	1,266.7	14,733.7	107,074,729.9
2012040 /SL GOSL	-OPEC- Matotoka - Yiye Road Project Cr.No.1445P	USD	2012	10,000,000.0	2013	5	2017	2	30	2032	666,666.7	2	5,957.3	1,572.0	0	7,529.3	54,718,033.8
2013290 /SL GOSL	-OPEC- Fourah Bay College	USD	2013	13,000,000.0	0	5	2018	2	30	2032	866,666.7	2		0	0	0	0
<b>ECOWAS Bank for International Devmt</b>																	
2005001 /SL GOSL	SL Maritime Administration Project Cr.No.008	SDR	2005	4,110,000.0	2008	6	2011	2	34	2027	241,764.7	3	3,043.4	0	241.8	2,801.6	27,015,115.5
2009020 /SL GOSL	SIERRATEL-Modernation & Expansion of Network & Telcom. Infra.	USD	2009	29,452,856.0	2012	6	2015	2	30	2029	1,963,523.7	2.75	26,002.5	2,318.8	0	28,321.3	205,820,010.4
2011020 /SL GOSL	Solar Street Light Project	USD	2011	20,000,000.0	2012	6	2017	2	30	2031	1,333,333.3	2.75	16,393.7	1,999.9	0	18,393.6	133,672,406.9
	<b>Total (Multilateral and Bilateral) - (A)</b>	<b>Leones</b>															<b>8,343,730,044.69</b>
	<b>External Commercial - (B) See list of breakdown as attached</b>	<b>USD</b>														<b>200,946,515.45</b>	<b>1,460,342,630.66</b>
	<b>Grand Total (Disbursed Outstanding Debt) - (A) + (B)</b>	<b>Leones</b>															<b>9,804,072,675.35</b>

**DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL  
CREDITORS AS AT DECEMBER 2015 AND DECEMBER 2016  
(IN THOUSAND UNITS OF CURRENCIES EXCEPT OTHERWISE STATED)**

Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2015	Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2016
													In Specific Loan Currency			

*Prepared  
by PDMD*

**Note:**

1/ Exchange rates used : USD = Le7,267.29; SDR/ID = Le9,642.68; EURO = Le7,670.79 JYK = Le 62.22 SAR =

Le1,936.96 KWD = 23,698.45 CNY = 1,045.35

2/ Japanese Yen amounts are in millions

3/ IsDB levies a service charge that should not exceed 2.5% per annum as determined by the Bank.

**APPENDIX 11 - STATEMENT OF THE INVESTMENTS IN STATE OWNED ENTERPRISES (SOEs)**

As at 31st December 2016

No.	NAME	LEGAL STATUS	GOVERNMENT PARTICIPATION (In %)
<b>A.</b>	<b>Utilities</b>		
A1	Electricity Distribution and Supply Authority (EDSA)	Authority	100%
A2	S/L Telecommunications Co. Ltd. (SIERRATEL)	Limited Company	100%
A3	Sierra Leone Postal Services Ltd. (SALPOST)	Limited Company	100%
A4	Guma Valley Water Company (GVWC)	Limited Company	95%
A5	Electricity Generation and Transmission Company (EGTC)	Limited Company	100%
<b>B.</b>	<b>Financial Institutions</b>		
B1	Bank of Sierra Leone	Central Bank	100%
B2	Sierra Leone Commercial Bank (SLCB)	Limited Company	88%
B3	Rokel Commercial Bank (RCB)	Limited Company	65%
B4	National Development Bank (NDB)	Limited Company	99%
B5	National Insurance Company (NIC)	Limited Company	100%
<b>C.</b>	<b>Transport and Shipping</b>		
C1	Sierra Leone Road Transport Corporation (SLRTC)	Corporation	100%
C2	Sierra Leone Airport Authority (SLAA)	Authority	100%
C3	Sierra National Airlines (SNA)	Limited Company	100%
C4	Mining and General Services Co (SL) Ltd. (MAGS)	Limited Company	51%
C5	Sierra Leone Ports Authority (SLPA)	Authority	100%
C6	Sierra Leone National Shipping Company Co. (SLNSC)	Limited Company	100%
<b>D.</b>	<b>Agriculture</b>		
D1	Sierra Leone Produce Marketing Company (SLPMC)	Corporation	100%
<b>E.</b>	<b>Information Services</b>		
E1	Sierra Leone Daily Mail	Company	100%
E2	Sierra Leone Cable Company	company	100%
<b>F.</b>	<b>Manufacturing</b>		
F1	Seaboard West Africa	Limited Company	0.01%
F2	Sierra Leone National Workshop	Company	40%
<b>G.</b>	<b>Housing</b>		
G1	Sierra Leone Housing Corporation (SALHOC)	Corporation	100%
<b>H.</b>	<b>Leisure</b>		
H1	Sierra Leone State Lottery Co Ltd (Lotto)	Limited Company	100%

**APPENDIX 12- STATEMENT OF RECEIPTS AND PAYMENTS IN RESPECT FOR  
DONOR FUNDED PROJECTS**

<b>Details</b>	<b>LE (M)</b>
<b>Opening Balance</b>	<b>46,840.68</b>
<b>RECEIPTS</b>	
GOSL Budget Transfer- Salaries	17,951.89
GOSL Budget Transfer- Expenses	26,725.31
Earmarked Revenue	-
External Grants	195,628.19
Other Revenue	13,077.85
Sales of Goods & Services	21,007.71
Deferred Income	-
<b>Total Receipts</b>	<b>274,390.95</b>
<b>PAYMENTS</b>	
Wages and Salaries	39,406.27
Others	11,519.40
Goods & Services	78,700.97
Capital Development	32,896.07
Grant Paid	50,470.41
Interest	11.50
<b>Total payments</b>	<b>213,004.62</b>
<b>Surplus / (Deficit)</b>	<b>61,386.33</b>
Loss/ Gains on Exchange	18,972.30
<b>Closing Balance</b>	<b>127,199.32</b>

The above represents transactions in respect of the following projects:

No	Project Administration Units	Balance as at 1st January 2016 (LEM)	Balance as at 31st December 2016 (LEM)	Change (LEM)
1	Justice Sector Coordination Office	95.35	343.34	247.99
2	Growth for Peace Consolidation-Management Fees	29.12	9.51	(19.61)
3	Energy Access Project	3,465.98	37,701.41	34,235.43
4	Seed Multiplication Project	125.06	235.17	110.11
5	GOBIFO Project	4.80	0.10	(4.70)
6	Rural Finance and Community Improvement Programme	1,913.56	1,578.63	(334.93)
7	Rural and Private Sector Development Project	1,904.35	466.97	(1,437.38)
8	Public Financial Management Improvement and Consolidation project (PFMICP)	13,047.23	31,094.83	18,047.60
9	S/L Biodiversity Conservation Project	406.66	485.77	79.11
10	Capacity Building for Oil Palm Production & Market	930.41	1,513.54	583.13
11	Land Registration Project	3.28	2.87	(0.41)
12	UN-Habitat 111	0.27	0.03	(0.24)
13	War Victims Reparation	232.52	0.06	(232.47)
14	Diversified Food Production	2.49	39.59	37.10
15	African Peer Review Mechanism Secretariat	0.47	49.24	48.77
16	Dedicated National Security Information System	1.31	0.03	(1.28)
17	State Lands Management Project	194.44	62.65	(131.78)
18	Investment Climate Facility (Judiciary)	(23.09)	(40.90)	(17.81)
19	Sierra Leone Community Driven Development Project SLCDDP	(3.34)	153.31	156.64
20	School Feeding Project	0.21	0.01	(0.21)
21	Social Safety Net Project	3,915.91	18,433.92	14,518.01
22	Land Policy Reform Project	0.18	0.00	(0.17)
23	Growth for Peace Consolidation (GPC)-Road Maintenance	85.32	67.06	(18.26)
24	Smallholder Commercialization Programme	2,278.69	3,050.84	772.15
25	Growth for Peace Consolidation- Management Fee 11	30.87	7.67	(23.20)
26	Anti-Corruption Commission	555.85	1,890.83	1,334.99
27	Three Towns Water Supply and Sanitation Project	424.46	150.31	(274.15)
28	Rural Water Supply and Sanitation Project	243.12	1,786.44	1,543.32
29	Youth Empowerment Project(Fisheries)	85.74	16.73	(69.01)
30	Technical Assistance Capacity Building Mineral Revenue Extractive Governance Project	-	460.61	460.61
31	Human Rights Commission of Sierra Leone Project Unit	1.12	152.68	151.56
32	National Youth Farm Project	84.94	1.40	(83.54)



No	Project Administration Units	Balance as at 1st January 2016 (LEM)	Balance as at 31st December 2016 (LEM)	Change (LEM)
33	West Africa Agricultural Productivity Program	1,182.37	1,330.20	147.83
34	Regional Backbone Infrastructure & E-Governance Program-ECOWAN Project	778.88	3.57	(775.31)
35	National Youth Village Project	115.79	6.63	(109.16)
36	Growth Centre Programme	1.38	0.35	(1.03)
37	Institutional Support to the Ministry of Trade	(8.21)	38.10	46.31
38	Developing Three Tertiary Project	3.57	3.32	(0.25)
39	Sierra Leone Agri-Business Initiative (SABI)	(16.01)	41.07	57.08
40	Transport Infrastructure Development Unit (TIDU)	30.82	3,490.59	3,459.77
41	West Africa Regional Fisheries Project	3.80	2.80	(1.00)
42	Adaption to Climate Change Into Agriculture Food Production (GEF) Project	541.55	622.83	81.28
43	Linking Farmers to Market Project	981.40	958.75	(22.65)
44	Decentralised Service Delivery Project	205.05	8,880.50	8,675.45
45	Reproductive and Child Health Project	1,998.43	494.18	(1,504.25)
46	Rehabilitation and Community-based Poverty Reduction	5,435.09	9,214.67	3,779.58
47	Public Sector Reform Unit	638.29	259.22	(379.07)
48	Public Financial Management and Business Enabling Support (PFMBES) Project	50.60	0.00	(50.60)
49	Promotion of Pro-poor Growth for Peace Consolidation	13.65	1,139.97	1,126.33
50	Social Action Support Project I (SASP I)	16.55	(0.88)	(17.43)
51	Social Action Support Project (Safety Net) Counterpart	69.74	47.02	(22.72)
52	Sierra Leone HIV/AIDS Response Project (SHARP)	(13.07)	375.63	388.70
53	Pro- Poor Growth 11 Project	2,092.76	(99.88)	(2,192.63)
54	SL/IDB Tech. Voc. Educational Training Project	285.35	70.58	(214.77)
55	Reinforcement and Distribution of Medium and Low Voltage Project	2.39	0.72	(1.67)
56	Extractive Industries Technical Assistance Project	782.37	501.04	(281.33)
57	Sierra Leone Water Company	(393.23)	(506.84)	(113.61)
58	Smallholder Com & Agric Business Dev Project (SCADeP)	-	10.82	10.82
59	Freetown International Airport Project	2,004.10	599.70	(1,404.40)
	<b>Total</b>	<b>46,840.68</b>	<b>127,199.32</b>	<b>80,358.64</b>

## **1.9. SOME COMMENTS ON THE CONSOLIDATED REVENUE FUND ACCOUNT**

I have issued my Auditor's Report on the Annual Financial Statement of the Consolidated Revenue Fund Account of the Government of Sierra Leone in accordance with Section 119(2) of the 1991 Constitution of the Republic of Sierra Leone and Section 16(1a) to (1c) of the PFM Act 2016. A copy of my Audit Report precedes the Financial Statements of the Government of Sierra Leone and the Notes thereto which are reproduced in full above.

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

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

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

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

This year I have issued an unqualified opinion, on the financial statement of the Consolidated Revenue Fund Account of the government. This signifies a shift from 2015 when I issued a qualified 'except for' opinion. This year's report as compared to last year shows an improvement on issues relating to controls such as; preparation of regular, accurate and complete financial and performance reports, review and monitoring of compliance with legislation, better keeping and document control and controls over daily and monthly processing and cash management practices resulting in increases in domestic revenue collection by 15% above the 2015 domestic revenue receipts. This increase is as a result of the increase in the payment of non-tax and other revenues collected into the Consolidated Revenue Fund Account, reduction of cash irregularities, tax irregularities and unauthorised payments, as well as the provision of adequate records on revenue collected and some expenditures made. However, more work should be done on reconciliation of transactions on tax and non-tax revenues.

Such basic controls and disciplines if sustained will continue to ensure that errors, omissions and non-compliance are prevented, detected and corrected in a timely manner.

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

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 intervention of the executive arm of Government in following up on the implementation of the audit recommendations of 2015 will make a real contribution to enhancing scrutiny of the report of the Auditor-General, a report debated and approved by Parliament. This action will also help in achieving the goals of improving public financial management reforms in Sierra Leone. Therefore, if the action of the executive persists the incidences of financial indiscipline will cease to persist. It continues to be my fervent hope and belief that with greater collaboration between the executive, parliament and the Auditor-General we could ensure that those charged with the implementation of programmes and/or projects adhere to the constitutional and statutory provisions aimed at effective public financial management, enhanced transparency, accountability and good governance. This will ultimately build trust in public officials, institutions and systems responsible for effective financial management.

However, the enactment of PFMA (2016) has been a step in the right direction.

I have again in this report drawn attention to several instances of non-compliance with financial and other regulations, as well as errors that occurred in the processing of transactions. These instances, though not of a material nature to the financial statements as a whole, are the results of systemic weaknesses that have persisted over time and other break-downs in internal control. I have provided recommendations which, if implemented, can serve to reduce the incidence of the irregularities and correct the causes of the conditions I have reported on. In summary, the issues giving rise to an unqualified opinion are described below.

### **Non-compliance with laws and regulations**

In the current year, 45% of auditees had findings on non-compliance with laws and regulations many of which relate to irregular expenditure and procurement management. This is mainly due to the lack of basic controls and inadequate implementation of appropriate controls which in consequence resulted in

poor performance or transgressions of laws and regulations. The need and value of these controls cannot be over-emphasised as they are an important mechanism to narrow the space for widespread abuse of the public resources that are required to provide services to citizens.

### **Material Uncertainty over domestic revenue**

This is largely due to the following:

- The absence of a defined process by which the amounts assessed by revenue collecting MDAs) are compared to the revenue collected by National Revenue Authority on behalf of these MDAs.
- The absence of regular reconciliation of records between the NRA and the transit banks and between the transit banks and the CRFA.
- Uncertainty regarding the accounting for and consequently the amount of Public Debt.

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

The decision to issue an unqualified opinion with an ‘Emphasis of matter’ paragraph this year should not be taken lightly. This means that if the efforts made this year by all stake holders are not sustained, we might slip back to where we are coming from.

The controls in question are largely so basic as to be possible to implement with only a minimum of training. With a concerted effort much could be done in short order. What seems to be lacking is the will to bring about the cultural change to get things done. As emphasised earlier, failure has to have personal consequences for all parties and right now the executive arm of government has begun acting.

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

## **1.10. PRESENTATION OF THE CONSOLIDATED REVENUE FUND ACCOUNT**

### **1.11. EXTERNAL PUBLIC DEBTS**

Significant differences have again been identified between the external debt figures recorded in CS-DRMS, the Schedule of Outstanding Debt prepared by the public debt unit and external confirmations received directly from creditors. The lack of adequate reconciliation between these three information sources means that it is impossible to be sure that the figure as presented in the Consolidated Revenue Fund Account is free from material misstatement. Aside from the implications over the Consolidated Revenue Fund Account, 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.

Despite the improvements in the amount of debt confirmed by external creditors, confirmations received as part of the 2016 audit identified a number of errors in the Consolidated Revenue Fund Account that have now been corrected in the Financial Statements. Government should ensure that as a matter of course, external confirmations and statements are used to reconcile the correct debt position. This is important not only that the Annual Consolidated Revenue Fund Account submitted for audit are correct

but also that Government has up to date information on which to base fiscal and macroeconomic policy decisions.

## **1.12. DOMESTIC REVENUE COLLECTION**

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

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.

### **Collection**

The following were observed:

- Inadequate reconciliation between assessment and money collected by NRA.
- Inadequate reconciliation between NRA cashbooks and transit bank statements.
- Inadequate reconciliation between the transit banks and the CRFA.

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 Le 3.8 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 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.

### **Reporting of Revenue**

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 Consolidated Revenue Fund Account. 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 Consolidated Revenue Fund Account is free from material misstatement. It is also likely that revenue received is not being coded correctly to the correct revenue stream.

### **Compliance Unit - Differences between ASYCUDA records and the assessment files**

In order to ascertain the accuracy of the ASYCUDA records of customers for the period under review, a comparison between records from the Assessment Files and the ASYCUDA records were done. It was observed that an amount totalling Le7.03 billion was actually recorded as debt based on the assessment files submitted whilst the ASYCUDA records only captured Le6.326 billion. There is therefore a potential debt understatement of Le703 million in the ASYCUDA which may likely be unrecovered.

## **Large Tax Office**

Thirty-two assessment and collection files with their draft financial statements were reviewed to ascertain taxpayers' corporation tax liability and confirm whether they paid all their required corporation taxes for the year under review. We noted that potential tax arrears of Le 5.7 billion from thirteen taxpayers remained uncollected. Evidence of arrears payments of Le 3.62 billion out of the Le 5.7 billion were submitted and satisfactorily verified. The collection of Le 2.08 billion arrears remained unsupported.

Thirty-six assessment and collection files were reviewed to ascertain the completeness and accuracy of their corporation tax liabilities. We observed that five taxpayers out of the 36 had potential tax arrears of Le1.75 billion owed to NRA for the period under audit. These amounts remained uncollected. Evidences to address this issue were not provided during verification. There is no cross-debt agreement between the government and Guma Valley

## **Foreign Travel Tax (FTT)-Sales Report and other relevant documents not submitted:**

The following were observed:

- Sales reports and other relevant information for the month of January to March were not submitted for Air France. We therefore cannot confirm the accuracy and completeness for Le228 million paid as FTT by the said airline.
- There is an exchange rate difference from what was supposed to be paid as FTT to the NRA to what was actually paid by the airlines. As a result, there is a potential tax revenue underpayment and tax loss amounting to Le 163 million.

## **1.13. PAYROLL**

The Government of Sierra Leone operates a centralized payroll payment system which has been characterized by numerous weaknesses. 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 and staff receiving salaries twice from the CRFA as described below.

### *Staff who received salaries twice from the CRFA*

Review and recalculation of monthly payroll vouchers in respect of Consultants revealed that:

- One staff received salary amounting to Le68,294,317 as a consultant and Le15,049,696 as an employee of an MDA in the month of February 2016. Hence a potential salary overpayment.
- Another staff received a net salary amounting to Le257,328,987 twice in the month of February 2016. Hence a potential salary overpayment of Le257,328,987.

Review of the payroll for consultant revealed that total amount paid as wages and salaries amounted to Le43.34 billion. However, we observed that some consultants paid only 5% withholding tax whilst others paid no tax as per payroll vouchers. The Income Tax Act 2000 however, stipulates that in a contract of service, full PAYE tax deduction should be levied.

### *Consultants without contract agreement or extension letters*

Review of the payroll database for the months of April, August and December 2016 revealed that payment to the tune of Le6.74 billion were paid to consultants without evidence of contract agreement or extension letters.

In addition, two employees of the Open Government Initiative Unit State House on the 3<sup>rd</sup> of May 2016 received a memo for the non-renewal of their contracts of appointments. Without any evidence of renewal or extension letters, the said employees were paid amounts totalling Le32.2 million and Le5.2 million respectively.

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.

The continued delay or failure to regularise the anomalies in the contracts of consultants accounted for the prevalence of this occurrence. The resolution of this irregularity could save Government a considerable amount of funds that are lost annually.

#### 1.14. OUTSTANDING MATTERS FROM PREVIOUS AUDITS

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
<b>Compliance with the Financial Reporting Framework</b>			
1	None compliance with section 1.3.24 of the Cash-Basis International Public-Sector Accounting (IPSAS) Standards.	Government should consider how such information can be gathered in the future. Until such information can be reported in a reliable way, the Consolidated Revenue Fund Account 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.	<b>Not Implemented</b> This disclosure was not made in the 2016 GPFS of the Consolidated Fund
<b>External Debt- Potential misstatement of the external debt figures in the public account</b>			
64 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.	<b>Not Implemented</b> Differences continue to exist between these three information sources. In all cases these differences are only corrected when they are raised by auditors
<b>CASH AND BANK-</b>			
7	From the confirmation letters it was observed that the Bank of Sierra Leone closing balances was disclosed instead of the general ledger closing balances  The Treasury main account balance shown in the trial balance did not agree with that in the financial	The Accountant General should  Adjust the account to reflect the accurate cash and bank balances.	These errors did not occur in this audit. Nonetheless potential misstatements continue to exist in cash and bank balances. Until proper review mechanisms are put in place for reviews by a responsible accounting officer's, misstatements will



No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
8	<p>statements.</p> <p>Differences were observed between the Computed Book Balance and the General Ledger Balance in the bank reconciliation statements for the Treasury Main Accounts, Treasury Ways and Means and the IMF Budget Financing.</p> <p>Differences were observed between bank balances reported in the General Ledger and those reported in the Financial Statements.</p>		continue.
9	<p><b>Cash in transit balance under/overstated in the accounts</b></p> <p>Amounts reported in the transit bank statements differs as that reported in the financial statements</p> <p>There were also instances where Cash in transit balance in the Consolidated Fund Asset was not included in the Transit account balances reported in the Consolidated Fund Asset.</p>	The Accountant General should adjust the account accordingly and ensure that the true amounts are recognised in the accounts	<p><b>Implemented</b></p> <p>This continue to exist but on a minimal scale</p>
10	<p><b>REVENUE&gt;Returns to support Foreign Travel Tax (FTT) payments not submitted</b></p> <p>Returns from traveling agencies to support FTT payments were not submitted. We cannot therefore certify whether the correct taxes were paid by these airline agencies</p>	The Commissioner General should provide us with the all the necessary documents that will enable us vouch for the completeness and accuracy of the amount disclosed as FTT in the account.	<p><b>Implemented/Not</b></p> <p>Sales report was still not submitted this years during the audit we could therefore not vouch for the amount disclosed as FTT in the accounts</p>

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
<b>REVENUE-</b>			
11.	<b>Unexplained splitting of FTT payments by Kenya Airways and Air France</b>  Kenya Airways and Air France made a bulk payment of without specifying how the payments should be apportioned. However, the payment was split equally for nine-month period respectively by NRA officers.	The Commissioner General should explain the basis for the splitting and the difference between the monthly payment which resulted from the splitting and the monthly payment previously paid by the airlines.	<b>Implemented</b> Did not occur this year.
12	<b>Non-payment of taxes Different exchange rate used by airlines to the official bank of Sierra Leone rate</b>  We observed that the exchange rates used by airlines differ to the official Bank of Sierra Leone foreign exchange rates at the date of the transactions	The Commissioner General should ensure that Airlines use the official bank of Sierra Leone exchange rates as at the time of the transactions.  The difference in payment of FTT is recovered and paid to the Consolidated Revenue Fund Account(CRFA)	<b>Implemented/Not</b> Exchange rate continues to be an issue in this year's audit.
13	<b>No evidence for the payment of penalties by Brussels Airline</b>  There is no evidence of payment of Interest and penalty of levied on Brussels Airline.	The Commissioner General should ensure that the necessary evidence of the payment of the said penalty is obtained and filed accordingly.	<b>Implemented/Partly</b> Did not occur this year.
14	<b>Medium Tax Payers- Non-submission of Returns, Financial Statements and Arrears List</b>  Out of sample of two-hundred and twenty-three Tax Payers, the NRA did not submit Assessments and Financial Statement for One hundred and Thirty-Two Taxpayers.	The Commissioner, Domestic taxes, should ensure that the remaining 132 files are produced for audit inspection within thirty days of receipt of this report	<b>Implemented</b> Did not occur in this year's audit

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
15	<b>Non-payment of corporation tax arrears</b>  The non-payment of corporation tax arrears persists in the audits.	The Commissioner Domestic Tax Department should make available the arrears list for the period under review	<b>Implemented/Not</b>  Corporation tax arrears have been reduced significantly.
16	<b>Foreign Travel Tax (FTT)</b>  Supporting documents are not provided to support the payment of FTT recognized in the accounts.	The Commissioner General should provide us with all the necessary documents that will enable us vouch for the completeness and accuracy of the amount disclosed as FTT in the account.	<b>Implemented/Not</b>  Sales report not presented therefore cannot vouch for the amount disclosed in the account
17	<b>PAYE- Non-payment of PAYE</b>  Estimated PAYE obligation for specific month remained unpaid. This is in contravention to Section 147. (1) of the Income Tax Act 2000.	The Commissioner General should take all necessary action to collect monies due from these taxpayers.	<b>Implemented</b>  Will be considered in subsequent audit
18	<b>LARGE TAX PAYERS: Non-submission of Financial Statements, Assessment Files and Arrears List</b>  The submission of tax payers' files during audit engagements has had considerable impact on the audits. Hence making it difficult to ascertain the correct amount payable by tax payers.	The Commissioner Domestic Tax Department should make available the arrears list for the period under review.	<b>Implemented/ Not</b>  Financial statements were still not submitted for a sample of LTO's.
19	<b>PAYE-Non-submission of receipts for payment of PAYE and Penalties</b>  Receipts in support of the payment of PAYE not submitted. We cannot therefor ascertain its payment.	The Commissioner General must make available all receipts to substantiate PAYE receipts recorded in the database and provide written explanation why the database and revenue cash books were not updated within thirty days of receipt of this report; otherwise the said amount should be refunded to the CRFA	To be followed up in the next audits

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
21	<b>Non-Payment of penalties by defaulters</b>  Lack of evidence of payments of penalties on defaulters has continued to persist over the years.	The Commissioner General must take all necessary action to collect monies due from these taxpayers.	To be followed up in subsequent audit
<b>GOODS AND SERVICES TAX</b>  <b>Differences between the cashier's records and VIPs</b>			
68	Differences has continued to exist between amount recorded in the VIPs and that recorded 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 book is potentially understated.	The Commissioner General should explain the reason for the differences with supporting documents and ensure regular reconciliation between the record of the cashiers and the VIPs	To be followed up in subsequent audit
	<b>Non-submission of returns and evidence of payment of penalties</b>  We observed that tax payers did not submit returns for some months as prescribed in the GST Act 2009. There was no evidence of penalties for non-submission on files. In addition, there were no evidence for the payment of penalties by defaulters.	The Commissioner General should:  explain why returns were not submitted by tax payers; and  provide evidence that penalties were levied for non-submission  take all necessary actions to recover these monies from the concern tax payers.	To be followed up next audit

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	<p><b>Remittances not traced to Bank of Sierra Leone Bank Statement (GST, Medium &amp; Large Tax Payers)</b></p> <p>Remittances from various Income tax transit accounts were not seen in the Bank of Sierra Leone Bank Statement. In addition, amount collected as penalty charges at the Customs and Services Department could also not be traced to the Bank of Sierra Leone bank statement</p>	<p>The Commissioner General NRA should;</p> <ol style="list-style-type: none"> <li>1. Ensure that reconciliations are done between NRA and the Transit Banks and between NRA and the Bank of Sierra Leone (BSL) on monthly bases to avoid the occurrence of such abnormalities.</li> <li>2. Provide explanations with supporting documents where the funds may have been transferred.</li> </ol>	<p><b>Implemented/Partly</b></p> <p>The amount not traceable has reduced considerably</p>
	<p><b>Differences between cash book of NRA and the Bank of Sierra Leone Bank Statement</b></p> <p>Differences existed between the revenue recorded in the revenue cash book of NRA, and that recorded in BSL bank statement. We further observed that the reason for the difference is the absence of reconciliation activities between NRA and the Ministry.</p>	<p>It is recommended that the Commissioner General of the NRA and the Permanent Secretary of Fisheries ensure that the necessary reconciliation is carried out to explain the difference</p>	<p>To be followed up in next audit</p>
<p><b>CUSTOMS SERVICES DEPARTMENT</b></p> <p><b>Unexplained splitting of penalty charges</b></p>			
	<p>We discovered that penalty charges paid were split equally and 50% deposited into an Escrow account and the other 50% into CRFA. The audit team requested for the bank statement of the Escrow A/C but this was not submitted for audit review. The MOU between NRA and MoFED for depositing the</p>	<p>It is also recommended that the Commissioner General provide the written MOU between the MoFED and the NRA within thirty days of receipt of the report; otherwise the said fund should be</p>	<p><b>Implemented</b></p> <p>Did not occur in this audit</p>

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	50% into the Escrow A/C was not submitted for audit review.	refunded to the CRFA.	
	<b>Slow pace in the collection of revenue arrears and the non-submission of arrears list of defaulters</b>		
	<p>From a review of the credit files the following were observed;</p> <p>Amounts owed by defaulters are been overdue for payment from various customers for the period under review.</p> <p>In addition, an amount outstanding for over two years observed.</p> <p>The NRA failed to provide the Auditors with a compressive list of defaulters in respect of credit, anti-smuggling and vehicles who's "Lessey Passey" has expired and vehicles that did not go through the custom process that were arrested by the anti-smuggling units</p>	<p>The Commissioner Customs and Services Department should ensure that:</p> <p>Stringent and robust mechanisms are put in place to collect arrears within a minimum down time to limit such occurrences.</p> <p>It is recommended that the Commissioner General provides a comprehensive list of defaulters and their default tax fees</p>	<p><b>Implemented/Not</b></p> <p>Revenue arrears continue to exist though reduced considerably</p>
	<p><b>Non-submission of Bank Statement</b></p> <p>From our review of the ASYCUDA records it was observed that amounts reported as revenue</p>	It is recommended that the Commissioner General provide the necessary bank statements in respect of payments shown in the ASYCUDA system within	<b>Implemented/Not</b>

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	collected at the Lungi International Airport. However, we were unable to confirm that the amount collected was paid into a designated bank account since the bank statement was not submitted upon request	thirty days of receipt of this report; otherwise the said fund should be refunded in to the CRFA	The non-submission of bank statement continues to exist
<b>DUTY WAIVERS- Duty waivers granted to Organisation/Individuals not registered/updated</b>			
	<p>Section 100.5 of the second schedule of the General Exemptions from Import Duty of the External Tariff of the Republic of Sierra Leone states amongst other things that all Non-Governmental Organizations registered with MoFED are entitled to duty free privileges in accordance with the rules governing their operations</p> <p>Duty waivers were given to a number of organisations and/ or individuals who were not included in the registered /updated list of duty waivers. Duty waivers amounting to Le724,229,845.80 were given to Non-Governmental Organisation who were not entitled to duty waivers either because they were not registered or they did not renew their registration which is a prerequisite of the law that guides the approval of duty waivers</p>	The Financial Secretary should ensure duty waivers are only granted to eligible individuals, institutions and Non-governmental organizations so as to avoid the potential loss of revenue	Will be followed up in subsequent audit
<b>PAYROLL Consultants whose contract has not been renewed</b>			

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	Contracts are given to Consultants whose contract are not renewed but that such consultants continue to work and received salaries. This issue has continued to show up in even the present audit engagement.	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	<b>Implemented/ Not</b>  Consultants on the payroll without extension letters/ contract continue to be an issue.
	<b>Employees without NASSIT numbers</b>  Contributions deducted and paid over to the trust for nine thousand eight hundred and eighty-three (9,883) employees without NASSIT numbers within the payroll CSM system. There is risk that the beneficiaries at the end of their retirement may not receive their contribution and as such monies are likely prone to	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	Will be followed up in subsequent audits
	<b>Employees within the payroll who have reach or past the retirement age</b>  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 those who are supposed to retire on or before December 2014 according to the statutory retirement age were still on the payroll throughout 2015. This has led to a potential loss of government funds. 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	Every effort must be made to stop the salaries of such staff and at the same time recover all monies paid to them and details of such recovery should be forwarded to the Auditor-General for verification. 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	Will be followed up in subsequent audit



No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
	MDAs		
	<p><b>Employees whose date of birth are stated as 1/1/200 or 000</b></p> <p>A detailed examination of the CSM system, revealed that employees DATE OF BIRTH is wrongly stated as 1/1/200 or 0.00. This may create room for manipulation within the system.</p>	Please provide a plausible explanation with supporting documents to confirm the status of these employees within the Civil Service. In addition, Officers of the HRMO must ensure that staff details are updated and the necessary corrections effected in the system	<p><b>Implemented</b></p> <p>After the review of the payroll report the issue has been resolved</p>
	<p><b>Employees who have either died, sacked, etc still on the payroll</b></p> <p>From a sample selected from the Manpower Hearing report of the HRMO it was observed that about 33 staffs from various MDA's who may have either abandon their post, died, resigned, sacked and/or, retired are still within the payroll system.</p>	The Director General HRMO should ensure that the matter is investigated and delete with immediate effect the names of such employees from the payroll.	<p><b>Implemented</b></p> <p>This continues to be an issue</p>
<b>Domestic Development Expenditure Price adjustments not supported by adequate information and documents</b>			
	Differences were observed in the prices for goods at various stages of the contracts. There is no evidence to support these price adjustments.	The Permanent Secretary of the Ministry of Works Housing and Infrastructure should be provided invoices and the necessary information in support of the various changes in the unit prices of the contracts.	To be followed up in subsequent audits
	<p><b>Withholding taxes not deducted and paid over to the National Revenue Authority (NRA)</b></p> <p>The non-payment of withholding taxes continues to show up in all audits.</p>	<p>The Accountant General should deduct and pay the withholding tax to the National Revenue Authority with immediate effect.</p> <p>MDAs should ensure that all withholding tax</p>	

No	Summary of Outstanding Issues from Previous Audits	Summary of Original Recommendation	Current Status
		deducted is promptly paid over to NRA.	
	<p><b>Payments to contractors not supported by interim payments certificates, receipts and invoices</b></p> <p>Payments to contractors should be based on the availability of documentary evidence such as interim payment certificates, invoices from the contractors and memo from SLRA to Ministry of Works. It was however observed that payments made to contractors were in excess of the amount due as stated in the interim payment certificates.</p>	The Accountant General and the Ministry of Works Housing and Infrastructure should ensure that in future all payments are supported by the appropriate documentations	To be followed up in subsequent audits

## **CHAPTER II-LOCAL COUNCIL AUDITS**

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## **MAIN POINTS**

### **Introduction**

In accordance with section 81 of the Local Government Act 2004 the Local Councils are required to keep proper books of account and proper records and to prepare within the first quarter of the next financial year a statement of their final accounts in conformity with existing financial regulations. The Local Government Act 2004 specifies that Chief Administrators (being Heads of Administration of the Councils) are responsible for ensuring that there is accountability and transparency in the management and delivery of local council services. This includes the preparation and submission of the financial statements of the councils to the Auditor General for audit. They are also responsible for the control of and accounting for the General Fund and all other public funds received held and expended for and on behalf of the Councils.

### **What we did**

The Financial Statements of the 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, 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 on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence for the amounts and disclosures in the financial statements.

### **Why it is important**

The financial statements of councils are key instruments through which account is given on how finances are managed to provide the basic services and deliver on development priorities and whether the performance targets, as agreed with the communities, were achieved. The general public will therefore be interested in whether the information submitted by councils were correct as well as the level of internal control exercised over the use of funds

### **What we found**

The 19 local councils consist of one municipality, five cities and 13 district councils. The annual financial statements were submitted for audit before, or shortly after, the legislative deadline of 31<sup>st</sup> March 2016. Included in this report is a summary of significant findings from the completed audits of all councils.

The individual Councils' Reports submitted to Parliament gives further details on these observations.

## **2.1. OVERVIEW OF THE OVERALL AUDIT RESULTS DURING 2016**

Table 1 shows an improvement in the number of unqualified audit opinions with from eight (42.1%) in the previous year to 14 (73.7%) in the current year. The councils that improved are three cities, one municipality and five district councils. Although the expected target of all councils having 100% unqualified opinions was not met in 2016, the results are however encouraging.

<b>Table 1</b> <b>Council's Opinions</b>				
<b>No.</b>	<b>Name of Council</b>	<b>Opinion 2015</b>	<b>Opinion 2016</b>	<b>Comment (Movement from 2015 to 2016)</b>
1	Bo City	Qualified	Adverse	Regressed
2	Bo District	Qualified	Unqualified	Improved
3	Bonthe District	Unqualified	Unqualified	Unchanged
4	Bombali District	Unqualified	Unqualified	Unchanged
5	Bonthe Municipal	Disclaimer	Qualified	Improved
6	Freetown City	Qualified	Unqualified	Improved
7	Kailahun District	Unqualified	Adverse	Regressed
8	Kambia District	Qualified	Unqualified	Improved
9	Kenema City	Disclaimer	Unqualified	Improved
10	Kenema District	Unqualified	Unqualified	Unchanged
11	Koidu New Sembehun City	Disclaimer	Unqualified	Improved
12	Koinadugu District	Disclaimer	Unqualified	Improved
13	Kono District	Unqualified	Unqualified	Unchanged
14	Makeni City	Unqualified	Unqualified	Unchanged
15	Moyamba District	Qualified	Qualified	Unchanged
16	Port Loko District	Unqualified	Unqualified	Unchanged
17	Pujehun District	Qualified	Unqualified	Improved
18	Tonkolili District	Unqualified	Unqualified	Unchanged
19	Western Area Rural District	Disclaimer	Qualified	Improved

<b>Key:</b>
Regressed
Improved
Unchanged(Unqualified Opinion)
Unchanged(Qualified Opinion)

The results reflect positive gradual progress by local councils as three councils (15.6%), which comprised two cities and one district council, improved their results by obtaining unqualified audit opinions with no emphasis of matter paragraph and 11 councils (57.9%) sustained such results (two cities and nine district councils).

#### *Performance Progress*

Seven councils (36.8% overall) retained their unqualified opinion. This may not be unconnected with administrative and political leadership's commitment to maintaining a strong control environment and having daily and monthly controls embedded in all routine processes. The basic disciplines of preparing and reviewing regular financial and performance reports received due attention at these councils.

Two districts and one municipal council received qualified opinions, one district and one city council had adverse opinions. Bo City and Kailahun District councils regressed to adverse audit opinions. Four councils (Bo District, Kambia District, Pujehun District and Freetown City Councils) improved from qualified opinions to unqualified opinions, two councils (Bonthe Municipal and Western Area Rural District councils) improved from disclaimer of opinions to qualified opinions and three councils (Kenema City, Koinadugu District and Koidu New Sembehun City councils) improved from disclaimers to unqualified opinions.

<b>Table 2</b>			
<b>Opinion Status of Individual Councils In 2012- 2013</b>			
<b>No</b>	<b>Name of Council</b>	<b>Opinion</b>	
		<b>2012</b>	<b>2013</b>
1	Bo City	Unqualified	Unqualified
2	Bo District	Unqualified	Adverse
3	Bonthe District	Unqualified	Unqualified
4	Bombali District	Qualified	Unqualified
5	Bonthe Municipal	Qualified	Disclaimer
6	Freetown City	Qualified	Qualified
7	Kailahun District	Unqualified	Unqualified
8	Kambia District	Unqualified	Disclaimer
9	Kenema City	Qualified	N/A
10	Kenema District	Unqualified	Unqualified
11	Koidu New Sembehun City	Unqualified	Unqualified
12	Koinadugu District	Qualified	Disclaimer
13	Kono District	Unqualified	Qualified
14	Makeni City	Unqualified	Unqualified
15	Moyamba District	Unqualified	Qualified
16	Port Loko District	Unqualified	Unqualified
17	Pujehun District	Unqualified	Qualified
18	Tonkolili District	Unqualified	Qualified
19	Western Area Rural District	Unqualified	Qualified

#### *High Performing Councils Since 2012*

Audit opinions of eight councils (42.1%), remained unchanged. The number of qualified and disclaimed audit opinions decreased.

The improvements have been steady when comparing the 2015-16 results to those of 2012-13, in which only one council (5.3%) improved its audit opinion. Table 2 gives the opinion status of individual councils in 2012 and 2013 Financial Years.

Amongst this year's 14 unqualified audit opinions (so-called 'clean' audit opinions), four sustained this achievement from 2012. Councils in this category have demonstrated impeccable levels of discipline and oversight in their financial management and operational activities. Such environments are characterised by readily available supporting documentation for transactions and activities. Most importantly they have accountable officers who are able to provide explanations and additional evidence in support of the transactions they are reporting on. They also have the support of strong oversight by mayors/chairpersons.

Table 3 Councils with Unqualified Opinions Since 2012						
No.	Name of Council	Type opinions Year ending 31 <sup>st</sup> December				
		2012	2013	2014	2015	2016
1	Bonthe District	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
2	Kenema District	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
3	Makeni City	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
4	Port Loko District	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

This analysis of councils' performance over the years clearly indicates that a number have addressed their weaknesses in internal control by improving systems and processes, together with the improved leadership oversight and governance.

ASSL held intensive interactions with the political and administrative leadership as well as oversight role players, over this period. Discussions included the financial management in the respective councils, key internal control deficiencies preventing sustainable improvement in audit recommendations, the need for effective functioning governance and oversight structures, and possible reasons inhibiting further progress. ASSL had strongly emphasised the need to appoint the right skilled people, institutionalising daily and monthly controls, and improving management's ability to implement action plans in a manner that is sustainable.

## Recommendations

ASSL therefore recommended the following:

- The political and administrative wing of the councils must take full ownership and accountability for the internal control environment, strategic direction and community engagement.
- Local Government Service Commission (LGSC) should focus on attracting and appointing skilled staff, as well as providing focused training interventions for existing staff to address deficiencies in skills.
- Daily disciplines must be instilled that ensure excellence in financial management, service delivery execution and compliance with legislation.
- The leadership must implement processes to ensure the credibility of all the councils' reports, including the rigorous monitoring of action plans that address key audit findings.
- Support well-functioning internal audit units and form audit committees to ensure a more coordinated effort to address identified risks relating to financial management and compliance with legislation.
- Coordinate and monitor departments, including the Public Financial Management Unit (PFMRU), the Local Government Finance Department (LGFD), and LGSC, etc., to ensure that support is provided to councils.

## 2.2. QUALITY OF THE FINANCIAL STATEMENTS SUBMITTED FOR AUDIT

As in prior years, all 19 councils submitted financial statements that contained material misstatements in one or more areas.

Fourteen (73.7%) councils were able to achieve an unqualified audit result because they used the opportunity provided by the ASSL to correct all misstatements identified during the audit. Those councils that were not willing and/or able to correct all the misstatements could not avoid the qualification of their financial statements.

The non/partial correction of misstatements by councils was primarily due to the unavailability of information or documentation required to determine the correct amounts that should be reflected in the financial statements.

Councils still had to do material adjustments during the actual audit. This suggests that the financial statements were being submitted simply to meet the legislated deadline, with no particular regard for their accuracy or correctness. In this vein, councils continue to rely on the audit process to identify material errors and omissions in the financial statements. It must however be noted that reliance solely on the auditors to identify corrections to the financial statements in order to obtain an unqualified audit opinion is not a practice that should be encouraged and these unqualified opinions may therefore not be sustainable. It would be far more appropriate for administrative units to have internal and quality control procedures designed to find errors and omissions in place at all times.

The ability of councils to produce financial statements that are free from material misstatement is influenced by the existence of a sound system of internal control. ASSL noted that the slow response by council management in addressing internal control deficiencies continues to be the main reason preventing certain councils from obtaining improved audit results.

### **Recommendations**

- Councils and the related oversight bodies should be more involved in the monitoring of key governance matters and related internal controls and hold transgressors accountable for poor performance.
- Key council personnel should take responsibility for guiding and directing the development and performance of the system of internal control.
- Mayors/Chairpersons should hold officials accountable for not implementing the recommendations of ASSL, internal audit units, audit committees and other oversight bodies.

## **2.3. OPINIONS ON THE FINANCIAL STATEMENTS**

### *Basis of Qualification of 2016 Financial Statement*

The main objective of the audit is to provide 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 as a whole.

Material errors or omissions in the financial statements observed during the audit were reported to management; however, five councils (26.1%), which consisting of three districts, one city and one municipal council, did not make the necessary corrections to avoid receiving a modified opinion on their financial statements. The main reasons for not making the corrections were the following:

- The unavailability of supporting documentation for transactions and balances recorded in the financial statements due to poor records management.
- Understatement of revenue and expenditure figures in the financial statement.
- Bank reconciliations carried out for several bank accounts not correct.
- Revenue not banked and without adequate supporting documents.
- Opening cash and cash-equivalents balance misstated/omitted.



- Bank balances not reported in the financial statements.
- The requisite skills and competencies to correctly apply the requirements of the applicable reporting framework were not readily available.

### **Recommendations**

To ensure that the financial statements improve, the councils must strengthen their processes and controls to create a control environment that supports reliable reporting and should do the following:

- Address the human resource needs, frequent and unplanned movement of staff and lack of competencies at the various levels by appointing competent personnel.
- Engage with the Public Financial Management Reform Unit (PFMRU), Local Government Finance Department (LGFD) to provide support on focused training programmes to improve skills and to ensure that continuous professional training is taking place on local council matters.
- Facilitate the setting up of a dedicated registry for the safeguarding of records with the necessary access controls over the movement of source documents.
- Oversee the timely implementation of recommendations of governance committees with regard to systems and processes, reviews of monthly financial information, financial statements and action plan progress.
- Ensure that reliable and credible financial reporting is linked to performance contracts of officials involved in these processes, with consequences when performance is below the standard.

## **2.4. LAWS AND REGULATIONS**

*Non-Compliance with the National Procurement Act 2016 and National Procurement Regulations 2016*

### ***Procurement Procedures Not Followed***

The Public Procurement Act of 2016 and the Public Procurement Regulations, 2006 establish the rules and regulations to be followed for the proper procurement of goods, works and services. Proper procurement procedures were not followed in the execution of procurements during 2016.

The following were observed:

#### ***Freetown City Council***

- A contract for the construction of a health facility was undertaken by the council at Calaba Town. The total contract value (as indicated in the statement of development projects during 2016) was Le1.1 billion. On 16<sup>th</sup> November 2016, the sum of Le150 million was paid to Kahmarg Construction and General Services. Contract agreement for the construction of the health facility to enable us to confirm the contractor, contract start and completion dates, and the basis upon which this amount was paid were not submitted for audit.
- In violation of the first schedule of the Public Procurement Act, 2016, which stipulates thresholds for the appropriate procurement method to be used, it was observed that for the procurement of a vehicle and photocopiers valued at Le69 million and Le83.7 million respectively, request for quotation method was used instead of the national competitive bidding method. Appropriate authority from the National Public Procurement Authority for a diversion in the threshold was not submitted for audit.

#### ***Tonkolili District Council -2016***

There was no evidence in the form of request for quotations for the procurement of sewing machines costing to Le20 million.

### ***Kenema City Council***

The contract price for the construction of a 2,500-seat mini-pavilion in the Kenema stadium was increased to Le1.4 billion from the original price of Le986 million. However, a revised contract agreement with the new contract price was not submitted for audit inspection.

### ***Bo City Council-2016***

Documents, such as tax and, NASSIT clearance certificates, business registration, business license, bid evaluation, engineer's report and certificate of completion of work were not available to support procurement activities amounting to Le255.6 million.

### ***Bonthe Municipal Council***

- The national competitive bidding (NCB) method of procurements was identified by the council for the supply of fuel and lubricants during 2016 for a total cost of Le136.9 million. There was no evidence to justify whether the requirement of Section 37(1) of the Public Procurement Act 2016 was met by the council. Also, procurement records such as standard bidding documents and contract agreements were not available for inspection.
- Procurement procedures in respect of the request for quotations method were not adequately and appropriately followed for goods and services which amounted to Le198.6million.

### ***Kailahun District Council***

Contracts for NCB method were awarded for the maintenance of various roads divided into Lots and the construction of one three-classroom block at the Methodist Primary School with office and store, VIP latrine and wooden furniture for a contract sum of Le1.7 billion. The following issues were identified:

- Performance guarantees were not submitted by contractors for all the contracts.
- Invoices/receipts to support advance payments of 30% of the contract price of Le506.2 million for the construction of one three-classroom block were not submitted by the contractor.
- The audit report submitted by the contractor as supporting requirements for Lot 2 was not authentic as it was not signed off by a certified public auditor; and the financial statement was not included with the audit report.
- First trench payments for all the Lots for feeder roads on the contract were still outstanding.
- Delivery notes and certificates of completion to justify that the council receive economic benefits from goods procured and services rendered, amounting to Le365.1 million, were not submitted for audit.

### ***Kenema District Council***

Completion certificates and/or monitoring and evaluation reports were not submitted for payments made to contractors amounting to Le3 billion for construction and rehabilitation of works

### ***Kono District Council***

- Requests for quotations method instead of the NCB method was used for the procurement of three Xl125 motorbikes with a total value of Le72 million.
- The Council undertook a project of Le790 million to construct a bridge during 2016. However, a review of the procurement documents revealed that a bank guarantee was not obtained from the contractor and a visit to the site in May, 2017 revealed that the bridge was still under construction even though it was supposed to have been completed by November, 2016.

### ***Moyamba District Council***

Local purchase order (LPO) or contract agreement were still not submitted for procurements amounting to Le77.8 million

### ***Western Area Rural District Council***

- Service Level Agreements (SLAs) which included property evaluation and numbering, design of a custom-made software (cadastre), implementation of comprehensive sensitisation programmes, identification and naming of all streets within specified areas of the district, as contained in the contract agreement, were not fulfilled by the contractor.
- The contract with Credit Recovery Agency (CRA) expired in December 2016. Even though the contract has not been renewed CRA is still performing activities under the expired contract to date. The Council does not therefore have authority to make legal claims against CRA for breach of any informal agreements.

### ***Non-Compliance with the National Social Security and Insurance Trust (NASSIT) Act 2001***

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

Section 25(1,2 and 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 employee. It was however observed that NASSIT deductions of Le777.7 million from salaries of core staff were not paid to NASSIT. The failure to pay 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 or pensions. Hence council risks being sanctioned for not complying with NASSIT regulations. Details of contributions not paid are shown in **Table 4** below:

<b>Table 4</b>	
<b>NASSIT Contributions Not Paid</b>	
<b>Name of Councils</b>	<b>Amount Le(Million)</b>
Bonthe District	18.7
Bonthe Municipal	335.0
Freetown City	300.8
Western Area Rural District	24.3
Bo City	58.6
Kailahun District	5.7
Kenema City	1.2
Kenema District	13.9
Koidu New Sembehun City	19.5
<b>Total</b>	<b>777.7</b>

### ***Non- Compliance with the Financial Management Regulations, 2007***

#### ***a) Transactions without supporting/Adequate Supporting Documents***

- Section 73(1) of the Financial Management Regulations, 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 councils, amounting to Le1.43 billion were not presented for audit inspection during 2016. 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 made followed proper procedures as laid down in law.

- Other disbursements, totalling Le291.5 million, were undertaken for which only some supporting documents were submitted. However, the nature of these 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 is therefore recommended that all supporting documents in relation to these transactions be submitted to the ASSL for inspection. In future, ALL supporting documents must be attached to PVs and retained for audit purposes. **Table 5**, gives detail and amount in respect of each council.

<b>Table 5</b>		
<b>Payments Without Supporting/Adequate Supporting Documents</b>		
<b>Name</b>	<b>Lack of Supporting Documents Amount Le(million)</b>	<b>Lack of Adequate Supporting Documents Amount Le(million)</b>
Bo City	21.9	814.4
Bo District		33.6
Freetown City		100.1
Bombali District		14.8
Port Loko District		40.9
Kono District		84.0
Kambia District		51.3
Tonkolili District		28.5
Western Rural District	10.5	
Pujehun District		68.8
Bonthe District	76.0	50.0
Bonthe Municipal	183.1	143.2
<b>Total</b>	<b>291.5</b>	<b>1,429.6</b>

**b) 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 Councils during 2016. During 2016, this requirement was not met by six councils as, revenue totalling Le161.9 million was not accounted for by the councils. **Table 6**, identifies councils and provides values for the revenue not brought to account.

<b>Table 6</b>	
<b>Revenue Not Brought To Account</b>	
<b>Name of Council</b>	<b>Amount Le (million)</b>
Kenema City	37.7
Bonthe Municipal	4.4
Bo City	119.8
<b>Total</b>	<b>161.9</b>

***Delay in the payment of withholding tax***

The Government of Sierra Leone relies on tax revenue to finance key public services. Section 130(1) of the Income Tax Act 2000 requires tax withheld or that should have been withheld shall be paid within 15 days the following collection. The Council withheld tax from payments to suppliers and contractors but payments to the National Revenue Authority were not made promptly as stipulated in the Income Tax Act. As at the end of the 2016 financial year, unpaid withholding tax amounted to Le145 million. Late payment of withholding tax is a violation of the Income Tax Act 2001 which could attract penalty and deprive the state of its much-needed revenue. **Table 7**, identifies councils and provides values for the statutory deductions.

<b>Table 7</b>	
<b>Withholding Taxes not Paid Over to the Relevant Authority</b>	
<b>Name of Council</b>	<b>Amount Le(Million)</b>
Bonthe District	43.2
Bombali District	2.0
Bonthe Municipal	10.5
Western Area Rural District	38.5
Bo City	44.6
Bo District	6.2
<b>Total</b>	<b>145.0</b>

**2.5. ASSETS MANAGEMENT**

Under section 13(2g) of the Public Financial Management Act 2016, a vote controller of a budgetary agency is required to safeguard and manage assets and public money under the responsibilities of the budgetary agency. Failure to have government assets recorded in an asset register and/or made physically available for audit verification could mean that the assets have either been converted to personal use or disposed of. During 2016, the following were observed:

*Fixed Assets not made available for verification*

***Tonkolili District Council***

20 sewing machines, procured by the Council for Le20 million, and a Toyota Land Cruiser (registration number ADP-096) were not made available for verification.

***Bombali District Council***

Some fixed assets procured by the Council at a total cost of Le34.4million were not made available for physical verification.

***Freetown City Council***

- Four motorbikes could not be verified as they were not seen/made available during verification conducted.
- Registration cards, that should serve as proof of legal title and ownership, for 24 vehicles and seven motorbikes included in the list of vehicles and motorbikes under the control of the Council, were not submitted.
- Registration cards reviewed for seven motor vehicles and one motorbike had ownership and legal title in the name of private individuals instead of the Council.

- Delivery notes that should serve as proof that assets purchased, in the amount of Le25.3 million were not submitted for audit.

#### ***Bonthe Municipal Council***

Fixed assets, amounting to Le139.2 million, purchased and donated during the period were neither included in the asset register nor made available for physical verification.

#### ***Moyamba District Council***

Assets totalling Le117.6 million were not available for physical verification.

#### ***Assets not recorded in Assets Register***

#### ***Bonthe District Council***

An updated fixed asset register was not submitted. Therefore, it was difficult to determine whether fixed assets purchased amounting to Le188 million or assets donated during 2016 were recorded in the fixed assets register.

#### ***Koidu New Sembehun City Council***

We observed that the master inventory register was not updated regularly as furniture and equipment acquired for Le81.9 million was not recorded.

#### ***Kailahun District Council***

The Council failed to submit an inventory register of assets owned and controlled by the Council and devolved sectors. As a result, we could not confirm whether new assets worth Le118.9 million acquired by the Council were recorded for the year under review.

#### ***Freetown City Council***

The inventory register was not properly maintained and updated with vital information like the date of purchase, description, amount, location and status. As a result, assets purchased at the cost of Le1.1 billion were not recorded in the register.

## **2.6. ENVIRONMENTAL RISK MANAGEMENT AT LOCAL GOVERNMENT LEVEL - SOLID WASTE MANAGEMENT**

As stated in the 2015 Report and as part of the audit of the financial statements of councils we undertook an assessment of the environmental issues relating to solid waste management in four city councils (Freetown, Kenema, Koidu New Sembehun and Makeni city councils). This was as a result of a pilot audit in 2016 on Bo City Council and it was expected that the audit procedures and processes adopted would be applied in similar audits of other councils over the coming years.

Effective waste management is an important factor for sustainable service delivery, and socio-economic development of the lives of citizens in the community. Though efforts have been made by the councils to ensure effective service delivery, the following issues were identified:

#### ***Koidu New Sembehun and Kenema City Councils***

A dump site for the disposal of waste was not available in the city. During an audit verification exercise, it was observed that wastes were indiscriminately disposed of in the city.

## **Recommendations**

- To create a culture of cleanliness there is a need for mass sensitisation on the waste management process in the cities, clearly bringing the attention of the public to both the dangers and the benefits associated with waste management.
- Various communities within the cities should be encouraged to fully participate in the waste management process.
- Garbage bins should be provided at strategic locations for residents which can be collected by the council on a daily basis.

### ***Freetown City Council***

A memorandum of understanding was signed between the Council and MASADA Company in 2012 for the general cleaning of the municipality, and clearing of 43 transit points at a cost of Le200million per month.

The following issues were noted during 2016:

- For the period under review, the sum of Le1.2 billion was paid to this company in support of cleaning work carried out. A report as per the contract agreement signed between the company and the Government of Sierra Leone that should throw light on the nature of the cleaning done, the number of transits points cleared, and records of daily attendance of cleaners was not submitted by the company to the Council. Payment vouchers and receipts in support of the payment in question were not submitted for audit.
- In addition, monitoring reports from the Environment Officer that should show how effectively MASADA had disposed of its responsibilities were not made available for inspection.
- Although the Council paid the sum of Le1.2 billion to MASADA, review of the financial statements revealed that the sum of Le11.0 billion classified as Cleaning – other amounts were spent on drainage and street cleaning. This expenditure represents 40% of the Council's total expenditure. Despite the amount paid, there has not been much improvement in the environmental condition of the municipality as drains and gutters, on which funds were expended, continue to overflow when there is heavy rain.

## **Recommendations**

- All waste management contracts entered into by the Council must be effectively monitored to ensure that the desired objectives are achieved. The Monitoring and Evaluation Unit should be provided with the required resources to enhance monitoring activities.
- Report in support of cleaning activities carried out by MASADA Company is immediately submitted for public scrutiny.
- Financial resources are prudently allocated to ensure that the implementations of other key activities are not affected.

### **Makeni City Council**

As part of our audit, we are expected to assess the rate of increase/decrease of set targets relating to (i) number of public cleaning done per month/half yearly; (ii) rate of refuse disposal at site, e.g. per day/weekly; (iii) number of cases brought to court for non-compliance; (iv) number of refuse receptacles; and (v) allocations for solid waste per quarter, etc. However, no set target was made available by the Environmental and Social Officer (ESO); and as such, we could not undertake an independent assessment for the period under review.

**Recommendations**

- Issues relating to both the current and unforeseen environmental concerns should be factored in the council and devolved sectors respective budgets and programme of work. This will reduce likelihood of duplication, and help tackle both current and unforeseen problems.
- Environmental performance targets should be set by the council and these should be regularly monitored and reviewed by a responsible officer.



## CHAPTER III REPORT ON THE REVIEW OF THE IFMIS

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## MAIN POINTS

### What we examine

Government of Sierra Leone first introduced the Integrated Financial Management System (IFMIS) with the objective of promoting efficiency, accountability, transparency and comprehensive financial reporting in 2005. Over the years, our audits have revealed that the extent and nature of IFMIS usage varies between ministries, departments and agencies (MDAs). Work processes and institutional arrangements were affected by the introduction of IFMIS and its usage and functionality have not been free from challenges. With this chapter, we hope to assess its current effectiveness and make informed recommendations that may serve as guidelines in the further implementation of IFMIS.

We did the following:

- We reviewed the IFMIS project documents, contract agreement, work plans and IFMIS roll-out plans (2015-2018).
- We read reports on the functionality and effectiveness of IFMIS across the INTOSAI community.
- We treated the report of AH Consulting Ltd as informed expert input during the review.
- We conducted in-depth interviews and meetings with senior officers of the AGD, PFMICP, ICT and PFMRU officers of MoFED.
- We reviewed previous Management Letters for selected MDAs.
- We visited all MDAs who use IFMIS in order to confirm the nature and extent of its usage.

### Why is it important

The GoSL and its development partners through the Integrated Public Financial Management Reform Project (IPFMRP) have invested significant sums to improve the financial management system at the Treasury. IPFMRP supports GoSL in sustainably improving the credibility, control and transparency of fiscal and budget management. The introduction of a new information system fundamentally changes the way operations are carried out and therefore requires a carefully managed process.

There are five components to the project. One of these is strengthening central finance functions. This component undertakes various cross-cutting activities including IFMIS rollout, all aspects of training and Human Resource (HR) capacity development that are required to support the main Public Financial Management (PFM) functions. The World Bank support to this project was US\$4 million grant through the IDA<sup>1</sup>.

### What we found

If there is an overarching conclusion from this study, it would be that the expected outcomes following the introduction of IFMIS have not yet been fully achieved.

There was no evidence of an IT governance structure such as an IT Steering Committee. However, there is an IT strategic policy at national level that align the IT goals and objectives with the MDAs using the system but non at MDA level. The current structure of IFMIS suggests that the Accountant General is not the business owner even though it is the ultimate user.

Other financial systems are not interfacing with IFMIS. Integration of the IFMIS enhances transparency and accountability of the financial management processes. In the absence of systems integration/interfacing, institutions are at liberty to restrict financial information from GoSL which also

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<sup>1</sup>projects.worldbank.org

lessens the spirit of accountability and transparency and hence is a recipe for corruption. In addition, not all IFMIS modules are utilised. However, financial reporting has improved in terms of timeliness and accuracy.

An appropriate IT security policy document has not been established and communicated to all relevant personnel. There was no evidence to suggest that an appropriate business/disaster recovery plan and back-up policy was in operation to identify, reduce and manage risks from significant IT outages, however caused.

There was no policy on password management. In some instances system users in MDAs changed their own passwords. In cases where it was not done by them, passwords were changed by the system by default.

The AGD did not have a help desk designated to assist end-users and record all complaints and the manner in which they were addressed. Furthermore, the ICT of MoFED did not produce a complaints register.

Training, a key component for the effective implementation of IFMIS, had been provided by PFMRU to users across MDAs to ensure that activities were properly and adequately captured within the system. There were no detailed operation manuals for the various users. However, there is a training manual for the FA and CSM modules.

The functionality for contract management is at the moment not available in IFMIS and this is a major activity in all MDAs.

Key fields, such as the National Social Security Number, are not mandatory despite their importance. The functionality that enables the system to prompt HRMO about imminent retirement dates is lacking.

An asset register for use by IFMIS project was available and majority of the computers and equipment were physically verified at their locations. Some of the assets that were missing had police reports to substantiate the claims and in some instances, the assets were reported not to have been delivered.

### **3.1. ABOUT THIS CHAPTER**

This chapter presents a review of the Integrated Financial Management Information System (IFMIS), the accounting and integrated information application central to the PFM in the government of Sierra Leone. IFMIS uses a Canadian developed commercial-off-the-shelf (COTS) software engine, FreeBalance, at its core. The review focuses mainly on the roll-out of the system to MDAs. The chapter is divided into the following sections:

- Background to Sierra Leone's Public Financial Management System.
- Our observations on the use and functionality of the system.
- Conclusion and recommendations.

The chapter highlights major concerns observed during our review of the roll-out to MDAs.

### **3.2. REVIEW OBJECTIVES**

The overall objective was to review the effectiveness of IFMIS roll-out to MDAs. Specific objectives were to:

- Confirm that IFMIS has been rolled out to all MDAs.
- Confirm that IFMIS is being effectively utilised in MDAs.
- Ascertain the extent of integration and interface with other key government applications (e.g. between BSL, NRA and the AGD, HRMO human resource systems).

- Establish factors influencing the use and functionality of IFMIS.
- Clarify allocation of responsibility and overall governance for IFMIS.
- Ascertain the investment in IFMIS by donor partners and GoSL.
- Review aspects of security over IFMIS and related information databases.

It is hoped that this review will provide guidance for improved IFMIS implementation and upgrading of the application.

### **3.3. REVIEW CRITERIA**

For the purpose of the review our criteria have been drawn from selected activities that are to be accomplished as indicated in the December 2016 annual report of the Public Financial Management Improvement and Consolidation Project (PFMICP). These activities, and others determined by the review team, were the bedrock of our review against which progress was measured as at December 2016:

- Success of the roll out of IFMIS to 54 MDAs by December 2016.
- Building and deployment of centralised IFMIS support platform for the provision of help desk and technical support services to all IFMIS users.
- Deployment of a full Electronic Funds Transfer (EFT) platform, interfaced with the IFMIS.
- Establishment of a business continuity site for IFMIS that is fully compliant with generally recognised international standards and good practice.

The study criteria have also been influenced by best practice in other jurisdictions, projects documents, contract agreement, work plans, IFMIS roll-out plans and generally accepted standards of good practice in the management and implementation of the ICT projects across INTOSAI communities. We therefore expected to find the following:

- That government has demonstrated commitments in initiating and sustaining IFMIS.
- A clear, well-articulated and widely-understood vision for IFMIS, backed by a comprehensive strategic and detailed project plan.
- IFMIS has been rolled out to all MDAs.
- Key areas, such as budget commitment, payment processes, asset and liability management, have been substantially automated.
- Clearly articulated governance structure for the IFMIS generally, the implementation project and well defined organisational structure with assigned responsibilities and accountabilities.
- Well-functioning IFMIS interfaces with other systems such as those maintained at the Bank of Sierra Leone and the NRA.
- Adequate business continuity and disaster recovery plans in place and periodically tested.
- An adequate asset register.
- Adequate physical and environmental controls including logical and physical security procedures.
- Adequate back-up policies and procedures.
- Training resources and facilities to support IFMIS at all levels both technical and end-user.
- Suitably qualified and experienced personnel in MDAs to operate and monitor the IFMIS activities.

### **3.4. SCOPE AND METHODOLOGY FOR THE REVIEW**

IFMIS was initially implemented at MoFED as a central repository of the government's financial transactions in 2005 with multi-year plans for progressive roll-out using a wide-area network (WAN) to MDAs for their use on-line and managed centrally by the Accountant General's Department (AGD). It has been used successfully for basic record-keeping since then, with the financial statement component of the annual public accounts of the government being produced from the IFMIS database supplemented as necessary by Excel spread sheet support. In 2015 technical upgrades were tendered for with donor support. As part of the upgrade the Minister of Finance commissioned an independent assessment of IFMIS which was undertaken by AH Consulting Ltd and published in October 2016. During the review we treated the report of AH Consulting Ltd as informed expert input.

This chapter covers three-year period 2014 to 2016 and focuses on implementation and roll-out of the IFMIS/FreeBalance accountability suite to MDAs. It examined those aspects of PFM that relate to IFMIS in GoSL with specific and special reference to the governance structure, the equipment, training, connectivity and monitoring and evaluation of the system.

In conducting the IFMIS review the following were carried out:

- Standard questionnaires were developed to guide structured interviews.
- We treated the report of AH Consulting Ltd as informed expert input during the review.
- We reviewed the IFMIS projects documents, contract agreement, work plans, IFMIS roll-out Plan 2015-2018, international reports on the functionalities and effectiveness of IFMIS/FreeBalance.
- We conducted in depth interviews and meetings with senior MoFED officers from the AGD, PFMICP, ICT, and the PFMRU.
- We reviewed previous Management Letters for selected MDAs.
- The ASSL team also visited MDAs, conducted interviews with key financial officers and IFMIS end-users to confirm the use of the system.

### **Background to Sierra Leone's Public Financial Management System**

As noted above, the GoSL started implementation of the IFMIS in 2005. It was undertaken with the technical and financial assistance from the UK Department for International Development (DFID), the European Commission (EC), the African Development Bank (AfDB) and the World Bank (WB).

IFMIS is a tool used to achieve PFM reforms. It was implemented with the objective of improving the capacity of the government of Sierra Leone to effectively manage domestic revenue and donor support. IFMIS is a financial system that assists budget preparation, execution, cash management and reporting. It contributes to more efficient use of domestic revenue and donor support for service delivery.

Secondly, a prerequisite for sustainable financing is the ability of those charged with governance to manage, account and report with accuracy and timeliness on the funds entrusted to them. With IFMIS at the centre of PFM reform, donor confidence and that of citizens and other stakeholders will be enhanced and at the same time improve trust that has already been eroded by civil conflict and mismanagement.

Furthermore, the world has become a global village. An economic crisis in other parts of the world has a direct effect on the economies of third world countries such as ours. It is therefore very important for those charged with governance to better manage revenue and expenditure so as to effectively deliver services to its people

In short, IFMIS was introduced in part because it uses internationally approved accounting practices and transparency. Figure 1 below shows the ‘fiscal circle’. Furthermore, the Software must meet multiple accounting and reporting needs such as the World Bank, IMF, IAS, GAAP, IFAC, best-practices, donors, creditors and one that is unique-to-country.



**Figure 1 Key Features of IFMIS**

The application software of IFMIS utilised by the AGD encompasses most of the modules indicated in Figure 1 including: Expenditure, Revenue, Government Performance Budgeting, General Ledger, Purchasing, Fixed Asset, Inventory and Stores, Human Resources

Management and Payroll. However, the modules in use at the AGD includes: Crystal Reports (CR), Financial Accountability (FA), the Purchasing Accountability (PA), Civil Service Payroll and the Pay Station check printing. The aim of the GoSL was to roll out IFMIS to all MDAs. However, 30 MDAs have accessed the system and rollout to 24 additional MDAs to be completed on 31st December 2016.

### **Benefits of IFMIS**

The key elements of IFMIS give users considerable benefits that would otherwise be difficult for a developing country. These include but are not limited to the following:

- Has engendered more timely and accurate financial reporting. For instance, the Accountant General has produced the annual accounts on the activities of GoSL on or before 31<sup>st</sup> of March each year.
- It has provided key stakeholders like parliamentarians, NSAs, donors, citizens, etc. with better information and easy access to it.
- Users can process financial transactions from varied geographical locations on-line yet allows for overall control by the AGD. There are controls to ensure more accurate accounting, recording and reporting.
- The system allows for rigorous external scrutiny and has an audit trail.
- Makes monitoring and evaluation easier for the Accountant General.

### **3.5. DETAILED OBSERVATIONS**

#### **Roll-out of IFMIS to MDAs**

The intention of the GoSL was to rollout IFMIS to 54 MDAs by the 31<sup>st</sup> December, 2016. However, review of the PFMICP annual report and our physical verification confirmed that out of the 54 MDAs planned only 30 have been connected. The remaining 24 MDAs are yet to be connected. In ascertaining the reasons for the delay in rollout we noted there were hold-ups in procurement especially with international competitive bidding and the World Bank, as it relied on the outcome of the independent assessment of IFMIS conducted by AH Consulting that was to be completed in December 2016. (See Appendix C for list of MDAs visited during the study.)

Reported items from previous ASSL audit reviews of, as shown in the text boxes, are reconfirmed and consistent with the most frequently reported issues of poor network connectivity; intermittent power-cuts; and ineffective computers. In some instances, operating officers reported that system failures are not addressed on time. This had serious implications for institutions using, or attempting to use, IFMIS on a daily basis. For example, end-users of IFMIS at the Ministry of Education, Science and Technology

(MEST) have not been able to use the system for over a year and nothing has been done to remedy the situation.

### **Investment in IFMIS by donor partners and GoSL**

Over the years significant sums have been invested by both donor partners and GoSL to reform and improve public financial management. IFMIS is at the centre of these improved arrangements. Our review of various documents revealed that at least USD8.9million has been expended to ensure that the GoSL operates under a sound system of public financial management and control. However, it is crystal clear that much is yet to be achieved. As of the 30 MDAs to which IFMIS has been connected on-line, only a few are operating to a satisfactory level.

### **Effective utilisation of the IFMIS in MDAs**

Version 6.5e of the FreeBalance application software is used by the GoSL. FreeBalance Financials is the financial management integrated application designed for the public sector. While it provides for unified budget execution based on Generally Accepted Accounting Principles (GAAP) as used by AGD the accounting standard is Cash-basis IPSAS as adapted to GoSL.

#### *Integration and interface*

We noted from our review that there is no interface between Bank of Sierra Leone (BSL) systems, the AGD IFMIS and the systems operated at NRA. Data, such as bank statements, tax and non-tax revenue collected is transferred manually between AGD and BSL and between AGD and NRA. Apart from the security risk resulting from the manual transfer of data, there have been instances where data integrity has been compromised. For instance, previous audits of the public accounts have identified inconsistencies between revenue data provided by NRA and that disclosed in the accounts. As the text box indicates this is not a new problem.

Integration with IFMIS promotes transparency and accountability in the financial management processes. The IFMIS applications are not integrated. In the absence of systems integration/interfaces, institutions are at

An examination of the transit bank statements and the BSL statement showed that the total collection by Rokel Commercial Bank was Le17.1 billion. Of this only Le13.8 billion was traceable to the available BSL Bank Statement account number 110582. The difference of Le3.3 billion cannot be traced to the same BSL Bank Statement as at 31st December 2011

- ***Auditor General's Annual Report 2012***

liberty to withhold financial information from GoSL which also erodes the spirit of accountability and transparency and is a recipe for corruption. For instance, over the years our audits of MDAs and the Public Accounts have revealed challenges with regard the transfer of tax and non-tax revenue to the BSL using transit bank accounts and Electronic Fund Transfer (EFT). In some cases, amounts said to have been transferred could not be traced to the designated bank accounts at the BSL. There were also instances where there were significant delays in the transfer of tax and non-tax revenue paid through these transit banks to the BSL.

#### *Documentary Controls*

There was no evidence to suggest that an appropriate business/disaster recovery plan and backup policy is in operation to identify, reduce and manage risks from significant IT outages. We noted from our previous audits that backup procedures were carried out by ICT department team daily or when they are required. There was no appropriate data protection policy and a fixed asset policy in accordance with statutory responsibilities

#### *Data Processing Control*

There were no appropriate batch controls or reconciliations to ensure consistency between the records input to a system and outputs generated. There are specific and/or restricted persons who have access to

add and/or amend standing data records. There is an adequate audit trail over amendments to standing data. However, the audit trails are not activated and as such it is difficult if not impossible to obtain adequate data on those who have used the system.

#### *Password Management*

Passwords are in use in all MDAs visited. However, there is no policy – at MDA level - on password management. From our interviews, we observed that only 20% of passwords are actually changed on a regular basis or that the change is being monitored by ICT/MoFED. It's all rather haphazard with users in some instances changing passwords themselves or even not at all. The lack of password management policy is inconsistent with good practice and casts doubt on the data and information integrity and, when taken with network deficiencies noted by AH Consulting Ltd. In its 2016 report, leaves confidential databases open to the risk of unauthorised modification or even cyber-attack.

#### **Lack of a Complaints Register**

According to the Annual Work Plan (AWP) of 2016, a centralised IFMIS support platform was to be deployed to all IFMIS rolled out MDAs. The purpose of the support platform was to provide help desk and technical support services. Good practice dictates that the help desk maintains a complaint register. The complaints register records issues received from end-users of the system. This help desk facility was not been set up and has been rolled over to 2017AWP. Based on our interviews we noted that while issues are directed to ICTD of MoFED and/or the AGD no register of help desk issues is raised.

The lack of this sensitive record means that there is scarcely any way to reliably know the number of complaints received monthly, how these are resolved, and by whom.

#### **ICT Infrastructure**

The term IT infrastructure refers to the composite hardware, software, network resources and services required for the existence, operation and management of an enterprise. Infrastructure allows an organisation to deliver an IT solution and services to its employees, partners and/or customers and is usually internal to an organisation and deployed within owned facilities.<sup>2</sup> During the review of the IFMIS infrastructure we observed the following

#### *Management of ICT assets and equipment*

Effective asset management maximises the service potential and life-cycle of assets by ensuring that they are appropriately utilised, maintained and safeguarded. Life-cycle cost from acquisition to disposal is optimised. Clear lines of accountability and responsibility for performance are created and demand for new assets reduces since the existing ones are optimally utilised.

A stock take exercise carried out by a team of ASSL auditors revealed that there is an asset register showing records of all ICT assets and equipment bought for use in the IFMIS project by PFMICP. The majority of the computers and equipment were seen at their various locations when ASSL conducted a physical inspection. However, some assets were not made available for verification, due largely to the fact that in most cases, the assets in question were reported missing and police reports were submitted to substantiate such claims. In other instances, the assets were reported as having never been delivered. See Appendix B

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<sup>2</sup><https://www.techopedia.com/definition/29199/it-infrastructure>



### *Physical Security*

It was observed that adequate care is not being taken to control the access of non-IT staff into the server room. For instance there is no server room activity register in place. A server room register is a register that keeps accounts of all traffic into and out of the server room. It records activities carried out by those to whom access has been granted. There is no evidence that previous recovery tests such as data recovery test and performance recovery tests are documented. There is a risk that the non-existence of restoration strategies and procedures means that there will be no fall-back internal resource in the event of disagreement between the supplier and the business owner. In addition, in the absence of a server room register it will be difficult to identify who did what at any point in time and for what purpose.

### **Training and capacity building**

Training, a key component for the effective implementation of IFMIS, had been provided by PFMRU to users across MDAs to ensure that transactions and related activities are properly and adequately captured in the management information system.

However, we noted instances where staff transferred from one MDA to another or who were on vacation or had even retired left the incoming staff untrained and unfamiliar with the system.

Even though there is a room designated for training purposes at the AGD, there is no documented training strategy for new recruits. However, there is a training manual for the FA and CSM modules.

- i. There are no detailed user operation manuals for the various users.
  - ii. Users were only given two-day training which was considered to be inadequate.
  - iii. Very few transactions processed by the Ministry of Health and Ministry of Works.
  - iv. Senior officers of the NRA also disclosed that the training given to their staff is inadequate and that the IFMIS is yet to be rolled-out to them.
- **Auditor General's Report on IFMIS 2007**

As one would expect the number of users varies from MDA to MDA. The minimum number of users is four and maximum of seven. The Financial Accountability, civil service payroll and the Purchasing Accountability are mostly in use in all MDAs visited. Users have varying knowledge of the modules they have been trained in. However, some of those we interviewed did not even know the names of modules. For instance, improper module names in use include: Perm save, Temp Save, Approval, Select Payment, Received LPO, etc. which are really just application functions. This indicates minimal knowledge and likely reflects poor training by MoFED/AGD and as indicated by the text box above this is a not new problem – we reported it in 2007. It seems that the expected benefits associated with the effective use of IFMIS modules by MDAs remains to be realised.

### **Contract management**

We have been auditing and reporting on the weaknesses in contract management for a number of years and our messages have been consistent on the need to pay urgent and focused attention to improving contract management processes and systems across MDAs.

The functionality for contract management is, at the moment, not available in IFMIS. This is a major activity in all MDAs. Not all non-compliance has a financial impact, but some legislative requirements, if not met, may result in the GoSL facing a risk of financial loss through excessive expenditure (uneconomical use of funds), fruitless and wasteful expenditure and lost revenue.

## Payroll

The GoSL operates a centralized payroll payment process which has been characterised by numerous weaknesses as revealed by our audits over the past years. Payroll irregularities committed were mainly in respect of salaries paid to staff who have retired and contributions deducted and paid over to the trust for employees without NASSIT numbers within the payroll Civil Service Management system. These anomalies have been made possible because of defects identified in IFMIS. For instance, inclusion of key fields such as the National Social Security Number is not mandatory despite their importance. The functionality that enables the system to prompt HRMO for imminent retirement dates is also lacking. Instead HRMO relies on manual systems which are prone to errors. A typical example is that employee PIN numbers are assigned manually. An employee pin number is a personal identification number (PIN) that is unique to the staff and cannot be given to any other staff even when the staff has retired, died and/or resigned.

A careful review of the payroll system revealed that 2,981 employees did not have National Social Security and Insurance Trust Numbers. Amounts totalling Le96 million represented salaries paid to staff who had retired.

- *Auditor General's Annual Report 2012*

## IT Governance

IT Governance is an integral part of enterprise governance and consists of the leadership and organisational structures and processes that ensure that the organisation's IT sustains and extends the organisation's strategies and objectives<sup>3</sup>. There was no evidence of an IT governance structure such as an IT Steering Committee and an IT strategic plan that align the IT goals and objectives with the various MDAs that use the system. The current structure of IFMIS does not define that AGD is the business 'owner' even though, as the ultimate user of the databases, it clearly rests there as is widely understood to be the case. For instance, all complaints from users of the system in MDAs as recorded on our interview notes are reported to ICT of MoFED rather than to the AGD, the ultimate users and business owners. At the moment there is a Project Implementation Technical Committee (PITC) which is coordinated by the ICT Department (ICTD) of MoFED and not the AGD. An IFMIS strategy is only now although the IFMIS project was initiated in 2005. The general approach across MoFED portrays an image where the IFMIS is viewed as a system of the ICTD and not AGD. All critical decisions, service support challenges and resource needs are being pushed to the ICTD.

### 3.6. CONCLUSION AND RECOMMENDATION

IFMIS is a financial management system that has worked effectively and efficiently in many parts of the world. In Sierra Leone, the outcomes expected have not been fully achieved because of the series of limitations both human and material. Our study showed that financial systems used to record and process transactions installed in key institutions such as the BSL and NRA are not interfaced with IFMIS. Therefore, uploading information from these other systems to IFMIS is done manually and leaves such entries frequently done by journal entries, prone to errors and/or manipulation.

There has been some improvement in accounting, recording and reporting of financial transactions in terms of timeliness and accuracy.

The main challenges facing the IFMIS are the lack of policies such as IT Security policies, and inadequate knowledge especially when there are staff redeployments. It is recommended that those charged with

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<sup>3</sup> A Presentation by African Organization of Supreme Audit Institutions-English Speaking (AFROSAI-E) on IT Governance in 2013 in South Africa

governance ensure that appropriate IT security policies and user manuals are put in place during the upgrade project.

The functionality that enables the system to prompt HRMO about imminent retirement dates is absent and this should be considered during the upgrade. This will eliminate wastages in the system.

IT Governance, an integral part of Enterprise Governance is not in place. There was no evidence of an IT governance structure such as an IT Steering Committee and an IFMIS strategic plan that align the IT goals and objectives with the various MDAs that used the system. The current structure of the IFMIS does suggest that the AGD is not the business owner even though they are the ultimate users of the system. At the moment, there is a PITC which is coordinated by the ICTD and not the AGD. It is only now that an IFMIS strategic policy is been prepared since the inception of the IFMIS project in 2005. It is hoped that this document will outline a well-documented process geared towards the effective implementation of the upgrade project.

It is certain that effective asset management maximises the service potential of assets by ensuring that they are appropriately utilized, maintained and safeguarded. It is therefore recommended that an updated asset register indicating the status in terms of age, availability, present value, etc. should always be readily available for inspection.

There is an adequate audit trail over amendments to standing data. However, the audit trails are not activated. It is recommended that the audit trail is activated so as to obtain adequate data on those who have used the system and for what purpose.

## **CHAPTER IV - PERFORMANCE AUDITS**

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## MAIN POINTS

The chapter summarises the performance audits we tabled in Parliament this year as special reports under Section 95(6) of the PFMA, 2016. 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”.

### What we examined

We submitted two Performance Audit reports to Parliament for tabling in July, 2017. The audits were concerned with an independent assessment of the implementation of Youth in Drainage Clearing Projects by the Ministry of Youth Affairs and the Monitoring of Environmental Compliance and Enforcement by the Environment Protection Agency Sierra Leone.

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 “to do the right things 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, that activity 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 to 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 there is value for their moneys or contributions to the nation’s revenues. 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 outcome.

### What we found

A brief summary of the findings in the reports tabled in 2017 is presented below:

#### ***1. Youth in Drainage Clearing Project – Ministry of Youth Affairs***

The following were observed:

- The implementation of the Youths in Drainage Clearing projects was not linked to the intended outputs and objectives of the project since there was no framework for proper planning and implementation of the project. In particular, the absence of a signed MOU between the Ministry of Youth Affairs and key stakeholders poses serious financial impediments and commitment from the various stakeholders in implementing the project.
- The identification and recruitment of youths was not based on defined eligibility criteria, thereby increasing the possibility for the exclusion of deprived and vulnerable youths from benefiting from the livelihood programme. The recruitment of youths outside registered youth groups was in contravention of the revised National Youth Policy (2014) and undermined the purpose of forming and registering youth groups that should receive special attention in implementing youth programmes. The absence of unique identification of participants posed further challenges in ensuring that payment was made to deserving participants and affected efficient and effective monitoring and auditing.

- The arrangements for ensuring that the team carried out assigned duties were not effectively done by the Ministry. The Ministry limited the involvement of SLRA and failed to establish adequate systems to identify the scope of work and certification of work done. This increased the risk of misuse of project funds and raises the question of creditability in the whole process. The inadequate provision and control of tools and equipment provided to youths hindered productivity in the project and loss of man hours. Irregular supply and limited use of the personal protective equipment potentially posed serious risk to the health and occupational safety of the youths while executing their assigned duties.
- Ad-hoc systems of monitoring affected the Ministry in tracking the progress of the project and taking necessary and corrective measures in a timely manner. Failure by MoYA to introduce training in microeconomic businesses affected the sustainability of the livelihood of the beneficiaries.

## **2. *Environment Protection Agency – Sierra Leone***

The following were observed:

- We noted the efforts made by the EPA-SL to provide environmental regulations and undertake monitoring activities. However, the audit revealed that environmental issues have not been adequately managed, monitored and coordinated leaving room for potential undermining of environmental sustainability in Sierra Leone.
- The EPA-SL's spreadsheet omitted some proponents carrying out activities which may qualify for EIA licenses thus rendering the agency's database incomplete and ineffective for planning and execution of environmental monitoring and auditing activities.
- There were proponents operating without EIA licenses; especially exploration companies. The EPA-SL did not keep adequate track of proponents' quarterly and annual reports that should be submitted to them or those due for submission. The twenty percent (20%) environmental monitoring fees embedded in the EIA license fees that was not used wholly for environmental monitoring would result in less thorough and efficient coverage of the many proponents nationwide.
- The significant numbers of artisanal miners in the rural areas that are basically involved in diamond, gold and sand-mining operations have not been inspected due to weak coordination between the agency and NMA and limited capacity or constraints stemming from the conflict of interest between economic and environmental protection. This resulted in artisanal activities been unattended to; even though artisanal mining aggregated environmental foot print could be much larger than large scale mining companies.

### **4.1. INTRODUCTION**

Performance audit has been practiced at the Audit Service Sierra Leone since 2008 when it was introduced to as a component of an audit capacity development project. Creating a performance audit capability requires careful staff selection and training. Practitioners are required to have very strong analytical skills and be capable of quickly assimilating a broad range of data and information across a variety of functional areas and business activities or functions. The fundamental skill-set is a strong knowledge of basic and classical audit techniques. Consequently, performance auditors are 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 a background in the social sciences.

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 thirty years. Its practice is virtually unique to the public sector and mostly to Supreme Audit Institutions (SAIs). As a consequence,

the professional audit standards that apply to it have largely been developed under the aegis of the International Organisation of Supreme Audit Institutions (INTOSAI), 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 reports which were tabled in Parliament this year.

#### **4.2. 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.

Performance auditing aims to contribute to improved economy, efficiency and effectiveness in the public sector. It also aims to contribute to good governance, accountability and transparency. Performance auditing seeks to provide new information, analysis or insights and, where appropriate, make recommendations for improvement.

Performance auditing often includes an analysis of the conditions that are necessary to ensure that the principles of economy, efficiency and effectiveness can be upheld

Broadly speaking, the principles of economy, efficiency and effectiveness – often referred to as the 3Es - can be approached as follows:

- The principle of ECONOMY means minimizing the costs of resources. It requires that the resources used by the audited entity for its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
- The principle of EFFICIENCY is getting the most from available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing.
- The principle of EFFECTIVENESS concerns meeting the objectives set and achieving the intended results and impacts.

Performance auditing promotes *transparency* by affording taxpayers, financiers, ordinary citizens and the media 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 improvement.

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:

List of Performance audit reports from 2009 to 2017			
No.	MDA	Title of report	Year tabled / Published
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
13	Sierra Leone Road Transport Corporation	Management of Government Commercial Buses	2016
14	Ministry of Works Housing and Infrastructure	Management of Government Residential Quarters	2016
15	Ministry of Youths Affairs	Implementation of the Youths in Drainage Clearing projects	2017
17	Environment Protection Agency-Sierra Leone	Monitoring of Environmental Compliance and Enforcement	2017

Detailed summaries of the 2017 performance audit reports are presented in Para 4.3 below. In these reports, we assessed the performance of the two MDAs and indicated how performance may be improved. The recommendations were made aimed at adding value not only to the Ministry / MDA but to society as a whole.

#### 4.3. SUMMARY OF 2017 PUBLISHED PERFORMANCE AUDIT REPORTS

##### 4.3.1. Ministry of Youth Affairs

Employment is a key catalyst to development. The youth age is also very crucial to productivity. Unemployment and underemployment especially amongst youths have become a growing concern in the country. Approximately 70% of youths in Sierra Leone are either underemployed or unemployed and an estimated 800,000 youths today are actively searching for employment. To signify this concern, the Ministry of Youth Affairs (MOYA) was established in 2013 by the Government of Sierra Leone to address the issue of youth in the country.

The Government of Sierra Leone (GoSL) has made efforts to address the issue of youth unemployment. This was echoed at the state opening of parliament in 2013 when the government emphasised that it is committed to improving the socio-economic status of youth. Hence, the 2014 budget theme was — Improving the Livelihood of Youths, Women and our Workforce. One of the proposed activities was the Youth in Drainage Clearing Project established with the objective of giving a livelihood to vulnerable youths and to build their capacities in micro-economic businesses, and at the same time improve environmental sanitation.

The government through the Road Maintenance Fund Administration (RMFA) and with donations from the Commonwealth disbursed Le 15.391 billion for the implementation of the Youth in Drainage



Clearing Project (YDCP) between July 2013 and June 2015. However, youth unemployment is still on the increase.

The ASSL undertook this audit to assess the implementation of Youths in Drainage Clearing Project by the Ministry of Youth Affairs in providing livelihood support to the youths and to build their capacities in micro-economic businesses management.

The audit aimed at answering the following questions:

- Has the Ministry identified and recruited into the project youths in need of livelihood support?
- Does the Ministry have effective arrangements for ensuring that the teams carry out assigned duties?
- Has the training provided by the Ministry enhanced the capacity of youths in establishing micro-economic business?

**The following issues were noted:**

**(i) Identification and recruitment of youths into the project**

- During the audit, we found out that the Ministry implemented the DYCP in November 2013 without a project proposal that indicates the needs assessment done for the provision of livelihood for youths until March 2015.
- There was no signed Memorandum of Understanding (MOU) between the Ministry and key stakeholders for the implementation of the project. An MOU was drafted in July 2013 highlighting the roles of the key stakeholders. In October this MOU was suspended in a meeting between RMFA and MOYA leaving the implementation of the project entirely in the hands of the Ministry.
- Eligibility criteria for recruitment of youths into the YDCP were not followed. These included the recruitment of youth participants between 15–35 years; must be occupant of the work site community; must not be engaged in other income generating activities and must be members of registered youth groups. Review of participants' lists revealed that youths were recruited outside these categories.

**(ii) Arrangements for teams to carry out assigned duties**

- Participating youths were to receive a monthly stipend of Le 400,000; supervisors Le 500,000 and monitors Le 1,000,000 monthly. The audit revealed that there were delays in the payment of stipends. The longest delay was five months. Deductions were also made from the stipulated amount of stipends to be paid to the participants of the project. A daily attendance register was established to keep track of the attendance of participants at various work sites. The register was not updated to serve as a basis for the payment of actual work done for some sites visited.
- For a project of this nature to be effective, appropriate and adequate tools are needed. The tools supplied to the various groups were inadequate to engage members of the teams at the same time. For the period March 2014 to June 2014 a total of Le478,424,000 was expended on the purchase of tools and protective gear. In the period March 2015 to June 2015, the Ministry also purchased tools and equipment to the tune of Le1.78billion. With the few tools and equipment, they had, there was no routine maintenance arrangement in place especially for the 50 tricycles procured for the carting away of the garbage cleared from the drains. At the time of the audit, most of the tricycles were not in working order.

**(iii) Capacity building**

- According to the draft project proposal, participating youths were to be given training in micro-economic business to enhance the likelihood of a sustainable livelihood. It was noted during the

audit that this aspect was completely ignored.

#### **4.3.2. Environment Protection Agency – Sierra Leone**

There has for some years been growing concerns that Sierra Leone's natural resources are not contributing meaningfully to economic growth and national development. Most development activities are carried out without due consideration for the environment. The Government of Sierra Leone and its development partners have made significant contribution in terms of funding and technical support to the Agency responsible for the efficient and effective management of the environment of Sierra Leone. EPA-SL has made gradual progress in environmental monitoring including the establishment of a centralized Geographic Information System database. Despite this and other developments, Sierra Leone still suffers from environmental problems such as; flooding, deforestation, etc. Based on these issues, the Audit Service Sierra Leone undertook this audit of the Agency to understand the issues and make recommendations for improvement where appropriate.

The objective of the audit was to assess the activities of the EPA-SL in its role as monitor of environmental compliance, and ensure enforcement for non-compliance.

The audit specifically sought to assess whether:

- EPA-SL has developed a comprehensive database of proponents to effectively ensure environmental compliance?
- Routine and annual environmental monitoring activities were carried out by the Agency timely and effectively?
- The institutional and human resource capacity to carry out effective environmental monitoring and auditing is adequate?
- There is effective collaboration and coordination between the Agency and other stakeholders for effective environmental monitoring activities?

**The following issues were noted:**

##### **(i) Environmental Database**

- The spread sheet of proponents produced by the EPA-SL at the time of the audit was not sufficiently comprehensive to include all proponents, proponents with closed operations, the actual status of proponents, etc. The auditors discovered a total of six (6) proponents during field visits which were not on the list produced by the EPA-SL.
- It was noted that from the 31 proponents visited by the auditors, 22 were operating with EIA licenses whilst 9 were operating without an EIA license. It was also discovered during field visits that four exploration companies were operating without EIA licences.

##### **(ii) Monitoring of Licensed Projects**

- The auditors noted that the agency started providing proponents with monitoring reports in 2015. From the interviews conducted with the 22 proponents who were operating with EIA licenses, only 13.6% responded that they received monitoring reports from proponents whilst 63.6% responded that they did not receive monitoring reports and 22.8% expressed that that they were not aware whether or not their companies received such reports from the EPA-SL.
- 20% of all EIA license fees collected should be used for monitoring of the activities of licenced proponents. . A review of EPA-SL's accounting records shows that the 20% portion of the EIA license fees collected were not used exclusively for monitoring purposes.
- Proponents are required to fully comply with the terms and conditions of the EIA license. From the review of documents, physical observations and interviews conducted, it was instances were noted of non-compliance with the EIA license terms and conditions ranging from the failure to

display it in a conspicuous place to notifying the agency of the intention to transport waste oil, plant and also machinery not being equipped with noise reduction systems, etc.

- During field work in Bo and Bombali, First Tricon, and CSE construction companies respectively carried out blasting activities that caused air blast overpressure and ground-borne vibration resulting in damage to nearby houses and villages. Further review of records showed that these companies were not in the EPA-SL's list of proponents.

### **(iii) Human and Institutional Capacity**

- Human resources for implementation of monitoring activities were inadequate as the northern, southern and eastern regional offices where mining, forestry, agricultural and other activities were predominantly taking place had only one permanent resident technical staff. The regional office proposed for Kenema in the EPA-SL Strategic Plan 2012-2016 was yet to be established and the operations in Kenema District were covered by the Bo office.
- We noted that tools and equipment to test and measure certain parameters for air, water and soil quality, and noise levels during environmental monitoring and auditing were not available prior to September, 2015. Interviews with proponents disclosed that samples of various parameters of environmental importance on their projects were rarely collected by the EPA-SL to verify or validate the quarterly environmental monitoring reports sent to EPA-SL by proponents. The proponents also mentioned that when done test results were rarely communicated to them in writing.

### **(iv) Collaboration and Coordination between the Agency and other Stakeholders**

- The agency had established linkages with lead agencies for mainstreaming environmental issues. The auditors noted that there was no Memorandum of Understanding (MOU) between EPA-SL and key MDAs to guide the monitoring process.
- There were no monitoring exercises for some sectors and local government to enhance coordination and integration of environmental issues in national development plans and programs. Moreover, the agency was not undertaking monitoring activities for sectors, such as, motor repair garages and welding shops, hotels and entertainment centres as mandated by the EPA-SL Act 2008 (as amended in 2010).
- The audit team noted that the regulation of artisanal mining activities has been left wholly in the hands of the National Minerals Agency (NMA) and there was limited collaboration between EPA-SL and NMA. As a result, rehabilitation of artisanal mined-out areas had been left unattended by both parties even though rehabilitation fees were being paid as part of artisanal mining license fees.

# **PART II**

## CHAPTER V- MINISTRIES, DEPARTMENTS AND AGENCIES

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## **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 Le75.5billion. 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. This is so because control over imprest accounts is weak. As such analysing and posting expenditure accurately to ledger accounts is seriously impaired.
- 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, the challenge of reluctance in making available requested documents to our auditors for review is still prevalent in few institutions. Our

recommendations for improvement in controls remain unimplemented in some MDAs. Moreover, some entities have failed to make adequate, if any, responses to our findings.

Our 2016 audits of the many institutions that make up the sector strongly suggest that improvements have occurred. However, more work remains to be done to improve the overall delivery of resource management with due regard for economy, efficiency or effectiveness or fully in accordance with the intent of Parliament.

The findings, expanded upon in greater detail are shown below.

## **5.1. MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT-2016**

### **5.1.1. Disaggregation of procurement**

A Review of the approved procurement plan, payment vouchers and other supporting documents revealed that payments were made to service providers for goods and services totalling Le3.8 billion. However, a valid contract document was not submitted upon request to support such transactions. It is apparent that management reviews on transactions before they are authorised is either not done or it is only done for few transactions. Our review further revealed that procurements of goods and services are not centralised. We were told that each time a department desires to procure a good or service, a request is forwarded to the head of procurement by the departmental head. The procurement unit then procures and submit same to the requesting department. This implies that procurement is not centralised but disaggregated. This may have severe consequences on the budget formulation and implementation. It was recommended that the Principal Deputy Financial Secretary stated that should ensure that the procurement officer provided a valid contract to support these transactions. The possibility of bulk buying should be considered. This will bring about serenity in the procurement process rather than departments left on their own.

#### ***Official's Response***

*The Principal Deputy Financial Secretary stated that a valid contract to support transaction totalling Le3.8 billion to service providers is available for verification. He added that bulk buying will be implemented immediately.*

#### **Auditor's Comment**

During the verification exercise valid framework contracts were provided to support the Le3.8 billion transaction. However, the principle of contracting on behalf of the entire ministry (bulk buying) has not been done and this has persisted. The issue should therefore be brought to the attention of those charged with governance so that bulk buying can be instituted with immediate effect in order to achieve value for money.

## **5.2. MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY, HQ-2016**

### **5.2.1 Improper management of funds withdrawn from the Ministry's Imprest Account**

A review of the Ministry's imprest account held at the Bank of Sierra Leone revealed that on different dates in 2016, withdrawals totalling Le9,438,365,963 were made for the purchase of office items and equipment.

However, payment vouchers and adequate supporting documents like receipts, invoices, delivery notes etc. to ascertain the authenticity of this expenditure were not submitted for audit inspection. This is in contravention of section 73(1&3) of the Financial Management Regulation (FMR) 2007. Furthermore, withholding taxes totalling Le62,078,440 in respect of payment for goods and services were not deducted and paid to the National Revenue Authority. It was recommended that the Permanent Secretary (PS) should ensure that the pre-numbered payment vouchers should be prepared for all expenses and



withdrawals and they should be supported by relevant documentation. The relevant evidence in respect of the above expenditure totalling Le9,438,365,963 should be forwarded to the ASSL within 15 days upon receipt of the report, or the sum involved is refunded immediately by parties involved.

Furthermore, the withholding taxes of Le62,078,440 should be recovered immediately and paid to the National Revenue Authority and evidence of such payment forwarded to the ASSL within 15 days upon receipt of the report. Moreover, the regulation of deducting withholding taxes and the payment of such to the National Revenue Authority should be strictly adhered to.

### ***Official's Response***

*The PS stated that supporting documents relating to withdrawals totalling Le9,438,365,963 were now available for verification. He added that most of these payments were made to suppliers overseas and they relate to the Radio and Television Broadcasting House. He further said that they were constrained to make payment of withholding taxes to National Revenue Authority because of lack of Tin number. He however noted that withholding taxes withheld were still in the imprest account and that could be paid once the Tin numbers were available.*

### **Auditor's Comment**

Adequate supporting documents were provided for a total of Le2,316,860,563 expenditure of leaving a difference of Le7,121,505,400 without adequate supporting documents. This issue therefore remains unresolved. Evidence to show that withholding taxes were recovered and paid to the National Revenue Authority was not made available for verification. Our recommendation was not implemented. The issue remains unresolved.

### **5.2.2 Withdrawals from school materials and Education Monitoring Information System (EMIS) account without supporting documents**

In contravention of section 73(1&3), supporting documents in the form of payment vouchers, receipts, invoices and delivery notes to justify withdrawals totalling Le2,348,267,575 and Le30,195,241 respectively made from the school materials account and EMIS account held at the Sierra Leone Commercial Bank were not submitted for audit review. This made it difficult for the auditors to verify the nature and purpose of these withdrawals. It was recommended that the PS should ensure adequate supervision over the preparation and documentation of the Ministry's transactions. In addition, the Principal Accountant, should ensure the following:

- All public funds are properly accounted for in accordance with the above regulation.
- Pre-numbered payment vouchers are prepared for all expenditure incurred by the Ministry.
- All transactions are supported by the relevant documentation, and these must be numbered and cross referenced so that in the event where they go missing, they can be easily traced.
- The relevant evidence in respect of the said amounts forwarded to the ASSL within 15 days upon receipt of the report; failing which the amount involved should be refunded by the parties concerned.

### ***Official's Response***

*The PS stated that supporting documents relating to withdrawals from School Materials and EMIS accounts totalling Le2,348,267,575 and Le30,159,241 respectively were now available for verification.*

### **Auditor's Comment**

Our recommendations were not implemented as supporting documents relating to the withdrawals of Le2,348,267,575 and Le30,195,241 respectively made from the school materials account and EMIS account held at the Sierra Leone Commercial Bank were not submitted for audit verification. The issues remain unresolved.

### **5.2.3 Disbursement recorded in the Integrated Financial Management Information System (IFMIS) without adequate supporting documents**

In contravention of section 73(1&3) of the FMR 2007, several payments were made for which adequate supporting documents in the form of invoices, back-to-office reports, expenditure returns, receipts, certifications etc. to justify the utilisation of funds totalling Le1,617,206,000 were not seen or made available for audit. It was recommended that the PS should exercise adequate supervision over the preparation and documentation of the Ministry's transactions. In addition, the Principal Accountant, should ensure the following:

- All public funds are properly accounted for in accordance with the above regulation.
- The relevant evidence in respect of the above expenditures totalling Le1,617,206,000 is forwarded to the ASSL within 15 days upon receipt of the report, or the sum involved is refunded immediately by parties involved.

#### ***Official's Response***

*The PS mentioned that these were funds transferred to non-formal institutions for which they claimed that monies had not reflected in their bank accounts. He added that the Director, Non-Formal Education had assured them of collating the various bank account statements to verify the claims.*

#### **Auditor's Comment**

Our recommendations were not implemented as supporting documents were not made available for verification. The issue therefore remains unresolved.

### ***Technical and Vocational Education Training (TVET)***

### **5.2.4 Disbursement from project account not adequately supported**

Review of payment vouchers revealed that of the sum of Le48,848,500 disbursed by the TVET in respect of the repair of vehicles, sundry expenses, travelling allowance, fuel and oil etc., supporting documents were only provided for the sum of Le16,959,500 leaving a difference of Le31,889,000 not accounted for. It was recommended that the Project Coordinator should ensure that the relevant supporting documents were made available for verification within 15 days upon receipt of the report; otherwise the Le31,889,000 should be refunded into the project account.

#### ***Official's Response***

*The PS stated that supporting documents in respect of the outstanding amount totalling Le31,889,000 were now available for verification.*

#### **Auditor's Comment**

Supporting documents were not provided for verification with regards the amount involved. The issue therefore remains unresolved.

### **5.2.5 Documents not submitted for audit verification**

Bank statements, cheque stubs and bank reconciliation statements to justify that funds transferred to and disbursed by the Technical Vocational and Educational Training Project were appropriately managed were not made available for audit inspection. It was recommended that the Project Coordinator should submit the documents in question to the ASSL within 15 days upon receipt of the report.

#### ***Official's Response***

*The PS stated that the bank statements, cheque stubs and bank reconciliation statements are now available for inspection.*

### **Auditor's Comment**

Our recommendation was not implemented as the above mentioned documents were not submitted for audit inspection. The issue remains unresolved.

#### **5.2.6 Ineffective inventory management**

The following issues were observed:

- The Ministry did not have an inventory management policy that guides the management of its assets for the period under review.
- A master inventory register in which all assets owned and controlled by the Ministry are recorded was not submitted for audit verification.
- Twenty-two (22) vehicles identified as roadworthy were plying the streets of Freetown without valid road user licences and insurance.

The following were recommended:

- The PS should develop an asset management policy in the shortest possible time.
- The Acting Principal Accountant should ensure that an inventory register is prepared with the following information: date of acquisition, description, serial number, identification code, location and status. This must be submitted to the ASSL within 15 days upon receipt of the report.
- That the status of vehicles without valid road user licences and insurance are regularised immediately and in future, the Ministry must desist from using unlicensed and uninsured vehicles.

### **Official's Response**

*The PS said that the issues were noted for senior management's action.*

### **Auditor's Comment**

Evidence to justify that appropriate actions have been taken to address the above observations were not submitted for verification. Our recommendations were therefore not implemented. The issue therefore remains unresolved.

#### **5.2.7 Non-functioning of the IFMIS**

For proper accountability and transparency in the financial management of public funds, IFMIS terminal facilities were installed by the Ministry of Finance and Economic Development at the Ministry. However, for the period under review, the software at the Ministry may not have been functional as the recording of daily financial transactions was not done. It was recommended therefore that the PS in collaboration with the Accountant General's Department should ensure that appropriate action is taken to ensure that daily financial transactions are recorded in the IFMIS software within the shortest possible time.

### **5.3. MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY-BO DISTRICT-2016**

#### **5.3.1 Lack of monitoring of funds**

Funds were remitted by the Ministry's headquarters to schools and other educational institutions without any reference to the Ministry's district office in Bo for monitoring purpose. Funds totalling Le2,469,730,592 were given to some of these institutions during the year 2016. There was however no evidence of monitoring by the District Office of funds given to these institutions. It was therefore recommended that the Ministry's headquarter should ensure that copies of funds allocated/remitted to educational institutions in the district are always communicated to the District Education Office for proper monitoring and accountability.

### **Official's Response**

*The District Education Officer stated that headquarter had been informed and appropriate measures had been put in place to monitor the funds allocated to the various institutions in the Bo District.*

### **Auditor's Comment**

Documentary evidence was not provided in respect of the communication made to the Ministry headquarters in respect of the monitoring of funds allocated to the various institutions in the Bo District. The issue remains unresolved.

## **5.4. MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY, KENEMA- 2016**

### **5.4.1. Ineffective personnel management**

There was no evidence in the form of training report/certificates that in-service training programs were conducted for staff. In addition, personal files were not presented for all staff and staff appraisal was not done for staff in the Ministry. It was recommended that the Deputy Director should ensure that staff personal files were maintained and training programs organised for staff. Staff appraisal must also be done for all staff in the Ministry on a yearly basis.

### **Official's Response**

*The Director of Education in his response said that regular trainings had been organised by the Ministry of Education for staff, but in most cases certificates were not awarded to those trainings. He added that management was currently working on personal file for each staff.*

### **Auditor's Comment**

Our recommendations were not implemented. Staff personal files were not made available during verification and it was also revealed that training programs were not organised for staff. This issue remains unresolved.

### **5.4.2. Unpresented documents**

The under-mentioned documents were not made available for audit inspection:

- Delivery notes/waybills.
- Allocated store ledgers.
- Store issue vouchers and distribution lists for learning materials and other items received by the Ministry.
- School inspection reports.
- Staff personal files.
- Handing over note from the outgoing Deputy Director.
- Information for allocations from central government and donors.

It was recommended that the Deputy Director should ensure that a systematic filing system should be developed for the safe custody of all accountable documents and the mentioned documents should be submitted; otherwise, section 36 of the Audit Service Act, 2014 will be invoked.

### **Official's Response**

*The Director of Education in his response said: "Management is constrained in respect of storekeeper as the staff currently serving as storekeeper is not qualified; but modalities are being put in place to get a trained and qualified storekeeper who will handle all documents in respect of the store. During the time of the audit inspection reports were not presented for audit purposes but they are now available for verification."*

### **Auditor's Comment**

The unpresented documents mentioned in the audit report were not made available during verification. This issue remains unresolved.

### **5.4.3. General observation**

#### *Stores*

The store was untidy, poorly ventilated, not spacious and the items were scattered and all around. There was no storage facility such as cabinet for safekeeping of documents, as well as no toilet facility for staff attached to the store. The Ministry did not have a storekeeper since the demise of the former storekeeper in 2015.

### **Official's Response**

*The Director of Education in responding said: "Management has taken it into consideration. At the time of the audit, distribution exercise was ongoing which resulted in the store being tidy. The current store can no longer house all the material that are being supplied to the education office, as we are currently constructing a new store which will be properly ventilated. Management has plans to create an office space that will have these facilities.*

*There are no special toilet facility for the store clerk as there are three(3) toilet facilities in use, one for the Deputy Director another by the Assistant Director and one that is being used by the general staff, but management will take this into consideration and will act duly."*

### **Auditor's Comment**

Our recommendations were not implemented. During verification, it was revealed that the store was not properly rehabilitated and all the environmental defects were not rectified. We also noticed that the school furniture had not been delivered and distributed to the beneficiaries. This issue remains unresolved.

## **5.5. MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY, HQ-2016**

### **5.5.1. Payments without adequate supporting documents**

In contravention of section 73(1&3) of the FMR 2007, several payments were made for which adequate supporting documents in the form of invoices, receipts, delivery notes, etc. to justify the utilisation of funds totalling Le249,481,480 were not seen or made available for audit inspection. It was recommended that the directors should ensure that the required supporting documents are provided for audit inspection, within 15 days of receipt of this report; otherwise, the entire amount should be refunded to the Consolidated Revenue Fund Account and evidence of such forwarded to Audit Service Sierra Leone for verification.

### **Official's Response**

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

### **Auditor's Comment**

Supporting documents for payments totalling Le119,240,480 were submitted and verified, leaving a balance of Le130,241,000. Therefore, the issue remains partly unresolved.

### **5.5.2. Payment of government counterpart funding to a non-existing project**

The Islamic Development Bank (IDB) completed its financing of the Diversified Food Production Project (DFPP) on the project closure date of December 2015. It was observed that Le800million was transferred to the project account in 2016, which was the year after its closure and there was no evidence submitted for audit which showed that the project had liabilities which could have justified the request for

and receipt of this amount. From the review of payments vouchers and supporting documents, it was observed that the monies were used mostly to pay the salaries of contract staff. Furthermore, no documentary evidence was made available to show that assets (such as vehicles, furniture and equipment) worth millions of Leones were transferred to the Ministry after the project completion date in 2015. There was no written evidence from the Financial Secretary to confirm that government's commitment to finance the Project will continue after the end of donor funding.

In March 2015, the Rural and Private Sector Development Project (RPSDP) was closed by the donor, World Bank (WB). The audit team observed with dismay that even after the project was closed, government disbursed the sum of Le238,463,218 as counterpart funding to the Project. It should also be noted that almost a year since the project was closed; it is yet to hand over the project assets such as office furniture, equipment, motor vehicles, etc. worth millions of Leones to the Ministry. In addition, evidence was not submitted to show that alternative arrangements for disposing of the assets had been reached. It was recommended that the Project Coordinator should refund this money to the Consolidated Revenue Fund Account and evidence of such payment submitted for audit inspection.

The assets (vehicles, furniture and equipment) should be handed over to the Ministry within 15 days of receipt of this report. Evidence of the handing over of the Project's assets should be made available for audit verification, otherwise the Project Coordinator will be asked to pay into the Consolidated Revenue Fund Account the total cost of these assets.

#### **Official's Response**

*The PS in his response said: "Evidence of project liabilities and correspondences from the Ministry of Finance and Economic Development, to confirm government's commitment to finance the project after donor funding, are available for audit verification. The process of handing over of projects assets to the Ministry is ongoing and when completed, the ASSL will be duly notified."*

#### **Auditor's Comment**

Evidence of project liabilities and correspondences from the Ministry of Finance and Economic Development, to confirm government's commitment to finance the project was not submitted for verification. The issue is still unresolved.

Supporting documents for the utilisation of Le238,463,218 in respect of the Rural and Private Sector Development Project (RPSDP) was not submitted for verification, and evidence of the handing over of the project's assets to the Ministry was not submitted for verification.

#### **5.5.3. Non-deduction and payment of withholding tax**

It was observed that the Human Resources Unit of the Ministry received a total of Le323,950,000 for the training of senior staff in 2016. It was observed that withholding taxes totalling Le8,814,750 were not deducted and paid to the NRA. It was recommended that the withholding taxes should be recovered and paid to the NRA within 15 days of receipt of the report.

#### **Official's Response**

*The PS stated that the respective suppliers had been informed to make appropriate payments to the NRA and forward to the Ministry evidence of such payments for onward submission to the ASSL.*

#### **Auditor's Comment**

Evidence of payment of Le8,814,750 in respect of withholding tax was not submitted for verification; therefore, the issue remains unresolved.

#### **5.5.4. Cashbooks, bank statements and bank reconciliations not submitted**

The Ministry did not submit bank statements, cashbooks and bank reconciliation statements for all 19 bank accounts operated by the Ministry, during the year under review. It was recommended that the Chief Accountant should submit the bank statements, cashbooks and bank reconciliation statements in respect of these accounts within 15 days of receipt of the report.

##### ***Official's Response***

*The PS in responding said: "A letter was sent by the Permanent Secretary to the Accountant General on 11<sup>th</sup> November, 2016 requesting the closure of most of the accounts queried. On 30<sup>th</sup> March, 2017, a reminder was sent by the Permanent Secretary requesting update on the same. Copies of these letters and cashbooks, bank statements and reconciliations for the remaining accounts are available for audit inspection."*

##### **Auditor's Comment**

The letters to the Accountant General in respect of the closure of some of these accounts were submitted. Follow-ups were made with the Accountant General's Department to verify that the accounts had been closed. However, the Accountant General is yet to take action on the closure of these accounts. Similarly, the other bank statements, cashbooks and reconciliations for the remaining accounts were not submitted for audit inspection. The issue is therefore unresolved.

#### **5.5.5. Sierra Leone Agric Business Initiative (SABI)**

In 2016, The Ministry paid to the Sierra Leone Agric Business Initiative (SABI) subventions totalling Le1.5billion. From discussions, it was noted that since its establishment, this entity had not been audited by an external auditor. Despite several requests made, financial statements, cashbooks, bank statements, payment vouchers, and other accountable documents were not submitted for audit purposes. It was recommended that the Programme Officer of SABI should submit financial statements, cashbooks, bank statements, payment vouchers and other accountable documents for audit purpose within 15 days of receipt of the report.

##### ***Official's Response***

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

##### **Auditor's Comment**

It was verified that only Le1,308,548,113 was utilised in 2016. Of this amount, supporting documents such as invoices, receipts, delivery notes, signed list of beneficiaries for Le760,457,333 were submitted and verified leaving a balance of Le548,090,780. Therefore, the issue remains partly unresolved.

#### **5.5.6. Stores procedures not followed**

Section 177 of the Financial Management Regulation, 2007 requires that goods procured by the Ministry should be recorded in the stores ledger. It was observed that stationery and assorted items procured for Le103,469,250 during the period under review were not received in the store, even though the suppliers' delivery notes indicated they were delivered to the Ministry. Evidence of delivery of these items to the store was not made available for inspection. It was recommended that the storekeeper should provide explanation with supporting evidence why these items were not delivered to store for them to be taken on ledger charge, for onward delivery to the end user.

##### ***Official's Response***

*The PS said that evidence of delivery of stores items is available for audit verification.*

### **Auditor's Comment**

The evidence from the store in respect of these items was not submitted for verification, the issue therefore remains unresolved.

### **5.5.7. Staff of the Ministry receiving allowance from projects**

Two staff received salaries from the Linking Farmers to Market project, whilst concurrently receiving salaries from the CRFA. Total salaries received by these staff from the Ministry for the year under review were Le25,902,240. It was recommended that the officers concerned should pay the said amount into the CRFA within 15 days of receipt of the report.

### **Official's Response**

*The PS stated that payments had been made into the CRFA by the concerned staff and evidence of such payment was available for audit verification.*

### **Auditor's Comment**

Two Bank of Sierra Leone deposit slips of Le3million each in respect of the two staff were submitted and verified, leaving a difference of Le19,902,240. There was no payment plan to show how the outstanding balances will be paid. The issue remains partly unresolved.

### **5.5.8. Unverified staff**

It was observed that 231 personnel of the Ministry were not available for physical verification. It was recommended that the concerned staff avail themselves for physical verification within 15 days of receipt of the report. If they did not show up for verification, we will write to the Human Resource Management Office (HRMO) for their names to be deleted from the payroll.

### **Official's Response**

*The PS in his response said: "These names have been verified, and it was noted that due to the massive retirements that took place in 2016, (about 700), Ministry staff were affected and most of these unverified staff were captured in the list of retired staff. Furthermore, most of these staff names have been removed from the payroll, and letters have been sent to HRMO for deletion of those names still on the payroll. Those who were unverified and are in post have been asked to present themselves for audit verification."*

### **Auditor's Comment**

Of the 231 personnel that were not available for verification, nine were dead, 71 had retired and 12 staff showed up for physical verification, leaving a balance of 139 unverified staff. The issue remains unresolved.

## **5.6. MINISTRY OF AGRICULTURE, FORESTRY & FOOD SECURITY, BO -2016**

### **5.6.1. Distribution of seed rice and fertilizers**

*Linking Farmers to the Market (LFM)*

There was an unexplained difference of 350 kg of seed rice and 170 bags (of 50 kg each) of fertilizers received from stores and the distribution list submitted for audit. A full detail is in the Table below:

Item	Quantity received Kg/Bag	Quantity distributed Kg/Bag	Difference Kg/Bag
LFM Seed Rice	25,200Kg	24,850 Kg	350 Kg
LFM Fertilizers	900bags	730bags	170bags



It was also observed that 1,986 bags of LFM fertilizer were issued to Farmers Based Organisations/farmers but beneficiaries list indicating how the fertilizers were distributed were not made available for audit inspection.

#### *Global Agricultural Food Security Program (GAFSP)*

The following were observed:

- Seven hundred and fifty (750) bags of GAFSP seed rice were issued to FBOs/farmers, but beneficiaries list indicating how the seed rice were distributed were not made available for audit inspection.
- From a review of the distribution list submitted by Pure Heart Foundation, the quantity of GAFSP seed rice distributed to farmers was 1,475 kg of the 1,785 kg received from stores. There was therefore an unexplained difference of 310 kg between seed rice received, and the distribution records to farmers.
- During a review of the distribution list submitted by Salima Farmers Association, the quantity of GAFSP seed rice distributed to farmers is 1,028 kg of the 1,032.5 kg received from stores. There was therefore an unexplained difference of 4.5 kg between seed rice received and the distribution records to farmers.
- Distribution list was not submitted by Wanjei Agricultural Company and Pure Heart Foundation in respect of the GAFSP fertilizer to confirm how these items were distributed to farmers.
- From the distribution list of Salima Farmers Association that the quantity of fertilizer distributed to farmers was 2,806.5 kg of the 3,000.5 kg received. There was therefore an unexplained difference of 194 kg between fertilizers received and the distribution records to farmers.

#### **Official's Response**

##### ***Linking Farmers to the Market (LFM)***

*The following were the responses of the District Agriculture Officer (DAO):*

- *Recommendations are noted for the future. The supply was given to the Ministry for LFM. The distribution was done by the Ministry official through the Seed Multiplication Program field supervisor who supply the beneficiary 350kg of seed rice, does not exist as all calculation are correct according what is supplied and what was given out. The documents are available for verification. The difference of 170bags of 50kg each was distributed but the document was not available as distribution was ongoing during the period of auditing. However, the recovery is in progress. Evidence of what is collected will be made available.*
- *The beneficiary list is now available which can be produced as and when necessary. However, the distribution was not done by the Ministry that why the document was not available when the auditors were here.*

#### ***Global Agricultural Food Security Program (GAFSP)***

*The DAO said that the recommendations were noted for the future and the beneficiary lists requested were now available for verification.*

#### **Auditor's Comment**

- Distribution list for the 350kg of seed rice and 170 bags fertilizers were not made available for verification. Also, beneficiary lists was submitted for 200 bags out of a total of 1,986 bags of LFM fertilizer; thereby leaving a balance of 1,786 bags without beneficiary list. The issues remain partly unresolved.
- Differences between items received and distributed were corrected by the Ministry. However, beneficiary lists for 750 Kg of GAFSP seed rice were not submitted for audit inspection. Therefore, the issues remain unresolved.

### 5.6.2 Seed Rice and fertilizer distributed on loan without recovery

There was no evidence submitted to confirm that recovery has been made for seed rice and fertilizers distributed on loan, and there was no evidence of action(s) taken against defaulters by the Ministry. It was recommended that the DAO should ensure that explanations backed by documentary evidence were provided for the non-recovery of seed rice and fertilizers distributed on loan. Efforts should be made for the recovery of seed rice and fertilizers. In future, proper monitoring mechanisms should be instituted and actions taken against defaulters.

#### **Official's Response**

*The DAO in his response said:*

- *"The recovery is still ongoing, but evidence of the recovery done so far will be made available.*
- *The following efforts were made geared towards ensuring that we hit a 100% recovery for inputs distributed :*
  - *Submission of names of defaulters to their respective paramount chiefs.*
  - *Submission of beneficiary list to the Bo District Council Chairman for the attention of his ward councillors*
  - *We have held several radio discussion programs specifically on loan recovery and its significance to the attainment of food security in Bo District*
- *Field visits by top district management to boost field staff moral just to enhance increase in recovery figures.*
- *Recommendation noted for the future, but however, supervision and monitoring was difficult as the headquarters of the Ministry deals directly with implementing partner without informing the district Ministry."*

#### **Auditor's Comment**

Recovery details for 25,875 Kg of seed rice were verified leaving an outstanding balance of 8,082kg without recovery details. There was also no evidence of recovery for 8,724.5kg of fertilizers distributed on loan. The issues therefore remain partly unresolved.

### 5.6.3 Management of non- current assets

The following were observed during the physical verification exercise conducted by the audit team on 3<sup>rd</sup> March, 2017 in respect of assets supplied to implementing partners by the GAFSP Project:

- Water pumps and chainsaw were not seen and verified for Pure Heart Foundation, even though these items were included in the delivery note. Further enquiries revealed that the water pump was not delivered and the chain power saw was being used in the field at the time of the verification.
- The plate for the chain power saw delivered to Wanjei Agricultural Company was not available and the machine cannot be operated by the company.

#### **Official's Response**

*The DAO stated that some of the assets were now available for verification. He also thank the ASSL for their intervention as the plate for the chain power saw had been supplied but the bailing machine (water pump) was still outstanding.*

#### **Auditor's Comment**

The bailing machine (water pump) was still outstanding. Therefore the issues remain partly unresolved.

## 5.7. MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY, KENEMA - 2016

### 5.7.1. Inadequate control of the banking of revenue

The following were observed:

- Bank pay-in slips for Le100,545,000 generated in respect of timber licenses, transport permits and power saw registration receipts in the Forestry Department were not produced for audit inspection.

- Revenue collected in respect of guest house fees which amounted to Le1,855,000 were not banked but rather put into immediate use.
- No pay-in- slips were made available for revenue collected in respect of the registration of farmers based organisation (FBO) which amounted to Le4,200,000.

It was recommended that the District Agricultural Officer (DAO) should ensure proper supervision and review to ensure the following:

- That the responsible person produces the timber licenses, transport permits and power saw registration receipts.
- Revenue collected should be banked immediately before being used.
- That the pay-in slips in respect of FBO registration is produced or the said amount of Le4,200,000 be refunded immediately.

### **Official's Response**

*The DAO in his response said the following:*

- *"We had a little difficulty locating the document, due to transfer of the former DFO; however, the outstanding bank payment slips are now available for verification.*
- *The MAFFS guesthouse at Lambayama, Chinese Farm is not a revenue generation source, it was constructed to provide accommodation for staff of MAFFS coming outside of the district, and the minimal cost attached as lodging fee is for up keeping the guesthouse and payment of staff. However, records in the form of an income cash and expenditure book and receipts are being kept.*
- *Registration fees collected for the registration of farmers is used as petty-cash to finance activities that were not budgeted for. However, records in the form of an income cash and expenditure book and receipts are being kept."*

### **Auditor's Comment**

Our recommendations were not implemented. The issues therefore remain unresolved.

#### **5.7.2. Inadequate control over the management and control of stores**

The following were observed:

- Four bags of maize/corn issued to Crops Officer and some youth groups were not accounted for.
- Database /recovery list/ agreements on farmers relating to the total quantity of 1,628 bags of Nerica seed rice issued to crops and extension divisions were not made available for audit inspection.
- Evidence of specific database/agreements/recovery list for the total quantity of 3,647 bags of fertiliser issued/supplied to farmers by the Stores Officer were not produced to auditors.
- No reports on the status of 14 livestock such as goats, sheep and pigs supplied to Livestock Officer by the Food and Agricultural Organisations (FAO) were produced.
- The sum of Le68,760,000 utilised by the Kenema City Council to procure veterinary medicines, assorted vegetables, refrigerator for the Ministry; and part of same spent on restocking of livestock, as well as animal feed and were not taken on charge into the store allocated ledger.

It was recommended that the DAO should ensure the following:

- Investigate, explain, provide and forward evidence in support of the difference in bullet (i) above, to ASSL for verification within 15 days of receipt of the report or the 4 bags maize/corn are produced immediately.
- Produce the database /recovery list/ agreements relating to bullet (iii) and (iv) above, for both the Nerica rice and fertiliser, within 15 days of receipt of the report or the quantities of 1,628 bags of Nerica rice and 3,646 bags of fertiliser were produced immediately.
- Reports on the status of the livestock's were produced.

- Items/goods procured for the Ministry were taken on charge into the store allocated ledger.

#### **Official's Response**

*The DAO in his response said the following:*

- *“MAFFS Kenema received a consignment of maize for the distribution to farmers on a non-recovery scheme and the seeds were stored for a month and half before distribution and during this period of storage it was infested with weevils and a total of four bags were damaged.*
- *The former extension officer that was in possession of the said documents travelled out of the country unceremoniously without any proper handing over, however, store issue vouchers are available for the said quantities of seed rice and fertilizer.*
- *Distribution of the said livestock to farmers was done by FAO officials, the Ministry only witnesses the program as partners and to provide technical support to the farmers as and when needed.”*

#### **Auditor's Comment**

Our recommendations were not implemented. The issues therefore remain unresolved.

### **5.8. MINISTRY OF MINES AND MINERAL RESOURCES HQ - 2016**

#### **5.8.1. Physical verification of staff**

From a total of 70 staff of the Ministry stationed in Freetown, 32 personnel were unverified (they failed to avail themselves for physical verification exercise) even though letters were issued for them to avail themselves. It was recommended that the Senior Human Resource Officer should inform these personnel of their availability for verification within 15 days of receipt of the report, otherwise, failure to report for verification will result in their names been sent to HRMO for deletion from the Ministry's payroll.

#### **Official's Response**

*The PS mentioned that an updated staff list from the region showed that most of the staff were in the respective regional offices. He however noted that those in Freetown had been contacted and were ready for physical verification.*

#### **Auditor's Comment**

Of the 32 unverified staff, eight staff were verified and one staff had gone on retirement leaving a balance of 23 unverified personnel. Hence the issue remains partly resolved.

### **5.9. MINISTRY OF MINES AND MINERAL RESOURCES (REVENUE-SURFACE RENT)- 2016**

#### **5.9.1. Negotiation of surface rent revenue**

Interviews conducted with sample of stakeholders, revealed that the participation of key land owners was not sought in the negotiation process of the terms and amount of the surface rent to be paid. There was no evidence that a decision was taken by the Minister in consultation with the Minerals Advisory Board. Based on the interviews conducted with the beneficiaries and other government officials of the Ministry of Mines and Mineral Resources, and the National Mineral Agency (NMA), it was not clear who actually negotiated the surface rent payment with the mining companies. It was recommended that the Director-General of NMA must require the companies to involve the land owners and other beneficiary groups' representatives in negotiating the terms and amount of the surface rent. Their involvement should be documented and evidence submitted to the NMA before licenses are issued or renewed for mining.

#### **Official's Response**

*The Director General of NMA (DG-NMA) in his response said: “Section 34 of the Mines and Minerals Act, 2009 requires companies to negotiate surface rent rates with landowners. Apart from Sierra Rutile Limited (SRL) where the rate*

*is actually stated in the SRL Act, the landowners for the other companies have been accepting and signing for payments received without a formal supporting document specifying the rates such as a land lease agreement. As already mentioned, this is what the NMA is now trying to address and this will take some time.”*

#### **Auditor’s Comment**

The audit recommendation was not addressed, therefore the issue still stands.

#### **5.9.2. Assessment of surface rent revenue**

There was no evidence of assessment made by mining companies in determining the amounts paid as surface rent to beneficiaries. The ASSL also requested from NMA, copies of the assessment/schedules made by the companies for the payment of surface rent. These documents were however not made available to the ASSL. During interviews conducted with staff of NMA, it was stated that the Agency normally reviews and verifies the assessment/payment schedules before the companies make disbursement to beneficiaries. However, evidence of such assessments and verification reports were not submitted by NMA to the ASSL for inspection. We further discussed and requested copies of the assessment of the surface rent payments from the beneficiaries; it was however noted that they also did not have copies of the assessment. The beneficiaries stated that the companies only informed them about the amount they will be paid, but they did not know how the amount was calculated. Based on best practice, payment of surface rent should be determined on an agreed rate and the total surface area of the land occupied by the company.

The following were recommended:

- The Director-General of NMA should ensure that the companies prepare annual assessment and forward it to the NMA for verification.
- NMA should verify the assessment in accordance with the agreement made, and send verification reports to the companies and copies forward to the relevant stakeholders including the beneficiary groups.

#### **Official’s Response**

*The DG-NMA in replying said: “The assessment is based on the actual area “occupied or used” by the companies within their mining lease area and the unit rate agreed on between the company and the landowners each year. The rate per acre used by SRL for 2017 is US\$15.141. We have checked this against the SRL Act which should be US\$10 per acre for 2003 escalated at 3% per annum. For 2017, this translates to  $10 * (1 + 0.03)^{14}$  or US\$15.13 per acre. SRL is therefore using the correct rate as per the SRL Act. Incidentally, this is the same rate agreed on between Sierra Minerals and the Landowners (US\$15.13 per acre for 2017.) The reason for this is that SRL and Sierra Minerals Limited (SML) were actually sister companies until SRL sold SML to Vimetco in 2008.”*

#### **Auditor’s Comment**

Assessment was not submitted for the other large scale mining company except for Sierra Rutile Limited. The audit recommendations were partly implemented and therefore the finding partly unresolved.

#### **5.9.3. Agreement between the land owners and the companies not available for inspection**

Paragraph 1.1 of section 34, of the Mines and Minerals Act, 2009 requires that the holders of large scale mining licenses to obtain a land lease upon such terms as to the rents payable, duration and area of the land to which such licenses shall relate. NMA and Ministry of Mines and Mineral Resources (MMMR) failed to comply with the auditors’ request for the submission of land lease agreements between the companies and the land owners. Further to this, other stakeholders – local councils, chiefdom administration and land owners - were contacted for copies of the land lease agreements. The ASSL

thereby concluded that there was no evidence of land lease agreement between the companies and the land owners. It was noted that the Director-General of NMA did not evoke section 172 of the Mines and Minerals Act, 2009, on the companies, which states: “*Any person who fails to deliver any document required to be delivered under this Act within fourteen calendar days of being called upon to do so by the Director, commits an offence and shall be liable on conviction to a fine not less than two thousand United States Dollars or its equivalent in Leones or to imprisonment for a term not exceeding six months, or to both*”.

The following were recommended:

- The Director-General of NMA should ensure that all mining companies obtain a land lease agreement between the company and the land owners and witnessed by other beneficiaries before licenses are issued or renewed.
- The companies should distribute copies of the lease agreements to the land owners and other stakeholders.
- The Director-General should evoke section 172 of the Mines and Minerals Act, 2009 on any company that fails to comply with the act.
- Copies of these agreements should be forwarded to the Audit Service for verification within 15 days upon receipt of the report.

### **Official's Response**

*The DG-NMA in his reply said: “This is a requirement of section 34 of the Mines and Minerals Act, 2009. However, since the MMA, 2009 was passed by Parliament; no mining company has actually signed a land lease agreement with landowners. Mining companies have been making payments based on provisions in their individual Mining Lease Agreements ratified by Parliament. It is now that the NMA is arranging for a formal land lease agreement to be signed between the mining companies and the land owners and we expect to complete this exercise by the end of this year. We note your comments that the agreements between the mining companies and land owners were not available for your inspection. Your comments are in place. Our recent focus has been on full implementation of section 141 of the Mines and Minerals Act, 2009 (MMA, 2009) that requires mining companies to sign Community Development Agreements (CDAs) with host communities. This has been outstanding since the Act was passed in 2009. This task has now been largely completed with signing of CDAs by Koidu Ltd., Sierra Minerals Ltd. and Sierra Rutile Limited. The only outstanding one is Tonkolili Iron Ore Limited that should be completed soon.*

*We have now switched our focus to Surface Rent Agreements required by section 34 of the MMA, 2009 will be available for your 2017 audit. We are pleased to attach our draft policy on surface rent payments that should address most of your concerns when fully implemented. Your comments on this draft would indeed be appreciated. We have already engaged the mining companies in this regard and assure you that we will use our statutory powers to ensure full compliance.*

### **Auditor's Comment**

The comments made by management were noted and we observed that NMA has made effort in ensuring that some of the large scale companies signed Community Development Agreements (CDAs) with host communities. However, the recommendations listed above with regards to the surface rent agreements were not yet addressed. Therefore the issue is still unresolved.

#### **5.9.4. Underpayment of surface rent**

Surface rent should be paid by mining companies to beneficiaries in accordance with the agreed rate per acre of the piece of land occupied by the companies. There were clear indications that the mining companies were not paying the full amounts of surface rents to the beneficiaries. For instance, a review of the Sierra Rutile Agreement (Ratification) Act, 2002 revealed that the company should pay surface rent of US\$10 per acre per annum beginning 2003, and such rate increasing in respect of each subsequent year at the rate of 3% per annum. ASSL computation of total surface rents to beneficiaries in 2013 and 2014 amounted to US\$1,569,274 and US\$1,605,488 respectively. On the other hand, the actual total surface

rents reported by the company paid to beneficiaries for these years were US\$581,922 and US\$605,164 respectively. This revealed significant underpayments of surface rents in 2013 and 2014 of US\$987,352 and US\$1,000,324 respectively. It was observed that the company made total payment of Le3.7 billion (approximately US\$608,986) in respect of surface rent in 2016. ASSL computation of the total surface rents due to beneficiaries in accordance with section 6 of the Sierra Rutile Agreement (Ratification) Act, 2002 in 2016 was US\$1,677,916. This resulted in a total underpayment of surface rent by US\$1,068,930.

The following were recommended:

- NMA should ensure that the companies submit the land lease agreement and the total surface rent should be re-computed by NMA in accordance with the agreements.
- All companies should refund to the beneficiaries differences of surface rent resulted from underpayment that may be identified.
- Sierra Rutile Ltd. should refund to the beneficiaries the differences identified as underpayments of surface rents.

### **Official's Response**

*The DG-NMA in his response said: "We draw your attention to the fact that the area covered by surface rent payments is not necessarily the same as the mining lease area. Companies are required to pay mining rent annually over the entire mining lease area into the consolidated fund. However, in the case of surface rent, the companies pay only for areas "occupied or used" by the companies and not available to the land owners for their own use (Section 6 (a)(2) of SRL Act,2002). Companies permit land owners to continue farming in areas within their mining lease that the companies are not occupying. Since the land owners are not deprived of their livelihoods in this case, then the companies are not obliged to make surface rent payments.*

*We have requested details of Sierra Rutile computations and supporting documents to substantiate your claims. However, we believe that this apparent understatement results from your confusion over what area to use in computation of surface rents. Please provide us with details of your calculations for comparison with SRL documents so we can discuss and agree on the discrepancies if any."*

### **Auditor's Comment**

Details of actual payments made by the Sierra Rutile Limited were submitted by NMA and reviewed. The difference in computation has therefore been reconciled. However, the computations and payment details of surface rent by the other large scale mining companies were not submitted as recommended above. Therefore, this issue is partly resolved.

## **5.10. MINISTRY OF DEFENCE-2016**

### **5.10.1. Classified information not submitted**

Section 36 (1a) 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 requests; commits an offence..." Despite persistent requests made by the auditing team for classified information and records, the Ministry could still not make them available for audit inspection. It was therefore recommended that the Director General should ensure that these procurement documents were submitted within 15days upon receipt of the report; otherwise, the issue will be forwarded to the relevant authority for action.

### **Official's Response**

*The Director General (DG) stated that the classified documents were available for audit inspection.*

### **Auditor's Comment**

A review of the forwarding letter referenced D/MOD/8109 and dated 20<sup>th</sup> September, 2017 showed a submission of two files (Peace Support Operation equipment and Economic Community of West African states standby Force) whereas the only document that accompanied the forwarding letter was a contract agreement in respect of the procurement of equipment for peace operations. Relevant documents such as the technical evaluation report, Procurement Committee minutes and a bid document relating to the procurement process were not submitted. Hence, the issue remains unresolved.

#### **5.10.2. Proceeds from sale of bidding documents not accounted for**

Review of procurement documents such as newspaper advertisements, bid opening minutes and sale of bids register revealed that the Ministry generated Le52million from the sale of bidding documents for various procurement. Evidence of receipts issued to bidders and banking of the revenue generated were not submitted for audit inspection. It was recommended therefore that the Senior Procurement Officer should ensure that receipts and evidence of banking were submitted for audit inspection within 15 days upon receipt of the report.

### **Official's Response**

*The DG stated that the receipts were available for audit inspection.*

### **Auditor's Comment**

Invoices justifying the utilisation of proceeds worth Le42,520,000 were submitted for audit inspection. However, the receipts in respect of proceeds from the sale of bids, and evidence of the banking of such were not made available for inspection. Hence the issue remains unresolved.

#### **5.10.3. Cash withdrawals with no supporting documents**

Funds amounting to Le762,750,000 were deposited into the Republic of Sierra Leone Armed Forces Benefit Fund account on 26<sup>th</sup> July, 2016 by the Office of National Security for implementation of counter-terrorism operations. It was observed that cash withdrawals of Le132,250,000 was made by the officer-in-charge of Forces Intelligent and Security Unit on 2<sup>nd</sup> August, 2016 for implementation of counter-terrorism operations. Supporting documents were submitted for payments totalling Le112,550,000, leaving out an outstanding balance of Le19,700,000. It was therefore recommended that the responsible officer should submit the supporting documents for the outstanding balance of Le19,700,000 for audit inspection within 15 days upon receipt of the report; otherwise, the full amount should be refunded and this officer will be surcharged according to section 93(4) of the PFM Act, 2016.

### **Official's Response**

*The DG stated that the supporting documents for the outstanding balance of Le19,700,000 were available for audit inspection.*

### **Auditor's Comment**

Supporting documents for the outstanding withdrawals were not submitted for audit inspection. Hence the issue remains unresolved.

#### **5.10.4. Payments without adequate supporting documents**

A review of payment vouchers and other documents revealed that payments were made to the tune of Le2,905,506,557 that were not backed by adequate supporting documents such as end users' request, reports, and signed lists of beneficiaries for goods, works and services, engineer's reports of defects for retention fees, etc. It was recommended that the Senior Accountant should ensure that the required supporting documents are provided for audit inspection within 15 days upon receipt of the report. In



future, the Senior Accountant should ensure that payments are only made when all relevant documents are attached to the payment request.

**Official's Response**

*The DG stated that the requisite supporting documents were now available for audit inspection.*

**Auditor's Comment**

Of a total sum of Le2,905,506,557, supporting documents to the tune of Le1,270,387,094 were submitted and verified leaving a balance of Le1,635,119,463 yet to be submitted. Hence the issue was partly unresolved.

**5.10.5. Withholding tax not deducted at source from payments to suppliers**

Upon review of the payment vouchers, we observed that payments were made for various activities for which withholding taxes were neither deducted nor paid over to NRA. This amounted to Le501,699,879. It was recommended that the Senior Accountant should ensure that the outstanding taxes are recouped from the concerned suppliers and paid to the NRA. In future, the Senior Accountant should ensure that withholding taxes are deducted and paid to NRA.

**Official's Response**

*The DG stated that all withholding taxes will be deducted from payments to suppliers and paid to the NRA.*

**Auditor's Comment**

Evidence of payment of withholding taxes of Le17,699,879 was not made available for audit inspection. Hence the issue remain unresolved.

**5.10.6. Withholding tax deducted but not paid to the NRA**

Review of payment vouchers revealed that withholding taxes totalling Le344,550,000 were deducted at source from payments to various suppliers, vendors and contractors for the year under audit. Evidence of payments to the NRA and receipts from NRA indicating receipt of payment of withholding taxes were however not submitted for audit inspection. It was recommended therefore that the Senior Accountant should ensure that payment is made to the NRA and evidence submitted for audit inspection within 15 days upon receipt of the report.

**Official's Response**

*The DG stated that the evidence of payment to NRA was available for audit inspection.*

**Auditor's Comment**

Evidence of payment of withholding taxes to NRA in the form of NRA receipts was not submitted for audit inspection. Hence, the issue remains unresolved.

**5.10.7. Payments made in the name of military personnel instead of the service providers**

Financial management best practice requires payments for works, goods and services to be made in the name of suppliers, contractors and service providers. However, review of the payment vouchers revealed that payments were made in the name of various military personnel as payee instead of the service providers. This amounted to Le508,921,825. In addition, returns such as invoices, receipts, etc. were not submitted for audit inspection. It was recommended therefore that the Senior Accountant should ensure that the personnel concerned submit the required supporting documents for audit inspection within 15 days upon receipt of the report. In future, the Senior Accountant should make payments to suppliers, contractors or service providers directly rather than paying in the names of military personnel.

**Official's Response**

*The DG stated that the required supporting documents from the concerned personnel were available for audit inspection.*

**Auditor's Comment**

Of a total of Le508,921,825, supporting documents to the tune of Le229,603,000 were submitted and verified leaving a balance of Le279,318,825 yet to be submitted. Hence the issue was partly unresolved.

**5.10.8. Cashbooks, bank statements and bank reconciliation statements not submitted**

From the list of bank accounts submitted by the incoming Senior Accountant, it was observed that the Ministry has 24 bank accounts with six different banks. However, the following were observed:

- With the exception of the two Peace Support Mission bank accounts, cashbooks were not submitted for the other 22 bank accounts.
- Bank statements were not submitted for 18 bank accounts.
- Bank reconciliation statements were not submitted for 22 bank accounts maintained by the Ministry.

It was therefore recommended that the Senior Accountant should submit the bank statements, cash books and bank reconciliation statements in respect of these accounts within 15 days upon receipt of the report.

**Official's Response**

*The DG mentioned that the required bank statements, cash books and bank reconciliation statements were now available for audit inspection.*

**Auditor's Comment**

Bank statements, cash books and bank reconciliation statements were not submitted for audit inspection. Hence the issue still remains unresolved.

**5.10.9. Loans to personnel without repayment date**

It was observed that loans totalling US\$4,285 were given to various personnel but the loan forms reviewed had no repayment dates. It was recommended that the Treasurer should ensure that action was taken to contact the debtors in order to set the repayment dates for loans. Evidence of such action taken should be submitted for audit inspection within 15 days upon receipt of the report.

**Official's Response**

*The DG stated that evidence of action taken to contact debtors in order to set the repayment dates for loans was now available for audit inspection.*

**Auditor's Comment**

Evidence of efforts made to contact debtors in order to set the repayment dates for loans was not submitted for audit inspection. Hence the issue remains unresolved.

**5.10.10. Long outstanding loans**

Loans totalling US\$10,710 and Le67,422,490 had been overdue (between six and eight months) without evidence of good cause and actions taken to recover them. It was recommended that action should be taken to recover these loans from the respective personnel immediately. Evidence of the action taken should be submitted for audit inspection.

### **Official's Response**

*The DG stated that evidence of action taken to recover overdue loans was available for audit inspection.*

### **Auditor's Comment**

Evidence of action taken to recover overdue loans was not submitted for audit inspection. Hence the issue remains unresolved.

#### **10.10.11 Records of lands and buildings not submitted**

Section 230(1) of the Financial Management Regulations, 2007 requires the vote controller to maintain a register of lands and buildings owned or controlled by the Ministry. Evidence of such records was not submitted for audit inspection. In addition, section 230(5) states that: "All acquisition of lands, buildings, furniture, plant, equipment, vehicles, launches and other capital assets of significant value shall be notified to the National Assets and Government Property Commission." There was no evidence to indicate that this had been done by the Ministry. It was therefore recommended that the register of lands and buildings should be submitted for audit inspection. In addition, the Ministry should submit a copy of its notification to the National Assets and Government Property Commission for its lands, buildings and other capital assets of significant value.

### **Official's Response**

*The DG stated that evidence of registration of lands and buildings was available for audit inspection; so also was a copy of the letter of notification to the National Assets and Government Property Commission.*

### **Auditor's Comment**

Evidence of registration of lands and buildings and a copy of the letter of notification to the National Assets and Government Property Commission for its lands, buildings and other capital assets of significant value were not made available for audit inspection. Hence the issue remains unresolved.

#### **5.10.12 Poor toilet condition**

The condition of the toilets at the Ministry headquarters was in a bad state. We evidenced the following during the audit inspection: water spillage on the floor due to leaking pipes, breakages in the toilet flush system, the urinary bowls and the taps attached to the wash hand basins in the men's toilet were out of order and a lot more anomalies in this regard. It was therefore recommended that the Deputy Secretary should ensure necessary actions are taken.

### **Official's Response**

*The DG said that the required action was being taken.*

### **Auditor's Comment**

Verification revealed that the toilet facility was still poor. Hence the issue remains unresolved.

#### **5.11. MINISTRY OF FOREIGN AFFAIRS- 2016**

##### **5.11.1. Management of visa stickers by the Ministry, their overseas Missions and other related stakeholders (2013 - May 2016)**

The issuance of visas to foreign passport holders wishing to visit Sierra Leone is important in many ways including economic, security and diplomacy, to name but a few. It has economic benefits because some of those visitors may be tourist wishing to visit and explore the beauty of the country's beaches, prospective investors to assess the investment climate, or experts who are required to complement the skills gap in various sectors of the economy.

It is important that foreigners who are allowed to enter the country do not pose any security threat to the country. The visa process is also important as Sierra Leone is part of the international community and as such, there is need for the movement of people between the country and the rest of the world to be controlled.

As a result of the above reasons, and many others, it is important that the country's visa issuance process is up to date and modern, transparent, passenger friendly, accountable and fit for purpose.

We were able to visit selected Sierra Leone overseas Missions in order to assess how the Ministry of Foreign Affairs and International Cooperation (MFAIC) was managing visa stickers through their Missions overseas. Our review of the process from the requirement to obtaining a visa to enter Sierra Leone revealed the observations listed below:

- The Missions did not have a good visa sticker stock management, accounting and internal control systems in place. This has led to our Missions in London and Brussels not being able to account for £114,748 and €41,965 respectively. We noted that the sum of US\$2,387,402 also generated by five Missions was not transferred to the CRFA at the Bank of Sierra Leone as required by law.
- The Sierra Leone Consuls General to Spain and Denmark generated estimated visa fees revenue of £10,900 and US\$86,372 respectively, but failed to transfer same to the CRFA at the Bank of Sierra Leone as required by law.
- The basis for requiring foreigners to obtain visa to enter Sierra Leone was not evidenced;
- Value for money was not obtained in the procurement of visa stickers. The quantity procured had no bearing on the quantity required by the Missions and therefore, there was a shortage of visa stickers in the Missions.
- The Immigration Department did not have a good stock record system in place unnecessary delays in responding to requests for visa stickers by the Missions through MFAIC were also observed. As a result of these delays most of the missions visited were completely out of stock.
- The MFAIC delayed in playing their role as a “middleman” between the Missions and the Immigration Department and failed to monitor the Missions in their management of visa stickers.
- We observed wide spread use of unidentical Ink Stamps as visas, largely because of the shortage of visa stickers. There were however instances in London, in March 2016, when Ink Stamps were used even though there were a stock of stickers in the Mission.

Our conclusion is that the whole process has flaws and needs to be seriously reviewed.

We recommend an immediate review of the process to make it transparent, accountable and passenger-friendly.

## **5.12. MINISTRY OF HEALTH AND SANITATION -2016**

### **5.12.1. Proceeds from the sale of bidding documents**

In violation of section 42(1) of the Financial Management Regulation(FMR), 2007 which requires all revenue collectors to deposit revenues collected into a bank account, it was observed that proceeds from the sale of bidding documents which amounted to Le33million was not deposited into a bank account. Furthermore, a cashbook was not maintained by the Ministry to appropriately record the proceeds from sale of bids and details of utilisation. It was recommended that the Director of Financial Resources in collaboration with the Procurement Manager must ensure that all public funds collected are deposited into a designated bank account in accordance with section 42(1) of the FMR, 2007. In addition, appropriate records in the form of a cashbook should be maintained and used in recording all revenues received and utilised by the Ministry.

### **Official's Response**

*The PS in his response says: "The Auditor-General's recommendation is noted. However, revenues collected from the sale of bids were not deposited into bank account because of the undermentioned payments that were made:*

- *Payment for newspapers for all tender advertisements.*
- *Payment for printing and binding of bidding documents.*
- *Payment of transportation cost to evaluators.*
- *Payment for refreshment for evaluators.*
- *Payment for stationery items procured for tender process."*

### **Auditor's Comment**

Our recommendation was not implemented as evidence in the form of cashbook detailing records of bids sold and bank deposit slips justifying deposit made were not submitted for audit review. In addition, supporting documents in the form of payment vouchers, receipts, invoices justifying utilisation of the amount were not submitted for audit. The issue remains unresolved.

#### **5.12.2. No letter of notification to unsuccessful bidders**

Section 27 of the Public Procurement Act, 2016 states: "The procuring entity shall soon after a successful bidder has been identified, inform the unsuccessful bidder(s) of the reason for which their respective bids were unsuccessful". For the year under review, four procurement worth Le13,332,299,701 were undertaken. Appropriate notification letters informing unsuccessful bidders of the reasons why their bids were rejected were not submitted for audit inspection. It was recommended that the PS should provide appropriate reason(s) why unsuccessful bidders were not notified. In future, notification must also be sent to unsuccessful bidders in accordance with the Public Procurement Act, 2016.

### **Official's Response**

*The PS stated that all unsuccessful bidders in the procurement activities under review were duly notified with copies of the notification letters ready for audit inspection.*

### **Auditor's Comment**

Our recommendation was not implemented as notification letters to unsuccessful bidders stating the reasons why their bids were unsuccessful were not submitted. Therefore, the issue remains unresolved.

#### **5.12.3. Procurement activities not captured in the procurement plan and procurement documents not submitted for audit review**

Contrary to section 28(1) of the Public Procurement Regulations (PPR), 2006, we observed that procurement for the grading of the construction site of the tertiary hospital in Waterloo and the construction of the medical centre in the Tokeh community were not in the procurement plan for 2016. No amendment was made to the procurement plan as required by section 27(3) of the PPR, 2006.

Furthermore, the procurement procedures used for the selection of the contractors to carry out the grading of the construction site of the tertiary hospital in Waterloo and the construction of the medical centre in the Tokeh community were not made known to the auditors. At the exit meeting held with the management team of the Ministry on 10th May 2017, the PS stated that this procurement was an addendum to an existing contract awarded to the contractor-Nimo Construction Company for the construction of the hospital under the Kuwaiti Fund; and that the consulting engineer, IDEAS Ltd recommended that the contract be awarded to the existing contractor, Nimo Construction Company. However, the written recommendation of IDEAS Ltd, minutes of the procurement committee meeting where IDEAS' recommendation was approved and documents relating to the original contract were not made available for audit review. These were required to support the direct sourcing method used by the

contractor, without complying with the procurement procedures. The procurement documents for these two procurement activities undertaken were not submitted for audit verification to ascertain how the sums of Le1,718,225,000 and Le410,486,185 paid to the contractors were determined. It was recommended that the PS should supervise the procurement process effectively and ensure the following:

- That all procurement undertaken are appropriately planned and included in the procurement plan at the start of each year, and in the event of amendment, appropriate authority must be obtained in accordance with section 27(3) of the Public Procurement Regulation, 2006.
- That the Procurement Manager submits to the ASSL all procurement documents relating to the grading including the recommendation made by IDEAS and the minutes of the procurement committee meeting within 15 days upon receipt of the report.

#### **Official's Response**

*The PS said that the Ministry will ensure that an updated procurement plan is maintained at all times and documents relating to the grading of the land at Waterloo for the construction of a hospital with funding loaned by the Kuwaiti Fund were available for audit inspection.*

#### **Auditor's Comment**

The issue of procurement planning will be kept in view. Procurement documents relating to the grading and recommendation made by IDEAS and the minutes of the procurement committee meeting were not submitted for audit. Therefore, the issue remains unresolved.

#### **5.12.4. Names of staff to be retired but still on the payroll**

The names of seven staff were still on the Ministry's payroll as at 31<sup>st</sup> December, 2016 and had received salaries which amounted to Le35,709,528. These names were on the final right-sizing list of staff that were to be removed from the government's payroll effective 1<sup>st</sup> June, 2016, under the approved Civil Servant Right-Sizing Policy implemented by the Human Resources Management Office (HRMO) and the Ministry of Finance and Economic Development (MoFED). It was recommended that the Director of Human Resources at the Ministry should inform the HRMO for necessary action to be taken within 15 days upon receipt of the report.

#### **Official's Response**

*The PS stated that the recommendation was noted and action will be taken.*

#### **Auditor's Comment**

Our recommendation was not implemented as a letter notifying the HRMO for necessary action to be taken was not submitted. Therefore, the issue remains unresolved.

#### **5.12.5. Staff not available for physical verification**

Of the 140 personnel of the Ministry working in the Western Area who were selected for physical verification, 76 did not present themselves. It was recommended that the Director of Human Resources at the Ministry must ensure that the staff avail themselves for physical verification. Failure will result in recommendation for their names to be deleted from the Ministry's payroll.

#### **Official's Response**

*The PS said that the recommendation was noted. He however mentioned that staff for verification were selected at random and a good number of them work in health facilities in the provinces. He further maintained that it will be difficult to take them away from their duty stations and bring them to Freetown for the verification.*

### **Auditor's Comment**

Staff selected for physical verification were all from the Western Area; however, they were not seen for physical verification. Therefore, the issue remains unresolved.

#### **5.12.6. Staff list not updated with National Social Security numbers and duty location**

Review of the staff list submitted for audit inspection revealed that it lacked vital information such as National Social Security and Insurance Trust (NASSIT) numbers. The duty station for 176 personnel was also not stated. In addition, 297 personnel of the Ministry were without NASSIT numbers. Discussions held with the Director of Human Resources at the Ministry revealed that the lack of funding to the directorate was one of the causes for him not to follow up with NASSIT on staff identification numbers. It was recommended that the Director of Human Resources at the Ministry should ensure that they maintain a comprehensive staff list that includes their duty station and this should be updated regularly. The Director of Human Resources at the Ministry through consultation with the HRMO and NASSIT should ensure that appropriate NASSIT identification numbers are assigned to these staff within the shortest possible time.

### **Official's Response**

*The PS said that a comprehensive staff list was now maintained and that consultations will be held with the HRMO and NASSIT to ensure that appropriate NASSIT identification numbers were given to staff affected within the shortest possible time.*

### **Auditor's Comment**

Our recommendations were not implemented as an updated comprehensive staff list including duty station of personnel was not submitted; and evidence in the form of letter or minutes of meeting of consultation held with HRMO and NASSIT was also not submitted. Therefore the issues remain unresolved.

#### **5.12.7. No overseas medical returns submitted for 20 patients**

Further scrutiny of the payment vouchers revealed that there were no returns for overseas medical expenditure such as admission cards, discharge cards, invoices and receipts to support the sum of Le1,247,016,444. It was recommended that in future, the Chief Medical Officer should ensure that mechanisms are instituted for appropriate medical returns to be submitted by beneficiaries upon their return from overseas treatment. Medical returns in support of Le1,247,016,444 should be submitted by beneficiaries to the Chief Medical Officer and made available for the ASSL within 15 days upon receipt of the report, otherwise the parties involved will be asked to refund the amount.

### **Official's Response**

*The PS stated that the recommendation was noted and appropriate action will be taken. He however mentioned that it hasn't been the practice for returns to be submitted to this Ministry by patients when they return home from medical treatment overseas. He further noted that with the recommendation, action will be taken to inform all beneficiaries to submit returns after their treatment.*

### **Auditor's Comment**

Our recommendation was not implemented as the medical returns for the 20 patients were not submitted. The issue remains unresolved.

#### **5.12.8. Unapproved overseas medical treatment**

Review of the list of overseas medical treatment approved by the Sierra Leone Medical Board revealed that of the 20 patients for whom payments were made, only 18 were on the approved list submitted by the Board. This resulted in an unapproved payment of Le125,582,600 made on 16<sup>th</sup> February, 2016 for additional two patients. There was no supplementary approved list submitted to the audit team for verification that included their names. It was recommended that the Chief Medical Officer should provide appropriate reason(s) why unapproved individuals benefitted from the scheme within 15 days upon receipt of the report; otherwise, the sum of Le125,582,600 involved should be refunded into the CRFA.

#### **5.12.9. Medical payment exceeding stipulated threshold**

Payment of US\$10,000 made in respect of overseas medical treatment exceeded the approved amount of US\$8,000 authorised by the Sierra Leone Medical Board. This resulted in an overpayment of US\$2,000. It was recommended that the Director of Financial Resources should provide appropriate explanation why the amount paid exceeded the amount approved. In addition, evidence in the form of medical bills and receipts justifying excess payments made should be submitted by the Director of Financial Resources to the ASSL within 15 days upon receipt of the report; otherwise, the excess payment of US\$2,000 should be refunded. It should be deposited into the Ministry's bank account and evidence submitted for verification.

#### ***Official's Response***

*The PS stated that payments for medical treatment abroad were processed only after executive approval and payments were computed from the Executive Clearance approved by His Excellency.*

#### **Auditor's Comment**

Our recommendation was not implemented as evidence in the form of medical bills and receipts for the excess payment made was not submitted for audit. Therefore the issue remains unresolved.

#### **5.12.10. DSA payment for overseas travels not adequately supported**

Payments of Le199,629,584 were made in respect of DSA for overseas travel. These payments were without adequate supporting documents such as back-to-office report, letters of invitation from the organisers (host), boarding passes, receipts for payment of air tickets, etc. It was recommended that the PS ensure that adequate returns are made in support of all funds disbursed for overseas travels; and documents supporting payment of DSA submitted to the ASSL within 15 days upon receipt of the report; otherwise, the expenditure will be disallowed and should be refunded by the parties involved.

#### ***Official's Response***

*The PS stated that reports of conferences attended abroad by functionaries of government in the Ministry, which provide justification for use of public funds on such conferences, were ready for audit verification.*

#### **Auditor's Comment**

From a total of Le199,629,584, back-to-office report was submitted for payments totalling Le 136,981,834; leaving a balance of Le 62,647,750 not adequately supported. Therefore the issue is partly resolved.

*Teenage Pregnancy*

#### **5.12.11. Payments without supporting documents**

Payments totalling Le423,581,000 disbursed by the Ministry were made without adequate supporting documents. Withdrawals to the tune of Le85,400,000 were made from the Teenage Pregnancy account for which no supporting documents to justify the utilisation of such funds were submitted. It was



recommended to the Permanent Secretary, that the Director of Financial Resources must ensure the following:

- That all transactions are supported by the relevant documentation and these must be numbered and cross referenced, so that in cases of missing documents, they are easily traced.
- That the relevant evidence in respect of the sums of Le423,581,000 and Le85,400,000 are forwarded to the ASSL within 15 days upon receipt of the report.

#### **Official's Response**

*The PS noted that evidence in respect of the expenditure of Le 423,581,000 and Le85,400,000 were available for audit inspection.*

#### **Auditor's Comment**

Our recommendations were not implemented as relevant evidence in respect of the returns of Le423,581,000 and Le85,400,000 were not made available for audit. The issue remains unresolved.

#### **5.12.12. Receipts of National Revenue Authority payments**

The sum of Le16,775,000 was deducted as withholding taxes from the salaries of consultants for the period under review. However, receipts from the NRA confirming payment made was not submitted for audit. It was recommended that the Permanent Secretary ensure that the Director of Financial Resources provide the NRA receipt justifying the payment of Le16,775,000 as withholding taxes. Otherwise, the amount should be recovered and paid to the NRA within 15 days upon receipt of the report.

#### **Official's Response**

*The PS said that relevant documents for payment of withholding taxes to NRA were ready for audit inspection.*

#### **Auditor's Comment**

Our recommendation was not implemented as receipt from NRA justifying payment of 5% withholding tax was not submitted for audit. Therefore, the issue remains unresolved.

#### **5.12.13. Miscellaneous account**

Contrary to sections 73(1) & 81(1a&b) of the FMR 2007, the following issues were observed:

- Payments totalling Le764,878,031 disbursed by the Ministry, were made without adequate supporting documents.
- Withdrawals to the tune of Le1,052,384,210 were made from the Miscellaneous Account for which no supporting documents were submitted to justify the utilisation of funds.

It was recommended that the PS should ensure that the Director of Financial Resources does the following:

- That all transactions are supported by the relevant documentation and these must be numbered and cross referenced, so that in cases of missing documents, they are easily traced.
- That the relevant evidence in respect of the sums of Le764,878,031 and Le1,052,384,210 are forwarded to the ASSL within 15 days upon receipt of the report.

#### **Official's Response**

*The PS stated that the above payment from the Miscellaneous Account represents salaries to staff assigned to the Ministry of Health & Sanitation and supported by World Health Organisation. Funds had been remitted into the Miscellaneous Account for payment of their salaries and evidence is ready for audit verification.*

### **Auditor's Comment**

Our recommendations were not implemented as the relevant evidence in respect of the sums of Le764,878,031 and Le1,052,384,210 were not submitted for audit verification. Therefore the issue remains unresolved.

#### **5.12.14. Generators procured, but not available for physical verification**

Scrutiny of the IFMIS expense printout report and other procurement documents revealed that three generators were procured by the Ministry from Okar Agency on 7<sup>th</sup> November, 2014. These generators were delivered on 28<sup>th</sup> November, 2014 and payment made on 9<sup>th</sup> December, 2016 to the tune of Le717,574,707. The audit team carried out physical verification on 18<sup>th</sup> May, 2017 at the Hastings Health Facilities where these generators were reported to have been installed, but they were not made available for verification, and no further detail was provided to the team about their current location and status. It appeared that asset management is a challenge at the Ministry as there was no inventory register to indicate the location and officer responsible for the generators. It was recommended that the Director of Planning and Information should provide these generators for verification within 15 days upon receipt of the report or the amount of Le717,574,707 involved should be refunded, and evidence submitted to the ASSL for verification.

#### ***Official's response***

*The PS said that upon approaching the Director of Planning and Information, he categorically stated that he had no knowledge of the generators and no link to transactions concerning the generators.*

#### **Auditor's comment**

Our recommendation was not implemented as the three generators were not made available for verification. Therefore the issue remains unresolved.

#### **5.12.15. Vehicles not seen/made available for physical verification**

The team observed that 12 vehicles owned and controlled by the Ministry were not made available for physical verification. It was recommended that the Transport Manager should ensure that the 12 vehicles in question were made available for verification within 15 days upon receipt of the report.

#### ***Official's response***

*The PS mentioned that the Transport Manager was ready to make available the vehicles requested for audit physical verification.*

#### **Auditor's comment**

Our recommendation was not implemented as the vehicles in question were not made available for verification. Therefore the issue remains unresolved.

#### **5.12.16. Stale dated cheques included in the bank reconciliation statement**

In our review of bank reconciliation statements for January to November 2016, in respect of miscellaneous account of the Ministry, it was revealed that stale dated cheques were included as unpresented cheques even though they had been issued since 2014. These cheques amounted to Le205,842,026. It was recommended that the Director of Finance should explain why these cheques had not been cleared since they were issued. In addition, the stale dated cheques should be investigated and corrective actions taken. Furthermore, the revised bank reconciliation statement with an adjusted cashbook should be submitted by The Director of Financial Resources within 15 days upon receipt of the report.

#### **5.12.17. Bank statements not submitted**

Contrary to section 36(1a) of the Audit Service Act, 2014 we observed that of the 49 bank accounts maintained by the Ministry, eight bank account statements were not submitted for audit inspection and no cashbook records or reconciliations provided to the audit team. It was recommended that the Ministry should provide the bank statements to the audit team for inspection.

#### **Official's Response**

*The PS stated that the Auditor-General's recommendation was noted and the necessary bank statements were available for audit inspection.*

#### **Auditor's Comment**

Our recommendation was not implemented as bank statements were not provided for verification. Therefore the issue remains unresolved.

#### **5.12.18. Stores records not submitted for audit inspection**

Store documents such as store receive vouchers (SRVs), allocated store ledger (ASL), store issue vouchers (SIVs) and distribution lists were not made available for audit inspection. These were required to account for procured store items worth Le560,915,000 for the year under review. It was recommended that the officer-in-charge should submit the relevant store records to show how items were distributed to various beneficiaries.

#### **Official's Response**

*The PS in his response says: "The Auditor-General's recommendation is noted. However, the National Pharmaceuticals Procurement Unit (NPPU) was the body mandated to procure, store and distribute health commodities. NPPU was dissolved in March, 2016 but it has been replaced by the National Medical Supplies Agency Act of 2017. Documents such as approved distribution lists and emergency requests were in custody of the then Operations Director. Notwithstanding, the new Store Manager will try to work back and sort out the documentation issues and will also ensure that going forward, documentation are complied with before issuance of goods from stores."*

#### **Auditor's Comment**

Our recommendation was not implemented as store records showing how items were distributed were not made available for verification. Therefore the issue remains unresolved.

### **5.13. BO GOVERNMENT HOSPITAL -2016**

#### **5.13.1. Revenue distributed without authority**

From the total revenue of Le136,565,600 collected during 2016 as consultation fees; about 60% -70% (Le89.7million) was deducted and paid to various doctors. Authority to support the deduction formulae and utilisation of this revenue by the doctors was not provided. It was recommended that the Medical Superintendent should ensure that authority supporting the utilisation of Le89.7million by doctors is submitted to the ASSL within 15 days of the receipt of this report, or the amount is refunded immediately.

#### **Official's Response**

*The MS in his response said: "Based on your findings and recommendations, part of the consultation fees given to doctors has been put on hold with immediate effect and we are waiting on the Chief Medical Officer, Permanent Secretary and Director of Financial Resources of the Ministry of Health to give approval for any subsequent disbursement. It was an internal memorandum with previous management as stated by the doctors but authority was not provided."*

### **Auditor's Comment**

During the verification exercise, authority to support the deduction formulae and utilisation of Le89.7million by the doctors was not provided. However, an internal memo that was circulated, informing doctors that payment of incentives generated from consultation fees have been put on hold with immediate effect, was verified.

### **5.13.2. Stores management**

We observed the following in the management of the hospital stores:

- Inadequate staff in the stores unit.
- The store division was understaffed and there was one storekeeper who was responsible for recording, receiving, issuing and movement of store items.
- Store records were not updated to reflect supply received and utilised, as drugs received and utilised were not recorded in the stock cards maintained for those drugs.
- Stock cards were not maintained for some store items received and utilised.

It was recommended that the MS in collaboration with the appropriate authorities should ensure that the hospital medical store was adequately staffed. In addition, store records should be updated and store cards maintained.

### **Official's Response**

- *The MS stated that management was fully aware of the staff issue in the stores unit and had requested to the directorate to allocate staff to the facility.*
- *The MS in his response said: "This finding triggered the attention of management which resulted in thorough supervision of the pharmaceutical unit. All documents related to these findings are now readily available for inspection."*

### **Auditor's Comment**

- Evidence to suggest that management had taken action to address the issue was not provided during the exercise. The issue therefore remains unresolved.
- Stock cards were not updated and made available for some store items. In addition, some stock cards were still not available for verification except one in respect of Resomal 84g supplied to Therapeutic Feeding Center. The issues were therefore partly resolved.

### **5.13.3. Internal audit functions not evident**

There was no internal audit report to establish that internal audits or reviews were carried out by the Ministry's internal auditors during 2016. It was recommended that the evidence in the form of internal audit reports for the period under review must be available for verification within 15 days of receipt of the report.

## **5.14. DISTRICT HEALTH MANAGEMENT TEAM, BO-2016**

### **5.14.1 Differences between delivery notes and channel invoices**

A comparison between the channel invoices and delivery notes from Central Medical Store revealed that the difference of 194,500 quantity of drugs/consumables were not recorded in the delivery note. Even though the differences occurred, they were signed by the appropriate authority concerned on the above documents.

### **Official's Response**

*The District Medical Officer (DMO) stated that the differences observed between items received during the audit exercise were as a result of problem with the channel system but alignments had being done for verification.*

### **Auditor's Comment**

Differences were still observed between the delivery notes and the channel invoices. This issue remains outstanding.

### **5.14.2 Cash and bank management**

The following were observed:

#### *5.14.1.1 Inadequate control over cash and bank management*

Monthly bank reconciliations statements and cashbooks were not submitted for First International Bank (FIBank) account. In addition, bank confirmation letter for the same account was not submitted.

### **Official's Response**

*The DMO in his response said: "Monthly bank reconciliation for FIBank not available during time of audit was due to the delay from the request made for bank statement. The District Health Medical Team (DHMT) has ensured the availability of an updated bank reconciliation statement for verification. Observation made on bank confirmation letter for FIBank account was true due to delay from the bank in providing letter of confirmation but were now available for verification."*

### **Auditor's Comment**

Monthly bank reconciliations statements, bank confirmation and cashbooks for the FIBank account were not submitted for verification. This issue is therefore unresolved.

#### *5.14.1.2 Bank withdrawals without supporting documents*

Section 73(1) of the Financial Management Regulation 2007 requires all disbursements of public monies to be supported by an appropriate payment voucher and other relevant documents. Authorised payment vouchers from Government Printing were not used by DHMT. Examination of the DHMT account maintained at the Sierra Leone Commercial Bank revealed that Le1.2billion was withdrawn without adequate supporting documents submitted to justify the withdrawal and use of this amount. It was recommended that the DMO must ensure that payment vouchers and all supporting documents in relation to these transactions were submitted to ASSL for inspection within 15 days of receipt of the report and, in future, all supporting documents must be attached to PVs and retained for audit purposes.

### **Official's Response**

*The DMO in his response said: "The observation made by the audit team on payment made without adequate supporting documents amounted to Le1.2billion. Our team has made tremendous effort in compiling these supporting documents for the said amount and is now available for verification."*

### **Auditor's Comment**

From a total of Le1.2billion, supporting documents were still not submitted for payments, totalling Le54,481,500. This issue was therefore partly resolved.

### **5.14.3 Poor management of staff records**

The names of 29 staff on the staff list of the DHMT were not included in the staff list submitted by MOHS headquarters. Furthermore, the names of two staff who had attained retirement age of 60 years were still on the payroll of the DHMT without approval of an extension of service. It was recommended that staff list maintained by both the ministry's headquarters and the DHMT must be updated. The names of staff who had attained the retirement age should be deleted from the DHMT payroll.

### **Official's Response**

*The DMO stated that the observation of staff personnel files not submitted during the audit exercise was due to the absence of the staff in-charge. He added that the officer temporary in-charge had ensured the availability of staff files for verification.*

### **Auditor's Comment**

The issue of 29 names on the staff list of the DHMT that were not included in the staff list submitted by MOHS headquarters, was yet to be addressed by the Ministry. In addition, the names of two staff who had attained the statutory retirement age of 60 years was yet to be addressed by the Ministry. The recommendation was therefore partly implemented.

#### **5.14.4 Inadequate transportation**

There were inadequate ambulances to cover the operations of the DHMT. From the interview with the DMO, it was revealed that only two ambulances were in operation in the entire district. In addition, there were only two functioning vehicles that were owned and controlled by the DHMT. Furthermore, the interview revealed that most of the other vehicles and motorbikes were faulty and had not been repaired. It was therefore recommended that the DMO in collaboration with the Ministry of Health and Sanitation headquarters should ensure that the district office in Bo is provided with ambulances and those faulty vehicles were repaired or disposed.

### **Official's Response**

*The DMO stated that the DHMT needs additional vehicles and motorbikes to facilitate its operations in improving quality health service delivery at district level.*

### **Auditor's Comment**

The issue of inadequate ambulances, vehicles and motorbikes for the effective and efficient operations of the DHMT in the district is yet to be addressed by the Ministry. The issue therefore remains unresolved.

#### **5.14.5 Inadequate accommodation facilities**

During the inspection of selected units such as Expanded Programme for Immunisation Unit, Endemic Disease Control Unit, Finance Office, Disease Surveillance Unit and other places, it was observed that the office environment was not conducive, as it needed possible expansion to accommodate more personnel. It was recommended that the DMO should ensure that enough office space was provided for DHMT personnel to carry out their functions efficiently and effectively.

### **Official's Response**

*The DMO said that the DHMT, Bo was still requesting support for additional office equipment in key units to improve working environment for quality service delivery.*

### **Auditor's Comment**

There was no evidence that the accommodation issue in the DHMT had been addressed. Therefore the issue remained unresolved.

## **5.15. GOVERNMENT HOSPITAL, KENEMA- 2016**

### **5.15.1. Ineffective internal controls**

A review of the hospital's internal control and operating environment revealed that there was no risk assessment process in the 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. It was recommended that the medical superintendent 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 Medical Superintendent(MS) stated that in a top management meeting held January 2017, it was resolved that to minimise fraud and business risk in the hospital, all financial transactions and banking processes will be conducted using multiple signatories of members of the top management as witnesses to ensure routine financial transactions to minimise fraud and risky behaviour.*

### **Auditor's Comment**

Our recommendation was not implemented. Appropriate risk assessment process was not designed and communicated to all staff. However a method of bank alert for withdrawal of fund is in place.

### **5.15.2 Inadequate control of the collection, recording and banking of revenue**

The collection, recording and banking of own source revenue were ineffective, resulting in the following weaknesses:

- Revenue collected by various units such as theatre, out patients etc for which receipts were not issued, not paid to finance and not deposited into the hospital account amounted to Le159,508,000.
- Revenue collected and banked for which receipts were not issued amounted to Le26,841,000.
- 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 cash books and bank statements was not carried out by the Finance Officer.
- 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 MS should ensure that:

- All public funds are recorded in an appropriate accounting record and properly accounted for, in accordance with the regulation.
- The Finance Officer produce the documents supporting the banking and/or utilisation of Le185,989,000.
- The printing of receipt books is done by the Government Printer, authorised by the Medical Superintendent, and application letters & delivery notes maintained for references.
- 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 following:*

- *"There is miscalculation of owned source revenue and utilisation as stipulated management policy by the hospital top management gives priority to 80% generated revenue to incentive working staff and 20% to be contributed to the central generated fund. So most of these calculated were disbursed as incentive to staff in the various units of collection.*
- *Finance Officer to provide receipts for the revenue that was collected and banked.*
- *Due to late disbursement and inadequacy of funds received by the hospital, management has passed a policy to utilise local printing presses but under strict protocols and proper registration and record keeping principles to use locally produced receipts.*

- *Finance Officer has currently completed reconciliation and proper book keeping according to the stewardship of his profession.”*

#### **Auditor’s Comment**

Our recommendations were not implemented as a result of the following:

- Evidence in the form of supporting documents to justify the banking and/or utilisation of Le159,508,000 were not provided during verification.
- Receipts books to justify the issuing of receipts for revenue collected totalling Le26,481,000 were not provided during verification.
- Evidence of receipt books printed by the government printing press was not provided.
- Bank reconciliations were not carried out.

#### **5.15.3 Inadequate control of the general processing of payment vouchers**

Allocation utilised without adequate supporting documents such as receipts amounted to Le223.2million. It was recommended that the MS should ensure that the relevant evidence in respect of the above expenditure; or the amount is refunded immediately.

#### ***Official’s Response***

*The MS said that most of the relevant documentary evidences such as receipts and recipient signatures were submitted during the audit and were available for verification. He however noted that the problem was that documents were not properly attached and filed.*

#### **Auditor’s Comment**

Our recommendation was not implemented as evidence to justify the utilisation of Le223.2million were not provided during verification.

#### **5.15.4 Repairs and maintenance**

There were no log books and records to show the utilization of Le58million for service and repairs of vehicles.

#### ***Official’s Response***

*The MS stated that the complete documentation and chits for fuel utilisation were made available for review to ASSL. He noted that the documentation were still available for review.*

#### **Auditor’s Comment**

Our recommendation was not implemented as records on service and repairs which amounted to Le58million were not provided during verification.

#### **5.15.5 Inadequate infrastructure to support clinical activities**

The following were observed:

- The Paediatric Ward was not spacious.
- The tuberculosis ward was closer to the paediatric ward thereby creating an unhealthy environment for the children.
- The paediatric ward had no cooking area and no cooking gas.
- Both male and female surgical wards used and occupied the same facilities and space. The toilet facility was poor.
- There was no proper drainage system in the kitchen.
- The Major Theatre had no pipe-borne water.



- The Mortuary had no office space for staff.
- The Air Conditioners in the Annexe Ward were not in good working order.
- The energy supply was not sufficient for the utilization of oxygen machines.

It was therefore recommended that the Medical Superintendent should ensure the following:

- That the store space is increased and fitted with functioning air conditioner.
- That the needs of the various hospital units and the hospital in general are met to facilitate the smooth and efficient delivery of medical services to the general public.
- That the tuberculosis ward be moved to another location.
- That a kitchen and cooking gas is provided for the paediatric ward.

#### **Official's Response**

*The MS in his response said "The MOHS sponsored by UNICEF has constructed a new store with the necessary air conditioning and shelves of modern stores facility similarly the same project has renovated and expanded the paediatric ward to the size of a 75 bed capacity space with new beds and equipment to aid effective paediatric health care service delivery. There is a plan for future funding to relocate the tuberculosis ward away from paediatric ward has a plan for kitchen construction and gas cooking. The hospital has 24 hours pipe-borne water supply system and currently plumbers to ensure equitable water distribution to all service points. Enough oxygen concentrators have being supplied from the central medical store to support oxygen supply to all wards and a modern mortuary service is already planned."*

#### **Auditor's Comment**

Our recommendations were not implemented as the needs of the various hospital units were not yet met and the tuberculosis ward still in the same location. The kitchen and cooking gas for the paediatric ward were still not provided.

#### **5.15.6 Inadequate medical personnel**

A total number of 9,171 patients visited the hospital for the period. However, there were only four doctors available to provide medical services for the period under review.

The following specialists were not available in the hospital:

- Gynaecologist
- Bone specialist
- Dentist.
- Radiologist.
- Virologist.

It was recommended that the MS in collaboration with the Minister of Health and Sanitation must ensure that the required medical personnel are made available to the hospital.

#### **Official's Response**

*In his response, the MS said "The scarcity of medical personnel is a resounding problem the world over however, currently the hospital boast of; a neonatologist, two pediatricians and five medical officers. The MOHS is working on a new human resource strategy with a promise of providing adequate and qualified personnel in the future to aid efficient health service delivery."*

#### **Auditor's Comment**

Our recommendation was not implemented. However, the hospital now has a neonatologist and paediatricians and additional medical doctors.

## **5.16. DISTRICT HEALTH MEDICAL TEAM, KENEMA - 2016**

### **5.16.1 Ineffective internal controls**

There was no risk assessment process in the District Medical Health Team-Kenema (DHMTK) for the identification of business risk, fraud and deficiencies in the disbursement of funds. This resulted in disbursements made without payment vouchers and other supporting documents. It was recommended that the District Medical Officer (DMO) should ensure that an appropriate risk assessment process for the identification of fraud and financial deficiencies should be designed and communicated to all staff.

#### ***Official's Response***

*The DMO in responding 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 ensured that activities are requested by the program manager or focal person to the DMO 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**

Our recommendation was not implemented as evidence of risk assessment process document was not presented during the verification exercise.

### **5.16.2 Inadequate control over the management and distribution of drugs**

It was observed that 97,463 quantities of assorted free healthcare drugs were issued without requisitions, store issue vouchers, store allocated ledger, distribution lists and delivery notes during the audit period. In addition, physical stock verification to identify slow moving and expired drugs was not carried out during the period under review. This resulted in the identification of huge piles of expired assorted drugs in the store. It was recommended that the DMO should ensure that the documents are produced and expired drugs are sent to the Central Medical Store for destruction.

#### ***Official's Response***

*The DMO stated that the necessary documentations in the form of requisitions, store issue vouchers, store allocated ledger, distribution lists and delivery notes were available for verification. He further noted that expired drugs were normally accounted for and sent to central medical stores for destruction. He however stated that those drugs were awaiting information from central medical store with regard to its destruction.*

#### **Auditor's Comment**

Our recommendations were not implemented. The issues therefore remain unresolved.

### **5.16.3 Inadequate infrastructure to support clinical activities**

Eight Public Health Units (Largo Community Health Center, Talia Community Health Center, Ngiehun Maternal and Child Health Posts, Panderu Maternal and Child Health Posts, Hangha Community Health Center, Military Clinic, Burma Maternity Community Health Post and Kondebortihun) were visited and the following were identified:

- Poor toilet facilities.
- Inadequate floor space and storage facility for staff and consumables.
- No incinerator for the disposal of medical waste.

It was therefore recommended that the DMO should ensure that the infrastructural needs of the various units and the DHMT-K in general were met to facilitate the smooth and efficient delivery of medical services to the general public.

### **Official's Response**

*The DMO in his response said "Management is aware of this matter and they have been putting things in place to address it. Majority of these PHUs were with adequate toilet facilities, floor space and storage facilities although some were without due to the constraints we were undergoing. However, management is still working to ensure that additional facilities were provided."*

### **Auditor's Comment**

Our recommendation was not implemented. Infrastructural needs of the various units and the DHMT-K in general were not met. The issue therefore remains outstanding.

## **5.17. MINISTRY OF ENERGY- 2016**

### **5.17.1. Disbursement without adequate supporting documents and non-payment of withholding taxes from general procurement activities undertaken**

On the 27<sup>th</sup> March, 2014, the Ministry entered into a contract with Global Trading Group NV (GTG) for the supply and installation of 6000KVA (4.8 MW) generators including three 2000 KVA MTU 16V4000-G60 Diesel Driven Generator for the Bo-Kenema Power Services (BKPS) for an amount of US\$2,600,000. It was however observed that the US Dollar selling rate of Le4, 403.61 to US\$1 was used by the Ministry in the computation of the payment to the supplier instead of the commonly BSL mid-rate of Le4,360.01 to US\$1. This resulted in an overstatement of the amount paid by Le90,696,000 (US\$20,596). In addition, withholding taxes totalling Le457,975,400 was not deducted and paid over to the National Revenue Authority by the Ministry.

It was recommended that the former Accountant should recoup the Le90,696,000 excess cost incurred by the government on behalf of the supplier and paid into the CRFA and evidence of such payment forwarded to the Audit Service for verification; otherwise, the Anti-Corruption Commission will be informed for appropriate action to be taken. In addition, the Senior Accountant should ensure that in future, the Bank of Sierra Leone mid-rate is used for the payment of foreign suppliers. Furthermore, the former Accountant should ensure that withholding taxes worth Le457,975,400 are recovered immediately and paid to the National Revenue Authority, and evidence of such payment forwarded to the ASSL for verification within 15 days of the receipt of this report; otherwise, the Anti-Corruption Commission will be informed for appropriate action to be taken.

### **Official's Response**

*The PS said "Payment to Foreign contractors is transferred in foreign currency. The listing from the Accountant-General's Department for this payment shows that US\$2,080,000 with cheque N0.255258 was sent to the Bank of Sierra Leone for transfer to Global Trading Group. The listing was from the Accountant General's Department is available for inspection. The findings, observations and recommendations of the audit exercise have been communicated to the former Senior Accountant via letter of 22<sup>nd</sup> September, 2017 instructing him to taking prompt and necessary action accordingly. Since the Senior Accountant has retired. Nevertheless, his successor will ensure that, in future the Bank of Sierra Leone's mid-rate is used for payment to suppliers for all foreign payments. The regulation of deducting withholding taxes and payments to the National Revenue Authority will be strictly adhered to in subsequent payments by the accountant in post."*

### **Auditor's Comment**

- Though a letter was sent by the Permanent Secretary to the former Accountant to act accordingly with regard our recommendations, evidence in the form of bank deposit slips and bank statements confirming that the additional cost of Le90,696,000 incurred has been recouped and paid into the CRFA by the former Accountant were not submitted for audit. Therefore the issue remains unresolved.

- Receipts from the NRA confirming that the sum of Le475,975,400 for 5% withholding tax had been recouped by the former Accountant from suppliers were not submitted for audit. Our recommendation in this regard was not implemented. Therefore, the issue is unresolved.

#### **5.17.2. Supply, installation and commissioning of 0.4/11Kv Step-Up Transformer and the construction of a generator room for the restoration of electricity supply to Lunsar**

On the 17<sup>th</sup> July, 2014 the Ministry signed a contract addendum with Messrs Global Trading Group N.V for the supply, installation and commissioning of 0.4/11Kv step-up transformer and the construction of a generator room to house a 1.2MW diesel operated generating engines (7.7mx6.7mx0.3m) for the restoration of electricity to Lunsar for an additional contract cost of US\$90,000 (Le404,649,900).

The following issues were observed:

- Bill of quantity and certificate of completion for the construction of the generator room to house the diesel generating sets costing US\$40,000 were not made available for audit.
- Delivery note for the spare parts procured was not seen.
- Withholding taxes of Le20,232,495 (5% of Le404,649,900) was not deducted and paid to the NRA.

It was recommended that the Procurement Officer should ensure that the bill of quantity and certificate of completion in support of the US\$40,000 paid are submitted to the Audit Service within 15 days of receipt of this report. In addition, the delivery note in support of the spares purchased should be submitted to the ASSL within 15 days of receipt of the report; otherwise, the sum of US\$50,000 should be refunded by the former Accountant. Furthermore, the former Accountant should ensure that withholding taxes amounting to Le20,232,495 are recovered immediately and paid to the NRA, and evidence of such payment forwarded to ASSL for verification within 15 days of receipt of this report; otherwise, the Anti-Corruption Commission will be informed for appropriate action to be taken.

#### **Official's Response**

*The PS said the following in her reply:*

- "The bill of quantity and certificate of completion were issued to the contractor by the then National Power Authority as end-user utility. Unfortunately, those documents were engulfed by the fire incident at the Electricity Building in 2015, which used to house the National Power Authority.*
- The delivery note in support of the spares was among the documents that were engulfed by the fire incident in the ministry in 2016.*
- The original agreement and addendum exempt all forms of tax including withholding tax. Copies of the Original Agreement and the Addendum are available for inspection."*

#### **Auditor's Comment**

- Though fire reports from the National Fire Force for the fire incidents at the Electricity Building in 2014 and 2016 were submitted, a police report to substantiate such incidents was not submitted. In addition, the fire report indicated names department/sections that were affected by the fire but details of documents and assets consumed in the various fire incidents were not provided.
- The bill of quantity and certificate of completion for the US\$40,000 paid were not submitted for verification.
- The delivery notes in support of the spare parts purchased totalling US\$50,000 were not submitted for verification.
- Receipts from the NRA confirming that the sum of Le20,232,495 being 5% withholding tax has been recouped by the former Accountant from suppliers were not submitted for audit. In addition, the contract agreement and addendum for the justification of 5% withholding tax waiver was not provided for verification, nor was parliamentary approval for tax waivers.

Therefore, the issues are unresolved.

### **5.17.3. Renewal of service connection and dismantling of irrelevant parts of the existing network – STEG International Services**

An addendum to the contract between the Ministry of Energy and STEG International Service in 2015, “renewal of service connection and dismantling of irrelevant parts of the existing network” for additional work done costing US\$1,670,264 was signed on the 25<sup>th</sup> September, 2015.

The following were observed:

- The sum of Le7,808,710,229 was paid to the contractor as at 31<sup>st</sup> December, 2016. Of this amount, the sum of Le6,361,163,658 equivalent was paid in United States Dollars using the selling rate instead of the commonly used mid-rate. This resulted in the loss of government funds amounting to Le56,393,254.
- The Ministry of Energy made payment of Le7,808,710,229 to STEG International Service of Tunisia (contractor) as at 31<sup>st</sup> December 2016. This amounted to US\$1,300,206. However, the withholding tax of Le780,871,023 due the Government of Sierra Leone was not deducted by the Ministry and paid to the National Revenue Authority in violation of section 117 and Part II of the second schedule of the Income Tax Act of 2000 and condition 2 of the Certificate of Approval for the award of contract from the Financial Secretary dated 10<sup>th</sup> November 2015.

It was recommended that the former Accountant should recoup the Le56,393,254 and pay it into the CRFA and evidence of such payment should be forwarded to ASSL for verification; otherwise, the Anti-Corruption Commission will be informed for appropriate action to be taken. In addition, the former Accountant should ensure that withholding taxes of Le780,871,023 are recovered immediately and paid to the NRA and evidence of such payment forwarded to the ASSL for verification; otherwise, the Anti-Corruption Commission will be informed for appropriate actions to be taken too.

### **Official's Response**

*The PS stated that the listing obtained from the Accountant-General's Department for the queried cheque numbers indicate that the United States Dollars payment should be transferred to the contractor and therefore there was no loss of fund of Le56,393,254. He added that the list from the Accountant-General's Department was available for inspection. On the issue of withholding taxes, the PS noted that the original contract agreement states that all forms of taxes were exempted.*

### **Auditor's Comment**

- Evidence in the form of bank deposit slips and bank statements confirming that the additional cost incurred of Le56,393,245 had been recouped and paid into the CRFA by the former Accountant were not submitted for audit. Therefore the issue remains unresolved.
- Receipts from the NRA showing that the sum of Le780,871,023 for 5% withholding tax has been recouped by the former Accountant from suppliers were not submitted for audit. Therefore, the issue remains unresolved. In addition the original contract agreement for the justification of waiver of all forms of taxes was not provided, nor was parliamentary approval for the waiver of taxes.

### **5.17.4. Disbursement without adequate supporting documents**

In violation of section 81(1a & b) of the Financial Management Regulations 2007 which stipulates for payment vouchers to be properly supported by prescribed documents, and that the documents attached to the voucher are correct and completed in every particular, the following were observed:

- Special imprest amounting to Le2,404,766,750 were paid to the Ministry for which appropriate retirement details such as recipient signature, receipt, back to office report, etc., were not submitted for audit. Furthermore, withholding taxes amounting to Le24,212,562 on some of the payments made to suppliers were not deducted.

- Cost of air ticket and per diem allowances for overseas travel to the tune of Le549,114,703 were not backed by adequate supporting documents such as letter of invitation, request for executive clearance, and back to office reports to justify the expenditure incurred.
- Mobile phone and electricity recharge costing Le130,015,000 for 2016 were not backed by adequate supporting documents such as signed list of beneficiaries, request for payment and receipts.

It was recommended that the PS must ensure that the Accountant performs the following:

- All transactions are supported by the relevant documentation and these must be numbered and cross referenced so that in cases of missing documents, they can be easily traced.
- The relevant evidence in respect of the sums of Le2,404,766,750, Le549,114,703, Le58,015,000 and Le130,015,000 are forwarded to the ASSL within 15 days of receipt of this report; otherwise, the amount will be disallowed and surcharged as prescribed for in Section 93 (4b) of the Public Financial Management Act Of 2016.
- Withholding taxes valued at Le24,212,562 are recovered immediately and paid to the NRA, and evidence of such payment forwarded to ASSL for verification; otherwise, parties involved will be asked to refund the amount.

### **Official's Response**

*The PS in his response said "I will ensure that:-*

- i. All transactions are supported by the relevant documentation and these will be numbered and cross-referenced by the Accountant, so that in case of loss of documents, they can be easily traced.*
- ii. Status of Le 2,404,766,750.00 are as follows:*
  - a) Le600,000,000.00 - Relevant documents relating to the payment perished in the fire accident in the Ministry in 2014 and 2015.*
  - b) Le636,000,000.00 - relevant documents relating to the payment perished in the fire incident in 2014.*
  - c) Le 72,766,750.00 - Relevant documents relating to this payment perished in the fire incident in the Ministry in 2015.*
  - d) Le302,000,000.00 - Relevant documents relating to this Payment perished in the fire incident in the – Ministry in 2015.*
  - e) Le297,000,000.00 - Formulation of the National Energy Act - This amount is still in the Ministry's account as the activity is still in progress: Account Name: Ministry of Energy - Bank statement of the Account is available for inspection and verification.*
  - f) Le497,000,000.00 -Review of the National Energy Policy – Implementation of this activity is in progress and the money is still in the Ministry's account. The bank statement of this account is available for inspection and verification.*
  - g) Le549,114,703- Documents relating to the Costs of air tickets and per diem allowances for overseas travel perished in the fire incident in the Ministry. However, the Accountant General's Department would not have approved and made payment without executive clearance, letter of invitation for the Minister and Deputy Ministers; and letters of invitation in the case of members of staff.*
  - h) Le72,000,000– Electricity Top up (2016) Re-charge receipts are available for inspection and verification.*

*The findings, observations and recommendations have been communicated to the former Senior Accountant via letter of 22<sup>nd</sup> September, 2017 requesting him to take prompt and appropriate action as recommended."*

### **Auditor's Comment**

- Though fire reports from the National Fire Force in respect of the fire incidents at the Electricity Building in 2014 and 2016 were submitted, a police report to substantiate such incidents was not

submitted. In addition, the fire report only indicates departments/sections that were affected by the fire and details of documents and assets lost in the fire were not provided.

- Bank statement was provided to confirm the receipts of the amounts of Le297million and Le497million. However, these amounts had not been utilised as at the time of verification. Relevant supporting documents in the form of payment vouchers, invoices and receipts were not submitted for verification for the balance of Le1,610,766,750 out of the total special imprest amount of Le2,404,766,750. Therefore, this issue is partly resolved.
- Adequate supporting documents such as letter of invitation, request for executive clearance and back to office report to justify the expenditure incurred on cost of air tickets and per diem allowances to the tune of Le549,114,703 were not provided for verification. Therefore this issue is unresolved.
- Receipts in support of Le72million for electricity top up for the year 2016 were not submitted for verification. Therefore the issue is unresolved.
- Receipts from the NRA indicating that the sum of Le24,212,562 being 5% of withholding tax has been recouped by the Permanent Secretary from suppliers were not submitted for audit. Therefore, the issue is unresolved.

#### **5.17.5. Ineffective management of project expenditures- Barefoot Solar Women Engineers**

The following issues were observed for 2014 and 2015:

- An amount of Le1,060,000,000 was paid to the Barefoot Women's Solar Engineers for the procurement of assorted solar equipment for which procurement documents to ascertain whether an open and transparent procurement process was carried out, and supporting documents in the form of invoices, receipts, delivery notes etc. to justify payments made were not submitted for audit.
- A total of Le1,173,972,746 was paid to the project for administrative and other operational costs for the 2014 project year. However, supporting documentation in the form of payment vouchers, invoice, receipts, delivery notes etc. in support of the funds disbursed were not submitted for audit.
- During the 2015 project year, a total amount of Le418,700,000 was paid from the CRFA to the project for administrative activities. However, supporting documents in respect of how the Le418,700,000 was expended were not provided for the audit inspection. It was recommended that the Project Coordinator should ensure that the relevant documentation for the amounts disbursed are submitted to ASSL within 15 days of receipt of this report; otherwise, the total sum of Le3,071,372,746 will be disallowed and surcharged as prescribed in section 93 (4b) of the Public Financial Management Act, 2016.

#### ***Official's Response***

*Relevant documents relating to these payments are available for inspection and verification.*

#### **Auditor's Comment**

Relevant supporting documents in the form of payment vouchers, invoices, receipts, expenditure returns etc. for the total sum of Le3,071,372,746 disbursed to the project was not submitted for audit inspection. Therefore, the issue remains unresolved.

#### **5.17.6. Documents not submitted for audit**

The following documents in respect of the Ministry's operations were not submitted:

- Bank statements for the Ministry of Energy's Electric Power accounts maintained by the Ministry at the Bank of Sierra Leone for the period January 2014 to 31<sup>st</sup> December, 2015.

- Cash books and bank reconciliation statements for all (six) bank accounts maintained by the Ministry.
- Performance contract signed between his Excellency the President and the Minister.
- Petty cash vouchers.

It was recommended that the Senior Accountant should make available the relevant documents for audit inspection within 15 days of receipt of this report, otherwise, section 36 (1a) of the Audit Service Act, 2014 will be invoked.

### **Official's Response**

*The PS in her response said:*

- i. *“Several requests were made for the bank statement of the Ministry of Energy’s Emergency Electric Power Account but it was not until 22<sup>nd</sup> of September, 2017 that the said statement was made available to us. The statement for the said account is now available for your inspection.*
- ii. *The cash books and bank reconciliation statements were not submitted in time because efforts were being made to get the related supporting documents. Having discussed with the Accounts Clerk and the former Accountant, it was discovered that the supporting documents and cheque stubs for the period 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015 perished in the fire incident. Cashbooks and bank reconciliation statements for 1<sup>st</sup> January, 2016 to 31<sup>st</sup> December, 2016 have been prepared and are now available for your inspection.*
- iii. *The Honorable Minister did not sign a contract with His Excellency the President in 2016 as the Ministry was part of the Presidential Recovery Priorities. However, the unsigned copy of the contract for 2016 has been secured from the Office of the Chief of Staff and is available for 2016.*
- iv. *Petty cash vouchers for the period 1<sup>st</sup> January, 2014 to 31<sup>st</sup> December, 2015 were not submitted for audit because these documents perished in the said fire incident. The petty cash voucher for 2016 has been recovered and is now ready for your inspection.*

*These issues are noted for management’s action in the future.”*

### **Auditor’s Comment**

- i. Bank statement for the Ministry of Energy’s Electric Power accounts maintained by the Ministry at the Bank of Sierra Leone was submitted for the period 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2015. However; relevant supporting documents such as payment vouchers, invoices, receipts to confirm transactions recorded in the bank statement were not verified. Therefore the issue will be kept in view and followed up in the next audit.
- ii. Though fire reports from the National Fire Force for the fire incidents at the Electricity Building in 2014 and 2016 were submitted, a police report to substantiate such incidents was not submitted. In addition, the fire report only identified departments and sections that were affected by the fire. Details of documents and assets engulfed in the fire were not provided.
- iii. However, cash books and bank reconciliation statements were provided for the period 1<sup>st</sup> January 2016 to 31<sup>st</sup> December 2016 and verified. Therefore, the issue is partly resolved.
- iv. Management response is noted. However, the unsigned performance contract between His Excellency the President and the Honourable Minister was provided and verified.
- v. Petty cash vouchers were not provided for verification, neither was a police report provided to confirm that the documents perished in the fire incident in the Ministry. Therefore the issue is unresolved.



## **5.18. MINISTRY OF WORKS, HOUSING AND INFRASTRUCTURE, HQ- 2015**

### **5.18.1. Assessment and reconciliation reports for building permits, quarry licenses not submitted for audit**

The Ministry did not submit assessment and reconciliation reports for building permits, quarry licenses and petroleum storage, in order to verify that assessments were done before building and other permits were issued to the applicants. This was in contravention of section 40(1) of the Financial Management Regulation 2007 even though the sum of Le983,155,650 was collected for various license fees for the year under review. It was however recommended that the PS should ensure that the various heads of division should develop assessment and reconciliation reports on the issuance of building permit, quarry licence and petroleum storage fees.

#### ***Official's Response***

*The PS in his response said "There is a National Revenue Authority Officer in the Ministry who does the collection of revenue. The applicants will do their payments through the bank and the pay-in slips in triplicate is brought to the NRA officer who then records and refers the client to the specific division for processing. However, Management will ensure that assessment reports will henceforth be prepared by those revenue generating divisions and submit same to the Principal Accountant for reconciliation."*

#### **Auditor's Comment**

The Ministry did not submit evidence of assessment and reconciliation reports for verification. Therefore, the issue remains unresolved.

### **5.18.2 No contract agreement for erection of masts on top of Youyi Building**

Five mobile companies (Airtel, Africell, Smart, Comium and Datatel) erected their masts on top of Youyi Building. However, no agreement was submitted for audit inspection. It was further observed that only Smart Mobile Company made rental payment of Le32million for four year period between 2012 to 2016 in respect of its mast erected on top of Youyi Building. There was also no evidence to ascertain whether that amount was the actual fee that should have been paid for the said period. Although Comium and Datatel mobile companies had ceased operations, their masts were not dismantled from the building. It was recommended that the professional head should ensure that these anomalies are corrected with immediate effect, and that the mobile companies pay their outstanding amounts within 15 days upon receipt of the report. He should also ensure that Comium and Datatel mobile companies remove their masts from the building within 15 days of the report.

#### ***Official's Response***

*The PS stated that the Ministry noted the concern and has written a letter to the five mobile companies inviting them to a meeting to resolve the matter. He added that the issue will be settled accordingly as recommended.*

#### **Auditor's Comment**

Copy of the letter written to the mobile companies to meet and resolve the matter was not submitted for verification and the amounts owed by the mobile companies had not been recovered. Therefore, the issue remains unresolved.

### **5.18.3 Purchase of properties without relevant documents**

It was also observed that a property was bought in Belgium as an additional building to the diplomatic chancery for Le10,050,119,000. Another property was also bought in Kabala for Le1,541,727,750. Supporting documents such as conveyances, receipts, survey plan and purchase agreements were however not submitted for audit, even though requests were made. It was recommended that the Procurement

Officer should also submit the conveyances, receipts, survey plan and purchase agreements within 15 days of receipt of this report.

#### **Official's Response**

*The PS in his response said "...In the case of property bought in Belgium for Le10,050,119,000, as an annex to the diplomatic chancery, this transaction was processed and paid for by the Accountant General's Department who should be in a better position to provide the relevant documents requested for. For the property bought in Kabala, the relevant documents such as conveyances, survey plan and purchase agreement are now available for verification..."*

#### **Auditor's Comment**

- The Ministry submitted for verification copy of preliminary contract agreement in respect of the purchase of real property in Belgium. The preliminary agreement did not make provision for the parties (seller and buyer) to sign and no conveyances, receipts and survey plan was submitted for verification. Therefore, the issue is unresolved.
- The Ministry also submitted copy of a site plan but it was not signed and there was no conveyance in respect of property bought in Kabala. Therefore, the issue is unresolved.

#### **5.18.4 Payment without adequate supporting documents**

Payments which totalled Le718,987,350 were without adequate supporting documents such as receipts, signed list of beneficiaries, back-to-office reports in respect of local travelling, local purchase orders, etc. contrary to section 81(a & b) of the FMR 2007. It was recommended that the principal accountant should ensure that all payments from initiation to completion are supported by the relevant documents and these should be properly recorded and filed for easy retrieval in case documents get missing. The principal accountant should submit the relevant supporting documents within 15 days of this report, otherwise, the amount of Le718,987,350 should be refunded into the CRFA and the pay-in slip forwarded to the Office of the Auditor General for verification.

#### **Official's Response**

*The PS stated that those originals of PVs and relevant supporting documents were sent to the Accountant General's Department (AGD) for payments. He said due to several hindrances, lapses occurred in the photocopying of these documents. He noted that the Ministry was in contact with AGD to get copies of the documents referred to and they will be made available for verification.*

#### **Auditor's Comment**

From a total of Le718,987,350 worth of payment made, adequate supporting documents were only provided for Le440,611,500, leaving Le278,375,850 not supported by adequate documents. The issue remained partly unresolved.

#### **5.18.5 Fuel log book not maintained**

There was no evidence that vehicle and generator log books were maintained by the Ministry, as Le435million worth of fuel was consumed during the year under review. It was recommended that the Transport Officer should ensure that a log book is maintained to record all fuel used by the Ministry's generator and vehicles. The log book should also be properly and completely filled and signed by appropriate personnel.

#### **Official's Response**

*The PS in his response said "On the 11<sup>th</sup> April, 2013, a memorandum was sent to the Sierra Leone Government Printing Press requesting for Log books to which the Ministry has not received any response. Another Memorandum was sent to the*

*Sierra Leone Road Safety Authority on the 27<sup>th</sup> May, 2016 requesting for log books for official vehicles of the Ministry but there is still no response.”*

#### **Auditor’s Comment**

The Ministry submitted the memorandum that was sent to the Sierra Leone Government Printing for the printing of fuel log books for verification; however the log books have still not been printed. The issue remains unresolved.

#### **5.18.6 Bank statement and reconciliation not submitted**

Out of five bank accounts maintained by the Ministry, bank statements for two accounts were not submitted for audit inspection. These are: Rehabilitation of Community Poverty Reduction Project account and the Agricultural Sector Rehabilitation account at the Bank of Sierra Leone. As a result, evidence of bank reconciliation were also not submitted for audit which is in contravention of section 139(1) of the FMR, which requires each bank account to be reconciled with the cashbook at least once a month. It was also noted that a total of Le36,695,988 was given out as loan to different officers from the Miatta Conference Hall account for which there is no evidence of payment or repayment plan. It was recommended that the Principal Accountant should ensure that the bank statements for the remaining two bank accounts were submitted to the audit team within 15 days of receipt of the report; and that the loans are collected with immediate effect from the different officers, otherwise, he should refund the amount of Le36,695,988 into the Miatta Conference Hall’s account.

#### **Official’s Response**

*The PS in his response said “Statement of one of the bank Accounts (i.e. Agriculture Sector Rehabilitation Account) was resubmitted to the auditors during the audit exit meeting and an explanation further that the Bank of Sierra Leone during the time of upgrading their system of T24, lost sight of the other bank account (Rehabilitation of Community Poverty Reduction Account). In other words, they cannot locate it at the time. However, we are assured that we will be informed as soon as this account is located. The statement for the Agriculture Sector Rehabilitation Account is now available for inspection whilst the Rehabilitation of Community Poverty Reduction Account will be submitted to you as soon as we receive it from the Bank of Sierra Leone. In the absence of funds during this period, and the urgency and importance of these activities, which were, overseas travels by the Ag. Minister of Works and Performance Management Workshops in Bo and Port Loko, it was considered necessary to take these monies as loans from the Miatta Conference Hall Account. The payment plan therefore is that upon receipt of allocation for 1<sup>st</sup> Quarter 2017, payment vouchers will be forwarded to AGD for these loans to be repaid.”*

#### **Auditor’s Comment**

The payment plan was submitted for verification. The bank statement for the Agriculture Sector Rehabilitation Account with a closing balance of Le318,650 was submitted and verified, whilst the bank statement for the Rehabilitation of Community Poverty Reduction Account was not submitted for verification. The issue therefore remains partially unresolved.

#### **5.18.7 Personnel who failed to turn up for verification**

Twenty personnel of the Ministry who received a total salary of Le279,313,672 for the year under review, were not available for physical verification. It was recommended that the Human Resource Officer should ensure that all the personnel in question are available for verification within 15 days upon receipt of this report; otherwise their names should be forwarded to the HRMO for appropriate action.

#### **Official’s Response**

*The PS stated that of 20 personnel, two of them are deceased and their names had been deleted from the payroll. The others, he said, were all in posts. He added that a personnel list will be available for verification.*

### **Auditor's Comment**

Of the 20 personnel that were not available for verification, with the exception of the two deceased, only two staff showed up for physical verification leaving a balance of 16 unverified staff. The issue therefore remains unresolved.

### **5.18.8 Youyi Building and its environs**

Physical verification of Youyi Building and its environs revealed the following:

- There was regular breakdown of the elevator in the east wing of the building while the elevator at the west wing had been out of use for over a year without any repairs.
- There was no maintenance contract for the elevators.
- The flower garden and the pond within the Youyi Building premises were not properly tended as weeding and cleaning were not done regularly.
- The steps and corridors inside the building were not properly kept as cleaning was not done regularly.

It was recommended that:

- The Permanent Secretary should ensure that the elevators were repaired to avoid further damage and that a maintenance contract is developed and signed for the elevators within 15 days of receipt of the report.
- There should be regular mowing of the flower garden; and the pond should be properly maintained and kept clean.
- The Permanent Secretary should ensure that there is regular monitoring of the building and unannounced visit be made to check the cleaning status of Youyi Building.

### **Official's Response**

*The PS in his response said, "this was as a result of the contract agreement with the present contractor Mr. Klin which has expired. The Ministry is presently on the procurement process for the award of another contract to the successful bidder which will help to curb the sanitation issue at Youyi Building and its environs."*

### **Auditor's Comment**

The elevator at the west wing was still out of use and there was no evidence of a maintenance contract for the elevators. In addition, the flower garden and the pond within the Youyi Building compound were still not properly kept. Furthermore, the steps and corridors were not properly kept. The issues therefore remain unresolved.

## **5.19. MINISTRY OF WORKS, HOUSING AND INFRASTRUCTURE, BO- 2015-2016**

### **5.19.1. Poor management of building records**

There were inadequate controls over the issue of building permits to builders. From a sample of 69 building permit files, 38 files with NRA receipts were without complete documentation to authorise the issuing of building permits. In some instances, the files were without approval notice, notice of commencement of building, agreements and payment of building fees forms. It was recommended that the Regional Housing Officer (RHO) should ensure that subsequent clients' files were properly examined to ensure that all the relevant documentation are available before the issuance of building permits.

#### **5.19.2. Non implementation of recommendations from Housing Unit**

No action was taken on individuals who continued to build structures even after they had been issued with notices to stop work by the Ministry thereby contravening Sec. 18 of the Freetown Improvement Act (Cap 66). It was recommended that the RHO, in collaboration with the Permanent Secretary (PS) and other key officials of the Ministry should ensure the implementation of the provisions in section 18 of the Freetown Improvement Act.

#### **5.19.3. Implementation of Freetown Improvement Act**

The Freetown Improvement Act (FIA) was still being observed in the rural areas even though the Act was silent on provisions for rural settlements in Bo, Bonthe, Moyamba and Pujehun districts. It was recommended that the RHO, in collaboration with the PS and other key officials of the Ministry should ensure that the Act is revised to reflect the operational areas of the Ministry.

#### **5.19.4. Inadequate personnel**

The Regional Housing Officer, Regional Works Officer and the Building Supervisor received their retirement letters in June 2016 but were still in posts as at the time of this audit. There was no letter of extension of their services and no evidence of successors sent to replace them. There were also three building inspectors in the housing division of the Ministry (one stationed at Pujehun), three volunteers and one secretary. The housing division was only present in Bo and Pujehun districts and there were no personnel to be stationed in Moyamba and Bonthe districts. It was further noted that there were six personnel in the works division of the Ministry (two plumbers, one carpenter, one locksmith, one clerk and one messenger). There were no personnel to occupy the following vacant positions in the division: mason, painter, welder, electrician, steel bender and machinist. It was recommended that those charged with governance should ensure that replacement should be done for these key positions in the Ministry and adequate staff provided to occupy all the vacant positions for the effective operations of the Ministry in the south.

### **5.20. MINISTRY OF SOCIAL WELFARE, GENDER AND CHILDREN'S AFFAIRS- 2015-2016**

#### **5.20.1. Procurement plan not submitted**

There was no evidence that Procurement Plan was prepared and approved for 2015. It was recommended that the procurement officer should submit the 2015 Procurement Plan for audit inspection with immediate effect.

#### ***Official's Response***

*The Deputy Secretary (DS) stated that management had made efforts to reach the officer in charge regarding the requested document but to no avail.*

#### **Auditor's Comment**

The 2015 procurement plan was not submitted for verification. Therefore, the issue is still unresolved.

#### **5.20.2. Procurement documents not submitted**

Procurement documents such as bidding documents, evaluation report, procurement minutes, etc. in relation to the supply of printing and binding of forms and booklets (National Standard Operating Procedures on Case Management, Guide to Basic Child Protection, Sierra Leone Child Abuse Handbook) worth Le280million were not submitted for audit inspection. It was recommended that the procurement committee should submit the procurement documents such as adverts, bidding documents, evaluation report, contract etc. for the supply of printing and binding of forms and booklets.

### **Official's Response**

*The DS noted that the documents were available for verification.*

### **Auditor's Comment**

Evaluation report and contract were submitted and verified but bidding documents and adverts were not submitted for verification. Therefore, the issue remains partly resolved.

### **5.20.3. Procurement documents for diets and condiments not submitted**

Procurement documents such as adverts, bidding documents, evaluation report, contract etc. for the supply of diet and condiments worth Le 1,359,658,000 to the three homes in Freetown and Bo were not submitted for audit inspection. It was recommended that the procurement committee should submit the procurement documents such as adverts, bidding documents, evaluation report, contract etc. for the supply of diets and condiments within 15days of receipt of the report.

### **Official's Response**

*The DS in his response said "This procurement process has anomalies and so some of these documents you were referring to such as contracts are not available now. However, the other documents like advert, bidding documents, evaluation report were prepared and submitted to the Ministry of Finance for payment of these debts. This was as a result of the advice proffered by the National Public Procurement Authority to pay all suppliers involved as long as there is evidence of supply to these homes. In a nut shell, all documents concerning this particular activity in 2015 have been sent to MoFED for verification and payment of the said amount. Attach are copies of the correspondence between the Ministry and NPPA"*

### **Auditor's Comment**

Our recommendation was not implemented as procurement documents such as adverts, bidding documents, evaluation report and contract was not submitted for verification. Therefore, the issue is unresolved

### **5.20.4 Payment without adequate supporting documents**

Payments totalling Le2,747,803,823 and Le369,593,129 from the Post Ebola Recovery Activities and Children in Especially Difficult Circumstances accounts in 2015 and 2016 respectively were made for which adequate supporting documents such as invoices, receipts, delivery notes, back-to-office reports etc. were not submitted for audit inspection. It was recommended that the accountant should ensure that all payments from initiation to completion stage are supported by the relevant documents; and these should be properly recorded and filed for reference or audit purpose. He should also submit the relevant supporting documents for audit review within 15 days of receipt of the report; otherwise, the entire amounts would be disallowed and surcharged in accordance with section 93(4) of the Public Financial Management (PFM) Act, 2016.

### **Official's Response**

*The DS stated that the requested documents can now be accessed at the Ministry for inspection.*

### **Auditor's Comment**

Supporting documents were not submitted for payments totalling Le 2,747,803,823 in 2015. Some supporting documents relating to 2016, such as; invoices, receipts, delivery notes, back-to-office reports etc. were only submitted for payment totalling Le5,980,000 leaving a balance of Le143,641,700. The issue therefore remains unresolved.

#### **5.20.5 Payment without supporting documents**

Withdrawals to the tune of Le3,843,577,837 and Le672,758,200 were made from the following bank accounts (Post Ebola Activities, Rehabilitation of Remand Homes, Children in Especially Difficult Circumstances and Imprest) for 2015 and 2016 respectively; for which supporting documents such as payment vouchers, invoices, receipts, delivery notes, back-to-office reports etc., were not submitted for audit inspection, in order to substantiate the utilisation of these funds. It was recommended that the accountant should ensure that all payments from initiation to completion stage are supported by the relevant documents; and these should be properly recorded and filed for reference or audit purpose. The accountant should also submit the relevant supporting documents for audit review within 15 days of receipt of the report; otherwise, the entire amounts would be disallowed and surcharged in accordance with section 93(4) of the PFM Act, 2016.

#### ***Official's Response***

*The DS stated that the requested documents can now be accessed at the Ministry for inspection.*

#### **Auditor's Comment**

Supporting documents were not submitted for payment totaling Le 3,843,577,837 in 2015. For 2016, supporting documents were only submitted for payment totaling Le 69,097,000 leaving a balance of Le 603,661,200. The issue is partly unresolved.

#### **5.20.6 Special imprest utilized without retirement details**

An examination of the special imprest vouchers revealed that special imprest for the year 2015 and 2016 which amounted to Le 3,517,210,000 and Le 1,031,350,000 respectively were without retirement details such as receipts, invoices, delivery notes etc. It was strange to know that these special imprest were not retired at the end of the activities/purposes. It was recommended that the Accountant should ensure that all payments from initiation to completion stage are supported by the relevant documents; and these should be properly recorded and filed for reference or audit purpose. The accountant should also submit the relevant supporting documents for audit review within 15 days of receipt of the report; otherwise, the entire amounts would be disallowed and surcharged in accordance with section 93(4) of the PFM Act, 2016.

#### ***Official's Response***

*The DS stated that the requested documents can now be accessed at the Ministry for inspection.*

#### **Auditor's Comment**

Retirement details such as receipts, invoices, delivery notes etc. were not submitted for special imprest totaling Le 3,517,210,000 and Le 1,031,350,000 for the years 2015 and 2016 respectively. Therefore, the issue is unresolved.

#### **5.20.7 Completion certificates not submitted**

Completion certificates were not presented for audit inspection to justify that satisfactory works were carried out before payments which totalled Le121,323,000 were done for office maintenance and the installation of solar panels in the Ministry's offices in 13 districts. It was recommended that the Accountant should submit certificates of works done for office maintenance and the installation of solar panels for audit inspection within 15 days of receipt of the report.

#### **5.20.8 Outcome of donations by the African Development Bank (ADB) administered by the United Nations International Children's Emergency Fund (UNICEF)**

The following were observed from the Le707,039,500 supports by ADB and administered by UNICEF:

- The budget submitted by the Ministry to UNICEF indicated that, Le707,039,500 was to be utilised for three activities to Case Management. Le292,677,500 was meant for district/regional/ national monitoring; Le252,300, 000 for the training of social workers in case management and Le162,062,000 for refurbishment/rehabilitation/equipment of CPIMS centre.
- In April 2016, a total of Le707,039,500 was deposited to the bank account of Children in Especially Difficult Circumstances at the Rokel Commercial bank by UNICEF for the support to Case Management in the Ministry.
- Review of cashbook and bank statements of the Children in Especially Difficult Circumstances revealed that an amount totalling Le 292,677,500 was withdrawn on 3<sup>rd</sup> May, 2017 for coordination; evidence to support the utilisation of this amount was not submitted. There was also no evidence of implementation for the balance of Le 414,362,000 that was meant for the training of social workers in case management and the refurbishment/ rehabilitation/ equipment of CPIMS centre. This amount is yet to be liquidated.

It was recommended that the accountant should submit the relevant supporting documents for audit review within 15 days of receipt of the report; otherwise, the entire amounts would be disallowed and surcharged in accordance with section 93(4) of the PFM Act, 2016.

#### ***Official's Response***

*The DS stated that the requested documents were available at the ministry for inspection.*

#### **Auditor's Comment**

The supporting documents in respect of the Le707,039,500 were not submitted for verification. Therefore, the issue is unresolved.

#### **5.20.9 Supporting documents not submitted**

- Despite requests sent to the secretary of the Hajj Committee on 14<sup>th</sup> and 23<sup>rd</sup> August, 2017 respectively for the submission of supporting documents such as invoices, receipts, delivery notes, etc., justifying withdrawals made from the Hajj Leones and Dollar accounts totalling Le16,543,854,665 and US\$663,780 respectively. As at the time of writing the report, none of these documents had been submitted for audit inspection. This was in violation of section 36 sub section (1a) of the Audit Service Act, 2014. It was recommended that the secretary, Hajj Committee should submit the relevant supporting documents for audit review within 15 days of receipt of the report; otherwise, the entire amounts would be disallowed and surcharged in accordance with section 93(4) of the PFM Act, 2016.
- Supporting documents for the utilisation of amount collected from the registrations and renewals of community based organisations totalling Le211,600,000 and Le56,800,000 for 2015 and 2016 respectively, were not submitted for audit inspection. It was recommended that in future, all amounts collected from the registrations and renewals of community based organisations should be deposited into the Ministry's bank account on a daily basis and proper documentation kept for audit purposes. In addition, the accountant should submit the relevant supporting documents for the utilisation of these amounts within 15 days of receipt of the report; otherwise, the whole amounts should be refunded to the CRFA.

#### ***Official's Response***

*The DS stated that the requested documents were available at the ministry for inspection.*



### **Auditor's Comment**

- There was no response to the issue of withdrawals made from the Hajj Leones and Dollar accounts. The Ministry submitted a letter dated 9<sup>th</sup> October that was addressed to the Secretary Hajj Committee for him to respond to the audit findings, however, the Secretary failed to submit the supporting documents in respect of the Le16,543,854,665 and US\$663,780 withdrawals made from the Hajj Leones and dollar accounts in 2016. Therefore, the issue remains unresolved.
- Supporting documents in respect of the utilization of amount collected from the registrations and renewals of Community Based Organisations totaling Le211,600,000 and Le56,800,000 for the years 2015 and 2016 respectively were not submitted for verification. Therefore, the issue is unresolved.

#### **5.20.10 Bank reconciliation not signed and approved**

Bank reconciliation statements for eleven bank accounts maintained and operated by the Ministry were not signed by the preparer, nor was there any evidence of approval by a senior officer in the Ministry in 2015. It was recommended that the bank reconciliation statements should be prepared, signed and approved by a senior officer in the Ministry.

#### **5.20.11 Poor assets management**

There was inadequate control over the ministry's assets. The following were observed during a review of the assets management during 2016:

- The Ministry did not have an asset management policy that guides the acquisition, management, maintenance and disposal of assets.
- The Ministry did not maintain an inventory register which records the category of assets, date of purchase or donation, identification codes, locations and users.
- The Ministry procured assets during the years under audit for the sum of Le165,190,000. It was however noted that during the physical verification of the Ministry's assets, these assets were not labelled with the Ministry's unique identification code(s), nor were they recorded in an inventory register.
- During the physical verification of assets within the Western Area, it was observed that 11 motorbikes owned by the Ministry were not presented for physical verification.
- It was observed that a total of 17 motorbikes donated to the Ministry by UNICEF and the Chinese Government were not licensed and insured to mitigate any eventual risk of financial losses which might occur in the future.
- From a total of 122 motorbikes and 45 vehicles, we were only provided with 54 and 34 registration cards respectively, with the balance unaccounted for.
- The Ministry did not maintain log books for its vehicles, motorbikes and generators which should record details of journey or works performed and the signature of the officer authorising them.

It was therefore recommended that the ministry put in place proper mechanism for the management of its assets.

### **Official's Response**

*The DS in his response said that:*

- *"Management acknowledged the audit findings, and had drafted asset management policy which is on its final stage to be approved by the authorized signatory i.e. Permanent Secretary and the Hon. Minister to become an instrument of the Ministry;*
- *the asset verification exercise was ongoing so as to set up a Master Asset Register capturing assets of the Ministry;*
- *the coding of assets shall be implemented after the verification of assets was completed;*

- *the ministry had put measures in place to recall the unverified bikes or stringent actions meted against holders of the said bikes*
- *management had insured the motor bikes and the licensing process was still ongoing;*
- *efforts had been put in place to recall the life cards of the vehicles and motor bikes for submission to the Transport Officer as soon as possible;*
- *Management had obtained pro-forma invoice from SLRA and while seeking approval on same, the accountant was still finding funds to address the issue.*

#### **Auditor's Comment**

Our recommendation was not implemented as:

- The draft asset policy was not submitted for verification.
- There was no evidence that the Ministry had developed an inventory register.
- Assets had not been coded.
- The eleven motor bikes were not made available for verification.
- There was no evidence that the seventeen donated bikes had been licensed and insured.

#### **5.20.12 Store items not accounted for**

There was no evidence that office equipment and furniture such as carpets, mattresses, fridge, executive tables and chairs worth Le62,785,000 were posted into the store ledger in 2015. These items were issued by the storekeeper but we cannot determine the name and designation of the officer to whom these items were supplied. It was recommended that the storekeeper should ensure that the office equipment and furniture in question are made available for audit verification within 15 days of receipt of the report.

#### **5.20.13 No back- up system**

The audit team observed that the Ministry did not have a back-up system to secure the Ministry's information in case there is an outbreak of fire or any eventuality. It was recommended that the Ministry should take daily, weekly and monthly back-ups of all systems, applications and data files on appropriate storage media devices and be secured outside the office.

#### ***Official's Response***

*The DS in his response said "Currently the Hon. Minister is in consultation as per last discussion to rectify the above issue and to boost the ICT structures to higher height."*

#### **Auditor's Comment**

The recommendation was not implemented. Therefore, the issue remains unresolved.

#### **5.20.14 No business continuity / disaster recovery plans**

There were no business continuity/disaster recovery plans in operation to identify, reduce and manage risks from significant IT breakdowns/disruptions. It was recommended that the information officer should develop and implement business continuity and disaster recovery plans which would ensure that its information technology infrastructure supports the recovery of its business structure in the event of any disruption or disaster.

#### ***Official's Response***

*The DS said that structures were now in place for disaster recovery and request for the purchase for disaster equipment was currently on the table of the Hon. Minister for approval.*

### **Auditor's Comment**

There was no evidence of business continuity / disaster recovery plans. Therefore, the issue remains unresolved.

## **5.21. MINISTRY OF LANDS, COUNTRY PLANNING AND THE ENVIRONMENT–2015**

### **5.21.1. Conversion of leasehold to freehold before expiration date**

The following were observed:

- Leases were granted for longer periods and later converted into freehold purchases few years down the line. For instance, a lease was offered to an applicant on 11<sup>th</sup> February, 2014 for 21 years for Le5,000,000 per annum, and sold on 11<sup>th</sup> November 2015 for Le8,000,000. This was in contravention of the lease agreement which negates any outright sale of the leased land. This issue has been repeating itself and nothing has been done to amend the anomaly.
- An agreement was entered into on the 8<sup>th</sup> September, 2008 with Central Atlantic Investment, a commercial property developer. The agreement stipulates that the ministry was entitled to 10% of the net profit realised in respect of any housing unit constructed by Central Atlantic Investment. We were however unable to determine the total amount realised by the Ministry as a report in the form of financial records or status detailing the number of housing units constructed and sold by this company was not made available for audit.
- Evidence such as bank statement, pay-in slip, etc. indicating payment of the 10% of the net profit was not made available to confirm that this requirement was met by Central Atlantic Investment. It was recommended that the PS should ensure that a clear guideline on the conversion of state land to freehold is developed and implemented within the shortest possible time in order to prevent reoccurrence. He should also ensure that a status report on the sale of the housing units by Central Atlantic Investment is submitted to recover the amount due government and pay into the CRFA, with evidence of payment forwarded for audit inspection within 15 days of receipt of the report.

### **Official's Response**

*The PS stated that all leases are operative within the lease agreement and all variation regarding leases and sales of state lands had the express approval of the Hon. Minister as provided by law. He added that Atlantic Investment had been approached on the issues of the 10% and their responses had been that sales were yet to be concluded. He mentioned that he awaits further action from them.*

### **Auditor's Comment**

Management's response was noted. However, the issues remain unresolved as a guideline on the conversion of state lands from leasehold to freehold was not developed. On the issue of Central Atlantic Investment the issue remains unresolved as a status report in the form of financial records or status detailing the number of housing units constructed and sold by Central Atlantic Investment was not made available for verification.

### **5.21.2. Poor management regarding lease of state lands**

It was observed that the Excel sheet submitted in respect of lease arrears for personal and commercial leases did not specify the period for which the amounts were owed. In addition, the Ministry did not maintain a database of private lease of state lands and as such we could not determine the actual number and category of people benefitting from the lease of state land. This also restricted us from making a reasonable estimate of the total lease rent to be derived from such leases. Furthermore, review of personal files maintained for lease of state land revealed that some files lack key documents such as application letter, acceptance of offer letter, lease agreements, site plan, offer letter, and inspection report to justify

that key processes for the allocation of the lease of state land were adhered to. It was recommended that the arrears for personal and commercial leases should specify the years for which the amounts were owed. In addition, the PS should ensure that a database of private leases and records of arrears prepared and maintained for reference to aid the Ministry in planning and for reference purpose. Furthermore, the Records Officer should ensure that vital documents ensuring strict adherence to the process and controls over the allocation of the lease of state lands were maintained at the Ministry for reference purposes.

### **Official's Response**

*The PS in his response said "Database of private leases is available at the records office for inspection. The Ministry is making considerable effort to improve on the records management of state land. The Ministry maintains analogue records of all lease transactions which we have been gradually transferring into the digital format as updated on a daily basis."*

### **Auditor's Comment**

The database of private leaseholds and records was submitted for verification. The periods in arrears were however not included in the database submitted for inspection. Therefore, the issue remains partly unresolved. On the issue of records management on the lease of state land, there is need for improvement and the response did not address the recommendations. Therefore, the issue remains unresolved.

#### **5.21.3. Inaccurate revenue reconciliations**

The following were observed:

- Comparison between the National Revenue Authority (NRA) cashbook and the NRA receipt books submitted revealed that the NRA cashbook had a total of Le4,664,282,713, while the receipt books had a total of Le3,111,105,000, resulting in a variance of Le1,553,177,713.
- Examination of the NRA cashbook revealed that Le98,257,000 was collected for survey bills for which documents such as cashbook, invoice/advice, etc. from the Ministry for survey bills were not submitted for audit inspection.
- There is no Service Charter displayed at the Ministry to ensure that members of the public are better informed on the work flow process of the Ministry, and the expected deliveries for the various services rendered.
- Arrears of revenues collected were not separated from the actual revenue collected from new leases in both the Ministry's records and the NRA's records.

The following were recommended:

- The Accountant should liaise with the NRA representative to provide adequate justification for the variance that was not brought up in the revenue reconciliation. The variance should also be investigated and resolved within 15 days of receipt of the report.
- The NRA officer should provide adequate justification in writing for the variance within 15 days of receipt of the report.
- The Director of Surveys and Lands should ensure that the relevant documents in respect of survey bills are made available for audit inspection.
- The PS should ensure that a Service Charter is developed within the shortest possible time and displayed within the Ministry.
- Both the NRA representative and the Records Officer should ensure that the revenue records are separated to indicate arrears and new leases.

### **Official's Response**

*The PS in his response mentioned the following:*

- *“It is likely that book(s) totalling the amount was not submitted by NRA head office. However, they have been informed to submit.*
- *Relevant documents are now available for audit inspection.*
- *Service in progress. However, management will ensure its completion at the earliest convenience.*
- *Noted for management action in due course.”*

### **Auditor's Comment**

- Of the Le1,553,177,713 variance, additional NRA receipt books to the tune of Le573,137,213 were submitted for verification, leaving a difference of Le980,040,500 not submitted. Therefore, the issue remains partly unresolved.
- Of the total Le 98,257,000, survey bills documents in the form of cashbook, invoice, etc. were submitted and verified to justify survey bills collected to the tune of Le58,600,000, leaving a balance of Le39,657,000 for which documents were not submitted for verification. Therefore, the issue remains partially resolved.

#### **5.21.4. Procurement procedures not followed**

Payments totalling Le211,340,000 were made for various procurement for which procurement documents such as valid tax clearance, request for quotations and signed local purchase order, etc. were not made available for audit inspection. It was recommended that the Procurement Officer should submit the procurement documents for verification within 15 days of receipt of the report.

### **Official's Response**

*The PS said that procurement documents were now available for audit inspection.*

### **Auditor's Comment**

Of the total Le211,340,000, procurement documents relating to Le59,750,000 were submitted and verified, leaving a balance of Le151,590,000 yet to be submitted. Therefore, the issue remains partially unresolved.

#### **5.21.5. Withdrawals from land shelter development account without supporting documents**

Withdrawals amounting to Le87,244,062 were made from the Land Shelter Development bank accounts without supporting documents to substantiate the utilisation of funds. It was recommended that the Accountant should ensure that payments from initiation to completion were supported by payment vouchers and the relevant supporting documents, and these should be numbered and cross referenced so that in the event of missing documents, such documents can be easily traced. He should also ensure that the supporting documents for those withdrawals are made available for audit inspection within 15 days of receipt of the report; otherwise the entire amount should be refunded to the CRFA and evidence of such forwarded to the ASSL for verification.

### **Official's Response**

*The PS noted that documents were now numbered and cross referenced.*

### **Auditor's Comment**

Of the total Le87,244,062, supporting documents for Le56,300,000 were submitted and verified, leaving a balance of Le 30,944,062 outstanding. Therefore, the issue remains partly unresolved.

#### **5.21.6. Payment without adequate supporting documents**

It was observed that payments totalling Le296,790,966 were made in respect of the Land Shelter Development bank accounts, special imprest, travelling, stationery, etc. without adequate supporting documents such as report, receipts, beneficiaries list etc. to substantiate the utilisation of funds. It was recommended that the Accountant should ensure that the supporting documents for these payments are made available for audit inspection within 15 days of receipt of the report; otherwise the entire amount should be refunded to the CRFA and evidence of such forwarded to the ASSL for verification.

#### ***Official's Response***

*The PS stated that the documents were ready for audit verification.*

#### **Auditor's Comment**

Of the total Le296,790,966, supporting documents for Le130,253,404 were submitted and verified, leaving a balance of Le 166,537,562 outstanding. Therefore, the issue is partly unresolved.

#### **5.21.7. Withholding taxes deducted but not paid to NRA**

An amount totalling Le38,868,000 was deducted as 5% withholding tax of which only Le33, 507,500 was paid to the NRA, leaving a balance of Le5,360,500 unpaid. It was recommended that the Accountant should ensure that the outstanding amount is paid to the NRA and evidence of payment submitted for audit purpose within 15 days upon receipt of this report; otherwise the entire amount should be refunded to the CRFA and evidence of such forwarded to the ASSL for verification.

#### ***Official's Response***

*The PS stated that management will follow up this issue actively and will submit evidence in due course.*

#### **Auditor's Comment**

Management's response is noted. However, the withholding tax receipt submitted did not relate to the period of audit. Therefore, the issue remains unresolved.

#### **5.21.8. Bank statement not submitted for audit inspection**

NRA's hard copy bank statements for the period under audit were not made available for audit inspection upon request. Instead, a soft copy of the bank statement whose authenticity cannot be guaranteed due to the fact that it can be easily manipulated was submitted. Additionally, from the reviewed NRA cashbooks, amounts totalling Le4,664,282,713 were collected, but these could not be traced to the bank statement due to its lack of adequate description. It was recommended that the NRA Officer should ensure that the hard copy bank statements for the various NRA accounts are made available for audit inspection within 15 days of receipt of the report; otherwise the entire amount should be refunded to the CRFA and evidence of such forwarded to the ASSL for verification.

#### ***Official's Response***

*The PS noted that management had requested officially to NRA for bank statement.*

#### **Auditor's Comment**

A copy of the bank statement was submitted for the NRA General Revenue Transit Leones Account held at the First International Bank, for verification. Review of the bank statements however revealed that, of the total Le4,664,282,713, only Le1,926,890,730 was deposited, leaving a balance of Le2,737,391,983 not deposited into the account. The issue therefore remains unresolved as the balance of revenue not deposited into the account should be paid back into the CRFA.

#### **5.21.9. Unverified staff**

Of the 228 staff at the Ministry, 34 personnel were unverified (i.e. they failed to avail themselves for verification as active staff of the Ministry). It was recommended that the Human Resource Manager (HRM) should explain why the staff failed to make themselves available for verification. In addition, the HRM should ensure that the staff in question were physically verified within 15 days of receipt of the report.

#### ***Official's Response***

*The PS stated that a reminder to all staff concern had been done.*

#### **Auditor's Comment**

Of the 34 unverified personnel, 14 availed themselves for verification, leaving a balance of 20 staff unverified. We therefore recommend that the PS should inform the Human Resource Management Office for deletion of these staff from the payroll.

#### **5.21.10. Assets not physically verified**

The audit team was unable to physically verify four vehicles of the ministry. It was recommended that the Transport Officer should provide adequate explanation why the vehicles in question were not physically verified and should ensure that the vehicles are made available for verification.

#### ***Official's Response***

*The PS said that an explanation regarding the said vehicles is available for audit verification.*

#### **Auditor's Comment**

An explanation regarding the vehicles was submitted for inspection. However, it was inadequate to justify the availability of the unverified vehicles. Therefore, the issue remains unresolved.

#### **5.21.11. Inadequate controls at the Ministry**

It was observed that with the exception of the charting office, most of the offices did not have access restriction from unauthorised persons. During the course of the audit, we observed movements of people who were not staff of the Ministry in and out of these offices. In addition, there was no proper identification of staff at the Ministry, as staff did not display their identification card. It was further observed that Le224,100,062 was paid for the survey of lands across the country for which no evidence was submitted to confirm the allocation of those lands. It was therefore recommended that offices restrict access to unauthorised persons. Furthermore, staff of the Ministry must display a proper form of identification. The Director of Surveys and Lands should also provide adequate justification in writing why those lands were not allocated on time.

#### ***Official's Response***

*The PS stated that management will take necessary action in the earliest convenience. He also noted that the allocation of state land is ongoing with approval of the Minister.*

#### **Auditor's Comment**

Although management's response was noted, evidence justifying management's intention/effort to implement the audit recommendation was not made available for verification. In addition, uncontrolled movement of people in and out of the office continued to occur. Furthermore, evidence in the form of report/minister's approved list of beneficiaries of state land justifying the allocation of state land was not made available for verification. The issue therefore remains unresolved.

## 5.22. MINISTRY OF LANDS AND COUNTRY PLANNING - SOUTH-2016

### 5.22.1. Control over lands leased by government.

#### *Kakua Chiefdom (Government Reservation)*

- The lease document between Government, the land holding family and the tribal authorities in respect of the lease of the government reservation in Kakua Chiefdom, Bo District was not submitted.
- During a review of correspondences between the land holding family, tribal authorities and the Ministry, it was observed that the government leased lands (government reservation) from the land holding families and tribal authorities in the Kakua Chiefdom, Bo District in 1945. Furthermore, review of the Ministry's records revealed that government stopped the lease payment to the lessees in 1961. In March 1996, the Provincial Secretary South recommended the release of acres of leased lands by the Government. In August 2001, the Regional Surveyor was instructed by the Acting Permanent Secretary to survey 10 acres of land on behalf of the Sandemahun family in Bo, out of the 150 acres of land leased to the government by the family. However, no further evidence was provided to confirm that both of these letters were acted upon.
- The land holding families promised to replace the said portion of land elsewhere in fulfilment of Government's desire to create a land bank. However, no further evidence was provided to confirm that this promise was fulfilled by the land holding family. Additionally, it was observed that some of the lands in the government reservation have been sold by the land holding families to private individuals.

#### *Tikonko Chiefdom (Bo Airfield)*

During a review of lease documents in respect of Government lands (Bo Airfield) that was leased since 1953 for a period of 50 years, it was observed that the lease agreement expired in August 2003 and there was no evidence to show that it was renewed. Further review of documents revealed that the Government owed the land holding family arrears for 31 years (that is 2<sup>nd</sup> January, 1972 to 2<sup>nd</sup> January, 2003) and there was no evidence to show that these arrears had been settled by the Government or that lease payment was made for January 2004 to January 2016. Additionally, it was observed that some of the lands at the Bo Airfield had been sold by the land holding families to private individuals.

It was therefore recommended that those charged with governance should ensure that:

- The lease documents are provided for audit inspection.
- All arrears are immediately settled.
- All negotiations are clearly set and promises fulfilled.
- Disputes over the lands are settled immediately.

### **Official's Response**

#### ***Kakua Chiefdom (Government Reservation)***

*The Regional Surveyor (RS) in his response said the following:*

- *"The lease document for reservation between Government and the land holding family was not submitted because it was not found in our archive.*
- *It is true that Government stopped paying leasehold rent to the leased.*
- *In 2003, a letter was written to the Regional Surveyor South by the Permanent Secretary for the replacement of 35 acres of land situated at the outskirts of Bo, to be added to Government Land Bank.*
- *Yes of course, it was written by the then Permanent Secretary to the Regional Surveyor South to survey 10 acres of land on behalf of the Sandemahun family in Bo out of the 150 acres lease to the Government by the family.*
- *Indeed the land holding family promised to replace the said portion of land elsewhere but the land was not survey by the Regional Surveyor South.*



- *Some of the land in the Government Reservation has been sold by the land holding families to private individuals without the approval of the Government showing that they have release these land. These include so many buildings erected in there by private individuals.”*

#### ***Tikonko Chiefdom (Bo Airfield)***

*The RS in his response said “Government leased the Bo Airfield from the tribal authorities in the Tikonko Chiefdom, Bo District on 17<sup>th</sup> August, 1953 for a period of 50 years. The lease agreement expired in August 2003 and since then; Government has not renewed the lease agreement. The Bo Airfield lease commenced from 1953 with the initial period of 50 years and the lease rent for the period extending from 2<sup>nd</sup> January, 1972 to 2<sup>nd</sup> January 2003.*

#### **Auditor’s Comment**

All issues were yet to be addressed by the Ministry.

#### **5.22.2. Control over lease of state lands**

In an interview with key officials of the Ministry, it was observed that applications, approval and payment for the leases of state lands were made in the Ministry’s headquarters in Freetown without reference to the regional office. In addition, the Ministry’s regional office did not have copies of lease documents and other vital documents such as lease agreement, receipts for payments made for the land and letter for the renewal of expired lease agreement for all of the 31 state owned lands under lease during the period under review. The lease period for 30 of 31 leases of state owned lands had expired and there was no evidence to confirm that renewal was done by the occupants.

It was recommended that those charged with governance should ensure that:

- The regional office was involved in the process of leasing state lands in the southern region.
- Copies of all documents on leases of state owned lands should be kept in the regional office for reference purposes.

#### ***Official’s Response***

- *The RS stated that the processing of state land lease was done at the Ministry’s headquarters in Freetown, such as offer letters, payment of lease rent and the signature of the Director of Surveys and lands.*
- *On non-availability of lease documents, the RS said that the lease documents such as survey plans were not provided, but the list of 31 lands under lease was provided. Lease document (an agreement), payment of lease rent and letter for the renewal of expired lease are all conducted in the Ministry’s headquarters in Freetown, he further mentioned.*
- *On expiration of lease without renewal, the RS said that there were long term leases but modalities had been put in place for the occupants to renew their leases.*

#### **Auditor’s Comment**

All issues outlined in this report are yet to be addressed by the Ministry. The issue therefore remains unresolved.

#### **5.22.3. Non allocation of imprest, grants and fuel**

There was no documentary evidence to confirm that imprest, grants and fuel were allocated to the regional office from headquarters for the period under review. It was recommended that those charged with governance should ensure that support in the form of grants, fuel and imprest were sent to the regional office.

#### ***Official’s Response***

*The RS mentioned that there were no imprest, grants and fuel allocation in the regional office from headquarter.*

### **Auditor's Comment**

The regional office is yet to receive allocations from the Ministry's headquarters. The issue therefore remains unresolved.

#### **5.22.4. Ineffective operation of the ministry**

The Ministry did not have offices in Moyamba, Pujehun and Bonthe districts. It was recommended that those charged with governance should ensure that offices are opened in those districts for the effective functioning of the Ministry in the southern region.

### **Official's Response**

*The RS said that offices had been created in two of the district headquarters (i.e. Moyamba and Pujehun) leaving Bonthe for now, but there were no staff personnel to operate in those districts.*

### **Auditor's Comment**

Offices have now been opened in Moyamba and Pujehun districts but there are no resources to run them. The issue therefore remains partially unresolved.

#### **5.22.5. Inadequate office equipment and dilapidated office building**

The following were observed:

- There was lack of adequate office equipment such as furniture, cabinet, computer and computer accessories, printer, and photocopiers.
- There was lack of essential equipment such as Global Positioning System, measuring tape, set squares, drawing pens etc. to conduct the work of the Ministry effectively.
- The structure that was housing the regional office was dilapidated and needs urgent rehabilitation.

It was recommended that those charged with governance should ensure that office equipment were provided for personnel in the regional office for the smooth functioning of the Ministry in the southern region

### **5.23. MINISTRY OF FISHERIES AND MARINE RESOURCES -2016**

#### **5.23.1. Revenue not deposited into the Consolidated Revenue Fund Account**

From review of revenue records disclosed, it was discovered that the Ministry assessed and recorded revenue in respect of licences and other fees totalling Le56,774,996,318. However, bank statements from the Bank of Sierra Leone indicated that the sum of Le Le55,481,270,896 was deposited by the National Revenue Authority (NRA). There was however a difference of Le1,293,725,421 not deposited by NRA. Furthermore, the bank statements of the transit account(s) from NRA were not submitted for audit, thereby restricting us from ascertaining the actual amount deposited into the account(s), as well as the amount transferred to the CRFA. Appropriate reconciliation/reasonable explanation justifying this difference was not provided for audit. In some instances, we realised that amounts deposited as per bank statements were higher than those recorded in the revenue cashbook. The reverse was observed in other instances, thereby making it difficult to reconcile individual transactions from the cashbooks, to the bank statements. It was therefore recommended that the NRA officer in consultation with the accountant at the Ministry should investigate this difference and evidence provided to the ASSL within 15 days upon receipt of the report, otherwise the NRA officer will be asked to refund the amount.

### **Official's Response**

*The PS stated that the Auditor General's recommendations were noted and steps will be taken to address them. He however mentioned that the NRA has the responsibility to deposit funds into the CRFA. He further noted that the ministry had written to the Commissioner General, National Revenue Authority requesting them to reconcile the Le1,202,447,666.*

### **Auditor's Comment**

A letter sent to the Commissioner-General of NRA for reconciliation of the variance of Le1,202,447,666 in the Marine Resources Account was submitted and verified. However, the response/reconciliation justifying that appropriate investigation had been carried out and actions taken by the NRA to rectify this variance, was not submitted for audit verification. In addition, evidence justifying that an investigation was carried out in respect of the variance of Le91,277,756 in the fines account maintained by the Ministry was not submitted for verification. Our recommendation was therefore not implemented and the issue remains unresolved.

#### **5.23.2. Disbursement without adequate supporting documents**

Payments totalling Le451,215,750 were disbursed by the Ministry without adequate supporting documents such as receipts, back-to-office reports, beneficiaries list, etc. to substantiate the utilisation of the said funds. It was recommended that the Permanent Secretary must ensure that the accountant performs the following:

- That all transactions are supported by the relevant documentation and these must be numbered and cross referenced, so that in cases of missing documents, they are easily traced.
- That the relevant evidence in respect of Le451,215,750 is forwarded to the ASSL within 15 days upon receipt of the report.

### **Official's Response**

*In his response, the PS said: "The Auditor-General's recommendation has been strictly adhered to. The documents not attached in question were a mistake. However, the approved distribution list, signed list of beneficiaries, certificates of receipt of goods and expenditure returns/retirement details (receipts, invoices, certification, delivery note etc.) are available for audit verification. As for the payment in respect of Fisheries and Marine Training Institute and the West Africa Regional Fisheries Project (WARFP), these payments were logged into their various accounts in 2017 financial year. Expenditure in those accounts are now being processed. Documents are available for audit verification."*

### **Auditor's Comment**

Of the total Le451,215,750, supporting documents such as signed list of beneficiaries, certificate of receipt, etc. totalling Le313,507,000 were submitted and verified, leaving a balance of Le137,708,750. Our recommendation was partially implemented.

#### **5.23.3. Ineffective personnel management**

A staff failed to report for duty since March, 2016 when she was posted to the Ministry. Total salary paid to her amounted to Le8,075,180. It was recommended that the PS in collaboration with the Senior Human Resource Officer and the HRMO should ensure that the staff made herself available for verification, or the amount paid to her be refunded. In addition, her details should also be deleted from the Ministry's payroll within 15 days upon receipt of the report.

### **Official's Response**

*The PS stated that he submitted a payroll anomaly form to the Accountant General through the Director General, HRMO pointing out the anomaly. He also mentioned that the Senior Human Resource Officer also did a memo to the Director General, HRMO on the same issue of which the document was available for verification.*

### **Auditor's Comment**

The staff that was posted to the Ministry had been re-posted to the Ministry of Finance and Economic Development (MoFED) and there was no evidence from the Human Resource Management Office justifying that appropriate action was taken despite several letters sent by the Ministry. Our recommendation was not implemented. Therefore, the issue remains unresolved.

#### **5.23.4. Ineffective internal audit unit**

It was observed that there was no functional internal audit committee at the Ministry as there was no list of committee members; neither was there minutes of committee meetings. Of the seven audit exercises planned by the internal audit unit for the year under review, it was however observed that none was executed. There was also no evidence of working papers or an internal audit report presented for those planned audits. It was recommended that the Permanent Secretary in collaboration with key management staff and the Internal Audit Directorate of MoFED should ensure that an appropriate Audit Committee charged with the responsibility of supervising the Internal Audit Unit is established within the shortest possible time and the Internal Auditor should provide documentary explanation for the anomalies observed.

### **Official's Response**

*The PS said that the Internal Audit Committee had been formed and was operating effectively and efficiently. The committee will be available for audit verification. The Internal Audit documentary explanation for the anomalies observed was also available for verification, he added.*

### **Auditor's Comment**

Evidence in the form of letters justifying that appropriate collaboration was made between the Ministry and the Internal Audit Directorate and list of Audit Committee members, and minutes of meetings in support of the establishment of an Internal Audit Committee was not submitted for audit. Therefore, the issue remains unresolved.

Audit working papers in support of the planned audit exercises were also not submitted for audit verification. Therefore, the issue remains unresolved.

#### **5.23.5. Isle of Man Project (Cash and Bank)**

#### **5.23.6 Withholding taxes not deducted and paid to NRA**

Contrary to section 117(3 & 4) of the Income Tax Act, 2000 which stipulates that withholding taxes be deducted on the gross amount of any payment made to contractor(s), it was observed that withholding taxes which totalled £4,250 was not deducted from contract staff's salaries, and 5% withholding taxes which totalled Le11,304,350 and £2,127 from payments to suppliers were also not deducted. It was recommended that project coordinator should ensure that the Accountant recovered the total amounts of £6,378 and Le11,304,350, and pay them to the NRA. Evidence of payment should then be forwarded to the ASSL for verification, within 15 days upon the receipt of the report.

### **Official's Response**

*The PS said that they were awaiting response from West Africa Regional Fisheries Project (WARFP) management team.*

### **Auditor's Comment**

Evidence in the form of receipts from the National Revenue Authority justifying payment of withholding tax was not submitted for audit verification. Therefore the issue remains unresolved.

#### **5.23.7. Improper procurement activities**

Contrary to section 2(l) of the Financial Management Regulations, 2007 which mandated a vote controller to operate, open, competitive and transparent procurement, it was observed that procurement undertaken for goods and services through the request for quotation method worth Le88,497,000, was improper. Business registration certificate, NRA tax clearance certificate, NASSIT contribution clearance certificate etc. to justify the basis upon which suppliers were selected were not seen during review of files submitted for audit. It was recommended that the Project Coordinator and the Senior Procurement Officer at the Ministry should ensure proper supervision over the project's procurement process. The Project Accountant should ensure that the relevant documents involved are submitted for audit within 15 days upon receipt of the report; otherwise the amount involved should be refunded.

### **Official's Response**

*The PS said that they were awaiting response from West Africa Regional Fisheries Project (WARFP) management team.*

### **Auditor's Comment**

Documents such as business registration certificate, NRA tax clearance certificate etc. justifying the basis for the selection of suppliers were submitted and verified for procurement worth Le10,012,000 leaving a balance of Le78,485,000 worth of procurement documents not submitted for verification. Therefore, the issue remains partly resolved.

#### **5.23.8. Supporting documents not submitted for audit**

The project did not prepare and submit financial statements for monies received from the Government of the Isle of Man as grant to the Ministry of Fisheries from 7<sup>th</sup> July, 2015 to 31<sup>st</sup> December, 2016. In addition, documents such as bank reconciliation statement, project assets register, etc. were not submitted for audit inspection. It was recommended that the Project Coordinator and the Principal Accountant should ensure that the project accountant prepared and submitted the annual accounts for audit. In addition, the Principal Accountant should make available the relevant supporting documents for audit within 15 days upon receipt of the report.

### **Official's Response**

*The PS said that they were awaiting response from West Africa Regional Fisheries Project (WARFP) management team.*

### **Auditor's Comment**

The financial statement and project assets register were submitted. However, the other documents such as bank reconciliation statements were not submitted, therefore the issue was partly resolved.

## **5.24. MINISTRY OF POLITICAL AND PUBLIC AFFAIRS - 2014–2016**

### **5.24.1. Annual procurement plan not submitted**

Procurement plans for 2014, 2015 and 2016 were not submitted for audit. It was recommended that the Acting Procurement Officer should submit the approved procurement plans for 2014, 2015 and 2016 within 15 days of receipt of the report. In future, a procurement plan should be prepared, approved, implemented and retained for reference and audit purposes.

**Official's Response**

*The PS stated that evidence of procurement plans for the years referred to, were now available for inspection.*

**Auditor's Comment**

Approved procurement plans for 2014, 2015 and 2016 were not submitted for verification, therefore the issue remains unresolved.

**5.24.2. Contract splitting**

Contract worth Le91,800,000 for the procurement of t-shirts was divided into two portions of Le47,800,000 and Le44,000,000, then awarded to Techno Graph Designs/Artist in June 2015 contrary to Section 37 (2) of the Public Procurement Act, 2016.

**Official's Response**

*The PS said that the supply was issued on diverse dates because at the time of the activity, funds were not readily available for upfront procurement of the items. He added that he will endeavour to comply with the rules in future.*

**Auditor's Comment**

Management's response was noted. It was however not a convincing explanation as funds for the said procurement were available in a timely manner that would have allowed management to undertake the planned activity in one tranche. Therefore, the issue is unresolved.

**5.24.3. Withdrawals with no supporting documents**

Review of bank statements revealed that cash withdrawals totalling Le275,437,500 were made from the United Bank for Africa bank account up to 30<sup>th</sup> November, 2016. Payment vouchers and supporting documents were not submitted for these payments. It was recommended that the Permanent Secretary should ensure that the required supporting documents were provided for audit inspection within 15 days of receipt of the report otherwise, the entire amount should be refunded to the CRFA and evidence of such forwarded to the ASSL for verification.

**Official's Response**

*The PS stated that the bank withdrawal statement documents were now available for inspection.*

**Auditor's Comment**

Five payment vouchers reflecting the sum of Le22,073,750 were submitted for verification. However, these payment vouchers were not backed by adequate supporting documents such as fuel and lubricant receipts, a back-to-office report etc. The balance withdrawal of Le253,363,750 was not supported by payment voucher and supporting documents. Therefore the issue remains unresolved.

**5.24.4. Payments without adequate supporting documents**

The Ministry made payments totalling Le94,099,295, Le473,659,008 and Le120,845,000 in 2014, 2015 and 2016 respectively, without adequate supporting documents such as invoices, fuel chits and reconciliation, distribution list, etc. It was recommended that the PS should ensure that the required supporting documents are provided for audit inspection, within 15 days of receipt of the report; otherwise, the entire amount should be refunded to the CRFA and evidence of such forwarded to the ASSL for verification.

**Official's Response**

*The PS noted that supporting documents were now available for audit inspection.*

### **Auditor's Comment**

Supporting documents such as signed distribution lists and retirement details for special imprest were submitted for amounts of Le15,000,000, Le30,000,000 and Le37,000,000 for 2014, 2015 and 2016 respectively. However, supporting documents were not submitted for audit verification for balances of Le79,099,295, Le443,659,008 and Le83,845,000 for 2014, 2015 and 2016, respectively.

### **5.24.5. Withholding taxes not paid over to the National Revenue Authority (NRA)**

#### *5.24.5.1 Withholding taxes deducted but not paid over to the National Revenue Authority (NRA)*

Withholding taxes totalling Le7,315,000 was deducted from payments to various suppliers but evidence of payment to the National Revenue Authority was not submitted for audit. It was recommended that the Permanent Secretary should ensure that the taxes deducted are immediately recovered and paid over to the National Revenue Authority; otherwise the Ministry will be liable to pay the withholding tax. In future, the Accountant should ensure that withholding taxes deducted from payments to suppliers are paid to the NRA.

### **Official's Response**

*The PS stated that it was an oversight and that action had now been taken to correct the oversight and taxes levied on payments of salaries of all contract staff in the Ministry direct from MoFED. He also mentioned that the Accountant will henceforth ensure that withholding taxes were deducted from payments.*

### **Auditor's Comment**

Evidence of the payment of the queried withholding taxes to the NRA was not submitted for verification. Therefore, the issue remains unresolved.

#### *5.24.5.2 Withholding taxes not deducted paid over to the National Revenue Authority (NRA)*

The following were observed:

- The Ministry did not deduct withholding taxes totalling Le4,696,125 from payments to suppliers in 2015. It was recommended that the Permanent Secretary, Executive Chairman of African Peer Review Mechanism (APRM) and the Director of the Office of Diaspora Affairs should ensure that the outstanding taxes should be deducted and paid to the National Revenue Authority; otherwise the Ministry will be liable to pay the withholding tax. In future, the Accountant should ensure that withholding taxes are deducted from payments to suppliers and paid to the NRA.
- The Ministry did not withhold taxes totalling Le56,166,500 from contract staff's salaries from January 2014 to May 2016. It was recommended that the withholding taxes should be recovered and paid over to NRA; otherwise the Ministry shall be liable to pay these withholding taxes to the NRA. Evidence of actions taken to recover the withholding taxes from the contract staff should be submitted for audit within 15 days of receipt of this management letter. In future, the Accountant should ensure that withholding tax is deducted from contract staff's salaries and paid to the NRA.
- Office of Diaspora Affairs (ODA) did not deduct withholding taxes totalling Le158,935,725 from January 2014 to December 2016 from payments to suppliers/vendors for goods and services and contract staff. It was recommended that the finance officer should ensure that the outstanding taxes should be recovered from suppliers and contract staff and then paid to the NRA otherwise; the ODA shall be liable to pay the withholding tax. Evidence of actions taken to recover the withholding tax should be submitted for audit within 15 days upon the receipt of this report. In future, the finance officer should ensure that withholding tax is deducted from payments to suppliers and contract staff salaries and paid to the NRA.
- African Peer Review Mechanism did not deduct withholding taxes totalling Le136,485,181 from July 2010 to December 2016 from payments to suppliers/vendors for goods and services. It was recommended that the finance officer should ensure that the outstanding taxes should be

recovered from suppliers as well as contract staff and paid to the NRA otherwise the APRM shall be liable to pay the withholding taxes. Evidence of actions taken to recover the withholding taxes should also be submitted for audit within 15 days of receipt of the report. In future, the finance officer should ensure that withholding tax is deducted from payments to suppliers and contract staff salaries and paid to the NRA.

#### **Official's Response**

- *The PS stated that it was an oversight and that action had now been taken to correct the oversight and taxes levied on payments of salaries of all contract staff in the Ministry direct from MoFED. He also mentioned that the Accountant will henceforth ensure that withholding taxes were deducted from payments.*
- *The PS in his response said "This was an oversight by the Accountant. However, the Ministry has a new Accountant who is determined to follow the rules. The Ministry has learned from your advice. As stated earlier this anomaly has been corrected, and all contract staffs do now pay withholding taxes at the end of every month deducted directly from source of payment."*
- *The DODA in responding said "ODA was not privy to such withholding tax from its suppliers until after the auditing exercise. Regarding those of the contract staff, that has to be dealt with from source. ODA staff are being paid directly by the Accountant General's Department which the Finance Officer had no control over. Withholding tax to be withheld from suppliers/vendors for the provision of goods and services, ODA will start its full implementation this fiscal year of 2017."*
- *The EC in his response said "This was an oversight on the part of the Admin and Finance Officer. Steps have however been taken to address this issue. Suppliers in question will be written to pay the taxes and henceforth withholding taxes will be deducted from salaries of contract staff. Several payment vouchers relating to NGC Sitting Allowances, fuel electricity recharges, transfers to APRM District Committee Account, imprest replenishment and several others have been included in the above figure. These will be highlighted and submitted to the auditors for verification."*

#### **Auditor's Comment**

Evidence of the payment of the queried withholding taxes to the NRA was not submitted for verification. Therefore, the issue remains unresolved.

#### **5.24.6. Office equipment not distributed to regional offices**

The Ministry in 2016 opened offices in Bo, Kenema and Makeni and staff have been assigned to these offices. At the time of audit, these offices were without office furniture and equipment even though the Ministry procured assets such as office fans, clocks, printers, televisions, video cameras, small fridges, electric water heaters and LED television for these regional offices. These items were delivered to the Ministry on 29<sup>th</sup> October 2014, but were not distributed to these regional offices. It was recommended that the regional offices should be equipped with office furniture and equipment with immediate effect.

#### **Official's Response**

*The PS in his response said "lack of funds has been responsible for the lack of equipment and furniture in the regional offices. However, action will be taken to start provision of at least basic furniture and equipment to these offices when government allocated budget to the Ministry for 2017 is received.*

*The office fans, clocks, printers, fridges etc. that were originally bought for the regional offices had to be issued to new offices in Freetown, because at the time they were procured, the regional offices were still not acquired and because they were in demand by the new offices, the Ministry had no choice but to distribute them among the Deputy Secretary, the Internal Audit and Procurement offices."*



### **Auditor's Comment**

The regional offices are still not equipped with office furniture and equipment. Therefore, the issue remains unresolved.

#### **5.24.7. Unverified motorbikes**

The Ministry procured four motorbikes in 2015 for Le35,000,000 (Le8,750,000/motorbike) which were delivered on 21st March 2015. At the time of our audit verification, 12<sup>th</sup> January 2017, we verified only two motorbikes which had not been used since the Ministry took delivery of them. The other two were not made available for physical verification. It was recommended that the two motorbikes should be provided for audit verification within 15 days of receipt of the report. The other two unlicensed and unassigned motorbikes should be licensed and put into immediate use.

### **Official's Response**

*The PS in his response said "the two motorbikes in questions were already delivered to the Bo and Kenema offices before the audit commenced. Because of the urgent need for the motorbikes by the officers in Bo and Kenema they were allowed to be registered privately as government procedure of licensing takes a long time. However, these motorbikes are available for inspection in Bo and Kenema, while we have taken necessary action to have them undergo through the government registration process."*

### **Auditor's Comment**

Registration of the two state owned motorbikes under the names of private individuals, amounted to a breach of control procedures which could result in the misappropriation of these motorbikes. Evidence of action taken to have these two motorbikes registered under the name of the Ministry was not submitted for audit inspection. Additionally, management did not explain what actions could be taken to put into use the other two motorbikes that had been parked at the Youyi Building security post for over two years. Therefore, the issue is unresolved.

#### **5.24.8. Fixed assets register not updated**

Fixed assets register maintained by the Ministry was not updated because all assets were not recorded. In addition, the labels on majority of assets were not recorded in the fixed assets register. It was recommended that the Accountant should ensure that the fixed assets register is updated within 15 days of receipt of the report.

### **Official's Response**

*The PS stated that indeed some of the assets are recorded and the Accountant had been advised to update the assets record.*

### **Auditor's Comment**

The updated fixed assets register was not submitted for verification. Therefore the issue remains unresolved.

#### **5.24.9. Unverified staff**

Of 13 contract staff at the Ministry, only eight were physically verified, leaving five unverified. It was also noted that one staff on the Ministry's payroll did not show up for audit verification, thereby restricting us from making a reasonable judgement as to whether he was a legitimate staff working for the Ministry. It was recommended that the staff concerned should avail himself for verification. The Human Resources Officer should also submit evidence of action taken to remove this individual from the Ministry's payroll and salaries paid to him recovered and paid into the CRFA, and evidence submitted for audit.

### **Official's Response**

*The PS said that the five contract staff not verified were stationed in the provinces and staff with pin code number 170497 was not a staff of the Ministry and that has severally been reported to the Accountant General's Office for necessary action.*

### **Auditor's Comment**

The staff of the Ministry's regional offices did not show up for verification during our audit, and the Ministry did not provide evidence of any report sent to the Accountant General's Department regarding the illegal staff. The issue therefore remains unresolved.

#### **5.24.10. Procurement officer left without handing over arrangement**

The Procurement Officer who prepared the annual procurement plan and implemented procurement activities left the Ministry in 2016 without appropriate notification and handing-over arrangement in contravention of section 3.2 of the Civil Service Code. Since the Procurement Officer left, another qualified procurement officer has not been assigned to the Ministry by the National Public Procurement Authority (NPPA), even though the Permanent Secretary of the Ministry sent a correspondence to the NPPA informing them of an appointment of an official of the Ministry to act as a procurement officer. It was recommended that the Permanent Secretary requested from the National Public Procurement Authority a procurement officer to replace the previous assigned Procurement Officer (PO) within 15 days of receipt of the report. Evidence of such should be submitted for audit.

### **Official's Response**

*The PS noted that the officer left the Office without officially handing over. He said he had already reported the matter to HRMO and NPPA and requested her replacement.*

### **Auditor's Comment**

Evidence of the Ministry's report to the National Public Procurement Authority was not submitted for audit inspection. Therefore, the issue remains unresolved

#### **5.24.11. Non replacement of key personnel**

In contravention of section 3.2 of the Civil Service Code, the procurement officer left the service of the Ministry without appropriate notification and handing over of duties. Since her absence, an appropriate replacement has not been made. It was recommended that the PS through the Human Resource Management Office should request for a procurement officer to replace the previously assigned staff within 15 days of receipt of this report. Evidence of such should be submitted for audit.

#### **5.24.12. Lack of recruitment procedures for contract staff and contract period exceeding two years**

The Ministry did not provide evidence to show how six, seven and one technical consultants were sourced and engaged in 2014, 2015 and 2016 respectively. Therefore, we were unable to determine the type of engagement and services to be provided.

According to rule 2.16 of the Civil Service Code 2011, "Contract appointments to established post shall not exceed a maximum period of two years". It was however observed that some contract staff had served for more than two years at the Ministry. It was recommended that evidence of recruitment of contract staff should be submitted for audit within 15 days of receipt of the report. The PS should inform the HRMO of those contract staff and request for advice. Evidence of such action should also be submitted for audit within 15 days of receipt of the report.

### **Official's Response**

*The PS in responding said "Before now, the Ministry has been irregularly structured, and the Contract staff referred to were already in employment when I assumed office as Permanent Secretary. However, action has now been taken to regularise the staffing situation. Many of the contract staff have formally been absorbed into the civil service, while others have been retained on contract on the recommendation of the Minister, and approved by H.E. the President."*

### **Auditor's Comment**

Evidence of recruitment documents for contract staff were not submitted for verification. Therefore, the issue remains unresolved.

#### **5.24.13 Opening of bank account prior to Accountant-General's authorisation**

The Financial Management Regulations 2007 required government ministries, departments and agencies to obtain authorisation from the Accountant-General prior to the opening of a bank account. It was however noted that the Ministry opened and operated a bank account at the United Bank for Africa, Sierra Leone Limited, prior to the authorisation from the Accountant-General. It was recommended that in future, the PS and the Accountant should ensure that laws and regulations are complied with in the processing of transactions and other activities of the Ministry.

### **Official's Response**

*The PS stated that a formal request was made to the Accountant General but due to the urgency to open the account to enable the Ministry undertake key critical activities, the Ministry went ahead with the opening of the account without prior formal approval, which was however eventually granted.*

### **Auditor's Comment**

The Accountant General's authorisation for the said bank account was verified and was noted that authorisation was issued after the bank account had been opened and made operational. In other words, the Ministry sought the authorisation to rectify the regulatory breach. The issue remains outstanding until it is cleared by the relevant authority.

#### **5.24.14 Approved Information Technology (IT) policy not maintained**

The Ministry did not have an approved information technology policy for its information technology resources. It was recommended that management should design and maintain an approved IT policy. The policy should be completely implemented and regularly monitored; evidence of this monitoring should be retained for audit and reference purposes.

### **Official's Response**

*The PS said that the Ministry was working with Ministry of Information and Communication on the development of Information Technology Policy that will cut across MDAs.*

### **Auditor's Comment**

Efforts made to collaborate with the Ministry of Information and Communication in developing the Information Technology Policy was not submitted for audit verification. Therefore, the issue remains unresolved.

#### **5.24.15 Authorised log-in details for staff not created on computers**

It was observed that there were no log-in details (username and password) for computers owned by the Ministry. It was therefore recommended that the authorised usernames and passwords should be created on the desktop computers. The system administrator should also maintain at all times an up-to-date list of all authorised users of the Ministry's IT network.

### ***Official's Response***

*The PS noted that the IT Technician was working on installing the features on all computers.*

### **Auditor's Comment**

Usernames and passwords had still not been created. Therefore, the issue remains unresolved.

### **5.24.16 Lack of approved business continuity and disaster recovery plan**

The Ministry did not submit an approved business continuity and disaster recovery plan. Evidence was not submitted to indicate that the Ministry is prepared to continue its operations unhindered even if a disaster happens. There was also no evidence of procedures in place to remove staff from the IT platform. It was recommended that management should develop and implement a business continuity plan and disaster recovery plan that will ensure its information technology infrastructure support the recovery of its business process in the event of a disruption or disaster. In addition, an internal control procedure should be designed and implemented in respect of removing authorised users from the Ministry's IT network when they retire, resign or are transferred.

### ***Official's Response***

*The PS noted that the Ministry will hire an IT expert to work with the IT Technician to set up a Business Continuity and Disaster Recovery Plan.*

### **Auditor's Comment**

Efforts made by the Ministry to hire a consultant for the development of the Business Continuity and Disaster Recovery Plan were not submitted for verification. Therefore, the issue remains unresolved.

### **5.24.17 Inadequate floor space and office furniture and equipment**

The Ministry did not have adequate floor space for its permanent and contract staff at its headquarters. In addition, the conference room was not in good condition as some staff occupied it due to lack of office space. Furthermore, office equipment such as computers and accessories and furniture were grossly inadequate. More than three persons were using the same desktop computer. Even the regional offices were without office furniture and equipment when staff were posted there. It was recommended that the Permanent Secretary should make request to the appropriate authorities to address those challenges.

### ***Official's Response***

*The PS mentioned that inadequate resources had not allowed the Ministry to procure and provide critical working tools to its staff in the headquarters and in the provincial offices.*

### **Auditor's Comment**

Evidence of efforts made by the Ministry to inform the relevant authority of these constraints was not submitted for audit verification. Therefore, the issue remains unresolved.

## **Office of Diaspora Affairs**

### **5.24.18 Payments without adequate supporting documents**

The ODA made payments totalling Le174,679,500. Adequate supporting documents such as invoices, delivery notes, receipts, etc. were however not submitted for audit inspection. It was recommended that the Director of ODA should ensure that the required supporting documents are provided for audit inspection, within 15 days of receipt of this report otherwise, the entire amount should be refunded to the CRFA and evidence of such forwarded to the ASSL for verification.

### **Official's Response**

*The Director of the Office of Diaspora Affairs (DODA) stated that the supporting documents were submitted for inspection and that they may not have reflected the amount stated. He however noted that they had taken stock of the lapses and will try to improve on them as quickly as possible.*

### **Auditor's Comment**

No supporting documents were submitted for audit verification. Therefore, the issue remains unresolved.

#### **5.24.19 Lack of fixed assets register and inventory management policy**

The ODA did not have a fixed assets register and an inventory management policy guiding the acquisition, management and disposal of its assets. It was recommended that the ODA should develop a fixed assets register within 15 days of receipt of this report. The finance officer should ensure that the assets policy should be developed and implemented within the 2017 fiscal year. This should be regularly updated and maintained for audit or reference purposes.

### **Official's Response**

*The DODA stated that the ODA had already embarked on preparing its fixed assets register. He also mentioned that they will try to develop an asset policy that will readily guide their acquisition, management and disposal of assets.*

### **Auditor's Comment**

Evidence of efforts taken by management to develop an assets management policy was not submitted for verification. A fixed assets register was also not provided for inspection. Therefore, the issues remain unresolved.

#### **5.24.20 Bank statement, cashbook and bank reconciliation statements not submitted**

The ODA did not provide cashbooks and bank reconciliations, etc. from 2008 when it started operation, to December 2016. It also did not submit payment vouchers from 2008 to 2013 for audit. It was recommended that the finance officer should submit the cashbook, bank statement and bank reconciliations, payment vouchers and supporting document for audit inspection within 15 days of receipt of the report.

### **Official's Response**

*The DODA in his response said "ODA worked strictly on the timeframe as stated in the letter sent to us i.e. from 2014 – 2016. And, it was within this period we provided documents for. In 2008, going forward to 2014, prior to the recruitment of ODA's Finance Officer, all financial transactions were done by the Accountant of our supervisory ministry, and he must have the relevant documentation regarding those transactions."*

### **Auditor's Comment**

Management was informed about the scope during the initial and exit meetings. An audit query was also issued requesting the provision of records. However, management was reluctant to submit cashbook, bank statement and bank reconciliations, payment vouchers and supporting documents from 2008–2013 for audit verification. Therefore, the issue remains unresolved.

#### **5.24.21 Supporting documents of duty-waiver beneficiaries not submitted**

Part of the ODA function is to approve and facilitate duty-waiver to diaspora returnees with official appointment by the government of Sierra Leone. A database of duty-waiver beneficiaries was submitted but supporting documents such as copies of official Government of Sierra Leone appointment letter, bill of lading, packing list, etc. were not submitted for audit inspection. It was recommended that supporting documents such as copies of Government of Sierra Leone appointment letters, bill of lading, packing list,

etc. should be submitted within 15 days of receipt of this report; otherwise, the agency should recover the lost revenue from customs duties and evidence submitted for audit inspection.

### **Official's Response**

*The DODA stated that all approved duty free concessions for diaspora returnees, processed by the officer-in-charge for duty waiver should have the required documentation. He however mentioned that he will check to see which waiver hasn't got the necessary documentation for processing and to fix such anomaly as soon as possible.*

### **Auditor's Comment**

Supporting documents such as copies of Government of Sierra Leone appointment letters, bills of lading, packing list, etc., were not submitted for verification. Therefore the issue remains unresolved.

### **African Peer Review Mechanism**

#### **5.24.22 Rental agreement for APRM office space not submitted for audit**

The rental agreement for the APRM office space at Sanders Street was not signed by either party even though the institution is presently occupying the building; and extensive repairs were being done at a cost to APRM, without any agreement. At the time of audit, the office environment was not conducive for official work. It was recommended that the Executive Chairman should produce a signed rental agreement clearly stating rental fee and duration of occupancy within 15 days upon the receipt of this report.

### **Official's Response**

*The Executive Chairman (EC) in responding said "the rental agreement has been forwarded electronically to the office owner for signature as she is not currently in the country. There is a clause in the agreement to ensure the recoup of repairs cost from the owner. Rehabilitation work has been completed and office space is now conducive for work."*

### **Auditor's Comment**

The signed rental agreement was not submitted for verification. Therefore the issue remains unresolved.

## **5.25. MINISTRY OF LABOUR AND SOCIAL SECURITY, HQ 2014-2016**

### **5.25.1. Revenue target not set by the ministry**

Section 8(1) of the FMR 2007 was not adhered to owing to the fact that a reasonable estimate of revenue to be collected in respect of the issuance of work permits and factory inspection fee was not submitted by the Ministry. It was recommended that the Permanent Secretary (PS) in collaboration with the National Revenue Authority (NRA) should ensure that the revenue projection/budget for 2014 to 2016 is made available to the ASSL within 15 days upon receipt of the report.

### **Official's Response**

*The PS said that revenue projection/target was available in the Ministry's Performance Tracking Table for the period 2014-2016.*

### **Auditor's Comment**

The revenue projection/budget for the period under review was not submitted as recommended. The issue therefore remains unresolved.

### **5.25.2. Revenue receipts not submitted**

Receipts in respect of work permit and factory inspection fees from the National Revenue Authority to confirm revenue collected and recorded in the cashbook for 2014 to 2016 were not submitted for an

amount totalling Le8,981,207,000. This was in violation of section 42(2) of the FMR 2007. It was recommended that the Permanent Secretary in collaboration with the NRA should ensure that the receipts in support of revenue collected totalling Le8,981,207,000 are made available to the ASSL within 15 days of receipt of the report.

#### **Official's Response**

*The PS in his response said "This issue falls within the purview of NRA to submit comprehensive list of all NRA receipts for the period under review, however the Ministry has already informed NRA to make available revenue receipts for the period under review. Ministry's file copies are also available."*

#### **Auditor's Comment**

Receipts from NRA in respect of work permit and factory inspection fees totalling Le7,959,010,000 were submitted and reviewed leaving an outstanding balance of Le1,022,197,000 for which receipts were not submitted. The issue remains partly resolved.

#### **5.25.3. Bank deposit slips not submitted**

We were unable to determine whether revenues collected for 2014 to 2016 totalling Le8,846,768,194 were deposited in various transit accounts maintained by the NRA and remitted to the CRFA; as bank deposit slips to justify deposits made were not submitted for audit. It was recommended that the PS must ensure that the bank deposit slips in support of revenue collected and recorded totalling Le8,846,768,194 are submitted by the NRA within 15 days of receipt of the report; otherwise, parties should refund the amount involved into the CRFA and evidence of such submitted to the ASSL for verification.

#### **Official's Response**

*The PS in his response said "This issue also falls within the purview of NRA to maintain original copies of all bank slips submitted by the clients to NRA upon receipt of payment from the various commercial banks. However, the Ministry has communicated the issue to the NRA to submit same. Ministry's copies of bank slips are also available."*

#### **Auditor's Comment**

Bank pay-in slips in respect of work permit and factory inspection fees totalling Le5,315,490,000 were submitted and verified leaving an outstanding balance of Le3,531,278,194 for which bank pay-in slips were not submitted. Therefore the issue is partly resolved.

#### **5.25.4. Differences between revenue collected, recorded and deposited by NRA and computation made by ASSL**

Based on an analysis carried out by ASSL in respect of work permit forms and fees for 2016 fiscal year; ASSL's computation revealed total revenue collected as Le4,963,600,000. Records from the National Revenue Authority however indicate total revenue collected and recorded as Le4,851,437,000. This however resulted in a difference of Le112,163,000 not recorded. In addition, bank deposits slips listed by the ASSL for 2016 indicated total deposits of Le3,917,796,306 and a difference of Le1,045,803,694 not deposited. It was recommended that the Permanent Secretary in collaboration with the NRA should ensure that the differences noted are investigated and appropriate actions taken. In addition, bank deposit slips in support of an amount totalling Le1,045,803,694 are submitted by the NRA within 15 days upon the receipt of this report; otherwise, parties involved should refund the amount into the CRFA and evidence of such submitted to the ASSL for verification.

#### **Official's Response**

*The PS in his response said "The issue on the difference of Le1,045,803,694 as a result of bank deposit slips not submitted falls within the purview of NRA. MLSS has already communicated the issue to NRA to make available originals of*

*bank deposit slips to ascertain the difference and carry out the appropriate reconciliation in collaboration with the Work Permit Bureau.*

*The difference of Le112,163,000 in respect of ASSL computation is noted by the Ministry; MLSS is currently working on all reconciliations and computation to ensure that the data base analysis is in tune with the appropriate revenue streams and amount paid by various establishments in order to avoid a mismatch of revenue streams (please note the following elements ; NGOs; short term, volunteers/ full time, private sectors, ECOWAS, Non- ECOWAS, Gratis/Waivers, Renewal and New Cases application forms amongst others have specific payment schedules) which may have resulted into the difference in amount base on ASSL computation. Comprehensive data base analysis indicating amount paid according to the appropriate revenue streams/payment schedules by the various establishments and evidence of receipt of payments is readily available in order to substantiate MLSS total amount.”*

#### **Auditor's Comment**

Review of records maintained for work permit, revealed that included in the ASSL computation of Le4,963,600,000 were work permit fees totalling Le116,800,000 given on a gratis basis. As such, the amount collected in respect of work permit application fees and forms should have been Le4,846,800,000. This resulted in a difference of Le4,637,000 not recorded (Le4,846,800,000-Le4,851,437,000). The issue is partly resolved.

Work permits issued on a gratis basis resulted in a revised ASSL computation for work permit application forms and fees totalling Le4,846,800,000. This resulted in a difference of Le929,003,694 for which bank deposit slips confirming deposits made by NRA was not submitted for audit. Therefore the issue is partly unresolved.

#### **5.25.5. Revenue assessment document not submitted**

Work permit application forms, payment advice and bank deposit slips to ascertain total revenue collected, as well as to enable us perform a reasonable comparison with revenue recorded as per National Revenue Authority's cashbook and receipts were not submitted for the 2014 financial year. It was recommended that the Work Permit Bureau in collaboration with the NRA should ensure that the work permit application forms, payment advice and bank deposit slips for the fiscal year 2014 are submitted to the ASSL within 15 days of receipt of the report.

#### **Official's Response**

*The PS stated that the Work Permit Bureau/ NRA was currently putting together the required documents i.e. payments advice, application forms and bank deposit slips to ascertain total revenue collected in 2014 financial year. In addition, payment advice slips were maintained by the respective commercial banks /NRA upon receipt of payment. However copies maintained by MLSS will be made available.*

#### **Auditor's Comment**

The work permit application forms, payment advice and bank pay-in slips in respect of 2014 totalling Le5,315,490,000 were submitted and subsequently verified leaving a balance of Le557,430,000 for which pay-in slips were not submitted. Therefore the issue is partly resolved.

#### **5.25.6. Poor Administration at the Work Permit Bureau**

The following issues were noted over the management and issuance of work permit:

- Section 34d (1) of the Business Start-up (Amendment) Act 2007 calls for the Work Permit Committee to approve the granting of work permits before they are submitted for the signature of the Minister of Labour and Social Security. However, evidence in the form of attendance register, minutes of meetings held and an approved list justifying that work permits granted were duly reviewed and approved by the Work Permit Committee as stipulated in the Act were not submitted for audit.



- A review of the activities of the Work Permit Bureau confirmed that it was not effective during the period under review, contrary to section 34b of the Business Start-up (Amendment) Act 2007 as minutes of meetings to justify regular review of activities carried out by the Work Permit Bureau were not submitted.
- There was no evidence in the form of minutes of consultative meetings to confirm co-operation between the Work Permit Bureau and the Immigration Department, or the NGO Desk at the MoFED, in a bid to keep track of non-citizens coming into the country who are required to obtain work permits.

It was recommended that in future, the PS should ensure that work permit applications were reviewed and approved by the Work Permit Committee before they are granted to applicants. In addition, a mechanism should be instituted and the PS through effective consultation with members of this Committee ensure that they meet on a regularly basis and evidence in the form of attendance register and minutes of resolutions maintained for reference purposes. The PS should further ensure close supervision of the management and issuance of work permits, and that the head of Work Permit Bureau should maintain close co-operation between the Bureau and stakeholders such as the Immigration Department and the NGO Desk at MoFED to ensure proper the coordination and management of work permits.

### **Official's Response**

*The PS said in his response stated that:*

- "During the period under review, the Work Permit Committee in its committee meetings (minutes available) resolved among others that the Work Permit Bureau could review applications and forward to the Honourable Minister all eligible applications who meet the minimum standard for approval. Convening of regular Work Permit Committee meetings is noted but contingent on availability funds as these meetings are serviced with lunches and sitting fees.*
- In 2017 Work permit committee meetings were summoned by the Honourable Minister/ Permanent Secretary to address various issues relating to the operations of the Bureau and the committee (minutes available)*
- On the issue of collaboration especially with the Immigration Department factors which affected were reported to the parliament oversight committee on Labour and industrial Relations for intervention. Parliament later summoned both the ministry of Labour and immigration department and proposed some resolutions for closer collaboration which are still unattainable. However, the Work permit Bureau has proposed another meeting with the Immigration Department to foster collaboration. Letter also sent to MoFED to strengthen collaboration and request for submission of all registered NGOs and INGOs in order to keep track of non- citizens coming into the country for business purposes."*

### **Auditor's Comment**

There was no evidence of action taken on the issues recommended. The issue therefore remains resolved.

### **5.25.7. Ineffective functioning of the Factory Inspectorate**

The following issues were noted:

- Interviews conducted with key personnel of the Ministry, as well as physical verification of factory facilities revealed that the majority of the Factory Inspectorate's equipment/machines such as gas oven, central lathe machine, liquid petroleum gas cylinder testing bay, tensile strength machine, rope and chain testing machine which were identified as defective and obsolete. were not functional enough to support the thorough inspection of factories as stipulated in the Factories Act of 1974.
- The Factory Inspectorate Division did not maintain a comprehensive database of the status of factories operating in the country for the period under review as provided for in the Factories Act of 1974.

- Sections 7&8 of the Factories Act of 1974 make it mandatory for the annual registration of factories operating in the country. It was however observed that this provision was not complied with by factories operating in the country during the period under review. Review of a validated list of factories not registered revealed that 118 factories assessed with an estimated registration fee totalling Le62,250,000 failed to regularise their status even though they were verified and advised to do so by the Factory Inspectorate.
- Section 8(3) of the Factories Act of 1974 mandates that failure by factories to pay assessment fees should attract a fine of Le100. This fine is not reflective of the prevailing economic situation in the country, taking into consideration financial and other resources spent to conduct assessment of factories.

It was recommended that the PS should ensure collaboration with the MoFED for the provision of funds to procure equipment necessary for the proper functioning of the Factory Inspectorate. In addition, the Acting Inspector of Factories must ensure that a comprehensive record of all registered factories is maintained in order to support effective inspection. Furthermore, the Acting Inspector of Factories should ensure that inspection and registration of all factories is enforced in accordance with the Factories Act of 1974.

#### **Official's Response**

*The PS said "The Ministry of Labour and Social Security is aware that the Factory Inspectorate needs an upgrade to enable it deliver on its mandate and generate the required revenue for GoSL. Mindful of the obsolete state of the machinery and equipment, the Ministry generated a needs assessment report on the factory Inspectorate which was shared with the Ministry of Finance and Economic Development in a memorandum referenced MLSS/MoFED/08/16 dated 9<sup>th</sup> August 2016. See copy attached as annex 1. MoFED responded in a memorandum referenced MF-Rev.100/62/01 requesting for the estimate. See copy attached as annex 2. The Ministry of Labour and Social Security generated a project document with cost which was shared with MoFED. See copy of the project document attached as annex 3. The Ministry of Labour and Social Security is yet to hear from MoFED since submission of the project document. Nevertheless, the Ministry of Labour and Social Security again requested for this support through the 2017 and 2018 development budgets."*

#### **Auditor's Comment**

The audit recommendations have not been implemented. Therefore the issues remain unresolved.

#### **5.25.8. No Policies on Overseas Migration and Occupational Safety**

The ensuring of occupational safety and the combating of illegal overseas employment constitute the core functions of the Ministry. There were however no detailed policies developed and implemented on overseas migration and occupational safety and health especially taking into consideration the current spate of unplanned migration of citizens. It was recommended that the PS must ensure that appropriate consultations are made with key stakeholders, obsolete labour laws reviewed and ratified, and detailed policies developed on overseas migration as well as on occupational safety and health.

#### **Official's Response**

*The PS stated that a concept note had already been developed with members of the technical team to lead the process identified for the development of a policy on Occupational Health and Safety.*

#### **Auditor's Comment**

Evidence in the form of a detailed policy on overseas migration and occupational safety was not submitted for verification as recommended. Therefore the issue is still unresolved.

#### **5.25.9. No Functioning Inter-ministerial Committee**

The Ministry of Labour has the mandate to develop policies and manage programmes relating to employment, social security and industrial relations. There was however no indication of an established inter-ministerial committee on employment as agreed in the performance contract signed with His Excellency the President. It was recommended that the PS in consultation with key stakeholders should ensure that an inter-ministerial committee on employment is established in the immediate future.

#### **Official's Response**

*The PS stated that part of the governance structure for the implementation of the National Employment Policy was the Inter-Ministerial Committee set up to provide strategic direction on the implementation and also update on progress made so far. He mentioned that the Committee was established after the launch of the policy as evidenced in correspondences of the Ministry. The challenge, he added had been getting the ministers to meet since their appointment.*

#### **Auditor's Comment**

Evidence in the form of a register and minutes of inter-ministerial meetings conveyed was not submitted for verification. Therefore the issue is still unresolved.

#### **5.25.10. No policy/guideline on the implementation of the Social Safety Net Scheme**

The Social Safety Net Scheme was set up to provide social assistance for the poor and needy. It targeted vulnerable groups like orphans, disabled persons and the aged, all of whom must be unable to work even if jobs were available. There was however no evidence of a comprehensive policy/guideline on the implementation of the scheme which received and utilised the sum of Le6,347,460,000 for the period under review. In addition, evidence in the form of minutes and an attendance register of meetings held was not submitted to confirm that there was an established committee with the responsibility of vetting and approving beneficiaries of the scheme. It was recommended that the coordinator should ensure that a comprehensive policy/guideline on the management of the Social Safety Net Scheme is developed and evidence of such document submitted to the ASSL within 15 days of receipt of this report. In addition, an established committee tasked with the responsibilities of vetting and ratifying beneficiaries of the scheme is established immediately and names of members of this committee submitted to the ASSL within 15 days of receipt of the report.

#### **Official's Response**

*The PS in his reply said "The Unit considers your recommendation very useful in respect of the Scheme's policy guidelines whose development is presently ongoing. However, the Social Safety Net Programme was established by a cabinet conclusion with comprehensive guidelines regarding its implementation methodology and strategy. Notwithstanding this, the formulation of a comprehensive policy and implementation strategy, entitled 'National Ageing Policy' is at an advanced stage."*

#### **Auditor's Comment**

The audit recommendation was not addressed. Evidence in the form of policy/guideline on the operations, minutes and attendance register of committee meetings held were not submitted for review. Therefore the issue is still unresolved.

#### **5.25.11. No comprehensive register of beneficiaries submitted**

A database of registered beneficiaries aged 60 years or over of the scheme, monitoring and evaluation and annual reports for the years under review were not submitted for inspection, despite written requests and several verbal reminders. It was recommended that the coordinator should ensure that an approved list of beneficiaries of the scheme who were above the recommended age of 60 years and above, monitoring and evaluation and annual reports were submitted to the ASSL within 15 days of receipt of the report.

### **Official's Response**

*The PS in his response said "We appreciate the observation but would like to note here that the unit does maintain a dataset of all registered and photo verified vulnerable aged nationwide, together Social Safety Net Stakeholders Committees in all the 149 Chiefdoms in the Provinces and 21 Constituencies in the Western Area. Unfortunately, the personnel that are handling those reports went for training in China at the time of the audit. These personnel have returned and the comprehensive list (in both soft and hard copy forms) of the registered and verified vulnerable aged, minutes of Safety Net Committee Meetings, monitoring and evaluation and Annual Status Reports are now ready for verification."*

### **Auditor's Comment**

The approved list of beneficiaries of the scheme was submitted and reviewed. However, monitoring and evaluation reports and other relevant reports on the activities of the scheme were not submitted for review. Therefore the issue remains partly unresolved.

#### **5.25.12. Disbursements not backed by adequate supporting documents**

A review of payment vouchers revealed that disbursements totalling Le146,265,520 were not backed by adequate supporting documents such as receipt, back-to-office report, etc. in contravention of section 73(1) of the Financial Management Regulations, 2007. It was recommended that the Accountant should ensure that all public funds are properly accounted for in accordance with section 73(1) of the Financial Management Regulations, 2007. That the relevant evidence in respect of Le146,265,520 is forwarded to the ASSL within 15 days upon the receipt of this report; otherwise, the full sum will be disallowed and surcharged in accordance with section 93(4) of the Public Financial Management Act, 2016.

### **Official's Response**

*The PS in his response said "The amount in question comprise of DSA for the Honourable Minister, permanent Secretary, and Head, Labour Migration and cost of return air tickets for trip to Kuwait on fact finding mission on status of Sierra Leonean workers. Auditors were informed that the trip is yet pending and so there is no back to office report until the trip is made. The delegation is expected to make the trip by mid October 2017. The DSA that was paid to the then PS was refunded into the Consolidated Revenue Fund and documents to the effect were shown to the auditors."*

### **Auditor's Comment**

Relevant supporting documents in the form of back to office report and boarding pass for payments amounting to Le28,675,840 were submitted and reviewed leaving an outstanding balance of Le117,589,680. Therefore the issue is partly resolved.

#### **5.25.13. Poor management of assets maintained by the Ministry**

The Ministry did not have an inventory management policy to guide the management of its assets during the period under review. It was recommended that the Accountant should ensure that an inventory management policy that addresses the control and utilisation of the Ministry's assets is developed and implemented.

#### **5.25.14. Inadequate controls over store items**

There were inadequate controls over the handling of stationery and consumables procured by the Ministry. Stationery and consumables purchased and utilised for the period under review worth Le144,400,000 were not taken on ledger charge, in violation of section 188(1) of the Financial Management Regulations 2007. In addition, requisitions, store issue vouchers and distribution list to justify this utilisation were not submitted for audit. It was recommended that the Accountant should ensure that the relevant store records are maintained, and all purchases and items appropriately recorded on a timely basis in accordance with section 188(1) of the FMR 2007. The store requisition, store issue vouchers and recipient list in support of the stationery and consumables should be submitted to the ASSL.

within 15 days of receipt of this report; otherwise, the full sum will be disallowed and surcharged in accordance with section 93(4) of the Public Financial Management Act, 2016.

### **Official's Response**

*The PS in his response said "The amount in question comprise of payment for stationery, computer consumables, furniture and office equipment. The furniture and equipment were procured for the Regional Offices and signed distribution list available. There was a delay in updating the allocated stores ledger for stationery items because the Ministry is without a store keeper. However the stores ledger has now been updated and available for audit inspection."*

### **Auditor's Comment**

Evidence of procured items worth Le98,300,000 being taken on ledger charge was submitted and reviewed. There was an outstanding balance of Le46,100,000 that still needs to be taken on ledger charge. Therefore the issue is partly resolved.

## **5.26. MINISTRY OF LABOUR AND SOCIAL SECURITY, SOUTH-2015-2016**

### **5.26.1. Assets Management**

#### *5.26.1.1 Lack of policy to manage assets*

A policy for the use, maintenance and replacement of assets was not available during the period under review. As a result, assets were moved from one location to the other without proper documentation. It was therefore recommended that the Labour Officer in collaboration with the Ministry's headquarters in Freetown should ensure that a prescribed policy for the use, maintenance and replacement of fixed assets is developed for proper management of assets owned and controlled by the Ministry of Labour and Social Security.

#### *5.26.1.2 Inadequate supply of office equipment*

There were inadequate office equipment such as photocopier, computers, printers, scanners and internet facilities in the Ministry. It was observed that photocopying of key sensitive documents was done in the open market. It was recommended that the Labour Officer in collaboration with the Ministry's headquarters should ensure that the Ministry is provided with the necessary materials and equipment to ensure effective and efficient operations. Office equipment should be provided for the Ministry.

#### *5.26.1.3 Lack of Official Vehicle or Motorbike*

The Ministry was faced with severe transportation issues in the discharge of its duties. It was revealed that there was no vehicle or motorbike assigned to the office. This greatly affected the movement of officials within the region and also adversely affects their operations. It was recommended that the Labour Officer in collaboration with the Ministry's headquarters should ensure that the Ministry is provided with an appropriate means of transportation to carry out its functions efficiently and effectively.

### **Official's Response**

*The Officer in Charge (OC) in his response said: "This is the responsibility of the headquarters / administrative wing of the Ministry. The Administration had been informed and the MLSS-Bo office has received response that this would be duly addressed."*

### **Auditor's Comment**

No action was taken on all of the issues raised by the ASSL. Therefore the issues remain unresolved.

### **5.26.2. Ineffective personnel management**

The following were observed in the management of staff:

- Personal files were not maintained.

- There was no evidence of annual appraisals of staff.
- Time-book for staff was not maintained.
- The Ministry lacked adequate staff. There were only three technical staff in the regional office and no assigned support staff

#### **Official's Response**

- *The OC stated that senior staff at the head office were responsible for doing staff appraisals, maintaining personnel records and salary vouchers.*
- *The OC in his response said: "The head office was where the Commissioner of Labour, the Permanent Secretary, the Accountant and the Human Resource Officers are responsible for doing staff appraisals, maintaining personnel records and salary vouchers."*

#### **Auditor's Comment**

No action was taken on all of the issues raised by the ASSL. Therefore the issues remain unresolved.

### **5.26.3. Operational Effectiveness**

#### *5.26.3.1 No evidence of imprest allocated to the Regional Office*

There was no evidence that monthly imprest was allocated to the regional office. There was also no imprest cashbook maintained by the Regional Office. It was recommended that the Labour Officer and authorities concerned must ensure that an imprest system is immediately instituted in the regional office. A fixed amount must also be allocated to the office (on a monthly or quarterly basis) for its smooth running.

#### *5.26.3.2 Inadequate office space*

The office space occupied by the Ministry was inadequate. The Ministry is housed in a small room at the Provincial Secretary's Office. It was recommended that the Labour Officer in collaboration with headquarters should ensure that the Ministry in the region was provided with adequate office space within 15 days upon receipt of the report, on action(s) instituted by the Ministry in addressing the issue identified in this report.

#### **Official's Response**

*The OC stated that:*

- *"it is due to unavailability of funds and over the years, the Ministry of Labour and Social Security has submitted some of its needs to the central government; the Ministry still looks forward to this, he further noted; and*
- *the Ministry had contacted NASSIT for an office space at the shopping plaza and once that materialised, they were sure of a good office space.*

#### **Auditor's Comment**

No action was taken on all of the issues raised by the ASSL. Therefore the issues remain unresolved.

## **5.27. PROVINCIAL SECRETARY'S OFFICE, SOUTH- 2015-2016**

### **5.27.1. Cash and bank management**

There was variance between expense analysis and imprest bank account. The Accountant General's Expense Voucher Printout Analysis revealed that the totals of Le93.6 million and Le 43.4 million were disbursed in respect of imprest for 2015 and 2016 respectively. However, a review of the Imprest Account's bank statement revealed that a total of Le58 million was credited in 2015 and nothing was credited for 2016, giving differences of Le35.6 million and Le43.5 million in 2015 and 2016 respectively. It was recommended that the Accountant should provide the appropriate explanations and ensure that relevant adjustments are made to the records maintained to address such variances.

#### **5.27.2. Inadequate document submitted for office renovation**

In spite of repeated requests for the submission of documents in respect of renovation to Provincial Secretary's Office-South and District Officers Offices, only the bid opening minute was submitted. Other documents such as request for quotation, contract agreements, and other documents validating the contractors and suppliers such as tax & NASSIT clearance certificates, business registration and business license were not provided.

#### **5.27.3. Availability of vehicles, office equipment and other supplies**

There was inadequate mobility for staff of the Provincial Secretary's Office. There was only one functional official vehicle assigned to the Provincial Secretary's Office. It was also observed that there were inadequate supply of office equipment, furniture and stationery. It was recommended that the PS, in collaboration, with their supervisory ministry should ensure that the office is provided with the necessary equipment to enhance its operations.

#### **5.27.4. Poor IT environment**

Upon review of the IT systems, specific weaknesses were highlighted and their impact on other systems:

- Printing of official documents was mostly done in the open market.
- Passwords were not changed periodically.
- Staff were not adequately trained in computer skills and computer control.
- Internet facilities were not available.
- Antivirus was not installed on computers to protect against malicious virus.
- Regular backups were not done and stored in a safe place.
- The directorate has not established an appropriate IT security policy, and communicated this to all relevant personnel.
- There were no business continuity / disaster recovery plan in operation, to identify, reduce and manage risks from significant IT breakdowns.

It is recommended that the PS should take appropriate action to address issues on IT environment for effective operations of the institution.

#### **5.27.5 Internal audit function not evident**

There were no internal audit reports to confirm that the Internal Audit Unit in the Ministry of Local Government and Rural Development in Freetown continuously reviewed systems and procedures to ensure the adequacy, effectiveness and efficiency of the Provincial Secretary's Office.

### **5.28. PROVINCIAL SECRETARY'S OFFICE, NORTHERN REGION-2015**

#### **5.28.1. Lack of supporting documentation for claimed expenditure**

A total of Le816 million, representing 79% of the total allocations received and spent, did not have the relevant documentary evidence like receipts, delivery notes, quotations, invoices, certifications etc. It was recommended that the PS should forward the documentary evidence in support of the total expended amount; otherwise, the whole amount should be refunded.

#### **Auditor's Comment**

There was no management's response to the finding. From the total queried amount of Le816million supporting documents had been provided for Le711million leaving Le105million as un-cleared.

## **5.29. PROVINCIAL SECRETARY'S OFFICE EASTERN REGION- 2016**

### **5.29.1. Ineffective internal controls**

There was no risk assessment process for the identification of business risk, fraud and inadequate controls of disbursement of funds. It was recommended that the Provincial Secretary 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 Provincial Secretary stated that the issue had been noted and was working hard to design a risk assessment process for the identification of business risk, fraud and inadequate controls of disbursement of funds. He assured that come next audit it will be in place.*

#### **Auditor's Comment**

Our recommendation was not implemented. The issue remains outstanding.

### **5.29.2. Inadequate control of the distribution and use of fuel**

There were no log book records to show how the sum of Le30million was spent for service and repairs of vehicles. It was recommended that the Provincial Secretary should ensure that records of service and repairs should be produced or the amount refunded.

### **5.29.3. Inadequate control on the management and security of assets**

Regular database and inventory updates were not carried out on the management of government properties/assets. It was recommended that the Provincial Secretary should ensure that a database on government property should be designed and submitted to Audit Service within 15 days upon receipt of this report.

#### ***Official's Response***

*The Provincial Secretary noted that the estate officer was working on it and that an updated register will be presented during verification.*

#### **Auditor's Comment**

Our recommendation was not implemented as regular data base and inventory updates were not carried out on the management of government properties/assets.

## **5.30. OFFICE OF THE VICE PRESIDENT-2016**

### **5.30.1. Payments made for procurement not in the procurement plan**

Payment vouchers revealed that a total of Le29,464,000 was disbursed on the procurement of internet service. Upon examination of the approved procurement plan, it was observed that these payments were not part of the approved procurement plan. It was recommended that the Secretary to the Vice President should provide an explanation why the procurement committee failed to update their procurement plan and notifying the Ministry of Finance and Economic Development.

#### ***Official's Response***

*The Secretary to the Vice President in his response said: "In a Budget/Procurement Committee meeting held on 16th March 2016, it was decided that an outstanding sum of Le 29,464,000 be paid to Afcom S.L. Ltd. This was in respect of quarters 3 & 4 of FY 2015. This payment was not captured in the procurement plan for 2016, but it was management's*



*decision since it was the final payment to Afcom S.L. Ltd., due to the inception of the fiber-optic cable that was in use. The minutes of the committee was forwarded to the Minister of Finance. Attached hereto is a copy of the minutes forwarded to the Ministry of Finance.”*

#### **Auditor’s Comment**

The minutes of the Budget Committee was presented and examined during verification. The payment for the amount owed in respect of internet service was part of the 2016 approved budget. However, it was not incorporated into 2016 procurement plan. As a result, the procurement plan submitted for audit inspection was not fully integrated into the budgetary process. The issue is therefore unresolved.

### **5.31. ADMINISTRATOR AND REGISTRAR GENERAL-2016**

#### **5.31.1. Poor fuel management**

The purpose of fuel policy is to provide guidance for authorised and efficient use of fuel by employees of the Department. It was however noted that there was no fuel policy at the OARG. In addition, the fuel register was not properly maintained as the register did not show the fuel balance for the period under review. It was also observed from the total chits which amounted to Le122,231,250 as recorded in the fuel register. However, only Le81,300,000 worth of chits were provided for audit review, giving a difference of Le40,931,250. It was further noted that the department did not reconcile its fuel register with the register maintained at the fuel station. It was recommended that the Accountant should ensure that a policy was formulated to guide and control the distribution and use of fuel and ensure that a fuel register is maintained and reconciled regularly with the fuel register at the fuel station. The Accountant should also provide explanation why there was a difference between the fuel register and the chits submitted.

#### **Official’s Response**

*The Administrator and Registrar General in replying said: “The total fuel that was allocated to the office for the year under review amounted to Le110,000,000 which was entered in the Vote Service Ledger (VSL) and now available for verification. However, the total fuel utilised for the period under review was Le81,300,000 and the balance of Le28,700,000 was not utilised and carried forward to the FY2017. Chits of the said balance are available for inspection. Management has noted all the concerns and modalities have been put in place to address them.”*

#### **Auditor’s Comment**

During the verification exercise, fuel chits and register were submitted. However, reconciliation and fuel policy were not submitted. Therefore, the issues of fuel chits and register were resolved whilst those on fuel policy and reconciliation remain unresolved.

#### **5.31.2. Revenue collected but not traced to the Consolidated Revenue Fund Account**

The auditors observed that the sum of Le17,535,000 was transferred from the transit account operated at the Sierra Leone Commercial Bank (SLCB) to be remitted to the CRFA. The said amount cannot however be traced to the CRFA account at the Bank of Sierra Leone (BSL). It was recommended that the Commissioner of NRA in collaboration with the Sierra Leone Commercial Bank should provide evidence of payment to the CRFA within 15 days of receipt of this report; otherwise the appropriate authority would be advised.

#### **Official’s Response**

*The Administrator and Registrar General stated that the transit account was controlled and operated by NRA.*

### **Auditor's Comment**

No response was received from the NRA in respect to this query. Therefore this issue remains unresolved.

## **5.32. CABINET SECRETARIAT-2015**

### **5.32.1. Assets not physically verified**

During the physical verification of assets, we observed that vehicles with registration numbers AEB 467 (Land Cruiser) and AEE 270 (Toyota 4Runner) which were recorded in the inventory register could not be physically verified. It was recommended that the Accountant should ensure that those assets were produced for audit verification within 15 days of receipt of the report.

### **Official's Response**

*The Secretary to Cabinet stated that documents related to the boarded vehicles were ready for audit verification.*

### **Auditor's Comment**

During the verification exercise, valuation report from Sierra Leone Road Safety Authority (SLRSA) and a letter from the Ministry of Transport and Aviation informing the successful bidder of the vehicles were submitted for vehicle registration number AEB 467(Land Cruiser). In addition, receipt of payment to the NRA was verified. This issue is considered resolved. However, documentary evidence such as SLRSA valuation and receipt of payment to the NRA for AEE 270 was not produced for verification. Therefore this issue remains unresolved.

## **5.33. HUMAN RESOURCE MANAGEMENT OFFICE – 2016**

### **5.33.1. Suppliers' business documents not attached to the payment vouchers**

After examining the cashbook and payment vouchers, amount totalling Le 222,705,000 were disbursed on the procurement but for which the suppliers were without business documents such as business registration certificates, NRA tax clearance and NASSIT clearance certificates.. It was recommended that the relevant business documents should be presented for audit inspection.

### **Official's Response**

*The DG stated that the documents were now available for your inspection.*

### **Auditor's Comment**

Business documents such as business registration certificate, tax clearance and NASSIT clearance certificate were not presented for procurement amounting to Le43,403,000. This issue is therefore partly resolved.

### **5.33.2. Revenue from Hall Rental not accounted for**

With the exception of the subventions received, the team was not provided with information on any other source of income. However, the team was able to observe that the Civil Service Training College had been renting its hall, for which fees had been paid. The monies received from this had not been paid into the College's account. The team was able to confirm that during the year, two receipt books had been used by the college, i.e. 101-150 and 701-750. From the sample of six receipts examined during the course of the audit, a total Le16,000,000 was received by the College during 2016, but which was not accounted for. It was recommended that the said fund should be deposited in the college's account and evidence forwarded for audit inspection.

**Official's Response**

*The DG stated that the Civil Service Training College (CSTC) is a subvented agency and therefore, the Human Resource Management Office (HRMO) could not respond on their behalf as the college's funds were managed solely by the principal and his staff.*

**Auditor's Comment**

The response by the HRMO is noted. However, until the management of the Civil Service Training College provides us with a response to the above query, this issue remains unresolved.

**5.34. NATIONAL REGISTRATION SECRETARIAT-2016****5.34.1. Monies transferred from the Transit Account to the Consolidated Revenue Fund Account, but not traced in the Bank Statement**

The sum of Le11,579,000 was transferred from the transit account operated at the Rokel Commercial Bank to the Consolidated Revenue Fund account at the Bank of Sierra Leone (BSL). However, that amount was not reflected in the consolidated fund account at BSL. It was recommended that the Commissioner, Non-Tax Revenue, NRA, in collaboration with the Rokel Commercial Bank should provide evidence of payment to the CRFA within 15 days of receipt of the report; otherwise the appropriate authority would be advised.

**Official's Response**

*The Chief Registrar said they were yet to receive response from the NRA officials regarding the said issue.*

**Auditor's Comment**

During the verification exercise, there was no evidence from NRA to confirm whether these monies had been paid to the CRFA. Therefore this issue remains unresolved.

**5.35. LEGAL AID BOARD-2016****5.35.1. Withholding Tax of 5% not deducted**

It was noted that 5% withholding taxes to the value of Le14,543,850 were not deducted and paid over to the National Revenue Authority for payment above Le500,000 from various suppliers. It was recommended that the Accountant Legal Aid Board should produce documentary evidence of payment of the said amount within 15 days of receipt of this report; otherwise, the said amount should be disallowed and surcharged.

**Official's Response**

*The Executive Director said that the amount in question will be paid when funds were available from the Accountant General.*

**Auditor's Comment**

During the verification exercise, an analysis was produced with regards the amount to be paid, however; evidence of receipts of payment to the NRA was not provided for inspection. Therefore this issue remains unresolved.

## **5.36. LAW OFFICERS DEPARTMENT- 2016**

### **5.36.1. Staff of OARG included in Law Officer's Department payroll**

Fifty-five staff of the Office of the Administrator and Registrar General (OARG) were included on the payroll of the Law Officers Department. This made it difficult to conduct an analytical review for the period. In addition, it was observed that since the breakdown of the electronic register in April 2016, the Department did not maintain an attendance register for the period. It was recommended that the Permanent Secretary in collaboration with Director General of the Human Resource Office should ensure that the names of OARG staff included on the payroll of Law Officers Department are removed within 15 days of receipt of the report.

#### ***Official's Response***

*The Permanent Secretary stated that several letters had been sent to the Director General Human Resource Office for separation of the Ministry's payroll from OARG. The issue remains outstanding.*

#### **Auditor's Comment**

During the audit verification exercise, letters written to the Director General of the Human Resources Office requesting the separation of OARG staff names from that of the Department's payroll were produced. However, the payroll still showed that the OARG staff were still included on the payroll of Law Officers Department. In addition, an attendance register was still not maintained. Therefore, these issues remain unresolved.

### **5.36.2. Four vehicles and one motor bike owned by the department not physically verified**

During physical verification of vehicles, the auditors observed from the inventory register, that four vehicles and one motorbike owned and controlled by the Department were not independently verified. It was recommended that the Deputy Secretary should produce the said vehicles for verification within 15 days of receipts of the report.

#### ***Official's Response***

*The PS in his response said "The following vehicles and motor bikes were assigned as follows: ADS 178 assigned to GSCO, AHS assigned to Labai Famar – Consultant, ALA 011 assigned to Principal State Counsel BO and Motor bike no. AHL- 105 assigned to Mohamed Kanu. All are available for inspection."*

#### **Auditor's Comment**

During physical verification exercise the auditors verified 3 vehicles and 1 motor bike; however, vehicle no AEH 707 was not verified. Therefore, this issue remains partly unresolved.

### **5.36.3. Human Resource and Procurement offices not established**

From the documents examined and interviews conducted with the Accountant, it was observed that the human Resource and procurement offices had not been established at the Law Officers Department. It was recommended that the Permanent Secretary in collaboration with the Director General of the Human Resource Management Office and National Public Procurement Authority should establish and make operational the human resource and Procurement offices.

## **5.37. MAGISTRATE COURT NO.1-BO-2015-2016**

### **5.37.1. Inadequate office furniture and lack of office equipment**

There were no office shelves and cabinets for the proper custody and archiving of accountable documents. In addition, the court was not equipped with photocopiers, computers and accessories. During interviews with key personnel, it was noted that photocopying, typing and printing of key sensitive documents were done in the open market. It was recommended that the Registrar should ensure that immediate action was taken to provide adequate office furniture for the safe custody of accountable documents which are maintained by the court. The Registrar in collaboration with the magistrate and headquarters should ensure that the court is provided with the necessary equipment to enhance its smooth operations.

#### ***Official's Response***

*The Magistrate said that in referencing point 5, Management of Asset, the administrative head of the Judiciary in Bo was the Principal Assistant Registrar (PAR) attached to the High Court of Bo. He added that he will endeavour to relay same to him.*

#### **Auditor's Comment**

In as much as the Court Clerk is to relay this subject matter to the PAR of the High Court of Bo, the matter is still yet to be resolved.

### **5.37.2. Poor state of current court infrastructure**

The court structure was in a deplorable condition. The ceilings in the court rooms were damaged and there was no evidence of rehabilitation work being carried out on the court building which also had no toilet facility. There was need for urgent rehabilitation and refurbishment of the court structure and the provision of toilet facilities.

#### ***Official's Response***

*The Magistrate said that the administrative head of the Judiciary in Bo was the PAR attached to the High Court of Bo during the period under review. He added that he will endeavour to relay the issue to him.*

#### **Auditor's Comment**

Even though the Court Clerk had agreed to relay the subject matter to the Principal Assistant Registrar (PAR) of the High Court of Bo, the matter is still yet to be resolved.

## **5.38. MAGISTRATE COURT NO.2: BO- 2016**

### **5.38.1. Inadequate office furniture and equipment**

There were no office shelves and cabinets for the proper custody and archiving of accountable documents. In addition, the court was not equipped with photocopiers, computers & accessories and scanners. During interviews with key personnel, we noted that photocopying, typing and printing of key sensitive documents were done in the open market. It was recommended that the Registrar should ensure that immediate action was taken for the provision of adequate office furniture for the safeguard of accountable documents maintained by the court. The Registrar, in collaboration with the magistrate and headquarters should ensure that the court was provided with the necessary equipment to enhance its operations.

### **Official's Response**

*The Magistrate mentioned that the supply of office furniture and equipment was done by the headquarters in Freetown and that he had contacted them on the above mentioned issue, but was yet to be addressed.*

### **Auditor's Comment**

The office is yet to be supplied with photocopiers, computers & accessories and scanners. Appropriate office shelves and cabinets for proper safeguard and archiving of accountable documents are yet to be acquired for office use. The issues therefore remain unresolved.

#### **5.38.2. Poor state of current court infrastructure**

The following were observed:

- The court structure was in a deplorable condition. The ceiling in the court rooms was damaged.
- Interview with key officials revealed that the court building had not been rehabilitated for a very long time.
- There was no toilet or water supply facility in the court premises.
- The court building was poorly electrified and electricity supply was erratic; and the court had no alternate source of power such as a standby generator in the event of power outage.

There was a need for urgent rehabilitation and refurbishment of the court building and the provision of toilet facilities.

### **Official's Response**

*The Magistrate noted that the rehabilitation and refurbishment of the court building was supposed to be done by the headquarters in Freetown and several requests had been made on this subject matter, but it was yet to be addressed.*

### **Auditor's Comment**

Even though some rehabilitation work was being done on the court building, the whole court infrastructure needed much to be desired. Therefore there were still more outstanding issues such as provision of toilet and water facilities, repairs and maintenance to the ceiling in the court rooms, provision of alternate source of power such as a standby generator etc.

#### **5.39. MAGISTRATE COURT, BOMBALI- 2015**

##### **5.39.1. Inappropriate control over the receipt of court fines and jail sentences**

The controls over the issuance of receipts in respect of court fines levied on convicted persons were inappropriate. On the one hand, it was noted that NRA issued two receipts. Each showing the same serial number and details for each of the six court fines that were levied in January 2015. For each of these six court fines, it was noted that one of the receipt showed a higher value (i.e. the actual court fine) while the other showed a lower value (which was recorded in the NRA's cashbook). This anomaly resulted in a difference of Le4,650,000 which was not brought to account. On the other hand, it was noted from the records that 26 convicted persons who were supposed to pay court fines totalling Le26,290,000 or serve jail sentences did not pay such fines, nor did they serve their jail terms.

It was recommended that the Magistrate of Bombali District's Magistrate Court should ensure the following within 15 days of receipt of the report:

- Reconciliation between the records of the Court and the NRA should be done, and the sum of Le4,650,000 and any other monies recovered paid into the Consolidated Revenue Fund Account through the NRA.
- The evidence to prove that the 26 convicted persons either paid their court fines or served their jail sentences should be made available for verification.

- In future, regular reconciliation should be done between the Court and the NRA and any identified discrepancy investigated and rectified. In addition, such reconciliations should be retained for audit and references purposes.

#### **5.39.2 Case files not made available for inspection**

A total of 246 files in respect of court cases were not made available for inspection. It was recommended that the Magistrate should ensure that the files in question are made available for verification within the regulatory timeframe.

### **5.40. IMMIGRATION DEPARTMENT HQ- 2016**

#### **5.40.1. Personnel files not submitted**

Forty-one staff files were not provided to the auditors for audit review. It was recommended that the Chief Immigration Officer (CIO) should ensure that the files are produced within 15 days upon receipt of the report.

#### ***Official's Response***

*The CIO stated that it was very true that 40 personnel files were not submitted for audit inspection since documentation were not completed in those files. He further mentioned that he endeavoured to contact all personnel concern to send in photocopies of their relevant documents to be inserted in their files which were available your inspection.*

#### **Auditor's Comment**

During the verification exercise, the files were not submitted. Therefore, this issue still stands.

#### **5.40.2. Passport production records not properly secured**

Proper records were not maintained on the production of passports as was evidenced in the request made for the under-mentioned records which were not submitted:

- Requests to BSL for issuing of blank passport for 2016.
- List of blank passports taken on charge at the CIO's office for 2016
- List of blank passports submitted to the production room for the printing of passport for the period under review.
- List of unused blank passport from the production room for 2016.
- Monthly production list of passports for 2016.
- Reconciliation of the production list with the CIO's list of applicants for 2016.

It was therefore recommended that the CIO should ensure that all documents were produced within 15 days of receipt of the report.

#### ***Official's Response***

*The CIO stated that all documents and records on passport production requested were available for inspection.*

#### **Auditor's Comment**

Requests for blank passport and monthly production list were submitted and verified. We were however not provided with the list of unused blank passport and the reconciliation of production list with the CIO's list. The issue therefore remains unresolved.

## **5.41. IMMIGRATION DEPARTMENT, EAST 2014-2015**

### **5.41.1 No database for residential permits**

Payments for the renewal and the processing of biometric passport were centralised in Freetown. A database was not produced for residential permits for 2014 and 2015. It was recommended that the Assistant Regional Director must ensure that a database was provided for foreign nationals.

#### ***Official's Response***

*The Chief Immigration Officer in his response said "There is a private company called Net Page resident at our headquarters in Freetown that is responsible for all biometric passports in Sierra Leone. We are also holding meetings with headmen of the foreign national at regional level to get a database for foreign nationals in the Eastern Region."*

#### **Auditor's Comment**

The audit recommendation was not implemented. The agreement for the company responsible for the biometric passport was not produced to auditors and there were no explanations given by the Assistant Regional Director for the centralisation of the biometric passport. Therefore this issue remained unresolved.

## **5.42. SIERRA LEONE POLICE HQ-2016**

### **5.42.1. Internally generated revenue utilised without approval from the Ministry of Finance and Economic Development**

Section 51 (1) of the Public Financial Management Act 2016 states that: "(1) Every person who collects, receives, or has a custody of any public money shall promptly deposit it into a bank account in such manner and within such period as prescribed by the Accountant-General, and a person who is not authorised by a head of a budgetary agency to do so may not collect, receive, or have a custody of, any public money" It was however observed that Le 4,000,759,885 generated as own source revenue for various chargeable services offered by the SLP was retained in contradiction to the above regulation, and without the written permission of the Minister of Finance and Economic Development (MOFED). Although there was evidence that the SLP had approached MoFED on the matter, the later was yet to respond, and therefore, the SLP had been in breach of the above regulation since the past five years. It is recommended that the Inspector General of Police should seek the approval of MoFED and other relevant authorities for the utilisation of these funds within 15 days upon receipt of the report otherwise, the appropriate authorities would be advised accordingly.

#### ***Official's Response***

*The Inspector General (IG) in his response said:*

- *"A verbal approval was granted by the then Minister of Finance and Economic Development. In a meeting that was held between the Sierra Leone Police Management, Minister of Finance and Economic Development and the Commissioner General of the NRA, which permitted the Sierra Leone Police to retain revenue collected from services provided by SLP armed guards.*
- *Furthermore, the Inspector General of Police has written two separate letters to the chairman of the Finance Committee and the Chairman of the Public Accounts Committee in Parliament, in order to seek their approval for the utilisation of revenue collected by the Sierra Leone Police.*
- *Currently, the matter is being looked at by both committees. Copies of these letters are available for your inspection."*



### **Auditor's Comment**

During the verification exercise, we noted that letters from the Inspection General of police dated 28<sup>th</sup> April, 2015, 9<sup>th</sup> October, 2015 and 1<sup>st</sup> March, 2017 were sent to the Hon. Minister of Finance and Economic Development, the Chairman Public Accounts Committee and the chairman of the Finance Committee in Parliament respectively seeking permission for the retention and utilisation of own source revenue collected by the SLP. However, until a written approval is given by the Hon. Minister of Finance and Economic Development, this issue remains unresolved.

#### **5.42.2. Asset register not updated**

Computer accessories and furniture worth Le207,050,000 were purchased during the year under review, but were not recorded in the fixed assets register. It was recommended that the head of the Assets Management Unit should update the fixed assets register with all assets purchased during the period under review, and evidence of such provided for audit verification within 15 days of receipt of this report.

### **Official's Response**

*The IG stated that the head of the Assets Management Unit had updated the fixed assets register with all assets purchased for the period under review. Evidence of such was now available for audit verification.*

### **Auditor's Comment**

During the verification exercise, an updated fixed assets register was not submitted for audit review. Therefore this issue remains unresolved.

#### **5.43. SIERRA LEONE POLICE NORTH-EAST, MAKENI - 2015**

##### **5.43.1. Revenue generated from the provision of armed security services not brought to account**

The contract agreement, bank statements and books of account in respect of the revenue generated from the provision of armed security services to private businesses in the North-Eastern Region of Sierra Leone were not made available for inspection. The auditors could therefore not ascertain whether the revenue generated from the provision of these services in 2015 was put into an authorised account of the Sierra Leone Police. This has been recurrent in previous years and showed improper accountability and transparency in the generation of revenue.

### **Official's Response**

*The Assistant Inspector General (AIG) in his response said: "All payment of armed guard personnel for the provision of security to private businesses are made directly to the Sierra Leone Police account no. 1100666 at the Bank of Sierra Leone and such payments recorded by the accounting personnel at the police headquarters in Freetown. However, the books of account in respect of the North Eastern Region have been retrieved and made available for verification. In addition, the PHQ has formed regional committees comprising of Regional Commanders (as Chairmen), Regional Support Officers, OSD Coordinators and LUCs by way of empowerment, to monitor the collection of revenue generated in each region."*

### **Auditor's Comment**

Books of account such as receipt books, cashbook and minutes in respect of the newly established regional committees were verified. However, the contract agreement and bank statements were not provided for verification.

#### **5.43.2. Inadequate controls over the management of fixed assets**

A good number of motorbikes, vehicles and other office equipment that were owned and controlled by the institution were neither coded nor recorded in an inventory/fixed assets register. Some motor vehicles and communication equipment were often left in the workshop for a long period of time without being repaired, resulting in the gradual removal of spare parts and rendering them unserviceable. A typical example is a vehicle with registration number SLP 076 which had not been serviced/ repaired for the past two years. It was recommended that with immediate effect, all motorbikes, vehicles and other office equipment owned and controlled by the institution should be coded and details of the assets recorded in an inventory/fixed assets register. This inventory/fixed assets register should be updated as and when assets are purchased, donated or inherited. Funds should be made available for the immediate servicing and repairing of vehicles, motorbikes and other tangible equipment.

#### **Official's Response**

*The AIG in his response said: "Inventory of fixed assets such as vehicles, motorbikes and other equipment is maintained by the Regional Storekeeper, North East. The inventory register was not updated during the audit exercise. Inscription of identification codes on such assets has been done and an updated inventory register is now available for verification. We acknowledge the second observation made by the audit team. The Regional Transport Officer use to send requests for the repairs and maintenance of such vehicles to the head of transport in Freetown as directed by the police headquarters. However some of these vehicles (e.g. SLP 076) are already in the boarding list for necessary action by the PHQ and the Ministry of Transport and Aviation."*

#### **Auditor's Comment**

An updated inventory register was not made available for verification.

#### **5.43.3. Insufficient staff quarters for police personnel**

The number of police personnel in the North-Eastern Region was more than the number available residential quarters/apartments to accommodate them. A total of 60 apartments were available to accommodate an average of 552 police personnel in the North-Eastern Region. This meant that the ratio of police personnel to available apartments was approximately 9:1. The state and condition of these apartments/quarters was also deplorable to an extent that the doors and windows were damaged; roofs were leaking; and the internal conditions were far from pleasant. It was recommended that the AIG, in collaboration with the Inspector General of Police should ensure that the estimates for the building of more quarters and the refurbishment of existing ones are factored in the annual budget of the Sierra Leone Police. This project should be implemented immediately the funds are made available by the Government.

#### **Official's Response**

*The AIG in replying said: "We acknowledge the observations made by the audit team. The Regional Office has been making requests to the police headquarters in Freetown for the construction of additional residential quarters for personnel and necessary renovation to uplift the deplorable condition of the affected windows and doors of the police barracks/quarters. Plans are underway for the gradual construction of more residential quarters and the refurbishment of dilapidated buildings."*

#### **Auditor's Comment**

Steps have not been taken to resolve the problem.

#### **5.43.4. Insufficient computer equipment, vehicles and motorbikes**

The whole of the Sierra Leone Police North-East Regional Department (including offices like stores, administration/human resources, transport, operational support division etc.) had only a desktop computer and a photocopier. The number of vehicles supplied to the department was not sufficient to meet the day-to-day operations of the police in the region. It was recommended that the AIG should liaise with the Inspector General of Police for more computer equipment and vehicles to be supplied to North-Eastern Region.

#### **Official's Response**

*The AIG stated that the Regional Office had been requesting from Police Headquarters in Freetown for the purchase of desktop computers and photocopiers for the various departments affected to meet the operational and administrative needs of the region. He added that on the sufficiency of vehicles, the regional office had also raised such concern to the police headquarters in Freetown for necessary action to be taken.*

#### **Auditor's Comment**

The issue still remained unresolved.

### **5.44. SIERRA LEONE POLICE– KENEMA – 2016**

#### **5.44.1. Inadequate control of revenue collected from armed guards' services**

A total of Le288million was collected as revenue for the services of armed guards to commercial/residential houses in Kenema without agreement, bank statement and cashbook for the period under review. It was recommended that the Assistant Inspector-General should ensure that letter of agreement, bank statement and cashbook were produced or the said amount is refunded.

#### **Official's Response**

*The Assistant Inspection General, Eastern Region (AIGER) in his reply said: "The revenue generation fund is directly controlled by the Police Headquarters where all contractual arrangements are made. Therefore, instructions are issued by the Police Headquarters to the Regional OSD Co-ordination-East and the Officers Commander Kenema, Kailahun, Tongo, Daru, Tankoro and Motema divisions for deployment of OSD personnel to the various commercial houses. It is Police Headquarters that maintains the cashbook and also receive bank statements for all transactions and the region or the various divisions are not privy to the account number of the revenue generation project. All contractual agreement in appendix (i) should have been done at Police Headquarters level."*

#### **Auditor's Comment**

Our recommendation was not implemented. Evidence of contract agreement, bank statement and cashbook entries in respect of armed guards deployed at commercial or residential houses were not seen and verified. The issues remain outstanding.

### **5.45. SIERRA LEONE CORRECTIONAL SERVICES, HQ-2016**

#### **5.45.1. Procurement procedures not followed**

A request for quotation method was used in the procurement of office stores and suppliers instead of the national competitive bidding (NCB) method. An amount of Le124,321,000 was used in the process. The contract was awarded to All Creature and general services. It was recommended that the Director General should provide an explanation why the NPPA 2016 was not followed for the said procurement; otherwise, the said amount should be refunded to the CRFA within 15 days of receipt of the report.

**Official's Response**

*The DG in his response said: "The procurement in question was for the construction of a wall fence at the female correctional centre at Willoughby Lane Freetown. As this procurement is done for works, it fell below the threshold of Le 150,000,000 for works as stipulated in the Procurement Act of 2016."*

**Auditor's Comment**

The said procurement was for office stores and supplies as stated on payment voucher number 0082796 and dated 10<sup>th</sup> May, 2016. However, management's response contradicts the description on the PV as it is clearly stated in their response that the procurement was for works when the procurement was actually for office and supplies. Therefore this issue remains unresolved.

**5.45.2. Payments without adequate supporting documents**

Review of payment vouchers revealed that the institution procured spare parts worth Le 801,801,000 for the period under review. However, documents such as store receipts and issue vouchers were not presented for audit inspection to confirm the utilisation of these spare parts. It was recommended that the Director General should produce the relevant documents within 15 days of receipt of this report; otherwise, the total amount should be surcharged and disallowed.

**Official's Response**

*The DG in his response said: "Stores issue voucher receipts in respect of the above were available but the only thing the response was verbal when requesting for them during the audit exercise. The documents are available for verification."*

**Auditor's Comment**

Store receipts and issue vouchers to the tune of Le501,265,000 were verified. However documentary evidence of the same, for Le300,536,000 could not be verified. Therefore this issue remains partly resolved.

**5.45.3. Inefficient inventory management**

Some assets such as computer accessories, furniture etc. purchased by the Department for a total of Le180,300,000, were not recorded in the assets register for the period under review. It was recommended that the accountant should ensure that all assets purchased were updated in the inventory ledger.

**Official's Response**

*The DG said that an updated assets register was ready for audit inspection.*

**Auditor's Comment**

The updated inventory ledger was not produced for audit inspection. Therefore, this issue remains unresolved.

**5.45.4. General observations**

The auditors observed that the hospital at the Freetown Male Correctional Centre at Pademba Road with a capacity of 30 beds was not equipped with overhead fans, oxygen machines, sterilising equipment, defibrillator machine etc. It was recommended that the Director General should ensure that basic medical equipment were provided to enhance the capacity of the hospital.

**Official's Response**

*The DG in his response said that action will be taken appropriately when funds were made available by MoFED.*

**Auditor's Comment**

The condition of the hospital at the Freetown Male Correction Centre with regards functional medical equipment still remains the same.

**5.46. SIERRA LEONE CORRECTIONAL SERVICE, SOUTHERN REGION -2016****5.46.1. Accountable documents not submitted**

In spite of repeated requests for the submission of adequate records for audit purposes, it was observed that the following accountable documents were not submitted for audit inspection contrary to section 36(1a) of the Audit Service Act, 2014:

- Contract agreement for diets and condiments.
- Contract agreement for other stores items.
- Fuel contract agreement and other fuel dealer's records.
- Invoices for medical supplies, diets and condiments.
- Performance contract with the President/Director General in respect of 2016.

**Official's Response**

*The Regional Director (RD) mentioned that some issues were being addressed at headquarters in Freetown, while others by the regional commander.*

**Auditor's Comment**

The requested documents were not submitted. This issue therefore remains outstanding.

**5.46.2. No evidence of an internal audit function**

There was no evidence that an internal audit function was being carried out in this institution. There were no internal audit reports to confirm that the Internal Audit Unit carried out its function.

**Official's Response**

*The RD said that he was contacting the internal auditor for the southern region internal audit report.*

**Auditor's Comment**

The issue still remains outstanding as no internal audit report was produced for inspection.

**5.46.3. Poor health facilities**

During an inspection of two of the health facilities in the Bo Correctional Centre, it was observed that the storage facilities of drugs were deplorable. In order to safeguard drugs supplied to the regional office, drugs were kept in a steel cabinet. Moreover, drugs were not kept under any temperature control as there was no refrigerator or air conditioning unit for the preservation of drugs.

**Official's Response**

*The RD stated that management is making frantic effort in the storage of drugs in the correctional centres in the southern region*

**Auditor's Comment**

The present drugs storage facility is still not conducive and management is yet to do something about it.

## 5.47. SIERRA LEONE CORRECTIONAL CENTRE, EASTERN REGION- 2016

### 5.47.1. Male and Female Centres

The following were observed

- Inmates in the male centre were overcrowded as some cells were occupied by a maximum of four inmates.
- The male centre needed rehabilitation as there was no access via steps to male centre cells One, Two, Three, Four and Five. This did not meet health and safety standards.
- Some remand, convicted and trial inmates were occupying the same cell in the female correctional centre.
- There was no storage tank for water in the male and female centres.
- There were no proper uniform identification of remand (green uniform), convicted (red uniform) and trial (blue uniform) inmates in various cells.
- The ratio of inmate to personnel for the period under review in the female centre was 5:1 and for the male centre, was 30:1.
- There were no learning materials for inmates' adult education in both male and female centres.
- There was lack of kitchen materials in the female correctional centre.
- It was discovered that four inmates died due to illness.

### 5.47.2. Clinic

There was no functioning Directory Observe Treatment Centre to examine inmates for sickness before being admitted to cell and there were also no adequate clinical facilities.

### 5.47.3. Staff Quarters

It was observed that 20 personnel were living out of the prison quarters. 10 personnel were also occupying the quarters' kitchens as sleeping rooms.

It was recommended Regional Director-East should ensure that overcrowding is reduced and measures are taken to upgrade the conditions of the Correctional Service.

### **Official's Response**

The Regional Commander in his response said the following:

- *'The overcrowding is mostly experience in the male correctional centre. The female correctional centre has over the years being under crowded. The male correctional centre was constructed with a capacity of 80 inmates and at the moment, this massive overcrowding could be as a result of prolonged detention of pre-trial inmates such as trial and remand inmates. Lack of indictment for trail inmates and to the snail pace trail of remand and trial inmate .and also the existing rigid magistrate and judges to sit on cases in the Eastern Region;*
- *Mixing of categories of convicted, remand and trial inmates at the female correctional centre is the fact. The Sierra Leone Correctional Service is at the verge of classifying all inmates at all 19 correctional centres in the nearest future with the 2017 implementation of the Sierra Leone Correctional Service Accommodation Master Plan;*
- *This gap has now been addressed as all categories of inmates are now clothed in there different identification inmates uniforms. (Your visit and inspection shall ascertain this development);*
- *Inmates and staff ratio is very high at all correctional centres. This is due to the austerity placed on the Sierra Leone Correctional Service not to recruit officers. However, this sanction has been lifted now and in the next few months, a reasonable number of officers will be recruited to narrow the high inmates / staff ratio that now exist in all 19 correctional centres;*
- *The 20 personnel who are living out of the barracks is as a result of inadequate accommodation facility to host them within the barracks. But however, a team from the monitoring and evaluation unit of the Sierra Leone Correctional Service in collaboration with staff of the Ministry of Works recently visited the Kenema Correctional Centres to verify the available housing facilities of officers which I hope will yield dividend in the near future;*

- *This is a clear manifestation of inadequate accommodation for officers which is not supposed to be as it is for now. However, it is the right of all officers to be hosted within the barracks should any emergency arises. In view of such, if adequate accommodations are provided for officers, those in the kitchen rooms will be relocated accordingly.”*

#### **Auditor’s Comment**

Our recommendations were still outstanding. The issues therefore remain unresolved.

### **5.48. NATIONAL FIRE FORCE – 2016**

#### **5.48.1. Lack of fire equipment in key stations**

The National Fire Force lacked enough manpower and fire fighting equipment at Aberdeen and Kissy fire stations to enhance service delivery. It was recommended that the Chief Fire Officer should ensure that adequate manpower and fire fighting equipment are provided for better service delivery.

#### **Official’s Response**

*The Chief Fire Officer stated that the staff strength was too small to cover the present deployments and that was why they started the recruitment process some three years ago but it was put on hold by the Ebola state of emergency and then the Ministry of Finance due to the restrictions of the austerity measures.*

#### **Auditor’s Comment**

Audit verification confirms that manpower and ancillary equipment at the Aberdeen and Kissy stations were not sufficient in the department. Therefore the issue remains unsolved.

### **5.49. GOVERNMENT PRINTING DEPARTMENT – 2016**

#### **5.49.1. Revenue Collected not traced to the CRFA**

It was observed from the cashbook maintained by the Government Printing Department that the sum of Le84,807,500 collected as revenue could not be traced to the CRFA for the period. It was therefore recommended that the Accountant should produce the bank statements of the Bank of Sierra Leone within 15 days upon receipt of the report; otherwise, the appropriate authority would be informed.

#### **Official’s Response**

*The General Manager said that the Bank statement were available for verification.*

#### **Auditor’s Comment**

The bank statement submitted for inspection had a trace of Le65,685,500 leaving a balance of Le18,314,500 still outstanding. Therefore, the issue remains unresolved.

### **5.50. CONSTITUTIONAL REVIEW COMMITTEE-MAY 2015-JULY 2016**

#### **5.50.1. Procurement documents not produced for audit inspection**

The CRC wrote a letter dated 18<sup>th</sup> March, 2014 to the National Public Procurement Authority requesting approval to shorten the advertising period for the purchase of promotional materials and stationery. A response letter from the NPPA, dated 25<sup>th</sup> March 2014, stated that “NPPA has no objection to CRC shortening the period of advertisement to a minimum of two weeks.” This was however with the provision that it was advertised in at least two newspapers of wide national circulation and a soft copy of the invitation for bids was made available for placement on NPPA’s website. During the audit, the auditors requested for newspaper advertisement for the said procurement. They were not produced for audit inspection. In addition, procurement documents such as technical evaluation report, procurement committee’s approval report and performance bond guarantee were not produced for audit inspection. It

was also observed that transfer payment made to Betrays Business Agency, according to a letter dated 24th July 2014, for the supply of furniture and equipment to the CRC, was worth Le 1,106,321,550. The said payment was however without payment voucher and delivery note, questioning whether the said items were delivered. It was therefore recommended that the Executive Secretary should produce the relevant documents within 15 days of receipt of this report; otherwise, the said amount should be surcharged and disallowed.

### ***Official's Response***

*The Executive Secretary (ES) mentioned that the following procurement documents (technical evaluation report, procurement committee's approval, payment vouchers in respect of procurement and delivery notes) were available for audit inspection.*

### **Auditor's Comment**

During the verification exercise, newspaper adverts and soft copy of the bid adverts were not produced for audit inspection. However, we were able to verify procurement documents such as technical evaluation report, procurement committee's approval and performance bond guarantee. We were also able to verify payment voucher and delivery note for the supply of furniture and equipment by Betrays Business Agency. Our conclusion is that value for money may not have been obtained in the procurement process. We would recommend that the appropriate authority consider this matter.

### **5.50.2. Procurement procedures not followed**

The auditors observed that the NPPA replied to a letter dated 24th September 2013, in which the CRC was requesting for approval for the use of restricted bidding method to procure vehicles, furniture and equipment. In the response letter, the NPPA stated that "the Public Procurement Act, 2004 provides that when restricted bidding is used, only the most urgent needs should be purchased accordingly, whilst the rest should be put through an open competitive process. Therefore, CRC needs to take this into consideration for the vehicles, equipment and furniture". Section 41(1-2) of the NPPA Act 2004 states: "all known suppliers capable of supplying the goods, works or services shall be invited to bid". The auditors requested that the procurement officer produce evidence of bid invitation letters to the bidders. Procurement documents such as minutes of procurement committee meeting, procurement committee approval and bid security were also not produced for audit inspection.

During physical verification of 11 vehicles procured by the CRC, vehicle with registration number AJE 712 (Toyota Hilux P/Van) was however not verified. It was therefore recommended that the Procurement Officer should provide the relevant supporting documents for audit inspection and also make available Toyota Hilux P/V AJE 712 for physical verification within 15 days of receipt of this report; otherwise, the appropriate authority will be advised.

### ***Official's Response***

*The ES stated that supporting documents in respect of procurement were available for audit inspection. He added that AJE 712 was loaned to the Ministry of Health during the Ebola period and it was involved in an accident and was damaged extensively at the time. He further noted that it was presently in the garage.*

### **Auditor's Comment**

Bid invitation letters to the various bidders were not produced for audit inspection. We were however able to verify procurement committee's approval and bid security. The police report for the said vehicle that was involved in an accident was also not produced for audit inspection, and the auditors were unable to verify this vehicle. Therefore, the issue relating to the missing vehicle AJE 712 with estimated value of US\$10,000 was still outstanding. We would recommend that the appropriate authority considered the matter further.



#### **5.50.3. Payments without adequate supporting documents**

Payments worth Le1,689,045,749 were without adequate supporting documents such as receipts, invoices, delivery notes, distribution lists, minutes, attendance lists, as well as monitoring report. It was recommended that the Accountant should produce the relevant supporting documents within 15 days of receipt of the report; otherwise, the total amount should be surcharged and disallowed.

#### **Official's Response**

*The ES stated that payment vouchers and supporting documents were available for audit inspection.*

#### **Auditor's Comment**

Supporting documents for Le1,272,604,624 were verified, leaving a variance of Le416,441,125 not available for verification; therefore, the sum should be disallowed and surcharged to the officers who appropriate them.

#### **5.50.4. Withdrawals/Payments without supporting documents**

The sum of Le5,448,030,600 was withdrawn/payments from the operational account at the Bank of Sierra Leone, without supporting documents produced for audit inspection. It was recommended that the Accountant should produce the relevant supporting documents within 15 days of receipt of the report; otherwise, the total amount should be surcharged and disallowed.

#### **Official's Response**

*The ES stated that payment vouchers and supporting documents were available for audit inspection.*

#### **Auditor's Comment**

During the verification exercise, we were able to verify supporting documents for Le3,871,803,600. However, documentary evidence for Le1,576,227,000 could not be verified. Therefore the sum should be disallowed and surcharged to the officers who appropriated them.

#### **5.50.5. Withholding tax deducted but not paid to NRA**

It was observed that 5% withholding taxes for payments above Le500,000, which totalled Le21,757,905, Le 48,667,608 and Le6,145,500 were deducted in the financial year 2014 2015 and 2016 respectively, but not paid to the NRA. It was recommended that the Accountant should ensure that the said sums be paid to NRA and the receipt presented to the auditors within 15 days upon receipt of the report.

#### **Official's Response**

- **FY 2014:** *The ES said that the amount deducted but not paid to NRA was as a result of omission as over Le200M was paid to the NRA for FY 2014*
- **FY 2015:** *The ES stated that the 5% withholding taxes totalling Le 48,667,608 deducted but not paid to NRA was as a result of the second half allocation for FY 2015 that was not accessible.*
- **FY 2016:** *The ES said that amount deducted but not paid to NRA was as a result of omission.*

#### **Auditor's Comment**

Five percent withholding taxes for the periods, which amounted to Le76,571,013 was not still paid to the NRA. Therefore, the vote controller should be held personally liable for the sum which he has failed to withhold according to section 129 of the Income Tax Act 2000.

#### **5.50.6 Inefficient inventory management**

Assets procured such as laptop computers and internet modems worth Le155,530,950 were not physically verified. The distribution list of those items was also not produced for audit inspection. Furthermore, the

auditors observed that a fixed assets register was not maintained by the CRC. It was recommended that the Executive Secretary should ensure that all assets purchased were updated in the inventory ledger.

***Official's Response***

*The ES mentioned that laptops and modems were given to some individuals who were now out of the country. He added that they are trying hard to get in touch with them to retrieve those assets. He noted that others will be made available for audit inspection.*

**Auditor's Comment**

Six lap-tops and modems worth Le62,000,000 were verified. However, nine lap-tops worth Le93,530,950 were not produced for physical verification. Therefore section 12 of the Audit Service Act 2104 should be implemented.

## CHAPTER VI - PUBLIC ENTERPRISES, COMMISSIONS AND DONOR FUNDED PROJECTS

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## **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:

- No supporting documentation for transactions.
- Relevant supporting documentations missing.

- Poor management of procurement transactions.
- Mismanagement of assets mainly in the area of not updating asset registers.
- Cash and bank reconciliation ignored.
- Failure to deduct withholding taxes.

There are also instances of poorly managed or largely non-existent document filing systems, inadequate personnel records, 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 improved financial management with a clear focus on basic principles of internal control, e.g. appropriate segregation of duties and sound procedures for authorizing, recording and reporting transactions.

## Detailed Findings and Recommendations

### 6.1. SUBMISSION OF ACCOUNTS

#### 6.1.1 Non-Submitted Accounts

As at 31 March, 2017, the following Public Enterprises and Commissions had not submitted their accounts for the 2016 financial year.

Table X.1- Non-Submitted Accounts	
Institution	Financial Year
Independent Media Commission	2014 - 2016
Guma Valley Company	2015 - 2016
Electricity Generating and Transmission Company	2016
Sierra Leone Roads Authority	2016
Sierra Leone Postal Services	2015 - 2016
National Protection Area Authority	2016
Sierra Leone Produce Marketing Company	2016
Freetown Teachers College	2009-2016
Western Area Hospital Board	Since Formation
National Commission for Small Arms	Since Formation
National Drugs Control Agency	Since Formation
National Assets Commission	Since Formation
National Pharmaceutical and Procurement Unit	Since Formation
Local Government Service Commission	Since Formation

#### 6.1.2 Late Submission of Accounts

Again, too many Public Enterprises and Commissions submitted their accounts beyond the stipulated date of 31 March, 2017.

Table X.2-Late Submission of Accounts		
Institution	Financial Year	Date of Submission
Sierra Leone Agricultural Research Institute	2016	4/4/2017
Sierra Leone Electricity and Water Regulatory Commission	2016	7/4/2017
Strengthening of National Monitoring and Evaluation System Project	2016	11/4/2017
National Tourist Board	2016	28/4/2017

<b>Table X.2-Late Submission of Accounts</b>		
<b>Institution</b>	<b>Financial Year</b>	<b>Date of Submission</b>
Nuclear Safety and Radiation	2015	2/4/2017
University of Sierra Leone	2016	10/11/2017
Electricity Distribution and Supply Authority	2015	2/5/2017
Sierra Leone Airports Authority	2016	8/5/2017
National Minerals Agency	2016	8/5/2017
Milton Margai College of Education and Technology	2015	8/5/2017
West Africa Agricultural Productivity Program	2016	12/5/2017
National Insurance Company	2016	26/5/2017
Sierra Leone Housing Corporation	2016	16/5/2017
Sierra Leone Telecommunications Company Ltd	2016	19/5/2017
National Social Security and Insurance Trust	2016	24/5/2017
National Revenue Authority	2016	23/5/2017
Pharmacy Board of Sierra Leone	2016	12/6/2017
Sierra Leone Broadcasting Corporation	2016	7/7/2017
Tertiary Education Commission	2016	28/7/2017
The Medical & Dental Council	2016	18/7/2017
Sierra Leone Water Company	2016	27/7/2017
Office of the National Commission for Children	2015	29/7/2017
Central Intelligence & Security Unit	2016	31/7/2017
National Telecommunication Commission	2016	8/8/2017
Office of National Security	2016	7/8/2017
Sierra Leone Civil Aviation Authority	2015-2016	7/8/2017
Sierra Leone Stock Exchange	2016	9/8/2017
Human Rights Commission of Sierra Leone	2016	10/8/2017
Sierra Leone Roads Authority	2015	9/8/2017
Statistics Sierra Leone	2016	7/8/2017
Njala University	2016	21/8/2017
Petroleum Regulatory Agency	2016	22/8/2017
Produce Monitoring Board	2015-2016	28/8/17
Sierra Leone Road Safety Authority	2016	17/7/2017
Electricity Generating and Transmission Commission	2015	15/9/2017
Sierra Leone Maritime Administration	2016	17/10/2017

## **6.2 SIERRA LEONE COMMERCIAL BANK LIMITED- 2015**

### **6.2.1 Dissemination and flow of audit information**

Considerable delays were noted in the flow of information from most of the departments in the Bank. This is mostly as a result of the existing control environment and procedures, and the lack of adequate preparation for external audit in respect to provision of the required schedules and supporting documents for audit purposes. This situation significantly affected the flow of information and time spent on the audit. There is clear evidence of management neglect of the accounting functions of the Bank, to the extent that 34 audit journals were raised by independent auditors. It was recommended that management should put measures in place for proper preparation for external audit exercises. Audit exercises should be handled with all seriousness and commitment by the Bank, and as such, request for external audits should be made only when management is fully prepared for the commencement of the exercise.

### **Official's Response**

*The MD in his response says: "We noted that the change of auditors took place in December 2015 and that the audit exercise did not commence till the last week in January 2016. On hindsight, the combination of both interim and balance sheet audits coupled with the task of reviewing both the control environment and substantiation of financials accounted for undue delays and unplanned resource allocations. Critical to the delay was the rendition of data in a format that was not in sync with the Bank's information systems. We noted that with the separation of substantive and interim audit, the highlighted concerns will be largely addressed. Nonetheless, we remain optimistic that progress made so far will have a positive impact on subsequent audits".*

#### **6.2.2 The corporate governance environment**

For the period under review, we noted that the previous Board of Directors were replaced by a four man oversight committee which comprised representatives of the Ministry of Finance and Economic Development, National Commission for Privatisation, National Social Security and Insurance Trust and The Bank of Sierra Leone. It was also observed that the oversight committee included technocrats and full time employees from various institutions who did not have adequate time and enough human resource to effectively man the various committees and properly deliberate on strategic, operational and corporate affairs issues of the Bank, cascaded from the following committees:

- Audit Committee.
- Risk Management Committee.
- Human Resources Committee.
- Governance Committee.
- Credit Approval Committee.
- Assets and Liabilities Committee.
- Special Debt Recovery Committee.

Since the oversight committee did not have human resources and time, the above committees were largely manned by management staff that did not have appropriate representation at Board level. It was recommended that the Bank should closely co-operate with National Commission for Privatisation and the shareholders to quickly finalise the appointment of substantive Board members as soon as possible. Membership of the various internal committees should be defined and finalised, in order to enhance effective internal controls particularly in a financial institution like the SLCB.

### **Official's Response**

*The MD said that the matters relating to corporate governance had been duly escalated. He further noted that other related issues were discussed by the oversight committee as evidenced in the terms of reference.*

#### **6.2.3 Additional loan impairment provisioning as per Bank of Sierra Leone Prudential guidelines**

Our review of the Bank's loan book as per the Bank of Sierra Leone prudential guidelines revealed an additional loan loss provision of Le27billion as per Bank of Sierra Leone regulatory requirement over IFRS provision. This happened in the wake of the downgrading of facilities as per prudential guideline categorisation of current, substandard, doubtful and loss, and the IFRS impairment provisions. The intention of management under provide for risk portfolio as required by the Banking Act/Regulations was unknown here. The provision had been adjusted for by the auditors in the financial statement for the year ended 31<sup>st</sup> December, 2015 to reflect the true position of loans and advances as at 31<sup>st</sup> December 2015. It was recommended that a regular review and monitoring of all credit facilities should be instituted and corrective action taken on all facilities showing signs of deterioration from the early stages of non-performance. Management should also be actively involved in such reviews and evaluations in order to ensure that the interest of shareholders is always protected. Men and women with proven integrity and



objectivity in the assessment of provisions in accordance with prudential guidelines should be involved in this particular assignment.

#### **Official's Response**

*The MD in his response says: "The observation from the auditor-'the intention of management in under providing for risk portfolio as required by the banking Act/regulations is unknown here' is unfounded. The Bank was in the process of concluding its impairment review of the loan portfolio when the audit commenced.*

*Accordingly, the Bank's classification is in agreement with the auditor's position. The Bank during the year had provided Le9.6 billion as general provision. The additional provision of Le27 billion has now been effected through the Bank's reserves."*

#### **6.2.4 Servicing loan accounts with overdraft accounts**

Our review of loans and advances revealed that some of the term loan accounts were being serviced at the expense of their current overdrawn accounts. It was recommended that management should make it a policy for all customers to service their loans' and advances' accounts with actual cash.

#### **Official's Response**

*The MD in his response says: "For Hotel Conteh-U, Danaisha Enterprises, Bo Club House and Pee Cee& Sons, payments are being made into the current account to reduce liabilities. Sierra Fishing Company's debt has been fully repaid. For Marika Enterprises and Sayenu, these are delinquent accounts under loss category for which an exit strategy such as realisation of security is being pursued. Ya Marie Agro Enterprises debt has been referred to a debt collection agency and crystallised."*

#### **6.2.5 Misstatement of depreciation**

Review of the fixed assets register revealed that the depreciation charges during the period under review were misstated. This occasioned a wrong net book value. It was therefore recommended that management should ensure proper monitoring and review of depreciation charged by the system especially as the system was not reliable. The fixed assets register should be updated to ensure that fully depreciated assets were not continually depreciated when they are being carried at nil net book value in the register, hence the carrying amounts of assets would not be materially misstated.

#### **Official's Response**

*The MD said that they will adopt the recommendation of the auditor after implementation of the new core banking and finance applications.*

#### **6.2.6 Items not physically verified**

In the process of carrying out a physical verification of fixed assets, it was noted that some items were not in existence, yet they were still recorded in the fixed assets register. It was recommended that management should write off all the items that are no longer in their possession and they should be removed from the fixed assets register completely. We also encourage the Bank to review its fixed assets register (as a minimum) on an annual basis to ensure they were reporting their assets accurately, maximising their deductions as far as obsolete or scrapped assets were concerned, and maximising their business valuation.

#### **Official's Response**

*The MD stated that the assets disposal function in Flex Cube was not working. He however noted the implementation of the audit recommendation when the new system is deployed.*

### **6.2.7 Resignation of Directors and Bank staff**

The Bank did not inform the Bank of Sierra Leone within five working days of the resignation of the former Managing Director and other staff who served within period. This was in contravention with Section 5.3.2.4 of the revised prudential guideline 2012. It was recommended that the Bank should comply with all regulatory requirements as set out by the regulator so as to avoid fines and penalties.

#### ***Official's Response***

*The MD said that the bank will ensure compliance with prudential guidelines in the future.*

### **6.2.8 Capital adequacy ratio**

In our review of the Bank's compliance with the Bank of Sierra Leone prudential guidelines, it was noted that the bank was in breach of section 20 of the Bank Act and Section 3.3.2 of the revised Prudential Guidelines Act which requires the Bank to maintain a minimum capital adequacy and core capital ratio of 15% and 7.5% respectively. The Bank's capital adequacy and core capital ratios as at December 2015 were 10.6% and 7% respectively. It was recommended that the Bank should comply with central Bank of Sierra Leone regulations and restrictions to avoid future fines and penalties.

#### ***Official's Response***

*The MD in his reply says: "This arose from capital deficiency which arose in 2013 when SLL 58 billion was provided as impairment towards the loan book. However, this issue of trading capital has been escalated to the shareholders."*

### **6.2.9 Single borrower limits**

Section 7.4.2.11 of the prudential guidelines requires the bank to maintain a single obligor ratio of 25% on secured loans and 10% on unsecured loans. The Bank breached the regulation by reporting 78 % on secured exposure and 12.9 % on unsecured loans in December 2015. We also noted that the Bank has not been reporting on monthly basis as required by the regulator. It was recommended that management should ensure prudent and efficient monitoring of loans and advances in order to adhere to the regulators guide lines.

#### ***Official's Response***

*The MD in his response says: "This arose from capital deficiency in 2013 when Le58 billion was provided as impairment towards the loan book. However, this issue of trading capital has been escalated to the shareholders."*

### **6.2.10 Ratio of aggregate exposure to capital base**

Review of the Bank's aggregate exposure to capital base was above the maximum 300% as required by the revised prudential guidelines. During the year, the ratio for December 2015 was 977%. It was recommended that management should monitor and maintain its exposures within the maximum requirement.

#### ***Official's Response***

*The MD in responding says: "This arose from capital deficiency in 2013 when Le58 billion was provided as impairment towards the loan book. However, this issue of trading capital has been escalated to the shareholders."*

### **6.2.11 Non-performing loan to total loans**

Our review of the Bank's non-performing and performing loans revealed that the latter was higher than the minimum requirement of the revised prudential guidelines during the year. The ratio for the non-performing loan to total loan as at 31<sup>st</sup> December, 2015 was 48.17% which was higher than the statutory requirement. It was therefore recommended that the Bank should comply with the Bank of Sierra Leone's requirements and put more efforts to recover non-performing loans from the respective customers.

### **Official's Response**

*The MD in his response says: "The Bank is in the process of writing down non performing advances against provision and interest in suspense to reduce the NPL. The Board has approved a policy on special assets management for non-performing advances and a committee constituted and tasked with the responsibility for recovery. Total recoveries made as at 31st December 2015 was Le10billion, hence NPL ratio improved to 48.17 in 2015 from 62 in 2014. Attached are the terms of reference of the special assets management (SAM) policy."*

#### **6.2.12 Cash suspense and lack of supporting documentation**

The cash suspense account in which transactions were recorded temporarily till their proper accounts are determined, contained transactions which management could not provide any supporting documents or explanations for. This is due to the fact that they had not been allocated to their respective accounts as at the time of our review. It was recommended that the cash suspense account should be reviewed and investigated regularly so as to move the transactions to their appropriate accounts. Efforts should also be made to clear suspense accounts on a regular basis.

### **Official's Response**

*The MD said that management had taken action to charge the impaired amount to a profit and loss account. He added that they would ensure strict compliance with the general ledger policy on the timely resolution of outstanding/ transit items.*

#### **6.2.13 Lack of documentation for setting up exchange rates**

During our view of the indicative rates used by the Bank during the year under review, it was noted that there was no documentation of this process and the Bank kept no physical record of the rates used during the period. It was recommended that the Bank's document the parameters used for indicative exchange rates as and when the rates of the Bank changes and evidence of appropriate authorisation of any new rate set. The formalisation and documentation of business decisions and events will become increasingly important.

### **Official's Response**

*The MD in his response says: "Management has introduced and deployed a new documented methodology of the parameters used in reviewing the bank's indicative foreign exchange rates. We confirm that an adequate hard copy file is maintained at the treasury level which contains all the rates reviewed as well as the relevant management approval of the reviewed exchange rates. This will be maintained and updated with time."*

#### **6.2.14 Management negligent of implementation, monitoring and review of controls**

It was noted that long outstanding balances in both cash accounts and ACPH account were as a result of management's neglect of implementation, monitoring and reviewing of controls and processes relating to these transactions, and as a result we observed numerous errors with reconciliations either being done incorrectly or not being done at all. It was strongly recommended that management should actively implement, monitor and review reconciliations in both ACPH and cash and bank accounts, with the seriousness it deserves so as to mitigate the risk of misstatement by either fraud or error.

### **Official's Response**

*The MD in his response says: "In 2014, the Bank of Sierra Leone replaced the old manual clearing system with an automated cheque clearing and truncation infrastructure for the processing of other banks' instruments including direct credits. Admittedly, the new system posed serious reconciliation challenges for the Bank in our quest to fully understand resolution of failed incoming clearing items. The old manual clearing accounts mentioned above held balances which should have been transferred to the new clearing accounts when the items were subsequently fated. In a bid to regularise the accumulated balance in the clearing collection account - ACP/ACH. A team of experienced officials has been assigned and progress achieved in identifying unprocessed instruments drawn on customers' account of which unapplied debits constitute the core of the outstanding balance shown in the accounts."*

*As the investigation progressed, we identified various unapplied clearing items of Le3,613,793,869 on various accounts. We subsequently debited the related customers.*

*We further saw another Le1.9 billion related to unapplied cheques. The instruments for these unapplied cheques will be debited to the related customers account as required by practice, since these clearing cheques are unconditional orders in writing received with recourse to the customers.*

*We mentioned in particular that the residual balance in the clearing collection accounts represents various customers' clearing instruments which the investigation will ultimately identify within the next three months, through diligent matching of clearing reports from the Bank of Sierra Leone. The bank's software deployed for that purpose.*

*Additionally, the following steps have been taken to strengthen the environment and other ACP/ACH controls:*

- *Daily reconciliation of the ACP/ACH clearing account and balancing of total debits and credits and circulated to management.*
- *Daily monitoring of unscanned cheques presented for clearing.*
- *Absolute control over rejection and cancellation of inward and outward cheques.*
- *Effective same-day calling over exercise."*

#### **6.2.15 Resource capacity constraints**

Significant gaps were noted between the Directors and the rest of the staff in terms of capacity and competence in handling accounting issues and other functions of the department (specifically the departments handling reconciliations and other accounting issues). It was recommended that the departments handling a transaction in the bank should be manned by professionally qualified staff, and management should also employ qualified staff who will be able to narrow the gap between the directors and the other lower support staff in the department.

#### **Official's Response**

*The MD stated that management had recruited a new Head of Operations who had overall responsibility for Nostro and ACP/ACH reconciliations which function had been divorced from Department. All the other directorates were fully manned, he added.*

#### **6.2.16 Prepayment for rent support documentation**

The auditors were not provided with an updated rental agreement for three years prepaid rent in respect of Waterloo branch to the tune of Le 42,703,605. It was recommended that all payments made in respect of rents should have updated rental agreements.

#### **Official's Response**

*The MD in his response says: "Payment for rent was made on the basis of automatic renewal clause in the rent agreement. Negotiations for the new lease are on-going against the backdrop of the Waterloo Masiaka road construction which project will adversely affect the tenure of the current lease."*

#### **6.2.17 ATM cash holding suspense**

It was noted that cash balances held in automated teller machines located at various branches were not physically verified by either the Finance Department or Internal Audit.

It was therefore recommended that all cash balances held in the automated teller machines at various locations should be physically verified by the Internal Audit to confirm its existence and accuracy.

#### **Official's Response**

*The MD said that it is the Compliance Unit responsibility to independently verify automated teller machines cash holding balances. He added that evidence of physical verification done by the Compliance Unit as at 31<sup>st</sup> December 2015 was available for verification.*

#### **6.2.18 Administration of BAO Asset**

Expenses to the tune of Le101,992,500 made in respect of security services for property belonging to BAO located at Roti funk and Goodrich seized by the Bank in respect of an expired facility was classified as other asset. The auditors were not provided with written evidence of the recoverability of the above amount. It was recommended that management should obtain written evidence of the recovery of such expenses before they are classified as assets, and effort should be made to recover the balance.

##### ***Official's Response***

*The MD in his reply says: "As at 31<sup>st</sup> December 2015, amount recovered from the disposal of BAO assets was Le73.7 million. Balance held in this account has been fully expensed and will be recovered against future assets disposal proceeds."*

#### **6.2.19 Cash overage and shortages**

It was noted that Le 134,617,798 which relates to penal charges levied by the Bank of Sierra Leone in respect of shortages in cash deposited was classified as other assets. We were not provided with explanation or supporting documents as to the recoverability of the amount. It was recommended that management should obtain sufficient evidence regarding the recoverability of the amount before classification as other asset.

##### ***Official's Response***

*In his response the MD says: "Balance held in this account has been expensed in 2015. The shortages mainly occurred during cash counting of mutilated notes at the Bank of Sierra Leone which had been deposited for the past two years and the related wrappers obliterated over time, hence our inability to identify the responsible note-counters."*

#### **6.2.20 Overstatement of prepayments**

We noted that balances were classified as prepaid expense but a review of the invoice revealed that the payment was made for the period under review and that the entire amount of Le555,161,598 should have been charged to profit and loss. It was recommended that the prepayment schedule should be reviewed by management to confirm the charge to profit and loss and the prepaid amount to avoid misstatements.

##### ***Official's Response***

*The MD stated that the accumulation of unapplied charge-outs was as a result of software malfunction relating to automated standing orders. He added that manual journals numbered item 32 had been raised in the 2015 accounts.*

#### **6.2.21 Prepayments – cost of corporate banking training**

It was noted that an amount of Le 152,395,498 was classified as prepayments in respect of Corporate Banking training. A review of the request for advance payment document (forwarded for payment on the 22<sup>nd</sup> July 2014) revealed that two trainings had been held, one in 2014 and another in 2015. The auditors were also not provided with sufficient audit evidence to justify the amount as prepayments to be amortised at a future date. It was recommended that the prepayment schedule should be reviewed by management on a regular basis to confirm the charge to profit and loss and the prepaid amount.

##### ***Official's Response***

*The MD said that management had fully expensed the item in 2015.*

#### **6.2.22 Suspense - sundry payments**

During the course of our audit, we were not provided with supporting documents for payments in credit and debit balances of Le19,122,000 and Le105,855,593 respectively. It was recommended that supporting documents for the above transactions be filed appropriately for reference purposes.

##### ***Official's Response***

*The MD stated that all of the above balances had been regularized.*

### 6.2.23 Other income – rent income

Rent income of Le 42,263,280 was expended as licenses fee for the period between March 2012 and February 2015, but was fully recognised for the period under review instead of being prorated throughout the rental period. It was recommended that rent income should be matched against the period to which it relates even if the income is received at a later date.

#### **Official's Response**

*The MD said that they were unable to recognise this income due to ongoing negotiations of annual rent with tenant which agreement and payment were finalised in 2015.*

### 6.2.24 Other liabilities – sundry credits suspense

During the course of our audit, we were not provided with supporting documents for the following transactions in relation to the account stated above:

#### **Credit balances**

Date	Narration	Amount(Le)
31st December 2015	Accruals iro Staff Expenses	(858,244,864.65)

#### **Debit balances**

Date	Narration	Amount(Le)
16 <sup>th</sup> October 2015	REQ LL DD 15OCT15 IFO GLENNA FONNIE,	18,268,800
23 <sup>rd</sup> November 2015	PYT FOR SECURITY SERVICE	6,000,000
28 <sup>th</sup> December 2015	SECURITY	5,700,000
22 <sup>nd</sup> December, 2015	PYT FOR SECURITY SERVICES	4,583,333
8 <sup>th</sup> December 2015	PYMT IRO CLEANING OF BANK BUILDING	4,300,000
26 <sup>th</sup> July 2010	FATMATA NGOBEH, 00001FATMATA	3,950,000
22 <sup>nd</sup> December 2015	PYT FOR SECURITY SERVICE	3,750,000
22 <sup>nd</sup> December, 2015	PYT FOR SECURITY SERVICE	3,750,000
22 <sup>nd</sup> December 2015	PMT. for cleaning services	3,500,000
28 <sup>th</sup> December 2015	PYT FOR CLEANING SERVICES	3,500,000
28 <sup>th</sup> August 2015	IRO MONEYGRAM REF.59100604	3,434,762
18 <sup>th</sup> June 2012	PYT FOR SECURITY SERVICE	3,000,000
22 <sup>nd</sup> December 2015	PYT FOR SECURITY SERVICE	3,000,000
22 <sup>nd</sup> December 2015	PYT FOR SECURITY SERVICE	3,000,000
	<b>Total</b>	<b>69,736,895</b>

It was recommended that management should investigate and take appropriate action with regards the following liabilities to ascertain their existence and accuracy.

#### **Official's Response**

*The MD said that those were contractual obligations that had now been settled.*

### 6.2.25 Other Liabilities

During the course of the audit, we were not provided with supporting documents for several transactions relating to unclaimed liabilities of Le460,266,803. It was recommended that management should investigate and take appropriate action on the said liabilities.

**Official's Response**

*The MD said that those balances will be forwarded to the Bank of Sierra Leone as abandoned property in 2019 if no claims were received in line with the Bank of Sierra Leone's policy.*

**6.2.26 Other liabilities – outstanding inwards transfer**

The auditors were not provided with supporting documents for debit and credit transactions of Le 4,438,515 and Le 145,896,805 respectively. It was recommended that management should ensure adequate supervision and monitoring of transactions regarding the liabilities.

**Official's Response**

*The MD stated that outstanding balances not eligible for dormant protection arising from revaluation and other system-related issues had been adjusted to close account.*

**6.2.27 Other liabilities – special provision account**

Other liability transactions amounting to Le 145million and posted into the liability account were not properly supported with appropriate underpinning documentation. As a result, it was not possible for the auditors to conduct audit procedure to ascertain the accuracy, existence and completeness of this transaction. It was recommended that the Bank should develop and implement a policy that requires an appropriate level of supporting and underpinning documentation for all transactions posted in the Bank's general ledger.

**Official's Response**

*The MD mentioned that the balance has been recognised as income following recovery of overdrawn savings accounts.*

**6.2.28 Fees and commission**

The auditors were not provided with supporting documents for credit balance transactions amounting to Le 56,742,810. It was recommended that management should properly file all supporting documents for commission on transfers for reference purposes.

**Official's Response**

*The MD maintained that those related to system generated fees charge of 0.1 on various collection of transfer in respect of NRA transit accounts were done in the Bo Branch.*

**6.2.29 Physical controls over vault entry**

We noted that controls and monitoring of movement into the vault was lacking as security guards were not available to search and observe individuals entering and exiting the vault. It was recommended that a security guard should be present throughout the withdrawal and deposit of cash into vault. All authorised individuals entering and leaving the vault should be properly monitored

**Official's Response**

*The MD in his reply says: "The CCTV outside of the vault entrance is now functional. Our policy does not allow third party individuals to secure the vault. A manual register is in place to record personnel movements in and out of the vault."*

**6.2.30 Non-compliance with account opening procedures**

The Bank did not comply with the required account opening procedures, as some vital account opening documentation required for the opening of account were not provided for us during our review. For current account opening procedures, we also requested a customer file which was also not provided for us. It was recommended that management should ensure that the required account

opening procedures are strictly followed, and that a proper filing system should be put in place so that customers' files would be easily located whenever required by supervisory authorities.

***Official's Response***

*The MD in his response stated that as a result of the non-availability of utility bills in up country branches, the practice is that they secured a letter of recommendation/introduction to verify the proof of address. He also mentioned in his response that some relevant documents requested by the auditors in relation to customers were available for verification.*

**6.2.31 Account closure files not provided**

Eight files were not made available for our review of account closure procedure to enable us check whether the withdrawal procedures was adhered to. It was recommended that a proper filing system should put in place so that customers' files will be easily located whenever required by any supervisory authorities.

***Official's Response***

*The MD stated that a proper filing system will be put in place.*

**6.2.32 Non approval of overtime claim form**

During our review of staff honoraria, we were unable to sight approval signature from the Human Resources Department for staff overtime claim form for various transactions/services. It was recommend that all overtime forms were approved by the Human Resources Department

***Official's Response***

*The MD mentioned that overtime claims were approved by the Head of Department.*

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**6.2.33 Staff honoraria**

We observed that the names of staff entitled to out of station allowance, were not included in the mail sent from the unit head to the Head of Admin in which out of station allowance approval was sought. It was recommended that whenever mails were sent in relation to the head of a unit making claims for any allowance for staff, the names of the respective staff and their signatures should be scanned and attached to the mail.

***Official's Response***

*The MD said that honoraria claims were approved by the Head of Department.*

**6.2.34 Non approval of schedule used to post fuel allowance**

During our review of fuel allowance, we observed that the schedule used as supporting document to post the transaction was not approved. Also, promotions for managerial and senior managerial positions were done during the course of the year, hence schedules or instructions must have been done for the beneficiaries of those promotions to post fuel allowances. Although we requested the schedules or instructions for review purposes, they were not provided. It was recommended that schedules used as source document to post the transactions should be reviewed and approved on a monthly basis by either the Director of Finance or the Financial Controller.

***Official's Response***

*The MD said that those were approved employees' benefits that were automated.*

**6.2.35 Disaster recovery plan**



The IT Disaster Recovery Plan in place at Sierra Leone Commercial Bank was not approved. In addition, it was not detailed enough to ensure that critical operations continued to be available during an interruption. The document lacked the following critical information:

- There was no sign-off by senior management acknowledging its effectiveness.
- Unavailability of details of external contacts.
- Unavailability of contact details of key disaster recovery team members.

It was recommended that management should develop the above mentioned document, and ensure that it was approved and reviewed annually to reflect changes made to the system. The plan should be designed to ensure the continuation of vital business processes in the event of a disaster. This plan will provide an effective alternative that can be used to recover all vital business processes within the required time frame using vital records stored off-site.

The following elements are essential for the development of a comprehensive business continuity plan/disaster recovery plan:

- Critical application assessment.
- Backup procedures.
- Recovery procedures.
- Implementation procedures.
- Test procedures.
- Plan maintenance.

#### ***Official's Response***

*The MD in his response says: "Disaster recovery plan is being reviewed in line with the system change. A new disaster recovery site will be maintained as part of the system change project. The ICT will take the recommendations made in the audit into consideration when creating the business continuity/disaster recovery plan."*

#### **6.2.36 Antivirus endpoint policy**

Users were not aware of the risk of failing to update their computers' with the most recent version of antivirus software. Accordingly, the auditors reviewed a sample of workstations noting that even though they had been installed with the antivirus application they were not updated as per the latest versions on the antivirus server.

The following were recommended:

- All computers attached to the SLCB network must have standard, supported anti-virus software installed.
- The software must be active, scheduled to perform virus checks at regular intervals, and have its virus definition files kept up to date.

Management should instil strong measures against any activities with the intention to create and/or distribute malicious programmes on the SLCB network.

- Management should ensure that a manual update antivirus is installed in those machines and work stations. Evidence of which should be signed off and documented.
- Management should ensure that it is the responsibility of the IT Department to ensure that this anti-virus policy is adhered to. Copies of the policy should also be posted on the IT Policy Share folder and the IT Department should ensure that it is regularly updated.

#### ***Official's Response***

*The MD in his response says: "Virus protection is part of the ICT policy. However, ICT is currently developing an antivirus policy which should be ready for the new ICT infrastructure under the systems change project. As part of the systems change project, Microsoft SharePoint development has been requested. This will help in disseminating information such as the antivirus policy to users."*

#### **6.2.37 Data analysis -Foreign currency accounts with no credit interest**

The banking application is designed to credit customers with interest on foreign currency balances on their current accounts, when their current balance meets a specified minimum credit balance.

Per our data analysis for the period under review, we observed instances where customers with the minimum current balances were not credited with monthly interest by the banking application. It was recommended that the parameter settings in banking application with regards customer credit interest on foreign current accounts, should be looked into and corrective measures taken to prevent this from recurring. Additionally, the Internal Audit personnel should periodically review the banking applications configuration settings for propriety.

#### **Official's Response**

*The MD mentioned that it was a management policy which has been resolved in a bid to terminate interest accruing on foreign exchange accounts.*

#### **6.2.38 Savings overdrawn accounts**

Per our data analysis for the period under review, we observed 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 Flex cube with regards customers overdrawing their savings accounts, should be looked into and remedial measures taken to prevent this from recurring.

#### **Official's Response**

*The MD said that management is fully aware of the shortfall, and has taken remedial steps to avert recurrence. He added that it will be incorporated in the new core banking application which will be deployed.*

### **6.3 SIERRA LEONE COMMERCIAL BANK LIMITED- 2016**

#### **6.3.1 Dissemination and flow of audit information**

Since the commencement of the audit process, the audit team experienced significant delays in the receipt of audit support information. This was mainly due to the absence at that time of the two key personnel in the Finance Department namely: the Finance Director and the Financial Controller. The available officers in the Finance Department at the time we were given that responsibility lacked the capacity to support the audit process effectively, hence the delay in dissemination of the required audit information on a timely basis. We discovered that bickering, incompetence and a sheer lack of capacity were responsible for the delay in question. In the same vein, when it comes to receiving audit information from other departments, the personnel in question lacked the initiative to validate the information required (for example checking simple additions and comparing totals with the trial balance, or even checking of all the details and parameters are integrated as requested by the auditors). It was recommended therefore that the Finance Department should endeavour to understand all the internal processes within the bank. In this regard, we therefore recommend that management should improve upon the capacity of personnel in the Finance Department in order to bridge the knowledge gaps and effectively support any external audit process.

#### **Official's Response**

*The Managing Director (MD) in his response says: "The commencement of the 2016 annual audit coincided with the implementation of the new core banking application. However, we gave due consideration to the audit exercise throughout this*

*period. We note that during this challenging period, staff had to be deployed into positions to ensure the successful implementation of both the annual audit and core banking applications. Management is committed to building capacity across the Bank to support our business strategies. The introduction of the new core banking application, we hope would improve turn around time responses to future audit requests.”*

### **6.3.2 Retirement of the Managing Director**

The position of the Managing Director fell vacant on 22<sup>nd</sup> May, 2017, after the person who last held the position retired. The absence of such a strategic and vital function will create a significant gap within the Bank. It was recommended that the Board of Directors should ensure that the position of Managing Director is filled immediately to ensure a proper flow of the bank’s operations.

#### ***Official’s Response***

*The MD stated that the Board of Directors on 9<sup>th</sup> May 2017 appointed Mr. Idrissa Alooma Kamara to Act as Managing Director until further notice.*

### **6.3.3 Non-compliance with prudential guidelines: classification and provision of loans and advances**

The Bank of Sierra Leone prudential guidelines contain rules and regulations with respect to the provision of loans and reclassification of same. During our review, it was evident that management never complied with the set prudential guidelines and as such, there were no basis for the Le 65 billion loan in the books of accounts. There was also no evidence of monthly loan loss provisioning for impaired loans being done by the bank. It was recommended that in future, management apply the prudential guidelines as set by the Bank of Sierra Leone when setting estimates in terms of loans provisioning in the books of accounts. Management should also make it a duty to review and approve the provisions for impaired loans before they are recorded into the bank’s general ledger and subsequently effected in the management accounts.

#### ***Official’s Response***

*The MD in his response says: “The Bank’s new Core Banking Application X100+ has been configured to classify advances and effect required monthly provisions based on prudential guidelines set by the Bank of Sierra Leone. We are currently at the User Acceptance Testing phase of this functionality which was rolled out in July 2017. Once the testing phase is completed, management will review monthly advances classification and provisioning report for accuracy and completeness.”*

### **6.3.4 Additional loan impairment provisioning**

During our review of loans provisioning using the Bank of Sierra Leone prudential guidelines and the requirements of IFRS, we noticed classification that gave rise to additional loan loss provision of Le11.13 billion.

It was recommended that moving forward; management should step up efforts in the valuations and reviews of loans and advances and correct any anomalies on timely basis.

#### ***Official’s Response***

*The MD stated that the automatic classification of advances will address this exception.*

### **6.3.5 Servicing term loans at the expense of current accounts**

Management continued to grant term loans to certain customers to the tune of Le 38.27billion, at the expense of these customers’ current accounts, which invariably were also overdrawn. It was recommended that management should ensure that the customers service their current accounts with actual cash deposits, and not just reducing outstanding loan accounts with simple journal transfers from the already overdrawn current accounts not backed with cash deposits.

### **Official's Response**

*The MD in his response says: "The new Core Banking Application (X100+) is configured to settle advances on balances only. We confirm deployment of an arrear management functionality which will address this concern permanently."*

#### **6.3.6 Lack of design and implementation of fixed asset reconciliation**

Management did not normally perform a fixed asset reconciliation review as a control measure to reconcile the fixed assets register with the general ledger. As a result of this, control deficiency discrepancies were noted in the computation of accumulated depreciation. It was recommended that formal reconciliation of additions, disposals and balances of property plants and equipment should be performed between the fixed assets register and the general ledger on a monthly basis, and be documented, reviewed and approved by management. Any difference should be followed up and cleared promptly.

### **Official's Response**

*The MD in his response says: "A team of the Bank's staff and KPMG personnel jointly conducted a comprehensive assurance review of the Bank's fixed assets position in January 2017. This exercise was aimed at identifying gaps between physical assets and fixed the assets register. We confirm that the anomalies have been rectified accordingly."*

#### **6.3.7 Compliance with the Bank of Sierra Leone prudential guidelines and Banking Act-Local liquidity asset ratio**

Section 7.4.2.11 of the prudential guideline stated that the ratio of local liquid assets to total liquid assets should not be less than 75%. This section was breached by the Bank from January to May 2016, as local liquid asset ratio fell short of 75% as shown in the table below:

January	February	March	April	May
66%	70%	69%	74%	72%

It was recommended that management should ensure prudent and efficient liquidity management of the Bank's local liquid assets ratios in accordance with prudential guidelines. The Assets and Liabilities Committee (ALCO) must take effective oversight responsibility for this.

### **Official's Comment**

*The MD in his reply says: "We note the observation. However, effective 1<sup>st</sup> July, 2017, the Bank of Sierra Leone has revised the prescribed limit from 75% to 60% of total liquid asset..."*

#### **6.3.8 Non-performing loans to total loans**

The Bank breached Section 4.9 of the prudential guidelines during the following months, as the actual ratios computed exceeded the tolerable limit of the ratio of non-performing loans to gross loans (NPL ratio) of 10%. This is shown below:-

January	February	March	August	September	October	November	December
47%	45%	45%	39%	29%	40%	33%	33%

It was recommended that the bank should comply with the relevant prudential guidelines and put more efforts to recover non-performing loans from their customers.

**Official's Response**

*The MD said that they had pursued recovery of bad debts aggressively and they are determined to attain the regulatory threshold by 2018.*

**6.3.9 Single borrower limit**

The bank breached Section 3.4.1 of the guidelines on the required 25% and 10% respectively for secured and unsecured loans throughout 2016 for a number of customers. It was recommended that the Bank should ensure that secured and unsecured loans do not exceed the limit set out at all times in the Banking Act and the revised prudential guideline. The bank should also put more efforts in recovering the loans and/or increase its share capital base, and at the same time, control the exposures such that the approved limits are always observed.

**Official's Response**

*In his response, the MD says: "In view of capital deficiency stemming from negative reserves of Le 89.77 billion, the Bank has developed a five year Capital Management Plan which is aimed at capital restoration by 2019 to address the structural issue of Single Obligor Limit. The plan aims to ensure regulatory compliance by 2019 driven by forecast profit retention achievable through organic growth."*

**6.3.10 Ratio of aggregate exposure to capital base (Section 4.7 maximum of 300%)**

According to the revised prudential guidelines, Section 4.7 states that the bank's aggregate exposure to capital base should be a maximum of 300%. The bank was in contravention of this section for 10 months. It was recommended that management should monitor its exposure in order for it to safely operate within the prescribed limit recommended in the prudential guidelines.

**Official's Response**

*The MD in his response says: "The structural deficiency in capital will be addressed by fresh capital injection by the shareholders or through organic growth by way of profit retention. Hence, the Capital Management Plan has been submitted to the Bank of Sierra Leone for approval of dispensation regarding credit aggregate exposure."*

**6.3.11 Minimum cash reserve ratio**

During our review, we observed that the bank breached Section 7.4.2.7 of the prudential guidelines which required the bank to maintain at all times a cash reserve of not less than twelve (12%) of total (local) deposits.

It was recommended that the Bank should ensure that it complied with the relevant section in order to minimise associated risks.

**Official's Response**

*In his response, the MD said that the auditors' computation of cash reserve ratio was based on the internal ledger position. He added that he had recalibrated the ratios based on statement balances which confirm that the Bank was compliant.*

**6.3.12 Failure to inform the Bank of Sierra Leone of recruitments**

The bank contravened Section 5.3.6 of the prudential guidelines which required it to inform the Bank of Sierra Leone of all recruitments and disengagement of staff. It was observed that 76 staff were recruited whose names were not sent to the Bank of Sierra Leone. It was therefore recommended that the Bank should comply with all regulatory pronouncements in order to avoid fines and penalties.

**Official's Response**

*The MD said that they had taken action to inform the regulator accordingly.*

### **6.3.13 Exceeding insurance limit on vault cash balance**

It was noted in some instances that the bank did not comply with the insurance limits set for cash in vaults for the period under review. It was therefore recommended that the bank strictly adhere to the insurance limits stipulated in the existing policy, or consider increasing insurance limits in line with its operating levels.

#### ***Official's Response***

*The MD stated that management had taken steps to ensure that all local and foreign currencies held in vault were adequately insured. He added that the insured cover for the period identified could be verified as they were held on file.*

### **6.3.14 Lack of insurance coverage on foreign currencies**

Review of operational foreign cash in vaults revealed that there was no insurance coverage for the British Pound and Euro at the Wilkinson Road and Cline town branches. It was therefore recommended that management should ensure that the amount of cash in GBP& EUR kept in vaults was fully secured by implementing an insurance policy cover.

#### ***Official's Response***

*The MD mentioned that an insurance coverage was in place and available for review by the auditors for the dates indicated.*

### **6.3.15 Management's approval of bank reconciliation statements**

It was noted that bank reconciliation statements for the months of January, June and December 2016 were not reviewed and approved by any senior management staff. It was therefore recommended that management should ensure that the review and approval process of bank reconciliation statements were fully implemented as designed in order to detect and resolve any irregularities on a timely basis.

#### ***Official's Response***

*In his response, the MD says: "Month-end reconciliation statements are checked, monitored and signed by a senior management staff (Head Branch Banking) before dispatch to the Bank of Sierra Leone. However, we note the oversight for the three months mentioned and we shall ensure compliance going forward."*

### **6.3.16 Differences between vault register and general ledger**

During our review of vault cash daily reconciliations, we observed that there were differences between the vault register balances and the general ledger balances at Siaka Stevens Street, Lightfoot Boston street, Wilkinson road, Cline town and Kissy branch. It was recommended that management should ensure accurate balances were maintained by the bank for its cash balance both in its vault register and general ledger balance.

#### ***Official's Response***

*The MD in his response says: "Due to occasional connectivity challenges across the banks, there were unavoidable system access which led to frequent variances because limited or no postings were done for some days. In these instances, we ensured vault cash was balanced manually and subsequently updated when the link is restored. We confirm that variances were rectified".*

### **6.3.17 Other assets and liabilities-lack of schedule and supporting documents for inter-branch balances**

It was noted that inter-branch balances outstanding in respect of the branch offices were not reconciled as at year end, and the auditors were provided with neither a listing nor support documents to ascertain the existence and accuracy of these balances. We also noted that the net balance of all the inter-branch balances was a debit of Le 144,993 instead of reading nil. It was therefore recommended that the Bank should endeavour to provide schedules and the relevant supporting documents to enable the auditors

review and verify the inter-branch balances. Daily reconciliation of the inter-branch balances should be done to identify any errors that might have been made at the different branches.

**Official's Response**

*The MD said that inter branch variances related to revaluation gains/ losses have been written off due to paucity of amount.*

**6.3.18 Lack of Money Gram suspense reconciliation**

From our inquiry and review of the MoneyGram processes and procedures, we noted that reconciliations were not done between the general ledger maintained by the Bank, and the daily settlement detailed report received from Money Gram. As at 31st December 2016, the general ledger had a balance of Le43.4 million, and the settlement report a balance of Le35.5 million, with an unexplained difference of Le7.9 million. It was therefore recommended that periodic reconciliations should be prepared by a banking officer, reviewed by a supervisor, and approved by the manager in charge of MoneyGram and evidence of such review indicated by initials on the reconciliation statements by those performing the necessary functions.

**Official's Response**

*The MD stated that management had appointed a dedicated MoneyGram officer tasked with the responsibility of ensuring that timely settlements and reconciliation were done.*

**6.3.19 Misstatement of prepayments**

A review of prepaid expenses as at 31st December, 2016 revealed that a number of expenses were not amortised correctly and not recorded in the period they were incurred. It was recommended that repayment schedules should be prepared by a banking officer and reviewed by the Finance Manager to ensure that expenses were recorded in the accounting period during which they were incurred.

**Official's Response**

*The MD said that the accumulation of unapplied charge-outs was as a result of software malfunction relating to automated standing orders. He added that manual journals had been posted for the eight items in the 2016 audited accounts.*

**6.3.20 Non-compliance with account opening procedures**

It was observed that the bank did not fully comply with the stipulated account opening procedures. Review of some customers' account opening files lacked relevant required documentations. It was therefore recommended that management should put in place measures to ensure that all account opening procedures are strictly adhered to.

**Official's Response**

*The MD in his response says: "We have taken active steps to recover outstanding KYC documents for all customers within 90 days, failing which non-compliant accounts will be blocked. We have made mandatory KYC checks embedded in the system to correct deficiencies."*

**6.3.21 Non-compliance with controls surrounding dormant accounts**

Review of dormant accounts revealed that some of the accounts classified as dormant were still active in the system and as such cashiers were in a position to post transactions into these accounts. It was therefore recommended that management should strictly adhere to procedures surrounding dormant accounts to ensure safety in every transaction of the bank.

**Official's Response**

*The MD in his response says: "The said account number- 9286100152 belongs to Bessman Esther Kongbay and not Mary Sackey as highlighted. Also Mary Admirer Sackey, account number 119287, was not dormant. It was closed in*

*August 2016 because customer intended on maintaining only a savings account with the Bank. Bannab Lavalie was an intern staff whose contract ended in July 2016 and his staff account was also closed in August 2016.”*

### **6.3.22 Information policy and user awareness**

The following weaknesses were noted with regards information policy and user awareness:

- The IT security policy in use at the Sierra Leone Commercial Bank had not been shared with the employees.
- There were no formal user awareness trainings carried out in the period under review.
- There were no IT acceptable user forms that were signed by employees upon joining the Bank.

The following were therefore recommended:

- Management should review, officially approve and adopt an information security policy to govern employees at the Sierra Leone Commercial Bank.
- Management should maintain an on-going schedule of trainings on information security to ensure that both old and existing users are aware of their security responsibilities including common and emerging security issues.
- Management should ensure that users of IT resources within the Sierra Leone Commercial Bank acknowledge that they have read and understood the IT security policies and standards by signing the IT acceptable use form.
- Management should ensure the maintenance of a viable IT assets management, monitoring and reporting policy alongside the “IS Policy”.
- Management should ensure a vigorous IT information management process that is officially aimed at communicating to users the importance of IT security and infrastructural protection.

### **Official’s Response**

*The MD in his response says: “Management has identified the importance of information security and in so doing, has set up in February this year, a department that specifically handles information security. The department has commenced the development of a more detailed IT security policy which will be rolled out in November this year. Even though the current IT policy covers some high level aspects of information security, the security policy will be more comprehensive and will include procedures and standards. An information security awareness raising training programme has also been developed and one of such trainings will be conducted in August this year. The following information security policies and standards have been approved and are now operational.*

**Workstation Security Policy-** *defines the security of information on SLCB workstations and any other information the workstations may have access to. The policy enforces a ten (10) minute passwords protected screen lock to ensure that workstations that are left unattended are protected.*

**Use Policy-** *prescribes the rules governing internet use at the bank. It also sets out the rules staff members are expected to follow when using the Internet.*

**Privileged Access Policy-** *provides guidance on privilege access (administrators, super users, root user etc.) and ensures that they control and minimise unauthorised access which can lead to data loss, theft/ misuse.*

**Password Strength and Security Standard-** *guides all users in the creation of strong passwords, the protection of those passwords, and the frequency of change.*

*All policies developed form part of the Bank’s attestation statement rolled out annually by the Human Resources Department and signed off by staff at the beginning of the year.*



*An ICT management framework which will guide the management and reporting on ICT assets is being developed by the ICT Manager. This framework is expected to be rolled out in September 2017. It should be noted that the Bank intends to leverage on the integrated ICT asset management function in the ICT Helpdesk Application procured by the bank as soon as the framework is rolled out."*

#### **6.3.23 Super user access control**

The following weaknesses were noted with regard special user and system administration.

- There were no documented policies or procedures for super user control highlighted in the information security manual.
- There were no super user drills performed for the year under review by key members or team. An activity of this nature would have revealed issues of concern to either the project team or the software vendor who are well placed to resolve such issues. Administrative activities were not reviewed as no policies were in place for super administrator control by management.

It was recommended that the normal procedures which govern special administration and control of information systems be maintained at the Sierra Leone Commercial Bank. In addition, procedures should be in place to ensure that risk assessment regarding super user system administration weremaintained, documented and reviewed by management.

#### ***Official's Response***

*The MD in his response says: "The Bank has recently developed a Privileged Access Policy which provides guidance on privileged access (administrators, super users, root user etc.) and ensures that it is controlled. The Bank has also developed a User Access Request Procedure which was rolled out in April this year. The procedure allows for only approved/ authorised users to be granted access to the Core Banking Application and other ICT systems. We trust that these measures will address the risks identified."*

#### **6.3.24 System session timeout control**

We noted at several workstations that user's desktops or laptops were not configured to enforce system time out security protocol when computers were unmanned for periods of time. It was recommended that the enforcement of a system timeout be triggered after a certain period of time.

#### ***Official's Response***

*The MD in his response says: "We confirm that inactivity time out has been automated in the Core Banking Application. We have also developed and rolled out a Workstation Security Policy which enforces a ten (10) minute password protected screen lock to ensure that workstations that are left unattended are protected."*

#### **6.3.25 System helpdesk function**

The following were noted with regards helpdesk:

- There are no documented procedures to guide the operations of the helpdesk function.
- There was no monitoring of the helpdesk and no review reports produced.
- No log record was maintained by the IT department for the helpdesk.

It was recommended that the Sierra Leone Commercial Bank should document and implement formal procedures for handling helpdesk issues. The procedures should involve the following:

- Recording
- Allocation
- Prioritisation

- Escalation
- Resolution
- Analysis of all IT issues raised by users

Log sheets of helpdesk issues should be maintained and monitored.

#### **Official's Response**

*The MD stated that a helpdesk policy had been developed and included in the ICT policy. He added that the new system rolled out also include solar wind helpdesk management software which had been deployed and is operational.*

### **6.4 SIERRA LEONE PORTS AUTHORITY – 2016**

#### **6.4.1 Breach of International Ship and Port Facility Security (ISPS) Code**

We noted non-compliance with various ISPS codes by the Authority ranging from controlling access, handling of cargo and ships stores, effectively monitoring port facility, security plan and port facility security and other security issues. These issues had been raised in earlier audits done by the United States Coast Guard and an implementation timeline was given. The Authority did not take steps to implement the recommendations. It was recommended that the Authority should provide a timeline for the adherence to the ISPS codes.

#### **6.4.2 Construction/Rehabilitation of Queen Elizabeth II main exit**

Section 29(6) of the Public Procurement Act, 2016 requires procuring entities to, where necessary and on a quarterly basis, review and update their procurement plans. It was however noted that contract for the construction or rehabilitation of the main exit road of the Queen Elizabeth II Quay, worth Le3,283,174,278, was not included in the 2016 procurement plan and budget. It was recommended that in future, the PPA (2016) be complied with. The procurement plans should be updated as and when the need arises and forwarded to the Board for approval.

#### **Official's Response**

*The General Manager (GM) in his response said "Management reviews and updates its procurement plan quarterly and on a need basis. However, due to exigency and the bad state of the road coupled with warning of halt of operation by commercial road users and stakeholders, Management requested the Board to approve the construction of the exit road out of necessity, for which all necessary NPPA procedures were followed."*

#### **Auditor's Comment**

We noted the need to undertake the said procurement activity and therefore are not questioning the decision taken to construct or rehabilitate the exit road to the quay. However, when procurement is done that are outside the original plan, the plan should be updated accordingly and this was not done in this case. Therefore, the issue still stands.

#### **6.4.3 Inadequate controls over the processing of financial transactions**

It was noted that payments totalling Le432,752,417 were made without adequate supporting documents such as invoice, receipt, back-to-office report, training report, beneficiary list, etc. It was recommended that the Financial Controller should ensure that adequate supporting documents are maintained at all times for payments made.

#### **Official's Response**

*The GM said that the necessary supporting documents were available for audit review.*

### **Auditor's Comment**

Supporting documents to the tune of Le398,116,093 were submitted and verified; leaving Le34,636,323,20 still outstanding. Therefore, the issue remains partly resolved.

#### **6.4.4 Casual Labour**

The Authority engaged casual labourers. During the period under review, the Authority renewed these contracts without any break period to an extent that these contracts could be legally deemed as continuous employment. It was recommended that the Authority must rectify the situation and ensure that in future, contracts relating to casual labour are not continuously renewed without any break.

### **Official's Response**

*The GM stated that management had instituted fixed term contract for all contractors for which at the expiration of such contract, there is a break. He further stated that a review of performance had been undertaken which if positive, could lead to getting a new fixed term contract.*

### **Auditor's Comment**

We were not provided with evidence to substantiate the response given by management. Therefore, the issue still stands.

## **6.5 SIERRA LEONE ROAD SAFETY AUTHORITY -2014-2015**

### **6.5.1 Customer deposits**

The Road Safety Authority (SLRA) maintained control accounts referred to as 'customers deposit' accounts for each substation, where customers' payments for various services are temporarily deposited. These payments are only recognised as revenue when the services are completed, i.e. vehicles registered or license issued. The sums of Le1,753,161,570 and Le2,112,859,670 were disclosed in the financial statements as year-end balances for customers deposits for 2014 and 2015 respectively. We noted that these balances were not reconciled on a regular basis, and we were not provided with a breakdown of the amounts or any other supporting document to explain the figures in the financial statements. It was recommended that the head of finance provide the relevant listings and other supporting document. Regular reconciliation should be done and these reconciliations should be reviewed by the Executive Director for proper controls and monitoring.

### **Official's Response**

*The General Manager (GM) in his response said: "The amounts disclosed in the customer deposit accounts as rightly stated are as a result of the timing in the process cycle. Customers do pay into the bank accounts before services are rendered. This balance in the account is normally associated with services of new registration of vehicles and driver's licenses, especially for those at the outstations or branch offices. The provision of these services is centralised at the head office only. As a result, customers at the outstations do deposit their monies into our bank accounts, and that the provision of their services will take some time as the heads of the outstations later collect these jobs. When the jobs are of reasonable quantities, they are then sent to the head office for processing. This time between deposit and service in respect of these jobs gave rise to the balances in the customer deposit account.*

*To resolve this problem, SLRSA has planned and will very soon implement a robust ICT platform interlinking our various banks and our operating systems. Even though it is highly capital intensive, management is working on it to ensure that we reach that platform. Adverts have been placed in respect of the proposed ICT platform and the process is ongoing which will be completed very soon.*

*Meanwhile, our schedules of customer deposits for the period under review are available for audit inspection. The account team is currently investigating the balances in the various accounts to ascertain whether the jobs, have been completed. Hence, the necessary corrections would soon be made to the accounts.”*

#### **Auditor’s Comment**

We note management’s response with respect to its plans to implement a robust ICT platform interlinking its various banks and operating system and that the team would do a follow-up in subsequent audit. The audit team was however not provided with schedules to support the customer deposit balances disclosed in the 2014 and 2015 financial statements. Therefore, the issue remains unresolved.

#### **6.5.2 Evidence of payment for motorbikes seized by SLP not submitted**

It was observed that approximately 400 motorbikes were seized by the Sierra Leone Police (SLP) during their operations and handed over to the Authority. However, evidence of payment of fines with respect to those motorbikes was not submitted for audit inspection. It was recommended that the head of finance should make available evidence of payment with respect to fines for the approximately 400 motorbikes arrested by the Sierra Leone Police.

#### **Official’s Response**

*The GM in his response said: “With respect to the 400 motorbikes, SLRSA has a police representative on the Board. He informed the board that some motorbikes had been arrested and suggested that the SLRSA sent a finance representative to count the motorcycles and make arrangement on how these payments would be collected. Based on his advice, a representative was sent and some payments were made and payment receipts issued. The bank statements are available for audit inspections. Please note the total motorbikes in questions were in police possession and not handed over to the SLRSA.”*

#### **Auditor’s Comment**

Copies of four life cards and four receipts for Le200,000 each were submitted to the team. However, the team could not ascertain the validity of such payments as the bank statement that would have helped us to confirm whether or not those payments were made to the bank was not submitted. Evidence of payments for the remaining motorbikes was not provided. Therefore, the issue still stands.

#### **6.5.3 Lack of Board’s approval for the write-off of assets**

The audit team observed that several assets were written-off for the period under review. There was no evidence of the board’s approval for the write-off of the said assets. It was recommended that the head of finance must provide the board’s approval for the write-off or provide explanations why board’s approval was not obtained prior to the write-off.

#### **Official’s Response**

*The GM stated that in 2014 and 2015 some assets were disposed of since most of them had been fully depreciated but had been kept in the assets register as listings. This action, he added, was approved by the board and evidence of board minutes is available for audit inspection.*

#### **Auditor’s Comment**

During the verification exercise, the team was only presented with a request made by management to the Board of Directors in order for them to approve the disposal of the Authority’s aged vehicles. Board approval, was however not provided; hence, the issue still stands.

#### **6.5.4 Capital Grants**

In our review of the 2014 and 2015 accounts, we observed that Le1,467,977,260 and Le3,437,123,010 were disclosed as capital grants for the respective years. Further investigation revealed that those amounts were set aside by management for future capital expenditure. However, evidence to show how the 'capital

grants' amounts were determined was not submitted for audit review. For instance, the auditors expected management to have a capital budget to justify the amount reserved.

It was also observed that the amount disclosed in the financial statements as Accumulated Fund and Retained Earnings had remained constant over the years. It was recommended that the Executive Director should provide an explanation why those funds were set aside with relevant supporting information, otherwise, the whole amount must be transferred to the Roads Fund. The head of finance must also provide an explanation why the Accumulated Fund and Retained Earnings balances had remained constant over the years.

#### **Official's Response**

*The GM in his response said: "In terms of the account retained by the Authority for capital grant, SLRSA has over the years embarked on massive capital-intensive projects to ensure the Authority functions properly. Also, as an entity, we intend to undertake some future capital-intensive projects such as providing a platform that interlinks our bank accounts with our operating systems. Hence, there is a need of funds. Therefore, after defraying all expenses and remitting funds to the Road Maintenance Administration, we retained some funds to finance these future capital-intensive projects. We note your comment on preparing a capital expenditure budget and that will be done going forward. The amounts for Capital Accumulated fund and Retained Earnings will be adjusted accordingly after consultation with the Board, taking into account our existing policies on reserves (Retained Earnings) and capital maintenance."*

#### **Auditor's Comment**

Management's response on the promise to prepare a capital budget in the future is noted and would be followed up in subsequent audit. However, since capital budgets were not prepared for the period under review it is difficult to ascertain the basis on which funds were retained by management for capital intensive project. Also, no adjustments have been made to the Capital Accumulated fund and Retained Earnings figures in the financial statement for the years under review. Therefore, the issues remained unresolved.

#### **6.5.5 Non-Submission of statistical records for 2014**

Statistical records for the 2014 financial year with respect to new and renewal of drivers' licenses and vehicles registrations were not submitted for audit inspection. It was recommended that the statistical records for 2014 be submitted to the audit team for verification within 15 days of receipt of the report. In future, records should be kept for audit or reference purposes and produced in a timely manner.

#### **Official's Response**

*The GM said that the planning and statistical manager was in possession of the statistical report and was available for audit verification.*

#### **Auditor's Comment**

The statistical records were not submitted by the planning and statistical manager for review. The issue still stands.

#### **6.5.6 Delays in payment of statutory obligations**

Section 130 of the Income Tax Act, 2000 states that: "any tax that has been withheld or should have been withheld by a withholding agent shall be paid by such agent to the Commissioner within fifteen days of the end of the month in which it was or should have been withheld".

Section 27(a) of the NASSIT Act, 2001 states that: "if any contribution is not paid within the period prescribed in section 25, it shall attract an interest equivalent to the 90-day Treasury bill rate plus twenty per centum of that rate compounded on a monthly basis".

Upon review of the financial statements, it was observed that PAYE of Le620,819,370 and Le1,081,765,890; withholding taxes of Le668,996,720 and Le453,207,370 and NASSIT of contributions of Le136,948,857 and Le382,397,513 were reported as outstanding liabilities in the 2014 and 2015 financial statements respectively. These outstanding liabilities related to statutory deductions were not paid to the relevant authorities on a timely basis as stipulated in the respective acts mentioned above. It was recommended that the head of finance should explain why the Authority failed to pay its obligation in accordance with the statutory requirement (i.e. the 15<sup>th</sup> day of the month following the time the liability was incurred) and ensure that these amounts were paid to the relevant institutions.

#### **Official's Response**

*The GM in his response said: "Management has always paid its statutory liabilities on time. However, management has taken the necessary steps to minimise all delays in the payments of these liabilities. We are always aware of the relevance of prompt payment of these statutory liabilities."*

#### **Auditor's Comment**

Management's response was noted. However, the issue still stands as evidence of payments made to the respective institutions was not made available during the verification exercise.

#### **6.5.7 Non-deduction and payment of withholding tax**

Withholding taxes of Le32,852,575 (5% x 657,051,500) and Le28,340,584 (5%x 566,811,680) for 2014 and 2015 respectively were not deducted from the monthly allowances paid to board members, contrary to section 117(3) of the Income Tax Act, 2000 which states that: "payments to contractor including any charge or fee paid for the provision of management services other than under an employment contract shall attract 5% withholding tax".

Withholding taxes of Le113,388,257 and Le139,612,425 for 2014 and 2015 respectively were not deducted from payments made to various suppliers. It was recommended that with immediate effect, the Executive Director should ensure that withholding taxes were deducted from the monthly allowances paid to board members, as per the provision of the Income Tax Act, 2000. It was recommended that the head of finance should ensure that the Le253,000,682 was recovered from the suppliers and pay same to the NRA within 15 days upon the receipt of the report and evidence of payment forwarded to the ASSL for verification.

#### **Official's Response**

*The GM in his response said: "We note your concerns on the issue of withholding tax. Management had always paid the withholding tax on time. However, we shall be more prompt in future to expedite such payments. Also, board members would be informed of the need to ensure that the relevant deductions are made from their monthly allowances. We shall effect such deductions and pay over to the National Revenue Authority promptly."*

#### **Auditor's Comment**

Management's response was noted. However, the issue still stands as evidence of payments of these taxes was not made available during the verification exercise.

#### **6.5.8 Terminal benefit not provided**

The audit team noted that the Authority did not make any provision for terminal benefits payable to staff of the Authority, contrary to international accounting standards. It was recommended that the head of finance should ensure that the total amount owed to staff in respect of terminal benefit was calculated and disclosed in the account in line with IAS 19.

### **Official's Response**

*The GM stated that the Authority had always calculated and planned its commitment to pay terminal benefit. He however noted that they will ensure that the relevant international and accounting standards (e.g. IAS 19) will be more fully complied with in future.*

### **Auditor's Comment**

The issue still stands as provision was not made in the accounts for staff terminal benefits in accordance with IAS 19 - Employee Benefit.

#### **6.5.9 Payment of terminal benefit to former Board Member**

Review of payroll expenses for the period under review revealed that Le40,000,000 was paid as a retirement benefit package to a former member of the board. This was contrary to the conditions of services of the institution and the laws of Sierra Leone. It was recommended that the practice of paying end-of-service (retirement benefit) to board members be stopped immediately and the above-mentioned amount be deemed as a disallowed expenditure and should be refunded.

### **Official's Response**

*The GM stated that the amount that was paid to the former Board Chairman was not terminal benefit but a gratis to take care of his health since he was hospitalised in which management thought they could help solve his health issues.*

### **Auditor's Comment**

There was no policy in place to support this payment made to the former Board Chairman and it was expressly stated in the general ledger as terminal benefit; hence, we consider this an ineligible payment and must be refunded into the Authority's coffers. Therefore, the issue still stands.

#### **6.5.10 Non-Provision of approved journal relating to reversal**

We noted that personnel costs totalling Le365,098,258 and Le15,127,125 were reversed during 2014 and 2015 respectively. The journal print-outs signed off by the staff passing the journals and the senior officer verifying were however not provided for audit inspection, thus making it difficult to trace the original reversed entries. It was recommended that the head of finance provide for audit inspection the approved journals authorising the reversal of these expenses. In future, journal entries should be approved before errors are corrected in the accounting system.

### **Official's Response**

*The GM in his response said: "We note your comment and wish to reiterate that we encountered some difficulties with the Great Plains Accounting Software and a number of transactions relating to payroll were incorrectly posted. During our review of the accounts this came to our notice and we reversed these transactions using the 'Back out function' of the system. We however did not print out the system generated 'Back out' journals and signed them. This journal would be printed out for your review. In the future, we would ensure that reversal journals are printed and signed by a responsible officer and files for audit purposes or future reference."*

### **Auditor's Comment**

The approved journals authorising the reversal of the said expenses, were not submitted for audit inspection. The issue still stands.

#### **6.5.11 Procurement documents for tow trucks not submitted**

Procurement documents such as bid documents, bid opening minutes, evaluation reports, notification of award and contract agreements relating to the procurement of five tow trucks were not made available for audit review. In the absence of these documents, it would be impossible to ascertain whether or not procurement procedures were followed. It was recommended that the procurement officer should submit

evidence of the bid documents, bid opening minutes, evaluation reports, notification of award and contract agreement, etc. in respect of the aforementioned procurement activity undertaken, within 15 days of receipt of the report.

### **Official's Response**

*The GM said that the documents such as bid documents, bid opening minutes, evaluation reports, notification of award and contract agreements relating to the procurement of tow trucks were available for audit inspection.*

### **Auditor's Comment**

During the verification exercise we were provided with the following documents: bid documents, bid opening minutes, bid evaluation report, notification of awards and contract agreement.

Our review of these documents and the procurement process as a whole revealed the following:

- The evaluation report indicated that bids received from six bidders were evaluated and all bidders passed the preliminary examination stage; however, only three bidders passed the technical evaluation stage. The reason(s) for eliminating the other three bids at this stage was not documented in the bid evaluation report.
- For the three bids that were evaluated at the financial evaluation stage, we observed that the contract was awarded to the bidder who quoted the second lowest price in contrary to the evaluation methodology stated in the evaluation report which read as follows 'The evaluation method specified in the bidding documents was the lowest priced bid (Least Cost Selection) of the technically compliant and responsive bids'. It is also worth noting that the three bids that were eliminated were lower priced than the bid of the eventual winner.

The reasons proffered for the award of the contract to the winner were as follows:

- The bidder offered a free pick-up van to the Authority,
- Installation of a GPS controlled system for the trucks,
- Flexible terms of payment offered to the Authority. i.e. two years,
- Submission of a detailed technical specification of the trucks to be supplied, and
- Availability of spares

The reasons proffered above however, contravenes the principles of openness, fairness and competitiveness, as all of these were not stated as evaluation criteria in the pre-bid document.

- From the review of the contract documents, we observed that the specification of the vehicles to be supplied was different from those stated in the bidding documents. Instead of a total of five vehicles as stated in the bid document, nine vehicles were listed in the contract documents to be supplied. Also, the specifications were changed for some of the vehicles. However, the total contract price remained unchanged.

### **6.5.12 Procurement documents for licence stickers and security seal not submitted**

It was realised that the Authority had an ongoing contract for the printing of licence stickers and security seal. The contract documents were however not submitted to the audit team for review and the auditors could not therefore ascertain the basis which payments of Le196,251 and \$298,400 for 2014 and 2015 respectively were made. It was recommended that the procurement officer should submit evidence of the bid documents, bid opening minutes, evaluation reports, notification of award and contract agreement, etc. in respect of the aforementioned procurement activity undertaken within 15 days of receipt of the report.



### **Official's Response**

*The GM in his response said: "Due to the sensitivity of the license stickers and security seal, these are securitised items. Hence, the Authority has continued to procure these items as they have been the suppliers of these items to the Authority since the inception of the Authority."*

### **Auditor's Comment**

The issue still stands as relevant contract for the procurement of licence stickers and security seal were not submitted for audit review.

#### **6.5.13 Procurement plan not updated**

Our review of the expense analysis submitted for audit revealed that procurement activities worth Le525,000,000 and Le1,607,320,516 undertaken in 2014 and 2015 respectively, were neither captured on the procurement plan nor were procurement documents such as adverts, bid documents, evaluation reports, award letter and contract agreements submitted for review. In addition, evidence of approval from the Board authorising the procurement activities in question were not submitted for review. It was recommended that the procurement officer provide explanation why extra budgetary expenses were incurred without board's approval and ensure that board and procurement committee approvals are obtained. He should also submit the procurement documents in question within 15 days of receipt of the report.

### **Official's Response**

*The GM said that the updated procurement plan for 2014 and 2015 and the relevant procurement documents were available for audit inspections.*

### **Auditor's Comment**

During the verification exercise, the team was provided with some documents relating to only two of the six procurement activities mentioned in the appendix of the report. Details of document provided are categorised by procurement activities below:

#### *Procurement of Generator – Le 525,000,000*

Procurement documents such as advertisement, bid evaluation report, bid opening minutes, contract documents were not submitted for audit inspection. We were only provided with the bids submitted by three bidders. In light of this, it was impossible for us to ascertain whether due process was followed in the award of the contract.

#### *Construction of perimeter fence and retaining wall – Le 593,000,000*

The only document submitted to the team during the verification exercise was the contract which was not signed by SLRSA. The only signature on the document was that of the contractor and they had signed on the space provided for the witness. Other procurement documents were not provided; hence it was impossible for us to ascertain whether due process was followed in the award of the contract. Procurement documents for the other activities worth Le 1,014,320,516 were not submitted for audit review. The audit team was also not provided with an updated procurement plan for inspection. In light of the above, the issue is still unresolved.

#### **6.5.14 Procurement of consultancies**

A sample of transactions relating to consultancies was reviewed during the course of the audit.

The following were observed:

- Procurement procedures in relation to the procurement of consultancies were not followed. The team observed that instead of using the request for proposal method prescribed by the NPPA Act 2014, request for quotation was used.

- Some of the consultants to whom the requests for quotation were issued did not have any registration documents, tax clearance and NASSIT clearance.
- Supporting documents for some of the consultancy transactions amounting to Le842,859,304 and Le611,976,315 for 2014 and 2015 respectively were not made available for audit inspection.
- A review of some of the reports also showed that some of them were not well written as the information provided in the reports were mostly academic and would not serve the purpose of guiding staff to perform their duties.
- The need for some of these reports/procedure manuals was also questionable. For example, a manual was written to guide management to conduct institutional and departmental meetings.

It was recommended that the Executive Director ensure strict adherence to the NPPA laws at all times. The head of finance must produce the documentation relating to the consultancies within 15 days of receipt of this report; otherwise, the entire amount will be disallowed and surcharged.

### **Official's Response**

*The GM in his response said: "The Authority is aware about the relevance of the following procurement procedure as laid by the Public Procurement Act, 2004 now amended by Act 2016 and regulation 2006. The request for proposal (RFPs) was always consistently used, instead of request for quotations. Specifically, if the proposals were not seen by your team, the curriculum vitae of the consultants were used in the same instance, particularly to evaluate the qualifications and experiences of the proposed consultants. The manual had always helped to guide management of the Authority at relevant operating policies and procedures. Theses have been used to ensure that all processes and procedures are executed and documented. Hence, the services of experts (Consultants) were hired as these manuals were formally nonexistence in the Authority. Manuals like the management of Risks, meetings; Fraud, Finance, Internal controls and others have not always guided management to effectively helped management and individual departments to conduct their meetings. These manuals now guide us to ensure that the needed control environment and control procedures are fully executed to provide the needed preventive, detective and corrective controls. The Risk Assessment manuals, financial Management manuals and the internal Audit manuals significantly helped management to discover and control the fraudulent activities that occurred in 2014. These manuals have been previously recommended by previous Auditors from your institutions."*

### **Auditor's Comment**

Most of the issues contained in the report with regard to the procurement of consultancies was not addressed by the Authority in the management's response and subsequently during our audit verification exercise. As highlighted in the report, RFQs were used instead of RFP. During the verification exercise, we were presented with the same RFQs that we deemed to be inappropriate for this kind of procurement. Supporting documents for Le842,859,304 and Le611,976,315 for 2014 and 2015 respectively were also not submitted for audit inspection. The issue remains unresolved.

#### **6.5.15 Payments without supporting documents**

Payments of Le1,867,195,895 and Le1,560,282,006 relating to 2014 and 2015 respectively were made without supporting documents such as payment vouchers, requisition, invoice, receipt, activity report, training report, contract agreement, beneficiary list, back-to-office reports. It was recommended that the Expenditure Accountant should make available all evidence in support of the expended amounts within 15 days of receipt of the report. In future, all transactions from inception to completion should be supported by payment voucher and the relevant documentary evidence which must be retained for audit and reference purposes.

### **Official's Response**

*The GM stated that documents and payment vouchers were available for audit inspection. These documents were misfiled hence the reason why they could not be traced by the auditors during the audit exercise.*

### **Auditor's Comment**

Documents amounting to Le209,015,250 and Le355,278,750 for 2014 and 2015 respectively were submitted and verified, leaving a balance of Le1,658,180,645 and Le1,205,003,257 for 2014 and 2015 respectively not submitted for inspection. Hence, issues relating to those documents still stand.

#### **6.5.16 Payments without adequate supporting documents**

Payments of Le2,284,013,701 and Le1,650,739,937 relating to 2014 and 2015 were without adequate supporting documents such as requisition, invoice, receipt, activity report, training report, contract agreement, beneficiary list, back-to-office report etc. It was recommended that the Expenditure Accountant should make available all evidence in support of the expended amount highlighted above to the ASSL within 15 days of receipt of the report. In future, all transactions from inception to completion should be supported by payment vouchers and the relevant documentary evidence must be retained for audit and reference purposes.

### **Official's Response**

*The GM in his response said "Payments made within the period under review are supported with the adequate documentation such as invoices, receipts, activity report, training and back to office reports and these documents are available for your verification. Most of these documents especially the back-to-office reports and training reports were filed separately and not attached to the payment vouchers."*

### **Auditor's Comment**

Documents amounting to Le4,650,000 and Le76,525,000 for 2014 and 2015 respectively were submitted and verified, leaving a balance of Le2,279,363,701 and Le1,574,214,937 for 2014 and 2015 respectively not submitted for inspection. Hence, issues relating to those documents still stand.

#### **6.5.17 Unexplained credit balances on the expenses schedule**

A review of the expenditure schedules for 2014 and 2015 showed that there were credit balances among the list of transactions for which no explanation was given. It was recommended that the head of finance should provide an explanation with the relevant supporting documents within 15 days of receipt of the report.

### **Official's Response**

*The GM in his response said: "The observation is noted. As stated in our response to the issue of the reversal of the payroll cost, some transactions were incorrectly posted. Hence, they were reversed. These reversals represented the credit entries in the schedules. Enhanced preventive and detective controls will be implemented to prevent such errors occurring in future."*

### **Auditor's Comment**

The approved journals authorising the reversal of the said expenses, were not submitted for audit inspection. The issue still stands.

#### **6.5.18 Loans and Advances**

Loans were given to staff but the deductions/repayments were made on an adhoc basis without specifying the repayment amounts, duration and start date of repayment. In addition, payment vouchers and supporting documents relating to loans and advances which amounted to Le43 million and Le70 million for 2014 and 2015 respectively, were not submitted for audit inspection. Furthermore, a loan of Le55 million was given to a staff in 2015 without the approval of the board as stipulated in the terms and conditions of the Authority.

It was recommended that the Executive Director should ensure the following:

- The requested payment vouchers and supporting documents are submitted for verification within 15 days upon receipt of this report.
- New loans and advances should not be given to the personnel in question until all outstanding advances have been cleared.
- A loans and advances agreement should be signed by employees at the time of receipt of the advance.
- The time limit for repayment and when subsequent loans should be given to a staff after completing the previous loan should be included in the agreement.

**Official's Response**

*The GM stated that the relevant supporting documents were available for audit inspection.*

**Auditor's Comment**

The team was not provided with the relevant supporting documents. Therefore, the issue still stands.

**6.5.19 Bank confirmations circularised not received**

From a total of Le3,7144,584,471 circularised for 2014, bank confirmations were received for amounts totalling Le2,375,060,612 which accounted for only six of 28 accounts. For 2015, bank confirmations were circularised for Le3,657,688,287. Responses were however received for amounts totalling Le782,927,568 which accounted for four out of a total of 28 accounts. It was recommended that management should initiate actions to get the banks to respond to the circularisation. The audit team should also be informed of such actions accordingly.

**Official's Response**

*The GM in his response said with respect to bank confirmation, follow-up letters had been sent to the various banks indicated in the management letter and evidence of follow-up letters are available for audit inspection.*

**Auditor's Comment**

Copies of the follow-up letters written by management to various banks were submitted. However, the issue would be followed up by the time the final management letter shall have been completed.

**6.5.20 Uniform rate used in the valuation of closing stocks**

Inventories were procured in 2014 and 2015 for different unit prices. It was however observed that the Authority recorded the same unit price for both years. The audit team was not provided with the method of valuation of inventories in order to ascertain the correctness of inventory values disclosed in the financial statements. It was recommended that the head of finance should provide the basis of valuing the inventory disclosed in the financial statements.

**Official's Response**

*The GM in his response said the observation was noted and a proper stock valuation system would be put in place to regularise stock balance disclosed in the accounts.*

**Auditor's Comment**

Management's response was noted. The issue still stands as the basis of valuation of inventories for the periods under review was not provided; hence, the correctness of inventory values disclosed in the financial statements could not be ascertained.

**6.5.21 Undisclosed closing provincial office stock balances**

During the verification exercise at the provincial offices of Bo, Kenema, Kono, Makeni and Kambia, the team observed that the closing inventory reported in the financial statements did not include the closing

balances of the provincial stations. Hence, the inventory figures reported in the financial statements was understated by Le3,607,203 and Le8,570,962 for 2014 and 2015 respectively. It was recommended that the head of finance incorporated the closing inventories at the various outstations in order to reflect the actual inventories at the end of 2014 and 2015.

**Official's Response**

*The GM stated that the Authority had put in place increased measures to move effectively and coordinate the provincial stations so that we drive at more realistic consolidated closing stock value.*

**Auditor's Comment**

Management's response is noted. However, the stock values in the 2014 and 2015 financial statements were understated, so the issue remains unresolved.

**6.6 SIERRA LEONE CIVIL AVIATION AUTHORITY- 2011-2014**

**6.6.1 Management of personnel files**

Review of staff personal files revealed the following:

- They were not properly updated and maintained to prove that the actual file reflected the staff who owned them.
- Evidence like birth certificates was not available in some staff file.
- Promotion letters and confirmation letters after probation cannot be traced within some staff personal files.
- Loan application letters could not be traced on any of the staff files.
- Reports on training attended by staff could not be traced on staff individual file.

It was recommended that management should update all staff personal files.

**Official's Response**

*The Director General (DG) stated that the observation was noted and management had addressed all the concerns raised.*

**6.6.2 Regular bank reconciliation**

Bank statements were not obtained from the bank on a regular basis, and bank reconciliations were not done on a regular basis. It was recommended that bank reconciliation should be done at the end of each month and management should arrange with the bank to receive bank statement at the end of each month.

**Official's Response**

*The DG stated that all the bank reconciliations statements for the period have been prepared and in future all bank statements will be obtained on a monthly basis.*

**Pro-forma Invoices**

A number of transactions of material amount were made during the period under review without following prescribed procurement procedures. It was therefore recommended that pro-forma invoices be obtained from three different suppliers, before any purchase transaction was rendered complete in accordance with procurement procedures.

**Official's Response**

*The DG stated that all documents relating to the various procurement activities were available as stipulated in the National Public Procurement Authority Act; such as three requests for quotations (RFQ) evaluation reports and local purchase orders (LPO).*

### **6.6.2 Personnel Policy**

The Authority issued fuel chits to members of staff while those staff were entitled to monthly transportation allowance apart from their salary. It was recommended that the Authority chose between giving fuel chits or transport allowances to staff.

#### ***Official's Response***

*The DG in his response said: "Article 37.1 of the staff conditions of service states that the Director General, Deputy Director General and Directors and Senior Managers shall be entitled to official vehicles assigned to them. As funding issues, this has not been implemented. Article 37.2 also further states that the above category of senior staff shall be entitled to weekly allocation of fuel for their vehicles, as shall be determined by management to perform their official assignment using their private vehicles taking into consideration that one of the mandate of the Authority is oversight role, meaning the responsibility of the senior staff of the Authority is not only limited to official working hours but twenty-four hours round the clock."*

### **6.6.3 Board meetings and external monitoring**

Board meetings were not held for the period under review. However, we noticed amounts were spent on board allowances and sitting fees. It was recommended that the board of the Sierra Leone Civil Aviation Authority must be meeting regularly to deliberate on important issues that affect the Authority.

#### ***Official's Response***

*The DG stated that all the board minutes for the period under review were available for verification.*

### **6.6.4 Percentage difference in staff allowances**

Staff appointment letters and those of the payroll vouchers indicated that the percentages stated in some staff appointment letters are different from the ones used in the payroll calculation. It was recommended that management should use the appointment letter percentages in the calculation of staff allowances.

#### ***Official's Response***

*The DG stated that the concern had already been normalised since the Authority developed a condition of service that had been approved by the board in 2013.*

## **6.7 NATIONAL POWER AUTHORITY 2012-2014**

### **6.7.1 Non-submission of complete set of financial statements**

The Authority failed to comply with International Accounting Standards 1: Presentation of financial statement complete with the following:

- Statement of financial position.
- Statement of profit and loss and other comprehensive income.
- Statement of changes in equity.
- Statement of cash flows.
- Notes to the financial statements.

With the exception of the statement of financial position and statement of profit and loss, the Authority did not submit the other components in compliance with the standards. The Electricity Generation Act came into existence in 2011, and this automatically makes the Authority not a going concern and to cease preparing its financial statements on a going concern basis. This requires all assets and liabilities of the Authority to be revalued; stated at fair value and the financial statements prepared on a break-up basis. However, this was not carried out even though an unbundling process that separates the Authority into two entities was done. In addition, the unbundling report was not submitted to the audit team for review, despite several requests made. It was recommended that the Director Generals of EDSA and EGTC

should ensure that a complete set of financial statements be prepared in accordance with International Accounting Standards 1. This should be done on a break-up basis and submitted to the ASSL within 15 days upon receipt of this report. The unbundling report should also be submitted within 15 days upon receipt of the report.

#### **6.7.2 Ineffective management of the agency's budget and budgetary control processes**

The annual budget of the estimated revenue and expenditure was prepared by the Authority. However, there was no evidence that it was appropriately approved by a committee of the Board. In addition, the Budget and Finance Committee of the Board was not set up by the Authority. Furthermore, monthly actual versus budget variance reports were not prepared and submitted to the Board for review.

It was recommended therefore, that in future, the Director Generals of EDSA and EGTC must ensure that:

- A Budget and Finance Committee of the Board that is charged with the responsibility of overseeing all financial activities is established;
- An annual budget of estimated revenue and expenditure that incorporates the prevailing economic situation and financial parameters is appropriately authorised by this committee before implementation;
- Monthly actual versus budget variance reports are prepared by the financial controller and submitted to the Budget and Finance Committee for appropriate action; and
- Monitoring of actual revenue and expenditure should be done regularly to identify variances which will in turn aid effective decision making.

#### **Official's Response**

*The MD in his response says: "Annual budget of estimated revenue and expenditure was prepared and forwarded to the Finance and Admin Committee (FAC) of the Board for yearly review. And also, monthly actual versus budget variance reports were always submitted to the FAC for review and action. Unfortunately, all of these documentations were destroyed during the fire incidents."*

#### **Auditor's Comment**

The police report was not submitted for review. Furthermore, had the management of the Authority put disaster recovery mechanisms in place, the information in question would not have been destroyed. Unfortunately, they did not. The issue therefore is still not resolved.

#### **6.7.3 Post and prepaid revenue**

We were unable to ascertain the completeness and accuracy of post and prepaid electricity sales totalling Le448,905,716,000 for the period between 2012 and 2014. This was recognised and disclosed in the financial statements as general/nominal ledgers; billing reports detailing electricity units sold and their values. Authorised credit sales journal and receipts for prepaid sales were not submitted for audit review. In addition, contracts with the following aggregators for the sale of prepaid units to customers were not submitted for audit verification. Reports detailing prepaid units and value sold by these under mentioned aggregators were also not submitted.

- Airtel
- Ventech
- Ipay
- Sierra Leone Commercial Bank

It was recommended that the Director Generals of EDSA and EGTC should ensure that the general ledgers; billing reports detailing electricity units sold and their values; authorised credit sales journal

vouchers; listing/breakdown; receipts; bank statements and contracts in support of post and prepaid electricity sales and other income are submitted within 15 days upon receipt of the report.

### **Official's Response**

*The MD stated that documentations for revenue amounting to Le48.9billion were provided to the team, but could not be used to carry out the work as they were affected by fire and water during the fire incident. He added that a contract with the aggregators was done for all at that time but the document could not be traced. He further said he had made some efforts to get copies from Splash and Airtel but there had been no response from them at the time of completion of this report.*

### **Auditor's Comment**

The documents were not submitted. Therefore, the issues remain unresolved.

#### **6.7.4**

#### **6.7.4 Other Income**

We were unable to ascertain the completeness and accuracy of the various amounts of Le8,076,385,000; Le6,389,161,000; Le5,275,755,000 classified as other income in the 2012, 2013 and 2014 financial statements respectively because of the following:

- The basis upon which the various revenue grants totalling Le3,200,004,000 and Le2,933,337,000 and Le3,200,004,000 disclosed in the 2012, 2013 and 2014 financial statements were respectively recognised as income was not submitted for audit review. Schedules/bank statements and grant agreement with the Government of Sierra Leone justifying recognition were also not submitted for audit review.
- Various disconnection/reconnection fees of Le137,645,000, Le57,496,000 and Le106,222,000 for 2012, 2013 and 2014 respectively and schedules, report/list detailing all reconnections and disconnections made, deposit slips, receipts and bank statements in support of these amounts were not submitted for audit review.
- Various fees and licences of Le143,319,000, Le58,010,000, and Le51,059,000 for 2012, 2013 and 2014 respectively, and the data base of private generator owners, schedule of payments made, deposit slips, receipts and bank statements in support of these revenue collected were not submitted for audit review.
- Other incomes of Le4,446,747,000, Le3,295,152,000, and Le1,918,413,000 for 2012, 2013 and 2014 respectively and detailed schedules, receipts, invoices, bank statements justifying the basis of recognition and disclosure were not submitted for audit review.

It was recommended that the Director Generals of EDSA and EGTC should ensure that the general ledgers and billing reports detailing electricity units sold and valued, authorised credit sales journal vouchers, listing/breakdown, receipts, bank statements and contract in support of post/prepaid electricity sales and other income are submitted within 15 days upon receipt of the report.

### **Official's Response**

*The MD in his response says: "These were payments received directly by the Sierra Leone Commercial Bank in relation to payments for meters, for which receipts were only given to beneficiaries upon confirmations from the bank account statement. Soft copies of the statements were forwarded for verification."*

### **Auditor's Comment**

The only response given relates to other income and this does not adequately address the issues raised in the report, as the breakdown/schedules, receipt, invoices, bank statements justifying the basis of recognition and disclosure were not made available for verification.



#### **6.7.5 Ineffective management of inventories**

Based on the review of inventories and other consumables, the following issues were noted:

- There was no indication that appropriate nominal ledgers were maintained in the Great Plains accounting software for the recording of transactions relating to inventories and other consumables as appropriate ledgers were not submitted for audit review. As a result of this, we could not verify whether closing inventories and other consumables balances from the previous year (2011) and signed audited financial statements were appropriately brought forward in 2012.
- Detailed schedules or breakdown, nominal ledger, list of inventories justifying the completeness, existence and accuracy of inventory balances recorded and disclosed in the Authority's financial statements were not submitted for audit inspection.
- There was no movement between current and previous year inventory balances, even though inventories worth Le144,814,229,000 were expended in the income statement for the period between 2012 and 2014.
- There was no generator log book, generator output report, fuel or lubricants usage reports, costing sheet and authorised journal voucher to justify the usage of fuel and lubricants amounting to Le144,814,229,000 recognised in the Authority's financial statements.
- After examining the delivery notes and goods received notes, it was observed that SL Promotion made deliveries of 67,185 assorted technical items. The audit team could not confirm whether these deliveries were taken on ledger charge as allocated store ledgers were not presented for verification. In addition, after examination of the store issue vouchers, it was observed that 21,767 assorted technical materials were issued out of store, but the audit team could not confirm whether these issues were taken on ledger charge as allocated store ledgers were not presented for audit examination.
- After examining the expenditure cash book, it was observed that payments amounting to Le15,026,071,329 were made to 98 suppliers for the delivery of electrical and other office items (goods) to the Authority over the three year period. The audit team was only able to examine delivery notes and goods received notes for goods amounting to Le164,023,999. As a result of this, the team was unable to examine delivery notes for goods amounting to Le14,862,047,330 as they were not presented for audit examination.

It was recommended that the Director Generals of EDSA and EGTC should ensure that:

- Detailed schedules/breakdown, nominal ledger, list of inventories in support of inventory balances disclosed in the Authority's financial statements are submitted within 15 days upon receipt of the report.
- Records for the inventories expended totalling Le144,814,229,000 are forwarded to the ASSL within 15 days upon receipt of the report.
- The allocated store ledgers should be submitted for audit examination upon receipt of the report.
- The delivery notes for the delivered goods should be submitted for audit examination upon receipt of the report or the amount of Le14,862,047,330 will be charged against the personal emoluments of the General Manager.

#### **6.7.6 Ineffective management of bank accounts maintained by the NPA**

The management and control of various bank accounts operated by the Authority was identified as ineffective because of the following issues:

- For the period between 2012 and 2014, the Authority maintained and operated 31 bank accounts. It was however observed that bank reconciliation was not carried out for some of these accounts.

- Differences were identified between the year-end cash balances used in the preparation of the bank reconciliation statements and that which was recorded in the cashbook that were submitted for audit inspection.
- Differences were identified between the year-end cash balances as per trial balance and that which was recorded in the cashbook that were submitted for audit review.
- In contravention of ISA 510–(opening balance and initial engagement) and FMR 2007, it was noted that cashbooks from the Great Plains accounting software were not appropriately maintained; as closing balances from previous years’ audited financial statements were not appropriately brought forward in subsequent years.
- Balances identified as bank overdraft in the previous years’ audited financial statements were not appropriately brought forward in subsequent years, and there were no schedules detailing how it was drawn down to nil balance. In addition, bank facility letters/overdraft agreements and bank statements justifying the drawn down balance were not submitted.
- Cash and bank balance totalling Le59,185,705,121 were not disclosed and presented in the 2013 financial statements submitted for audit.

It was recommended therefore that the Director Generals of EDSA and EGTC should ensure that:

- Opening balances from prior years’ audited financial statements are appropriately brought forward in subsequent years.
- The financial controller investigates these discrepancies and makes the appropriate corrections.
- The financial controller should re-do all the reconciliations using the correct cashbook balances and bank reconciliations done for those accounts for which reconciliations were not prepared.
- The 2013 financial statement is re-done to take account of cash and bank balances.
- These issues are appropriately addressed and documents submitted for audit review within 15 days upon receipt of the report.

### **Official’s Response**

*The MD in his response says: “Bank reconciliations for all banks were done, signed off and filled for audit purposes, but the files were unfortunately amongst the documents destroyed during the fire incident. However, soft copies were forwarded to the ASSL but most of them crashed due to outdated Microsoft offices at the time of the audit”.*

### **Auditor’s Comment**

The audit recommendations were not addressed. The issues therefore remain unresolved.

#### **6.7.7 Procurement procedures not followed**

*Section 2 (i) of the Financial Management Regulations 2007 states that: “In the performance of his functions under the Government Budgeting and Accountability Act 2005 (hereafter referred to as “the Act”), a vote controller shall- operate open, competitive and transparent procurement”.*

In line with this, the following were observed:

- Procurement plan for 2013 financial year was not submitted for audit inspection.
- During our review of payments from the various bank cashbooks submitted for the three years under audit, it was observed that payments totalling Le20,689,827,542 were made for various goods, works and services, but relevant procurement documents were not submitted for audit inspection, despite several requests made. Additionally, the current procurement staff of EDSA and EGTC did not make efforts to submit these procurement documents for audit inspection.

It was recommended that the Director Generals of EDSA and EGTC should ensure that:

- The procurement head submits the 2013 procurement plan, and in future, an annual procurement plan is developed, approved by the Authority's procurement committee and duly followed for all procurement undertaken by the Authority.
- The procurement head should submit within 15 days upon receipt of this report, documents pertaining to procurement undertaken; otherwise, such procurement will be regarded as fictitious and the General Manager and head of procurement would be responsible to refund the sum of Le20,689,827,542 that was expended.

#### **6.7.8 Inadequate control of the general processing of payment vouchers**

*Section 73(1) and (3) of the Financial Management Regulations 2007 states that (1): "All disbursements of public moneys shall be properly supported by payment vouchers".*

*(3): "All payment vouchers shall be typewritten or made out in ink or ball point pen and shall contain or have attached thereto full particulars of the service for which payment is made including dates, numbers, distances and rates, so that they can be checked without reference to any other document".*

The Authority was using the Great Plains accounting software as its prime accounting platform for the recording of all financial transactions. It was noted that nominal ledgers from this accounting software for expenditure incurred by the Authority were not submitted for audit. Instead, the Authority submitted Excel cashbooks for expenditure. The review of these Excel cashbooks revealed that they were not protected with appropriate passwords. Further review revealed that expenditure totalling Le1,416,556,899 were not posted in these excel cashbooks submitted for audit.

The relevant documentary evidence such as request, receipts, invoices and delivery notes were not made available to justify the disbursement of funds amounting to Le1,287,923,774.

The amount of Le10,039,771,746 was spent by the Authority without payment vouchers and supporting documents in the form of receipts, invoices, delivery notes etc., justifying the authenticity of these expenditures were not submitted for audit.

The Directors General of EDSA and EGTC should ensure the following:

- That the Great Plains accounting software is utilised for the recording of all financial transactions carried by the Authority.
- That the excel worksheet used for the recording of financial transactions is protected with an appropriate password.
- That the unrecorded transactions are posted and a revised financial statement prepared and submitted to the ASSL within 15 days upon receipt of the report.
- That the relevant evidence in respect of the above expenditure totalling Le10,039,771,746 is forwarded to the ASSL within 15 days upon receipt of the report, or the sum involved is refunded immediately by both Directors General.
- That pre-numbered payment vouchers should be prepared for all expenses and should be supported by relevant documents.

#### **Official's Response**

*The MD in his response says: "We have made available to the team all books of accounts and supporting documents within our possession after the fire incidents which completely destroyed some offices and the main NPA store in which financial documents were stored for NPA after the unbundling of National Power Authority (NPA) into Electricity Generation and Transmission Company (EGTC) and Electricity Distribution and Supply Authority (EDSA).*

*We confirm the incompleteness of the information provided regarding the identification of related parties due to the fire incidents.*

*This is to confirm that supporting documents were amongst the documents burnt during the fire incidents at the NPA House on Siaka Stevens Street on the 28<sup>th</sup> December, 2015 and on the 15<sup>th</sup> January, 2016 respectively. These have caused us not to be able to provide you with all the supporting documents highlighted in the audit report to name a few.”*

#### **Auditor’s Comment**

We noted the response of management. However, the issues remain unresolved.

#### **6.7.9 Payments without relevant supporting documents**

The following issues were noted for payments totalling Le34,550,000,000 made to Bumbuna Hydro Electric Project for the period between 2012 and 2014:

- Framework contract detailing the terms for the supply of electricity to the Authority was not submitted.
- The auditors were unable to ascertain whether these payments were actually made, as payment vouchers, invoices, electricity supply report detailing electricity supplied in Kilowatts and values and receipts were not submitted for audit.

It was recommended that the framework contract, payment vouchers, invoices, receipts, schedules for payment made to the Bumbuna Project, and electricity supply reports are submitted to the ASSL within 15 days upon receipt of the report, or the parties concerned will be asked to refund the said amount to the Authority.

#### **Official’s Response**

*The MD in his response says: “Payment of Le34.5billion was made to Bumbuna Hydro Electric Project. A contract was signed between the Ministry of Energy and the management of the Bumbuna Hydro Electric Project which was the source of documents for monthly payments that was made during the period under review. Fortunately we were able to retrieve the contract documents as per attached but payment vouchers with other supporting documents were not seen during the audit.”*

#### **Auditor’s Comment**

The contract document was not attached to the response and the other documents mentioned in the findings were not submitted as well. The issues therefore remain unresolved.

#### **6.7.10 Service level agreement for medical services not submitted**

Payments amounting to Le530,643,300 were made to ALCO Pharmaceutical and Consultancy for which service level agreement was not presented for audit verification. As a result of the absence of this document, the audit team could not confirm the terms of the agreement. It was recommended that the Directors General of EDSA and EGTC should ensure that the contract with ALCO Pharmaceutical and Consultancy should be submitted for audit verification within 15 days upon receipt of the report; otherwise, the sum involved should be refunded immediately.

#### **6.7.11 Withholding tax not deducted and paid over to NRA**

Receipts from the National Revenue Authority justifying payments of 5% withholding tax totalling Le613,673,494 for the period between 2012 and 2014, were not submitted for audit. In addition, withholding taxes totalling Le1,241,874,081 for goods and services procured for the period between 2012 and 2014 were not deducted and paid to the National Revenue Authority.

It was recommended that the Directors General of EDSA and EGTC should ensure the following:

- That receipts for the withholding taxes deducted totalling Le613,673,494 are submitted to the ASSL within 15 days upon receipt of the report.

- That the withholding taxes of Le1,241,874,081 are recovered immediately and paid to the National Revenue Authority and evidence of such payment forwarded to the ASSL within 15 days upon receipt of the report.
- That the regulation of deducting withholding taxes and payment to the National Revenue Authority is strictly adhered to.

#### **6.7.12 Loan agreement not submitted**

Loan agreement detailing the initial loan to the Authority and the monthly interest payment were not submitted for audit review. As such, we were unable to check the completeness and accuracy of the interest on the loan paid to the Sierra Leone Commercial Bank totalling Le5,577,560,638 for the period between 2012 and 2014. In addition, an appropriate loan repayment schedule detailing interest payment and the loan drawn down was not submitted for audit review. It was therefore recommended that the Directors General of EDSA and EGTC should ensure that the loan agreement, loan repayment schedules and payment of interest to the Sierra Leone Commercial Bank are submitted to the ASSL within 15 days upon receipt of the report, otherwise, repayments made will be classified as ineligible and the parties involved asked to refund the amount to the Authority.

#### **6.7.13 Poor fuel management**

The following were observed:

- After examining the expenditure cash book, a total payment of Le59,948,479,005 and Le16,290,203,848 were made to the National Petroleum (NP) and Sulaiman Bah Enterprises respectively for fuel over the three year period (2012 – 2014). However, contract documents to justify the basis of supply and the terms of payment were not presented for audit examination.
- From the total payments made to the NP and Sulaiman Bah Enterprises, it was noted that payment vouchers with no receipts were only provided for the sum of Le4,438,562,815 leaving a balance of Le55,509,916,189 and Le15,467,149,348 paid to the NP and Sulaiman Bah Enterprises respectively not provided for audit inspection.
- Delivery notes and goods received notes were submitted for diesel delivered to the Kingtom power station totalling Le3,473,100,000, but records of these deliveries to ascertain actual receipts of items could not be traced to the allocated store ledger submitted for audit inspection.
- Heavy fuel oil (HFO) issued amounting to Le1,279,064,790 from the Kingtom power station could not be traced to the allocated store ledger.
- After examining the store issue vouchers, it was observed that HFO/MFO and diesel fuel oil amounting to Le17,215,187,797 and Le28,455,942,267 respectively were issued out of the Black hall Road fuel store, but the audit team could not confirm whether these were taken on ledger charge, as the allocated store ledger was not submitted for audit inspection.
- After examining the expenditure cashbook, a total payment of Le5,002,229,200 was made to Sitral Group over the three year period (2012 – 2014). A contract was entered into with Sitral Group to supply the Authority with 455 drums of Argina T40 on the 28<sup>th</sup> June, 2011 at a contract price of US\$350,350, and the contract was later extended to supply the Authority with 1,800 drums of Argina T40 for the sum of US\$856,800 on 16<sup>th</sup> April, 2013. Payment vouchers and other relevant supporting documents were however not submitted for payments made to Sitral Group.
- Allocated store ledger was not submitted to account for 913 drums of Argina T40 lubricants received amounting to US\$706,610, and 237 drums of Argina lubricants issued out of stores amounting to US\$182,490.

It was recommended that the Directors General of EDSA and EGTC should ensure the following:

- Submit for audit examination the contract with National Petroleum and Sulaiman Bah enterprises.

- Upon receipt of this letter, present within 15 days for audit examination, the receipts evidencing payments totalling Le4,438,562,815 or the amount involved be refunded to the Authority.
- Submit payment vouchers for payments totalling Le55,509,916,189 and Le15,467,149,348 to the ASSL for verification within 15 days upon receipt of the report.
- Allocated store ledgers recording receipts and issues of consumables and other store items are submitted to the ASSL within 15 days upon receipt of this report and in future, all receipts and issues of store items should be appropriately recorded in the allocated store ledgers and filed for reference purposes.
- Payment vouchers and documents supporting payments made to Sitral Group are submitted to the ASSL within 15 days upon receipt of the report otherwise, the parties involved will be asked to refund the sum of Le5,002,229,200.

#### **6.7.14 Ineffective management of payroll, pension fund contribution and retirement gratuity payment**

Review of the Authority's payroll and management of pension fund contributions and retirement gratuity payments revealed the following:

- Payroll vouchers and supporting documents were not submitted for salaries totalling Le15,207,084,000, Le14,966,185,000 and Le20,442,524,000 paid in 2012, 2013 and 2014 respectively.
- Totals in schedules of terminal benefits paid to staff in the three years under audit (2012 – 2014) submitted for audit inspection did not agree with the amounts recognised in the statement of comprehensive income by Le816,675,443, Le388,634,012 and Le799,035,008 in 2012, 2013 and 2014 respectively.
- Terminal benefits paid totalling Le679,441,944, Le1,526,975,689 and Le651,399,420 in 2012, 2013 and 2014 respectively were not traced to the cash books submitted for audit inspection.
- Payment vouchers for the payments of pensions and salaries to top management, line managers and general staff amounting to Le7,687,252,809 were not presented for audit examination.
- The NPA has not complied with the International Accounting Standards (IAS) 19 (Employee Benefit) as it is reported in the statement of financial position that the Authority has a total of Le16,232,515,000 as employee benefit obligations, but for which the following were observed:
  - There has been no movement in this amount since the year ended 2010 indicating that the Authority failed to take into consideration the discounted amount (interest cost) and the increased entitlements of the employees resulting from the additional year's work.
  - In 2014, the terminal benefit liability increased because of current year charge of Le11,780,765,000. However, this amount was not reported in the statement of comprehensive income.
- The Authority has also failed to report in its statement of financial position, the fair value of its planned asset which can be used to finance its employment benefit obligations.
- A contract was awarded to First SL Actuarial Consultants on 17<sup>th</sup> September, 2012 to carry out the following services: (a) The computation of the actuarial liability of its employee for year ending 31<sup>st</sup> December, 2011; (b) The performance of terminal actuarial valuation of its pension fund. The contract value for these assignments amounted to US\$7,500 and US\$5,000 respectively. However, the employment benefit obligations reported in the statement of financial position has not been valued using the actuarial valuation method and assumptions as at 31<sup>st</sup> December, 2012. This contract has been settled in full. The Authority has also not disclosed the assumptions used in carrying out their valuations.

It was recommended that the Directors General of EDSA and EGTC should ensure the following:

- That the relevant supporting documents for payroll expenditure are presented for audit examination within 15 days upon receipt of the report.
- That these discrepancies in pension and gratuity payments are appropriately investigated by the Finance Director, corrections made and a revised financial statement submitted to the ASSL within 15 days upon receipt of the report.

## **6.8 NATIONAL PROTECTED AREA AUTHORITY-2014-2015**

### **6.8.1 Non-compliance with the NPAA Act 2012**

*Section 5(1) of the NPAA Act 2012 states that: "The Board shall meet for the dispatch of its business at least once every two months and as such time as the Chairman may determine".* From our review of the minutes of Board meetings, we noted that the Board met only three times in 2015. It was recommended that the Executive Director should explain why the Board did not meet as stipulated by the Act. Going forward, the Board should be meeting regularly to avoid non-compliance with the NPAA Act 2012.

#### ***Official's Response***

*The Executive Director (ED) stated that the Board of Directors met on the following dates in 2015:*

- 3<sup>rd</sup> February 2015
- 24<sup>th</sup> February 2015
- 14<sup>th</sup> May 2015
- 16<sup>th</sup> June 2015

*He added that the absence of Board meeting in the second half of the year was due to lack of funds. He however said that the audit recommendation was noted and regular Board meetings will be convened in the future.*

#### **Auditor's Comment**

Evidence of the fourth Board meeting was not provided for verification. The issue therefore still stands.

### **6.8.2 Procurement procedures not followed**

The Authority used sole source method in the procurement of spares and the award of contract for the maintenance of the 60KVA Perkins office generator during 2015, which amounted to Le 6,291,500. It was recommended that the Procurement Officer should explain why procurement procedures were not followed in accordance with the Public Procurement Act 2004. The Procurement Officer should ensure that in future, the Authority should comply with all relevant procurement laws and regulations.

#### ***Official's Response***

*The ED in his response says:*

*"...regarding the sole source method on the procurement of spares and award of contract for the maintenance of the 60KVA Perkins generator, this was inherited from the REDD+ and Capacity Building OPE 1 project which procured the said generator on behalf of the Authority during the setup phase in 2014.*

*However, your recommendation is noted and future procurement will be in compliance with procurement laws and regulations."*

#### **Auditor's Comment**

The issue remains outstanding.

### **6.8.3 Value of assets not supported**

The fixed asset register presented for audit inspection for both years included values of assets which the audit team could not verify, as the Authority did not provide relevant information to ascertain the costs of these assets. As such, we could not rely on the value of fixed assets and depreciation disclosed in the Authority's financial statements. It was recommended that the Finance Manager should provide supporting documents to confirm amounts disclosed as costs in the financial statements.

#### **Official's Response**

*In his response, the ED says: "Most of the assets used at the NPAA were procured by the REDD+project. However, evidence of documentation in respect of assets owned by the Authority is available for verification. The rest of the donated fixed assets were recognised by measuring them at their fair value as at the date of acquisition, which was ascertained by reference; no quoted prices in an active market of similar fixed assets."*

#### **Auditor's Comment**

The documentary evidence to support the values was not submitted during the verification exercise. Therefore, the issue still stands.

### **6.8.4 No disaster recovery or business continuity plan**

There was no evidence of an approved business continuity or disaster recovery plan. It was recommended that management should develop and implement one which would ensure that the Authority's IT infrastructure supports the recovery of its business process in the event of disruption or disaster.

#### **Official's Response**

*The ED said that the business continuity plan had been developed by management and validated by the Authority's Board of Directors. He added that evidence of Board meeting minutes and a copy of the plan were available for verification.*

#### **Auditor's Comment**

The Authority did not provide an approved business continuity plan for audit inspection. Therefore, the issue still stands.

### **6.8.5 Payments without adequate supporting documents**

The audit team observed that payments which amounted to Le 50,077,500 were made in 2014 without adequate supporting documents. It was recommended that the Finance Manager should ensure the production of the relevant supporting documents within 15 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 2014. In future, payment from initial to completion stage should be supported by the relevant supporting documents.

#### **Official's Response**

*In his response, the ED says: "There were challenges with documentations when the Authority started operations at the end of 2014. This is because there were no designed accounts for staff at that time and financial transactions were done by administrative personnel. However, supporting documents in respect of these transactions are available for audit verification."*

#### **Auditor's Comment**

We evidenced supporting documents amounting to Le10,280,000. No supporting documents were however provided in respect of Le39,795,500. Therefore, the issue still stands.



#### **6.8.6 Reserve settlement officers**

The Authority contracted Reserve Settlement officers for the Regent-Jui Highway- Western Area Peninsular National Park and Kambia district for Le 41,740,000 and Le20million respectively. The contracts were for three months and advanced payments of Le12,522,000 and Le6 million were made respectively. A year after, the contracts had however not been fully implemented and there was no evidence of action taken by the Authority in respect of breaches. It was recommended that the Executive Director should provide explanation relating to the delay in the execution of the contracts and provide evidence of action taken in relation to this breach.

#### ***Official's Response***

*The ED mentioned that the contract came to a standstill because of financial constraints. He however said that management will contact the Reserve Settlement Officers for contract review.*

#### **Auditor's Comment**

We noted management's response. However, the matter still stands.

#### **6.8.7 Recruitment procedures not followed**

Significant breaches were noted in employment procedures by the Authority. The following were observed:

- There were instances where the process of advertising and interviewing of staff was not followed.
- Contracts were extended without the Board's approval and signed contract agreement.
- Appointment letter was given to a staff without indicating her salary and a further increment was made to her salary without the Board's approval.

It was recommended that in future, the recruitment process of attracting, selecting and appointing suitable candidates for jobs (either permanent or temporary) within the Authority should be followed to the letter.

#### ***Official's Response***

*The ED said that the necessary corrections had been effected and updated staff files available for verification.*

#### **Auditor's Comment**

We noted management's response. However, management did not provide any evidence of appropriate recruitment policy being followed. Hence the issue still stands

#### **6.8.8 Loan policy not maintained**

There was no loan policy in place. The Authority during the period under review provided loans to staff and had total loan outstanding of Le7,997,916 as at 31st December, 2015. What was of utmost concern was the fact that a loan of Le3million which was given to a former employee was still outstanding and there was no evidence or prospect of recoverability.

It was therefore recommended that the Executive Director should ensure the following:

- A loans and advance policy should be put in place within the shortest possible time and all advances given should be in line with the policy.
- New loans and advances should not be given to the personnel in question until all outstanding advances have been cleared.
- All loan and advance agreements should be signed by employees at the time of receipt of the advance.
- Efforts should be made to recover the loan given to the former employee.

### **Official's Response**

*The ED said that the Human Resources and Administrative Policy document developed by management and validated by the Board of Directors has provision for loans and advances, and evidence of Board meeting minutes and a copy of the policy are available for verification.*

### **Auditor's Comment**

We evidenced that the Authority's approved Human Resources and Administrative policy covered staff loans. However, this did not validate loans given prior to the approval of this policy. We will follow up on the implementation of the policy in subsequent audits.

Evidence of effort being made to recover the loan was not submitted for verification. The issue remains partly resolved.

### **6.8.9 Staff of the Authority receiving salaries from the Ministry of Agriculture**

Four personnel received salaries from the Authority amounting to Le19,010,549, while they were also receiving salaries from the Ministry of Agriculture, Forestry and Food Security. It was recommended that the Executive Director should ensure that the amount in question is recovered from the officers concerned and paid into the Consolidated Revenue Fund Account within 15 days upon receipt of the report.

### **Official's Response**

*The ED noted that letters for recovery of salaries from the Authority to staff affected had been sent out with evidence of these letters available for verification.*

### **Auditor's Comment**

We noted management's response. Letters for recovery of salaries from the affected staff were produced for verification. However, the amounts in question have not been recovered. Therefore, the issue still stands.

### **6.8.10 Ineligible expenditure**

During our review of projects under the Authority, we realised that ineligible expenditure of GBP 331,746 in respect of the REDD+ project had not been paid back by the responsible parties, contrary to the recommendation of the auditors. It was recommended that the Chairman of the Board and the supervising Ministry should take necessary steps to recover the amount in question from the responsible parties within 15 days upon receipt of the report and forward evidence of payment to the ASSL for verification.

### **Official's Response**

*The ED stated that the Authority's Board in collaboration with the Ministry had started taking actions against the staff in question. He added that the substantive Executive Director and the other two staff had been suspended pending the Anti-Corruption Commission's investigations.*

### **Auditor's Comment**

Management's response was noted. However, there was no evidence of recovery of those funds. Therefore, the issue still stands.

## **6.9. SIERRA LEONE NATIONAL SHIPPING COMPANY -2016**

### **6.9.1 Posting into the accounting system**

It was observed that the use of voucher and cheque numbers for the posting of transactions into the accounting software system was not being consistently done; payment voucher and cheque numbers were

being alternatively used for posting into the accounting system. It was recommended that all payments made by the Company must be posted into the accounting software using the payment voucher numbers rather than cheque numbers. It was also recommend that Internal Audit should highlight these issues.

#### ***Official's Response***

*The General Manager (GM) in his response says: "Posting into Sage was done using the appropriate fields for cheque and payment voucher numbers. According to the set up parameters, only the cheque number field is displayed on the print out. We contacted the Sage consultant and learnt that he had done some customisation and that both the cheque and payment voucher numbers are displayed in the print out."*

#### **6.9.2 No separate office for the company cashier**

There was no separate designated office for the cashier. Consequently, the office cash and other related documents may not be safe and secured in the hands of the cashier. It was recommended that the cashier should be provided with a separately designated and properly ventilated office that is well secured to ensure the safety of financial documents, cash and other valuable items of the company.

#### ***Official's Response***

*The GM said that management had identified a suitable location for the cashier on which it will erect a properly secured cubicle.*

### **6.10 SIERRA LEONE STOCK EXCHANGE COMPANY LIMITED – 2015**

#### **6.10.1 No provision made in the financial statements for terminal benefit**

The Sierra Leone Stock Exchange Company Limited did not make any provision for staff terminal benefits in the financial statements, contrary to International Accounting Standards. It was recommended that management should ensure that the total amount owed to staff in respect of terminal benefits was calculated and disclosed in the account in line with IAS 19.

#### ***Official's Response***

*The General Manager (GM) mentioned that management noted the audit findings and will endeavour to maintain a terminal benefit policy for subsequent audits.*

#### **Auditor's Comment**

Management's response was noted. The issue however is not in respect of the establishment of a terminal benefit policy but rather to provide for terminal benefits in the financial statements. The issue therefore remains outstanding.

#### **6.10.2 Service level agreement not submitted for inspection**

The Company's secretariat services were outsourced to Lennap Services Limited for the period under review, in accordance with clause 7 of the Article of Association of the company. We were however unable to determine the terms and condition of the agreement because the audit team was not provided with the service level agreement or contract agreement between the Sierra Leone Stock Exchange and Lennap Services Limited for the secretariat services provided to the company. It was recommended that management should ensure that the service level agreement or contract between Lennap Services Limited and the Sierra Leone Stock Exchange should be made available to the audit team for review within 15 days upon receipt of the report. In future, vital documents relating to the operations of the Company should be properly filed for reference or audit purposes.

### **Official's Response**

*The GM mentioned that management had written to Lennap Services Limited communicating the audit request which included the service level agreement.*

### **Auditor's Comment**

The service level agreement was not submitted for verification. The issue therefore remains unresolved.

## **6.11 NATIONAL INSURANCE COMPANY- 2015**

### **6.11.1 Review of the management letter for the year ended 31<sup>st</sup>December, 2014**

We noted that action had not been taken on some of the matters in the management letter of 31<sup>st</sup>December, 2014. The life accounts were still being prepared using a system designed in Microsoft Excel. It was recommended that timely consideration be given to the matter raised.

### **Official's Response**

*The Managing Director (MD) mentioned that work on the Life Software was at an advanced stage and that they were looking forward to a full implementation in the coming year.*

### **Receivables**

From our review of receivables relating to premium foreign facultative, the balance of Le 408,227,824 and Le 408,277,824 for 2014 and 2015 respectively had been long outstanding. It was recommended that all long outstanding items should be investigated and necessary adjustments effected.

### **Official's Response**

*The MD in his response says: "These balances cannot be unilaterally closed out. Management has engaged CKRe, the company brokers in London for a reconciliation of our Foreign Premium Accounts. These outstanding receivables could be offset against the related payables in accounts."*

### **6.11.2 Property, plant and equipment**

Non-current assets of the entity were not coded for easy identification as property of the NIC. It was recommended that those assets should be labelled with unique codes and the fixed assets listing be updated with the codes to assist in identifying them.

### **Official's Response**

*The MD said that assets without identification code had been identified and action had been taken by the internal audit and human resources departments to rectify as recommended.*

## **6.12 SIERRA LEONE WATER COMPANY 2013-2015**

### **6.12.1. Preparation of bank reconciliation**

The Company maintained two current bank accounts: one for the United State Dollars-USD(\$) account and another for Sierra Leone Leones-SSL (Le) account. However, the Institution had only accounted for one bank account in its records. The auditors became aware of a second bank account when they received confirmation from the bank. This of course means that the two accounts had not been reconciled. It was recommended that management should be interested in how bank accounts were omitted from the books and records of the Company and try to prevent a reoccurrence. It is possible that the account was opened some time ago. Therefore management should also ensure that the signatories thereto are current employees of the bank.

### **Official's Response**

*The Director General (DG) in his response says: "Bank reconciliations are often carried out on a monthly basis for all active bank accounts of the Company. The said USD account has not been used for any form of transaction since inception (over four years ago). Since it has not been an active account for that long, coupled with the immaterial balance it was opened with, it has been overlooked in the implementation of bank reconciliations. We however note the observation and will ensure that all subsequent bank reconciliations take due consideration of the said USD account."*

#### **6.12.2. No cash count certificate**

There was no evidence of cash counts conducted by any independent or superior staff on cash held by the Accounts Officer during the year under review. It was recommended that regular and/or random cash counts should be conducted by a senior personnel or the Internal Auditor and properly documented by the Accounts Officer and the staff who performed the count. These will help to improve the control over cash balances and discourage misappropriations of funds.

### **Official's Response**

*The DG in his response says: "Cash counts are often carried out for all areas of operations in the provinces by senior finance staff from head office, whilst staff of the Accountant General's Department often carryout cash count for head office. The certificates for cash counts carried out for the period under review were presented to the audit team during the course of the audit engagement. They are however available for review."*

#### **6.12.3. Monitoring of advance payment to staff**

As part of benefits accruing to employees of the Company, advances are given to qualified staff to meet personal needs. These advances are expected to be repaid on a monthly basis over a specified number of months through payroll deductions.

However, we noted from our review that advances given to staff are not appropriately monitored as some of the advances were granted without proper documentation on the repayment period. It was recommended therefore that management should ensure that proper laid down conditions be implemented for advances or other loans to be given to staff. In the same vein, there should be an agreement for cash outstanding balances which will state or specify the period over which the advance should be repaid.

### **Official's Response**

*In his response, the DG says: "Employees of SALWACO after their probationary period are entitled to staff loan; the amount of which is contingent on their basic salary and level of responsibility in the office. The repayment of these loans with a minimal interest rate is clearly stated in the Company's staff policy manual. These deductions (repayments) are made on a monthly basis from the payroll. The repayment time is dependent on the amount of loan taken as the manual did not specify any repayment period but rather the maximum amount that can be deducted per month."*

#### **6.12.4. Improve controls over loans**

Some loans given to the staff were over the specified credit limit stated in the loan policy and procedure manual. It was recommended that the Company should comply with the written policies and procedures on staff loans.

### **Official's Response**

*The DG in his response says: "The ceilings stated in the loan policy/staff policy manual of the Company were stated using the old salary structure of the Company. Given the new salary structure of the Company, middle level management staff and supervisory staff are automatically qualify for a maximum of Le 10m (based on their revised basic salary). This thus has a cascading effect on the quantum of loan junior staff level gets. We are however considering a review of the manual to reconcile it with the changes in the salary structure."*

#### **6.12.5. Improve control over property, plant and equipment**

The following weaknesses were noted:

- Aggregated items of property, plant and equipment were recorded in the property, plant and equipment register without any proper breakdown analysis, i.e., opening balance.
- The Company did not have a policy for the capitalisation of property, plant and equipment. Property, plant and equipment were capitalised based on management's discretion without reference to cost.
- Property, plant and equipment were not coded in order to facilitate identification; e.g. technical equipment.
- No physical verification of property, plant and equipment was performed during the period.
- The existing property and equipment register did not include reference numbers for referral purposes to the payment vouchers.

The following were recommended:

- All major property, plant and equipment should be coded with reference numbers (which should also be reflected in the fixed assets) so as to facilitate their identification whenever required.
- Regular (at least twice a year) physical verifications of fixed assets should be performed. The result of each physical verification should be reconciled with the fixed assets register and the general ledger. Any discrepancies should then be immediately investigated.
- Fixed assets should be individually recorded based on the coded numbers provided, and be promptly updated in the fixed register.
- The fixed assets register should contain a reference to payment vouchers.

#### **Official's Response**

*The DG in his response said the following:*

- *The recording of items of property plant and equipment were done on aggregate cost for all such items, and opening balances were duly stated from previous audited accounts. We however note your observation and shall include such analysis in subsequent accounts.*
- *The draft accounting procedure manual clearly addresses the issue of capitalisation threshold for all assets acquired by the Company.*
- *We note your observation and assure you that arrangements are going to be put in place to ensure adequate coding of all forms of equipment.*
- *The Internal Audit Department often carries out physical verification of assets on a quarterly basis and the inventory of assets is clearly displayed in all offices. Copies of these verifications are available at the Internal Audit Department for review.*
- *Our assets register makes no such provision as only the asset identification numbers were provided for. However, provisions will be made for payment voucher reference numbers going forward.*

#### **6.12.6. No fixed wage rate for casual staff**

The SALWACO stations had different wage rates per day as per station. For example some SALWACO stations pay Le7,500 per day, while some pay Le10,500 and others pay Le 10,000 without any apparent approval from the Board. It was recommended that all casual staff should have a contract from the head office and a fixed and uniform rate of payment should be maintained to overcome inconsistencies with other stations so as to reduce the risk of loss of funds.

### **Official's Response**

*The DG in his response says: "In 2015, management realised the differential wage rate for casual workers based on their areas of operations. A review was carried out and wage rates for daily wage workers were harmonised and fixed at a flat rate of Le 17,500 per day in consonance with the government minimum wage rate".*

#### **6.12.7. Properly update personnel files**

Personnel files were not updated with payroll information. For example, in the area of salary increment, there was no documentary evidence in staff files to support the increment. It was recommended that employee's personnel files should be updated with all relevant documents of the employees including payroll information.

### **Official's Response**

*The DG in his response says: "Personnel files are often maintained and updated for all staff of the Company. All salary increments are often forwarded to the Admin and Human Resources Department for filing purpose. Management however notes this observation and will ensure that staff files are adequately updated with all relevant documentations at all times."*

#### **6.12.8. Insurance coverage- property and equipment**

The Company did not maintain insurance coverage for its assets, which include office furniture, fittings, computers and accessories and office buildings during the period under review. The Company insured only its vehicles. The total net book value of property plant and equipment not insured as at 31st December, 2013, 2014 and 2015 stands at Le 1.4 billion. It was recommended that management must ensure that the Company's assets were adequately insured to mitigate any eventual risk of financial loss.

### **Official's Response**

*In his reply the DG says: "Insurance coverage is only taken for vehicles and bikes at the moment. With the commercialisation drive of the Company, we may consider insurance coverage for other items of property and equipment."*

#### **6.12.9. Meetings of Board members**

In contravention of the Leone Water Company Act, the Board met once during the year under review. It is stated in the Act that the Board should meet at least once every month or at the discretion of the Chairman. It was recommended that the Board of Directors should meet regularly to deliberate on strategic issues affecting the Company as stated in the Act.

### **Official's Response**

*The DG in his response says: "During the period under review, the Board was fully constituted as the appointments were still ongoing. However, there was an oversight committee chaired by the Permanent Secretary of the Ministry of Water Resources. However, the Board is now fully constituted with a chairman, and meetings are often held twice a month and the minutes are all filed accordingly and ready for any subsequent review."*

#### **6.12.10. Review of receivable balance**

All the stations of the Company that we visited had not implemented a process to review debtor balance which is necessary for the determination of the actual recoveries from their debtors, and to ascertain whether any provision was required. It was recommended that the Company establishes a process to review debtor balance. This process should be performed at least annually or on a quarterly basis if management considers it necessary. The assessment should be based on the following factors:

- Receivable ageing.
- Past experience of collection.
- Financial position of the debtor.
- Commitment of the debtor to pay the balance due.

Management may include other factors that affect recoverability of receivables as considered appropriate for the business. For companies that have a large clientele base, the Company's management may develop a statistical model to estimate their recoverable amounts, i.e., by finding a relationship between past collection experience and profile of the total debtor balance in the past and apply that relationship to the current receivable portfolio.

### **Official's Response**

*The DG in his response says: "Measures have been put in place to track all receivables as a comprehensive customer database has now been developed and we have embarked on a commercialisation drive to ensure that all our customers pay for our services, and that all debts are duly recorded."*

### **6.12.11 Failure to account for withholding tax payable**

We noted during the year under review that some amounts were withheld by management for some payments above Le 500,000 as required by the Income Tax Act but no ledger amount was reported in the general ledger and no payment was made during this same period. It was strongly recommended that the Company should comply with the recording of its withholding tax payables, and also adhere to relevant regulations in relation to payment of withholding tax liabilities.

### **Official's Response**

*In replying, the DG says: "We have held meetings with the National Revenue Authority and reconciled all withholding tax payments outstanding, and a payment plan has been drawn to ensure that the outstanding withholding taxes are duly paid. We will also endeavour to ensure that subsequent withholding taxes are duly paid on time."*

## **6.13 INDEPENDENT MEDIA COMMISSION- 2013**

### **6.13.1. Poor Supervision of Bank Reconciliation Statement**

The audit team reviewed the bank reconciliation statements prepared by the Commission and noted that there was no proper supervision, as the following were observed:

- Prompt action was not taken by the Commission in addressing reconciling items on the bank reconciliation statement; there were outstanding reconciling items amounting to Le3,568,000 disclosed in the bank reconciliation statements, for which action had not been taken to resolve the issue.
- Although payment was made in October 2013, on cheque numbered 2011528 for Le5,278,500, we noted that the same cheque number for Le300,000 was disclosed in the bank reconciliation statement as unrepresented cheque.
- There was a reconciling item for repayment of staff loan of Le 2 million. However, from the audit review, that had not been credited to the bank account. The amount was also not recorded in the cashbook.
- Cheque numbered 1972223 was indicated in the July bank reconciliation statement as unrepresented cheque, but did not appear in the August bank reconciliation statement. However, it appeared again in September's bank reconciliation statement.

It was recommended that the Commission should investigate the reason for these long-standing reconciling items. Reconciling items should also be cleared at the earliest opportunity and recorded in the appropriate cashbook. The journals created to reverse the transactions should be submitted for audit inspection.



It was further recommended that monthly reconciliation should be properly reviewed and approved by a senior personnel to ensure that all errors become noticeable promptly and the necessary corrective action taken.

**Official's Response**

*The Executive Secretary (ES) stated that the anomaly was noted and investigations had been done and measures put in place to avert such occurrences.*

**Auditor's Comment**

Evidence was not provided to confirm that the issues raised had been investigated and corrected in the books of accounts. The issue therefore remained unresolved.

**6.13.2. Bank confirmations circularised not received**

As part of our audit procedures, we requested confirmation from Sierra Leone Commercial Bank who were the bankers of the IMC. However, only two of the five bank accounts were confirmed by the bank. It was recommended that the Commission should initiate actions in getting the banks to respond to the circularisation. The audit team should also be informed of such actions accordingly.

**Official's Response**

*The ES in his response said: "the Commission did a follow up with our banker with respect to this anomaly. The bank (Sierra Leone Commercial Bank) confirms the various account balances listed initially; but however, we request that Audit Service Sierra Leone send another confirmation request with approval from the IMC so they can be acted upon immediately."*

**Auditor's Comment**

No written evidence of communication to the bank was provided. The issue therefore remained unresolved.

**6.13.3. Outstanding trade payable**

An amount of Le23,805,000 had been outstanding as trade payables since 2011 and there was no evidence of payment of that amount. It was recommended that steps should be taken to settle the said amount.

**Official's Response**

*The ES stated that the Commission through its Finance and Admin. Committee had agreed to settle the amount and all other debts as soon as possible. This he added had been largely due to the liquidity level of the Commission.*

**Auditor's Comment**

No evidence of settlement of the said amount was provided during the verification exercise. The issue therefore remained unresolved.

**6.13.4. Inadequate recruitment process**

Five personnel were recruited during the period under review. However, the auditors were not provided with documents such as advertisement and interview report to confirm that the recruitment process was open, fair and credible. It was recommended that the commission should provide the necessary supporting documents on the recruitment of the new staff, to confirm the adequacy of the recruitment process. In future, the Commission should ensure that all records relating to recruitment and selection exercises for successful applicants should be retained for audit or reference purposes.

**Official's Response**

*The ES stated that they would continue to search and provide the documents to ASSL for inspection.*

### **Auditor's Comment**

The audit client could not provide substantive document to address this issue; only application letters of three staff were provided. The issue therefore remained unresolved.

#### **6.13.5. Procurement procedures were not followed**

Procurement procedures were not followed for a number of procurement undertaken by the Commission.

The following were also observed:

- Three competitive requests for quotations (RFQs) were not sought for procurement of goods and services valued at Le37,515,500.
- National competitive bidding procedures were not followed by the Commission in the procurement and installation of Stirlitz Media Logger valued at Le177,859,000. Evidence such as advertisement, quotations from suppliers, evaluation and procurement committees' minutes were also not submitted for review.
- The Commission did not maintain an approved suppliers list which would facilitate the identification of suppliers in order to better serve the Commission in a timely manner.

It was recommended that the Commission should ensure the following:

- Submit the relevant procurement documents for audit verification within 15 days of receipt of the report.
- In future, the application of procedures in respect of the procurement of goods and services should be done in accordance with the public procurement rules and regulations.
- A database of its suppliers should be maintained and this should be reviewed regularly to weed out dormant suppliers.

### **Official's Response**

*The ES in his response said "It should be noted that all procurement activities were done by the UNDP. Funds were only granted to the Commission for subsequent payment to suppliers. All procurement activities were done at the premises of the UNDP. This was unique procurement activity to the Commission."*

### **Auditor's Comment**

No documentary evidence was provided to substantiate that the procurement process for the Stirlitz Media Logger was carried out by UNDP. The issue therefore remained unresolved.

#### **6.13.6. Payments made without adequate supporting documents**

Payments which totalled Le138,560,779 were without adequate supporting documents. It was recommended that the Commission should provide the relevant supporting documents for audit inspection within 15 days of receipt of the report; otherwise, the whole amount should be refunded. 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 ES noted that supporting documents of the disbursements were available for audit inspection.*

### **Auditor's Comment**

The same set of documents provided during the audit that were reviewed to be inadequate were the ones submitted for verification. The issue therefore is unresolved.

#### **6.13.7. Discrepancy between the financial statements and the general ledger**

There were discrepancies between the balances for some expenditure heads in the financial statements and the general ledger with a net difference of Le237,086,420. No explanation was provided for these discrepancies. It was therefore recommended that the Chief Accountant should investigate the reasons for those discrepancies and the necessary journal entries effected to adjust for the over/under statement. The journal entries affected should be made available for audit review.

#### **Official's Response**

*The ES stated that supporting documents for a significant reduction of the variances were now available for audit review.*

#### **Auditor's Comment**

From a variance of Le237,086,420, documents were provided for Le224,541,399, leaving a difference of Le12,545,020 for which journal entries should be made.

### **6.14 JUDICIARY AND LEGAL SERVICE COMMISSION- 2016**

#### **6.14.1. Revenue collected not traced to transit bank account at SLCB and not reflected in the Consolidated Revenue Fund Account(CRFA)**

A total amount of Le2,609,877,216 that was collected by NRA could not be traced to the transit bank account at the Sierra Leone Commercial Bank (SLCB) and the Bank of Sierra Leone CRFA accounts, for the period under review.

Furthermore, the following issues were observed:

- Judiciary department did not maintain pre-numbered pay-in slips issued for payments to the NRA collection officers.
- Transit banking pay-in-slips were not pre-numbered.
- The department did not maintain cashbook for some revenue streams. This resulted in bank reconciliation not carried out for the period under review.

It was recommended that the Commissioner for Non-Tax Revenue at NRA should provide documentary evidence confirming that the said funds were paid into the CRFA within 15 days of receipt of the report; otherwise the fund would be considered as misappropriated. In addition, cashbooks should be maintained for all revenue streams and bank reconciliation done on a monthly basis.

#### **Official's Response**

*The Master & Registrar stated that the Commissioner for Non-Tax Revenue had been duly requested to provide documentary evidence to the said funds being paid into the CRFA.*

#### **Auditors Comment**

During the verification exercise, documentary evidence for Le2,550,112,016 were provided for audit inspection. However, Le59,765,200 was still outstanding as revenue not paid into the CRFA; therefore, this issued remained unresolved.

#### **6.14.2. Payment without adequate supporting documents**

Payments which totalled Le74,876,000 made by the department for stationary were without adequate supporting documents such as receipts, invoices and request from the users' departments. It was recommended that the Master and Registrar should ensure that all relevant supporting documents were submitted for audit inspection within 15 days of receipt of the report; otherwise, the said amount should be surcharged and disallowed.

**Official's Response**

*The Master & Registrar said that all relevant supporting documents were available for audit inspection.*

**Auditor's Comment**

Documentary evidence for the sum of Le69,671,000 was provided for audit inspection, leaving a balance of Le5,205,000 unaccounted for. Therefore, this issue was partly resolved.

**6.14.3. Payments without adequate supporting documents**

Payments valued at Le85,207,500 were without adequate supporting documents such as receipts, invoices, delivery note and certificates of vehicle inspection report. It was recommended that the Master and Registrar should ensure that all relevant supporting documents were submitted for audit inspection within 15 days of receipt of the report; otherwise the said amount should be surcharged and disallowed.

**Official's Response**

*The Master & Registrar stated that all relevant supporting documents were available for audit inspection.*

**Auditor's Comment**

Documentary evidence such as receipts, invoices, delivery notes and certificates of vehicle inspection report for Le51,120,500 were provided for audit inspection, leaving a balance of Le34,086,500. Therefore, this issue was partly resolved.

**6.14.4. Payment without adequate supporting documents**

Payments for the supply of electricity and mobile recharge cards valued at Le28,700,000 were without adequate supporting documents such as receipts and request from the user's departments. It was recommended that the Master and Registrar should ensure that all relevant supporting documents were submitted for audit inspection within 15 days of receipt of the report, or the said amount will be surcharged and disallowed.

**Official's Response**

*The Master & Registrar mentioned that all relevant supporting documents were available for audit inspection.*

**Auditor's Comment**

Relevant documents provided for inspection amounted to Le23,700,000, leaving a balance of Le5,000,000. Therefore this issue was partly resolved.

**6.14.5. Poor payroll administration and management at the department**

The auditors observed the following:

- Twenty-Six staff were on the payroll salary voucher but not on the approved staff list. This cost the department Le171,701,220 for the period under review.
- A staff who ceased to report for work since August 2016, but continued to receive salary which amounted to Le 2,386,172 for September to December, 2016. There was also no letter of excuse from duty, to support payment.
- The auditors further observed that five staff members who were presently receiving salary to the tune of Le11,865,159 had exceeded the statutory age limit of 60 years and without an extension of contract.

It was recommended that the Human Resource Officer in the department, in collaboration with HRMO should ensure that names of all retired staff be removed from the payroll voucher; staff list updated within 15 days upon receipt of the report; and the said amount refunded into the CRFA.

### **Official's Response**

*The Master & Registrar stated that in collaboration with HRMO all retired staff had been removed from the payroll voucher and staff list updated.*

### **Auditor's Comment**

Letter written to HRMO for the removal of retired staff was provided for audit inspection. However, evidence of reply from the HRMO department which should state that names on the list had been removed from the payroll was not evidenced for audit review. Therefore the issue remained outstanding.

#### **6.14.6. Minimal fees levied on fines**

The auditors observed the following:

- Fines levied such as, filing in a probate action, signing settling or approving an advertisement are cost at Le200 by the department; this is very minimal when compared to the cost of receipts issued.
- The library was not well kept, and needed a librarian for its proper upkeep.
- Basic protection for information technology equipment such as computers and antivirus are lacking in the department.
- Facilities such as pipe borne water, standby generator and computers were lacking at the Cline Town branch.

It was recommended that the Master and Registrar should ensure that fines levied by the court be reviewed.

In addition, a librarian should be employed to oversee the affairs of the library. Furthermore, all other facilities as stated should be revisited in order to ensure that the department had a conducive working environment.

### **Official's Response**

*The Master & Registrar stated that the Master and Registrar had ensured that GST of fines levied by the court had been reviewed. He mentioned that an appointment for librarian will be done as soon as possible by the Commission.*

### **Auditor's Comment**

Documentary evidences for the review of fines and appointment of a librarian were not provided for audit inspection. Therefore, this issue still stands.

## **6.15 PARLIAMENTARY SERVICE COMMISSION-2015**

### **6.15.1. Extension of Building**

Examination of payment vouchers revealed that a total of Le80,139,000 was paid to Sludes Construction Enterprise to carry out construction work at the building housing the Commission. However, procurement documents including certification of the contract work done by the contractor were not presented for inspection. It was recommended that the necessary procurement documents should be presented for audit inspection.

### **Official's Response**

*The Clerk of Parliament (COP) in his response said "the cost of Le80,139,000 relates to the construction of the Parliament Clinic emanating from the need to improve on the health facilities for both parliamentary staff and Members of Parliament. Before its construction, a small room within the parliament building was used to house the facility, which created a lot of embarrassment when more than one person is admitted at the same time. This resulted in the need for better facility. Action will however be taken to provide the necessary documentation, including certificate of work completed, for audit verification."*

### **Auditor's Comment**

The procurement documents were not presented for audit verification. Therefore the issue remains unresolved.

#### **6.15.2. Documents not produced for payments of air tickets**

Procurement documents in respect of payments for air tickets, made to travelling agencies were not presented. It was recommended that the necessary documents should be presented for audit inspection.

### **Official's Response**

*The COP stated that action will be taken to ensure that all necessary documents regarding the procurement of air tickets were presented for audit verification.*

### **Auditor's Comment**

During the verification, four payments made by the Accountant General's Department to the travel agencies in respect of the Commission, to the tune of Le215,373,873, did not have three pro-forma invoices attached to the payment vouchers. Therefore this issue remained partly unresolved.

#### **6.15.3. Distribution list for uniforms not presented**

After examining the schedule for other charges and payment voucher, Le56,960,500 was paid to All Nations Fashion and Designing Enterprise for the procurement of uniforms for drivers, cleaners, security and messengers. There was however no distribution list in which recipients acknowledged receipt of the uniforms. It was recommended that the distribution list should be provided for audit inspection within 15 days of receipt of the report.

### **Official's Response**

*The COP stated that action will be taken to provide the distribution list.*

### **Auditor's Comment**

During the verification exercise the auditors were still not provided with the distribution list. Therefore this issue remained unresolved.

#### **6.15.4. Monitoring and Oversight Work**

The sum of Le40 million was paid for carrying out monitoring and oversight work at Njala University, for which back-to-office reports were not submitted for inspection. It was recommended that the back-to-office report(s) should be presented for audit inspection within 15 days of receipt of the report.

### **Official's Response**

*The COP stated that action will be taken and by copy of the response, the Clerk of Committee will be requested to submit the report for audit inspection.*

### **Auditor's Comment**

During the audit verification, back-to-office report was not produced for audit inspection. Therefore this issue remained unresolved.

## **6.16 PUBLIC SERVICE COMMISSION -2016**

### **6.16.1. Poor administration of fuel**

A fuel statement was requested from the National Petroleum for the period under review. However, of the twelve months, statement was only presented for July. As a result, the team could not reconcile the

value as per fuel register with that of the statements. It was recommended that the statement from NP should be presented for audit inspection and any difference between the two balances should be accurately reconciled and presented for audit inspection.

#### **Official's Response**

*The Secretary stated that a statement from NP and evidence of reconciliation in respect to fuel performed by the Public Service Commission (PSC) were available for inspection. He noted that the closing balance as per PSC ledger should be Le14,313,875 as indicated in the reconciliation.*

#### **Auditor's Comment**

The fuel statement from the National Petroleum did not cover the period January to July. In addition, fuel reconciliation was not carried out between the PSC fuel register and the statement maintained by NP. This issue therefore remains partly unresolved.

### **6.17 NATIONAL ELECTORAL COMMISSION- 2015**

#### **6.17.1. Lack of IT strategic Plan**

There was no evidence that an IT strategic plan was in place for the implementation of the Commission's information systems. It was recommended that the Commission should ensure that an IT strategic plan that covers all core business processes is developed and implemented.

#### **Official's Response**

*The Executive Secretary (ES) stated that the IT Strategic Plan is included in the overall strategic plan 2014-2019 of the Commission.*

#### **6.17.2. Lack of up to date licensed antivirus**

Enquiries from the IT department revealed that there was no updated licensed antivirus to prevent data loss within the server and computers used by staff. It was recommended that the should ensure that updated licensed antivirus software was provided and this should be monitored to ensure that they were efficiently utilised.

#### **Official's Response**

*The ES mentioned that the lack of internet was responsible for the outdated status of the antivirus program adding that licenses had expired but the Commission had an approved budget for licenses renewal. He further noted that procurement for the renewal of antivirus licenses was ongoing.*

#### **Auditor's Comment**

Management's response was noted. The issue however remains unresolved.

#### **6.17.3. Lack of user profile policy**

The Commission was yet to develop and implement formal policies and procedures guiding the creation, modification and management of user profiles on its information system. For instance, no document existed to show the number of users who were permitted into the Human Resource Information System (HRIS) and their level of access rights. It was recommended that 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 right must be assigned to each staff and must be modified as required when staff moves internally within the organisation.
- Profile 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 ES noted that the aspect of profiling and user access right control was included in the IT Policy (Chapter 4) that had been approved by the Commission. He added that the department will work with the HR Director to develop the required documentation for the HRIS.*

**Auditor's Comment**

The users' access right and the disengagement of staff leaving the organisation were included in the IT policy. However, the user profile policy document had not been developed and was planned for June 2017. The issue is therefore partly resolved.

**6.17.4. Lack of change management policy**

There was no evidence of a change management policy or documented procedures in place to support changes to the Commission's information system. It was recommended that the Commission should ensure that a change management policy was developed and implemented to address changes to its information systems.

**Official's Response**

*The ES said that the department agreed with the recommendation and hence will work with management to update the IT policy to include a chapter on change management that will cover all the necessary policies and procedures.*

**Auditor's Comment**

Management's response was noted. However, the issue therefore remains unresolved.

**6.17.5. Inadequate backup system**

A review of the HRIS application revealed that no off-site backup option to third party was created within the system to enable the system and server to be reloaded with the latest data in the event of a disaster or system crash. It was recommended that an offsite automated backup of the software applications should be instituted.

**Official's Response**

*The ES said that the department had planned to implement disaster recovery sites and the budget has been approved by the Commission. He noted that the procurement of the equipment and software system process had started.*

**Auditor's Comment**

Management's response was noted. The issue however remains unresolved.

**6.17.6. Accounting Manual was not up to date**

The Commission's financial accounting manual did not reflect its current practices. The manual provided no guidance material and instructions in respect of payroll and assets in order to provide direction to those processing transactions. It was recommended that the Commission should review the current financial accounting manual to ensure that it was up-to-date.

**Official's Response**

*The ES said that the financial accounting manual will be reviewed and updated accordingly.*

**Auditor's Comment**

Management's response was noted. The issue however still stands.



## 6.18 NATIONAL COMMISSION FOR DEMOCRACY 2014-2016

### 6.18.1 Payment without supporting documents

There were no supporting documents made available for the amounts received as subvention from the Government of Sierra Leone. It was recommended that any third party payment or government subvention received by the Commission must have all the necessary documents attached to them to serve as evidence of all transactions. The Commission's banker should also endeavour to make available to the Commission a credit advice.

#### **Official's Response**

*The Executive Secretary (ES) in his reply says: "Whenever subventions are paid into our account, we are only issued with a cheque stub from the Ministry of Finance and Economic Development and not notification letters. Furthermore, the Bank of Sierra Leone which hosts our subvention account does not issue out credit advice to its customers as it is the case with the Sierra Leone Commercial Bank. They only do so upon request.*

*In the case of the audit under review, we were only given cheque stubs for all subventions received and very few for salaries. The reason why very few were issued for salaries was because before now, salaries were paid on a quarterly basis and payments were only made in our names since the amounts were huge. However, in recent times, salaries are paid on a monthly basis and payments for different MDAs are summed up in one cheque leaf. Whenever the Accountant General's Department is approached for a cheque stub, it will not be issued. Instead, he will give you the salary amount because a single cheque stub can only be given to one organisation.*

*From now onwards, we will regularly request credit advice from the Bank of Sierra Leone whenever payments are made into our accounts."*

### 6.18.2 Payment of Leaves and its conditions

There were no supporting documents made available to the audit team for leave allowances paid during the year under review. It was also observed that the wrong annual leave allowance was paid to the staff concerned. The staff manual prescribes 25% of annual basic salary payment for leave allowance but the amount paid to the staff in question was calculated at 20% of his basic salary. It was recommended that the Commission should comply with the laid down policy on the payment of annual leave allowances. Steps must also be taken to pay the correct leave allowance to the affected staff.

#### **Official's Response**

*The ES in his response says: "The correct percentage of basic salary paid as leave allowance over the years was 20%. Calculation of the salary of the staff in question was therefore done based on the 20% threshold. The 25% stated in the staff manual is a typographical error for which we are very sorry. Proof of this can be seen in our appointment letters.*

*To correct this mistake, we promise to review the 25% and bring it back to 20%."*

### 6.18.3 Capitalisation and depreciation

Depreciation percentage applied by the Commission was not indicated in the current accounting manual. The capitalisation and depreciation policy was not made available to the audit team. It was recommended that the Commission updates its financial and accounting manual which should be in line with the financial management systems and software package.

#### **Official's Response**

*The ES in his response said "It is true that capitalisation and depreciation policies were not inserted in our financial and accounting manual. They are however incorporated into our asset register which was shown to the auditors. The Commission promised to review the present financial and accounting manual to make it reflective of the current financial and accounting climate and to have on board the capitalisation and depreciation policies."*

#### **6.18.4 The Finance and Accounts Department**

The Finance and Accounts Department is understaffed for its tasks. The few available staff also needed to be capacitated. It was recommended that the Commission should employ and provide adequate training for staff of the Department to enhance the segregation of duties and minimise misstatements and errors. Consideration should also be made for the recruitment of qualified staff, most especially in the Finance and Accounts, Human Resources and Administration Departments.

#### ***Official's Response***

*The ES mentioned that the Commission intends doing a management review during which some of those concerns will be seriously looked into.*

### **6.19. NATIONAL COMMISSION FOR PRIVATISATION – 2015**

#### **6.19.1. Disposal of Tangible Fixed Assets**

Some fixed assets were disposed of by the Commission during the period under review; but approval was not obtained from the commissioners before the assets were disposed of. It was recommended that management should obtain ratification for these disposals from the commissioners.

#### ***Official's Response***

*The Executive Secretary (ES) stated that there was no disposal of tangible fixed assets, these were very old assets that had been fully depreciated with zero book values. The journal posted was to eliminate the fully depreciated cost of these old assets from the fixed assets register, hence there was no gain or loss on disposal, he added.*

#### **Auditor's Comment**

These assets were claimed to be disposed of because they were not available for verification.

#### **6.19.2. Fixed Assets Physical Verification Report**

The Commission undertook a physical verification of its tangible fixed assets on 6<sup>th</sup> January, 2016. However, our concern was that the verification report did not provide the following information of the assets verified.

- Details of the individual assets verified.
- Location of the assets.
- Condition of the assets.
- Details as to whether the assets are in existence.

It was recommended that further fixed assets physical verification report should include the above information.

#### ***Official's Response***

*The ES in his response said "the concern is noted, although verification of fixed assets was carried out in the office during the course of the audit by our assistant and a member of the Bertin & Bertin audit team. Future verification reports will be designed to include existence and condition of the assets."*

#### **Auditor's Comment**

The Commission should note that physical verification of tangible fixed assets is an important aspect of management control over the Commission's fixed assets.

#### **6.19.3. Cargo Tracking Note System Agreement - Payments**

The Cargo Tracking Note System agreement between Government of Sierra Leone and Transport and Ports Management System West Africa Sierra Leone (TPMS-WA-SL) the contractor, provides that 60%

of the cargo tracking note charges collected at the loading port be paid and transferred by the contractor to the Government of Sierra Leone through a bank account designated in writing by the National Commission for Privatisation to the contractor every three months. Such transfer should be made within five business day at the end of the quarter.

The agreement also provides that in the event that the contractor fails to make payment within the timeframe stipulated in the agreement, the contractor should pay the Government of Sierra Leone through National Commission for Privatisation interest at 12% compounded quarterly from the date of which the same had been paid until payment is made. As at 31<sup>st</sup> December, 2015 a total of US\$2,127,564.35 – Le10,744,199,968 was payable to Government of Sierra Leone/National Commission for Privatisation by this contractor excluding the interest of 12%. It was recommended that steps be taken immediately to collect all outstanding payments from the contractor. In addition, the National Commission for Privatisation should engage the contractor with the view to ensuring compliance with the agreement.

#### **Official's Response**

*The ES in his response said "The contract commenced during the second quarter of 2015 and after the year end date of 31<sup>st</sup> December 2015, the sum of US\$714,620.89 together with additional two billion Leones (Le2bn) had been paid on the outstanding balance. The contractor had also forwarded a payment plan to liquidate the outstanding balance."*

#### **Auditor's Comment**

Transport and Ports Management Systems West Africa – Sierra Leone (TPMS-WA-SL) is yet to pay Le5,135,364,473 plus charges, for nine months to 30<sup>th</sup> September 2016. The issue remains outstanding.

#### **6.19.4. Cargo Tracking Note System Agreement Reporting**

Section 5.3 of the Cargo Tracking Note System agreement between Government of Sierra Leone and Transport and Ports Management System West Africa – Sierra Leone (TPMS-WS-SL) mentions that the contractor should provide the National Commission for Privatisation (NCP)/Sierra Leone Ports Authority (SLPA) the below mentioned documentation when operations commence:

- Monthly Management Report.
- Quarterly Management Report.
- Yearly Audited Account.
- Weekly Customer Compliant Report.
- Report regards Projects in Progress.
- Half Yearly Monitoring Committee Report.
- Weekly Financial Report.
- Capital Expenditure Report.
- Yearly Budget and Planning Report.

The contractor did not submit these reports as required by the agreement. It was recommended that the National Commission for Privatisation should engage the contractor with the view of ensuring compliance with the agreement. Alternatively, the agreement should be amended to reflect current conditions.

#### **Official's Response**

*The ES in his response said "SLPA, as the contracting party, carries out monitoring and supervision of the agreement and has given access to the contractor's computerised operating system. Operations commenced in the second quarter of 2015 and both operational and financial reports were provided to 31<sup>st</sup> December 2015. We have now received the operational and*

*financial figures for the two quarters ended 30<sup>th</sup> June 2016. The contractor stated that the company's audit exercise for year ended 31<sup>st</sup> December 2015 is ongoing."*

#### **Auditor's Comment**

It was difficult to understand how the commission determined the accuracy of the payments made by the contractor without these reports. The issue therefore remains outstanding.

#### **6.19.5 Rental Tax**

Section 120 of Sierra Leone Income Tax Act, 2000 (as amended) provides that subject to sub-section 2 and the sixth schedule of the act, a person resident in Sierra Leone who pays rent or royalties should withhold tax on the gross amount of the payment.

We noted that the Commission paid Le160 million to Sierra Leone States Lottery Limited for rent, but the required rental tax was paid in June 2016 instead of within 15 days after the month in which the rental payment was made to Sierra Leone State Lottery. It was recommended that the rental tax should be deducted from all rental payments as required by Sierra Leone Income Tax Act, 2000 (as amended) and paid over to the Commissioners with the time period specified in the act.

#### **Official's Response**

*The ES stated that the tax on rent was inadvertently paid late, but evidence of payment was provided to the auditors during their field work.*

#### **6.19.6 M.V. Mahera Agreement**

It was observed that M.V. Mahera was still in debt of Le160,000,000. This was a clear indication that privatisation debtors were not being pursued. It was recommended that the National Commission for Privatisation (NCP) should engage M.V. Mahera with the view to recovering the amount in debts.

#### **Official's Response**

*The ES in his response said "Several letters regarding debt collection were sent to the management of the ferry and they responded with requests for discounts on invoices claiming reduced ferry crossing due to the Ebola, but that was not granted. The ferry has now been re-possessed by the SLPa and a tender process will be conducted to recruit a new operator, while debt recovery action is taken."*

#### **6.19.7 Non- Compliance of the National Commission for Privatisation Act, 2002**

The below mentioned provisions of the National Commission for Privatisation Act, 2002 were not complied with:

*Section 5(4) The Executive Secretary should be the Secretary to the Commission.*

It was however noted that the position was vacant during the period under review.

*Section 10(2k) The Commission is required to submit to the President and Parliament, in each year a report on the activities of the Commission and the divestiture process.*

It was however observed that documentations were not made available to enable us substantiate that this was done.

*Section 28(1) The act required the Commission to keep proper books of accounts and proper records in relation to the accounts and should be prepared within a period of three months after the end of each financial year, submit for the approval of the Commission an annual report of the activities, operations, undertakings, property and finances of the Commission for that year.*

The dates were not met.

*Section 29(1) The act required that a copy of the annual report approved by the Commission should be sent to the President not later than three months after the end of the year it relates to.*

It was observed that documentations were not made available to enable the auditors substantiate that this was done.

*Section 29(3) The act required that a month after the receipt of the report, cause the report to be laid before Parliament.*

It was noted that documentations were not available to enable the auditors substantiate that this was done.

It was recommended that steps should be taken to comply with the above-mentioned provisions.

### **Official's Response**

*The ES in his response said "Section 5(4): Executive Secretary position which is vacant – An Acting Executive Secretary was appointed in 2015.*

*Section 10(2): Submission of reports on activities and the divestiture process to the President and Parliament – The reports for 2014 have been submitted and we await the completion of the 2015 audit so that the reports will be included with the audited accounts and submitted.*

*Section 28(1) The requirement to prepare books of accounts and reports within three months after the end of the year is noted and will be complied with for the 2016 accounts and will be submitted to the President within the time frame. Due to the previous backlog of the 2013 and 2014 audits, the 2015 accounts and reports were completed late, but this has been noted."*

## **6.20 NATIONAL COMMISSION FOR PRIVATISATION-2016**

### **6.20.1. Cargo tracking note system agreement**

The Cargo Tracking Note System agreement between Government of Sierra Leone and Transport and Ports Management System West Africa, Sierra Leone (TPMS-WA-SL) (the contractor) provides that 60% of the cargo tracking note fees/charges collected at the loading ports should be paid and transferred by the contractor to the Government of Sierra Leone through a bank account designated in writing by the National Commission for Privatisation to the contractor every three months, and such transfers should be made within five business days at the end of the quarter.

The agreement also provides that in the event that the contractor fails to make payment within the timeframe stipulated in the agreement, the contractor should pay the Government of Sierra Leone/National Commission for Privatisation an interest of twelve percent (12%) compounded quarterly from the date from which the same had been paid until payment is made.

It was observed that TPMS-WA-SL paid US\$1,240,603 in respect of previous years' revenue, but did not submit quarterly revenue statements, nor paid any amount for the period under review. It was recommended that the National Commission for Privatisation should engage the contractor with the view of ensuring compliance with the agreement. Alternatively, the agreement should be amended to reflect current conditions. Steps should be taken to collect all outstanding payments from this contractor.

### **Official's Response**

*The ES in his response says: "Payment demand letters were sent to the management of Transport and Ports Management System West Africa (TPMS-WA-SL) and copies of the letters were handed over to the auditors. They responded with a payment plan to settle the 2015 outstanding balances. The Commission accepted their proposed payment plan for the 2015 balance and TPMS-WA-SL have started making payment in this regard (Le355,000,000 paid on 19<sup>th</sup> July 2017)."*

### **6.20.2. Composition of the Commission**

Section 5 of the National Commission for Privatisation Act, 2002 provides that: "the Commission should consist of a commissioner as chairman and the following other members:

- Governor, Bank of Sierra Leone.
- Representative of:

- Sierra Leone Labour Congress.
- The Institute of Chartered Accountants of Sierra Leone.
- Sierra Leone Bar Association.
- Sierra Leone Bankers Association.
- Professional Engineers Association.
- Sierra Leone Chambers of Commerce, Industry and Agriculture.
- Sierra Leone Indigenous Business Association.
- University of Sierra Leone”

It was however observed that the Deputy Governor, Bank of Sierra Leone had been appointed and approved by Parliament replacing the Governor, Bank of Sierra Leone without amending the relevant Section of the act. It was recommended that Section 5 of the National Commission for Privatisation Act, 2002 should be amended to reflect the abovementioned changes.

#### **Official's Response**

*The ES said that the matter will be brought to the attention of the Commission during their regular commission meeting.*

#### **6.20.3. Pay As You Earn (PAYE) computation**

The commission did not apply the tax fee allowance of Le500,000 in computing staff PAYE. Staff were overtaxed as a result of this anomaly. 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 engage National Revenue Authority with the view of finding ways as to how the over payments will be recovered.

#### **Official's Response**

*The ES stated that the National Revenue Authority will be contacted for submission of the revised computations to ensure the appropriate refund is requested and repaid to staff.*

#### **6.20.4. Transfer of container terminal concession fixed fee to the Sierra Leone Ports Authority**

Container terminal concession fees which amounted to US\$4,437,384 were paid by the Commission to the Sierra Leone Ports Authority for the payment of end of service benefits to their workers. The auditors' concern was that the payments and the opening of the bank account were not approved by the Commission. It was therefore recommended that management should obtain ratification of the payment and the opening of the bank account from the commissioners.

#### **Official's Response**

*The ES in his response says: “A commission paper has been presented to the Commission during its meeting on 27<sup>th</sup> July 2017 for ratification of the transaction involving the opening of a specific bank account with EcoBank and the transfer of the privatisation proceeds amounting to \$4,437,384 to the Sierra Leone Ports Authority for the settlement of end of service benefits. The Commission at its 92<sup>nd</sup> meeting held on 27<sup>th</sup> July ratified the aforementioned transaction and payment transfer.”*

### **6.21 SIERRA LEONE ELECTRICITY AND WATER REGULATORY COMMISSION- 2015**

#### **6.21.1. Fixed assets register**

The following items were not part of the Commission's fixed assets register:

- Depreciation charges of the individual assets.
- Net book values of the assets.
- Condition of the assets.

It was also noted that the assets were not properly categorised as assets with different depreciation rates were categorised under the same group. It was recommended that the fixed assets register should be updated to include the above-mentioned information with the view of re-categorising assets with the same depreciation policies.

#### **Official's Response**

*The Director General (DG) said that the fixed asset register had been re-categorised and expanded to include the recommended columns to aid reconciliation.*

#### **6.21.2. Tagging of tangible fixed assets**

It was noted that some assets were without identification codes and it was therefore recommended that those assets should be inscribed with identification codes and the Commission's fixed assets register updated accordingly.

#### **Official's Response**

*The DG stated that the coding of the laptop, UPS and power point screen had been completed and that the wireless antennas were omitted owing to their size and being components of the desktops. He however added that they shall ensure that assets were tagged before the end of November 2016.*

#### **6.21.3. Physical verification of tangible fixed assets**

Evidence were not made available to enable the auditors substantiate that the Commission's tangible fixed assets were physically verified in order to determine the existence and condition of fixed assets as indicated in the financial statements under review. It was recommended that the Commission's tangible fixed assets should be verified at least on a yearly basis in order to check their existence and condition.

#### **Official's Response**

*The DG said that the Commission verified the assets although no document was signed off as evidence. He added that going forward, they will ensure that physical asset verification are documented and at least once a year.*

#### **6.21.4. Capitalisation of fixed assets**

The Commission did not have a formal policy with regard to capitalisation of its tangible fixed assets, and therefore, low expenditure were being capitalised by the Commission. It was therefore recommended that capitalisation levels be introduced and very low amounts should be written off in the accounting period in which they are incurred, although a memorandum register should be maintained to monitor those assets. The memorandum register should at least disclose the following information:

- Data of purchase.
- Description of the asset.
- Location.
- Condition of the asset.

#### **Official's Response**

*The DG in his response says: "The Commission in its draft finance and account manual has stated that small items will not be capitalised. Management had proposed the local currency equivalent of GBP 250 as the minimum amount for capitalisation. The document is now ready for presentation to the members of the Commission for approval."*

#### **Auditor's comment**

Our concern is that the capitalisation level will fluctuate as the exchange rate for pounds changes. The issue remains unresolved.

#### **6.21.5. Rental tax**

Section 120 of the Sierra Leone Income Tax Act 2000 (as amended) provides that subject to sub-section 2 and the sixth schedule of the act, provides for a person resident in Sierra Leone who pays rent or royalties should withhold tax on the gross amount of the payment.

It was however noted that the Commission paid US\$24,000 – Le115,200,000 to Fatmata Tity Mammah for rent but the required rental tax was not deducted and paid over to the National Revenue Authority as required by this section of the act. It was therefore recommended that the Commission should engage the landlord with the view of settling the rental tax. Rental tax should be deducted from all rental payments as required by the Sierra Leone Income Tax Act 2000 (as amended).

#### **Official's Response**

*The DG in his response says: "the first rent was paid at a time when the Commission was yet to recruit its technical staff. Rental tax was deducted from subsequent rent payments. The landlord has been informed of his outstanding tax and will be deducted from the rent which will be paid in November 2016."*

#### **6.21.6. Annual Levy**

Section 25(e) of the Sierra Leone Electricity and Water Regulatory Commission Act 2011 provides that the Commission should be financed by funds consisting of annual levy, not exceeding one percent of the gross operating revenue of the regulated supplier, from the supply of regulated services.

The following issues were of concern:

- The annual levy charge for Electricity Distribution and Supply Authority (EDSA) was reduced from 1% to 0.5% without the Board's approval.
- A total of Le 1,170 billion levy charges were waived in respect of Guma Valley Water Company (Le120m) and Electricity Generation and Transmission Company (EGTC) (Le 1,050 billion). Those waivers were not approved by the Board. It was recommended that the Board should ratify the reduction of the levy charge to Electricity Generation and Transmission Company (EGTC) from 1% to 0.5% and the waiver to Guma Valley Water Company and Electricity Generation and Transmission Company (EGTC).

#### **Official's Response**

*The DG in his response says: "The payment of levies to a regulator was a new phenomenon to these utilities that were struggling financially. The Commission decided to reduce the amount paid by these utilities and to be graduated as their financial performance improves. The Board would be convened before the end of November, 2016 to ratify these waivers. All future waivers will be duly approved by the Board before they are written off in the accounts."*

#### **Auditor's Comment**

The Board is yet to ratify those waivers.

#### **6.21.7. Control over invoicing**

There were no structural financial procedures in place to check the accuracy and completeness of transactions relating to levy and licences fees. Proper invoicing system was not in place and the receipting system was not pre-numbered. It was recommended that a proper accounting system should be put in place that will be capable of generating pre-numbered invoices and receipts. The account listings of levy and licences should be reviewed by an independent officer of the commission on a regular basis.

#### **Official's Response**

*The DG says: "In the next three months, the Commission is planning to have finance and accounts application. The acquisition of the application will be of great support to the management of our invoicing and receipting system. Furthermore, an internal auditor will soon be recruited for independent verification of transactions and operational activities."*



### **Auditor's Comment**

The financial management system and the internal auditor are yet to be recruited.

#### **6.21.8. Inspection**

Section 38(1) (3) and (5) of the Sierra Leone Electricity and Water Regulatory Commission Act 2011 provides as follows:

- That the Commission should appoint inspectors to ensure that the provisions of the act are complied with.
- That the inspectors should at any reasonable time, with the necessary equipment, enter any premises of public utility to inspect the premises or carry out any function imposed upon him under the act or regulation made under the act.
- That an inspector should submit a report of his inspection or investigation to the commission for necessary or appropriate action.

It was however noted that inspectors were not recruited during the period under review. It was recommended that the commission should take the necessary steps to comply with the above mentioned sections of the act.

#### **Official's Response**

*The DG stated that the Commission only recruited technical staff in the last quarter of 2016 and was therefore unable to recruit inspectors to serve during 2015. He further said that 11 inspectors were contracted for three months effective 1st October 2016. The contract period could be extended based on the outcome of their current services, he added.*

#### **6.21.9. Financial management system**

The Commission is maintaining its accounting records manually aided by excel worksheets. Besides, the fact that such a system is old fashioned, it is also not reliable and secured. Such system is also prone to errors and normally it takes time to produce accurate financial reports. It was recommended that the accounting system should be computerised or replaced with a system which is secured and more reliable.

#### **Official's Response**

*The DG said that the Commission fully understood the importance of the financial management application and was working towards having one in operation before the end of January 2017.*

### **Auditor's Comment**

The financial management system is yet to be acquired.

#### **6.21.10. Transaction postings**

Postings to the accounting system of the Commission were not properly reviewed by senior officers because variances were noted between transaction values and amounts posted to the accounting system. It was recommended that postings to the commission's accounting system should be properly reviewed by senior officers.

#### **Official's Response**

*The DG mentioned that that was the case prior to the recruitment of the technical staff of the Commission. He however said that effective October 2015, all transaction postings were reviewed and duly authorised by the Head of Finance & Administration and the Director General.*

### **6.21.11 Non Compliance with the Sierra Leone Electricity & Water Regulatory Commission Act, 2011**

The under-mentioned provisions of Sierra Leone Electricity and Water Regulatory Commission Act, 2011 were not complied with.

- Section 20(m)– The Commission should adopt a code of conduct prescribing standards of behaviour to be observed by members and employees of the Commission in the performance of their duties, within 12 months of the commencement of this act.
- Sections 26(2)– The books of account referred to under sub-section should be audited by the Auditor-General or an auditor appointed by him within three months after the end of each financial year.
- Section 28– The Commission should as soon as possible not later than three months after end of each financial year, submit to the Minister a report of the activities, operations, undertakings, properties and finances of the Commission for that year, including the Auditor-General’s report and a list of persons granted licences in that year. It was recommended that steps should be taken to comply with the above mentioned provisions.

#### ***Official’s Response***

*The following were the responses of the auditee:*

- *Section 20m-A code of conduct has been drafted and presently being reviewed by members of the Commission for approval.*
- *Section 26(2)- The Commission notes the comments of the auditors and will ensure compliance in the ensuing years.*
- *Section 28 - The Commission notes the comments of the auditors and will ensure compliance in the ensuing years.*

#### **Auditor’s Comment**

Copy of the code of conduct was not available for our verification.

## **6.22 ELECTRICITY DISTRIBUTION AND SUPPLY AUTHORITY -2015**

### **6.22.1. Dissemination and flow of audit information**

During the audit process, we experienced considerable delays in the flow of information from the Authority, mostly as a result of the existing procedures and lack of adequate preparation for external audit in respect of the provision of schedules and supporting documents for audit purpose. These problems significantly affected our deliverable and reporting timelines as previously agreed with the management. It was recommended that management should put measures in place for the proper preparation for the external audit exercise. The audit exercise should be handled with all seriousness and commitment from all stakeholders within the Authority.

#### ***Official’s Response***

*The Director General (DG) in his response said: “This period of EDSA’s operations has been marked by staff shortages due to the unbundling of the former NPA into EGTC/EDSA, and persistent challenges in prioritising the multitude of tasks requiring attention in the Finance Department. We will ensure that there is adequate preparation for the audit exercise in future years.”*

### **6.22.2. Lack of board minutes for review and attendance at board meetings**

The January and September 2015 general board and emergency board minutes were not provided for audit review, although for the same months sitting allowances, drinks and refreshments were granted to members of the board. The auditors requested board minutes for the year 2016 but those were also not provided on the basis that they were not yet signed. As part of good corporate governance and the

requirements of the Electricity Act 2011, the board of directors should meet at least once every month. Decisions arrived at during the board meeting should be documented and filed for future reference. Sitting allowances should only be paid to members of the board upon attending such meetings and as such management should introduce an attendance record where members should sign-in. All board minutes should be signed and secured, and these signed copies should be made available on request during the audit exercise.

#### **Official's Response**

*The DG stated that board meetings were held every month during 2015 in compliance with the provisions of the National Electricity Act 2011 and a register was now maintained to record attendance and the receipt of sitting fees.*

#### **Auditor's Comment**

Minutes of these meetings were not provided for audit review.

#### **6.22.3. Approval of Budget by the Board**

Review of board's minutes for 2015 noted that the budget for 2016 was not available for board's approval. In addition, we did not see any approval of the 2015 budget, although a soft copy of the budget was provided to us. It was recommended that management should develop realistic budgets, taking into consideration all important factors. Budget prepared by the management should be reviewed and approved by the board as the top most level of the Authority. The budget should be reviewed regularly and revised as part of monitoring and evaluation activities of the Authority.

#### **Official's Response**

*The DG in his response said: "The 2015 Budget was reviewed by the Finance and Audit Committee of the Board and submitted to the Board for approval. The Board approved the Budget and it appears that this was not documented by the Corporate Secretary. Management will ensure that future Board minutes record the approval of annual budgets and other important decisions taken by the Board of Directors."*

#### **6.22.4. Internal audit functions**

The 2015 internal audit plan was not adequately followed, as planned and was also not presented for Board review and approval. Issues brought to management by the internal auditors were not directly followed-up and documented by the Internal Audit Unit. Management also did not act on the internal audit issues raised. It was strongly recommended that the audit plan was reviewed and approved by EDSA's Board of Directors before implementation during the year. In addition, the internal auditors should follow the approved audit plan during the financial year.

#### **Official's Response**

*The DG in his response said: "EDSA Internal Audit Department report directly to EDSA's Finance and Audit Committee on all audit matters and the internal auditor's findings are normally discussed with the Director General. The Chairman of the Finance and Audit Committee presents these audit reports to the Board for discussion. EDSA Internal Audit work plan for 2015 was presented to F&A Committee and was also approved by the Committee, although there was no written approval but it was documented in the Committee meeting minutes. At the start of 2015, there were only two audit staff in Freetown after the unbundling of NPA (National Power Authority). Additional staff were only employed in September 2015, so it was very difficult to meet the timeline stated in the approved work plan for 2015. Another limitation to the performance of Internal Audit Department was the restricted operational budget to carry out independent audit exercises in Freetown and provincial stations. EDSA Internal Audit Department work plan and operational budget for 2017 has already been designed to take into consideration salient points raised by the external auditors (KPMG). Individual audit staff, sections and units will be assigned audit programmes for 2017, as they will be appraised according to audits produced and at the specified timeline approved by the Board. Quarterly reports on management's response to queries raised by Internal Audit Department will be submitted to the Board."*

#### **6.22.5. Property plant and equipment opening balances**

During our audit, procedures on the opening balance details of the authority's property plant and equipment were not provided to enable auditors ascertain the completeness, accuracy, valuation and existence of the assets as at 1<sup>st</sup> January, 2015. The auditors were also unable to ascertain the accuracy of depreciation charge for the period under review.

- Lack of listing of the opening balances.
- Date of acquisition.
- Accumulated depreciation.
- Net book values as at 1<sup>st</sup> January, 2015.

It was therefore recommended that management should ensure that proper records and controls of the Authority's assets are maintained to safeguard against fraud and misappropriation, and reduce the risk of misstatement in the accounts.

#### ***Official's Response***

*In his response, the DG said: "During the process of unbundling the former NPA, the assets were divided between EDSA and EGTC and the values attributed to them were based on the information recorded in the books of NPA. We have not yet been able to obtain detailed listings showing the values of each asset and we were therefore unable to provide this information to the auditors. It is proposed that a full-scale verification and revaluation of assets be carried out so that all assets may be correctly recorded in the books of EDSA."*

#### **6.22.6. Lack of Adequate Insurance Policy for the Assets**

Review on insurance coverage for the Authority's properties, plant and equipment (including office furniture, fittings, computer equipment and office buildings) revealed that the Authority did not insure its assets. Motor vehicles were only insured. It was recommended that management must ensure that the Authority's assets are adequately insured to mitigate any eventual risk of financial losses occurring.

#### ***Official's Response***

*The DG mentioned that the Authority had reviewed its policy on insurance and adequate provision had been made to cover all areas of risk.*

#### **6.22.7. Fixed assets additions (lack of supporting documents)**

The audit of fixed asset additions for the year ended 31<sup>st</sup> December, 2015, revealed supporting documentation were unavailable for various assets purchased to the tune of Le 534,618,400. It was recommended that management should put control measures in place to ensure that all source documents were obtained to support financial transactions and filed in an organised manner for easy retrieval when the need arises.

#### ***Official's Response***

*The DG in his reply said that most of the above documents had been found and submitted for vouching to the external auditors. The documents were initially misfiled, he added. He further noted that proper filing arrangement had been instituted by the Authority to avoid misfiling in the future.*

#### **Auditor's Comment**

The items observed had not been vouched to support documents and as such were still outstanding. The internal controls of the Authority need complete overhauling.

#### **6.22.8. Discrepancies Between the Asset Register and General Ledger**

The Authority had not set up formal updated fixed asset register for all its assets as at 31st December 2015. The listing in the asset register was quite different from the content of the general ledger. With reference to motor vehicles, it was revealed that the listing in the asset register was different from what the estate officer had as operational vehicles fully owned by EDSA. It was recommended that management should ensure that the fixed asset register for property plant and equipment should be updated with the following information, amongst others.

- Equipment number.
- Description.
- Cost.
- Date of receipt /date of purchase.
- Date of disposal, if any.
- Location and/or person responsible.

The equipment register should be kept up-to-date and all assets should be coded with a unique identification code; and each code recorded in the asset register for control identification purposes. Fixed assets register should be reviewed and differences resolved on timely basis.

A physical check of non-expendable equipment should be performed at least once a year; the result of which should be documented and reviewed by management.

#### **Official's Response**

*The DG in his response said: "As mentioned earlier, no detailed valuation of the opening balances was available following the unbundling process. However, the assets register is now being brought into line with the General Ledger and we have carried out a physical verification of office equipment and fixtures. The register is being updated for all purchases made."*

#### **6.22.9. Lack of preparation of fixed asset reconciliation**

The audit on design and implementation of controls on property plant and equipment exhibited that there was no reconciliation prepared between the fixed asset register and the general ledger during the period under review. It was therefore recommended that a formal reconciliation of additions, disposals and balances of property, plants and equipment should be performed between the fixed assets register and the general ledger on a monthly basis and be documented, reviewed and approved by management. Any difference should be followed up and cleared promptly.

#### **Official's Response**

*The DG mentioned that the Auditor's recommendation will be carried out.*

#### **6.22.10 Finance staff capacity and competence**

Examination of staff personnel files in the finance department and personal interview revealed that staff had not got the requisite qualification, experience and trainings for positions held. It was also observed that there were a lot of certificate and diploma holders (not related to the field of accounting) in the department and as such, they were unable to effectively explain even work performed by them. It was recommended that management should ensure that competent (qualified and experienced) staff are hired for roles relating to finances and accounting.

#### **Official's Response**

*The DG in his reply said "Management Contractors, who had recently joined EDSA as part of the World Bank ESURP Project, will be carrying out a full staff appraisal as part of their contractual terms, and your comments have been made known to them. We have recently recruited a new financial controller, who will be instrumental in introducing the necessary controls and disciplines to the finance department."*

#### **6.22.11 Internal Audit staff competence**

It was noted that the staff in the internal audit department were not qualified and external auditors could not rely on their work. Interviews revealed that no one was a qualified accountant or a member of any professional body. As a result, there were inadequate internal controls in the entity's operation over sensitive areas such as bank reconciliation, inventory, fixed asset, filing, expenses, etc. It was therefore recommended that management should ensure professional and competent staff were hired in the internal audit department.

#### **Official's Response**

*The DG stated that Management Contractors will be carrying out a full staff appraisal as part of their contractual terms, and the auditor's comments had already been made known to them. He however noted that staff in the department were technically competent and qualified to carry out the audit work.*

#### **Auditor's Comment**

We disagree with the final comment of the auditee as there is complete absence of internal control and lapses exist in the department.

#### **6.22.12 Inventory Management**

There was no inventory listing or year-end valuation report. The auditors were limited to the value of the year-end inventory obtained during the time of our audit. It was also noticed that the storekeeper was not qualified and trained. It was recommended that routine stock take should be done along with appropriate valuation report for proper inventory records. In addition, the list of inventories should reflect the history of stock items, showing running balance at any point in time. Furthermore, controls over the review of stock in store should be regularly tested for effectiveness. Finally, management should hire qualified storekeepers to consistently maintain the stock balances in the books and ensuring safeguard controls.

#### **Official's Response**

*In his response that DG said: "As mentioned, in 2015 and 2016 the Authority was affected with fire which destroyed a large part of our stores records. However, a stock take exercise has recently been carried out which will provide the required listing of the available stock. A disaster recovery site has been set up by the Authority in order to have a fall back when such disaster occurs in the future."*

#### **6.22.13 Managements review of transactions posting in the system**

Most transactions posted into the Great Plains accounting software system was performed by the junior accountants who were not properly supervised by head of management account or finance. This resulted in numerous errors which lead to the management raising manual corrective journal vouchers to the value of Le178.7billion to correct errors in the ledger. In the same vein, a posting error of Le535,653,000 was observed. The system however did not capture the error, or was not posted into the system, in respect of US Diversify Waste Power. It was recommended that the function of posting entries into the system should be monitored and done by appropriate competent personnel. In addition, management should find a better system alternative that is capable of identifying users posting transactions as this will minimise errors. The whole accounting system should be completely overhauled and then computerised with trusted or recommended software suitable for the Authority's operations and accounting.

#### **Official's Response**

*The DG in his reply said: "Due to ill health, the previous Financial Controller was not able to put in the required controls and carry out the necessary supervisory functions throughout the greater part of 2015. The Internal Audit department played an important role in verifying expenditure before payment, but was not involved in checking the postings. New controls and accounting procedures have already been put in place to record the 2016 transactions."*

#### **6.22.14 Wrong classification and accounting of Investment account worth 4 billion Leones**

During the review of board minutes, it was observed that the Authority had an account known as New Service Connection account which was set up for the purchase of prepaid meters. Customers in need of prepaid meters were required to deposit Le705,000. The account accumulated Le4billion which was later converted by the management with approval of the Board into investment account. However, this investment account was wrongly accounted for as part of prepaid meters and general equipment. It was recommended that going forward, the management should ensure that all investment made by the Authority are accounted for properly in the Authority's books of accounts and avert misstatements in the financial statements.

#### ***Official's Response***

*The DG said that the four billion Leones paid out of the New Service Connection account was wrongly posted to the Prepaid Meters account and the error had been corrected by transferring the amount to the Investment account. He added that the financial statements now reflected the true position.*

#### **Auditor's Comment**

The response was noted however, the account had still not been confirmed by the banks. The issue remains outstanding.

#### **6.22.15 Repairs and Maintenance – Buildings (Profit and loss expenses)**

Materials purchased for Le376,618,722 in respect of repairs to the NPA building were not acknowledged with a delivery note upon delivery. It was recommended that materials purchased are to be acknowledged with a goods received note and a delivery note.

#### ***Official's Response***

*The DG in his response said: "The Authority receives goods through its storekeepers and all goods received are recorded internally in our Goods Received Note ledger. These are then witnessed by the internal auditor and the requesting department. All GRNs are attached to the documents for review."*

#### **Auditor's Comment**

The issue is still outstanding.

#### **6.22.16 Control discrepancies on Local Travelling expense**

Supporting documents were not provided for the transactions relating to local travel expenses worth Le80,393,580. It was recommended that a well monitored system should be instituted to ensure that all local travelling expenses are approved by management, and all supporting documents that confirm the expenses should be thoroughly verified by the Internal Audit of the Authority.

#### ***Official's Response***

*The DG in his response said: "Documents were filed based on bank transactions, which made it difficult for the auditors to trace their selected samples during the audit exercise. However, documents have now been filed by account code and are available for vouching / verification. It is worthy to note that in the future, this practice will be adopted by the Authority."*

#### **6.22.17 Lack of managements review on foreign travelling expense**

Most of the payment vouchers for foreign travelling expenses were not signed as being reviewed and authorised. In addition, the transaction with PV no. 972 in respect of per diem of Le33,063,000 for staff official trip to Abidjan was not signed as being authorised or reviewed. Furthermore, the account balance of \$8,389 for a transaction with PV no. 00365 in respect of per diem for Board Chairman and seven others for a trip to Accra to attend workshops was altered with a pen to \$8,535. No explanation was provided for the alteration. There were also multiple instances of double posting of transactions relating

to foreign travel. No supporting documents were provided for these payments. It was therefore recommended that management should design and implement controls in respect of all payments and should investigate all the double posting and fictitious payments in this account and take appropriate actions.

#### **Official's Response**

*The DG in his response said: "There were some lapses in some of our control procedures during 2015 due to the absence of the Financial Controller through ill health for a large part of the year. The mis-postings you refer to have been rectified and the controls have been strengthened during 2016 and a new Financial Controller appointed."*

#### **6.22.18 Discrepancies and lack of supporting documents on staff training and education expense account**

It was observed that for December 2015, transactions were posted more than once for expenses relating to capacity building. The six transactions were in duplicates of Le 94,385,700, Le 69,721,645 and Le32,102,400. The auditors requested the source documents for the transactions but were not provided. It was therefore recommended that management should design and implement controls in respect of payments, and should review all transactions before and after posting in the accounting systems to mitigate any irregularity. Management should also investigate all the double posting and fictitious payments in this account and take appropriate action.

#### **Official's Response**

*The DG said that was as a result of system error. He however noted that the service providers have rectified the problem and the necessary action taken to avoid such errors in future.*

#### **6.22.19 Completeness, Existence and Accuracy of Revenue and Other Income**

Authorised IT daily reports for samples of dates per month selected for the reconciliation of the daily revenue figures against the IT reports were not submitted for inspection. Sale invoices in respect of aggregators from January to August 2015 were also not submitted. Included in sales/revenue was an amount described as sales rechargeable fees for which the auditors were not provided with any of the supporting documents.

##### *Sales rechargeable Jobs*

There was no evidence of review of the meter readings by the Billing Supervisor for some readings that were done in June and December of 2015. In addition, the auditors were unable to obtain appropriate supporting documents for income of Le 1,450,088,499.

The following were recommended:

- A good filing system should be maintained at all times as a good practice and for reference purpose.
- A senior individual from either the Billing Section or the Meter reading Section should review the readings from the meter readers on a regularly basis before posting into the billing system to avoid inputting the wrong readings which could lead to over or under billing of the customers.
- Daily Cash Certificates generated by the in-house cashiers for the daily post-paid and prepaid sales need to be kept and maintained for record and audit trial purposes in order to provide comfort on the daily sales made to any internal and external reviewer.
- Relevant supporting documents relating to sales revenue should be kept safely from any natural and artificial disasters because, non-provision of such relevant supporting documents by the Authority concerned could lead to significant losses to the Electricity Distribution and Supply Authority.



### **Official's Response**

*The under-mentioned were the responses of the DG:*

- *With respect to account number 4-88-8064 the meter book was checked and we have confirmed that the reading was reviewed and entered correctly in the billing system. With respect to account number 4-83-10742, the reading provided by the external auditor is different from the reading in the meter book that was entered in the billing system. The correct reading was 421-192 and not 335-616 as provided by the auditor.*
- *We are not maintaining cash certificates at the moment, which are instruments provided by commercial banks for use by account holders; but we were able to provide the auditors with all the pay-in slips for all collections done by the Revenue Department. Also provided to them was the spread sheet showing all lodgements to the respective banks for collections done by EDSA staff for 2015. A complete review of cash recording is taking place in 2016 with a view to ensuring that there is a complete audit trail to support all transactions.*
- *Documents relating to the sample months selected by the auditors were damaged during the fire incidents. Electricity House is currently undergoing refurbishment, and measures will be taken when we move back into the premises to ensure that all documents are kept securely.*

#### **6.22.20 Completeness, Existence and Accuracy of Trade Account Receivables**

We were unable to carry out appropriate audit procedure to ascertain completeness, existence and accuracy of trade receivables as at 31<sup>st</sup> December, 2015, amounting to Le52,318,619,784 due to lack of adequate information from management. It was therefore recommended that management should ensure that detailed information is always available for verification, whether by external or internal parties.

### **Official's Response**

*The DG in his response said: "Several write-offs have been done over the previous years in T-NPA books of these receivables by external auditors. However, this was not done in the system to reflect such. Verification exercise would be done to assess the existence of the debts and subsequently these would be transferred to prepaid metering system, wherein all outstanding receivables are expected to be received by the Authority."*

#### **6.22.21 Completeness, Existence and Accuracy of Other Receivables**

Appropriate audit procedures were not carried out on the other receivables which amounted to Le5,701,517,647 as a result of the non-production of supporting evidence by the Authority. It was recommended that relevant supporting documents were kept safely for audit trial in order to avoid non-provision of the supporting documents to reviewers when requested for audit purposes.

### **Official's Response**

*The DG stated that filing arrangements had now been improved along with control procedures and where appropriate the necessary adjustments had been made.*

#### **6.22.22 Discrepancies with Completeness and Existence of staff costs**

The following were observed:

- Basic salary recorded on the ledger was Le19.2 billion whereas the amount recorded on the approved payroll for the entire period was Le17.8 billion giving a difference of Le1.4 billion for which management could not substantiate.
- Leave cost showed a difference of Le1.6 billion between ledger balances of Le 133 million and the auditor's analytical computation of Le 1.75 billion.
- NASSIT contributions showed a difference of Le809 million, between ledger balance of Le272 million and the auditor's analytical schedule computation of Le1.08 billion.

The following were therefore recommended:

- Management should take action in performing a thorough investigation on the staff cost to correct the differences which could be as a result of error or fraud;
- Management should also design and implement controls around staff costs that are detective and corrective in nature to avert future misstatements in the financial statements either by error or fraud; and
- Effective review of the payroll should be carried out on a monthly basis by the management.

#### **Official's Response**

*The DG in his response said: "Management would correct the errors noted in subsequent financial statements audits. Controls are being instituted to ensure staff cost are correctly reflected in the 2017 financial statements as follows:*

- *Payroll cost would be reviewed on a monthly basis by management using a control account going forward. This would be reconciled to the ledger balances and the trial balance.*
- *Leave costs and NASSIT contributions would be accounted for correctly in EDSA's books on monthly basis and control account would be reconciled accordingly."*

#### **6.22.23 Long Outstanding Uncleared Balances with Banks**

It was observed that unpresented cheques to the sum of Le38,677,047,310 for 2015, were not cleared after six months. It was therefore recommended that management should investigate these transactions to ascertain whether they are as a result of fraud or error and take appropriate action to clean up the balances. Management should also design and implement controls surrounding the preparation, review and approval of bank reconciliation.

#### **Official's Response**

*The DG in responding said: "All bank reconciliations at 31st December 2015 have now been reviewed and the necessary adjustments have been passed for long outstanding items."*

#### **6.22.24 Differences Between Cashbook Balances and Trial Balance**

It was noted that the cashbook balances for the following bank account balances were different from balances on the trial balance by an amount of Le 1,949,310,797. It was therefore recommended that accurate balances are maintained by the Authority for its cash balance both in its cashbook and trial balance.

#### **Official's Response**

*The DG mentioned that the necessary adjustments had been passed to bring the general ledger in line with the correct cashbook balances.*

#### **6.22.25 Confirmation of bank account balances not recognised by the Authority's book**

It was observed that two account balances confirmed by Rokel Commercial Bank (RCB) were not accounted for in the books of the Authority. It was recommended that the Authority should ensure that all bank accounts kept by their bankers were accounted for properly in their books, and effective bank reconciliation statements prepared and monitored.

#### **Official's Response**

*The DG maintained that the confirmed accounts of RCB were not accounts held by the Authority, but were accounts of the former National Power Authority, the statements of which were available for inspection.*

#### **Auditor's Comment**

The bank did confirm these accounts in the name of EDSA.

#### **6.22.26 Trade Payables controls and accounting issues- Completeness, Existence and Accuracy of Trade Payables**

Review of local trade payables revealed that suppliers' reconciliation statements were not prepared and this resulted to the difference of Le66,280,000 between the total for local trade payables in the trial balance and the books. It was recommended that a monthly suppliers reconciliation statement should be prepared and reviewed by the appropriate authorities.

##### ***Official's Response***

*The DG in replying said: "In the past it has proved challenging to receive statements from our suppliers and to reconcile balances on a regular basis. As part of the new controls to be introduced, however, the officer-in-charge of Accounts Payable will be responsible for reconciling all major suppliers on a monthly basis and for immediate follow-up of reconciling items."*

#### **2.22.27 Double Payment to the Same Supplier**

Review of bank reconciliation statement revealed that Le57,000,000 was transferred to the same supplier on the same date for the same transaction using two banks for the payment. It was recommended that management should actively investigate those payments in order to ascertain whether they were as a result of fraud or error. Management should also design and implement controls surrounding payments of suppliers.

##### ***Official's Response***

*The DG in his response said: "The payment voucher for Union Trust Bank (UTB) was cancelled, but we failed to cancel the transaction in our cashbook, which appeared on the bank reconciliation statement as an unpresented cheque. This transaction did not go through the bank, because it was not in fact a double payment. We have, however, put procedures in place to ensure that such misstatements do not occur in future."*

#### **2.22.28 Information Security Policies and Procedures**

We noted the existence of various information security policy documents at EDSA Sierra Leone. As indicated in the policies, their aim is to ensure a consistent use of ICT services for the benefit of the Authority, staff and ICT systems data and equipment. The various policies amongst others include:

- Access Control Policy.
- Information Security Policy.
- Malicious Code Prevention.
- Network Access Policy.
- Software and Hardware Acquisition.
- System Operations & Administration Policy.

Section 1.4 of the Information Security Policy "Policy Review" also states that "There will be an Information Security Steering Committee comprising of ICT Manager and other senior officers. The Information Security Steering Committee will review these policies annually for organisational appropriateness, accuracy with the state of technology and compliance with legal and regulatory requirements."

Even though information security policies exist, inspections and interviews conducted, revealed the following weakness:

- The IT Security policies in use at EDSA became effective on the 9<sup>th</sup> August 2013 and had not been reviewed since inception neither any date of future review proposed.
- Signatures of the BOD and developers of the policy were not appended on the policy document as evidence that it was reviewed and approved by top management.

- There were no formal user awareness trainings performed during the period under review and this was confirmed by discussion held with three individuals stating that they were not aware of the IT Security Policies.

It was recommended that management should regularly review, update, approve and adopt the current Information Security Policy governing employees at EDSA, and therefore the policies should be approved by senior management. Management should also maintain an ongoing schedule of trainings on information security to ensure that both new and existing users are aware of their information security responsibilities, common and emerging security issues. This can be done through the local intranet, seminars, etc.

### **Official's Response**

*The DG in his response said: "These policies and procedures were signed by NPA, during the former ICT manager's time and were in front of the former board of directors of EDSA for review and signature when they were removed from office. However, these policies will be presented to the new board for review and approval as soon as they are appointed."*

### **6.22.29 Physical Access**

Reviews on the Access Control Policy revealed that section "2.4: Controlling Physical Access" detailed policies regarding physical access to data centre and other sensitive areas. Access to the server room, computer room, and work areas containing sensitive information must be restricted to only authorised personnel. All staff with personal offices must close the doors when these offices are not occupied. The server room resides on the first floor of the EDSA building at Murray Town. Access to it is via the main ICT office. Our inspection of the server room, revealed the following:

- Servers were placed on racks.
- There were two racks hosting the business/application servers.
- There was a rack where various servers were placed.

It was however noted that an access register had not been deployed and thus was not available for our review. Also access to the server room was via an ordinary key lock which made access easy. We also observed the absence of smoke detectors, fire alarm system and CCTV camera to monitor entry and exit of people into the server room. It was recommended that management should develop a detailed policy on physical security for its computers and related equipment including servers. Management should also ensure that the use of an access register is enforced, with provisions to capture sufficient details (name, date, and time of entry, time out, activities and signature) and the register should be reviewed periodically. CCTV camera should be installed at the data centre for prompt monitoring of activities. Smoke detector and fire alarm system should also be installed.

### **Official's Response**

*The DG said in his response "There was an access log register at the disaster recovery site during this period under review but due to the fire incident, we were instructed to leave the building at Siaka Stevens Street and move to a temporary office while reconstruction is being carried out. This is the main reason why all the CCTV cameras and other equipment were uninstalled."*

## **6.23 CENTRAL INTELLIGENCE AND SECURITY UNIT 2014-2015**

### **6.23.1. No business continuity and disaster recovery plan**

There was no evidence of an approved business continuity and disaster recovery plan. As a result, backups were kept in-house instead of offsite. This practice was unsafe, considering the nature of the Unit's operation and may lead to loss of pertinent data. It was recommended that the Director of Administration and Finance should develop and implement business continuity and disaster recovery plan

that will ensure its information technology infrastructure and support the recovery of its operational process after a disruption or disaster.

#### **Official's Response**

*The Director of Administration and Finance in responding said "Institution is in advanced stages of consulting a reputable international IT consulting firm that has designed a records and information management system which has disaster recovery solutions. Evidential documentation of engagement with the company are available."*

#### **Auditor's Comment**

No documentary evidence was submitted to confirm the engagement of an IT firm to deal with the institution's information management system needs. The issue therefore remained unresolved.

### **6.24 NATIONAL MINERALS AGENCY-2015**

#### **6.24.1. Residual amount from valuation not transferred into the CRFA**

During the period under review, the sum of Le1,778,796,979 was collected as valuation fees. From a review of payment records, it was observed that only Le1,421,053,200 was paid to the independent valuers, based on the contract, giving a difference of Le357,743,779 which was not paid back to the CRFA. It was recommended that the Director of Finance should ensure that the amount of Le357,743,779 was paid back to the CRFA within 15 days upon receipt of the report.

#### **Official's Response**

*The Director General (DG) in his response said "Artisanal diamond exporters pay 3% royalty to the Government. This has been historically allocated by the Ministry of Mines and Mineral Resources as follows: 25% to the consolidated revenue fund, 25% to the Diamond Area Community Development Fund (DACDF), 25% to fund former Government Gold and Diamond Office (now NMA) operations, 15% to the Independent Valuers, and 10% to the Mines Monitoring Officers."*

*The NMA's contract with the Independent Valuers is for a fixed fee of \$21,000 per month. As diamond exports fluctuate monthly, the actual payment to the Independent Valuers each month could be more or less than the provision of 15% of the 3% royalty collected. If there is a surplus, the NMA retains the funds to make up for months when there is a deficit."*

#### **Auditor's Comment**

The auditors were not provided with any evidence to confirm the circumstance described in the management response. It was however advised that a buffer amount should be determined and set aside with approval from the Board to take care of any shortfall in revenues to meet future payment to the independent valuers. Any excess of this amount must be transferred into the CRFA. The issue therefore remained unresolved.

#### **6.24.2. Amount owed in respect of Diamond Royalties and Community Development Fund**

Section 138 of the NMA Act, 2012 states that "the holder of a small scale or large-scale mining licence shall assist in the development of mining communities affected by its operations to promote sustainable development, enhance the general welfare and the quality of life of the inhabitants".

It was observed that even though the mining companies had fulfilled their obligations of paying this amount to the Agency, there was no evidence of payment to the respective communities for amounts which totalled Le2,849,677,854. This amount had been long outstanding and remained unchanged over the years

#### **Official's Response**

*The DG in his response said "The Agency commenced operations in February 2013. During that year, the Agency received subventions from MoFED amounting to Le3,000,000,000 for salaries and Le1,075,000,000 for recurrent expenditure."*

*In 2013, the Agency's actual expenditure on staff remuneration and Board allowances amounted to Le9,626,057,188. Actual recurrent and capital expenditure for 2013 amounted to Le2,382,992,416.*

*Several engagements by the NMA with the Ministry of Mines and MoFED to address the issue of budget certainty for the NMA did not resolve the matter and NMA was faced with possible collapse in the very first year of its operation. Management was therefore left with no alternative but to withhold some statutory payments to the CRFA and DACDF to bridge the gap between subventions received from MoFED and actual payments by the NMA for staff salaries and recurrent expenditure.*

*The issue of budget certainty for the NMA has still not been addressed. The NMA is now working with MoFED and the Ministry of Mines to implement the concept of the Treasury Single Account (TSA) as provided for in the Public Finance Management Act, 2016. The NMA is working closely with the Accountant General to start transferring all revenue collected from the minerals sector into the TSA. However, agreement has not yet been reached on what percentage of that will be allocated to the NMA to fund its operations. This is the subject of a Cabinet Paper that the Ministry of Mines is currently working on."*

#### **Auditor's Comment**

The auditors were not provided with any evidence of approval from MoFED for withholding some statutory payments to the CRFA and DACDF to fund the operations. The issue therefore remained unresolved.

#### **6.24.3. End of service benefit paid to a board member**

The sum of Le25, 263,159 was paid to a board member as end of service benefit. The audit team was not provided with any justification for the payment of end of service benefit to board members. It was therefore recommended the Director of Finance should provide justification supported by documentary evidence for the payment of the said sum.

#### **Official's Response**

*The DG in his response said ".....In accordance with the National Minerals Agency Act, 2012, it is the Minister of Mines and Mineral Resources who approves the remuneration of Board Directors. The Agency has on file letter from the Ministry of Mines and Mineral Resources giving the Minister's approval for payment of end of service gratuity to Board Directors equivalent to one month's pay for every completed year of service."*

#### **Auditor's Comment**

We note the comment on the decision taken by the Board to stop the payment of end-of-service benefits to contract staff. The issue will be followed up in subsequent audits.

On the issue of end-of-service benefits paid to a Board member, we want to reiterate that Board members are not permanent employees and should therefore not be paid end-of-service benefits. The issue therefore remains unresolved.

### **6.25 PETROLEUM REGULATORY AGENCY-2015**

#### **6.25.1. Financial Policy**

The Agency did not have a financial manual. It was therefore recommended that management should put in place a financial manual for proper internal control.

#### **Official's Response**

*The Executive Chairman (EC) in his response says: "We accept that there is no financial manual but currently prudent financial systems are in place to control all financial transactions of the Agency to avoid loss and/or wastage in the system. Management will however consider the development of a Financial Manual."*

### **6.25.2 Accounting system**

The Agency is using a manual accounting system for the preparation of its income and expenditure and other reports. It was recommended that management should try and secure an accounting package for preparation of timely and accurate reports.

#### ***Official's Response***

*The EC in his response says: "We agree that the Agency is using a manual accounting system. We wish to point out that this is the first audit since the Agency was formed and we would now rely on you to recommend to us an appropriate accounting software package."*

### **6.25.3 No internal audit function**

There was no active internal audit function within the agency. It was recommended that management should take action to establish an active internal audit unit within the Agency.

#### ***Official's Response***

*The EC in his reply says: "We do not have an internal audit department within the Agency. As we are gradually expanding, management will put forward the issue of an internal audit department to the Board for necessary action. At present, effective internal control measures are in place to prevent misappropriation of funds."*

### **6.25.4 Preparation of the financial statement**

The auditors were not provided with sufficient explanation as to why management prepared the Agency's accounts based on income & expenditure instead of IAS 1 presentation wherein capital and revenue expenditure were separated. It was recommended that since the Agency is a public office, it should follow the IAS 1 presentation of its annual account or IPSAS cash if applicable.

#### ***Official's Response***

*The EC said that the recommendation was noted for management's action.*

### **6.25.5 Statutory deduction**

Discrepancies were observed for various months of PAYE computation for the period under review. The net effect of this was an under payment of Le8,175,095 to the National Revenue Authority. It was recommended that accurate calculation and filing of all tax returns at the appropriate time should be considered at all times.

#### ***Official's Response***

*The EC in his response says: "The Income Tax Department effected changes to the various thresholds in the tax table without our knowledge. When we noticed the difference, we contacted the Commissioner of Income Tax and we were briefed accordingly. Since then, the tax is being deducted correctly and we are now putting measures in place to pay the difference of Le 8,175,095 immediately."*

## **6.26 ENVIRONMENTAL PROTECTION AGENCY -2016**

### **6.26.1. Separation of income documentations in the file**

We observed that two separate files one for customers' invoices along with other supporting documents and the other for receipts were maintained in the same file. It was recommended that all documentation relating to one accounting head or the other be filed together in a systematic manner to ease retrieval by any third party without disrupting the day-to-day operations of the Agency. The Agency should ensure that the adopted filing system should be done in a manner that eases the retrieval and tracking of transactions as required.

**Official's Response**

*The Executive Chairperson (EC) stated that the said filing system was already in place effective July, 2017. Both the invoices and their corresponding receipts had been re-arranged systematically to ensure ease of reference and retrieval.*

**6.27. SIERRA LEONE BROADCASTING CORPORATION - 2015****6.27.1. Payment Vouchers without relevant supporting documents**

Payment vouchers to the value of Le115,346,150 did not have receipts attached and in some instances one proforma invoice was attached while some PVs did not have proforma invoices attached. It was therefore recommended that third party documentation as evidence of payments should be made available for audit inspection.

**Official's Response**

*The Director General (DG) in his response says "Management acknowledges the auditor's finding that during the audit exercise some receipts were not attached to the payment vouchers and this was due to wrong placement of the said receipts. However, these receipts have been traced by our Finance Department and they are now ready for your inspection."*

**Auditor's Comment**

During our verification process, it was noted that some payment vouchers were still outstanding without receipts.

**6.27.2. Cash and bank balances**

During the year under review, bank reconciliation statement was not prepared. It was recommended that monthly bank reconciliation should be carried out and checked by an appropriate authority.

**Official's Response**

*The DG in his response said "Management observes that November and December during the year under review, both cash book and bank reconciliation statements were not prepared, reviewed, approved and filed by the appropriate authority due to the late submission of our bank statements. However, the Finance Department has prepared this reconciliation statement on a monthly basis and now available for your review."*

**Auditor's Comment**

This matter is still outstanding as bank reconciliation statements were not presented for verification.

**6.27.3. Property, Plant & Equipment**

Despite previous recommendations, we were unable to verify fixed assets as there was no fixed assets register for the period under review. This was due to the fact that the officer in charge lacked basic understanding of what to do and what was classified as fixed assets. It was recommended that management should take action on the comments and recommendations in the 2011-2015 management letters pointing this issue.

**Official's Response**

*The DG in his response said "We noted your previous recommendations concerning our Fixed Asset Officer and immediately, management hired another well trained and qualified Asset Officer to manage the assets of the Corporation. We assure you that such will not occur in subsequent audit."*

**Auditor's Comment**

This matter is still outstanding as the audit recommendations have not been implemented.



#### **6.27.4. Salary advances and loans**

There was no written policy on staff loans and advances, resulting in additional loans and advances being given to employees even though they had not liquidated previous loan/advance balances. It was recommended that management should facilitate the process of drafting a policy on loans for approval by the Board.

#### ***Official's Response***

*The DG said that shortly before the audit, the Corporation had already drafted staff loans and advances policy awaiting Board and Management approval and that document was available for inspection.*

#### **Auditor's Comment**

This matter is still outstanding as the document was not available for verification.

### **6.28. SIERRA LEONE'S STANDARDS BUREAU-2014**

#### **6.28.1. Control over property, plant and equipment**

The Bureau did not maintain an updated fixed assets register as some donated assets did not reflect in the fixed assets register. In addition, some of the assets like technical equipment were not coded to facilitate identification. It was recommended that assets especially moveable ones should be coded with reference numbers (which should also be recorded in the assets register) so as to facilitate identification and access whenever required. Assets should also be individually recorded based on the code provided and be promptly updated in the assets register.

#### ***Official's Response***

*The Executive Director (ED) in his response said "The Bureau maintains an updated fixed assets register. Some assets donated to the Bureau were not included in the fixed asset register as the costs of those assets were yet to be determined.*

*It was also observed that some technical equipment were not coded. This is true as some of the technical equipment were not supplied with their accessories. The Bureau is still awaiting the supply of accessories for some of the technical equipment before registering and coding them, as the costs of those accessories would give a full picture of the total cost of the equipment.*

*Management has noted the observation and immediate action will be taken to ensure that as soon as the accessories for the technical equipment are received, all assets of the Bureau will be coded to facilitate easy identification."*

#### **6.28.2. Absence of a procurement unit**

The Bureau did not maintain a procurement unit. It was recommended that management should endeavour to set up a procurement unit as required by the Procurement Act, and ensure that such a department is staffed with trained and knowledgeable persons in the area of procurement, and that such a department operates independently of other departments. All procurement activities should also be channelled through that department.

#### ***Official's Response***

*The ED in his response said: "The Bureau did not maintain a procurement unit during the period under review. Procurements were carried out in consultation with the National Public Procurement Authority for advice. However, a procurement unit has now been established to carry out all procurements in line with the Public Procurement Act."*

#### **6.28.3. Segregation of duties**

The Bureau has a team of inspectors from the Meteorological Department that goes out on a daily basis to inspect goods in order to ascertain they are fit for human consumption and further ensure that the guidelines of the Bureau were adhered to. These inspectors also collect cash for services rendered on

behalf of the Bureau. However, there was no representative from the Accounts Department that was involved in such an exercise as required.

Lines of responsibilities were also not clear between the Finance and Metrological Departments, as it appeared that some of the functions performed by these inspectors should have been handled by the Finance Department. It was recommended that in future, the inspection team should include a representative from the Accounts Department that should be charged with the responsibilities of collecting cash and issuing out receipts.

#### **6.28.4. Filing system for expenses**

The filing system of the accounting records for expenses was unsatisfactory. It was recommended that separate files should be maintained for different types of documents, transactions and all financial information including correspondence should be properly filed with all relevant supporting documents attached to their respective payment vouchers and sequentially referenced.

#### ***Official's Response***

*The ED stated that there had been improvement in the filing system for expenses of the Bureau, adding that the Bureau will ensure that documents were properly filed for easy access of information.*

#### **6.28.5. Monthly financial statements for management**

The management is not presently receiving on a consistent basis, any reliable financial information necessary for the control of the financial affairs of the Bureau. It was recommended that management should define its financial information needs and coordinate this requirement with the department. At a minimum, monthly financial statements including comparative balance sheet, income and expenditure statement and cash flow statement should be prepared and submitted to the Executive Committee by the 15<sup>th</sup> of each month.

#### ***Official's Response***

*The ED in his response says: "The Finance Department of the Bureau does not prepare monthly financial statements. It however prepares quarterly financial statements for management, the National Standards Council and the Accountant General's Department. This has been the normal reporting status. As recommended, the Bureau shall endeavour to prepare monthly Financial Statement for Management".*

#### **6.28.6. Debtors' aging report**

The Bureau did not maintain any documentation that would enhance the management of its receivables. It was recommended that a debtors' aging report should be prepared monthly and be managed by an appropriate level of management. This reporting tool will assist in the early identification of defaulting debtors.

#### ***Official's Response***

*The ED mentioned that the Bureau maintains a debtors' register which helps in the recovery of monies owed to the Bureau. He added that receivables are well managed and the debtors' register was updated on a monthly basis for the benefit of management.*

### **6.29. STATISTICS SIERRA LEONE 2014-2015**

#### **6.29.1. Payments without adequate supporting documents**

Payments made for 2014 and 2015 which amounted to Le65,963,950 and Le44,498,625 respectively were not backed by adequate supporting documents. It was recommended that the Director of Finance should submit the necessary supporting documents for audit verification within 15 days upon receipt of the

report and in future, complete documentation should be maintained in respect of all disbursements undertaken.

**Official's Response**

*The Statistician General (SG) stated that complete documentation in support of the payments were available for inspection.*

**Auditor's Comment**

Relevant supporting documents to the tune of Le20,650,000 and Le13,684,625 for the years 2014 and 2015 respectively were submitted leaving a balance of Le45,313,950 and Le30,814,000 respectively for which adequate supporting documents were not submitted. The issue therefore remains partially unresolved.

**6.29.2. Breach of procurement procedures**

Procurement of computer consumables and motor bikes which totalled Le141,948,400 for the first quarter in 2014 was split into separate tranches in order to evade the National Competitive Bidding(NCB)procurement method. Furthermore, it was observed that toner cartridges, desktop, filing cabinets and UPS for an amount of Le114,455,000 were procured using request for quotation (RFQ) method instead of NCB. It was recommended that the head of procurement should provide documentary evidence to justify why procurement were not done using the NCB method within 15 days upon receipt of the report; and in future, the Procurement Committee should develop a proper procurement plan that will enhance bulk buying which will in turn promote economy, efficiency and effectiveness in the procurement process.

**Official's Response**

*The SG mentioned that documentary evidence for the procurement of computer consumables and motor vehicles were available for inspection. Procurement of toner cartridges, desktop, filing cabinets and UPS which was done with a framework contract also has documents available for inspection.*

**Auditor's Comment**

The issue remains unresolved as no records were produced to contradict the audit findings.

**6.29.3. Inconsistent use of RFQ for procurement that required request for quotation procurement method**

RFQs were not used consistently for procurement which required the use of this method. From a sample of procurement activities reviewed for 2014 and 2015, procurement valued at Le 192,003,500 and Le103,205,500 respectively were undertaken without the use of RFQs.

It was recommended that the SSL must use this method consistently for all procurements that require the use of RFQ.

**Official's Response**

*The SG stated that request for quotations for the queried procurement mentioned were available for audit inspection. He added that the SSL will continue to comply with the National Public Procurement Act.*

**Auditor's Comment**

There was no evidence of request for quotations for the queried procurement transactions. The issue therefore remains unresolved.

**6.29.4. Advance payments exceeding thirty percent of total contracts values**

Section 135(3) of the Regulations on Public Procurement 2006 states: "The total amount of an advance payment shall not exceed thirty percent of the total contract price."

It was however observed that the SSL made advance payments of more than 30% amounting to Le142,306,931 and Le 93,812,500 for various contracts during 2014 and 2015 respectively. Of utmost importance was the fact that Advance Payment Guarantees (APGs) or any other form of security in respect of these advance payments were not submitted for audit inspection. Furthermore, it was observed that the SSL did not submit any evidence of delivery notes and certificates of work completion to confirm that the procured goods had been supplied and services paid for had been rendered. It was recommended therefore that the Director of Finance should provide reasonable justification supported by documentary evidence for payments made above the 30% threshold. In future, he should ensure that the dictates of section 135(3) are followed to the letter and that APGs are received in respect of advanced payments.

***Official's Response***

*The SG mentioned that the advance payment guarantee for the aforementioned procurement were available for audit inspection. Delivery notes and certificates of work completion were also available for audit inspection.*

**Auditor's Comment**

A document showing advance payment was seen, however the issue of an advance payment exceeding 30% remained outstanding as no formal evidence was produced to justify that anomaly. The issue therefore remains unresolved.

**6.29.5. Procurement documentation not submitted for services procured during 2015**

The Council awarded a contract valued at Le 548,975,000 during 2015 to Fortune Electricals for the rewiring of the SSL offices. The procurement documentations for this contract were not submitted for audit inspection. It was recommended that the head of procurement should submit these procurement documents for audit inspection within 15 days upon receipt of the report.

***Official's Response***

*The SG stated that the procurement documents for the Fortune Electricals contract were available for audit inspection.*

**Auditor's Comment**

During verification, with the exception of contract agreement that was submitted, other relevant procurement documents relating to the said amount were not submitted. The issue therefore remains unresolved.

**6.29.6. Approved basis of calculation of responsibility allowance was not submitted**

The terms and conditions of service of the SSL states that: 'Responsibility Allowance shall be paid to all senior management and head of sections at a rate proposed by Management and approved by Council'. Review of the financial statements noted that responsibility allowances of Le139,850,000 and Le 109,201,000 for 2014 and 2015 respectively as disclosed in the financial statements were paid to the various personnel. However, the basis of calculation and approval by the Council was not provided to the audit team. It was recommended that the Director of Finance should provide the basis of calculation and approval by the Council.

***Official's Response***

*The SG stated that the basis for calculating responsibility allowance was available for audit inspection.*

**Auditor's Comment**

Records regarding the agreed calculation and approval on the above subject were not submitted for verification. The issue therefore remains unresolved.

#### **6.29.7. Revenue from the sale of bidding documents not brought to account**

A bid register recording sale of bidding documents was not submitted for audit review. From a review of procurement records submitted for audit inspection, it was observed that an amount of Le 5,700,000 in respect of the sale of bidding documents was neither recorded in the Institution's books of accounts nor was any supporting document submitted to justify the utilisation of such funds.

It was recommended therefore that the Procurement Officer should ensure that the amount in question is paid back into the Institution's account and the relevant pay-in-slip forwarded to the ASSL for verification. In future, the Director of Finance should put in place measures to ensure that funds received from the sale of bidding documents are adequately brought to account.

#### ***Official's Response***

*The SG stated that the documentation relating to bid register and the amount collected in respect of the sale of bid documents were available for audit inspection.*

#### **Auditor's Comment**

Supporting documents justifying the utilisation of the funds were submitted for verification. However, the bidding register and reflection in the books of accounts was not evidenced. Therefore this issue remains partially unresolved.

#### **6.29.8. Absence of a comprehensive fixed assets register**

The fixed assets register submitted for audit was not reconciled to the amounts disclosed in the financial statement. This was due mainly to the fact that the SSL did not update the register with some assets bought during the year. Furthermore, some assets verified at the head office were missing in the register and those assets coded in the fixed assets register were not physically found in the locations stated in the register. This made it very difficult for the audit team to verify the existence and completeness of the assets disclosed in the financial statements for the year 2014 and 2015. It was recommended therefore that the SSL should develop and maintain a comprehensive fixed assets register which must be regularly updated to record any movements by way of addition or disposal. In addition, the financial statements should be reconciled to the fixed assets register; otherwise, the accounts will be qualified.

#### ***Official's Response***

*The SG said that the comprehensive fixed assets register is available for audit inspection.*

#### **Auditor's Comment**

A fixed assets register was made available for inspection. However, the unreconciled amount disclosed in the financial statement remained outstanding. The issue therefore remains partially unresolved.

#### **6.29.9. Audit committee not maintained**

The SSL did not maintain an audit committee. As a result, all reports relating to internal audit activities were sent directly to the Statistician General who was also responsible for the executive management of the institution. It was recommended that the SSL should establish an audit committee to which all internal audit reports should be addressed for necessary action to be taken.

#### ***Official's Response***

*The SG said that an Audit Committee has now been established by the SSL Council and will commence effective work in 2017.*

### **Auditor's Comment**

An Audit Committee is yet to commence operations. The issue therefore remains unresolved.

### **6.29.10. No approved audit manual**

An approved audit manual was not presented to the audit team for inspection. It was therefore recommended that an approved audit manual should be submitted for audit inspection.

### **Official's Response**

*The SG mentioned that the audit manual has been developed and is awaiting management's approval for full implementation in 2017.*

### **Auditor's Comment**

A draft Audit Manual was evidenced during the verification. However, the issue remains outstanding since it has not been approved by management of the SSL.

## **6.30. NATIONAL TOURIST BOARD SIERRA LEONE 2014 - 2015**

### **6.30.1. Fixed assets register not properly maintained**

The Board's fixed assets register was not up-to-date. We discovered that the net book value of the assets rather than the costs and accumulated depreciation of the assets were recorded in the register. This resulted in the net book value being used to calculate the depreciation charge. It was therefore recommended that the fixed assets register opening balances should be updated within the cost of individual assets and the related depreciation and accumulated depreciation. Reconciliations of the balances of the fixed asset register and the general ledger should be performed on a regular basis. Any differences should be followed up promptly. Management should ensure that in calculating depreciation on its fixed assets, the cost of the assets should be used and not the net book value of the assets.

### **Official's Response**

*In his response, the General Manager (GM) says: "The observations and recommendations of the audits are legitimate and well noted. In light of the foregoing, management is pleased to report that the fixed assets register for National Tourist Board, has been prepared in accordance with the IPSAS 17. Going forward, we shall endeavour to implement the recommendations of this audit which are in line with IPSAS 17-Property, Plant and Equipment to ensure that the fixed assets register are regularly updated and well kept."*

### **6.30.2. Review of bank reconciliation statements**

The amounts in the cashbook on the bank reconciliation statements for the period ended 31<sup>st</sup> December, 2014 and 2015 did not correspond with the amount on the trial balance for the same date. They were nevertheless approved by the GM. It was recommended that action be taken to reconcile all the bank accounts which may reveal errors or omissions occasioned by fraud or otherwise. Management should also ensure that the preparations of bank reconciliation statements are done on monthly basis.

### **Official's Response**

*In his response, the GM says: "The management of the Board received the observations on the discrepancies between the cashbook on the bank reconciliation statements for the periods ended 31<sup>st</sup> December, 2014 and 2015 and the amount on the trial balance for the same date. Nevertheless, we want to make it clear that, the Board did prepare bank reconciliation statements (BRS) for the period under review (2014 and 2015 financial years) on a regular basis. What happened was that we were modernising our accounting systems from manual/excel to a specialised accounting software (QuickBooks). As a result of that, we encountered challenges preparing bank reconciliations in the QuickBooks to ensure that the closing bank*

*balances in the BRS-excel version agrees with the balances and general ledger in the QuickBooks. However, NTB is pleased to report that, the relevant ledger balances have been reconciled to the balances in the general ledger.”*

### **6.30.3. Payment of salary to leavers**

The names of two staff members whose services had ended with the Board still appeared on the payroll even after they had left. It was recommended that the Board should review its own processes and the capacities of the individuals handling the payroll. If the end of service benefits had not been paid, the Board should consider recovery of those fraudulent payments.

#### ***Official's Response***

*In his response, the GM says: “The observations and recommendations above are well noted, nevertheless, management wishes to present the following explanations:*

- *One staff resigned in October 2014, but due to the overwhelming nature of the Seaweed invasion on the Lumley Beach and the facts that the festive periods in December 2014 were fast approaching, management was constrained to approve his resignation until November 2014.*
- *Another staff retired in March 2014, but was given an opportunity to stay until May 2014 to ensure a smooth transition from one administration to another.”*

### **6.30.4. Expenses of vehicle**

A vehicle with registration number AKE 477 was expensed and therefore was not part of the fixed assets register of the Board. It was recommended that management should perform a fixed assets verification to ensure that all assets purchased over the past few years were included and senior and competent personnel allowed to review the work of the subordinate.

#### ***Official's Response***

*In his response, the GM says: “Management receives the observations and recommendations listed above well, and has already corrected the error in the accounts. However, management wishes to inform you that we shall continue to train and ensure effective monitoring/supervision of the work of our employees regularly. Meanwhile, management is seeking to buy a robust accounting software that is programmed for restriction of access and levels of authorisation in processing of economic events.”*

### **6.30.5. Staff salaries advances/loan**

According to Section 35 of the National Tourist Board Staff rules and regulations;

- Management may approve salary advance of one-third of the employee's monthly salary.
- Management may approve on certain terms, short term loans not more than the monthly salary of an employee.
- Any advance above staff monthly salary should be approved by the Board stating terms of repayment

Some staff that benefitted from loans were not compliant. It was recommended that management should ensure that they adhere to the rules and regulations of the organisation.

#### ***Official's Response***

*In his response, the GM says: “The observations and recommendations are valid and true. However, management wishes to state that, the loan to these employees were granted on compassionate grounds(as some staff were flood victims, some lost their houses to the demolition of illegal exercise; others have to pay admission fees in colleges or other emergencies). Management commits itself to do all that is necessary to prevent such practices from reoccurring.”*

### **6.31. FINANCIAL INTELLIGENCE UNIT- 2016**

*Review management issues for the year 2015*

#### **6.31.1. Non maintenance of a fuel policy and external back-up**

A fuel policy and external back up were not maintained for the period under review. It was recommended that timely consideration should be given to matters raised by the auditors.

#### ***Official's Response***

*The Director stated that the fuel policy was in its draft form during the audit period and that management was seeking financial assistance to enable the Unit make that provision.*

#### **6.31.2. Procurement Issues**

Section 45 of the Public Procurement Act 2004 sets out the basic procedures for request for quotation. It was however noted that local purchase orders for the following procurement activities were not signed by the Procurement Officer and the supplier.

- Procurement for the supply of Christmas cards-Le3,000,000.
- Procurement for the supply of printers (black and white, multi-purpose)-Le14,000,000.
- Procurement for cabling and configuration-Le8,250,000.

It was recommended that all LPOs should be signed by both the Procurement Officer and the supplier(s).

#### ***Official's Response***

*The Director in his response says: "Local purchase orders are always signed by the Director and a copy is kept in the file before they are dispatched to the various suppliers. The practice has been for the supplier to only sign and keep the copy which he receives from the Unit and proceed with issuing the supply. The Unit however, takes your advice to ensure that even the file copy is signed by the supplier."*

#### **6.31.3. Violation of the Anti-Money Laundering Act, 2012**

Section 4(1) of the Anti-Money Laundering and Combating of Financing Terrorism Act, 2012 states that: "The Inter-Ministerial Committee shall meet for dispatch of business at the time and place the chairman may decide but shall meet at least once a month". During the course of our audit exercise, we were provided with only one set of minutes of management meeting for the period under review. It was also noted that the minutes of management meeting held every week were not signed by both the secretary and the Managing Director. It was recommended that regular meetings of Inter-ministerial Committee be held with proper decision making regarding assisting the operations of the Unit. In addition, all minutes of meetings held should be signed and approved by appropriate authorities and file for reference purposes.

#### ***Official's Response***

*The Director in his response says: "On the contrary, the Inter-Ministerial Committee has even recommended for Act to be amended, thereby scheduling their meeting for once every quarter as their work schedule cannot afford them the luxury of frequent meeting as required by the 2012 Act. Management has taken the audit recommendation in good faith and has started having the minutes signed by both the secretary and Director."*

### **6.32. OFFICE OF NATIONAL SECURITY 2014-2015**

#### **6.32.1. Imprest payment not retired**

Imprest totalling Le474,456,000 and Le114,330,000 for 2014 and 2015 respectively were not retired. It was recommended that the Director of Finance and Administration should submit the retirement details



that support the utilisation of these imprests to the ASSL for verification within 15 days of receipt of the report.

### **Official's Response**

*The National Security Coordinator in his response said "We note your comments; the relevant retirement details with some supporting documents are now available for audit verification. The others, however relate to covert operations for which supporting documents such as receipts were not obtained."*

### **Auditor's Comment**

During the verification, we were only provided with retirement details in support of Le58,153,000 for 2015, leaving a balance of Le56,177,000 unsupported. In addition, retirement details were provided in support of Le316,304,000 for 2014, leaving a balance of Le158,152,000 unsupported.

### **6.32.2. Non-current asset not recognised in the Financial Statement**

Three motor vehicles and thirty motorcycles were donated to the Unit in 2014 and 2015 respectively. It was however observed that these items were not capitalised and recognised in the financial statements. It was recommended that the Director of Finance and Administration must ensure that the assets in question were properly valued and reported in the financial statements.

### **Official's Response**

*The National Security Coordinator stated that vehicles and motorbikes donated were used ones. It was therefore difficult to determine values for them. He mentioned that the only option was to hire the service of a valuer which as management, they thought the cost of hiring the service of a valuer will outweigh the benefit.*

### **Auditor's Comment**

We were not provided evidence to show management's attempt to place values on the donated assets and the subsequent recognition in the financial statements. The issue therefore remains unresolved.

## **6.33. SIERRA LEONE HOUSING CORPORATION- 2011-2013**

### **6.33.1. Control over property, plant and equipment**

The following were noted:

- The Corporation did not have a specific policy for the capitalisation of property, plant and equipment. Assets were capitalised based on the management's discretion.
- Assets were not tagged in order to facilitate identification.
- No physical verification of assets was done during the period.
- Although aggregate items of assets were recorded in the assets register, the register however did not have reference numbers for referral to the payment vouchers.

The following were recommended:

- The Corporation introduced a capitalization policy for assets which set the minimum cost and useful lives of the assets to be capitalized.
- All major assets should be tagged with reference numbers (which should also be reflected in the property, plant and equipment register) so as to facilitate identification of assets whenever required.
- Regular (e.g. bi-annual) physical verification of assets should be performed. The results of each physical verification should be reconciled with the detailed assets register as well as the general ledger. Any discrepancies should then be immediately investigated.
- Items of assets should be individually recorded based on the tagging number and they should be promptly updated in the assets register.
- The assets register should include a reference to payment vouchers.

#### **6.33.2. Fixed asset insurance**

The Corporation had not insured its property, machinery and equipment. It was recommended that the Corporation should adequately insure all its significant fixed assets.

#### **6.33.3 Accounting and other procedural manuals**

The Corporation did not maintain operations manuals that would serve as a daily guide for every department's day-to-day tasks. The finance manual which had been maintained for over 25 years had not been updated to reflect recent developments in the areas of accounting measurement and reporting. It was recommended that procedural manuals for all operations should be prepared, reviewed and approved by the Board. The operations manual if established would guide all the institution's activities in line with international best practice.

#### **6.33.4 Accounting Systems**

It was noted that accounts were manually prepared using Excel instead of an accounting software. The use of such a manual method could lead to incompleteness of the accounting records, and inaccurate records keeping. It was recommended that the Corporation should endeavor to use appropriate accounting software to prepare its accounts.

#### **6.33.5 Long Outstanding payables**

There were long outstanding payables for over five years in the books of the following accounts:

Description	Amount Le (000)
Micro Credit Loan	50,000
Sewage Loan	20,000
Corporation Tax	118,328

It was recommended that management should ensure that all long outstanding payables should be cleared and transactions must affect their actual substance and not form.

#### **6.33.6 Long outstanding receivables**

It was noted that long outstanding receivables for over five years were still in the books of the under-mentioned accounts. However, based on discussion with management, a provision of 80% had been made.

Description	Amount Le (000)
OAU Villas	1,867,372
Kissy Low-Cost Housing Estate- Mortgage	778,365
Goderich Estate	3,121,400
Kingharman Road	537,500

It was recommended that management should ensure that all long outstanding receivables should be cleared and provisions made if the collections of receivables were remote. All outstanding receivables should also be recovered.

#### **6.33.7 Employee Benefit**

The total list of all the staff entitled to end-of-service benefits during the period audited was provided, but the total computation of the various employees was not done. The Corporation operates a defined

contribution scheme, and has made a provision of Le266 million in respect of the outstanding employee benefit obligation which is defined as a post-employment benefit obligation in accordance with IAS 19, Employee Benefits. IAS 19 requires measuring the present value of the post-employment benefit obligations. It was recommended that the Corporation should ensure that the computation of end-of-service benefit is in accordance with IAS 19, Employee Benefits.

#### **6.33.8 Board of Directors**

It is stated in Section 4 of the Sierra Leone Housing Corporation Act, that the Board should comprise 11 members including a chairman, and they should hold office for three years from the date of their appointment as Board members. However, the current Board does not reflect the requirements of the Act. It was recommended that management should ensure that only qualified appointees of the Board should sit on that body and management should also ensure that such persons play active part in the running of the Corporation.

#### **6.33.9 Granting of additional loans**

Customers and staff members who had secured loans from the savings and Loans Department, and had not fully discharged their loan obligations were granted additional loans. We found out that the bulk of the additional loans were given to staff. It was recommended that the Manager of the Savings and Loans Department ensure that those staff should repay their loans together with the interest before obtaining additional loans.

#### **6.33.10 Inconsistencies in loan computation**

The rate applied in the computation of the interest charge on customers is inconsistent. The actual rate is 10 percent for all staff and 20 percent for non-staff. However, in our review, we noted that a rate of 7 percent was applied to staff instead of required 10 percent. It was recommended that management should ensure that the appropriate rate is used in the computation of the interest charged on the loans.

#### **6.33.11 Charging of account loan fees**

According to the rules and regulations of the Savings and Loan Scheme, the Corporation may charge loan fees plus other fees to cover the expenses it may incur in the processing of a loan application and the execution of a loan agreement. However, the Corporation did not charge fees for the processing of loan applications. It was recommended that management of the Savings and Loan Scheme should ensure that all customers pay a minimum account opening fee. This will enable the management of the Scheme to generate income from this process.

#### **6.33.12 Account Opening Procedures**

In a review of the account opening procedures, not all individuals who had opened an account with the Savings and Loan Department had their names entered on a record card. As a result, detailed information was not available on individuals who held an account with the Scheme. It was recommended that management of the savings and loans scheme should introduce a filing system, wherein all account holders would have individual files in which their personal information, related to such as driver's license, utility bills, passport, identity card and any other information would be found. Management should also introduce the Know Your Customer (KYC) check, which would also help them with additional information on the customer.

#### **6.33.13 Purpose of Loan**

According to the rules and regulations of the Savings and Loan Scheme "Loans may be granted only for the purchase, construction, renovation or extension of residential dwelling and such loans maybe repayable by monthly instalments over a period not exceeding 25 years from the date of entry by the

applicant into the loan agreement”. We noted that loans were granted to customers for purpose other than those stated in the Act. It was recommended that management should ensure that the rules and regulations governing the granting of loan were fully adhered to.

#### **6.33.14 Manual System**

The Corporation’s Savings and Loans Scheme maintained a manual system of recording information. The Department only maintained two computers as a result, records for the financial year were insufficient. It was recommended that a computerized database system should be set up for all of the institution’s data.

#### **6.33.15 Provision for bad debts**

The Corporation had not established a formal policy for bad debts. It was recommended that a debtor aging report should be prepared, as well as the basis for determining the level of debtor provision at the end of the year. The Corporation should maintain a formal policy on bad debts.

#### **6.33.16 Revenue recognition**

International Financial Reporting Standards (IFRS) 18 on revenue requires that revenue should be recognised when earned and not when cash is received. We noted that revenue is recognised on cash basis and not on accrual basis. It was recommended that revenue should be recognised in accordance with IFRS18.

#### **6.33.17 Revaluation of investment property**

The Corporation had not revalued its investment properties for over twenty years. The market value of those properties significantly differs from their book values. It was recommended that the Corporation should revalue its investment properties and that such revaluation continue at regular intervals so that adjusted book values are made, when required.

### **6.34 UNIVERSITY OF SIERRA LEONE(USL)-2012-2014**

#### **6.34.1 Administration of the finance and accounts department and functions at the Institute of Public Administration and Management (IPAM) Fourah Bay College(FBC) and College of Medicine and Allied Health Sciences (COMAHS)**

The following were observed:

- The Finance and Accounts Department was not properly structured by the Council. The discharge of the accounting functions of the University was, to say the least, mediocre.
- The office layout was very poor.
- The environment was not conducive for effective work.
- The Department was easily accessible to non-finance staff and this carried with it implications for confidentiality and safety of assets and cash.

It was recommended that the University Court gave paramount importance to the restructuring of the Finance and Accounts Departments in all the constituent colleges. In addition, access to the Department should be controlled and restricted to only the Department staff and other very relevant personnel. Furthermore, the University Court should ensure that there is adequate and strict control over the creation of new accounts and codes in the chart of accounts.

#### ***Official’s Response***

*The Principal stated that management had noted the observations and is in support of the recommendations made. He further mentioned that there were plans to properly restructure the Finance and Accounts Departments.*

#### **6.34.2 Capacity Building of Finance and Accounts Staff – IPAM, COMAHS, FBC and USL SEC**

The capacity of the staff in the Finance and Accounts Department of the University was inadequate compared to the magnitude and level of assignment being handled by them. In addition, the employees were not grounded in the principles of double-entry and accounting conventions. Furthermore, they lacked the necessary capacity and experience to manage a standard Finance and Accounts Department. Moreover, the number of staff in comparison to the magnitude of the task at hand was inadequate. It was recommended that the University Court should always ensure that induction training programmes are organized for newly recruited staff to help them understand the modus operandi of the University. Capacity building should be prioritised in the human resource budget of the University so as to empower staff with the latest finance and accounting softwares which would help them compete with their contemporaries in other colleges.

##### ***Official's Response***

*The Principal in his response said "Management have noted the observations, is in support of the recommendations there are plans to capacitate the department, by having more qualified staff and also some staff members are already undergoing training and development by way of being enrolled in various courses.*

*Action towards capacity development has been taken including the granting of tuition waivers for members of staff with training needs.*

*Action is also being taken by management to recruit high level personnel with the requisite competencies for tasks assigned.*

*A capacity Gap Analysis (CGA) will inform the University's recruitment processes. Besides a Human Resource Manager (HRM) has been recruited to provide technical support to all matters pertaining to human resource management.*

*It should be noted that attracting high calibre staff is a challenge given the nature of market and attendant competition for high capacity personnel.*

*The process of re-organizing the finance director will take this into accounts."*

#### **6.34.3 Manual System of Accounting – COMAHS and USL Secretariat**

It was observed that a manual system of accounting was still been used by the University of Sierra Leone Secretariat and COMAHS. This observation was mentioned in our management letter for the years ended 31<sup>st</sup> December 2008-through 2011. The finance and accounting functions were being performed on a manual basis using columnar cashbook and aided by excel spread sheets to capture income and expenses for the years under review. There was also no accounting software in use in the Finance and Accounts Department of other institutions with the exception of IPAM and FBC that had been provided with accounting software packages. It was recommended that the college should endeavour to acquire accounting software that meets the operational and strategic needs of the Department and the College in general. For the effective operation of the proposed accounting package software, a comprehensive capacity building programme is also recommended for the Finance and Accounts Department staff that meet the standard of the University of Sierra Leone.

##### ***Official's Response***

*The Principal in his response said "Management has noted the observations and is in support of the recommendations made. There are plans towards acquiring an accounting software package for both COMAHS and USL Secretariat. A capacity building and training programme will follow suit after the installation and implementation of the accounting software package. Management has decided to correct this anomaly by procuring an accounting software package that is in tandem with what is being used at FBC, and the IPAM."*

## **6.35 NATIONAL COUNCIL FOR TECHNICAL VOCATIONAL AND OTHER AWARDS -2012**

### **6.35.1. Government subvention**

It was noted that the Council had not been receiving subvention from the Government. It was recommended that the Council should step up efforts to submit their claims to the Ministry of Education Science and Technology (MEST) to ensure that subventions were paid as required.

#### ***Official's Response***

*The Director stated that the Council submitted subvention claims to the Ministry of Education, Science and Technology (MEST). He added that the Council stopped receiving subvention as of the period under review. He however said that Council would continue to submit subvention claims to MEST.*

### **6.35.2 No accounting manual in operation**

An accounting manual was not in existence during the period of audit. It was recommended that management should prepare an accounting procedural manual as soon as possible to ensure correct and consistent treatment of accounting matters.

#### ***Official's Response***

*In responding, the Director says: "Management used to have an accounting manual for all its operational activities but due to some theft that occurred in the finance office sometimes ago, some of the accounting documents including the accounting manual and the main laptop computer that had the soft copies of the finance documents got missing. Management reported the theft case to the Criminal Investigations Department (CID). However, management has since produced one."*

### **6.35.3 Lack of supporting documents for transactions**

Transactions to the tune of Le19,243,600 lacked proper documentation like break down, pro-forma invoice, or delivery note. Those that have the aforesaid did not have official receipts bearing the names of the suppliers, rather local or unofficial receipts were seen attached. This created much doubts during the course of audit. It was recommended that all payment vouchers must be supported by third party documents and the missing supporting documents should be located and produced for audit verification.

#### ***Official's Response***

*The Director in his response says: "Management realised that some of the supporting documents such as invoices, receipts, delivery notes etc., were filed separately and during the theft that occurred sometimes back in the finance office, some of these documents were misplaced and could not be found during the course of the audit. However, management would continue the practice that all supporting documents on any expenditure are attached on that particular payment voucher, in order to avoid any further discrepancy of payments made."*

### **6.35.4 Petty cash system**

Petty cash transactions could not be tied up to supporting documents because of a weak petty cash voucher system in place linking supporting documents to transactions. It was recommended that a petty cash ledger is correctly implemented as it will clearly indicate the disbursed amounts and how they are allocated or expensed.

#### ***Official's Response***

*The Director stated that management was aware of some weaknesses of the Petty Cash system which was due largely to the disbursement of funds during emergency examinations period. He however noted that the system had improved.*

## **6.36 NATIONAL COUNCIL FOR TECHNICAL VOCATIONAL AND OTHER AWARDS-2013**

### **6.36.1. Period of Audit**

The financial statements were not audited within the timeframe required for subvented institutions as stated in section 119(2) of the Constitution; and the provisions in the National Council for Technical Vocational and Other Awards (NCTVA) Act of 2001. The presentation of 2013 financial statements for audit in 2017 is not in keeping with the relevant legislation of Sierra Leone which states that such audits must be conducted three months after the end of the period to which they refer. It was recommended that action be taken in future to ensure that the council was audited yearly and management should ensure that steps are taken to secure all supporting documents, attach them to the payment vouchers and retain them for audit purposes.

#### ***Official's Response***

*The Director in his response said: "Since 2012, Council has been relying wholly on internally generated revenue. The sudden 100% reliance on internally generated revenue certainly destabilised the Secretariat financially and operationally and the emerging dynamics may have contributed to our inadvertently submitting the Financial Statements late. However Council will ensure that steps are taken for future financial statements to be submitted on a timely basis."*

### **6.36.2. No Documentary Evidence to Support Expenditure**

The auditors were not provided with supporting documents such as invoices, delivery notes, receipts, payment requests and relevant documentation for transactions totalling Le19,000,000. It was recommended that every effort must be made to have all relevant records available for inspection during audit exercises. In addition, the supporting records for the queried transactions must be produced for inspection and verification.

#### ***Official's Response***

*The Director in his response said: "Management realised that some of the supporting documents such as invoices, receipts, delivery notes etc. Were filed separately and during the theft incidence that occurred sometime in the finance office some of these documents were misplaced and could not be found during the course of the audit. However, Management would continue the practice that all supporting documents on any expenditure are attached on that particular payment voucher in order to avoid any further discrepancy of payments made."*

### **6.36.3. Inadequate Supervision**

It was noted that total yearly imprest of Le102,457,759 was not allocated to the relevant cost heads. In addition, the documentation from NASSIT supporting the receipt number G0170130300035 of 19<sup>th</sup> March, 2013 was incorrect. Furthermore, NCTVA cheque 1651328 of 14<sup>th</sup> March, 2013 was issued in the sum of Le19,846,560. However, documentation from NASSIT filed in NCTVA files were for Le5,750,757 and Le12,422,247 respectively, totalling Le 18,172,004, giving a difference of Le1,673,560 representing NASSIT contribution for June 2012. It was therefore recommended that in future all payments made by NCTVA the Council should ensure that the correct receipt showing the actual amount paid is issued.

#### ***Official's Response***

*The Director in his response said "Management is aware of some weakness of imprest system on the allocation of imprest disbursement into their relevant cost heads which is due largely to the disbursement of funds during emergency examinations period. The system has now improved."*

*Management has looked at the payment made to NASSIT as observed by the auditors. The difference of Le 1,673,560 was actually inclusive on the cheque issued by NCTVA and also inclusive on the receipt issued by NASSIT totalling Le 19,846,565. The difference actually occurred as a result of accounts office inadvertently failed to add*

it to Le 12,422,247 to sum up the amount to Le 14,095,565. However, Management will ensure an effective internal control system to prevent such an error in future.”

## **6.37 NATIONAL COUNCIL FOR TECHNICAL VOCATIONAL AND OTHER AWARDS-2014**

### **6.37.1. Documentary evidence to support expenditure**

Transactions to the tune of Le7,653,500 were without relevant supporting documents such as breakdown, invoices, delivery notes, receipts, payment requests and relevant documentation for some expenses. It was recommended that the requested documents must be produced for inspection and verification.

#### ***Official's Response***

*The Director in his response said “Management realised that some of the supporting documents such as invoices, receipts, delivery notes etc. were filed separately and in the course of refilling, some were damaged or misplaced and could not be found during the course of the audit. However, management would continue the practice that all supporting documents on any expenditure are attached on that particular payment voucher in order to avoid any further discrepancy of payments made.”*

## **6.38 TERTIARY EDUCATION COMMISSION-2015**

### **6.38.1. Insufficient Supporting Documentation**

Transactions to the tune of Le4,975,000 were without sufficient supporting documentation such as pro-forma invoice and receipts. It was recommended that all payment vouchers must be supported by third party documents and the missing supporting documents should be located and produced for verification.

#### ***Official's Response***

*The Executive Secretary stated that management noted the above observation and will take necessary action towards achieving it.*

## **6.39. SIERRA LEONE AGRICULTURAL RESEARCH INSTITUTE- 2015**

### **6.39.1. Lack of internal audit charter**

The internal audit function of the Institute did not have an internal audit charter. It was recommended that the Institute develop that defines the purpose, authority and responsibility of the function and that it is approved by the Board.

#### ***Official's Response***

*The Director General (DG) in his reply says: “We note the observation and recommendations for the Internal Audit Charter but wish to inform you that Management has developed an Internal Audit Charter which is contained in the Internal Audit Manual and it is available for Audit verification.”*

#### **Auditor's comment**

During the verification exercise, the internal audit manual was reviewed and its contents were not that of an Internal Audit charter. Therefore, the issue still stands.

### **6.39.2 Administrative expenditure without adequate supporting documents**

Payments of Le551,032,545 were made from administrative expenditure without adequate supporting documents such as back-to-office report, monitoring report, training report, distribution list, invoices, receipts etc. It was recommended that the relevant supporting documents are submitted within 15 days



upon receipt of the report. 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 stated that the relevant supporting documents were available for verification.*

**Auditor's Comment**

Supporting documents amounting to Le511,526,995 were verified leaving a balance of Le39,505,550 unverified.

**6.39.3 Payments for various activities made in the name of the office messenger**

Payments for various activities including sitting fees, per diem allowances and casual labour were made in the name of the office messenger rather than the beneficiaries. It was recommended that the Finance Officer give adequate explanation for this occurrence; and such practices should cease with immediate effect. It was also recommended that all further payments should be made in the name of the beneficiaries.

**Official's Response**

*The DG in his reply says: "Recommendation noted, meanwhile, it is difficult some times to write cheques for over twenty to thirty people who are attending official meetings and or workshops in the Headquarters, in the event of such occurrences we always thought it wise to write one cheque for the total approved amount and then distribute the money accordingly. The beneficiary would acknowledge receipt of the stated amount by signing the voucher."*

**Auditor's Comment**

We still maintain that where applicable, cheques should be written in the name of beneficiaries. Therefore, the issue still stands.

**6.40 MEDICAL AND DENTAL COUNCIL SIERRA LEONE - 2014-2015**

**6.40.1. Supporting document not available**

Supporting documents were not available for expenditure totalling Le 21,748,543. It was recommended that all payments should be supported by suitable documents and approved by an authorised person.

**Official's Response**

*The Registrar stated that management will ensure that all payments are made by voucher supported by suitable documents and approved by the authorised person(s).*

**6.40.2. Income recognition**

Income was not appropriately apportioned and recorded. The Council had different sources of income which were not identified or recorded accurately. Where income received is for a period spanning two accounting years, the Accountant failed to apportion the income such that only income relating to a particular year was reported in that accounting year. It was recommended that income for a year should be recognised and income relating to the next financial year should be deferred. In addition, the Accountant should appropriately classify the income lines.

### **Official's Response**

*The Registrar stated that it was a fact that income was not appropriately apportioned and recorded. He however noted that in future, income in respect of the year it was acquired should be recognised in that same year, and income relating to the next financial year should be deferred and the income lines should be appropriately classified.*

#### **6.40.3. Accounting and Procedure manual**

The Council did not maintain an accounting/finance manual. It was recommended that the Council should document its accounting policies and procedures in an accounting manual, and ensure that the document is referred to for the treatment of its accounting and business transactions.

### **Official's Response**

*In his response the Registrar stated that management recognised the need to document its accounting policies and procedures in an accounting manual, and ensure that the document is referred to for the treatment of its accounting and business transactions. He however mentioned that management had not been able to obtain an accounting manual either from the Ministry of Finance and Economic Development or the Government Bookshop.*

#### **6.41 SMALLHOLDERS COMMERCIALIZATION PROGRAMME-GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAMME-2016**

##### **6.41.1. Payment made to implementing partners without returns**

The project made payments of US\$384,000 and US\$311,626 to the National Programme Coordination Unit (NPCU) and the Food and Agriculture Organisation (FAO) respectively, for the implementation of GAFSP-Rural Finance activities and the establishment of farmer field schools and agricultural business centres respectively but returns were not submitted for payments totalling US\$109,208 by NPCU whilst FAO did not submit any supporting documents. It was recommended that the Financial Controller should ensure that the required returns are provided for audit inspection within 15 days of receipt of the report. In future, payments from initiation to completion should be supported by the relevant documentation.

### **Official's Response**

*The Programme Coordinator stated that the PMU will communicate to FAO & NPCU for the availability of the documents for your review.*

### **Auditor's Comment**

Supporting documents for payments totalling US\$109,208 and US\$311,626 in respect of payment made to NPCU and FAO respectively were not submitted for verification. The issue remains unresolved.

#### **6.42 TECHNICAL ASSISTANCE AND CAPACITY BUILDING FOR MINERALS/EXTRACTIVE INDUSTRIES REVENUE ENHANCEMENT AND GOVERNANCE - 2015-2016**

##### **6.42.1 No activities carried out by the internal audit department of MoFED on the project**

The Internal Audit Department of MoFED is charged with the responsibility to review the internal controls systems, the overall operations and compliance with the agreement of the project. However, the auditors were not provided with any internal audit report on the activities of the project for the period under review. It was recommended that the MoFED Internal Audit Department takes necessary steps in reviewing the internal control processes in the Project Implementation Unit and produce quarterly

reports on its work. The management of the project is also required to provide the internal audit staff with full access to all financial records and documents of the project.

### ***Official's Response***

*The Head of the Internal Audit Department at the MoFED in his response said "This was not done last year due to limited staff strength of MoFED's Internal Audit Department (IAD). However, this has improved and a date has been agreed with the IAD for the audit of the projects for activities implemented in the first half of 2017."*

### **Auditor's Comment**

We were not provided with evidence to confirm that the activities of the project will be audited by the IAD. The issue remains unresolved.

## **6.43 RURAL FINANCE AND COMMUNITY IMPROVEMENT PROGRAMME PHASE 11– 2016**

### **6.43.1. Office Accommodation**

On the rental of the Programme's current office accommodation, the following were observed:

- The Programme, prior to moving to its new office location at 48 Hill Station, Wilberforce, the National Programme Coordination Unit (NPCU) had already paid US\$40,000 for its 18A Mudge Farm, Off Sir Samuel Lewis Road, office accommodation on 22<sup>nd</sup> June 2015 for two years (\$20,000 per year). This rent expires in June 2018.
- IFAD granted a conditional No Objection to move into the premises the Project is currently occupying. One of the conditions of the No Objection required the NPCU to submit documentation pertaining to the negotiations with the previous landlord that was aimed at terminating the lease and saving the Programme's ensuing costs. It was however, observed that the project did not terminate the lease and still paid rent for the new premises in breach of one of the No Objection conditions.

Evidence of negotiation or actions taken to negotiate with the previous landlord was not submitted for audit. The project still holds tenancy to this property. It was recommended that the Project Coordinator should provide reasons why negotiations were not made with the landlord of the 18A Mudge Farm, Off Sir Samuel Lewis Road property in order to terminate the lease and save the Programme ensuing cost as advised by IFAD.

### ***Official's Response***

*The Project Coordinator (PC) in his response said "Management noted the issues raised by the auditors. However, the owner of the property of 18A Mudge Farm, off Sir Samuel Lewis Road was contacted for the refund of part of the rent, he declined to and requested that the keys for the premises be handed to him. Copy of the correspondence between the NPCU and the landlord is available for verification."*

### **Auditor's Comment**

Management's response had been noted. However, the issue remained unresolved as the correspondence submitted during the verification between the landlord and NPCU only contained concerns raised by the landlord, which is the safety of his premises. The correspondence did not show any form of negotiation between the landlord and NPCU. There was also no evidence to show that the outcome of the negotiation was communicated to IFAD.

#### **6.43.2. Bank confirmation not received from the Project's bankers**

The Programme's bankers, the FIBank and the Bank of Sierra Leone did not confirm cash and bank balances of US\$721,102 recognised in the special account reconciliation statement. It was recommended that the Ag. Financial Controller should ensure that action is taken to ensure the respective bank respond to the Audit Service bank confirmation request within 15 days of receipt of the report.

##### ***Official's Response***

*The PC stated that management noted the concern raised and a letter had been sent to our bankers to confirm those balances. A copy of the letter was available for verification.*

##### **Auditor's Comment**

Copy of the letter sent to the Programme's bankers to confirm the balance was not submitted for verification. We received a confirmation from the Bank of Sierra Leone but no response from the FIBank. The issue therefore remains unresolved.

#### **6.43.3. Inadequate monitoring over banking operations**

Withdrawals which totalled Le99,654,130 (US\$16,561) were made from the Programme's Leone account, but these were not recorded in the project cashbook. Discussions with the Acting Financial Controller revealed that these were unauthorised withdrawals made by the bank. Evidence of action taken to reverse these unauthorised withdrawals was not submitted for audit inspection. It was recommended that the Ag. Financial Controller should ensure that the necessary reversals are made within 15 days of receipt of this report.

##### ***Official's Response***

*The PC stated that management noted the concern raised and had sent a letter to the bank for the necessary correction to be made and copy of which was available for verification.*

##### **Auditor's Comment**

Evidence of letters sent to the bank, for three of the withdrawals, for necessary correction were submitted for verification. Furthermore, bank statement showing the reversal of fourth withdrawal/wrong debit was submitted for verification. The issue therefore remains partly unresolved.

#### **6.43.4. Receivables circularisation not received**

Receivable circularisations which amounted to US\$236,516 and US\$54,229 owed by the SCP-GAFSP and Apex Bank respectively were sent to the Financial Controller for onward submission to the SCP-GAFSP and Apex Bank. Evidence of submission to SCP-GAFSP and Apex Bank was not submitted for audit inspection. It was recommended that the Acting Financial Controller should send the circularisation to the respective entities, and urge them to reply to the circularisation within 15 days of receipt of the report.

##### ***Official's Response***

*The PC stated that management had sent the circularisation to the respective entities and copies of the letters were available for inspection.*

##### **Auditor's Comment**

A copy of the circularisation letter sent to the respective entities was not submitted for verification. Therefore, the issue remained unresolved.

#### **6.44 PUBLIC FINANCIAL MANAGEMENT IMPROVEMENT AND CONSOLIDATION PROJECT-2016**

##### **6.44.1. Withholding tax on consultants fees not deducted and paid over to the National Revenue Authority**

Withholding tax on staff consulting fees which amounted to \$21,616 was not deducted and paid to the National Revenue Authority for the period under review. In future, the Project Director should ensure that all payments above Le500,000 must attract withholding tax deduction at 5% and these should be paid over to NRA.

##### ***Official's Response***

*The PM in his response said, "For the withholding tax, this is a portfolio issue and had been discussed with the Bank. There is need to have a formal position from the Bank on this issue across the portfolio."*

##### **Auditor's Comment**

Management's response is noted. However, the issue remains unresolved.

##### **6.44.2. Monthly staff performance report not submitted**

Section 3(B) of staff contract agreement states that "members of staff shall be paid per month upon submitting a written report of accomplished work acceptable to the Project Director". The team reviewed monthly performance report of a sample of 14 staff members of the project, and found out that 6 staff failed to submit reports ranging from one to nine months, during the period under review. It was recommended that the Project Director provide a detailed explanation why staff consulting fees were paid in the absence of monthly reports. The Project Director must also ensure that in future, staff consulting fees are paid upon submission of written reports as stipulated in the contracts.

##### ***Official's Response***

*The PM stated that the reports had been submitted by the two staff, but somehow could not be traced on the payroll file. This is possibly because the reports may have been cross filed by other reviewers/auditors, he noted. He further said that moving forward, the recommendation will be acted upon.*

##### **Auditor's Comment**

Documentary evidence and reports were submitted for only 3 of the 6 project staff. The issue therefore remains partly unresolved.

##### **6.44.3. Asset relating to IFMIS rollout not verified**

The audit team was unable to verify some assets that were related to the IFMIS rollout to various Ministries Departments and Agencies. It was recommended that the Project Director should ensure that the said assets be verified within 15 days of receipt of the report.

##### ***Official's Response***

*The PM said that those assets could not be verified during the audit because of time. He however mentioned that on receipt of the draft audit report, a team comprising PMU finance and ASSL auditors have verified the existence of these assets.*

##### **Auditor's Comment**

Verifications were done and some of the assets were verified. However, we still note that some other assets were not seen during the verification exercise largely due to the unavailability of MDA staff and in some circumstances the audit staff were informed by the MDA officials that these items were not delivered. Furthermore, we observed that some of the assets verified were not coded.

#### **6.44.4. Asset Verification Exercise**

Vehicles, laptop computers, printers, giant scanner, swivel chairs and executive table worth US\$78,670 and Le16,425,000 were not coded to show that they are owned by the project. It was recommended that those assets that were not sighted be made available and those not coded be coded within 15 days of receipt of this report.

#### **Official's Response**

*The PM in his response said "..... The amount of \$78,670 relates to two vehicles which have been seen by the auditors. One of them was in fact marked and seen by the auditor during the time of the audit, but somehow this point about it has been captured in the report. The other vehicle was also marked and has been seen by the auditors. The amount of Le16,425,000 relates to two laptop computers which are already marked."*

#### **Auditor's Comment**

We still note that the vehicles valued at US\$78,670 and a laptop computer valued at Le9,025,000 was not coded. The issue remained unresolved.

### **6.45 DECENTRALISED SERVICES DELIVERY PROJECT 2- 2016**

#### **6.45.1. No activities carried out by the Internal Audit Department of MoFED on the project**

The Internal Audit Department of the MoFED is charged with the responsibility to review the internal control systems, the overall operations and compliance with the agreement of the project. The auditors were however not provided with any internal audit report on the activities of the project for the period under review. It was recommended that MoFED Internal Audit Department should take necessary steps in reviewing the internal control processes in the Project Implementation Unit and produce quarterly reports on its work. The management of the project is therefore required to provide the internal audit staff with full access to all financial records and documents of the project.

#### **Official's Response**

*The Project Coordinator stated that, that was not done last year due to limited staff strength at the MoFED Internal Audit Department (IAD). He however said that had been improved and a date had been agreed with the IAD for the audit of the projects, for activities implemented in the first half of 2017.*

#### **Auditor's Comment**

Management's response was noted. We were however not provided with evidence to confirm that the activities of the project will be audited by the IAD. The issue remained unresolved.

### **6.46 6.46 LABOUR INTENSIVE PUBLIC WORKS TO MITIGATE EBOLA IMPACTS PROJECT -2016**

#### **6.46.1. Non-Payment of beneficiaries**

During our field visit, we examined the time sheets maintained to record hours worked and observed that several beneficiaries and Community Oversight Committee (COC) members were not paid for the period worked during the Cash for Work Exercises. It was therefore recommended that management should provide explanation as to why those beneficiaries were not paid and ensure that the outstanding payments due to those beneficiaries were paid.

#### **Official's Response**

*The Project Coordinator (PC) in his response said "These beneficiaries were not paid either because they were not present at the time of payment or they were not registered beneficiaries, particularly for the final payment."*

*To arrange another round of payment, meant that the service provider – SPLASH Mobile Money (SL) Ltd. will have to be paid for the extra service which was not covered by the terms of the contract which expired on 31<sup>st</sup> December, 2016.”*

#### **Auditor’s Comment**

We note management’s comment and wish to further state that some of the time sheets reviewed were not for the final payment hence efforts should have been made to pay those beneficiaries. Also based on our interviews, some of the beneficiaries mentioned that they were present but not paid even though they were registered members. The issue therefore remained unresolved.

#### **6.46.2. Difference between Splash and LIPW payment records**

Splash is a company that is specialised in the payment of cash across wide geographical areas and were contracted by the Commission to carry out payments on its behalf. A comparison of payments made by Splash to COC members and that made by the project revealed a difference of Le57,688,000. Although investigation for this difference was on-going, as at the time of reporting, the Management Information System (MIS) department of the Commission also reported Le177,216,000 against Le119,528,000 reported by Splash. It was recommended that management should ensure that this amount is investigated and reconciled with Splash Mobile Money Transfer (SL) Ltd. and provide evidence of reconciliation to the audit team for review.

#### **Official’s Response**

*The PC stated that the MIS consultant was working assiduously to identify the cause of the difference and the outcome will be communicated accordingly. He added that the amount reported by SPLASH was accepted as a stop gap measure for the transfer of unutilised funds to the donor and closure of the Special Account before the due date whilst the investigation continued.*

#### **Auditor Comment**

Management’s comments noted. However, the issue still stands.

#### **6.46.3. Difference in acreages funded and acreages actually cultivated**

During our field visit, it was noted that of a total of 30 acres budgeted to be cultivated by each subproject, an average of 15 acres were cultivated. It was also observed that field reports relating to Western Area subprojects were not signed and hence reliance could not be placed on the facts embodied in those reports. It was therefore recommended that management should provide explanations as to why only an average of 15 acres were cultivated even though a budget for 30 acres was financed for most of the subprojects.

#### **Official’s Response**

*The PC in his response said “MAFFS personnel were supposed to have provided technical guidance in planting methods, acreage as the farming groups were poorly equipped to undertake such a preliminary investigation identified these weaknesses and the matter is currently being investigated by ACC.”*

#### **Auditor Comment**

Management’s comments were noted. However, the issue still stands.

### **6.47 AFRICA CAPACITY BUILDING FOUNDATION (ACBF) PROJECT -2015**

#### **Financing Agreement not adhere to**

It was stated in the grant agreement that PACO is required to have an Administrative and Finance Officer. The service of the Finance and Administrative Officer was terminated on 30<sup>th</sup> April, 2014. Since then, no recruitment had been done. In this regard, there was no segregation of duties as the head of

PACO had been carrying out the duties of a Finance and Administrative Officer. It was therefore recommended that PACO should recruit a new Finance and Administrative Officer.

**Official's Response**

*The Project Coordinator stated that a finance officer will be recruited.*

**Auditor's Comment**

Management's comment was noted. However, a finance officer was yet to be recruited for the said project. Therefore, the issue remained unresolved.

**6.48 REHABILITATION AND COMMUNITY-BASED POVERTY REDUCTION PROJECT-2016**

**6.48.1. Government counterpart contributions not estimated and disclosed in the financial statements**

From the review of the Rehabilitation and Community-Based Poverty Reduction Project (RCPRP) Financing Agreement, Government of Sierra Leone (GoSL) is to contribute US\$3,620,000 to cover taxes and duties and other programme implementation costs, including supervision. It was observed that the GoSL had made in-kind contributions in the form of tax and duties exemptions, fixed assets contributions, supervision, etc. but those had been estimated but not disclosed in the financial statements of the project. It was recommended that Financial Controller should ensure that GoSL contributions made to the Project in the form of tax and duties exemptions, fixed assets contributions, supervision, etc. were disclosed in the financial statements.

**Official's Response**

*The Project Coordinator (PC) stated that management will ensure that all in-kind GoSL tax computation were captured by the next audit, the necessary journals raised.*

**Auditor's Comment**

The GoSL's contributions made to the Project were still not disclosed in the financial statements. The issue therefore remained unresolved.

**6.48.2. 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 observed that procurement worth US\$67,299 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 justifying why procurement worth US\$67,299 were done out of the Procurement Plan.

**Official's Response**

*The PC in responding said "Management note the concern and would like the auditors to know that, the 18 motor bikes referred to motor bikes bought for 6 Cooperatives. In the AWPB, it was originally captured as a Capacity Building of the Cooperatives. Thus, it could not be captured in the Procurement Plan prior to it being approved. Several months later, it came out that the Cooperatives actually needed to be capacitated in the area of mobility; hence their request for motor bikes. The IT equipment for GIS Management System were procured to enhance staff need as was required when studies are conducted."*



### **Auditor's Comment**

According to the Financial and Administrative Procedure Manual, the Procurement Plan should have been updated accordingly to reflect the additional procurements that were done outside the plan.

### **6.48.3. Completion certificates not issued**

IFAD Financial and Administrative Procedure Manual Section 321 states:

“For large contracts, the supervising engineer (either from a contracted engineering bureau or from a technical Ministry of Agriculture and Food Security department) in charge of the monitoring and supervision of the works also issues certificates of completion to certify the amount of works completed.” The audit team reviewed payments for ward offices and feeder roads and we observed that final payments have been made for all the ward offices and feeder roads; however, certificate of completion have not been issued to certify the amount and quality of works completed. It was recommended that the Project Engineer should submit the completion certificate in respect of the feeder roads and ward offices within 15 days of receipt of the report.

### **Official's Response**

*The PC in his response said “Management note the concern raised and will confirm that the engineers submitted report and request with the payment certificate of the completion of the respective feeder roads and ward offices.”*

### **Auditor's Comment**

The completion certificate in respect of the feeder roads and ward offices was not submitted for verification. The issue therefore remains unresolved.

### **6.48.4. Understatement of salaries and allowances**

Our review of the statement of receipt and payment by category revealed that salaries and allowances totalling US\$174,518 were incorrectly charged under category I which was mainly for civil works instead of category VII which was for salaries and allowances. It was recommended that the Financial Controller should reclassify these amounts under the correct category so that the financial statements reflect the fair presentation.

### **Official's Response**

*The PC in his response said “Management notes the comment of the auditors. The RCPRP is a project with three different financing agreements. The first two agreements have category for salary and allowances, whilst the third is without any category for salary and allowances. With the no-cost extension of one year. The reclassification recommended for these transactions would not be possible as the other finance agreement under which these transactions were charged has no category for salaries and allowances.”*

### **Auditor's Comment**

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

### **6.48.5. Long outstanding receivables**

A total of US\$166,370 receivables was still outstanding as at 31<sup>st</sup> December, 2016. It was recommended that the Financial Controller should ensure that these outstanding receivables were cleared.

### **Official's Response**

*The PC stated that management noted the concern raised and will ensure that all receivables were cleared by the end of the project. He added that evidence was available that most of the receivables had being liquidated.*

### **Auditor's Comment**

From a total of \$166,370 receivable, \$130,506 was liquidated leaving a balance of \$35,864. The issue remains partly resolved.

### **6.48.6. Supporting Document for deposits and withdrawals from the fertilizer accounts**

Supporting documents for deposits totalling Le401,456,000 and withdrawals totalling Le 475,320,000 from the fertilizer accounts were not submitted for audit inspection. It was recommended that the Financial Controller should submit supporting documents in respect of deposits totalling Le401,456,000 and withdrawals totalling Le475,320,000 for audit inspection within 15 days of receipt of the report.

### **Official's Response**

*The PC said that those supporting documents were in the respective district offices.*

### **Auditor's Comment**

The supporting documents in respect of deposits totalling Le401,456,000 and withdrawals totalling Le475,320,000 were not submitted for verification. The issue remains unresolved.

### **6.48.7. IFAD approval not provided**

During the review of the fertilizer account, it was observed that proceeds from the sale of fertilizers were used to set up a rice processing company called Ripmco. Further inquiries from the National Programme Coordination Unit revealed that approval had not been granted by IFAD. Moreover, it was noted that the issue was highlighted by the IFAD supervision mission report of 6<sup>th</sup> – 24<sup>th</sup> March 2017. In that report, it was noted that the following documents were requested by the supervision team:

- The signed agreement by MAFFS and the Ministry of Finance or from the steering committee that allows transfer of funds from Agricultural Development Fund account to a private company account; Agreement from MAFFS and IFAD about the legal consideration about identification of beneficiaries of assets.
- The 2016 annual activity report about the operation of Ripmco.
- The 2017 Business budget and work plan.
- Official employees' contracts.
- The validated final version of Ripmco's business plan.

During the course of the audit, we requested those documents for audit review, but only the bank statement was submitted to the audit team. It was recommended that the Programme Coordinator should submit these documents with immediate effect for audit inspection. The Programme Coordinator should also seek the necessary approval from IFAD for the formation of this company.

### **Official's Response**

*The PC in his response said "Management notes the concerns of the auditor and would note that this is an exit strategy to sustain the small farmers. The funds raised from the fertilizer were used to set up the RiPMCO.*

*These fertilizers were meant to be given free to the farmers, with no refund from them. Management with ingenuity viewed that this won't make the farmers to be sustained. Hence, a cost recovery programme was instituted for rice and fertilizer.*

*The documents requested by the supervision mission of March 2017, some of these were submitted to the auditors."*

### **Auditor's Comment**

During the verification, some documents were submitted. These were however not the documents requested. The issue remains unresolved.

## **6.49 SIERRA LEONE BIODIVERSITY CONSERVATION PROJECT- 2016**

### **6.49.1. Withholding taxes not deducted and paid to the National Revenue Authority**

Payments were made to suppliers and contractors for goods and services worth Le 1,645,653,511, for which the project should have withheld taxes in accordance with the Income Tax Act of 2000. However, it was observed that withholding taxes which amounted to Le 82,282,675 were not deducted from suppliers' payments and paid to NRA. It was recommended that the Financial Management Specialist should ensure actions are taken to recover these taxes from contractors. In future, withholding tax should be withheld from every payment above Le500,000 to suppliers and contractors.

#### ***Official's Response***

*The Project Coordinator (PC) in replying said: "It is our understanding that the World Bank funded projects (especially grants) will not pay taxes as these funds are from other taxpayers and shouldn't attract further taxes. To resolve this issue, the World Bank has agreed that the tax status of new projects will be clearly stated in the disbursement schedule to avoid present confusion"*

#### **Auditor's Comment**

Management's response was noted. However, withholding tax is an advance corporation tax payment made by the supplier and contractors. The project in this case is not the one making the payment; rather, it is acting as an agent. The issue therefore still stands.

### **6.49.2. Payment of survey fee without survey licence**

The amount of Le25million was paid to the surveyors as survey fees but the licences of the surveyors were not attached to the payment voucher to confirm that they were legal and competent to carry out the survey. It was recommended that licences of the surveyors should be presented for audit inspection.

#### ***Official's Response***

*The PC in his response said: "Surveyor cannot be reached at the time of the request as he is no-longer working in Makeni. However, field visit was made by the project evaluator and observed the work of boundary demarcation and pillaring were done to meet high quality standard."*

#### **Auditor's Comment**

Since the licenses of the surveyors were not presented for audit verification, the issue therefore remains unresolved.

### **6.49.3. Allocated store ledger not presented for audit inspection**

From a review of the payment vouchers and their supporting documents, stores items were procured for Le45,633,000. However, the allocated store ledgers were not presented to confirm whether these goods were taken on ledger charge. It was recommended that the allocated store ledger should be presented for audit inspection.

#### ***Official's Response***

*The PC in replying said: "Goods are maintained in the fixed asset register. Sundries are purchased based on need requested from site managers. We therefore do supply directly to recipients. Delivery notes of acknowledgement are available for inspection."*

#### **Auditor's Comment**

The items in question are sundries and should be recorded in a fixed asset register. Moreover, the distribution list where recipients acknowledged receipt of the items were not presented during the audit verification. The issue therefore remains unresolved.

#### **6.49.4. Documents not presented**

Documents requested, but not presented:

- Two payment vouchers amounting to Le103,924,703.
- Procurement plan.
- Result framework monitoring report.
- Minutes of Procurement Committee meetings.
- Minutes of Steering Committee Meetings, M&E Plan and Reports.

It was recommended that the project coordinator should ensure that these documents were submitted for audit.

#### **Official's Response**

*In his response the PC said: "The photocopies and signed copies of the documents requested have been made available to auditor for inspection. They include, handing over note of asset and asset register to NPAA, procurement plan with the bank no-objection, result monitoring framework as in the project implementation manual, and minutes of the steering committee meeting."*

#### **Auditor's Comment**

The following documents were verified: The result monitoring framework i.e. M&E plan and report, minutes of the steering committee meetings and procurement plan were examined. However, the two payment vouchers amounting to Le103,924,703 and minutes of the procurement committee meetings were not presented for audit verification. The issues therefore remain partly resolved.

### **6.50 SIERRA LEONE WETLANDS CONSERVATION PROJECT- 2016**

#### **6.50.1. Withholding taxes not deducted and paid to the National Revenue Authority**

Payments were made to suppliers and contractors for goods and services worth Le 964,635,896, for which the project should have withheld taxes in accordance with the Income Tax Act of 2000. However, it was observed that withholding taxes of Le 48,231,794 were not deducted from suppliers' payments and paid to the National Revenue Authority. It was recommended that the Financial Management Specialist should ensure efforts are made to recover these taxes from contractors.

#### **Official's Response**

*The Project Coordinator (PC) in his response said: "It is our understanding that the World Bank funded projects (especially grants) will not pay taxes as these funds are from other tax payers and shouldn't attract further taxes. To resolve this issue, the World Bank has agreed that the tax status of new projects will be clearly stated in the disbursement schedule to avoid present confusion."*

#### **Auditor's Comment**

Management's response was noted. However, withholding tax is an advance corporation tax payment made by the supplier and contractors. The project in this case is not the one making the payment, rather, it is acting as an agent. The issue therefore remains outstanding.

#### **6.50.2. Outstanding payment after the closure of the project**

Contract was agreed with Comtech Solution for the construction of one staff quarter and one office building at Komrabai, Lokomasama Chiefdom and the construction of one staff quarter at Masiaka for a contract value of Le 205,183,650. Of this, Le184,665,285 had been paid to the contractor and a balance of Le20,518,365 is outstanding. It was recommended that the project team should ensure that payment is made to the contractor for work completed.

**Official's Response**

*The PC in replying said: "We are aware that we owe our suppliers. We received the project fund in dollars but the project was costed in SDR. As a result, we suffer loss of fund due to exchange rate from SDR to dollars. However, we have communicated this issue to the Ministry of Finance for counterpart funding support."*

**Auditor's Comment**

Management' response is noted. The issue however still stands.

**6.50.3. Documents not presented**

Documents requested, but not presented for inspection were as follows:

- Procurement plan.
- Minutes of procurement committee meetings.
- Minutes of steering committee meetings.

It was recommended that the project coordinator should ensure that these documents were submitted for audit; otherwise, the audit team would be left with no alternative but to conclude the audit based on available audit evidence.

**Official's Response**

*The PC in his response said: "The photocopies and signed copies of the documents requested have been made available to auditor for inspection. They include, handing over note of asset and asset register to NPAA, procurement plan with the bank no-objection, result monitoring framework as in the project implementation manual, and minutes of the steering committee meeting".*

**Auditor's Comment**

During the verification exercise, minutes of the steering committee meetings and the procurement plan were submitted and verified. However, the minutes of the procurement committee meetings were not presented for audit verification. The issue was therefore partly unresolved.

**6.51 REVITALIZING EDUCATION DEVELOPMENT PROJECT- 2016****6.51.1. Ineffective inventory management**

A policy that regulates the management and control of assets purchased or donated was not maintained by the project. It was recommended that the Project Coordinator should ensure that an inventory management policy is developed and implemented within the 2017 fiscal year.

**Official's Response**

*No Comments*

**Auditor's Comment**

An assets management policy was not submitted, as discussions with the Financial Management Specialist revealed that they abide strictly by the Project Implementation Manual which is the working document and guidance for the project, as dictated by the World Bank.

## **CHAPTER VII - LOCAL CHIEFDOMS**

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## MAIN POINTS

### What We Examined

Eighteen(18) local chiefdoms were examined and the audits of these selected entities focused primarily on the collection and administration of local taxes and other revenue generated by those chiefdoms deemed as high risk area based in part on prior audit outcomes. Risk simply means the possibility of something undesirable happening at some time in the future that could have a negative impact should it occur. The audits were carried out to ascertain whether the financial documents and books of account were a reasonable presentation of the results of the activities for the period, and whether 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

Chiefdom administration is a vital adjunct to public financial management and the central administration of the country. The duties of chiefdom administration authorities are to ensure good administration and maintenance of law and order at the grassroots level. The broad guidelines for the execution of these duties are provided in the relevant sections of our laws. The Local Government Act 2004 gives the local chiefdom councils powers to raise revenue from local taxes, property rates, licences, fees and charges, and to receive mining revenues, interest and dividends, etc. Chiefdoms receive regular and one-off transfers from the national government. Under the Act, the role of a chiefdom 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 chiefdoms.

### What We Found

Significant matters identified in the audit examinations across virtually all local chiefdoms fall within the following areas:

- Missing receipt books.
- Withdrawals/disbursement of funds without supporting documents.
- Revenue collected and put into immediate use.
- Monthly bank reconciliations not carried out.
- Failure to maintain asset registers.
- Non-presentation of vital documents.
- Chiefdom committee not operational.

It was evident throughout the audits that most of the monies collected in the chiefdom councils were not banked, but rather, put to immediate use. This anomaly, a deviation from good practice, has been recurring in the chiefdoms and reflected in our reports over the years. It is critical that all revenue collected be banked for proper accountability; otherwise, they may be diverted to private use. A recommendation in line with this finding, if not implemented, suggests a deliberate act.

Non-payments of tax precepts, another irregularity, prevailed in Small Bo and Wandor Chiefdoms where Le7,587,000 and Le1,114,500 respectively were not deducted and paid over to the Kenema District Council. It was recommended that the chiefdom administration clerks should ensure that those precepts were immediately paid to the Kenema District Council.

There were also instances where documents were not presented upon request by auditors. This was prevalent in about 80% of audited chiefdoms. Failure to present these vital documents grossly hindered the audit exercise. Even after the 15 days deadline given to the defaulting chiefdoms to produce those documents, the personnel responsible could not or did not make them available for audit inspection.

Overall, the findings suggest a need for improvement in the financial management of these chiefdoms 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.

#### **7.1.1. Missing receipt books**

A careful examination of revenue collection revealed that local tax receipt books, issued by the chiefdom administration clerks to the treasury clerks with estimated revenue value of Le147,200,000 were not presented to the audit team 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 15 days upon receipt of the management report.

#### **7.1.2. Disbursement without supporting documents**

Supporting documents for disbursements of funds made by chiefdoms which totalled Le215,658,743 were not presented for audit inspection for the period under review. Since those supporting documents were not made available for audit inspection, there is a risk that payments were made for goods or services that were not actually delivered. That is to say, those monies might not have been used for their intended purposes, thereby leading to loss of government funds. It was therefore recommended that chiefdom administrative clerks should ensure that all supporting documents in relation to those transactions were submitted to the ASSL for inspection and in future, all supporting documents must be attached to PVs and retained for audit purposes.

#### **7.1.3. Revenue not brought to account**

Receipt books revealed that an amount of Le61,125,500 was not accounted for. 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”. It was therefore recommended that strengthening of internal controls over the collection of revenue, and a strict adherence to the provisions of Section 62(1) of the FMR should be done. In addition, effective management actions should be taken against officials who fail to observe appropriate financial discipline, as prescribed by the legislation governing financial management.

#### **7.1.4. Monthly bank reconciliations not prepared**

A number of local chiefdoms 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 questions not only on the cash balance recorded in the cashbook, but also over reporting of revenue and expenditure. 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.



#### **7.1.5. 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.

#### **7.1.6. Chiefdom Committee not operational**

The administration of the chiefdom is undertaken by a chiefdom committee, presided over by the Paramount Chief. The chiefdom committee serves as an executive body to the chiefdom council and comprises all the sub-chiefs and chiefdom councillors. It was however noted that there was no evidence in the form of minutes and attendance lists to indicate that chiefdom committees were operational across most chiefdoms. This could result to poor planning, organisation and lack of accountability in the chiefdom. It was therefore recommended that the Central Chiefdom Administrative Clerk in collaboration with the Paramount Chief should ensure that regular meetings are held to discuss developmental issues in the chiefdom and the minutes and attendance lists be maintained for audit purposes.

**TABLE 7.1- COMMON ISSUES**

<b>CHIEFDOM</b>	<b>Missing receipt books (Le)</b>	<b>Disbursement without supporting documents (Le)</b>	<b>Revenue not brought to account (Le)</b>	<b>Monthly bank reconciliation not prepared</b>	<b>Fixed asset register not maintained</b>	<b>Chiefdom committee not operational</b>
BuyaRomende Chiefdom Port Loko District-2015	3,500,000		8,460,000			✓
Dodo Chiefdom Kenema District-2014-2015	29,710,000	39,760,000			✓	
Gorama Mende Chiefdom Kenema-2014-2015				✓	✓	
KanduLeppiama Chiefdom Kenema 2014-2015		2,230,750		✓	✓	
Lower Bambara Chiefdom Kenema 2014-2015				✓	✓	
Malegohun Chiefdom Kenema 2014-2015	1,000,000			✓	✓	
Nongowa Chiefdom Kenema 2014-2015	29,000,000			✓	✓	
Small Bo Chiefdom Kenema 2014-2015	2,500,000	20,910,294		✓	✓	
Wandor Chiefdom Kenema 2014-2015		111,889,719		✓	✓	
Simbaru Chiefdom Kenema District 2014-2015		28,485,000		✓	✓	
KaffuBullom Chiefdom Port Loko District-2015	8,000,000	3,290,000		✓		✓
Koya Chiefdom Port Loko District-2015	2,000,000		22,440,000	✓		✓
Lokomassama Chiefdom Port Loko District-2015	31,990,000					✓
Magbaimba Chiefdom Bombali District-2016	4,500,000	5,907,000		✓		✓
Marampa Chiefdom Port Loko District-2015	27,500,000					✓
Maforki Chiefdom Port Loko District-2015	2,000,000					✓
Paki Masaabong Chiefdom Bombali District-2016	1,000,000	3,185,980	9,525,500,			✓
SandaTendaren Chiefdom Bombali District-2016	4,500,000		20,700,000	✓		✓
<b>TOTAL (Le)</b>	<b>147,200,000</b>	<b>215,658,743</b>	<b>61,125,500</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### 7.1.7 Non-presentation of vital documents

*Section 36 (1a) of the Audit Service Act, 2014 states that “Any person who- (a) 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 requests; commits an offence and shall be liable on conviction to a fine not exceeding five million leones and to a term of imprisonment not exceeding two years”.*

In spite of several requests, vital supporting documents were not submitted for inspection in the under-mentioned chiefdoms for various periods under review. In fact, this has been a recurring issue over the years in the audit of local chiefdoms. As a result, assessing the chiefdoms’ operational efficiency has always been a challenge. See table 7.2 below:

Table 7.2	
Local Chiefdom	Documents not Presented
Buya Romende Chiefdom Port Loko District-2015	Cash book, cheque books stubs and bank statements
Dodo Chiefdom Kenema District-2014-2015	Local tax receipt books, accountable document register, cashbook, general receipt book and chequebook stubs (All relating to 2014)
Gorama Mende Chiefdom Kenema-2014-2015	"
Kandu Leppiama Chiefdom Kenema 2014-2015	"
Lower Bambara Chiefdom Kenema 2014-2015	"
Malegohun Chiefdom Kenema 2014-2015	"
Nongowa Chiefdom Kenema 2014-2015	"
Wandor Chiefdom Kenema 2014-2015	Local tax receipt books 2014, general receipt book 2014 and 2015 and chequebooks stubs 2014
Magbaimba Chiefdom Bombali District-2016	Cheque book stubs
Maforki Chiefdom Port Loko District-2015	"
Paki Masaabong Chiefdom Bombali District-2016	"
Sanda Tendaren Chiefdom Bombali District-2016	"

## CHAPTER VIII - SCHOOLS

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## MAIN POINTS

### What we examined

This year, we have continued our focus on audits of schools on high risk areas. By risk we mean the possibility of something undesirable happening at some time in the future that could have a negative impact should it occur. For each institution selected, we examined a test sample of payroll, revenue and expenditure transactions. Our audit objective was focused on evaluating the adequacy of internal controls in the collection of fees and on expenditure from those sums which served as a platform for effective school operations as well as procedures. We also sought 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

It is self-evident that the citizens of Sierra Leone value education for their children and themselves. Education is needed for the advancement of society and poverty reduction. It is a building block for economic development. Sierra Leoneans are greatly concerned about what they perceive to be poor performance by students in government schools. They are more than a little concerned too about the value for money reflected in the performance of the school system as a whole. Government policy and the expenditure of significant public funds to get the desired results is a reaction to the wishes of the people. If it is important for them, it is also important for ASSL.

### 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:

- Disbursement procedures not adequately followed.
- Withholding taxes not deducted and paid to NRA.
- Unclaimed funds not paid into the Consolidated Revenue Fund Account.
- Names of retired teachers still on payroll.
- Irregular teachers in receipt of salaries.
- Revenue not brought to account.
- Monthly bank reconciliations not prepared.
- Poor asset management.
- Inadequate personnel management.
- Teachers without the approval of the MEST.
- Non-compliance with provisions in the Education Act 2004.
- Non-submission of documents for audit inspection.
- Other matters.

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

## 8.1. 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 school authorities, totalled Le148.3 million were not presented for audit inspection during 2016. 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 totalling Le40.7 million were undertaken for which some supporting documents were submitted. However, the nature of these supporting documents was insufficient to fully substantiate the payments 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 8.1**, Disbursement Procedures Not Adequately followed, identifies schools and provides values for such major violations.

<b>Table 8.1</b> <b>Disbursement procedures not adequately followed</b>		
<b>Name of school</b>	<b>Payment without supporting documents</b>	<b>Payments without adequate supporting documents</b>
	<b>Le (million)</b>	<b>Le(million)</b>
Rainbow Junior Secondary School Masorie Mile 91	34.3	
Ahmadiyya Muslim Secondary School Makeni		0.7
Alhadi Vocational Secondary School, Makeni		3.8
Binkolo Catholic Secondary School	3.7	
Boyo Memorial Secondary School		1.6
Sierra Leone International Mission Senior Secondary School	66.8	
Holy Ghost Senior Secondary School – Segwema	1.8	
SLMB Junior Secondary School-Bombali	2.9	
SLMB Senior Secondary School-Makeni	3.9	
St. Francis Senior Secondary School		15.5
UMC Senior Secondary School, Makeni	22.0	
Yonibana Junior Secondary School	12.9	
Yonibana Senior Secondary School		19.1
<b>Total</b>	<b>148.3</b>	<b>40.7</b>

## **8.2. WITHHOLDING TAXES NOT DEDUCTED AND PAID TO NRA**

It was noted that withholding taxes totalled Le18.6 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.

**Table 8.2**, Withholding Taxes Not Deducted and Paid to NRA, identifies schools and provides values for the statutory deductions.

<b>Table 8.2</b>	
<b>Withholding taxes not deducted and paid to NRA</b>	
<b>Name of school</b>	<b>Withholding taxes not paid to NRA</b>
	<b>Le (million)</b>
Government Municipal Senior Secondary School	3.1
Government Municipal Junior Secondary School	3.0
Binkolo Catholic Secondary School	0.7
Sierra Leone International Mission Junior Secondary School	2.6
Sierra Leone International Mission Senior Secondary School	4.5
Yonibana Junior Secondary School	2.1
Yonibana Senior Secondary School	0.9
Boyo Memorial Secondary School	1.7
<b>Total</b>	<b>18.6</b>

### **8.3. UNCLAIMED FUNDS NOT PAID INTO THE CONSOLIDATED REVENUE FUND ACCOUNT**

There was no evidence to justify that unclaimed salaries amounting to Le1.5 million was paid by authorities of the Rainbow Junior Secondary School Masorie Mile 91, into the CRFA. 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 may be made to non-existing beneficiaries. Table 8.3, Unclaimed Salaries identifies schools for which unclaimed salaries were not paid into the CRFA.

### **8.4. NAMES OF RETIRED TEACHERS STILL ON PAYROLL**

Two (2) teachers' names continued to appear on the payroll even though they had already resigned six months earlier. Approved documents to justify their continued employment were not provided for examination and the sum of Le13.9 million was paid to these teachers. This situation may undermine the operational effectiveness of the schools. It was strongly recommended that mechanism should be instituted to ensure that their names are permanently deleted from the payroll. In addition, those monies should be refunded by the resigned teachers.

Table 8.4, identifies schools for which salaries were paid to resigned teachers.

<b>Table 8.4</b> <b>Salaries paid teachers who had resigned</b>			
<b>Name of school</b>	<b>Number of teachers</b>	<b>Number of months</b>	<b>Salary paid Le(million)</b>
Sierra Leone International Mission Junior Secondary School	1	6	6.1
Sierra Leone International Mission Senior Secondary School	1	6	7.8
<b>Total</b>			<b>13.9</b>

#### 8.5. IRREGULAR TEACHERS IN RECEIPT OF SALARIES

It was noted, via review of salary vouchers, and attendance registers that for various months, teachers did not sign the attendance register, indicating their absence from school, yet received salaries at the end of those months. In addition, documents were not submitted to the auditors supporting genuine absence. Total salaries received totalled Le148.4million. It was therefore recommended that the Principals should ensure that the amount in question is recovered and paid back into the CRFA within 15 days of receipt of the report.

Table 8.5, identifies schools for which salaries were paid to irregular teachers.

<b>Table 8.5</b> <b>Salaries paid to irregular teachers</b>			
<b>Name of school</b>	<b>Number of teachers</b>	<b>Total Number of absented months</b>	<b>Salary paid Le(million)</b>
Ahmadiyya Muslim Secondary School Makeni	2	6	5.1
Binkolo Catholic Secondary School Junior Secondary School	4	3	2.4
"	<i>Not indicated</i>	3	53.9
"	3	19	47.3
FAWE Junior Secondary School Makeni	1	4	3.4
SLMB Junior Secondary School-Bombali	2	17	29.2
Yonibana Junior Secondary School	4	9	7.1
<b>Total</b>			<b>148.4</b>

#### 8.6. 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 Binkolo Catholic Junior Secondary School during 2015/2016 school year. The amount of revenue not accounted for totalled Le4 million.

#### 8.7. MONTHLY BANK RECONCILIATIONS NOT PREPARED

A number of schools audited did not perform regular bank reconciliations during the period subject to audit. It is critical that institutions reconcile their books of accounts regularly 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 is poor practice. This renders the



cash balance recorded in the cashbook, and the reporting of revenue and expenditure unreliable. It is critical that the schools perform bank reconciliations shortly after the end of each month. All differences should be fully investigated, and the appropriate corrections made to the cashbook.

**Table 8.7** identifies schools for which bank reconciliations were not performed.

<b>Table 8.7</b>
<b>Bank reconciliation not performed in schools</b>
<b>Name of school</b>
Sierra Leone International Mission Junior Secondary School
Yonibana Junior Secondary School
Yonibana Senior Secondary School
Ansarul Secondary School Messima Section

### 8.8. POOR ASSET MANAGEMENT

A number of schools audited did not maintain fixed assets registers and in some cases assets were not coded with unique identification codes for easy identification of school properties. 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 the school authorities must ensure that the location and state of all assets are checked on a regular basis, and evidence of such should be documented. In addition, with immediate effect all assets should be marked with unique codes.

**Table 8.8** identifies schools with poor assets management.

<b>Table 8.8</b>		
<b>Poor asset management</b>		
<b>Name of school</b>	<b>Fixed asset register not maintained</b>	<b>Assets not coded with unique identification codes</b>
Holy Ghost Senior Secondary School – Segwema-2015-2016		✓
Sierra Leone International Mission Junior Secondary School	✓	
Lukes Commercial Senior Secondary School – Kenema	✓	✓
Lukes Commercial Junior Secondary School – Kenema	✓	✓
St James Junior Secondary School – Kenema	✓	

### 8.9. INADEQUATE PERSONNEL MANAGEMENT

A review of the staff personal files revealed that some teachers' personnel files lacked vital information such as: appointment letters; academic credentials/certificates; signed and approved employment data (ED) form; Birth certificates, etc.

Section 18 (1) (a) of the Education Act 2004 also requires the manager of a school to keep a register of teachers employed. This register shows the particulars of such teachers. A list of schools mentioned in Table 8.9 fall within this category. In some instances, we experienced situations where personnel files were not maintained for teachers. Personnel information not maintained by the school may provide

inappropriate or misleading information of teachers to the public. It was recommended that relevant personnel information must be adequately managed.

<b>Table 8.9</b>
<b>Schools with inadequate personnel management</b>
<b>Name of school</b>
Holy Ghost Senior Secondary School – Segwema
Holy Ghost Junior Secondary School - Segwema
Lukes Commercial Senior Secondary School – Kenema
Lukes Commercial Junior Secondary School – Kenema
Alharrkan Islamic Junior Sec School Makeni( <i>No Staff personnel files</i> )
Alhadi Vocational Secondary School, Makeni( <i>No Staff personnel files</i> )
Binkolo Catholic Junior Secondary School - ( <i>No Staff personnel files</i> )
Joseph Carolyn Wagner Junior Secondary School – Kenema
St James Junior Secondary School – Kenema
Vocational Secondary School – Boajibu
Wesley Junior Secondary School – Segbwema
Wesley Senior Secondary School - Segbwema
Government Municipal Senior Secondary School

#### **8.10. TEACHERS WITHOUT THE APPROVAL OF THE MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY**

During a review of the staff list, payroll vouchers and upon physical verification, it was observed that teachers in three schools were unapproved by the MEST. The schools continue to pay incentives/stipends to some of the teachers who were yet to be approved by the MEST and some of these teachers had taught for over one year. Such a situation may deprive the school and pupils of the much-needed service of the teachers and may ultimately affect the teaching scheme.

**Table 8.10** below identifies schools with unapproved teachers

<b>Table 8.10</b>	
<b>Teachers without the approval of the Ministry of Education Science And Technology</b>	
<b>Name of school</b>	<b>Number of teachers</b>
Sierra Leone International Mission Junior Secondary School	14
Sierra Leone International Mission Senior Secondary School	17
Ansarul Secondary School Messina Section- Bo	11

#### **8.11. NON-COMPLIANCE WITH THE EDUCATION ACT 2004**

##### *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 provision, the following were observed:

### *Learning Environment*

#### *Lukes Commercial Junior & Senior Secondary School Kenema*

The following were observed:

- The school did not have a perimeter fence to avoid encroachment of the school land.
- A review of class registers revealed that classes were overcrowded and exceeded the required maximum of forty (40) students per class.

#### *Holy Ghost Junior Secondary School - Segvema*

The following environmental issues were observed:

- Most of the class rooms were not ideal for learning as scrap chairs and tables were deposited there.
- The toilet facilities were unhygienic and were seen as a breeding ground for insects.
- No perimeter fence was constructed around the school compound for security purpose as thieves frequently visits the school.
- The school compound was too large for one watchman to man and therefore could not cover the entire compound at night.

### **8.12. 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:

#### *Joseph Carolyn Wagner Junior Secondary School – Kenema*

A staff list was not provided to the auditors for the under review.

#### *Sierra Leone International Mission Senior Secondary School*

Receipt books for 2009/2010 and 2010/2011 academic years were not submitted for audit inspection.

#### *Barina Agricultural Secondary School*

The salary voucher for May, 2015 was not submitted for audit inspection. The estimated value of the salary paid was Le9.3 million. This indicated poor records management.

### **8.13. OTHER OBSERVATIONS**

#### *Yonibana Junior Secondary School*

It was noted that total school fees paid into the school's account was Le57,470,000 whilst the school requested from pupils Le49million according to its roll. This means there was an over-payment of Le8.4 million which was not refunded.

#### *Ansarul Secondary School Messima Section- Bo*

The names of six (6) teachers on the staff list were not available for physical verification.

8.14. APPENDICES

Appendix A - (ESTIMATED CASH Loss of cash FOR THE YEAR ENDED 31ST December 2016)			
MDA	Details	Page Ref.	Cash loss (Le)
Ministry of Education Science and Technology, Hq-2016	Evidence of withholding tax paid to NRA not made available for verification	112	62,078,440
	Withdrawals from the school materials account without supporting documents	113	2,348,267,575
	Withdrawals from EMIS account without supporting documents	113	30,195,421
Ministry of Agriculture, Forestry And Food Security, Hq-2016	Payment of government counterpart funding to a non-existing project	117	800,000,000
	Two staff received salaries from the Linking Farmers to Market project, whilst concurrently receiving salaries from the CRFA	120	238,463,218
	Evidence of withholding tax paid to NRA not made available for verification	118	19,902,240
Ministry of Agriculture, Forestry And Food Security, Kenema -2016	Bank pay-in slips not produced for inspection	112	8,814,750
	No pay-in- slips for revenue collected in respect of the registration of farmers based organisation	123	100,545,000
Ministry of Defence-2016	Cash withdrawals with no supporting documents	128	4,200,000
	Proceeds from sale of bidding documents not accounted for	128	19,700,000
	Withholding tax not deducted at source from payments to suppliers	129	9,480,000
	Withholding tax deducted but not paid to the NRA	129	17,699,879
	Long outstanding loans	130	344,550,000
			67,422,490

Appendix A - (ESTIMATED CASH Loss of cash FOR THE YEAR ENDED 31ST December 2016)			
MDA	Details	Page Ref.	Cash loss (Le)
	Long outstanding loans-US\$10,710 @ Le7,195.35	130	77,062,198
<b>Ministry of Foreign Affairs and International Cooperation-2016</b>	Visa stickers not accounted for by Overseas Missions-£114,748 @Le8,351.40	132	958,306,447
	Visa stickers not accounted for by Overseas Missions-€41,965@Le6,162.47	132	258,608,053
	Visa stickers not accounted for by Overseas Missions US\$2,387,402@Le5,627.44	132	13,434,961,511
	Visa stickers not accounted for by Overseas Missions-£10,900 @Le8,351.40	132	91,030,260
	Revenue not paid into the Consolidated Revenue Fund-US\$86,372@ Le5,627.44	132	486,053,247
<b>Ministry of Health and Sanitation -2016</b>	Proceeds from the sale of bidding documents not accounted for	132	33,000,000
	No overseas medical returns submitted for 20 patients	135	1,247,016,444
	Unapproved overseas medical treatment for two staff	136	125,582,600
	Payments without supporting documents	136	423,581,000 85,400,000
	Withholding tax receipts not available for inspection	137	16,775,000
	Withdrawals without justification of utilization	137	1,052,384,210
	Three Generators procured, but not available for physical verification	138	717,574,707
	No store records submitted for inspection	139	560,915,000

Appendix A - (ESTIMATED CASH Loss of cash FOR THE YEAR ENDED 31ST December 2016)			
MDA	Details	Page Ref.	Cash loss (Le)
District Health Management Team, Bo-2016	Bank withdrawals without supporting documents	141	54,481,500
Government Hospital, Kenema- 2016	No supporting documents to justify utilisation of funds	144	159,508,000
	No evidence to justify the utilisation of funds allocated	144	223,200,000
	No records to show the utilization of funds for service and repairs of vehicles	144	58,000,000
Ministry of Energy- 2016	Bank deposit slips and bank statements not submitted to confirm payment into CRFA	147	90,696,000 56,393,245
	Withholding taxes not deducted and paid to NRA	148	475,975,400 20,232,495 780,871,023 24,212,562
	Relevant supporting documents not submitted	149	1,610,766,750 3,071,372,746
	Receipts in support of electricity top up not submitted for verification	149	72,000,000
	No evidence to justify payments made for assorted solar equipment	151	1,060,000,000
Ministry of Works, Housing and Infrastructure, Hq- 2015	Fuel chits posted twice by the dealer	155	18,393,750
	21 staff receiving salary but not available for physical verification	155	279,313,672
Ministry of Social Welfare, Gender and Children's Affairs- 2015-2016	Payment without supporting documents	159	3,843,577,837 603,661,200
	Special imprest utilized without retirement details	159	3,517,210,000

Appendix A - (ESTIMATED CASH Loss of cash FOR THE YEAR ENDED 31ST December 2016)			
MDA	Details	Page Ref.	Cash loss (Le)
			1,031,350,000
	Supporting documents not available in respect of funds	160	707,039,500
	Supporting documents not submitted for withdrawals from the Hajj Account	160	16,543,854,665
	Supporting documents not submitted for withdrawals from the Hajj Account-US\$663,780 @ Le7,195.35	161	4,776,129,423
	Supporting documents not submitted for transactions	161	211,600,000 6,800,000
	Store items not accounted for	162	62,785,000
<b>Ministry of Lands, Country Planning and the Environment– 2015</b>	Revenue not accounted for	164	980,040,500
	Withdrawals from land shelter development account without supporting documents	165	30,944,062
	Withholding taxes deducted but not paid to NRA	166	5,360,500
	Revenue collected and not deposited into the CRFA	166	2,737,391,983
<b>Ministry of Fisheries and Marine Resources -2016</b>	Revenue not deposited into the CRFA	170	1,293,725,421
	A staff failed to report for duty since March, 2016 – salary paid	171	8,075,180
	Withholding taxes not deducted and paid to NRA-£4,250@8,843.61	172	37,585,342
	Withholding taxes not deducted and paid to NRA-£2,127@Le8,843.61	172	18,810,358

Appendix A - (ESTIMATED CASH Loss of cash FOR THE YEAR ENDED 31ST December 2016)			
MDA	Details	Page Ref.	Cash loss (Le)
	Withholding taxes not deducted and paid to NRA-	172	11,304,350
<b>Ministry of Political and Public Affairs - 2014-2016</b>	Withdrawals with no supporting documents	174	22,073,750
			253,363,750
	Withholding taxes deducted but not paid over to the NRA	175	7,315,000
	Withholding taxes not deducted and paid over to the NRA	175	4,696,125
			56,166,500
			158,935,725
			136,485,181
<b>Ministry of Labour&amp; Social Security,Hq 2014-2016</b>	Revenue receipts not submitted	182	1,022,197,000
	Bank deposit slips not submitted in respect of work permit and factory inspection fees totalling	182	3,531,278,194
<b>Provincial Secretary's Office, Northern Region-2015</b>	Lack of supporting documentation for claimed expenditure	191	105,000,000
<b>Provincial Secretary's Office Eastern Region- 2016</b>	No evidence of monies spent for service and repairs of vehicles	192	30,000,000
<b>Administrator And Registrar General-2016</b>	Revenue collected but not traced into the CRF	193	17,535,000
<b>Human Resource Management Office – 2016</b>	Revenue from Hall Rental not accounted for	194	16,000,000
<b>National Registration Secretariat-2016</b>	Monies transferred from the Transit Account not traced in the CRFA	195	11,579,000
<b>Legal Aid Board-2016</b>	Withholding Tax not deducted and paid to NRA	195	14,543,850
<b>Magistrate court, Makeni- 2015</b>	Court fines not brought to account	198	4,650,000
	Court fines not paid	198	26,290,000
<b>Government Printing Department – 2016</b>	Revenue Collected not traced to the CRFA	207	18,314,500



Appendix A - (ESTIMATED CASH Loss of cash FOR THE YEAR ENDED 31ST December 2016)			
MDA	Details	Page Ref.	Cash loss (Le)
<b>Constitutional Review Committee-2015-2016</b>	Withdrawals/Payments without supporting documents	209	1,576,227,000
	Withholding Tax deducted but not paid to NRA	209	76,571,013
	Nine laptops not available for verification	210	93,530,950
<b>OFFICE OF NATIONAL SECURITY-2014-2015</b>	Imprest not retired	305	56,177,000
	Imprest not retired	305	158,152,000
<b>GRAND TOTAL</b>			<b>75,519,313,692</b>

## APPENDIX B

### COMPUTERS/IT EQUIPMENT NOT SEEN

Activity Description	Description of Asset	Asset Identification Marking	Funding Sources	Date of Purchase	Qty	Location of Asset/ Custody	User	Cost \$	Cost Le	STATUS	REMARKS
		<b>INFORMATION COMMUNICATION AND TECHNOLOGY</b>									
346	Cisco Branch Routers-1921	GOSL/PFMICP/ICT/4-28	Designated Account	4-Oct-15	2	IFMIS	IFMIS	3043.48	-	Not seen	One of the routers was reported burnt during the fire outbreak at the Ministry of Energy and Power and the other router was not accounted for
	Laptop Computers	GOSL/PFMICP/IFMIS/74	Designated Account	26/9/2016	1	ICT/IFMIS	Dep. Director		36,898,030	Not seen	The laptop was reported stolen and we were given a police report to substantiate that claim

Activity Description	Description of Asset	Asset Identification Marking	Funding Sources	Date of Purchase	Qty	Location of Asset/ Custody	User	Cost \$	Cost Le	STATUS	REMARKS
		<b>INFORMATION COMMUNICATION AND TECHNOLOGY</b>									
Purchase, supply, delivery and installation of accessories, for IFMIS	UPS APC 650 VA-PC	GOSL/PFMICP/IFMIS/04	Designated Account	26-10-15	1	Deputy Secretary	Deputy Secretary	230.00	-	Not seen	We were told the UPS was never supplied
			<b><u>PARLIAMENTARY COMMITTEES (PAC,TAC&amp;PFC)</u></b>								
	Laptop Computer	GOSL/PFMICP/PAC/1-3	Designated Account	18/9/2015	1	Parliamentary Committees (PAC,TAC&PFC)	PAC	1,739.13	-	One of the laptop was not seen	One of the three laptops not verified was reportedly missing and we were given a police report as a backup to that claim
	IPAD	GOSL/PFMICP/PAC/16-18	Designated Account	18/9/2015	1	Parliamentary Committees (PAC,TAC&PFC)	PAC	1,043.48	-	One of the I Pad was not seen	Out of the three I Pads, Only two were verified leaving one reportedly stolen and we were given a police report as a

Activity Description	Description of Asset	Asset Identification Marking	Funding Sources	Date of Purchase	Qty	Location of Asset/ Custody	User	Cost \$	Cost Le	STATUS	REMARKS
		INFORMATION COMMUNICATION AND TECHNOLOGY									
											backup to that claim

## Appendix C

<b>MDA VISITED</b>
Ministry of Education Science and Technology
Ministry of Health and Sanitation
Office of the Vice President
Ministry of Lands Country Planning and The Environment
Office of the President
Ministry of Labour and Social Security and Employment
Ministry of Fisheries and Marine Resources
Ministry of Internal Affairs
Immigration Department
Ministry of Social Welfare, Gender and Children's Affairs
Office of The Administrator and Registrar General
Office of the Attorney General and Ministry of Justice
Public Service Commission
Human Resources Management Office
Ministry of Political and Public Affairs
Meteorological Department
Justice Sector Coordination Office
National Fire Force
Sierra Leone Judiciary
Government Printing Department
Ministry of Trade and Industry
Ministry of Defence
Sierra Leone Correctional Service
Ministry of Local Government and Rural Development
Ministry of Information and Communications