

Transmittal Letter



December, 2015

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

Dear Sir

In accordance with Section 119(4) of the 1991 Constitution of Sierra Leone, I have the pleasure and honour to submit my report on the Accounts of Sierra Leone for the financial year ended 31st December, 2014.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Lara Taylor-Pearce'.

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

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LIST OF ACRONYMS

AIG	-	Assistant Inspector General
ASSL	-	Audit Service Sierra Leone
CDS	-	Chief of Defence Staff
CMO	-	Chief Medical Officer
CRF	-	Consolidated Revenue Fund
DG	-	Director General
DHMT	-	District Health Management Team
DMO	-	District Medical Office(r)
FO	-	Finance Officer
HOC	-	Head of Chancery
HRMO	-	Human Resources Management Office
IT	-	Information Technology
JLU	-	Joint Logistics Unit
JMU	-	Joint Medical Unit
MAFFS	-	Ministry of Agriculture Forestry and Food Security
MD	-	Managing Director
MDA	-	Ministries, Departments and Agencies
MEST	-	Ministry Of Education, Science and Technology
MMOs	-	Mines Monitoring Officers
MoFED	-	Ministry of Finance and Economic Development
MOU	-	Memorandum of Understanding
MS	-	Medical Superintendent
NPPA	-	National Public Procurement Authority
NRA	-	National Revenue Authority
PHU	-	Primary Health Unit
PS	-	Permanent Secretary
PTT	-	Performance Tracking Table
SLRSA	-	Sierra Leone Road Safety Authority
IFRS	-	International Financial Reporting Standards
NASSIT	-	National Social Security and Insurance Trust
COMAHS	-	College of Medicine and Allied Health Sciences
PV	-	Payment Vouchers
IPFMRP	-	Integrated Public Financial Management Reform Project
EPA	-	Environmental Protection Agency
SLMA	-	Sierra Leone Maritime Administration
LPO	-	Local Purchase Orders
NCB	-	National Competitive Bidding
PO	-	Procurement Officer
NCTVA	-	National Certificates for Technical and Vocational Awards
DAO	-	District Agriculture Officer

Foreword



Welcome to my 2014 Annual Report. It has not been the best of years for our nation but as I write, with the end of 2015 in sight, we are at last at or near the end of the Ebola crisis and we can look forward to better days ahead.

2014 was a year of trauma, disease and profound economic setback for the nation. It did not leave ASSL untouched. We lost one senior staff member and almost all his immediate family to EVD. We also saw the passing of our Board Chairman.

The above notwithstanding, it was a year of accomplishments and for this I must commend and thank all staff for their great work and resilience under difficult circumstances. In terms of accomplishments, for example, our Annual Report for 2013 was presented within the legislative timeframe; we increased our audit coverage to 85% of the Government Budget; we were rated at A by DFID in its annual review; we undertook a much lauded real time audit and reported on the *Management of the Ebola Funds*; and much more besides. The Ebola funds audit, which served our people and the nation well, stands out because it was the first audit of its kind, recognised as such internationally and is a model for other Supreme Audit Institutions (SAIs) to emulate. It covered all funding from all sources except, regrettably, those donor funds channelled through United Nations agencies and other NGOs for the people of Sierra Leone, a matter which I raise again in my report.

In my Annual Report I present the overall results of our work for 2014. In keeping with our statutory obligation we have conducted the financial audit of the Public Accounts, compliance audits in Ministries, Departments and Agencies as well as Public Enterprises and Commissions. In Chapter 2, *A Review of Asset Management Across Government*, we present the first Sierra Leonean comprehensive study of this area from an audit and control perspective. In Chapter 3, *A Review of the Sierra Leone Health Sector*, we present the initial results of what, in light of the collapse of healthcare systems during the recent crisis, may be a multi-year examination by my office of health institutions in this country. This year we continue our work initiated in 2013, in common with SAI best practice, on implementation of our recommendations. Chapter 4, *Follow-up on Recommendations 2010-2014*, deals exclusively with this matter and there are summary chapters on audits on devolved local councils. In short, I report on all our audit activities so as to provide a comprehensive picture of the work of my office. All our audits are conducted in compliance with professional auditing and ethical standards generally recognized around the world.

I think of my report as having overarching themes. This year there is a particular focus on resource management whether in the form of fixed assets or critical stores such as medical drugs and pharmaceuticals. This is not to say that my often raised concern on the need to firmly address the most basic elements of internal control and cash management as well as the quality and accuracy of accounting, has been addressed to my satisfaction. It has not; and I will continue to comment until there is real and measurable progress.

Finally, I want to welcome our new Board Chairman, a much respected senior member of the auditing profession in Sierra Leone and to express my deep and profound gratitude to all government officials for their cooperation and assistance under challenging circumstances. It is with considerable pride I present this report. I commend it to you.

A handwritten signature in blue ink, appearing to read 'Lara Taylor-Pearce'. The signature is stylized and fluid, with a long horizontal stroke at the end.

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

Executive Summary

About this Executive Summary

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

The Role of ASSL

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

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

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

The Public Accounts

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

A significant outcome from my audit work for 2014 has been the issuance, yet again, of an “except for” qualified opinion on the Financial Statements of the Government of Sierra Leone, commonly referred to as the Public Accounts.

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

As was the case in 2013, I have issued a modified opinion – an “except for” opinion - on the accounts. This signifies that the status quo, though improved, still needs work to be undertaken.

The various issues giving rise to the qualified opinion relate to control over domestic revenue, non-inclusion of revenue arrears, application of the Cash Basis IPSAS accounting standard and external debt. A summary of these matters is set out below.

... except for the matters in the Basis opinion paragraph... the Public Accounts do give a true and fair view, of the financial position of the Government of Sierra Leone as at 31st December, 2014 ...

Domestic Revenue

There were no regular reconciliations between the cash books maintained by finance officers of the NRA in respect of the various revenue departments and the transit banks, and between NRA and the Bank of Sierra Leone (BSL). There was no process by which the amount assessed by revenue collecting MDAs was compared to the revenue collected by NRA.

We were unable to determine the actual amount that was meant to be paid as Foreign Travel Tax (FTT) to the NRA because complete airlines sales reports were not provided to us. Sales reports show the total sales made by the airlines from which 10% should be deducted for FTT.

Total receipts of Le191.3 billion were recorded in the VIPS (a software system used to record GST liabilities for both Large and medium tax payers) but only Le152.5 billion of receipts was reported in the cash book. When payments are made this system is updated to reduce the liability of the taxpayer. Hence the GST revenue reported was understated by Le38.76 billion.

We observed from the books of the Ministry of Fisheries that Le30.52 billion was collected as compared to Le14.93 billion that was disclosed in the Public Accounts. Revenue was therefore understated by Le15.59 billion.

GST Customs and Excise (C&E) revenue of Le280 billion was reported in the ASYCUDA; but Le266 billion was GST reported for C&E department on the financial statement. Hence GST is revenue potentially understated by Le13.9 billion.

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

Non-Inclusion of Revenue Arrears in the Accounts

The 2014 Public Accounts did not disclose all revenue arrears as required by Section 57(5) (g) of the GBAA 2005 which states that “The annual statement of public accounts shall include a summary statement of revenue arrears to be collected by each budgetary agency”. We were unable to carry out a full analysis of all budgetary agencies because arrears lists were not provided and as a result we could not verify the total amount of Le4.3 billion disclosed. The actual amount of government arrears is likely to be much larger.

Cash Basis IPSAS

The Cash Basis IPSAS accounting and reporting standard requires that all expenditure made on behalf of an entity be disclosed, including 3rd party payments. These are not currently included in the 2014 Public Accounts. Examples would be costs paid directly by donors and NGOs during the recent Ebola crisis. As a result of this, expenditure in the public accounts is understated and therefore cannot be said to be compliant with the standard.

External Debt

Differences have 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 data sources means that it is impossible to be sure that the figure as presented in the Public Accounts is free from material misstatement.

Other Commentary

It must be noted that the various issues giving rise to my qualified ‘except for’ opinion are very serious in terms of their effect on the accounts, and need to be dealt with urgently. Our public officials could and should do better. Neither the will nor the discipline to make reforms is present and even if it was it is only the first step. Reform must be balanced with staff competency and there needs to be consequences for failure for all parties. As I have said before, with a stronger commitment and willingness to address public financial management reform and strong enforcement of existing well-established laws and regulations, combined with continuous and hard-driven capacity building, the matters could be put right quickly as other countries have done. That is the responsibility of the government. The citizens of this country and Civil Society Organizations need to push parliamentarians, our elected representatives, to make improvements and to levy sanctions on public officials when required. It’s not enough to have laws on the books – they need to be enforced with rigour, consistency and a strong sense of justice for all.

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

Parliamentarians, Ministers and public sector managers at all levels need to provide leadership by not accepting grand or even petty corruption as normative. Those in a position to do so should expose and report corruption at every opportunity and follow the money when things go wrong. As citizens, none of us should ever accept fiduciary irresponsibility from those charged with holding the strings of the public purse. To do so is morally corrosive, erodes our civic rights and damages our hard-won young democracy. Citizens have power as was demonstrated when my report on the *Management of Ebola Funds* was published earlier this year. The findings, widely publicized in the global media and through public hearings of PAC proceedings, engaged and enraged the people and, for the first time in Sierra Leone, a parliamentary committee brought public officials to book and levied serious sanctions.

“... Citizens have power ... (and were) engaged and enraged ... and ... a parliamentary committee brought public officials to book ...”

In the following sections of this executive summary I provide high level synopses of what was found in our audits this past year. I commence with common issues that are

found across all MDAs, PEs, Councils and Schools.

Common Issues

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

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

- Fixed assets registers not maintained.
- Fixed assets registers not updated.
- No identification codes on assets
- No effective internal audit units.

They cover a range from bad practice to outright breaches of legislation. Many are simple to address but for the reasons outlined they are not dealt with in any serious way.

Health and Sanitation – Delivery of Services in Sierra Leone

The review was carried out because during the recent EVD crisis the weaknesses in the health sector brought the country to its knees, devastated families and around 4,000 people died. For many years, predating the crisis, we have highlighted concerns about poor management practices, internal control deficits and significant under-resourcing in MOHS, individual healthcare institutions and across the board in the sector. We saw little evidence of improvement and a general failure to act on our recommendations.

“The review revealed that the sector is in deep trouble. There are major deficiencies in the Ministry, hospitals and other responsible bodies that need urgent attention and increased support from the government and other stakeholders. Truly appalling conditions abound. We found a shameful panoply of dysfunction ...”

Much has been written and reported, largely by outsiders, about components of our health system. We thought it timely to look for ourselves from a Sierra Leonean perspective, obtain an overview and understanding of the issues and convey this to parliamentarians, civil society and all stakeholders to try to kick-start reform.

The review revealed that the sector is in deep trouble. There are major deficiencies in the Ministry, hospitals and other responsible bodies that need urgent attention and increased support from the government and other stakeholders. Truly appalling conditions abound. We found a shameful panoply of dysfunction including the following:

- Gross underfunding impeding delivery of quality health care services to the population;
- Overlapping or conflicting legislation governing the health sector, creating bottlenecks reducing effective and efficient service delivery;
- Hardly a single international health standard for medical staff to population ratio is met;
- Shortages of nurses and specialist doctors everywhere with none available in some institutions;
- Eight medical specialists working at MOHS headquarters when field needs go unmet;
- A lack of basic equipment in hospitals, operating theatres, laboratories and wards and even some cases of obsolete and defective equipment in use;
- Deplorable conditions prevailing in stores, wards and kitchen;
- General waste management and cleanliness so poor as to pose a threat to the health of already sick patients, health workers and visitors;
- Medical waste disposal so poor as to risk infection and disease to staff and public alike;
- Such meagre resources as are available not judiciously utilised to achieve value-for-money aggravated by breaches of procurement procedures, poor control over revenue and disbursements, unmanaged assets and poor to near-non-existent record keeping in critical areas;
- A drug distribution system from the Central Medical Stores that pushed shipments to hospital and other locations with no consultation on actual needs;

- Government investment in training programs for practising health workers is particularly insufficient; in fact, most in-service training is delivered by development partners with little or no coordination with or by the MOHS; and
- Some hospital boards have not been established but, alarmingly, the government is allocating funds to the board secretariats even though there is no board.

In the prevailing circumstances the drug distribution regime in place at present has contributed to estimates of out of date drugs running as high as 20% with storage facilities, not fit for purpose, dating in some instances, we were told, from the 1940s. The NPPU, an independent agency charged with drug procurement and distribution under its enabling legislation, is funded by MOFED but through MOHS. The relationship between the NPPU and MOHS management seems to have descended into a classic turf war characterised as beyond tense by one interviewee. The managing director suggested that NPPU does not yet have the full staff complement to effectively manage all the drug stores across the country. It is collaborating with the DHMT/DMOs to supervise the stores and to distribute the drugs to the PHU level. Internal studies suggest the NPPU needs 175 staff to carry out its full functions. At the moment, the unit only has 10 full-time staff.

“In the prevailing circumstances the drug distribution regime in place at present has contributed to estimates of out of date drugs running as high as 20% with storage facilities, not fit for purpose, dating in some instances, we were told, from the 1940s.”

On the procurement front the acquisition of 123 ambulances stands out as being a doubly reprehensible event. A 60% advance – rather than the legally permissible 30% - was paid. Only 90 vehicles were delivered and as warranties and performance bonds were allowed to expire by MOHS rights of action against the supplier for non-performance or contract abandonment are limited. In addition, the 90 vehicles delivered, notwithstanding the critical need for them across the country, have never been deployed but were stored in the open at the Youyi building for about one month initially and were then transferred to the Military Headquarters at Wilkinson Road.

“... 90 vehicles delivered, notwithstanding the critical need for them across the country, have never been deployed ...”



Ambulances parked at Military HQ

A Review of Asset Management across the Government of Sierra Leone

The review was carried out because over the years our audits of MDAs reported many issues regarding the management of assets cross-cutting the whole of government with our recommendations largely not acted upon.

If there is an overarching conclusion from this study it would be that the legislative framework for the Control and management of assets and properties of government of Sierra Leone is *de jure* on the books but *de facto* largely ignored in practice. The enabling legislation in place since 1990 likely needs updating.

No one seems to be wholly and solely responsible for the management of assets. From reviews this responsibility is either shared between the procurement officer, the accountant, and in some MDAs the storekeeper. It is evident that many of these officers lack the training and experience necessary to manage assets. However, the Sierra Leone Police (SLP) has established an asset management unit under its Corporate Affairs Division with funding from United Nations Development Programme (UNDP). This resulted in the creation of an inventory only for the Western Area so far. The SLP has also put together an asset management policy though it is yet to be approved by their Executive Management Board. The SLP is exceptional as in all of our audit engagements for 2012 through 2014, asset registers are either not maintained or are poorly maintained.

“No one seems to be wholly and solely responsible for the management of assets ... yet 60% of government budgetary expenditure is on assets and properties ...”

The 2012 report on the *Management and Functional Review of NAGPC* by the Public Sector Reform Unit (PSRU) in the MOFED made 24 recommendations. Only a handful of these have been implemented.

NAGPC is inadequately structured and underfunded to support its operations. It has fewer than 18 non-professional and largely unmotivated staff and limited office space. Its operations are effectively limited to Freetown as it has no capacity to monitor government assets and properties throughout the country; and in other embassies and consulates.

There is a complete absence of a *consolidated*, fair and robust national policy on procurement, allocation and disposal of government assets and properties – we have in mind something that addresses the full asset lifecycle from acquisition to disposal. There is however, standalone and overlapping regulations covering procurement and disposal of assets. They can be found in NPPA Act and Regulations 2004 and 2006 respectively, the Government Budgeting and Accountability Act 2005, the revised Anti-Corruption Act 2008 and many cabinet papers. It is claimed that many government entities find it difficult and confusing to implement asset management. The criteria used for the identification of obsolete materials/equipment are either inadequate or non-existent. Officers are poorly trained in disposal procedures.

MDAs have no maintenance plans making the deferral of maintenance expenditure an easy choice. Similarly, there is no maintenance history. Thus the true cost of ownership of assets cannot be readily determined.

With over 60% of government budgetary expenditure on assets and properties, public sector managers, administrators and employees have a duty and responsibility to provide protection for the assets under

their control. A fixed asset management program extends to establishing and assigning responsibility for the assets in MDAs, as well as establishing a well-functioning commission.

Follow-up on Audit Recommendations

In comparison to 2013 the rate of implementation of our recommendations appears to have marginally improved from 19% in 2013 to 24.2% in 2015. It would be pleasing to report that the improvement was real but it is not. It has arisen simply because the Ministry of Foreign Affairs, is not included in the 2014 figures as the annual audit was not undertaken in time for inclusion due to logistical constraints arising from the EVD crisis. Almost without exception our observations and recommendations are not being given the attention they deserve or that Parliament, citizens and international donors have a right to expect. For example, Freetown City Council has implemented less than 8% of our recommendations and, from the eight entities reviewed, another three have implemented less than 13%. In absolute numbers, for the four years 2010 to 2014 there were 953 recommendations of which 231 were implemented, 75 are in progress and 647 were not implemented.

“Overall just 24.2% (19% in 2013) of recommendations have been implemented ... an apparent but not real improvement ...”

There is a clear pattern of ASSL year-over-year repeating observations recommendations across all the audit entities. The areas of repetition relate to basic tenets of public financial management and compliance with the laws of this country. Dereliction of duty, and I use that phrase conscious of its meaning, by senior public servants and others, are largely in the following areas:

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

There is clearly a lack of will and a systemic failure of corporate culture to address these matters. With the possible exception of procurement, where the laws and regulations are complex but addressable with training of officers, the remainder are well within the capacity even moderately skilled clerical staff if properly supervised. Indeed, not only are managers not motivated to improve but may in some cases be complicit in not doing so.

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

Ministries, Departments and Agencies

We estimate there have been losses in cash and stores of Le140,513,297,368. As in previous years this has occurred for a number of reasons, some inter-related and overall strongly suggest that public financial management has much room for improvement in all MDAs. For example:

- Monies allocated to some MDAs are not accounted for at all.
- A perennial problem, payments without adequate supporting documents persists in almost all the MDAs.
- Monthly bank reconciliations are not carried out in most MDAs. This is a fundamental failure of internal control over cash and banking procedures. This control should also be undertaken by

persons with no access to the physical cash or bank statements, i.e. there should be segregation of duties between those handling cash and accounting for it.

- There are significant weaknesses in the management of revenue in most if not all of the revenue generating entities. For instance, transferring funds to NRA is subject to unnecessary delay.
- We noted many cases where withholding taxes are not deducted from suppliers or contractors.
- Several significant lapses were observed in procurement procedures resulting in incomplete transactions and hence unsatisfactory service delivery.
- Moneys intended to be managed by imprest accounts are not properly closed out or accounted for, with the result that control over imprest accounts is weak and analyzing and posting expenditure accurately to ledger accounts is seriously impaired.
- Fixed assets, stores and fuel records are not adequately recorded in applicable registers and other records.

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

Defence procurement

Some findings stand out as especially egregious and need to be highlighted.

In November 2013, the former Minister of Defence acting on behalf of the Government entered into agreements for the procurement and supply of 126 common use and specialised vehicles in two lots of 69 and 57 with two suppliers involving the sums of US\$10,654,168 and US\$5,058,368 respectively. A number of issues were identified with this procurement:

- Of the 126 vehicles ordered only 49 were delivered leaving a balance of 77 outstanding. A comparison of the invoice prices, the NPPA price norm, current market prices and prices of similar vehicles procured by other government agencies, disclosed that the vehicles were overpriced by Le30 billion (US\$6.1 million). This was a clear manifestation of total disregard for the principle of economy in the use of public funds by those acting on behalf of the Government in the contract agreements.
- Some of the vehicles delivered did not match the specification in the contract agreement. For example, two ambulances were supplied instead of mini-buses. Two defective vehicles were returned to the supplier and up to the time of writing this report the vehicles, valued at \$620,000, have not been replaced or fixed by the contractor. There were other deviations in specification as well.
- Although the contract required that “all taxes, levies and other expenses ...” be borne by the supplier, there was no evidence that duty amounting to Le9.7 billion was paid.
- Even though the contract agreement stipulated that “the suppliers shall provide servicing parts for a period of one-year”, there was no evidence to confirm that the suppliers had complied or that these spares were ever provided to MOD.

Defence accommodation



RSLAF - Accommodation at AFAU/Moyamba

Much military accommodation is in significant disrepair and replacement premises, when it occurs, have been poorly designed with inadequate contract management.

For example, the construction contract between the MOD and the contractor for housing units at the 5th

Brigade HQ/Gondama Barracks, Bo, terminated on 30th June 2014. Even though work on the 45 blocks had been completed, as at the time of this report, the contractor was yet to hand over the buildings.

Kitchens were omitted in error from the design (and contract) and were not part of the initial 45 blocks constructed. In executing an addendum to the contract for the kitchens they are being constructed at the front of some of the residential blocks, which is not considered ideal.

The condition of staff quarters at the Armed Forces Agricultural Unit (AFAU) Moyamba is far from pleasant. The quarters are made from mud blocks with a thatched roof that leaks. The water facilities are inadequate and there is no electricity or proper toilets. The officers' mess, the only recreational centre, is very dilapidated with major cracks throughout.

At Pujehun and Bonthe there was no electricity supply and generators were defective. The toilet facilities are poor with inspection showing worn out dilapidated buildings. Indeed at Bonthe there is no official barracks to house military personnel attached to this unit. They are housed in a dilapidated structure along the wharf, claimed to be owned by the Sierra Leone Produce Marketing Board.

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

Public Enterprises and Donor Projects

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

- Poor management of procurement transactions;
- No supporting documentation for transactions;
- Relevant supporting documentations missing and
- Mismanagement of assets mainly in the area of not making use of asset registers.

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

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

City, Municipal and District Councils

The annual financial statements for eighteen Councils were submitted for audit before, or shortly after, the legislative deadline of 31st March 2014. This report covers the audit outcomes of 18 out of 19 Local councils, which had a total expenditure of Le87.8 billion for the year ended 31st December 2014.

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

- Controls in the reporting and presentation of financial information in the Financial Statements for the year ended 31st December 2014;
- Budget and budgetary control processes;
- Inadequate control over cash and bank management;

- Non-compliance with financial management laws and regulations; and
- Follow up on the implementation of Audit Recommendations for periods up to 31st December 2014.

Material errors identified during the preparation of the councils' financial statements need to be corrected before a clear audit opinion can be issued. Our expectation is that councils will adjust errors identified during an audit, other than those errors that are clearly trivial. This expectation is consistent with our principle that the public is entitled to expect financial statements bearing the Auditor-General's opinion to be accurate and of the highest quality possible.

The quality of the financial statements presented submitted for auditing purposes did not improve during 2014. All 18 (100%) of the councils financial statements submitted to the Auditor General for audit contain material misstatements. 13 councils (72.2%) received unqualified audit opinions only because they corrected the misstatements we had identified during the auditing process. The auditees that could not correct the misstatements received qualified, adverse or disclaimer of audit opinions.

In 2012 councils started to use a financial management information system, PETRA, supposedly as the primary accounting record. It uses the same 27 digits Chart of Accounts structure as the central government thus presenting some opportunity for efficiencies. Initiated by PFMRU, the objective was to improve accountability, transparency and financial reporting for Councils. In addition, a more comprehensive financial reporting standard, Cash Basis IPSAS, from the International Public Sector Accounting Standards Board was adopted thus regulating financial reporting for all councils.

Financial management training to facilitate timely recording and reporting under the Local Government Act 2004 (LGA 2004) was given and quarterly PETRA workshops were held by PFMRU in a bid to bring Councils up to date and into legal compliance. This capacity building programme gave an opportunity to reform and improve public financial management by introducing analytical frameworks and economic analysis tools.

Currently the PETRA is server-driven but fortunately has standalone PCs capability as the IT infrastructure outside Freetown certainly cannot support a wide area network for the server-based configuration. Technical aspects of the Cash Basis IPSAS accounting standard are also presenting difficulties due to training and staff capacity issues. During the periods to 2014, ASSL observed common problems with the implementation of PETRA as follows:

“PETRA has been less than successful (and) does not function as intended ...”

- Technically qualified IT support personnel have yet to be employed in most of the Councils;
- Interviews with key council officials revealed that the ICT control environment was inadequate in terms of local knowledge and skills, back-ups and the reliability/availability of a sustained power supply;
- PETRA is not used as a live system but as a recording tool for inputting transactions at the end of an accounting period, usually annually;
- Some councils do not have servers and, as result, run PETRA on stand-alone laptops; and
- Manual accounting records continue to be the books of original entry suggesting PETRA is at best used in parallel and even then not reconciled with still dominant manual system.

This leads us to conclude that in many cases the implementation of PETRA has been less than successful, does not function as intended and is a matter in need of being addressed by the successor body to PFMRU.

INTRODUCTION

Differing Roles

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

We are concerned with how government expenditure is accounted for and equally with the orderly assessment and equitable collection of government revenue from all sources. Part of our role, through our audit reports, is to build the confidence of all stakeholders in our State institutions when warranted and to bring issues to their attention when necessary. Only a well-functioning Sierra Leone can deliver essential support and services to citizens. Without criticizing government policy – which is not within our remit - we examine and report on how well government is doing in terms of legal compliance and regularity as well as its performance in regard to economy, efficiency and effectiveness of its operations. We look at inputs, outputs and outcomes and in doing so, help make government accountable.

Expressed another way, the role of ASSL is to review government's performance as the custodian of public funds and to ensure that they are used in the manner intended by Parliament, as well as being clearly and accurately reported. The outputs of our reviews are reports and recommendations. With implementation of our recommendations outcomes from MDA initiatives are improved. We examine the activities of government and express our opinion thereon shaping our professional judgment through the prism of accounting and auditing standards that enjoy global acceptance. In particular we comply with The International Organisation of Supreme Audit Institutions (INTOSAI) professional and ethical standards and are very active in its regional body, the African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E). Indeed, the Auditor General of Sierra Leone was elected to a three year term as Chairman of the Governing Board of AFROSAI-E in 2014.

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

Infrastructure

Currently in the environs of Freetown, ASSL operates from a number of locations including the Youyi and Lotto buildings. Construction stopped over a year ago on our new headquarters at Tower Hill but we hope, with the resolution of contractual issues currently under way, it will resume soon. The new headquarters will permit consolidation of all Freetown staff into one location with the resulting opportunities for efficiencies.

While we clearly need the new building for reasons of efficiency and effectiveness, our greatest need continues to be skilled professional resources. We continue to be active and enjoy some considerable success in recruiting young graduates from local universities. Upon hiring, the graduates are encouraged to pursue certification as full members of the professional accounting bodies. We have also been able to attract experienced professionally qualified staff from the domestic market into mid and senior level positions. As ever, more financial resources are needed as we pursue the improvement of public financial

management as is our mandate under the Constitution, the Audit Service Act 2014 and other related financial legislations.

Our Mandate and some issues

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

In 2014 ASSL conducted and reported a highly acclaimed audit on the Management of the Ebola Funds. A secondary objective of which was inter alia to establish whether donations received were receipted and banked promptly. In conducting the audit the Auditor General, despite attempts to do so, was unable to fully verify the complete transaction cycle on donations from donors channelled through United Nations agencies due, apparently, to UN internal policy interpretations. Limiting the scope of the audit constitutes a breach of the Auditor General's right of access under Section 119(2) of the Constitution of Sierra Leone as she clearly has every right to examine all books, records and returns. Should the Republic of Sierra Leone receive future monies, whether in the form of donations or other arrangements, from the United Nations or its affiliated entities, the government should ensure that the associated legal instruments and agreements recognise the constitutional right of the Auditor General to audit the funds without any limitations of access.

ASSL's Vision

To be a leading agency promoting excellence and accountability in Sierra Leone.

Mission Statement of ASSL

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

Reading this Report

The 2014 Report is divided into Part I and Part II. This division separates my opinion on the Public Accounts, comprehensive chapters on cross-cutting subject matter and follow-up of recommendations, all of which appear in Part I, from the detailed comments, observation and official responses from specific audit entities such as MDAs and parastatal enterprises, all of which are in Part II. As we have conducted over 160 audits in 2014 this segregation is a way of showing the detailed findings separately from more global or financial statement technical accounting observations. It does not imply, and this is significant, differing levels of importance as between the two parts.

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

Part I

- My audit opinion on the financial statements of the government of Sierra Leone for the year-ended December 31, 2014, officially known as the Public Accounts, and related comments on the audit examination findings;
- A government-wide review of asset management;
- A chapter on the health sector;
- A chapter on follow-up of recommendations in general;

Part II

- Extracted findings from management letters arising from compliance audits conducted in MDAs charged with delivering specific programs of the government;
- Matters arising from audits of the many parastatal enterprises and commissions which though separate from government are nonetheless part of it; and
- Matters arising from audits of local government and chiefdoms.

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 unambiguously facts on the condition of public financial management in Sierra Leone and my views on what needs to improve.

Main Points

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

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

The intention of Main Points is to succinctly convey quickly and accurately the major messages arising from our work as contained in the chapter. They set out in summary form the key matters contained in the main text which, in our judgment, need to be brought to the attention of citizens, donors, civil society organisations and parliamentarians; and to be addressed by the government and the public service.

ASSL is making progress

ASSL has progressively moved from a level 1 to a level 3 in the AFROSAI-E Institutional Capacity Building Framework. We have moved in less than five years from a situation where we had little or no independence, limited human capacity, very limited engagement with our stakeholders, unclear auditing standards and methods in place, to where we are today, a technically well-functioning highly regarded institution. We can legitimately claim to be one of the best-performing public sector organisations in the country with increasing international recognition. We can comfortably say 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 - Sustainable Development Goals

Sierra Leone did not perform well under the Millennium Development Goals (MDGs) and this can in part be attributed to the non-consultative manner in which they were developed in the first instance and to the limited capacity within the country to conduct meaningful evaluations of performance.

The Sustainable Development Goals (SDGs), now about to replace the MDGs, are much different. They are a well-defined challenge and one which Sierra Leone is better prepared to take on. Crucially, all 17 goals with their 169 associated targets as potential performance measures, were developed based on broad

multi-nation and constituency-based consultation and approved at the 68th General Assembly of the United Nations.

ASSL can contribute to Sierra Leone achieving the SDGs by ensuring the measured performance against them is audited, thus helping to improve outputs and outcomes. Despite the design limitations of MDGs, in the past we tailored our audits to include key areas such as health and education and we will do the same for SDGs. On the face of it designing an audit programme with appropriate scope and objectives and integrating this work and the findings and recommendations into our regular reporting cycle is well within ASSL's current capacity. Once the SDGs are adopted as government policy however, as an SAI we should not question the political will of parliament to treat them as such. Querying policy is outside our remit. That does not preclude us from examining outputs, outcomes, unintended consequences, data gaps and any methodological deficits in implementing the SDGs. Indeed not to examine these would constitute a failure in exercising our responsibility to all stakeholders.

It is our responsibility to ensure that citizens can have confidence that all public monies have been judiciously utilized for their benefit. We are obligated to ensure that these expectations are met as far as possible and do so by the quality and impact of the work we perform. To give this responsibility any substantive meaning or heft, the audit of SDGs requires going beyond the verification of SDG expenditure. We need to dig deeper into how the programmes related to the SDGs are designed, delivered and how, especially, the data for performance against indicators is accumulated and verified by those charged with that responsibility. Our role would be to form a view on whether the SDG expectations are being met and the reliability of the underlying data supporting the indicators. The technical nature of the auditors' report would require careful consideration and the work undertaken might need specialised technical advice on occasion. But this too is not insurmountable.

It seems to me there are likely to be significant opportunities for combined multi-disciplinary teams of financial, compliance and performance auditors to produce useful work over the life-cycle of the SDGs. Some requirement for specialist technical advice and support is likely in some areas but this would be identified in the audit planning stage. This is a challenge we enthusiastically take on and it will be reflected in our planning for future years.

A Word of Thanks

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

PART I

CHAPTER 1: AUDITOR GENERAL'S OPINION ON THE PUBLIC ACCOUNTS

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AUDITOR GENERAL'S OPINION ON THE PUBLIC ACCOUNTS

MAIN POINTS

What we examined

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

Why it is important

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

What we found

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

I have again issued a qualified opinion, on the accounts of government as was the case in 2013. This signifies that the status quo has largely remained the same. Nonetheless, the situation still needs to be thoroughly looked into. It has come about from our professional judgment based on the facts revealed by the Public Accounts audit and, indirectly, on the findings of the many other audits undertaken by my office throughout 2015 on the transactions carried out in 2014.

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

Domestic Revenue

Bank reconciliations, enables the National Revenue Authority to compare balances held at transit bank accounts with those in the cash books maintained by them. 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 monies received and NRA records is still not being performed properly and differences were identified between monies collected as per NRA; monies in the transit bank accounts; monies in the Bank of Sierra Leone and revenues as disclosed in the Public Accounts. Without these regular reconciliations (at the collection and reporting stages), government revenue will remain relatively uncontrolled, funds are likely to be misused and it will prove impossible to ascertain whether revenues disclosed in the Public Accounts are free from material misstatement. It is also likely that revenues received are not being coded correctly to the correct revenue stream. MoFED should work with the NRA and other stakeholders (including revenue generating MDAs) to develop a comprehensive control system for the assessment, collection, banking, transfer and financial reporting of government revenues.

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

Government Bank Balances

The Accountant General's Department continues to try and identify all government bank accounts. This is not an easy task and they deserve credit for the progress they have made to date. However, it is clear from external confirmations received directly from banks that many "Government" accounts are still not being included in the Public Accounts. This not only has the potential to lead to an understatement in the cash balance as disclosed but the revenue and expenditure transactions processed through these accounts are also likely to go unreported. Of course, if the Accountant General's Department are not aware of such accounts there is also an increased risk of poor control and misuse of funds through these accounts. Nonetheless the adjusted account captured all the account balances that were previously omitted in the unaudited account. In future the Accountant General should put in all effort to ensure that all account balances are reflected in the public account before submission to the Auditor General for audit purposes.

A similar issue is related to bank accounts managed by Project Implementation Units (PIUs). Quarterly returns are prepared and sent to the Accountant General's Department which then input the information into IFMIS from where they will then be picked up in the Public Accounts. However, for a number of accounts, final fourth quarter returns were not received. As a result, the cash balances (and revenue and expenditure transactions through these accounts) are misstated. PIUs should be reminded that all returns need to be submitted shortly after year-end for full inclusion in the Public Accounts. Further action to be taken against PIUs who continue to submit late financial information

Procurement

Government continues to fail to provide adequate evidence that proper procurement procedures have been followed. Uncompetitive and unfair procurement processes, inadequate contract management and missing tender documentations were observed during the course of the audit. There was no evidence that auditees had followed a fair, transparent and competitive process for some awards. For instance, Le1.27 billion (of the amount selected for audit sampling) was identified as procurements undertaken by various Ministries, departments and agencies (MDAs) for the supply of goods and services but that these procurements were observed to have been split with the possible intention of avoiding the need for national competitive tendering. The purpose of competitive tendering is to ensure that maximum value for money is achieved for government money. Splitting procurement to avoid such a process undermines this goal, as well as breaking the law. In addition, Le648 million represented procurements carried out but certain salient documents such as invoices, GST returns, and contracts documents were not submitted upon request.

External Debt

Differences have 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 Public Accounts is free from material misstatement. Aside from the implications over the Public Accounts, these figures should be reconciled on a monthly basis to ensure that an accurate, up to date debt position can be provided at any point in time. This information could then be used by government to properly plan cash flows and to have access to the best information when making decisions on the most desirable debt structure for government.

It must be noted that the various issues giving rise to my qualified 'except for' opinion, while very serious indeed in terms of their effect on the accounts, are not profound or even complex, yet there is an urgent

need to deal with them. With a stronger commitment and willingness to address public financial management reform and strong enforcement of existing well-established laws and regulations, the matters could be put right quickly as other countries have done. That is the responsibility of those charged with governance and all public officials. The matters found in our audits relate to very basic accounting accuracy, internal control, accountability and governance issues and they plague, not for the first time, public financial management in this country. Even though many of these have been reported in the past they are still being repeated.

1.1 AUDITOR GENERAL'S OPINION ON THE PUBLIC ACCOUNTS

I have audited the accompanying Public Accounts of the Government of Sierra Leone for the year ended 31st December, 2014. The Public Accounts comprise of a statement of receipts and payments and its Notes and Explanations, and an additional financial statements which comprises the statement of financial assets and liabilities of the Consolidated Fund, a statement of financial performance, and other notes of explanations and elaboration to the public accounts on pages 8 to 30 of this report.

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

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

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

Other responsibilities include:

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

Responsibility of the Auditor General

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

An audit also includes evaluating the:

- Appropriateness of accounting policies used;
- Reasonableness of accounting estimates made;
- Overall presentation of the financial statements; and
- Adequacy of 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 BASIS FOR A QUALIFIED OPINION

Non-Inclusion of Revenue Arrears in the Accounts

The 2014 Public Accounts did not disclose all revenue arrears as required by Section 57(5) (g) of the GBAA 2005 which states that "The annual statement of public accounts shall include a summary statement of revenue arrears to be collected by each budgetary agency". We were unable to carry out a full analysis of all budgetary agencies because documents such as an arrears list for each budgetary agency were not submitted and as such we could not verify the total amount of Le4.3 billion disclosed as arrears. The actual amount of government arrears is likely to be much larger than the amount disclosed in the public accounts.

Cash basis IPSAS

Section 1.3.24 of the Cash Basis IPSAS requires that all expenditure made on behalf of an entity be disclosed. Such third party payments are not currently included in the 2014 Public Accounts. Examples of such payments would be costs paid directly by donors and NGOs during the recent Ebola crisis. As a result of this expenditure in the public account is understated.

External Debt

Differences have 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 Public Accounts is free from material misstatement. For instance;

Domestic Revenue

The following were observed;

- There were no regular reconciliation between the cash books maintained by finance officers of the National Revenue Authority (NRA) in respect of the various revenue departments and the transit banks and between NRA and transit banks and between NRA and the Bank of Sierra Leone (BSL). There was no process by which the amount assessed by revenue collecting MDAs was compared to the revenue collected by National Revenue Authority.
- We were unable to determine the actual amount that was meant to be paid as Foreign Travel Tax (FTT) to the National Revenue Authority because complete airlines sales reports were not provided to us. Sales report shows the total sales made by the airlines from which 10% should be deducted for FTT.
- We observed total receipts of Le191.3 billion was recorded in the VIPS (a system that captures payments based on receipts to offset tax payers' liabilities) but only Le 152.5 billion worth of receipts was reported in the cash book for LTO In - House Bank; LTO Credit advice; MTO In-House and

MTO Credit advice. Hence GST revenue reported in the cash books was understated by Le38.76 billion.

- We observed from the books of the Ministry of Fisheries that Le30.52 billion was collected as compared to Le14.93 billion that was disclosed in the Public Accounts. Revenue was therefore understated by Le15.59 in the public account
- GST customs and excise (C&E) revenue of Le280 billion was reported in the ASYCUDA; but Le266 billion was GST reported for C&E department on the financial statement. Hence GST revenue potentially understated by Le13.9billion.

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

QUALIFIED OPINION

In my opinion, except for the matters in the opinion paragraph above, the Public Accounts do give a true and fair view, of the financial position of the Government of Sierra Leone as at 31st December, 2014 and its receipts and payments and additional financial statements- statements of financial performance, statement of financial assets and liabilities for the year then ended in accordance with the Government Budgeting and Accountability Act, 2005, cash basis IPSAS and other applicable laws and regulations.

EMPHASIS OF MATTER

Miscellaneous Debtors

Miscellaneous debtors totalling Le8 billion presented in the Public Accounts represents money owed by Bumbuna Hydro Electric Project, SALPOST, Guma Valley Water Company and GAVA Ltd. There is significant doubt about the recoverability of these debts as they have been owed to Government for many years, and it is therefore likely that the miscellaneous debtors balance as disclosed in the statement of financial assets has been over valued in the public accounts.

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

The following were observed;

- Payments valued at Le2.08 billion were made by various MDAs in respect of goods and services but that these payments were not adequately supported. Certain salient documents such as receipts, invoices, distribution lists were not obtained and attached to the payment vouchers.
- It was observed that several payments amounting to Le 2.21 billion were made by various MDAs but that these payments were not supported by relevant documents such as receipts, delivery notes, distribution list, invoices
- An examination of a sample of 127 payment vouchers revealed that amounts totalling Le251.20 billion were made to contractors. However, withholding taxes were not deducted from these payments. These resulted in a total revenue loss of Le.12.56 billion.

In absence of the records and documentation, the propriety of the expenditure incurred could not be ascertained and it is possible these payments have been misclassified in the Public Accounts.

1.3 OTHER MATTERS

Procurement

The following were observed;

- It was observed that procurement of assorted goods and services, undertaken in various ministries worth Le1.27 billion, were split in an apparent effort to evade the requirement for national competitive bidding

- Procurement documents were not presented in respect of goods and services procured valued at Le648 million by various ministries during the period under review.

As well as breaching national procurement law, the failures to apply proper procurement processes would have led to value for money not being achieved and a waste of limited government resources.



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

1.4 FINANCIAL STATEMENTS OF THE GOVERNMENT OF SIERRA LEONE

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31st DECEMBER 2014

In millions of Leones

	Notes	Receipt / (Payments) Central Government	2014 Projects & Sub- vented	Total	2013 Actual
RECEIPTS					
Taxation					
	(3)				
Income Tax		895,681	-	895,681	904,615
Customs and Excise		506,816	-	506,816	484,443
Goods & Services Tax		459,095	-	459,095	443,710
Foreign Travel Tax		5,999	-	5,999	443,710
		1,867,591	-	1,867,591	1,832,768
Non-Tax					
	(4)				
Mineral Resources		209,413	-	209,413	328,648
Fisheries		14,929	-	14,929	7,955
Other Departments		46,660	83,215	129,875	137,839
Road User Charges		87,616	-	87,616	68,691
		358,618	83,215	441,833	543,133
Other receipts					
	(5)				
Staff loans and advances recovered		641	-	641	544
Privatisation Receipts		13,480	-	13,480	-
Sale of goods and services		-	144,803	144,803	62,038
GoSL Transfer		-	-	-	-
Investment Income		-	-	-	-
		14,121	144,803	158,924	62,582
External Assistance					
	(6)				
HIPC Debt Relief Assistance		8,770	-	8,770	8,223
Global Fund Salary Support		-	-	-	10,778
Other Grants Received- External Donors		926,027	-	926,027	291,650

		934,798	-	934,798	310,651
Other Borrowings	(7)				
Loans Disbursed during the year		-	425,023	425,023	364,664
Ways and Means Advances		1,543,059			
Sale of Treasury Bearer Bonds		365,736	-	365,736	34,657
Strategic Petroleum Stock Fund		2,017	-	2,017	-
Sale of Treasury Bills		2,427,951	-	2,427,951	305,802
		4,338,763	425,023	4,763,786	705,123
Total receipts		7,513,891	653,041	8,166,932	3,454,257
PAYMENTS					
Operations					
Wages, Salaries and Employee Benefits	(8)	(1,442,617)	(68,726)	(1,511,343)	(1,268,653)
Non-Salary, Non-Interest Recurrent Expenditure	(9)	(1,188,219)	(353,481)	(1,541,700)	(1,402,245)
Domestic Development Expenditures	(10)	(569,902)	(202,351)	(772,253)	(477,998)
		(3,200,738)	(624,558)	(3,825,296)	(3,148,895)
O/W Transfers					
Grants to Educational Institutions		(90,864)	-	(90,864)	(124,145)
Transfers to the Road Fund		(87,680)	-	(87,680)	(68,691)
Transfers to Local Councils		(41,903)	-	(41,903)	(85,050)
		(220,447)	-	(220,447)	(277,886)
Loan and Interest Repayments					
	(11)				
Domestic Interest		(181,671)	(198)	(181,869)	(274,666)
Foreign Interest		(40,346)	-	(40,346)	(35,245)
Redemption of Treasury Bills		(2,020,114)			
Redemption of Treasury Bearer Bonds		(385,309)			
Ways and Means Repayments		(1,505,286)	-	(1,505,286)	(46,832)
Principal Repayment		(117,802)	-	(117,802)	(86,702)

		(4,250,528)	(198)	(4,250,726)	(443,445)
Other payments	(12)				
Staff Salary Advances		(642)	-	(642)	(817)
Wages Arrears		(2,980)	-	(2,980)	(6,441)
Domestic Arrears		(44,968)	-	(44,968)	(17,215)
Other Government			-	-	(17,215)
		(48,589)	-	(48,589)	(25,473)
Total payments		(7,499,856)	(624,756)	(8,124,612)	(3,617,813)
Increase/(Decrease) in Cash		14,035	28,285	42,320	(163,556)
Restated cash at beginning of year	(13)	5,050	164,141	169,191	(134,999)
Increase/(Decrease) in Cash		14,035	28,285	42,320	309,160
Exchange rate loss			(375)		
Cash at end of year		19,085	192,051	211,511	174,160

1.5 NOTES OF EXPLANATIONS AND ELABORATION TO THE PUBLIC ACCOUNTS

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

1. General Information

The Financial Statements depicts the financial performance of the Government of Sierra Leone for the financial year ended 31st December 2014 on the basis of moneys received by, held in or paid out of the Consolidated Fund including amounts allocated to Projects during the year under review. The Government through the Accountant General's Department (known as the Treasury) operates a centralised treasury function that accounts for moneys collected by the National Revenue Authority and administers cash expenditures incurred by all ministries, departments and agencies (MDAs) during the financial year. The amounts appropriated to the MDAs are not controlled by the MDAs but are deployed on their behalf by the Treasury on presentation of appropriate documentation and authorisation. Thus, the amounts reported as allocations/appropriations in the Statement of Cash Receipts and Payments are those the Treasury has expended for the benefit of the MDAs.

In effect, the Annual Public Accounts of the Government of Sierra Leone include the results of financial operations of all its Ministries, Departments and Agencies that were processed through the National Treasury and Other Public Funds relating to Donor Funds, especially Donor financed Development Projects, Receipts and Payments submitted in respect of their operations during the financial year 2014 has been included in the Financial Statements.

2. Summary of Significant Accounting Policies

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

- **Basis of preparation**
 - The Financial Statements of the Central Government has been prepared using cash basis of accounting in compliance with International Public Sector Accounting standard (IPSAS).
 - Revenues are reported in the period in which they are received and expenditures for Government operations are recognised when goods and services are received.
- **Depreciation**
 - No depreciation has been provided for as fixed assets are written off in the year of acquisition
- **Staff Loans and Advances**
 - Loans and Advances to government employees are recorded on a historic cost basis without any provision for diminution in value.
- **Investments in Public Enterprises**
 - Investments in Public Enterprises have been included in the accounts at the Government's Share of their nominal values as the Costs and Open Market Values of those Shares are not available.

(e) **Classification of Accounts**

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

(f) **Foreign Currency Translation**

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

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

Taxation

The amount of Le1,867,591 billion represents total tax collected from various sources and paid into the consolidated fund for the year 2014.

In Millions of Leones	Actual 2014	Estimates	Variance	Percentage Variance
PAYE-GOVERNMENT EMPLOYEES	131,993	130,000	1,993	7%
PERSONAL INCOME TAX	745,717	513,105	232,612	40%
WITHHOLD.TAX	12,088	44,190	(32,112)	%
COMPANY TAX	5,893	168,930	(163,037)	%
IIMPORT DUTIES	506,816	650,378	(143,562)	7%
GOODS AND SERVICE TAX	459,095	523,412	(64,317)	25%
FOREIGN TRAVEL TAX	5,999	3,910	2,089	0%
TOTAL TAX RECEIPT	1,867,591	2,033,925	(166,334)	100%

Detail analysis is provided in Appendix A

- **Non-Tax**

The amount of Le358,618 billion represent amount collected from various sources (See Appendix A).

Other Receipts

- **Staff Loans and Advances**

The amount of Le642 million represents the total repayment during the year of Loans outstanding balance of loans and advances given to employees of Government as well as Members of Parliament.

- **Privatisation Receipts**

The amount of Le13,480 million represents the total receipts from National Commission for Privatisation (NCP) during the year.

- **Sales of Goods Services**

The total amount of Le144,803 million for PIUs and Sub-vented Agencies represents revenue collected by various departments and agencies during the year:

External Assistance

- **Other Borrowings**

- **Loans disbursed during the year**

The amount of Le425,023 million represents loans disbursed to projects during the year.

- **Ways and Means Advances**

The amount of Le1,543,059 million represents ways and means advances loaned to the Government during the year.

- **Sale of Treasury Bearer Bonds**

The amount of Le365,736 million represents treasury bearer bonds issued during the year (Appendix J shows the details of the movement within the year).

- **Sale of Treasury Bills**

The amount of Le2,427,951 million is the treasury bills issued during the year (Appendix I shows the details of the movement within the year).

Wages, Salaries and Employee Benefits (See Appendix C)

The amount of Le1,442,617 million includes Le108,589 million for Pensions, Gratuities and Other Retirement Benefits. This mainly represents payments made in the form of Gratuities and Pensions to Employees that have retired before 2002 in the case for pensions and those that retired in 2014 and beyond only gratuities are paid, also a total of Le88,049 million was paid out as government contributions to social security for public workers.

In millions of Leones	2014	2013
Wages and Salaries o/w Charged Emoluments	1,442,617	1,268,63
Education	404,185	326,374
Health	125,857	110,631
Public Order and Safety	140,832	91,678
Defence	100,801	69,977
Recreation, Culture and Safety	1,399	-
Economic Services	100,316	59,996
General Public Service	272,357	221,193
Foreign Missions	59,932	51,765
Local Councils	4,520	5,750
Others	72,079	5,787
Social Security Contributions	108,589	79,403
Pensions, Gratuities and Other Retirement Benefits	88,049	51,38

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

In millions of Leones

	2014	2013	% Change
Non-Salary, Non-Interest Recurrent Expenditure			
o/w Education	1,18,219	1,402,245	72.6%
Health	171,753	145,803	133.2%
Defence	109,461	38,067	32.3%
Police	117,980	63,298	53.7%
Agriculture	73,295	60,045	81.9%
	33,821	18,849	55.7%

Domestic Development Expenditures (See Appendix F)

The total amount of Le569,902 million (Le477,998 million 2013) for Domestic Development Expenditure represent the Government contribution to various Development Projects.

Loans and Interest Payments

Domestic Interest

In millions of Leones

	2014	2013
Interest on Ways and Means	1,379.42	4,796.91
Interest on Treasury Bills	129,024.18	214,596.04
Interest on Treasury Bearer Bonds	51,267.02	55,259.77
Interest on NNIB Securities	-	-
	181,670.6	274,652.7

Foreign Interest

The total amount of Le40,346 (Le35,245) represents interest paid on external debts during the year. (Appendix H shows the details within the year)

Redemption of Treasury Bills

The amount of Le2,020,114 million represents treasury bearer bonds redeemed during the year (Appendix J shows the details of the movement within the year).

Sale of Treasury Bills

The amount of Le385,309 million is the treasury bills matured during the year (Appendix I shows the details of the movement within the year).

Ways and Means Repayment

The amount of Le1,505,286 million represents ways and means advances repayment by the Government during the year.

Principal Repayment

The amount of Le117,802 represents principal repayment on external debts during the year.

Other Payments

Staff Loans and Advances

The amount of Le642 million represents loans issued to employees of Government as well as Members of Parliament during the year.

Wages arrears

The amount of Le2,980 million represents salary payments to employees relating to previous years. This amount has been reported separately. See appendix C on wages, salaries and employee for details.

Domestic arrears

The amount of Le44,968 million respectively, represent amount owed but paid during the year 2014. This amount has been reported separately. See appendix D on non-salary, non-interest recurrent expenditures for details.

Restated Cash at the beginning of the year

In Millions of Leones	
Bank	2014
Balance as at 31 Dec 2013	157,299
Less balances not part of Consolidated fund	1,156
Balances with Commercial Banks	156.143
Balances with the Central Bank	7,998
Restated book Balance	164,141

Revenue Arrears

The amount of Le4,326 million represents revenue arrears owed to National Revenue Authority at the end of the year.

STATEMENT OF THE FINANCIAL ASSETS AND LIABILITIES OF THE CONSOLIDATED FUND

as at 31st December 2014

In millions of Leones

	Notes	2014	2013
CONSOLIDATED FUND ASSETS			
CASH AND BANK BALANCES			
Cash and Bank Balances with the Central Bank	(3)	253,506	52,413
Cash and Bank Balances with Commercial Banks	(4)	179,301	157,299
Cash in Transit Account		1,319	1,497
Cash in hand with PIUs		92	52
		434,218	211,261
LOANS AND ADVANCES			
Staff Loans and Advances	(5)	1,327	1,326
Debtors – Privatisation	(6)	2,930	3,375
Miscellaneous Debtors	(7)	8,130	8,130
		12,387	12,831
Multilateral Agencies	(8)	60,648	56,706
Public Enterprises	(9)	324,632	136,241
		385,280	192,948
Total Consolidated Fund Assets		831,886	417,041

as at 31st December 2014

In millions of Leones

SHORT TERM

	Notes	2014	2013
Cash and Bank Balances with the Central Bank	(3)	227,742	36,581
Cash and Bank Balances with Commercial Banks	(4)	3,607	520
Domestic Suppliers Arrears	(10)	10,435	24,556
Domestic Public Debt	(11)	1,837,838	1,435,468
		2,079,622	1,497,126

LONG TERM

Non-Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leone	(12)	81,803	81,803
	(13)	-	-
Creditors		-	-
5 Year Bond	(14)	357,516	357,516
External Public Debt	(15)	5,659,378	4,601,313
		6,098,697	5,040,632

Total Consolidated Fund Liabilities **8,178,319** **6,537,757**

NET CONSOLIDATED FUND LIABILITIES **7,346,432** **6,120,716**

Attributable to

GENERAL REVENUE BALANCE

Balance at beginning of year **6,120,717** **5,694,103**

Prior Year Adjustments (16) (32,601) 94,749

Restated Balance **6,088,116** **5,788,852**

Special Funds (17) (141) (112)

Foreign Exchange Loss written off 420,849 62,343

Increase in Government Share of Equity- Public Enterprises (188,391) -

Disbursement to Sub-vented Agencies & Project 751,761 364,664

Net (Surplus)/Deficit for the period 274,238 (95,030)

Balance at end of year **7,346,432** **6,120,717**

Kebbe A. Kouroma
Accountant General
31st March 2015

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31st December 2014

In millions of Leones

	Notes	Original Budget	2014 Actual	Variance	Projects & Subvented	Total	2013 Actual
OPERATING REVENUE							
Domestic Revenue Collection	(18)						
Income Tax		909,945	895,681	14,264	-	895,681	904,615
Customs and Excise		523,412	506,816	16,596	-	506,816	484,443
Goods & Services Tax		650,378	459,095	191,283	-	459,095	443,710
Mineral Resources		261,541	209,413	52,128	-	209,413	328,648
Fisheries		15,632	14,929	703	-	14,929	7,955
Other Departments		107,520	64,642	42,878	83,215	147,857	124,543
Revenue in Transit			1,319	-	-	1,319	1,497
Sale of Goods and Services				-	144,802	144,802	62,038
Road User Charges		112,861	87,616	25,245	-	87,616	68,691
Total Domestic Revenue		2,581,289	2,239,510	341,779	228,017	2,467,527	2,426,140
Other Revenue (Direct Grant Budgetary Support)	(19)						
HIPC Debt Relief Assistance		-	8,770	(8,770)	-	8,770	8,223
Global Fund Salary Support		32,094		32,094	-	-	10777.9
Other Grants Received- External Donors		185,074	926,027	(740,953)	425,024	1,351,051	656,314
Projects & Subvented Agencies (GoSL Transfer)		-		-	594,917	594,917	472,716
Total Other Revenue		217,168	934,798	(717,630)	1,019,941	1,954,739	1,148,031
Total Operating Revenue		2,798,457	3,174,307	(375,850)	1,247,958	4,422,265	3,574,170

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31st December 2014

In millions of Leones

	Notes	Original Budget	2014 Actual	Variance	Projects & Subvented	Total	2013 Actual
PAYMENTS							
Wages, Salaries and Employee Benefits o/w Grants to Projects and Subvented Agencies	(20)	1,360,916	1,442,617	(81,701)	276,833	1,719,450	1,268,653
Non-Salary, Non-Interest Recurrent Expenditure o/w Grants to Educational Institutions	(21)	914,356	1,188,219	(273,863)	740,292	1,928,511	1,401,192
Transfers to the Road Fund		125,318		125,318	-	-	124,145
Transfers to Local Councils		112,861		112,861	-	-	68,691
Projects and Subvented Agencies		71,437		71,437	-	-	85,050
Domestic Development Expenditures		-		-	9,051	9,051	-
Domestic Development Expenditures	(22)	536,052	569,902	(33,850)	202,351	772,253	477,998
Total Operating Expenses		2,811,324	3,200,738	(389,414)	1,228,527	4,429,265	3,147,843
Surplus/(Deficit) from Operating Activities		(12,867)	(26,431)	13,564	19,430	(7,000)	426,327
	Notes	Original Budget	2013 Actual	Variance			2012 Actual
Finance Costs	(23)	-339,742	-222,017	(117,725)	(198)	(222,215)	-309,911
Domestic Interest		(300,757)	(181,671)	(119,086)	(198)	(181,869)	(274,667)
Foreign Interest		(38,985)	(40,346)	1,361	-	(40,346)	(35,245)
PIUs and Subvented Contingency Expenditure		-	-	-	-	-	-
Arrears Payments		(6,960)	(45,023)	38,063	-	(45,023)	(19,889)
Wages Arrears		(3,551)	(2,980)	(571)	-	(2,980)	(6,441)
Parastatal Arrears				-	-	-	(1,000)
Domestic Arrears		(3,409)	(42,043)	38,634	-	(42,043)	(12,448)
Gain/(Loss) on Sale of Parastatals							
Subsidies & Lending minus Repayment		-					

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31st December 2014

In millions of Leones

	Notes	Original Budget	2014 Actual	Variance	Projects & Subvented	Total	2013 Actual
Total Non-Operating Revenue/(Expenses)		(346,702)	(267,040)	(79,662)	(198)	(267,238)	(329,800)
Net Surplus/(Deficit) for the period		(359,569)	(293,471)	93,226	19,232	(274,238)	96,527

1.6 NOTES OF EXPLANATIONS AND ELABORATION TO THE ADDITIONAL FINANCIAL STATEMENTS

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 reflects the financial performance of the Government of Sierra Leone for the financial year ended 31st December, 2014 on the basis of moneys received by, held in or paid out of the Consolidated Fund including amounts allocated to Projects during the year under review. The Government through the Accountant General's Department (known as the Treasury) operates a centralised treasury function that accounts for moneys collected by the National Revenue Authority and administers cash expenditures incurred by all ministries, departments and agencies (MDAs) during the financial year. The amounts appropriated to the MDAs are not controlled by the MDAs but are deployed on their behalf by the Treasury on presentation of appropriate documentation and authorisation. Thus, the amounts reported as allocations/appropriations in the Statement of Financial Performance (revenue and expenditure) are those the Treasury has expended for the benefit of the MDAs.

In effect, the Annual Public Accounts of the Government of Sierra Leone include the results of financial operations of all its Ministries, Departments and Agencies that were processed through the National Treasury and Other Public Funds relating to Donor Funds, especially Donor financed Development Projects, Income and Expenditure submitted in respect of their operations during the financial year 2014 has been included in the Financial Statements.

Summary of Significant Accounting Policies

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

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

(a) Depreciation

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

(b) Staff Loans and Advances

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

(c) Investments in Public Enterprises

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

(e) Classification of Accounts

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

(f) Foreign Currency Translation

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

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

2. Balances with the Central Bank

The amount of Le253,506 million (Le52,413 million - 2013) represents the total of credit bank balances, including Departmental Accounts' balances, held for and on behalf of the Government at the Bank of Sierra Leone. This amount is inclusive of the sum of Le512 million relating to unutilised balance on MDRI relief account.

In millions of Leones

Account No.	TREASURY BANK ACCOUNTS	2014	2013
1100501	TREASURY MAIN ACCOUNT	(224,187)	(19,943)
1000512	AGD EXPENDITURE ACCOUNTS – GENERAL	(2,749)	(15,303)
1100515	AGD SALARIES & WAGES ACCOUNT 1998	(762)	(1,079)
1100516	AGD PENSIONS ACCOUNT 1998	(38)	(251)
1100573	SALARY ADVANCES ACCOUNT	(6)	(6)
		(227,742)	(36,582)
1100564	E.C.TREASURY ACCOUNT	-	-
1100811	TREASURY WAYS&MEANS ADV A/C	39,058	572
	DEPARTMENTAL ACCOUNTS	32,225	34,309
111002843	IMF BUDGET FINANCING TREASURY	181,712	-
1100860	ELEGIBLE EXPENDITURE PROG	-	17020
1100721	MDRI RELIEF	512	512
		253,506	52,413

3. Cash and Bank Balances with the Commercial Banks

The amount of Le179,301 million (Le157,299 million – 2013) represents the total of bank balances held at various Commercial Banks for Sub-vented Agencies and Projects Implementation Units (PIUs) that have submitted Financial report for the year 2014. The amount of Le2,017 million represents balances with Commercial Banks for Strategic Petroleum Stock Fund.

In Millions of Leones

No.	Bank	2014	2013
1	Access Bank	242	315
2	Eco Bank	1,767	1,757
3	First International Bank	8,692	6,359
4	Guaranty Trust Bank	2,511	2,488
5	Keystone Bank	31	27
6	Rokel Commercial Bank	30,550	26,132
7	S.L Commercial Bank	116,072	97,452
8	Standard Chartered Bank	2,942	8,662
9	Union Trust Bank	15,006	14,079
10	United Bank for Africa	1,488	27

11	ZENITH	-	2
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179,301 157,299

Overdraft balances with Commercial Banks

In Millions of Leones

No.	Bank	2014	2013
1	First International Bank	-	(38)
2	Rokel Commercial Bank	(7)	-
3	S.L Commercial Bank	(3,599)	(479)
4	Yoni Rural Community Bank	(1)	(4)
		(3,607)	(521)

4. Staff Loans and Advances

The amount of 1,327 million (Le1,326 million – 2013) represents the outstanding balance of loans and advances given to employees of Government as well as Members of Parliament.

5. Debtors - Privatisation

The amount of Le2,930 million (Le Le3,375 million – 2013) represents the outstanding balance owed to Government for Public Enterprises that were privatised and leased this year and previous years. The amounts owed as at end 2014 are as follows:

DEBTORS-PRIVATISATION

as at 31st December 2014

In millions of Leones

	2014		2013	
	Value in Millions of US \$	Value (Le m)	Value in Millions of US \$	Value (Le m)
Agricultural Produce Marketing Company	-		0.165	472.1
National Commission for Privatization	-			296.2
GAVA (SL) Ltd.	0.575	2,848.2	0.575	2,504.9
SLPA Ferry Mahera	0.0165	81.7		
Ferry Mahera (SMR SHIPPING Company)	-	-	0.023	101.6
Total Value	0.592	2,929.9	0.763	3,374.9

In millions of Leones

	2014 Value	2013 Value
Balance as at 1st January	3,374.9	4,174.5
Payment for 2011	-	-
Privatisation receipts with National Commission for	-	-

Privatisation		
Privatisation debtors written off	(573.7)	-
Privatisation Receipts		(835.0)
Exchange Rate Differential on Revaluation	128.7	35
Balance as at 31st December	2,929.9	3,374.9

6. Miscellaneous Debtors
as at 31st December 2014

In millions of Leones

	2014	2013
Bumbuna Hydro Electric Project	5,213	5,213
Loan to Salpost	753	753
Loan to Guma Valley Water Company	2,164	2,164
	8,130	8,130

7. Investments – Multilateral Agencies

The Government holds equity shares with participating interest in a number of multilateral institutions giving it access to loan and grant facilities utilised predominantly for its development projects. The Equity Shares as at 31st December 2014 are as outlined below:

In millions of Leones

	2014		2013	
	Value in Millions of SDR	Value	Value in Millions of SDR	Value
International Bank for Reconst. and Development (IBRD)	1.83	13,127	1.83	12,274
African Development Bank (AFDB)	6.62	47,521	6.62	44,433
	8.45	60,648	8.45	56,706

8. Investments – Public Enterprises

The carrying value of Le324,632 million (Le136,241 million - 2013) represents the Government's participating equity interests in a number of Public Enterprises presented at the Government's share of the nominal share values in those enterprises.

as at 31st December 2014

In millions of Leones

No.	NAME	LEGAL STATUS	GOVERNMENT PARTICIPATION (In %)	2014	2013	
				TOTAL NOMINAL CAPITAL	GOVERNMENT SHARE OF EQUITY	
A. Utilities						
A1	National Power Authority (NPA)	Authority Limited	100%	-	-	2
A2	S/L Telecommunications Co. Ltd. (SIERRATEL)	Company Limited	100%	25,813	25,813	25,813
A3	Sierra Leone Postal Services Ltd. (SALPOST)	Company Limited	100%	20	20	20
A4	Guma Valley Water Company (GVWC)	Company	95%	1,162	1,162	1,162
B. Financial Institutions						
B1	Bank of Sierra Leone	Central Bank Limited	100%	-	-	-
B2	Sierra Leone Commercial Bank (SLCB)	Company Limited	100%	27,000	27,000	57,518
B3	Rokel Commercial Bank (RCB)	Company Limited	51%	24,781	24,781	30,926
B4	National Development Bank (NDB)	Company Limited	99%	1,588	1,588	1,588
B5	National Insurance Company (NIC)	Company	100%	1,396	1,396	463
C. Transport and Shipping						
C1	Sierra Leone Road Transport Corporation (SLRTC)	Corporation	100%	184	184	184
C2	Sierra Leone Airport Authority (SLAA)	Authority	100%	89,590	89,590	1,004
C3	Sierra National Airlines (SNA)	Limited	100%			

		Company Limited		1	1	1
C4	Mining and General Services Co (SL) Ltd. (MAGS)	Company	51%	20,400	20,400	439
C5	Sierra Leone Ports Authority (SLPA)	Authority Limited	100%	115,581	115,581	3
C6	Sierra Leone National Shipping Company Co. (SLNSC)	Company	100%	0	0	0
D. Agriculture						
D1	Sierra Leone Produce Marketing Board (SLPMB) (Note 1)	Corporation	100%	n/a	n/a	n/a
E. Information Services						
E1	Sierra Leone Daily Mail	Company	100%	-	-	0
F. Manufacturing						
F1	Seaboard West Africa	Limited Company	0.01%	n/a	n/a	n/a
F2	Sierra Leone National Workshop	Company	40%	-	-	2
G. Housing						
G1	Sierra Leone Housing Corporation (SALHOC)	Corporation	100%	15,437	15,437	15,437
H. Leisure						
H1	Sierra Leone State Lottery Co Ltd (Lotto) (Note 1)	Limited Company	100%	-	-	-
I. Roads						
I1	Sierra Leone Roads Authority	Authority	100%	1,679	1,679	1,679
				324,632	324,632	136,241

Note 1 - Token Value**9. Domestic Suppliers Arrears****DOMESTIC SUPPLIERS ARREARS**as at 31st December 2014

In millions of Leones

	2014	2013
Domestic Suppliers' Balances brought forward	24,557	29,247
Prior Year Additional Claims/(write off)	(14,132)	-
Claims Verified during the year	2,935	77
Payments made during the year	(2,925)	(4,767)
Exchange rate difference	-	-
	10,435	24,557

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

The carrying value for Domestic Public Debts comprises:

In millions of Leones

	2014	%	2013
Treasury Bills	1,673,296	91.0%	1,289,126
Treasury Bearer Bonds	125,484	6.8%	145,057
Ways And Means	39,058	2.1%	1,285
	1,837,838	100.0%	1,435,468

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

11. Non-Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leonefor the year ended 31st December 2014

In millions of Leones

	2014	2013
Securities in issue at the beginning of year	81,803	81,803
Conversion to Marketable Securities	-	-
Securities in issue at the end of year	81,803	81,803

12. Creditors

In millions of Leones

	2014	2013
Sub-vented Agencies	-	0.20

The creditors during the year amounted to Nil (Le0.19 million – 2013) which is amount owing by Sub-vented Agencies to commercial banks.

13. 5 Year Bond

No transaction occurred during the year 2014

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

In millions of Leones

	2014	%	2013	%
Multilateral Creditors	3,846,236	68.0%	3,040,330	66.1%
Bilateral Creditors	769,061	13.6%	620,756	13.5%
Commercial Creditors	1,044,082	18.4%	940,228	20.4%
	5,659,378	100.0%	4,601,314	100.0%

In millions of Leones

	2014	2013
Opening Balance	4,601,314	4,288,921
Prior Year Adjustment	-	(27,300)
	4,601,314	4,261,621
Loan Disbursements	751,761	364,664
Loan Repayments	(117,802)	(86,702)
Loan Disbursements to Projects	-	-
	5,235,273	4,539,584
Actual Translated Balance	5,659,378	4,601,314
debt cancellation	-	-
Loss on Exchange (External Debt)	(424,105)	(61,730)
Exchange Rate Differential (Privatization Debt)	129	35
Exchange Rate Differential (Loan to Sierra Rutile)	-	-
Exchange Rate Differential (Domestic Suppliers Arrears)	-	-
Exchange Rate Differential (Project and Sub-vented)	(814)	(1,052)
Exchange Rate Differential (Multilateral Investments)	3,942	402
Total Loss on Exchange	(420,849)	(62,343)
Restated Opening Balance	4,601,314	4,261,621

The total amount of Le5,659,378 (Le4,601,314 million – 2013) presented for External Public Debts includes outstanding debts owed to the International Monetary Fund (IMF) which are reflected in the books of the Bank of Sierra Leone, as they act as both depository and fiscal agent for loans contracted with the IMF. The outstanding debts due to the IMF totalled Le787,410 (Le557,164million – 2013).

15. PRIOR YEAR ADJUSTMENTS

as at 31st December 2014

In millions of Leones

Details	2014	2013	Remarks
Domestic Arrears - Additional Claims	2,935	77	Adjustments for Additional Claims
Treasury Bills adjusted	(23,668)	-	difference in Schedule and Opening Balance
External Public Debts-	0	(27,300)	revision of FX rate used in 2011
Departmental Accounts at the Central Bank		121,972	Adjustment to opening bank balances to remove balances that are not govt bank balances.
Domestic Arrears	(14,132)	-	Adjustments for previous years
Privatisation Debtors	574	-	Debtors written off

In millions of Leones

	MDRI RELIEF	STRATEGIC PETROLEUM FUND	Total
Balance as at 1st January	512	1,875	2,387
MDRI Relief Received	-	-	-
Revenue from Petroleum product	-	0	-
Transfer to Consolidated Fund	-	0	-
Direct payment made	-	0	-
Interest Received	-	164	164
Bank Charges	-	-23	(23)
Balance as at 31st December	511.6	2,017	2,528.5
Balances with Commercial Banks	(1,875)	-	-
Movement in MDRI Relief PIUs and Sub-vented Agencies	3,566	512	0
Movement in Strategic Pet fund	(32,601)	1,875	(141)
Movement in Special funds	2,387.08	2,528	(141)

Movement in Special Funds

as at December 2014

16. Domestic Revenue Collection (See Appendix A)

The total amount of Le2,239,510 million (Le2,291,697 million – 2013) represents revenues from various sources collected for and on behalf of Government during the period and paid into the Consolidated Fund.

17. Other Revenue (See Appendix B)

The total amount of million Le934,798 million (Le310,651 million – 2013) received as grants comprises Le8,770 million (Le8,223 million – 2013) as HIPC Debt Relief Assistance, Le926,027 million (Le302,428 million – 2013) as other direct budgetary support and Le425,024 million captured as external grants to Projects and Sub-vented Agencies.

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

In millions of Leones

	2014	2013
Wages and Salaries	1,445,597	1,073,892
o/w Charged Emoluments		
Education	404,185	326,374
Health	125,857	110,631
Public Order and Safety	140,832	91,678
Defence	100,801	69,977
Recreation, Culture and Safety	1,399	-
Economic Services	100,316	59,996
General Public Service	272,357	221,193
Foreign Missions	59,932	51,765
Local Councils	4,520	5,750
Others	27,862	5,787
Social Security Contributions	108,589	79,403
Pensions, Gratuities and Other Retirement Benefits	88,049	51,338

The amount of Le88,049 million (Le51,338 million in 2013) for Pensions, Gratuities and Other Retirement Benefits represents mainly payments made in the form of Gratuities and Pensions to Employees that have retired before 2002 in the case for pensions and those that retired in 2012 and beyond only gratuities are paid, also a total of Le108,589 million was paid out as government contributions to social security for public workers.

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

In millions of Leones

	2014	2013
Non-Salary, Non-Interest Recurrent Expenditure	1,230,262	854,046
o/w Education	171,753	145,803
Health	109,461	38,067
Defence	117,980	63,298
Police	73,295	60,045
Agriculture	33,821	18,849

20. Domestic Development Expenditures (See Appendix F)

The total amount of Le569,902 million (Le373,389 million 2013) for Domestic Development Expenditure represent the Government contribution to various Development Projects.

21. Finance Costs

The total amount of Domestic Interest comprises:

In millions of Leones

	2014	2013
Interest on Ways and Means	1,379.42	4,796.91
Interest on Treasury Bills	129,024.18	214,596.04
Interest on Treasury Bearer Bonds	51,267.02	55,259.77
Interest on NNIB Securities	-	-
	181,670.6	274,652.7

22. Commitments

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

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

23. Bank and similar guarantees

At 31st December 2014, the Government's contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of operations from which it is anticipated that no material liabilities will arise.

24. Revenue Arrears

The amount of 4,326 million represents revenue arrears owed to National Revenue Authority at the end of the year.

1.7 SOME COMMENTS ON THE PUBLIC ACCOUNTS

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

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

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

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

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

Over recent years, the quality of the Public Accounts has improved. This is reflected in the movement from a "Disclaimer" to an "Except For" audit opinion issued last year. Credit should be given to the Accountant General's Department for their efforts in addressing issues such as the presentation of the accounts and improving the availability of supporting documentation for other charges that allowed for this change of opinion. However, there remain fundamental issues that are likely to impact upon the final audit opinion issued on the 2014 Public Accounts. None of these issues, shown in the preceding paragraphs and in the paragraphs below are new and have been raised consistently during previous audits. For the majority of these issues the Accountant General is reliant on other departments or bodies to provide the correct information for inclusion in the Public Accounts (e.g. NRA for revenue, Public Debt Unit for government debt). Efforts should be stepped up to ensure that this information is presented in an accurate, complete and timely fashion. Without such cooperation it will be difficult for further significant improvement to be achieved.

Consistent with last year's reports (2013), I have again issued a qualified opinion, on the accounts of government. This signifies that the status quo has largely remained the same. This year's report as compared to last year (2013) also contains issues relating to controls such as; preparation of regular, accurate and complete financial and performance reports, review and monitoring of compliance with legislation, proper record keeping and document control and controls over daily and monthly processing and reconciliation of transactions, poor cash management practices resulting in failure to pay non-tax and other revenues collected into the Consolidated Fund, cash irregularities, tax irregularities and unauthorised payments, as well as non-availability of adequate records on revenue collected and some expenditures made. These significant weaknesses in the financial and performance management controls continue to exist and therefore still needs urgent attention.

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

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

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 action of the executive arm of Government towards the implementation of the recommendations in the report of the Auditor-General, a report debated and approved by Parliament, has not been very effective in achieving the goals of improving public financial management reforms in Sierra Leone. Therefore the incidences of financial indiscipline continue to persist. The challenge we face is that when our report is sent to Parliament our elected representatives, meeting in committee, do not always demand a full accounting from officials for the issues raised. Parliamentary promotion of transparency in public administration and good governance is perhaps not as effective as it might be. This has forced us to consider why we are not having sufficient impact when it comes to audit findings and recommendations. We have however come to realize that there is power in the voice of the people. Recent audits, notably the report *Management of the Ebola Funds*, clearly confirm that indeed, where the citizens' interest in our reports is aroused we can together encourage the government to embrace 'accountability'. It seems that getting action and reaction requires that all parties – government officials, auditors and parliamentarians – must have something to lose. In the 2013 Annual Report we commented that from a sample of nine of the larger audited entities only 19% of Audit Service recommendations had been implemented. As indicated in Chapter IV of this report the percentage of implementation for 2014 is 24.2% - no great improvement. This is a major concern for donors and goes to the very heart of how effectively funds are utilised. We will continue to bring waste and mismanagement to the attention of all stakeholders. The auditors will keep coming.

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.

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

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

Non-compliance with laws and regulations

In the current year, 80% of auditees had findings on non-compliance with laws and regulations many of which relate to irregular expenditure and procurement management. This is mainly due to the lack of basic controls and inadequate implementation of appropriate consequences where there has been poor performance or transgressions. The 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:

- Unidentified cash balances held in transit accounts not transferred to the CRF at year end;
- The absence of a defined process by which the amounts assessed by revenue collecting ministries, departments and agencies (MDAs) are compared to the revenue collected by National Revenue Authority; on behalf of these MDAs;
- The absence of regular reconciliation records between NRA and the transit banks and between the transit banks and the consolidated revenue fund;
- Uncertainty on the amount of Project Implementation Units correct expenditure and fund balances not included in the accounts as indicated in Part ‘B’ of the report of the Accountant General 2014;
- Systemic deficiencies in the collection of taxes;
- Uncertainty regarding the accounting for and consequently the amount of Public Debt; and
- Error in non-disclosure of domestic revenue arrears as required by GBAA 2005.

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

Unfortunately in recent years adverse, disclaimers or qualified opinions on the Public Accounts have been the norm in Sierra Leone. The decision to issue a qualified ‘except for’ opinion last year and now this year is not taken lightly. It is unfortunate that despite my concerns expressed repeatedly in annual reports, some of the key issues raised remain largely not acted upon at all or acted upon incompletely at best.

As demonstrated by the reaction of parliamentarians and other stakeholders to my report on Ebola expenditure, findings reported by my office are gaining some traction with civil society and consequently get a reaction from our elected officials. However, gradual improvement in seemingly mundane matters of internal control around banking and cash management as well as the related areas of revenue and expenditure, is no longer sufficient. The controls in question are neither complex nor labour-intensive. They are largely so basic as to be possible to implement with only a minimum of training for even junior staff. 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 that is missing and weaknesses continue to plague the public sector especially in MDAs.

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

1.8 PRESENTATION OF THE PUBLIC ACCOUNTS

Non-disclosure of revenue arrears in the Public Accounts

The Public Accounts did not disclose a summary statement of revenue arrears to be collected by each budgetary agency as required by section 57(5) (g) of the Government Budgeting and Accountability Act 2005. Our audit work identified an estimated arrear of Le119 billion. These were obtained from the books of the Goods and Services Tax (GST) Unit, Ministry of Fisheries, PAYE and the Anti-Smuggling Unit (ASU) at Customs. Details can be found in paragraphs 8.2, 8.13, 8.16, 8.19, 8.20 and 8.22 respectively of the Management Letter. In addition to these amounts, there are likely to be significant other amounts due which were not identified during the audit. There is the risk that the Public Accounts do not give the true picture of the state of affairs of government and the level of performance in the identification and collection of revenue due.

It is recommended that the Accountant General should:

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

Non-compliance with cash-basis International Public Sector Accounting Standard

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

There are a large number of payments made by third parties on behalf of government which are advised to government at all levels (For example, during the current Ebola crisis significant assets were paid for by donors and delivered to government bodies). No such 3rd party expenditure is currently included in the Public Accounts. There is the risk that Stakeholders are not made aware of money spent on behalf of government.

Gathering detailed information on 3rd party payments to allow accurate inclusion in the Public Accounts will prove extremely difficult. However, government should consider how such information can be gathered in the future. Until such information can be reported in a reliable way, the Public Accounts should include a narrative disclosure stating that although government is aware of such third party payments, it is not currently possible to identify and quantify all such transactions.

1.9 EXTERNAL PUBLIC DEBTS

Differences have 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 Public Accounts is free from material misstatement. Aside from the implications over the Public Accounts, these figures should be reconciled on a monthly basis to ensure that an accurate, up to date debt position can be provided at any point in time. This information could then be used by government to properly plan cash flows and to have access to the best information when making decisions on the most desirable debt structure for government.

Confirmations from third parties

External Public Debt represent over 69% total consolidated fund Liabilities. We observed that some multilateral and bilateral creditors confirmed an amount of Le206.9 billion whilst the public account disclosed an amount of Le224.6 billion. We were not provided evidence to explain the difference. Hence the external public debt figure in the financial statement may be overstated by Le17.7 billion.

Overstatement of DOD opening balances

We observed a net overstatement of DOD opening balances which amounted to Le 5.69 billion thereby violating ISSAI 1510 which requires closing balances of the previous year to be correctly disclosed as opening balances in the current year.

To prevent this issues re-occurring and to allow government to have an up to date external debt position, a monthly reconciliation should be conducted between CS-DRMS and the schedule of Disbursed Outstanding Debt should be performed. This reconciled figure should be reflected in IFMIS. In addition, on a regular basis creditors should be asked for confirmations of debt balances and these should also be agreed with the other source documentation. These monthly routines should be repeated at year-end to give assurance that the figure presented in the Public Accounts is free from material misstatement.

1.10 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.

Taxes due for collection from individuals, corporate bodies and other institutions by the Domestic Tax Revenue and Customs Divisions of the National Revenue Authority (based on the sampled transaction), but which had remained uncollected, during the reporting period amounts to Le114.68 billion. Most of the irregularities were observed from assessed tax unpaid, disputed assessments, as well as poor supervision of Responsible Officers and a failure to enforce tax laws and financial regulations, and the failure of management to promptly settle disputes and impose sanctions on defaulters.

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

Non-compliance with the Memorandum of Understanding (MOU) between NRA and Transit Banks

Monies collected by transit banks were not transferred to the Consolidated Revenue Fund in accordance with the time frame of 24 hours as stipulated in the MOU between the transit banks and NRA. For instance, an examination of remittances from the FIB to the income tax account at BSL revealed that three remittances with a total value of Le164.81 million which were made in May 2014, were observed to have been credited to the BSL in February 2015.

Based on an assumed government borrowing rate of 6% per annum the above instances cost Government approximately Le7.4 million (9 months x 0.06 x 164.81 million). The aggregated cost of other such instances could be significantly more.

We recommend that the Government should remind commercial bank of their obligations to transfer all cash to its accounts within 24 hours of all payments. Transit bank accounts should be regularly monitored. Any bank not in compliance with the MOU should be excluded from revenue banking arrangements.

No reconciliation between NRA & SLRSA

Although commercial vehicles registration and licences have income tax obligations, we observed that of income tax payments are not been kept by the Authority. We also observed that there was no reconciliation between the SLRSA and the NRA. Lack of evidence of payments and reconciliation makes it impossible to ascertain whether all income tax obligations are being properly accounted for.

There is the risk that not all registered vehicle owners fulfil their income tax obligations and that not all due revenue is collected. It is recommended that the NRA & SLRSA perform regular, documented, reconciliations which are signed off by both parties to ensure income tax payments are accounted for in full

Foreign Travel Tax (FTT)

Le5.9 billion was reported as Foreign Travel Tax (FTT) on the financial statement. During our audit exercise, we were provided with payments receipts that enabled us to confirm payment of Le 4.7billion of the reported amount. This left an outstanding balance of Le 1.2billion unconfirmed. In addition, we were unable to determine the actual amount that was meant to be paid as FTT to the National Revenue Authority because complete airlines sales reports were not provided to us. Sales report shows the total sales made by the airlines from which 10% should be deducted for FTT. There is a risk that FTT was not fully disclosed in the account. The Commissioner General should in the future provide all the necessary documents that will enable us vouch for the completeness and accuracy of the amount disclosed as FTT in the account.

GST invoice stubs, sales receipts, and purchases receipt not submitted

Out of a total of Le 495 billion GST revenue reported in the financial statement, Le196 billion relates to domestic tax revenue. However, even though several requests were made, no independent audit report on GST, sales receipt and purchases receipts of sampled tax payers were submitted. Therefore we were unable to certify the completeness and accuracy of returns submitted by GST tax payers. However, in their response it was stated that the Act do not allow them to request for such information from businesses. Nonetheless, the question now is how NRA as an institution will confirm the completeness and accuracy of the returns filed by tax payers. The act should be revisited if not GST revenue will go uncollected for a foreseeable future time.

Duty waivers granted to ineligible organisations

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. An examination of the Ministry of Finance's data and literature on ASYCUDA revealed that an amount totalling Le300.48 million in respect of duty waivers was granted to NGOs who were not registered for the period under review. We also observed that duty waiver was granted to a road construction company (SALCOST Sierra Leone) amounting to Le 45.80 million in respect of wine and food stuffs which did not fulfill the criteria as stated in the Finance Act, 2010 for duty concession to a road construction company. It is recommended that 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.

Discrepancies between ASYCUDA GST records to the Financial Statement

GST customs and excise (C&E) revenue of Le280 billion was reported in the ASYCUDA; but Le266 billion was GST reported for C&E department on the financial statement, hence GST revenue potentially understated by Le13.9billion. The Commissioner General NRA should clearly explain the discrepancy

between records in the ASYCUDA and the financial statement and ensure the conduct of regular reconciliation between the ASYCUDA cashbook and monies collected.

1.11 OUTSTANDING MATTERS FROM PREVIOUS AUDITS

Outstanding Matters from Previous Audits			
No.	Outstanding Issues from Previous Audits	Management's Response in Prior Year	Current Status
1	Reduced scope of internal audit operations	Audit committee has been established.	No evidence of the effective functioning of an audit committee in ministries, departments and agencies
2	Inadequate control over collection, banking, recording, and reporting of financial transactions	NRA will be aware of the recommendation	The issues raised continue to recur with no consideration to the recommendations made in the audit report.
3	Inaccurate recognition of cash and bank balances.	Improvements will be made to the system to correct the anomalies noted.	Differences continue to be reflected between the cash stated in the cash book and that on the bank reconciliation statements.
4	Improper management of loans and advances.	Improvement will be made to manage it.	Even though parts of the system are not computerised, authorisation and approval procedures continue to be an issue.
5	Inadequate control over collection, banking, recording, and reporting of financial transactions	NRA will be aware of the recommendation	The issues raised continue to recur with no consideration to the recommendations made in the audit report.
6	Donor disbursements and other public funds not captured.	The providers of the Free Balance software will be contacted to provide support in this area.	This is yet to be done
7	Inadequate supporting documents on PVs.	Will continue to make efforts to remedy this situation.	Supporting documents continue to be an issue.
8	Inadequate control over the general processing of PVs.	Will continue to make efforts to remedy this situation.	Progress observed. More room for improvement.
9	Management Information System	Improvement will be made.	The disaster recovery plan is still untested. Modules are still underutilised.
10	Debt owed by SALPOST	New repayment plan will be agreed on to ensure recovery.	This is yet to be done.
11	Non-disclosure of revenue arrears	Will work with NRA for resolution	Revenue arrears are still not disclosed.
12 13	Donor disbursements and other public funds not captured.	The providers of the Free Balance software will be contacted to provide support in this area.	This is yet to be done
14	Poor management of transit accounts	Will communicate findings to NRA.	Transit accounts continue to be poorly managed.
15	Documents not being presented for audit inspection.	Will continue to make efforts to remedy this situation	Progress noted at Accountant General's Department (AGD). This is still a major issue at NRA.
16	Reduced scope of internal audit operations	Audit committee has been established.	No evidence of the effective functioning of an audit committee in ministries, departments and agencies

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No.	Outstanding Issues from Previous Audits	Management's Response in Prior Year	Current Status
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CHAPTER II – A REVIEW OF THE SIERRA LEONE HEALTH SECTOR

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A REVIEW OF THE SIERRA LEONE HEALTH SECTOR

MAIN POINTS

▪ **What we examined**

The review was carried out because during the recent EVD crisis the weaknesses in the health sector brought the country to its knees, devastated families and nearly 4,000 people died. For many years, predating the crisis, we have highlighted concerns about poor management practices, internal control deficits and significant under-resourcing in MOHS, individual healthcare institutions and across the board in the sector. We saw little evidence of improvement and a general failure to act on our recommendations.

To do this we:

- Reviewed our health sector working paper files, management letters and other reports for the past three years;
- Carried out in depth interviews of senior officers of the Ministry of Health and Sanitation (MOHS), WHO representatives in Freetown and the Managing Director of National Pharmaceutical Procurement Unit (NPPU);
- Spoke to doctors, nurses and patients in various hospitals;
- Reviewed MOHS strategic plans, reports and documents by 3rd parties on the West African health sector, international best practices on the delivery of quality health services; and
- Visited sample of hospitals nationwide and physically verified the infrastructures, environments and other health facilities.

▪ **Why it is important**

A number of international agreements oblige the government to commit sufficient resources and establish a comprehensive healthcare framework that meets the health needs of citizens. The Government has a duty to guarantee the right to health to all its citizens. To deliver health services the GoSL endeavoured to put in place a regulatory framework in line with the 1991 Constitution. The regulatory framework spells out the services to be provided by the hospitals at all levels.

MOHS funding increased significantly from Le163.5 billion in 2012 to Le344 billion in 2014. This amounts to an average of 1.1% of GDP¹.

Despite the increment in MOHS funding the quality of health services has declined. This is attributed to lack of proper accountability in the sector as highlighted in our audit reports. There is an inadequate supply of drugs with periodic stock outs, too few health workers of all types, excessive delay in accessing health services, mismanagement of hospital infrastructure, overcrowding, among other things, with dire consequences including avoidable deaths. This has raised concerns as to whether MOHS is managing its resources efficiently and effectively. Economic development requires a healthy population and to get there we need improved clinical and non-clinical services. The apparent inefficiency in MOHS is an issue that needs to be addressed if Sierra Leone to meet its health-related Sustainable Development Goals (SDGs). Moreover, the unprecedented EVD outbreak in the Mano River Union countries put our healthcare system in an unfavourable global spotlight. It also resulted in the just under 4,000 deaths including 221 health workers and 11 medical doctors. It is against this background that we undertook this independent assessment of the operations of the MOHS and the overall health sector.

¹The average percentage of health expenditure of the GDP was calculated by the ASSL auditors. The GDP figures for 2012, 2013 & 2014 were obtained from the World Bank website www.worldbank.org/en/country/sierraleone. This site was accessed on 16/11/2015. The exchange rates were obtained from Bank of Sierra Leone monthly Economic Review Reports.

▪ **What we found**

Much has been written and reported, largely by outsiders, about components of our health system. We thought it timely to look for ourselves from a Sierra Leonean perspective, obtain an overview and understanding of the issues and convey this to parliamentarians, civil society and all stakeholders to try to kick-start reform.

The review revealed that the sector has very serious issues. There are major deficiencies in the Ministry, hospitals and other responsible bodies that need urgent attention and increased support from the government and other stakeholders. Truly appalling conditions abound. We found a shameful panoply of dysfunction including the following:

- Eight medical specialists working at MOHS headquarters performing administrative functions when hospital needs go unmet;
- Shortages of nurses and specialist doctors everywhere with none available in some institutions;
- A lack of basic equipment in hospitals, operating theatres, laboratories and wards and even some cases of obsolete and defective equipment in use;
- Overlapping or conflicting legislation governing the health sector, creating bottlenecks reducing effective and efficient service delivery;
- Hardly a single international health standard for medical staff to population ratio is met;
- Deplorable conditions prevailing in stores, wards and kitchen;
- General waste management and cleanliness so poor as to pose a threat to the health of already sick patients, health workers and visitors;
- The resources available not are judiciously utilised to achieve value-for-money aggravated by breaches of procurement procedures, poor control over revenue and disbursements, unmanaged assets and poor to near-non-existent record keeping in critical areas;
- A drug distribution system from the Central Medical Stores that pushed shipments to hospital and other locations with no consultation on actual needs;
- Government investment in training programs for practising health workers is particularly insufficient; in fact, most in-service training is delivered by development partners with little or no coordination with or by the MOHS; and
- Some hospital boards were not established but, alarmingly, the government is allocating funds to the board secretariats even though there is no board.

In the prevailing circumstances the drug distribution regime in place at present has contributed to estimates of out of date drugs running as high as 20% with storage facilities, not fit for purpose, dating in some instances, we were told, from the 1940s. The NPPU, an independent agency charged with drug procurement and distribution under its enabling legislation, is funded by MOFED but through MOHS. The relationship between the NPPU and MOHS management seems to have descended into a classic turf war characterised as beyond tense by one interviewee.

The managing director suggested that NPPU does not yet have the full staff complement to effectively manage all the drug stores across the country. It is collaborating with the DHMT/DMOs to supervise the stores and to distribute the drugs to the PHU level. Internal studies suggest the NPPU needs 175 staff to carry out its full functions. At the moment, the unit only has 10 full-time staff.

On the procurement front the acquisition of 123 ambulances stands out as being a doubly reprehensible event. A 60% advance – rather than the legally permissible 30% - was paid to the supplier. Only 90 vehicles were delivered and as warranties and performance bonds were allowed to expire by MOHS rights

of action against the supplier for non-performance or contract abandonment are limited. In addition, the 90 vehicles delivered, notwithstanding the critical need for them across the country, have never been deployed but were stored in the open at the Youyi building for about one month initially and were then transferred to the Military Headquarters at Wilkinson Road.

2.1. ABOUT THIS CHAPTER

This chapter presents a review of the Sierra Leone health sector and the MOHS. It is derived from a three year analysis of our audit reports on individual institutions within the sector as well as from other sources as specified below.

It is divided into the following sections each addressing a unique aspect of the health care system:

- Overview of the health sector of Sierra Leone;
- Legislative framework governing health matters;
- Health infrastructure;
- Health equipment;
- Human resources distribution; and
- Administration and management.

The chapter highlights major concerns raised in audit and other reports on the health sector for the period 2012 to 2014. However, while making reference in places to the Ebola crisis, we do not cover it in detail as those issues were the subject of two special reports by ASSL on the management of Ebola fund.

2.2. REVIEW OBJECTIVES

The overall objective of this chapter is to bring to the attention of parliament and other stakeholders the current status of the health sector in Sierra Leone. To meet this objective we sought to achieve a clear understanding of the legal and organisational framework governing the health sector and to identify who has responsibility for key parts of the health delivery system.

2.3. REVIEW CRITERIA – WHAT WE EXPECTED TO OBSERVE

Health is a significant component of human development and overall population health contributes to economic development by increasing productivity of the workforce and lengthening the life expectancy of the people. In order to achieve this, the Government made a commitment through its Agenda for Change to overhaul the health sector so as to reduce mortality rates, especially for infants and pregnant women, promote hygienic practices, make at least some minimum maternal and neonatal health care systems available, improve the quality of health facilities and improve access to them. There is a Constitutional obligation upon the government to direct policies towards these matters, to provide sufficient funding to the health sector as well including a network of communication between the central and local government administrative structures². Repeatedly the Government has responded to the expectation of the people by developing strategic plans to address the deficiencies in the health sector.

It was our expectation that the facilities and resources allocated to the health sector would have been managed efficiently and effectively to achieve quality service delivery.

2.4. SCOPE AND REVIEW APPROACH

The chapter covers the three year period 2012 - 2014. It focuses on key issues relevant to all stakeholders and provides a summary overview of health sector infrastructure, equipment, human resources together with administration and management practices.

The review was carried out in accordance with the ASSL Manual which is based on the INTOSAI Standards and included such procedures, tests and controls as the Auditor General considered necessary under the circumstances. In order to thoroughly understand the health system, interviews were conducted

²Source: Section 8(3) (c)and(d) of the Constitution of Sierra Leone 1991

with stakeholders; we reviewed enabling legislation, previous audit reports, journals and other materials relating to the health sector in West Africa generally. Auditors from ASSL also visited health facilities and carried out physical verification of samples of equipment, examined supporting documentation for selected transactions and the existence of health workers.

2.5. OVERVIEW OF THE HEALTH SECTOR IN SIERRA LEONE

MOHS Background

The Ministry of Health and Sanitation is one of the largest ministries of government in terms of its budgetary allocations and operational activities. It is responsible for the overall formulation of national health policy and the supervision of health facilities, among other functions. With the devolution of services, the core functions of the MOHS remain as policy formulation, standards setting and quality assurance, resource mobilization, capacity development and technical support, provision of nationally coordinated services (e.g. epidemic control), coordination of health services, monitoring and evaluation of the overall sector performance and training.

The Health System

Health care in Sierra Leone is provided by government institutions, religious organisations, non-governmental organisations, private clinics and traditional healers. The health service organization is based on the primary health care concept, started in the 1980s, and comprises three levels: primary health care; secondary health care; and tertiary health care.

Firstly, primary health care is the frontline health service for the people. Its core components are the peripheral health units (PHUs) and the District Health Management Team (DHMT). The PHUs are further sub-classified into three categories (a) maternal and child health posts (MCHPs) (b) community health posts and (c) community health centres.

The MCHPs are found at village level where the populations are less than 5,000 inhabitants and are staffed by trained Maternal Child Health (MCH) Aides. They provide several services such as antenatal care, supervised birth deliveries, postnatal care, family planning, growth monitoring and promotion for under-five children, immunisation, health education and management of minor ailments. Critical cases are referred up to the next level. Community health workers such as traditional birth attendants (TBAs) and community volunteers also provide support to the MCH Aides.

Community health posts (CHPs) are found at town level with population above 5,000 inhabitants. They are mainly staffed by State Enrolled Community Health Nurses (SECHNs) and MCH Aides. They provide prevention and control of communicable diseases and rehabilitation plus all the services that are provided at the MCHPs. Complicated cases are referred to the Community Health Centres (CHCs).

CHCs are located at Chiefdom level and communities in the Western Area that have a population between 10,000 to 20,000 inhabitants. The CHCs are staffed with community health officers (CHOs), SECHNs, MCH Aides, epidemiological disease control assistants and environmental health assistants. They should provide all the facilities that are provided at the CHP level and should also have facilities for inpatient care, more extensive outpatient services, laboratory facilities, managing some obstetric complications and severe illness. The District Health Management Team (DHMT) is responsible for the overall planning, implementation, coordination, monitoring and evaluation of the district health services under the leadership of the District Medical Officer (DMO). Other members include the medical officer in charge of the district hospital and scheduled officers for various programs and units³.

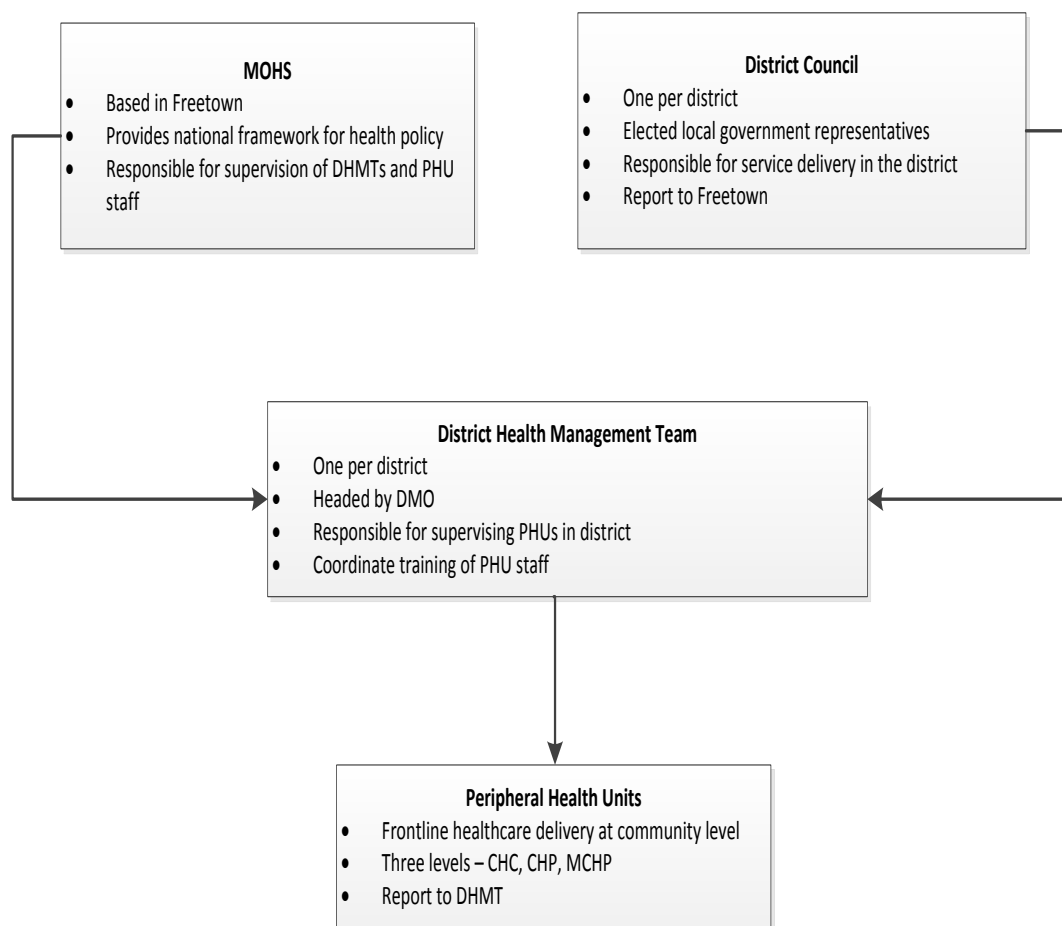
³ National Public Health Sector Strategic Plan 2010-2015 : November 2009

The next level is the secondary care Hospitals. This level should provide outpatient services for referred cases from PHUs and the population living within the immediate catchment area, inpatient and diagnostic services, management of accidents and emergencies technical support to PHUs. There are 13 secondary level government hospitals located in the districts and several in Freetown and its environs. There are also mission/private hospitals in Bo, Lunsar, Makeni, Kamakwie, Mabesseneh and Serabu. There are also NGO supported hospitals including the Masanga Hospital that provide secondary health care services.

Thirdly, Tertiary Care Hospitals are mainly referral centres and offer specialist services in addition to all those provided at secondary care facilities. The majority of these are concentrated in Freetown and its environs in the Western Area and include: Princess Christian Maternity Hospital (PCMH), Connaught Hospital, Ola During Children's Hospital, Lakka Government Hospital and Jui Hospital plus private/mission hospitals. There are three regional hospitals located in Bo, Kenema and Makeni which are also considered to be tertiary level institutions.

Overall, there are 35 hospitals in the country, mostly located in the urban Western Area. Most healthcares (particularly in rural areas) are delivered at the community level by 1,228 PHUs. Figure 1, Government Health Structures in Sierra Leone, shows the basic health structure.

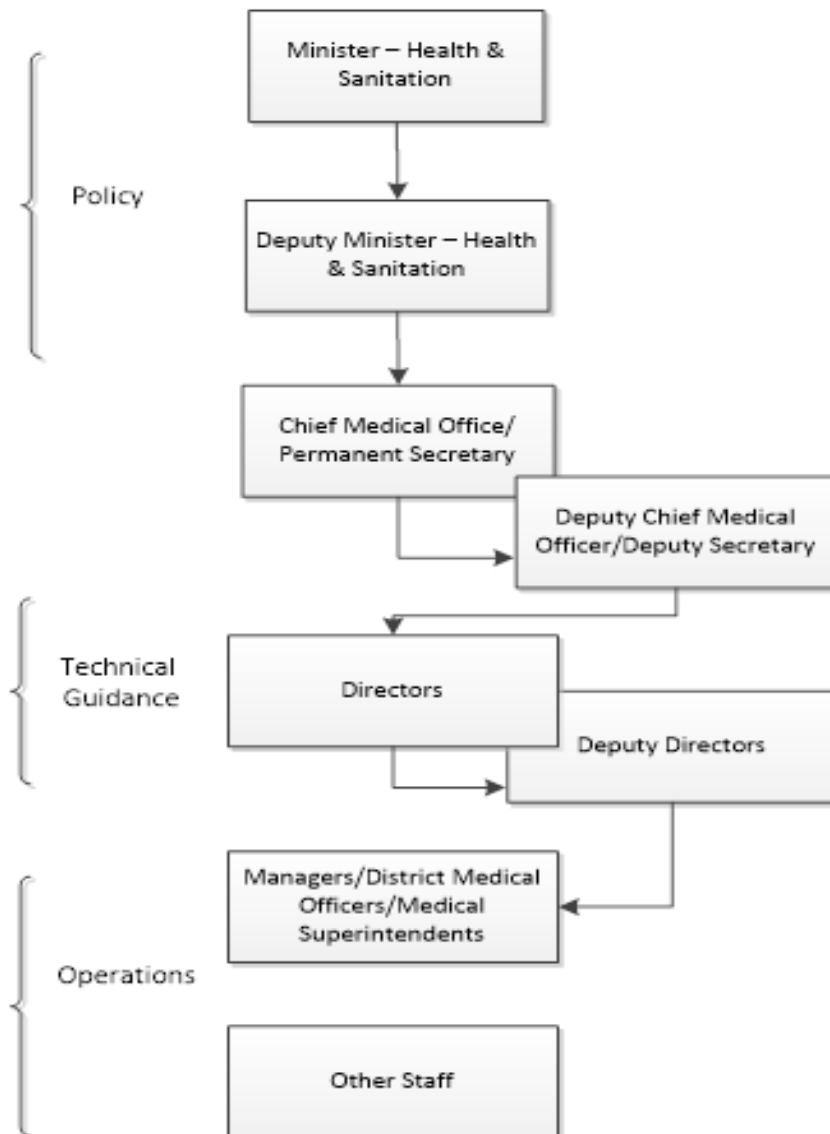
Figure 1 – Government Health Structures in Sierra Leone



Organizational Sstructure of MOHS

MOHS is led by a minister as the political head and assisted by two deputy ministers. The permanent secretary is vote controller and administrative head with a technical wing headed by the Chief Medical Officer. Within the administrative and technical wings are various directorates to provide guidance in specific areas. There are managers/district medical superintendents at hospitals to provide leadership at the operational level - see Figure 2, Leadership Structure⁴

Figure 2 – MOHS Leadership Structure



⁴Source: Health Service profile

Legal Framework for Health Sector

The sector is governed by a broad range of legislation, some of it overlapping and not all of it conducive to efficiency and effectiveness. Legislation includes: the Public Health Act 1960, Hospital Boards Act, 2003 (HBA), Local Government Act, 2004 (LGA), Sierra Leone Health Service Commission Act, 2011, Pharmacy Board Act, 1988 and most recently the National Pharmaceutical Procurement Unit Act, 2012. In addition, the sector is subject to Government Budgeting and Accountability Act, 2005 (GBAA), the Financial Management Regulations 2007 (FMR) and the Public Procurement Act, 2004. There are also regulatory bodies with statutory authority that oversee special aspect of the sector. These include the Medical, the Sierra Leone Pharmacy Board, Hospital Boards, the National Pharmaceutical Procurement Unit, and the Sierra Leone Health Service Commission, to name but a few.

The objective for the HBA was to create the highest standards of medical care, training, management and administration in hospitals. The Act requires the Hospital Boards to provide accommodation and equipment necessary for clinical work, teaching and research. It also requires the boards to construct, equip, maintain and operate such clinics, outpatients departments, laboratories, research or experimental stations necessary for the efficient functioning of the hospitals. Sections 13 and 14 of the Hospital Board Act provide that the hospitals be supervised by a board. Our review revealed that these boards were not established but, alarmingly, that government is allocating funds to the board secretariats even though they do not in fact exist. The object of the Act is not achieved and supervision of the hospital is less effective than it ought to be.

The Local Government Act, of 2004 requires local councils to carry out devolved function relating to health services. The district councils now play a key role in the financing and management of district hospitals and PHUs. Most of the primary health care services have been devolved to them, requiring district health teams to only provide support.

The Sierra Leone Health Service Commission Act, 2011 was established to assist the Ministry in formulating and implementing policies for the delivery of affordable, accessible and improved healthcare services to the people.

The National Pharmaceutical Procurement Unit (NPPU), created in 2012, was set up to provide an effective, efficient and transparent environment for the supply of essential medicines of requisite quality, efficacy, accessibility and affordability in public health institutions throughout Sierra Leone. It is also responsible to supervise the central medical stores and other stores that keep public drugs in the hospitals.

The health system prior to the EVD outbreak

Prior to May 2014 when the first Ebola case was confirmed in Sierra Leone, there were major deficiencies in the health service delivery here. One of the significant issues highlighted in the previous reports was the lack of adequate human resources in the sector. In a WHO report⁵ in 2014 it was noted that human resources remain extremely scarce in Sierra Leone with just 0.2 doctors and 3 nurses per 10,000 people. To achieve 80% coverage in essential health services (vaccination, skilled birth attendance), would require the 23 doctors, nurses and midwives per 10,000 inhabitants. A review of the MOHS *Service Availability and Readiness Assessment Report 2012* reveals that deficits also exist for trained staff generally and for equipment, diagnostic capacity and medicines. Diagnostic capacity was very low for child preventative and curative care as well as for antenatal care. Lack of equipment was a particular hindrance to the provision of

⁵WHO: Health Facility Survey 2014

comprehensive obstetric care. The availability of essential medicines and ambulances were also of special concern as indicated in our previous reports.

Sierra Leone's Health Care system during the EVD outbreak

During the outbreak of Ebola the health system almost collapsed. This was attributed to systemic weaknesses in lack of equipment, a lack of trained specialists, and poor preparedness to fight any major epidemic even though, in the case of EVD, WHO alerted the country when the first case was confirmed in a neighbouring country. MOHS initially failed to institute hygiene training and related equipment and there were no infection prevention control measures. This exposed health workers to the virus to the death of leading of near 4,000 souls including 221 health workers. Health centres were close to abandonment by the people because of distrust and self-medication. The use of traditional healers increased the spread of the disease throughout the country. Though widely known already the Ebola crisis placed at least six major weaknesses⁶: in the spotlight

- Insufficient health workers;
- Low access to healthcare facilities;
- Poor infection prevention and control measures;
- Widespread lack of confidence in the health system;
- Weak communication between local, district and national levels of the health system; and
- Insufficient funding to support the health sector.

The Ebola outbreak uncovered the terrible condition of the health system to prevent, control or fight against epidemic in Sierra Leone as the country was and is still without sufficient health workers, drugs, beds and other essential equipment.

Health Care Financing

The health sector is financed by the government through the budgetary allocations and support from development partners (both budgetary and extra-budgetary support). Government expenditure on health is of particular importance in Sierra Leone as 70% of the population, living below the poverty line and in rural areas, is not served by the private sector.

The Government of Sierra Leone signed up to the Abuja Declaration in 2011, committing to spend at least 15% of government expenditure on the health sector. In 2013 only 4% of government spending was on the health sector. However, this improved in 2014 when spending was Le344 billion or 11% of the total government disbursements although it still remains less than the 15% minimum threshold set by African heads of states in the Declaration. This implies the health sector is grossly underfunded and has never achieved the Abuja commitment.

In addition to the underfunding, previous years' audit reports highlighted lapses in the management of resources allocated to the health sector. For instance, issues such as non-compliance with procurement laws and regulations; non-compliance with the financial management regulations; inadequate facilities at the various hospitals and PHUs; insufficient medical personnel; and deplorable health infrastructures were reported. The health sector is still considered to be underfunded due to the following challenges:

- Inadequate budgetary allocations for health care delivery;
- Cumbersome procedures for accessing donor funding; and

⁶*After Ebola: Why and How Capacity Support to Health System in Sierra Leone Needs to Change*, Lisa Denney and Richard Mallett with Ramatu Jalloh, June 2015.

- Inequitable and inefficient allocation of health sector resources.⁷

2.6. HUMAN RESOURCES

Within many health care systems worldwide, increased attention is being focused on human resource management (HRM). Specifically, human resources are one of three principle health system inputs, with physical capital and consumables. Proper management of human resources is critical in providing a high quality of health care. Human resources can be defined as the different kinds of clinical and non-clinical staff responsible for public and individual health intervention. Human resources, arguably the most important of the health system inputs, the performance and the benefits the system can deliver depend largely upon the knowledge, skills and motivation of those individuals responsible for delivering health services⁸. The variation of size, distribution and composition within a country's health care workforce is of great concern. For example, the number of health workers available in a country is a key indicator of that country's capacity to provide delivery and interventions.⁶Our review revealed that the management of human resources in the health sector is in serious trouble. The issues are systems-wide and include recruitment, training, and administration and payroll. Specific issues at the headquarters and health facilities are discussed below.

▪ Recruitment

With the introduction of separate laws to guide the decentralisation process it has become evident that there is a need to clarify roles and responsibilities between the councils, the hospital boards and the Health Service Commission, in order to improve on implementation efficiency.

The provisions in these laws create some conflicts or overlapping functions of the Hospital Board and the Health Service Commission. For instance, the boards have the function to *“appoint staff for the hospitals both professional and otherwise and determine the remuneration and other conditions of service of the staff”* while the commission has the function to *“appoint the professional staff of Government healthcare facilities and the Ministry and determine the remuneration and other conditions of service of the staff”*. These overlapping functions create conflicts of interest and ambiguity in the execution of their mandates. It may also create delay in the recruitment process. For instance, the recruitment process for nurses that commenced in 2013 to fill vacant positions at the hospitals is yet to be completed. Based on interviews with the CNO and Director of Human Resources at the ministry, the recruitment of nurses was put on hold without documenting reasons provided for doing so.

Physical verification of staff reveals there are many nurses at hospitals/PHUs countrywide who work on voluntary basis for years without pay⁹. This situation may also reduce staff morale and commitment to work with an adverse effect on the quality of care given to patients.

▪ Shortage/insufficient medical staff

There are health sector/facilities without sufficient specialised medical personnel. There are inadequate numbers of medical personnel at the various hospitals and PHUs in the country. MOHS statistics show the country has 275 doctors and 9,008 nurses⁸as against WHO minimum recommendation of 4,000 doctors and 10,000 nurses to serve a population of 6 million. This is not in compliance with the WHO standard ratio of one doctor to five nurses/midwives.

⁷Source: Health Care Financing

⁸WHO, World Health Report 2003: Shaping the Future, Geneva 2003.

⁹These are nurses who had completed their training and are seeking employment from the Government. They prefer to volunteer so that they will have advantage over other applicants.

⁸“Nurses” include nurses, midwives and MCH Aids.

The shortage of medical personnel at health facilities was also exposed during the Ebola outbreak as there was a lack of nurses and doctors at the treatment and observation centres nationwide. As a result, government urgently recruited “volunteers”¹⁰ to assist in the fight against the Ebola disease. We noted that eight specialist doctors (excluding the CMO) were performing administrative functions at the ministry even though the hospitals lack sufficient medical specialists.

A review of reports and interviews of senior officers at the ministry and hospitals show there were many vacant positions. This is supported by the HR gap analysis prepared by ministry Human Resources Directorate¹¹. See Table 1 below.

Staff Category	Authorised	No. of in-post	Vacancy rate
Specialists (include specialists in management position)	75	41	44%
Registrars (all)	70	5	93%
Medical officers (All)	116	79	32%
House Officer	66	40	39%
Radiographer	16	0	100%
Physiotherapist	13	1	92%
Orthopaedics	52	18	66%
Rehabilitation	285	15	95%
Medical Electronic Engineer	26	0	100%
Medical Equipment Technician/Electrician	96	17	82%
Nutrition and Catering	318	54	83%
Monitoring & Evaluation	248	14	93%
Environmental Health Aid	540	171	68%
Maternal & Child Health Aid	2,640	1892	28%
Nursing Aid/Assistant	1,008	1098	+8%
Darkroom Attendant	56	n/a	n/a
Laboratory Aid/Attendant	221	78	65%
Pharmacist	412	197	52%
Medical Laboratory Science	685	183	73%
Refractionists	52	5	90%
Community Health	839	566	33%
Epidemiology	29	1	97%
Health Education	284	5	98%
Environmental (Sanitary) Health	1,029	200	81%
Nurses	4,536	1746	62%
Midwives	400	76	81%
Senior Ward Sister/ Midwifery Officer	100	6	94%

▪ **Medical Education and Training in Sierra Leone**

Training of medical personnel is critical to quality healthcare. The College of Medicine and Allied Health Sciences (COMAHS), the first medical school in Sierra Leone, was established in 1988 by the

¹⁰ “Volunteers” were non-employed laboratory technicians, nurses, ambulance drivers, cleaners, screeners, surveillance officers & burial teams.

¹¹Source: Health Status of the Population

Government, with the Nigerian Government and the WHO. The 2005 University Act which led to the creation of two Universities in Sierra Leone, with COMAHS as a constituent college, incorporating the National School of Nursing (now the Faculty of Nursing) and Pharmacy Technician School, which is part of the Faculty of Pharmaceutical Sciences. COMAHS is mandated to train and qualify doctors, nurses, pharmacists, biomedical scientists and laboratory technicians but offers no postgraduate studies. There was no evidence that modern infrastructure and equipment were provided to COMAHS and the other constituent colleges for effective and efficient discharge of their respective mandate. This increases the cost of training health specialists who must go overseas. This in turn will eventually increase the cost of healthcare services. There are other health training institutions in the country (both public and private) set up for the training of nurses. For examples, the Medical School at Wilberforce, the School of Midwifery at Fourah Bay Road, and Njala University in Bo and Kenema as well as the Northern Polytechnic in Makeni.

Government investment in training programs for practising health workers is particularly insufficient. In fact, most in-service training is delivered by development partners with little or no coordination with or by the MOHS. Interviews with senior personnel at some hospitals disclosed that there is no refresher training opportunities for medical staff to improve their capacity or to keep pace with current trends.

Table 2: - Staff Not Made Available for physical verification	
Hospital/PHU	No. not made available for physical verification
Connaught Hospital	14
Ola Daring Children's Hospital	54
Lumley Government Hospital	5
Rokupa Government Hospital	20
Makeni Government Hospital	34
Sierra Leone Psychiatric Hospital	17
Total	144

Personnel records management was and is still a big problem in the health sector. Some staff personal files were not made available for audit. This problem cuts across the ministry headquarters and the hospitals/PHU nationwide. A typical example was at the Makeni Government Hospital where 310 staff personal files (30% of total files requested) were not made available for audit. Some of the staff files that were submitted for review had not been updated. Documents like appointment letters, acceptance, promotion and transfer letters were missing, as were Public Service Commission forms, study leave approval letters, medical reports and educational certificates. This implies that the ministry and hospitals/PHUs do not maintain updated records of health and administrative workers. This may be a factor in deficient healthcare services since manpower planning cannot be done with any certainty.

▪ **Ineffective staff supervision**

Supervision of health personnel at the various hospitals is inadequate. Some nurses absent themselves from duties especially at night without valid reason or approval. Cumulatively across various locations 144 staff did not show up for physical verification carried out by auditors even though the exercise lasted over three weeks; nor was there any written approval to suggest they were on leave (see Table 2 above). An interview held with a WHO representative mentioned that “government had made efforts in the past to eliminate ghost workers from the payroll”. However, our review revealed that there remains a possibility for ghost workers to exist due to ineffective supervision. In addition, some nurses proceeded on study leave without approval from the HRMO. Instead, internal arrangements were made between the nurses and their respective matrons/medical superintendents or ministry officials

2.7. EQUIPMENT

For healthcare service delivery to be effective and efficient, the ministry, hospitals and PHUs have to get the required quantity and quality of equipment. This includes medical and non-medical equipment and it should be properly managed by the users. Our review revealed following:

▪ Insufficient medical equipment

Interviews conducted with senior personnel, and laboratory technicians as well as physical inspection of the laboratories across the secondary and tertiary hospitals revealed that the laboratories were grossly under equipped. Essential equipment that should be used for testing, diagnosis or surgical interventions was insufficient or even unavailable. As a result many tests or surgical interventions were referred to private or overseas hospitals. At best, GoSL is paying more for external service delivery or, at worst, sometimes even basic healthcare services are not being provided. The situation is particularly bad in the regional and district hospitals.

Ninety percent of PHUs visited did not have essential equipment to provide quality service. For obstetrical interventions standard delivery beds, delivery kits and equipment were not available. In the absence of basic and vital medical equipment and facilities, the health of patients may be seriously compromised. Table 3 below gives a detailed analysis of equipment not available in health facilities across the country.

Table 3 - Lack of basic equipment and facilities in selected departments.		
No.	Department	Common issues identified
1	Laboratory	<ul style="list-style-type: none"> Some equipment (Electrolyte Analyser, Biochemistry Analyser and Haemoglobin Metre) sent to the department were found to be faulty and could not be put to use. These items still occupies space in the laboratory. Three centrifuges – used to separate red cells from plasma / serum in blood, were faulty; there by causing delays in carrying out tests and increasing the waiting time for test result. There is no light in the micro-biology lab and the toilet facility was very poor. No western green stands/tubes Binocular microscope Electrophoresis Standby Generator Air conditione
2	Blood Bank	<ul style="list-style-type: none"> Plasma Extractor – used to remove plasma from the blood. This plasma is very essential for the treatment of burns and bruises. Blood weighing scale – used to test the quantity of blood in a donor. Blood Collection Monitor – this prevents air from entering the blood during extraction because air can contaminate the blood. Water Bath – used to carry out complete cross matching especially for the detection of antibodies and IGG. Solar powered refrigerator – for the storage of blood under the required temperature of 2%.
3	X-Ray Unit	<ul style="list-style-type: none"> One X-Ray machine donated by Global Fund to the department has not worked since its installation, and no effort has been made by either the hospital management or Global Fund to resolve the problem. No standby generator
4	Theatres- Main/Maternity Theatre	<ul style="list-style-type: none"> Lack of adequate surgical lights Lack of abdominal sheets and towels Insufficient surgical instruments No standby generator theatre lamp Suction machine Diathermy machines

Table 3 - Lack of basic equipment and facilities in selected departments.		
No.	Department	Common issues identified
		<ul style="list-style-type: none"> Surgical instruments (including basic sets, laboratory sets, D &C sets etc.) Operating beds
5	Female Surgical Ward	<ul style="list-style-type: none"> Uninstalled/idle equipment Poor electricity supply Defective electric fans Inadequate oxygen machine to aid breathing No bed screens, urine pan and medical instrument like thermostat and stethoscope. Inadequate bedding facilities Inadequate wheel chairs and stretchers
6	Labour Room	<ul style="list-style-type: none"> Weighing scale is faulty No Suction Machine to help clear fluids and food from lungs of children No Vacuum to help in delivery leading to prolong delivery Lack of electricity especially during night deliveries
7	Therapeutic Feeding Centre	<ul style="list-style-type: none"> Inadequate oxygen machine Inadequate suction machine
8	Out patient	<ul style="list-style-type: none"> Defective electric fans
9	Male Surgical wards	<ul style="list-style-type: none"> Lack of dressing instruments Inadequate oxygen machine Poor electricity supply Inadequate bed screens, urine pan and medical instrument like thermostat and stethoscope. Inadequate bedding facilities
11	Dental Department	<ul style="list-style-type: none"> Inadequate essential equipment for extraction teeth and other services
12	Eye Department	<ul style="list-style-type: none"> Inadequate of Frames and uncut lenses Inadequate basic equipment for effective operation Defective electric fans Inadequate thermometer and ophthalmoscope.
13	Paediatric Ward:	<ul style="list-style-type: none"> Inadequate and deplorable beds Inadequate drip stand and oxygen machine available in the ward.

2.8. INFRASTRUCTURE

Infrastructure plays a major role in the safe delivery of quality healthcare. Health facilities such as tertiary hospitals, secondary/district hospitals, community health centres, clinics and health posts, need adequate infrastructure such as well-functioning buildings to carry out the services. Physical infrastructures is poor, inadequate and, in some cases deplorable and not fit for purpose. For instance, there were massive leaks from the roof at the Central Medical Stores and inadequate facilities for the storage of drugs and hardware which are not regularly fumigated. This situation also prevails in some other health facilities across the country and can lead to the water damage of essential drugs and other vital equipment. Figure 1 above is a photo of damage roof at Central Medical Stores.



Figure 1 - Damaged Roof at Central Medical Stores

Storage space and facilities



Figure 2 - Haphazard Storage at Connaught Hospital

The hospitals lack adequate storage facilities for drugs, other consumables and hardware. In most of the facilities visited the office of the Medical Superintendent, Matron's Office and conference room were used for the storage of drugs as well as other items including laundry equipment, generators and other medical equipment. Drugs were not stored at the correct temperature, as air conditioners and refrigerators were either faulty or not available. Drugs and other store items were placed on the floor instead of shelves; whilst containers holding liquid chlorine

were not stored off the ground so that leakage may be easily detected. As a result of the haphazard way in which the store was maintained, the audit team was unable to carry out physical stock counts of drugs and other medical supplies. Figures 2 and 3 above are photos of various stores conditions at the hospitals.

Poor kitchen infrastructure and facilities

Kitchen facilities at some hospitals were inadequate for safe storage of foods. Some of the stores had problems ranging from a leaking and badly constructed roof, poor ventilation, exposed electricity cables, and ovens not working effectively. Electric cables were hanging loosely exposing staff to health safety hazards.

2.9. ADMINISTRATION AND MANAGEMENT

Non-compliance with procurement procedures

Depending on the funding source MOHS uses either the World Bank procurement procedures or the GoSL procedures as prescribed by the Public Procurement Act 2004. GoSL policy is to channel all donor funds through the existing financial and procurement systems to fund sector strategic plans, progressively reducing standalone donor projects. This will require development of agreed common management arrangements within the context of a sector-wide approach.

The government set up the National Pharmaceutical Procurement Unit (NPPU) to undertake the procurement of drugs and medical supplies and to manage stores across the country. The procurement committee of the ministry is responsible for the procurement of other goods, works and consultancy.

▪ Procurements and distribution of drugs

An uninterrupted and sustainable supply of quality-assured drugs is fundamental to quality healthcare. For this purpose an effective drug management and system is essential. A reliable system of procurement and distribution of essential drugs to all relevant health facilities should be in place. Our review revealed most of the stores and pharmacies have been out of supply of cost recovery and essential drugs from Central Medical Stores.

Prior to NPPU's intervention in the procurement of drugs in 2014, UNICEF was in charge of procurement of drugs. The drugs were delivered to CMS for storage and then distribution to the district health management teams and hospitals. There was no evidence that UNICEF collaborated with the

medical superintendents and pharmacists of the various hospitals to identify the drug requirements before carrying out the procurement.

Ideally, procurement commences with the identification of end-user¹¹ need. The medical superintendents and pharmacists at the hospital should be involved in the process of identifying the drugs needed. Interviews with hospital heads/pharmacists at various health facilities suggest that the UNICEF did not liaise with them for the identification of frequently required drugs at the hospitals. Instead the drugs were bought centrally by the UNICEF and the “push system” is applied by CMS/NPPU for distribution to the various hospitals nationwide. This action undermines the decentralization process, creates overlapping functions with the local councils and the NPPU¹².

It was observed that 76,214 units of assorted slow-moving or expired drugs exist across various hospitals because the end users locations were not involved in the identification of needs before the drugs were procured and shipped. This situation resulted in the supply of drugs and consumables that were not needed at the hospital. It also accounted for the expired drugs (some dated 2013), estimated to be as high as 20% of stocks, in hospital pharmacies and stores.

Limited confidence can be placed in the NPPU’s drug supply chain. The systems involved, both human and technology-based, are not operating effectively. The central and district stores operate a legacy computer system designed for a far smaller scale of operations than the Central Medical Stores. While the system can handle many inventory management requirements, there are significant shortcomings in terms of on-line inter-store communication, all exacerbated by power supply issues common across the nation. The central medical store distributes supplies to the district medical stores and district hospitals. The distribution to the district stores in all the districts apart from the Western Area is based on a “push system” The push system does not take full account of the current stock levels at the district stores. The systems are so poor that when stock goes missing it is highly unlikely it will be noticed and even less likely that it will be investigated. The NPPU Managing Director indicated that a combination of “push system” and “request system” to distribute drugs from the district stores and to the PHUs is now in use.

The fact is that the NPPU is not yet fully operational. The Managing Director suggested that it does not yet have the full staff complement to effectively manage procurement and all the drug stores across the country. It is collaborating with the DHMT/DMOs to supervise the stores and to distribute the drugs to the PHU level. The NPPU needs 175 staff to carry out its full functions. At the moment, the unit only has 10 full time staff. Funding of the activities of the NPPU is a challenge and although the unit is technically arms-length from MOHS it is funded by MOFED through the Ministry. The managing director suggested that the relationship between MOHS and the NPPU is stressed and has moved beyond mere tension.

¹²The third schedule of the LGA 2004 gives the councils mandate to procure equipment and medicines for the devolved hospitals

¹¹ “End users” mean medical superintendents or pharmacists at the hospitals

Figure 3 - Ambulances parked at Youyi Building



notification of award of contract from the MOHS), at the time of writing this report the suppliers had only delivered 90 ambulances. Physical verification of these by ASSL auditors revealed that they had not yet been put into immediate use but were parked at the Youyi Building for about one month and later transferred to the Military Headquarters at Wilkinson Road. This action did not help the fight against the Ebola disease. In addition, the advance payment guarantee and performance bond with the supplier expired on 10th August 2015 even though delivery had not yet been made. There was no documentary evidence to indicate that the supplier had renewed the guarantee or bond documents which had expired. The ministry may therefore have no recourse in the event the suppliers abandon the contracts.

▪ Internal control over revenue and expenditure

There are weak internal control procedures in the health sector. For example:

Proceeds from the sales of bid documents were not paid into the bank account. Instead this money was disbursed by the procurement officer without approval from the Vote Controller. Section 44(1) of the Financial Management Regulation (FMR) 2007 requires that no use of public money shall be made by any public officer in any manner between the time of its receipt and payment into the bank, treasury or other public office designated by the Accountant General, and no public money shall be lent or for any purpose by any person.

Supporting documents for payments made by MOHS, were not always presented for audit inspection during 2014 as required under Section 73(1) of the Financial Management and Regulation (FMR) 2007. As these documents were not made available, there is a risk that payments for goods or services not actually delivered. In addition, it was impossible to conclude whether the payments followed the proper procedures as laid down in law. These observations are expanded upon in greater detail in later sections of this Report.

Other disbursements were undertaken for which some supporting documents were submitted. However, the nature of these supporting documents was insufficient to fully substantiate the payment concerned. For example, payments should be supported by receipts, invoices, delivery notes and other relevant documentation as well as the payment voucher

Withholding taxes were deducted at source from the payment for goods and services but not paid to the NRA as required by Section 117 (4) of the Income Tax Act 2000. The Government of Sierra Leone relies on tax revenue to finance key public services including health care.

▪ Procurement of ambulances

The ministry entered into two separate contracts for the procurement of 123 ambulances in November 2014, at a time when the number of Ebola confirmed cases was very high. Under these contracts, the ministry made 60% advance payments instead of 30% as required by Section 135(3) of the Public Procurement Regulations of 2006. Even though the contract agreements stipulate that the 123 ambulances should be delivered at the Central Medical Stores, by 25th December 2014 (30 days following the receipt by the supplier of a

- **Asset Management**

Asset management is the coordinated activity of an organization to realize value from assets. This includes the systematic process of deploying, operating, maintaining, upgrading, and disposing of assets cost-effectively. Some assets are not properly managed. For example 125 beds donated by the China Aid were left in the open at the Central Medical Store compound and, despite being urgently needed in hospitals and PHUs, some deteriorated—see Figure 5 below. Fixed assets at the ministry and hospitals were neither coded nor recorded in a fixed asset register and a total of 128 vehicles of the ministry were not licensed and insured.

- **Stores management and record keeping**

The essence of stores management is to receive materials, protect them while in storage from damage and unauthorized removal, to issue the materials in the correct quantities at the right time to the right place



and to provide these services promptly and at least cost. For a store to carry out these functions effectively, it must have the right personnel and required facilities. Effective stores management is crucial in any healthcare delivery system. The Central Medical Stores and the various stores in the hospitals are not managed properly to support effective healthcare service delivery. Indeed, many of the stores, some dating from the 1940s, are so inadequate as simply to be not fit for purpose.

Record keeping and reconciliation procedures in the stores are very poor. Store records, such as issue vouchers, bin cards and prescriptions, are not maintained at the pharmacy/store.

- **Overall cleanliness and sanitation**

Controlling the spread of infections or viruses is vitally important in many different locations and settings such as schools, leisure centres and the workplace – but it is even more crucial for healthcare providers and facilities. People visiting or receiving treatment are already vulnerable to the spread of infection, so making sure that effective cleaning regimes are in place for waiting rooms, corridors, reception areas and wards is essential.

- **Management and disposal of medical waste**

In a number of health facilities visited there were large piles of refuse at the garbage sites within the premises even though arrangements were in place for clearing and transfer of refuse to a designated dump site.



At some of the facilities, the site is within the premises, close to wards and or blocks. As a result, pits were dug for the disposal and eventual burning of medical waste resulting in the release of noxious fumes close to health facilities. The incinerators where medical waste should be disposed of were in most instances faulty or unavailable. Figure 6 to 8 show photos of defective incinerators and the manner in which waste is disposed.

Figure 4 - Defective Incinerator at Connaught Hospital

**CHAPTER III – A REVIEW OF ASSET MANAGEMENT ACROSS THE GOVERNMENT
OF SIERRA LEONE**

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A REVIEW OF ASSET MANAGEMENT ACROSS THE WHAT WE EXAMINED

The study was carried out because over the years our audits of MDAs reported many issues regarding the management of assets ranging across the whole of government with our recommendations largely not acted upon.

We did the following:

- We reviewed our management letters for the past three years for the selected MDAs and other entities;
- We reviewed the expense analysis of government to ascertain the types of assets bought including the amount involved in procuring or creating these assets for the three year period 2012 to 2014
- We read and followed-up on the recommendations of the 2012 report on the *Management and Functional Review of National Assets and Government Property Commission* by the Public Sector Reform Unit (PSRU) in the Ministry of Finance and Economic Development (MOFED) in Annexed 1
- We conducted in depth interviews with vote controllers, procurement officers and other responsible officials in various MDAs alongside officers of NAGPC;
- We also met with the Officers of the Asset Management Unit of the Sierra Leone Police (SLP); and
- We reviewed a series of best practice guides on public sector asset management across the INTOSAI community.

Why it is important

The procurement of assets and properties is about 60% of the Government annual budgetary expenditure for Sierra Leone. Over the years leading up to the health crisis annual expenditure was on average Le 74 billion. The cost of acquiring, maintaining, and replacing these assets have a considerable impact on the operations of MDAs.

Fixed assets are not always found in one place, and in fact they are more commonly thought of as moveable assets, property, or equipment. As moveable assets they get transferred from one place to another creating a management control challenge.

Assets are used up over time, and their value declines to the point that the costs of repairs become a burden on the MDA. At the end of their useful life, most assets have some scrap or salvage value in need of efficient and effective realisation.

Our annual audits, where we examine risk-driven transaction samples of classes of assets suggest there is room for public officials to do better. We thought for all of these reasons it was important to try and focus on what was needed to obtain better value for money.

What we found

If there is an overarching conclusion from this study it would be that the legislative framework for the Control and management of assets and properties of government of Sierra Leone is *de jure* on the books but *de facto* largely ignored in practice. In all of our audit engagements for 2012 through 2014, asset registers are either not maintained or are poorly maintained.

No one seems to be wholly and solely responsible for the management of assets. From reviews this responsibility is either shared between the procurement officer, the accountant, and in some MDAs the storekeeper. It is evident that these officers lack the training and experience necessary to manage assets. However, the Sierra Leone Police (SLP) has established an asset management unit under its Corporate

Affairs Division with funding from United Nations Development Programme (UNDP). This resulted in the creation of an inventory for Western Area only so far. The SLP has also put together an asset management policy though it is yet to be approved by their Executive Management.

At the moment there is no standing asset management committee to coordinate the effective management and control of government assets and properties and to compliment the role of NAGPC.

The 2012 report on the *Management and Functional Review of NAGPC* by the Public Sector Reform Unit (PSRU) in the Office of the President made 24 recommendations. Only a handful of these have been implemented.

NAGPC is inadequately structured and underfunded to support its operations. It has fewer than 18 non-professional and largely unmotivated staff and limited office space. Its operations are effectively limited to Freetown as it has no capacity to monitor government assets and properties throughout the country.

There is a complete absence of a *consolidated*, fair and robust national policy on procurement, allocation and disposal of government assets and properties. There are however, standalone and overlapping regulations covering procurement and disposal of assets. They can be found in the NPPA Act and Regulations 2004 and 2006 respectively, the Government Budgeting and Accountability Act 2005, the revised Anti-Corruption Act 2008 and many cabinet papers. It is claimed that many government entities find it difficult and confusing to implement. The criterion used for the identification of obsolete or obsolescent materials/equipment is either inadequate or non-existent. Officers are poorly trained in disposal procedures.

MDAs have no maintenance plans making the deferral of maintenance expenditure decision an easy choice. Similarly, there is no maintenance history. Thus the true ownership cost of assets cannot be readily determined.

Information on life cycle cost of non-moveable properties assets, like government quarters, held and controlled by MWHI is not available. In fact the Ministry has not developed policies or strategies for the provision and management of government residential quarters. There is no data base for government quarters. Condition assessment of the quarters has not been carried out for the period under review.

With over 60% of government budgetary expenditure being on assets and properties, public sector managers, administrators and employees have a duty and responsibility to provide protection for the assets under their control. A fixed asset management program extends to establishing and assigning responsibility for the assets in MDAs, as well as to establishing a well-functioning commission.

3.1. ABOUT THIS CHAPTER

We describe the findings from a study of asset and property management across a representative sample of MDAs and other entities. The study was carried out because over the years our audits reported many issues regarding the management of assets. The extent of the issues, ranging across the whole of government and the failure to act on our recommendations cried out for further study. With this chapter we hope to clarify root causes for inaction and to share with stakeholders the gravity with which we view the situation. The procurement of assets and properties is about 60% of the Government annual budgetary expenditure for Sierra Leone.

The chapter commentary is derived from the following data sources:

- We reviewed our management letters for the past three years for the selected MDAs and other entities;
- We reviewed the expense analysis of government to ascertain the types of assets bought including the amount involved in procuring or creating these assets for the three year period 2012 to 2014
- We read and followed-up on the recommendations in Annex 1 of the 2012 report on the Management and Functional Review (MFR) of NAGPC by the Public Sector Reform Unit (PSRU) in the Office of the President;
- We conducted in depth interviews with vote controllers, procurement officers and other responsible officials in various MDAs alongside officers of the National Assets and Government Property Commission (NAGPC);
- We conducted in-debt interviews using questionnaires with the Executive Secretary and other responsible officers of NAGPC; and also held meetings with the Chairman of NAGPC;
- We also met specifically with the Officers of the Asset Management Unit of the Sierra Leone Police (SLP); and
- We reviewed international best practice guides on public sector asset management and those observed in other jurisdictions

In conducting the study a standard questionnaire was developed to guide the interviews. The interviews were conducted by a small team consisting of senior ASSL staff and two very senior members of the NAGPC including the Executive Secretary. This collaboration, worked well and we would like to express our thanks to all for the demonstrated level of professionalism.

Managing fixed assets and government property is not a new phenomenon here. It has been given more attention since the passage of the National Assets and Government Property Act in 1990. It is however an open secret that the Commission had little or no capacity until 2008 when it was reconstituted and made more, if only partly, operational.

If there is an overarching conclusion from this study it would be that the legislative framework for the control and management of assets and properties of government of Sierra Leone is *de jure* on the books but *de facto* largely ignored in practice. For example, in all of our audits for 2012 through 2014, asset registers are either not maintained or are poorly maintained. We hope that the outcome of this study will lead to improvements in the management of public property.

Study objectives

The objectives of this study were:

- To reach an informed view on whether laws, regulations, policies and guidelines have been developed encompassing the compilation of asset registers, validation of the completeness

thereof through physical identification and counting of assets, and introducing values to the register through the reference to original documentation of purchase;

- To identify who has the responsibility of managing assets in MDAs;
- To confirm that maintenance plans are in place in all MDAs and that such plans have been formalised;
- To determine the nature and extent of the compliance of MDAs with recommendations made by ASSL between 2012 and 2014; and
- To establish patterns, if any, in the nature and extent of asset management-related audit observations made in selected audit reports issued by ASSL between 2012 and 2014.

3.2. REVIEW CRITERIA

The study criteria were largely derived from the National Asset and Government Property Commission Act 1990, the National Public Procurement Act (NPPA) 2004, the Government Budgeting and Accountability Act (GBAA) 2005, the Financial Management and Regulation (FMR) 2007 and generally accepted standards of good practice in the management of public assets from international sources.

We expected to find the following:

- The requirements of the National Asset and Government Property Commission Act 1990 are respected;
- Policies, guidelines and standards have been established to ensure proper asset utilisation, maintenance, classification, with full life-cycle record keeping from acquisition to disposal;
- Adequate tracking systems are in place to provide direction and guidance on the location and condition of assets at all times;
- Maintenance plans for assets are in place; and
- Designated suitably qualified officers for asset management are in all MDAs.

3.3. SCOPE AND METHODOLOGY FOR THE REVIEW

The basic approach to this review consisted of research into international best practice for the management of public assets, familiarisation with the prevailing legal framework in Sierra Leone; review of previously identified audit issues and interviews with key Commission and MDA management and staff. Specifically the following was done:

- A background review to the prevailing legal framework for asset management analysis of the relevant legislation was carried out: the National Asset and Government Property Commission (NAGPC) Act 1990, the Government Budgeting Accountability Act (GBAA) 2005, the Financial Management and Regulation (FMR) 2007 and the National Public Procurement Act (NPPA) 2004.
- Sourcing and reviewing documents on internationally accepted good practice for asset management was carried out;
- Analysis of selected ASSL audit working paper files and management letters for the period 2012–2014 was done to identify asset management issues raised by the Auditor General;
- Review of Annual Reports of NAGPC for 2012 and 2014 was done to ascertain activities carried out by the Commission during the reporting period;
- Structured interviews were carried out in selected MDAs and with other personnel using a questionnaire specifically designed for this review;
- Discussions with senior members and staff of the NAGPC were held so as to provide an understanding of roles and responsibilities; and

- A review of the actual budget implementation by selected MDAs was done for the years 2012 to 2014 to ascertain the total budget expended on the acquisition and maintenance of moveable assets.

3.4. SUMMARY OVERVIEW OF ASSET MANAGEMENT

General Background

In the period before independence the public procurement system of Sierra Leone followed the British colonial order in which the procurement of Goods, Works and Services was under the Crown Agents, an arm of the British Government. Under that system, Crown Agents were the sole agents for the procurement of goods, works and services.

After independence in 1961, the government of Sierra Leone experienced considerable difficulties in managing inherited assets and properties. In the 1970s, several failed attempts were made by government to establish centralised asset management. By the end of the 1980s, government experienced a surge in acquired assets and property and, lacking an effective asset management system, many government quarters, for example, deteriorated and the recurrent expenditure on vehicles and other consumables increased exponentially.

Procurement of goods and services including assets was carried out by the Central Tender Board (CTB) prior to the passing of the Procurement Act in 2004. The CTB was made up of a secretariat and some part-time members who were mostly senior government officials. This was a highly centralised arrangement. The CTB processed procurement requests from initiation to contracting. During this arrangement line MDAs submitted requests to the CTB for processing. In between these periods several other procurement bodies, i.e. a Task Force at the Office of the Vice President and the Procurement Reform Executive Secretariat with different terms of references were set up. Their activities ended after the passing of the procurement act in 2004¹.

Under the 2004 act and the 2007 FMR, the procurement and the management of goods and services including assets and government property is decentralised to the procuring entities at all levels of government.

Effective asset management maximises the service potential of assets by ensuring that they are fit for purpose, appropriately utilized, 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 utilized

It was against this background that the government enacted the National Assets and Government Property Commission (NAGPC) to achieve the required level of service in the most cost effective manner.

In January 1991, a commissioner was appointed to the role of chief executive officer. The new commissioner was occupied in finding answers to basic questions such as:

- What do we own?
- Where is it?
- What is the condition and useful life?
- What is its value?

Following a military coup in 1992 there were a number of commissions of enquiry resulting in the confiscation of many assets and properties from senior government officials. The secretariat for the

Commission was established at the Ministry of Works to oversee the transfer of ownership of confiscated properties to the State.

Following the restoration of democratic governance in 1996 a new commissioner was appointed. However, the commission did not become fully operational until 2008 when the Chairman and full complement of commissioners with the Executive Secretary were appointed.

Mandate of the NAGPC¹³

Under the act NAGPC is mandated to establish a National Asset Register, control and identify all national assets and government property, provide for the maintenance and improvement of such property as well as to monitor their use and disposal. This is intended to promote defined responsibility and accountability for performance and for the safe custody and use of assets.

Governance Structure

The Commission is supervised by the Board of Commissioners. The board consists of a Chairman, and four Commissioners drawn from various professional bodies. The day-to-day administration of the commission is headed by the Executive Secretary; see Figure 1 – Organisation Chart.

The Commissioners are responsible for providing strategic leadership. They meet once every month; and when necessary, provide expert advice when called upon. They do not have permanent offices within the Commission, as is the case with other Commissioners.

NAGPC Strategic Objectives

- To promote asset acquisition decisions that is based upon the evaluation of alternatives.
- To ensure that, disposal decisions are based exclusively upon an analysis of disposal options and the history of the assets, designed to obtain the best possible returns for the entity.
- To establish clear line of accountability and responsibility for the assets across all MDAs.
- To institutionalise risk-based internal controls supporting all asset management practices across MDAs.
- To ensure that asset management plans also include asset maintenance plans to ensure provision in the budget that will guarantee continued existence and performance at the standards and levels required.

Functions of NAGPC

As spelt out in the NAGPC Act 1990, section 5 and section 7, it is the responsibility of the Commission, *inter alia* to:

- Establish and maintain a national register of all national assets and government property to be known as the master register which shall consist a list of all government assets and properties;
- Serve as the custodian of the Master Register;
- Report on the allocation and use of all government assets;
- Review and revise the Master Register of the national assets as and when necessary in collaboration with the relevant Ministries Departments and Agencies (MDAs);
- Monitor and report on the state of various national assets and Government's property to the president together with appropriate recommendations.

¹³ National Assets and Government's Property Commission Report 2014

- Maintain knowledge and record of acquisition and holdings of any assets or government property by all MDA;s
- Consult with the relevant MDAs before the disposal of any national assets or government property;
- Make an annual report on the state of the national assets and government property in the Master Register, which report shall be laid before Parliament.
- Receive and consider any information or proposal for identifying or improving any national asset or Government property;
- Receive and consider any information on the misuse, abuse or disposal of Government's property without lawful authority;
- Undertake the examination from time to time of national assets and Government's property and make recommendations to the president for their improvement or security;
- In consultation with the Attorney-General and Minister of Justice and the Police, take any appropriate action to stop, check or recover any national asset or Government's property being willfully or maliciously misused, abused or misappropriated; and
- Appoint or co-opt committees or sub-committees, whether from among members of the Commission or among persons outside the Commission, to study in detail and make recommendations to the Commission on any subject of national assets or Government's property on which such persons may have specialised or expert knowledge.

Definition of Assets and Property

The act defines national assets and government property as follows:

- National Assets are defined to include all real estate or any interest therein or hereditaments belonging to the government or provided for the use of any government establishment, service or department; and
- Government Property is defined to include real estate or any interest therein, choses in action, stocks, shares and debentures, vehicles, equipment, furniture or other immovable or moveable property belonging to the government, or provided for the use of any government establishment, service or department.

The Commission has the following organisation structure¹⁴.

¹⁴ Derived from NAGPC sources.

Figure 1 - Organisation Chart - National Asset and Government Property Commission



Legislative Framework¹⁵

The basis for asset management is laid down in the GBAA, FMR, NPPA and NAGPC Acts. Sections 68, 69, 70, 71, 72 and 73 of the GBAA 2005 refer to stores with regards to acquisition, custody, management, transfer and disposal of stores. Property includes both real and personal property. An example of real property is land and generally what is erected on or affixed to it. It also includes rights issuing out of, annexed to, exercisable within or about land. Personal Property may mean everything that is not real property. Examples are desks, chairs, tables, machinery, tools and equipment.

Section 167 of the FMR 2007 distinguishes stores into Expendable and Unexpendable stores. Expendable stores mean stores of a consumable nature like foodstuffs, spare parts, stationary, paints, medicines and nails. They include materials that are consumed or expended during the performance of a contract and are incorporated into an end item.

Unexpendable stores means stores such as furniture, equipment, computers, machinery tools, or vehicles, which have a life span assigned to them and when they are worn out will still remain in being.

Section 66 of the NPPA 2004 details procedures to be followed in disposing of stores and equipment and makes specific reference to the creation of a Board of Survey comprised of various departments in MDAs to deal with unserviceable, obsolete or surplus stores, plants, equipment and vehicles. Disposal can only be carried out subject to a technical report on the disposable items. The act is however silent on who should carry out the technical evaluation to ascertain a reasonable basis for selecting the items for disposal. Section 67 of the same act outlines procedures to be followed in the disposal of obsolete or surplus items. Under this section disposal can be by transfer to a government or other public entity with or without financial adjustments, sale by public bid to a highest bidder subject to *reverse price* (which is the lowest price you are willing to sell the item), sale by public auction, also subject to a reverse price and by destruction, dumping, or burying as appropriate.

It is apparent from the acts and regulation that the responsibility of the management of the asset life cycle i.e. from the planning, acquisition, operation and maintenance, and the disposal phases is with the vote controller who is described in the regulations and the acts as the accounting officer.

In all of the acts and regulations, no mention is made of the function of the NAGPC. The NAGPC Act is also silent on the assignment of responsibility to the management of assets and government property or the creation of an asset management cadre in MDAs. However, section 7(e) of the NAGPC Act 1990 gives the Commission the authority to co-opt committees and sub-committees to complement the activities of the Commission.

¹⁵ Government Budgeting and Accountability Act 2005, Financial Management and Regulation 2007, National Public procurement Act and Regulation 2004 and 2006 respectively, National Assets and Government Property Commission Act 1990

3.5. OBSERVATIONS

Review of ASSL Management Letters (2012-2014)

A review of our management letters for the three year period 2012 to 2014 revealed that fixed assets registers were either non-existent or are poorly maintained. Where they do exist they are not updated to take account of new additions and disposals. In some instances asset are not available for physical verification by auditors. The absence of an asset policy for the use, maintenance and disposal of assets is a problem in all MDAs and local councils. Durable identification marks are not affixed on some assets.

Approximately 80% of assets owned by MDAs before devolution are not included in the asset registers maintained by Local Councils. The reports further revealed that assets donated directly to devolved sectors are not reported to the Council by Sector Heads.

On the part of devolved sectors involved in joint EBOLA implementation activities with the District Emergency Response Committee (DERC), ASSL management letters revealed that it is difficult to ascertain ownership of assets donated for EBOLA response. It would be inappropriate to record these assets into Council's asset register before establishing title.

A number of lapses were also observed in the way fixed assets were managed and controlled by both the National Emergency Response Committee (NERC) and MOHS. Notwithstanding the EVD emergency, NERC should have exercised better control over fixed assets. NERC did not ensure that majority of its vehicles and motorbikes were registered and licensed. The asset register presented by NERC did not cover the furniture and fitting, computers and other equipment that were bought or those donated by international partners. A number of vehicles and motorbikes which were controlled by NERC were not available for physical verification.

Details of donated assets from NGOs to DERC, and details of vehicles, ambulances, and motor bikes transferred from MOHS to NERC were not available. In addition the bases for the distribution of these assets were not clear.

Actual Expenditure on Assets

An analysis of the expenditure detail produced by the Accountant General for sample MDAs revealed that on average Le 73 billion was spent on assets for the period 2012 to 2014. This level of expenditure stresses the need for proper management and control. As well the need to further strengthen NAGPC to carry out the mandate to monitor and control this huge government investment – see Table 2, Actual Expenditure by Selected MDAs on Assets 2012 – 2014¹⁶.

Institutions	2012 (Amount Le)	2013 (Amount Le)	2014 (Amount Le)	Total (Le)
Ministry of Information and Communication	1,036,718,753	207,457,500	228,296,875	1,472,473,128
Prisons	0	1,901,817,000	426,720,000	2,328,537,000
Ministry of Transport and Aviation	1,278,642,195	4,241,161,000	24,422,106,748	29,941,909,943
Ministry of Health and Sanitation	631,515,800	11,279,346,708	8,642,518,517	20,553,381,025
Education	76,600,000	325,375,000	86,200,000	488,175,000
Freetown City Council	763,918,640	809,350,000	172,000,000	1,745,268,640
Ministry of Agriculture	12,764,441,103	3,119,650,000	1,274,820,000	17,158,911,000
Total				73,688,655,839

¹⁶ Table does not include maintenance cost.

2012 Management and Functional Review of NAGPC by PSRU of the Office of the President

We are not alone in finding problems with asset management. In 2012 the Public Sector Reform Unit (PSRU) in the Office of the President conducted a management and functional review of NAGPC and produced a report that highlighted several recommendations. The recommendations can be found in Annex 1 of this chapter.

PSRU noted that as outlined in the act, the functions of NAGPC are very similar to other organizations in either the developing or the developed world with very little structural differences. However, in developed countries the mandate goes beyond the management of physical assets and property but extends to the management of financial assets at central and at local government levels. The activities of the commission are limited to Freetown. The managing of leases and rentals of confiscated properties represented a major portion of the work of the Commission. Moneys collected from this source were deposited into a Confiscated Funds (CF) account maintained at the Bank of Sierra Leone. This fund was used to pay individuals distressed by the former National Provisional Ruling Council (NPRC) military government. The balance of this account is not disclosed in the public account over the years. The major role of the commission is the collection and payment of rent on confiscated assets into the CF account thereby registering an increase in revenue from Le27m in 2008 to Le433m in June 2015

PSRU review noted that, NAGPC drafted a 'Rules and Regulations' manual. This was in line with section 12 of the 1990 Act. The principal objective of the manual was to put in place operating standards and procedures but the manual was rejected by the Attorney-General because it was viewed as an attempt by the Commission to revise the 1990 Act. Nonetheless, PSRU developed another manual which was recommended to NAGPC and has been adopted and is used as an operational guide by the Commission.

The Commission lacks technical and professional staff to enable them to effectively and efficiently carry out their mandate. From a review of their staff list it became evident that from the total of 17 staff, nine are at the junior level grade and are mostly clerks, messengers, and temporary clerical assistants. Staff lacks the expertise to carry out the work assigned to the Commission. Also Commission staff has not benefited from any form of professional training in their core business since its establishment two decades ago.

The Commission depends exclusively on subventions received from MOFED. Available financial records revealed allocation to the Commission as shown in Table 3 below.

Year	Budget (Le)	Actual (Le)	Variance (Le)
2012	508,000,000	70,300,000	437,700,000
2013	558,800,000	480,000,000	78,800,000
2014	707,015,220	695,000,000	12,015,220

The review team noted that the Commission lacked the necessary working tools, equipment and vehicles to facilitate their work. The absence of adequate funds has hindered the ability of the Commission to procure necessary working tools required to fulfil its mandate. PSRU review also noted the existence of a procurement and budget committee, though it was evident that these committees operated on an *ad hoc* basis.

PSRU noted tensions exist between the Commission and other key MDAs such as the Ministry of Works and Infrastructure (MWHI), Sierra Leone Roads Authority (SLRA), the Ministry of Transport and Aviation (MTA), Sierra Leone Roads Transport Corporation (SLRTC), and the Ministry of Lands and Country Planning and the Environment (MLCPE) due to apparent overlapping in functions. Each of these MDAs has the responsibility of providing oversight over critical Government assets and

Review of all stages in asset management practices in MDAs revealed significant weakness throughout the

properties held by them. MDAs have widely ignored the series of letters written by the Commission requesting them to submit and up-to-date inventory of assets for the National Asset Register. The refusal of these MDAs to cooperate has hindered the ability of the Commission to create an asset register. We agree entirely with this as we saw evidence of the series of letters written by the Executive Secretary to vote controllers of MDAs requesting them to send asset registers, to which there was no response.

The PSRU review also noted that the Commission has not established an open and professional relationship with other oversight bodies like the NPPA, the Anti-Corruption Commission (ACC) and civil society organizations. During our review we also observed that there is no standing asset management committee to effectively coordinate efforts towards the effective management and control of government assets and properties to compliment the role of NAGPC.

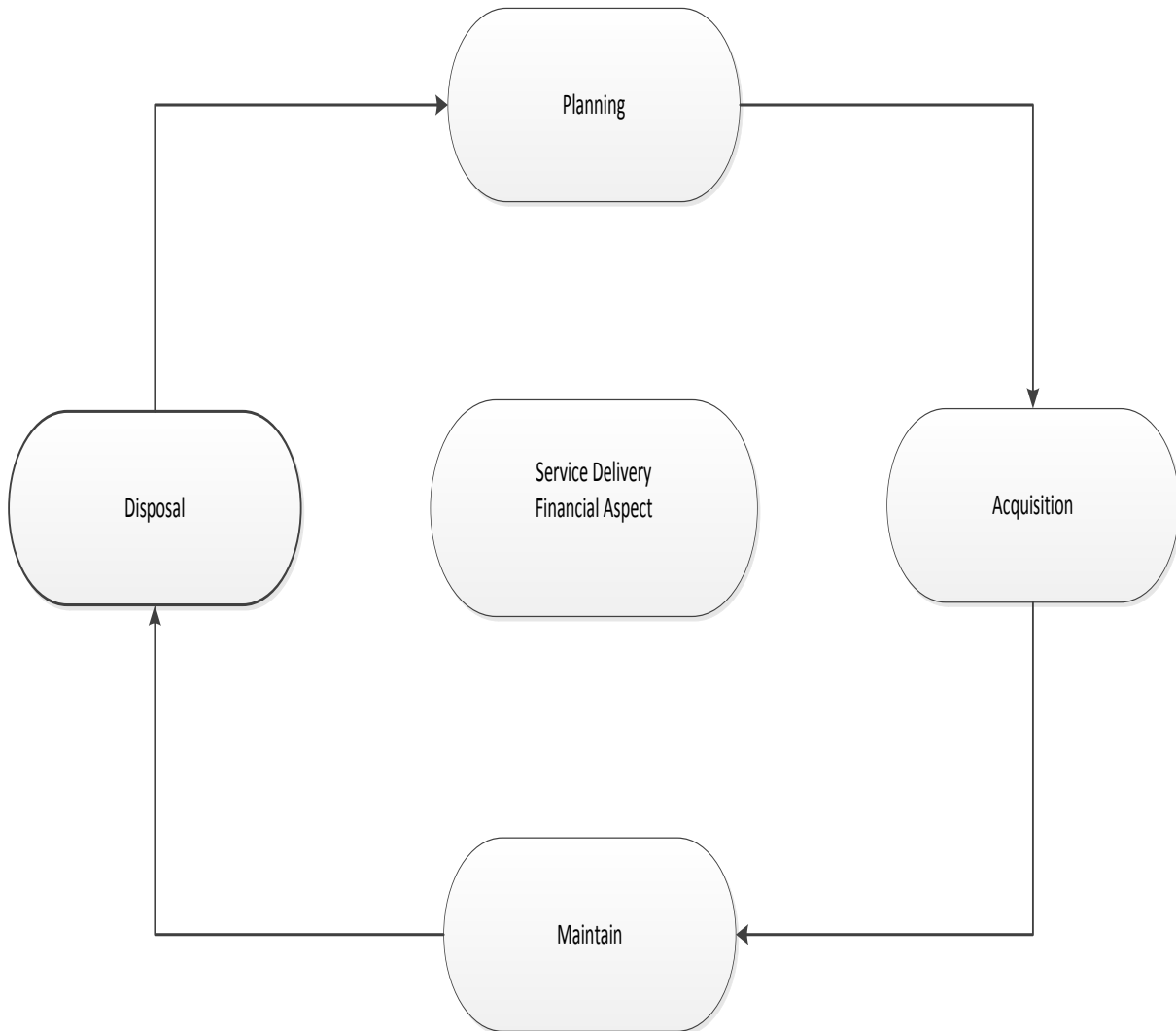
NAGPC has undertaken several activities over the years. In 2010 the commission carried out a nationwide publicity campaign on its mandate. This was the first major activity since its establishment two decades earlier and targeted only the Western Area. In 2012, the Commission used jingles, the electronic and print media as education and communication materials to extend their sensitization drive to provincial towns. Visits were made to various MDAs in Southern, Northern and Eastern regions. The Commission has successfully reclaimed government assets and properties over the years.

In 2014 the Commission organized a sensitization and education workshop targeting MDAs with the principal objective of discussing challenges MDAs faced in managing government assets and properties. Guidelines for the development of an inventory and asset register were discussed during the workshop as well as the identification of Government assets and properties, monitoring and assessment of assets and properties.

Asset Management Practices in MDAs

To truly measure asset management practices in MDAs a widely used practice is to compare current practices in MDAs against other, international best practice guides on public sector asset management and those observed in other jurisdictions. The object is to identify benchmarks, which represent standards of best practice in assessing activities carried out in the planning, acquisition, maintenance, and in the disposal of assets- the asset management life cycle. This kind of benchmarking identifies where major changes to enhance performance are required or possible, prioritizes opportunities for improvement, and acts as an incentive to accelerate the cycle of change. See Figure 2 below the asset management life cycle⁷.

Figure 2 – The Asset Management Life Cycle



¹⁷MDAs do not adequately take into consideration factors such as the useful life of the assets and the service delivery in assets acquisition planning. This activity is also not aligned to the strategic plan since few MDAs have consciously anchored their plans in ministry strategic plans, if one exists.

In most cases procurements are not executed according to plan. Unplanned goods and services are procured. Various reasons are proffered for non-compliance including a lack of funds due to delays in receiving budgetary allocation from the Accountant General’s Department⁸.

Section 5(2) of the NAGPC Act 1990 provides that MDAs inform the Commission of the acquisition and holdings of any national asset or government property³. There is no evidence that this provision is complied with. There have been series of failed attempts by the Commission to get MDAs to submit an inventory of assets. The Commission has still continued its effort to communicate with MDAs.

⁷Local Government Capital Asset Management Guideline prepared by the National Treasury of South Africa

The Stock Control Division of the Accountant General

The Stock Control Division headed by a Stores Controller is a unit within the Accountant General's Department. Its principal objective is to ensure that stores are operational in all MDAs in line with the Government Stores Rules and Regulations. Section 216(2) of the Financial Management Regulations gives responsibilities to stock verifiers to physically check items to ensure that they are defect free and the correct specifications. A letter referenced AGD/KK/CM/2015/06 from the Accountant General has limited the function of stock verifiers only to section 216(1) FMR 2007 which states that:

The stock holding of all public stores shall be verified at least once a year by continuous stock taking undertaken by the an independent stock verifier or by a Board of Survey, appointed by the Accountant General.

The Accountant General has now assigned the 216(2) function to Vote Controllers. Vote controllers are assisted by specialist like Sierra Leone Roads Safety Authority (SLRSA) to inspect vehicles when procured, Pharmacy Board when drugs are procured, National Power Authority (NPA) when electrical materials are bought, and the storekeeper who acknowledges receipts of items procured.

In addition, section 75(5a) of the FMR 2007 also gives the responsibility to stock verifiers to certify all purchases of supplies. Nonetheless even though stock verifiers are now redundant, the stock verification certificate remains an important supporting document in respect of the procurement of goods and services.

The storekeepers, in most cases, lack the technical expertise to assess that the items bought are fit for their purposes since they have attended little or no training programs. A review of contract specifications has shown that some specifications are vague and therefore makes it impossible for inspecting officers to ascertain their fitness for purpose. There has been no instance from our review of a return of an asset due to wrong specifications.

Overlapping Responsibilities

It is claimed that many government entities find it difficult and confusing to implement asset management policies, rules and regulations because of overlapping responsibilities laid down in a range of legislation.

Sierra Leone does not have a single consolidated, fair and robust national policy on procurement, asset allocation, maintenance and disposal of government assets and properties. There are many standalone regulations covering procurement and disposal of assets. For example, the National Public Procurement Act (NPPA) and Regulations 2004 and 2006, the Government Budgeting and Accountability Act (GBAA) 2005, the revised Anti-Corruption Act 2008 and many cabinet papers as well as enabling legislation for certain MDAs are involved. Section 69(a) and (b) of the GBAA 2005, assigns personal responsibility for assets under the control of every person, whilst holding the vote controller responsible for general supervision of all government stores within a particular budgetary agency. In the sampled MDAs, this function is assigned by the vote controller either to the Accountant, the Procurement Officer or the Store Keeper where there is one.

Asset Management units not established

No asset management units have been established in MDAs or Local Councils except for the Sierra Leone Police (SLP) which has created one under its Corporate Affairs Division with funding from United Nations Development Programme (UNDP). The SLP has developed a draft policy to be approved by the Executive Management Board.

Vote controllers authorise the transfers, use, and disposal of all moveable assets. A distribution list is prepared showing signatures of all receiving officers. A record called location inventory of assets is at most times found at the back of the door to the entrances of offices. However, the recording of transfers, disposals or movements of assets in the master register is rarely done. There are instances where assets in the master registers maintained by MDAs are not found for physical verification by auditors.

An asset register that gives a complete and accurate data base of the assets maintained by MDAs do not contain the following information:

- Date of the acquisition
- Price/cost
- Description
- Classification/type
- Assigned unique ID number
- Physical condition
- Location

We found no evidence of a separate verification of assets by MDAs for the period under review.

Asset Disposal

MDAs do not have disposal plans, the maintenance history of the assets and disposal committees or Boards of Survey as dictated by section 66 of the NPPA Act 2004. Section 5(3) of the NAGPC Act indicates that no disposal of any national asset or government property should be carried out without prior consultation with the commission. There is very little evidence of compliance by MDAs with either section.

Several factors influence disposal in MDAs. Factors such as keeping assets beyond their useful life, deterioration, excessively high reserve prices and poor storage practices are among these. In most cases reports initiating asset disposals in MDAs are not on file. At most a list of assets to be disposed of accompanied by a report from the stock verifiers may be available often without criterion for their selection.

Management of Government Buildings

There is no database for government quarters or any useful information on life cycle costs of immovable assets held and controlled by the Ministry of Works, Housing and Infrastructure. The Ministry has not developed policies or strategies for the provision and management of government residential quarters. Condition assessment has not been done for the period under review.

The Ministry has not established clear eligibility criteria for the allocation of quarters to potential occupants. Independent Housing Allocation Committees, accepted by the Ministry as 'best practice', have not been established in the Eastern, Northern, and Southern provinces. Quarters are rented to occupants on the basis of an 'allocation letter'. The Ministry had not issued any guidance on the content of a 'standard' allocation letter and most do not contain basic details setting out, for example, the obligations of the occupant and the Ministry. Even though NAGPC has the responsibility to monitor all government assets, there is no evidence that the Ministry is cooperating with the commission.

The standard scale of rental charges for government quarter is 1/16th of the monthly salary of the occupant. The Ministry and Provincial Secretaries have not maintained comprehensive up to date records

reflecting the payment status of each occupant. We were unable to determine the extent of the arrears due to the absence of reliable data on payments.

Asset Management in our Embassies and Consulates

Asset registers were not properly kept in selected embassies. For instance, even though there were provisions for the receipt date of the asset in the asset register, no records were made and the cost of these assets was not included. Policies which guided the furnishing of apartments of diplomatic staffs were not provided. There was also no policy guidance regular monitoring of diplomatic staffs' residences to ascertain the existence and condition of assets owned by the GoSL.

Conclusion: NAGPC enabling legislation needs updating

We commented earlier that if there is an overarching conclusion from this review it would be that the legislative framework for the Control and management of assets and properties of government of Sierra Leone is *de jure* on the books but *de facto* largely ignored in practice.

The enabling act has not been updated since its passage in 1990 when its focus was on managing seized properties and the creation of a national asset register. The development of Sierra Leone has moved on and, while accurate and current asset registers are badly needed, the concept of a centrally managed national asset register may be outdated and not in keeping with the principles of devolution of responsibility. All attempts to create and maintain the national asset register have been an abject failure.

Should the Commission want to pursue updating its act with the government, consideration might usefully be given to changing the nature of the commission to that of an arms-length subvented agency. It could be charged with asset management policy, regulations and management guidelines with the power and resources to monitor and evaluate compliance through all levels of government in the nation. It could also be given sole authority over decommissioning and disposal of government assets deemed surplus or beyond their useful life.

Annex 1

3.6. PSRU RECOMMENDATIONS

PSRU had the following recommendations for NAGPC

- Two vision statements and a mission statement were crafted by PSRU. In our review we observed NAGPC has adopted one of the vision statements including the mission statement.
- Establishment of functional offices in provincial head quarter towns. We agree with this because Local Councils are facing challenges in asset management systems especially as they continue to acquire, receive and create assets in their localities. This we observed has not been done and can only be made possible if government increases budgetary allocations to fully support the activities of NAGPC.
- Management of NAGPC to restructure the commission. We find this important because it will support the processes of decentralization, urbanization and economic development in Sierra Leone.
- The development of an annual monitoring plan with the objective of collating all asset registers that may have been developed by MDAs and at the same time carry out an assessment of the condition of strategic and/or critical assets
- Publication of a list of government asset and properties and where possible request members of the public to fill in the gaps. During our review we observed that the commission do not operate a website, this will serve an impediment to the implementation of this recommendation,
- Hold meetings with key MDAs like MOW, MLCP, and MTA so as to gather information on critical government assets and properties controlled by them,
- Hold meetings with other bodies performing similar functions. This will pave the way for the development of an action plan for various categories government assets and properties,
- Employ staff with the right skills and qualifications to manage the affairs of the commission and at the same time develop a training plan for staff in asset management skills
- A review to be carried out on the manual drafted by PSRU so as to incorporate operational guides in compliance with section 12 of the NAGPC Act 1990. This we observed has been done.
- Establish an Standing Committee which we agree with made up of mainly oversight bodies like the Anti-Corruption Commission (ACC), the Audit Service Sierra Leone (ASSL) and other MDAs like SLRSA, MLCPE, SLRTC, MoFED (Internal Audit) and Civil society organizations.
- Develop a Communication Strategy, a website and a complaint channel to support its work processes and activities.

CHAPTER IV – FOLLOW UP ON RECOMMENDATIONS 2010 – 2014

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FOLLOW-UP ON PREVIOUS RECOMMENDATIONS

MAIN POINTS

What we examined

The Auditor General's Annual Report for 2010, 2011, 2012, 2013 and 2014 as well as management letters issued to a selection of audit entities were analysed. The purpose of the analysis was to determine which issues and/or recommendations had been repeated in one form or another over the five years. Actions taken were classified into three groups: implemented, not implemented or work-in-progress, the latter meaning that some work was being undertaken but had not yet been completed.

Why it is important

Much of our work is concerned with making professional judgements on compliance with the laws of Sierra Leone and with the maintenance of basic principles of internal control in the administrative, financial and accounting systems and practices used by the government. Our work is one of the pillars of sound public financial management and the recommendations we make are a fundamental part of improving it. The Constitution of Sierra Leone, the Audit Service Act 2014, and other laws are our authority to do this work. Public financial management in Sierra Leone is known to be weak if improving, albeit too slowly. We make observations on issues coming to our attention and provide recommendations for improvement to the public financial management system. With a thorough follow-up on recommendations, we are in the position to disclose to taxpayers improvement and deterioration in government programs and operations. The merits of such an exercise are not in the number of recommendations made, but in their effective implementation.

Government Ministers and senior members of the public service are charged with the responsibility of ensuring and properly guarding the public purse. Parliament, citizens and international donors have a right to expect nothing less. That is why this is important.

What we found

Almost without exception our observations and recommendations are not being given the attention they deserve, or that Parliament, citizens and international donors have a right to expect. Although our assessment for the five years has exposed an insignificant increase in percentage of improvement for five MDA's, three have retrogressed by an average of 5%. For example, Freetown City Council has currently implemented 13% of our recommendations from 4% of our previous year's assessment. The Office of the President, Ministry of Finance and Economic Development and Ministry of Mines and Mineral Resources have to date made an average increase of 15% on recommendations implemented, i.e. (21.3% in 2012 to 36% in 2014). Overall only 24% of recommendations have been implemented by the eight selected entities. In absolute numbers, for the five years 2010 to 2014 there were 935 recommendations for the selected entities of which 231 were implemented, 675 are a work in progress and 47 were not implemented.

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

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

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

4.1. ABOUT THIS CHAPTER

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

An important component of any audit process is the follow-up of audit recommendations. There is little benefit to an audit unless recommendations are implemented. In order to address this issue, ASSL has since 2014 initiated a formal process to follow-up and report on previously issued audit recommendations on a selection of entities. The resources devoted by ASSL to this follow-up are significant and commensurate with the importance we place on improving public financial management, getting value-for-money and having sound systems and processes for internal control and asset management.

4.2. INTRODUCTION

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

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

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

In addition we want to achieve the following:

- Have our recommendations effected in a timely and satisfactory manner;
- Measure the extent to which monetary recovery¹⁸ is made when that was part of a recommendation; and
- Compare the performance of audit entities in terms of the manner and timeliness in which they address our recommendations.

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

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

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

Transparency is important to the PAC. Therefore, oral evidence sessions are normally held in public and any witness, who, without good reason, fails to attend, may be held in contempt of Parliament.

¹⁸Recoveries of GST, withholding tax, customs duties, NASSIT contributions and PAYE deductions, etc.

The hearings, normally as long as lasting two hours, take place in the Parliament building in Freetown, although in recent years some were held in regional locations and are open to the public.

4.3. METHODOLOGY, SCOPE AND APPROACH TO THIS REVIEW

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

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

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

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

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

The above categorisation is basic and fit for purpose.

4.4. ENTITIES SELECTED FOR REVIEW

The entities selected for review and comment are as follows:

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

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

4.5. OVERALL SUMMARY OF FINDINGS

Analysis for 2010 to 2014

We reviewed 953 recommendations for eight audit entities. The following is the status:

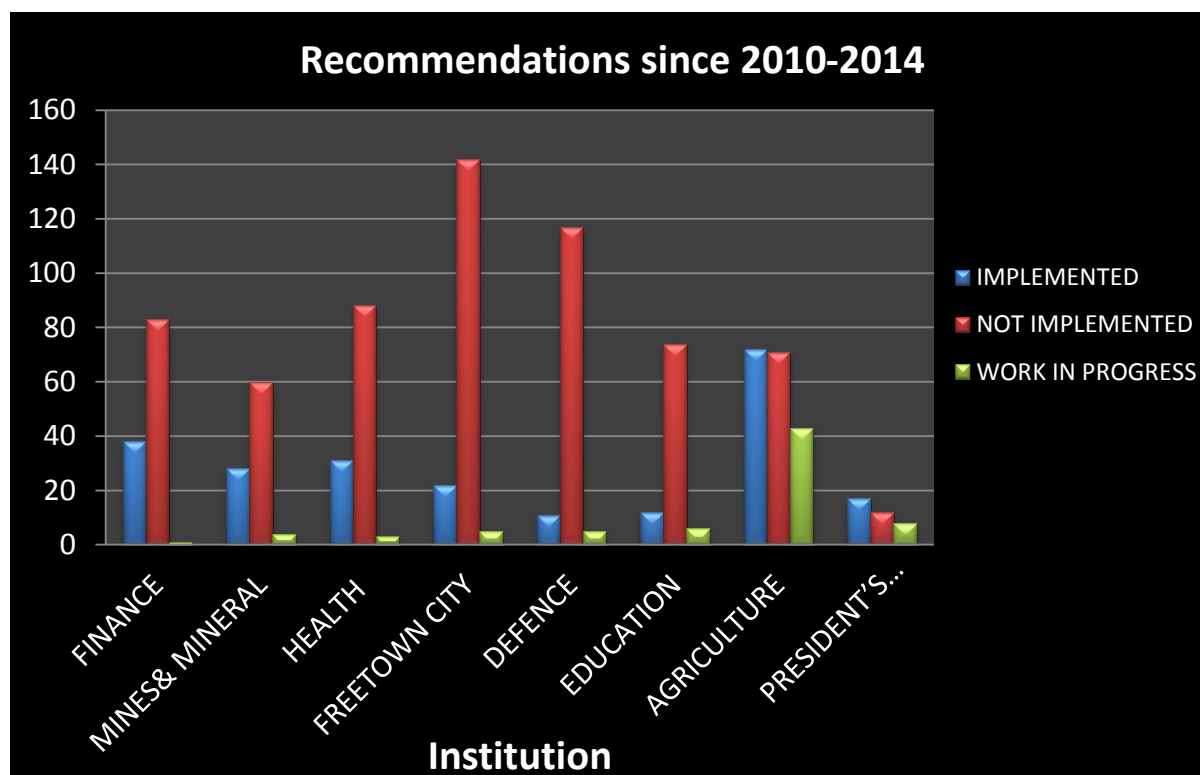
- 231 have been implemented;
- 647 have not been implemented; and
- 75 remain in progress.

The implementation rate of 19% in 2012 to 24.2% in 2014 is still not encouraging. Overall three of the eight entities have an implementation rate of less than 15%.

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

Table 1 - Status of Recommendations for 2010-2014

Audit Entity	Table-1 Status of Recommendations for 2010-2014			
	Total	Implemented	Not implemented	Work-in-Progress
Ministry of Finance and Economic Development	122	38	83	1
Ministry of Mines and Mineral Resources	92	28	60	4
Ministry of Health and Sanitation	122	31	88	3
Freetown City Council	169	22	142	5
Ministry of Defence	133	11	117	5
Ministry of Education Science and Technology	92	12	74	6
Ministry of Agriculture, Forestry and Food Security	186	72	71	43
Office of the President	37	17	12	8
Total	953	231	647	75
%	100%	24.2%	67.9%	7.9%



Where our recommendations indicated a potential to recover GST, withholding tax, customs duties, NASSIT contributions and PAYE deductions, the amounts applicable to these entities were in the aggregate, Le2.809 Billion.

4.6. SUMMARY OF FINDING BY AUDIT ENTITY

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

The paragraphs on each entity describe the broad nature of the findings and recommendations reported and the extent of progress (or lack thereof) in dealing with them over the five year reporting period. We do not repeat what was said already in the annual report; however, where relevant we provide cross-references (year and page number) to the reports. Unless corrective action is taken the government may lose control of the purse-strings of the nation.

Ministry of Finance and Economic Development

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

In the Auditor General's report for each of the years under review we produced a table setting out Outstanding Issues from Previous Audits (see Annual Reports, 2013 page 36; 2012 page 45; 2011 page 52). For the current year the table appears in Chapter 1; the Auditor General's Opinion on the Public Accounts. These relate not just to internal control in the ministry, but to matters arising from the audit of the financial statements. Essentially similar observations have been made every year. Each year the response from management remained largely unchanged, not until 2013 and 2014 were actions taken by those charged with governance have been reasonable to some extent.

Ministry of Mines and Mineral Resources

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

Between 2010 and 2012 there was a continuing problem with revenue and expenditure control as well as headcount which year after year was not being addressed by management. Our recent assessment suggests a little improvement on the implementation of recommendations except for the payroll system where there are still challenges on improvement.

Ministry of Health and Sanitation

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

- Non-compliance with procurement procedures;
- Non- provision of supporting documents for expenditure under audit;
- Control and usage of fuel;
- Collection and banking of revenue;

- Stores management and records;
- Managing and supplying of drugs and medicines; and
- Overall cleanliness and sanitation of premises.

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

Ministry of Defence

Controls, including basic records keeping for distribution and usage of fuel have been a recurring problem in 2011, 2012, 2013 and 2014. There have been problems with missing payroll records. In 2011 there were 111 instances of unverifiable staff which increased to 147 in 2013 and 125 in 2014. Cash controls, including non-retirement of huge imprest accounts have been a recurring theme. Significant deficiencies in non-presentation of documents supporting procurement transactions as well as failure to comply with procurement procedures and related reporting matters have been noted repeatedly.

Ministry of Education, Science and Technology

Throughout HQ and Regional locations we have made persistent multi-year comments on poor management of stores including physical tidiness and records maintenance. Similarly, problems with vehicle logbooks, recording fuel usage and issues around vehicle maintenance arise each year with no evidence of improvement. Failure to deduct withholding tax on a range of expenditures, fixed assets not properly managed, imprests not retired and mismanagement of grants in aid are also recurrent issues. We report annually on schools on a broad range of issues identified, that rests squarely on the shoulders of this ministry.

Ministry of Agriculture, Forestry and Food Security

Cash and bank controls are weak with many bank statements not presented for verification as well as missing documentary support for expenditure. We have noted serious record-keeping problems with reforestation assessment fees, export clearances and collections. In addition, withholding taxes and NASSIT have not been deducted; proceeds from the sale of bid documents have not been accounted for over the years. Non-compliance with procurement procedures have been noted year-over-year. Record-keeping issues regarding stores, fuel management, personnel records are also a recurring issue.

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

Office of the President

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

Freetown City Council

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

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

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

PART II

CHAPTER V – MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS)

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MINISTRIES, DEPARTMENTS AND AGENCIES

MAIN POINTS

What we examined

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

The areas and functions we selected for examination are those where the risk of non-compliance is high, based on past experience or the very nature of the activity. We looked at financial record keeping, physical custody of moneys and other assets including stores as well as banking procedures, as well as 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 Le140,513,297,368. As in previous years this has occurred for a number of reasons, some inter-related suggesting strongly that public financial management has much room for improvement in all MDAs. For example:

- Monies allocated to some MDAs are not accounted for at all.
- Payments without adequate supporting documents persists in almost all the MDAs.
- Monthly bank reconciliations are not carried out in some MDAs, this is a fundamental failure of internal control over cash and banking procedures and the control should also be undertaken by persons with no access to the physical cash or bank statements.
- There are significant weaknesses in the management of revenue in most revenue generating entities. For instance, transferring funds to NRA is subject to unnecessary delay;
- We noted that in many cases, withholding taxes were not being deducted from suppliers or contractors' payments.
- Several significant lapses were observed in procurement procedures resulting in incomplete transactions and hence unsatisfactory service delivery.
- Moneys intended to be managed by imprest accounts are not properly closed out or accounted for with the result that control over imprest accounts is weak and analyzing and posting expenditure accurately to ledger accounts is seriously impaired.

- Fixed assets, stores and fuel records are not adequately recorded in applicable registers and other records.

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

MDAs – SUMMARY OF DETAILED FINDINGS AND RECOMMENDATIONS

5.1. COMMON ISSUES

A number of audit issues observed apply to several institutions. These common issues are outlined in the paragraphs below. **Table 5.2** shows to which institutions each of these issues relate and where appropriate, values are also included. It should be noted that only the most common issues are addressed here. Other audit issues are reported under the report sections relating to specific MDAs.

Payments without Adequate Supporting Documents

Other disbursements totalled Le5,062,597,418 were undertaken for which some supporting documents were submitted. However, the nature of these supporting documents was insufficient to fully substantiate the payment concerned. For example, payments should be supported by receipts, invoices, delivery notes and other relevant documentation, as well as the payment voucher. It was therefore recommended that the institutions concerned should submit the relevant supporting documents to the ASSL. In future, ALL supporting documents should be retained and made available for audit inspection.

Imprests without Retirement Details

Section 87(1) of the FMR 2007 states: “The officer holding an imprest shall, when recouping an imprest, submit to the Accountant General a properly completed payment voucher, supported by individual vouchers and receipts and a covering schedule summarising and allocating the individual transactions.” On the contrary, the sum of Le2,908,628,440 was used as imprest for activities undertaken by various institutions for which retirement details were not available for inspection. It was therefore recommended that the institutions concerned should submit retirement details to the ASSL.

Withholding Taxes not Deducted and Paid to the NRA

During the audit of MDAs in 2014, it was identified that withholding taxes totalled Le188,495,903 were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act 2000. All heads of MDAs should ensure that withholding tax is deducted properly and paid to NRA. The amounts identified during the audits should be recovered and paid to NRA. Evidence of payment should be forwarded to the ASSL for verification, and the Commissioner of Income Tax should take the necessary action. The Government of Sierra Leone relies on tax revenue to finance key public services. Failure to properly and fully deduct, collect and remit withholding tax reduces available government revenue and ultimately, reduces the level and quality of public service received by citizens.

No Asset Policy Maintained

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

Mismanagement of Fixed Assets

A number of MDAs did not maintain fixed assets registers. This contravenes section 231(1) of the FMR 2007. Failure to maintain a fixed assets register makes it virtually impossible to maintain adequate control over assets held. Fixed assets registers should be introduced immediately and vote controllers must ensure that the location and state of all assets are checked on a regular basis, evidence of which must be documented. Some MDAs maintained fixed assets registers that were not fully up to date. Verification of assets carried out during some audits identified that in some instances assets acquired were not properly included in the registers. Vote controllers must ensure that all fixed assets registers are updated on a regular basis and include all assets purchased and disposed of.

Assets not marked with Identification Codes

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

5.2. COMMON ISSUES TABLE

MDA	Payments without adequate SD (Le)	Unretired imprest (Le)	Withholding taxes not deducted and /or paid to the NRA(Le)	No asset policy maintained	Inventory ledger not maintained/up dated	Assets not Coded
Ministry Of Education Science And Technology(2014)	134,033,273	18,000,000			✓	
Ministry Of Agriculture Forestry And Food Security (2014)	911,205,092	32,000,000 1,689,220,240	9,464,425 13,997,250			✓
Ministry Of Agriculture Forestry And Food Security-Tonkolili (2014)	14,647,000					
Ministry Of Mines And Mineral Resources- East (2013)	20,710,000					
National Minerals Agency (2014)						✓
Ministry Of Defence (2014)	2,745,935,514 29,430,000 (\$6,540)	28,274,000				
Ministry Of Defence-North (2014)			9,727,750	✓	✓	
Ministry Of Health And Sanitation(2014)		130,000,000	65, 462,275	✓	✓	✓
King Harman Road Hospital (2014)				✓	✓	✓
Government Hospital Macauley Street (2014)				✓	✓	✓
Princess Christian Maternity Hospital (2014)				✓	✓	✓
Lakka Government Hospital (2014)	10,975,000				✓	
Lumley Government Hospital (2014)				✓		
Ola During Children's Hospital (2014)				✓	✓	
Rokupa Government Hospital (2014)				✓		
Sierra Leone Psychiatric Hospital (2014)			19,416,000			
Bo Government Hospital (2013-2014)			24,100,000	✓		✓
Government Hospital- Kenema (2013-2014)					✓	✓
District Health Medical Team-Kailahun (2013)			4,099,475		✓	✓
Makeni Government Hospital (2014)	52,980,500	59,000,000	55,077,100		✓	✓
B/D	3,919,916,379	1,956,494,240	135,882,000			

MDA	Payments without adequate SD (Le)	Unretired imprest (Le)	Withholding taxes not deducted and /or paid to the NRA (Le)	no asset policy maintained	Inventory ledger not maintained/ updated	Assets not Coded
B/F	3,919,916,379	1,956,494,240	135,882,000			
Primary Health Care Tonkolili (2014)	4, 970,000	16,500,000				
Primary Health Care Bombali (2014)	43,750,000				✓	
Ministry Of Works, Housing And Infrastructure (2014)	436,526,539		10,678,000			
Ministry Of Works, Housing And Infrastructure- South(2013-2014)				✓	✓	
Ministry Of Works, Housing And Infrastructure- North (2014)				✓	✓	
Ministry Of Lands, Country Planning And The Environment (2012- 2014)	17,569,500					
Ministry Of Lands And Country Planning-North(2014)				✓	✓	✓
Ministry Of Social Welfare Gender And Children Affairs(2012-2014)	179,005,000 72,100,000	860,189,200				
Ministry Of Social Welfare Gender And Children Affairs Affairs-Tonkolili (2014)					✓	✓
Ministry Of Trade And Industry (2013- 2014)						✓
Ministry Of Water Resources(2013)			13,747,828			
Ministry Of Tourism And Cultural Affairs (2013-2014)			4,274,900 13,500,000 (EU2,250)		✓	✓
Ministry Of Youth Affairs (2013)	114,250,000		4,663,750			
Provincial Secretary's Office-North (2014)	274,510,000	67,160,000	1, 250,000		✓	
Provincial Secretary's Office-East (2014)					✓	
Sierra Leone Embassy To Moscow, Russia (2010-2014)					✓	✓
Sierra Leone Embassy Washington DC (2011-2013)				✓	✓	
Sierra Leone Embassy Germany (2010-2014)				✓	✓	
Office Of The Administrator And Registrar General (2014)			6,199,425			
Sierra Leone Police-South (2013-2014)				✓		
B/D	5,062,597,418	2,900,343,440	188,495,903			

MDA	Payments without adequate SD (Le)	Unretired imprest (Le)	Withholding taxes not deducted and /or paid to the NRA (Le)	no asset policy maintained	Inventory ledger not maintained/up dated	Assets not Coded
B/F	5,062,597,418	2,900,343,440	188,495,903			
Sierra Leone Police -Northeast (2014)					✓	✓
Sierra Leone Correctional Service (2014)					✓	
Sierra Leone Correctional Services-South (2013- 2014)		5,100,000			✓	✓
Sierra Leone Correctional Centre-East (2014)		3,185,000				
National Fire Force-South (2013-2014)				✓		✓
National Fire Force-East (2013-2014)					✓	✓
TOTAL	5,062,597,418	2,908,628,440	188,495,903			

5.3. MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT (2014)

5.3.1 Payments to Personnel not on the Ministry's Staff List

Wages and salaries amounting Le775,000,000 were paid to staff on the payroll database but were not on the Ministry's staff list. It was recommended that the Vote Controller should investigate and explain the inconsistency between the Ministry's payroll and that of the staff list. He must also ensure that monthly reconciliation between details on the payroll database and the Ministry's staff list is carried out.

Official's Response

The Principal Deputy Financial Secretary stated that staff names transferred from one Ministry to another was generally a slow process in the service and many mistakes were made in the process which made affected staff to go months without salaries. He said because of those experiences some staff hardly request for the transfer of their names when they were posted to new ministries. He however mentioned that 24 out of the 49 staff Audit claimed not on the payroll were still in the Ministry, five were retirees one dead and only 19 were transferred to other Ministries who were still on the Ministry's payroll. He said efforts would however be made to remove the remaining staff.

Auditor's Comment

19 staff transferred to other Ministries and paid Le443,600,000 were still on the Ministry's payroll. The issue therefore remained unresolved.

5.4. MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY-HQ (2014)

5.4.1 Procurement Procedures not Followed

Examination of the procurement documents revealed that there were no evaluation reports in respect of procurements amounting to Le1,237,747,668. In addition, the composition of the Evaluation Committee did not include persons with technical knowledge. Local Purchase Orders (LPOs) totalling Le315,783,000 were not approved by the Permanent Secretary (PS) before being sent to the suppliers/contractors. It was also noted that Request for Quotations (RFQ) was used rather than undertaking a single National Competitive Bidding (NCB) for the different supplies which totalled Le284,550,000. There were incomplete contracts valued at Le70,474,180 and no approved procurement plan was submitted for goods and services procured for the year 2014.

It was recommended that:

- The Procurement Officer (PO) should submit the procurement documents for audit verification within 30 days of the receipt of the report and should also provide adequate justification for not approving the LPOs before they were sent to supplier/contractors;
- The PO should give adequate justification for using the RFQ method instead of NCB within 30 days of receipt of this report; otherwise the whole amount should be refunded and evidence of payment to bank forwarded to the audit office for verification; and
- The PO should also give adequate justification for not performing the various contracts in line with the contract agreements and should provide the said document for inspection within 30 days of the receipt of the report.

Official's Response

Regarding RFQs the PS said that funds to undertake the procurement activity at that time were not available as they were released on quarterly bases and procurement activities undertaken with respect to available funds. He added that each of the activities undertaken at that time were below the threshold for National Competitive Bidding (NCB). He mentioned that the records were now available for verification.

Auditor's Comment

ASSL recommendations were not implemented by the Ministry on issues relating to the requested evaluation reports, unapproved LPOs, incomplete contracts and submission of approved procurement plan. In fact, the Ministry failed to submit a formal response on those issues.

The PO failed to submit adequate justification for using the RFQ method instead of NCB for two outstanding supplies, totalling Le85,095,000.

5.4.2 Grants/Subventions without Expenditure Returns

Subventions and grants were made to various institutions/commissions which totalled Le990,496,000 for the year 2014, but expenditure returns were not submitted for audit. It was recommended that the Principal Accountant should ensure that the expenditure returns were made available for verification from the various institutions in question within 30 days of the receipt of the report.

Official's Response

The PS stated that documents were available for verification.

Auditor's Comment

ASSL recommendation was partly implemented as expenditure returns which totalled Le278,496,000 were submitted and verified, leaving a balance of Le712,000,000.

5.4.3 Withdrawals from various Bank Accounts without Supporting Documents

Withdrawals made from various bank accounts which amounted to Le112,921,538 for the period under audit, were without payment vouchers and other supporting documents.

Withdrawals amounting to Le676,772,160 for the period under audit from various bank accounts were also without adequate supporting documents.

It was recommended that the Principal Accountant should ensure that the required documents for the use of the said amounts were made available for verification within 30 days of the receipt of the report.

Official's Response

The PS stated that the documents were available for verification.

Auditor's Comment

ASSL recommendation was partly implemented. Out of the total of Le112,921,538, receipts which totalled Le4,040,000 were submitted and verified, leaving a balance of Le91,449,038 for which payments vouchers and other supporting documents were not provided. In addition, out of a total of Le676,772,160 supporting documents which totalled Le302,191,560 were provided, leaving a balance of Le374,580,600 without supporting documents..

5.4.4 Lack of controls in the Payments of Examination Fees

A review of controls in the payment of public examination fees by the ministry to the West African Examinations Council (WAEC) revealed the following:

- An amount totalling Le121,650,000 was paid to National Certificates for Technical and Vocational Awards (NCTVA) for 811 candidates for the National Vocational Qualification Examinations; the list of candidates was only sent to the Ministry after the examination had been conducted. A review of the list of schools given for the payment of West African Senior Certificate Examination (WASSCE) fees revealed that 51 private schools recorded as 3,460 candidates were included in the payments that government made to WAEC for WASSCE 2014.

This amounted to Le467,100,000 paid to WAEC from government funds for private school students who should have paid their own fees.

- The audit team also observed that payments of Le9,313,480,000 were made for the 2014 public examinations. However the Minister's approved list of candidates and promotional lists for the National Primary School Examination (NPSE), Basic Education Certificates Examination (BECE) and WASSCE from each school, in respect of the 2014 examinations to justify the utilisation of the said amount, were not made available for audit.
- In spite of requests made to the Permanent Secretary to access documents maintained by the Ministry relating to the payments of the 2014 BECE and NPSE public examination fees, no action was taken to remedy the situation.

It was recommended that the Permanent Secretary should:

- Ensure that in future, the candidates list should be sent to the Ministry before the examination is conducted. In addition, the Permanent Secretary should provide documentary evidence explaining why cross examination of the candidates was not done before the examination within 30 days of receipt of this report.
- Provide adequate justification for the payment on behalf of private school candidates; otherwise the said amount should be refunded to the Consolidated Revenue Fund (CRF) within 30 days of receipt of this report.
- Ensure that the Ministry's comprehensive approved lists of the names of pupils, their respective schools and the amount paid in fee per pupil for the examinations in question are submitted for audit verification within 30 days of receipt of this report.

Official's Response

The PS said that the issue was noted for compliance and all requested documents were available for verification.

Auditor's Comment

ASSL's recommendations were not implemented by the ministry.

5.4.5 Award of Grants- in-Aid to Students

The procedures involved in the award of grants in aid to students were marred by a lot of irregularities. The audit team observed the following:

- 165 awardees from different institutions did not have student identification numbers. It was recommended that the Director of Programmes should submit justifiable evidence for the awards to beneficiaries without student identification numbers within 30 days of receipt of the report.
- Documents such as copies of adverts, lists of candidates' shortlisted, recommended list from the interview panel submitted to the Minister for approval and Minister's approved list of awardees for the award of local and international Grant-in-aid were not made available for audit inspection.
- The claim sheet in respect of new awardees for the 2013/14 academic year for Northern Polytechnic was not attached to the payment voucher for that year. Instead, the previous academic year's claim sheet was attached for a total sum of Le85,179,780. It was recommended that the Director of Programmes should ensure that the said documents were made available within 30 days from the date of receipt of this report. The Director of Programmes should also ensure that the correct claims are attached to their respective payment vouchers.

Official's Response

The PS said that:

- *It was not the Ministry's responsibility to issue identification numbers to students. Notwithstanding; the Ministry will liaise with the institutions concerned to obtain the identification numbers, be added.*
- *The issue for compliance and all requested documents were available for verification.*
- *Documents relating to Grants in Aid were available for inspection.*

Auditor's Comment

- ASSL recommendations were partly implemented as the identification numbers of those students had not been provided.
- Documents for the Sierra Leone Embassy in Moscow for Le175,230,000 were provided leaving a balance of Le1,068,990,342 for which the required documents were not provided.

5.4.6 Staff exceeded the Statutory Retirement Age

There were 16 staff members who had exceeded the statutory retirement age of 60 years. Salaries of Le182,594,610 were paid to the staff in question. It was recommended that the Human Resource Manager must ensure that names of staff that had exceeded the statutory retirement age were deleted by informing the Human Resource Management Office.

Official's Response

The PS said that the names had already been deleted.

Auditor's Comment

ASSL's recommendation was not implemented as salary vouchers to confirm that the names had been deleted were not provided.

5.4.7 Store Items not taken on Ledger Charge

Le230,945,000 worth of store items in 2014 were neither taken on ledger charge; nor were store issue voucher (SIV)/distribution lists submitted. It was observed that a periodic stock count was not done by the internal audit unit. It was recommended that the Storekeeper ensure that items were properly brought into account. Periodic stock count should also be done regularly.

Official's Response

The PS stated that the documents were available for inspection.

Auditor's Comment

Evidence was provided that toiletries for the sum of Le47,000,000 only, were recorded on store ledgers leaving a balance of Le183,945,000 of stores items not taken on ledger charge.

5.4.8 Financial Statement not Submitted

The Financial Statement for the year 2014 for the two International Development Bank (IDB) projects, totalling \$10,510,990 was not made available for audit. The response of the Director for the two IDB projects revealed that a private audit firm was selected to audit the operations of the project without the involvement of the ASSL in the selection process of the audit firm. It was recommended that the Project Director must prepare a financial statement for the period under review for audit inspection within 30 days of the receipt of the report. The Project Director should also provide a written explanation evidence for not involving ASSL in the selection process of the private audit firm.

Official's Response

The PS stated that the former Director of Internal Audit and other key stake holders were involved in the selection process and a minute of this was available for inspection.

Auditor's Comment

The financial statements for the two projects, totalling \$10,510,990 were not submitted for inspection. The issue was therefore unresolved.

Refer to the Table Of Common Issues (Page92) for further observations.

5.5. MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY- KENEMA (2013-2014)

5.5.1 Unpresented documents

In spite of repeated requests several accountable documents were not submitted for audit inspection. These documents include bank statements, accountable documents register, bank reconciliation statements; vehicle log book/operating record and fuel log book. It was recommended that the Deputy Director of Education (DDE) should ensure a systematic filing system was established for the safe custody of all accountable documents and the above documents are forwarded to ASSL within 30 days of the receipt of the report; or Section 36 of the Audit Service Act, 2014 would be invoked.

Official's Response

The DDE noted that a systemic filling system was in place for the safe custody of all accountable documents.

Auditor's Comment

The recommendation was not implemented, as at the time of verification documents were not provided.

5.6. MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY -HQ (2014)

5.6.1 Withdrawals without Supporting Documents

Total withdrawals of Le163,754,160 were made from the Forestry Development account at the First International Bank for which supporting documents of utilisation were not presented for audit inspection. It was recommended that the Director of Forestry Division must ensure that supporting documents for the utilisation of the said amount were provided for audit inspection within 30 days of receipt of this report.

Official's Response

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

Auditor's Comment

No supporting document was provided for inspection.

5.6.2 Procurements not in the Procurement Plan

Procurement to the sum of Le1,813,164,136 were not on the approved procurement plan and the revised procurement plan was not submitted for audit inspection. It was recommended that the Procurement Officer should justify why procurements which were not in an approved plan were undertaken.

Official's Response

The PS in his response stated "The Procurement Unit of the Ministry executed only activities that were in the approved plan for FY2014. Procurement Plan and signed submission list of all procurement activities undertaken that were submitted during the audit exercise for fiscal year 2014, are still available for audit verification. Please note that the activities annexed to this query (Appendix F of ASSL Draft Management Letter FY 2014) were never executed by the Procurement Unit of the Ministry.

Land payments emanated from the outstanding land lease payments that have been unpaid for long period by the Ministry. The Community Land Owners who are beneficiaries have engaged the Ministry on numerous occasions demanding their payments. This situation became critical coupled with the fact that the Ministry has always been faced with budgetary constraints. In a meeting between the Ministry, State House and the Land Owners, a decision was reached to make an agreed payment to these beneficiaries for all the landed property. Since 2013, the Ministry has been trying to pay these land owners their monies due in tranches. Reference of the payment to be made to beneficiaries is planned and costed for in the Ministry's Strategic Plan from FY 2014 FY 2016. Relevant documentations are available for audit inspection as follows.

- *Request for second Tranche Payment from the officer-in-charge of land issue.*
- *Letters from beneficiaries expressing grievance on outstanding payment: and requesting for payments*
- *Payment vouchers with attached supporting evidence of payment to beneficiaries*
- *Extract of the strategic plan.”*

Auditor's Comment

Satisfactory justification was given for payments made for the lands in question. However, the non-inclusion of the consultancy fee in the procurement plan and for which Le543,164,136 was paid remained unresolved.

5.6.3 Consulting services made without evidence of request

The procurement of consultancy services and internet services were made without evidence of requests for proposal contrary to Section 43 of the Public Procurement Act, 2004. The total payments made in respect of the two procurements amounted to Le184,888,200 and Le154,800,000 respectively. It was recommended that the PS should ensure that the procurement committee's approval for the said contract and justification for the breach of Section 43 of the Public Procurement Act of 2004 was provided.

Official's Response

The PS in his response said “The Ministry is quite aware of Section 43 of the Public Procurement Act 2004, and the activities mentioned did not go through procurement. Consequently, the payment for internet services is not an initial payment, but a backlog from 2012 and 2013 for services already rendered by the service provider(AFCOM-SL) for which payment request was forwarded by the same. A service agreement signed by the Ministry and AFCOM-SL dated 17-09-2010 is available for audit inspection. Since Audit Service Sierra Leone has also audited FY 2012 AND 2013, management considered this issue as redundant. The payment of Le184,888,200 was made in respect of Dr. Festus Tarawalie, a representative of the Government of Sierra Leone (Ministry of Agriculture, Forestry and Food Security) at the UN Agencies (FAO/WFP/IFAD) in Rome because of his proximity, experience and knowledge of these organisations. A contract of employment was signed with him to ensure continuity of service is available for audit inspection.”

Auditor's Comment

The agreement between the Ministry and AFCOM-SL in respect of the Le154,800,000 was provided and verified. However, request for proposal, as well as the Procurement Committee's approval of the consultancy awarded to Dr. Festus A. Tarawalie were not provided. The issue therefore remained unresolved.

5.6.4 Documents not submitted for audit inspection

Procurements documents not submitted

Procurement worth Le588,514,136 was done without maintaining minutes of procurement committee meetings etc. It was recommended that the Head of the Procurement Unit must submit the required documents within 30 days of receipt of the report.

Official's Response

The PS stated that the minutes of all procurement proceedings undertaken by the procurement unit of the Ministry were earlier submitted to ASSL for audit inspection. He added that a signed submission list showing minutes for all procurement proceedings was available for inspection.

Auditor's Comment

ASSL recommendation was partly implemented. Procurement documents for an amount of Le202,574,636 relating to the redesigning of the website and provision internet services were provided and verified. However, documents for the sum of Le385,939,500 were not submitted.

Approved procurement plan not submitted

Procurement of IT equipment, office furniture and stationery totalling Le246,010,000 was done for which procurement plan was not submitted. The Project Coordinator must also ensure that an approved procurement plan is submitted for audit inspection within 30 days of receipt of this report.

Official's Response

The PS said that an approved procurement plan was now available for verification.

Auditor's Comment

A procurement plan was provided but evidence of its approval was not evidenced. The issue therefore remained unresolved.

Non submission of Financial statements

The financial statements of the REDD + project were not submitted to ASSL for audit purpose in spite of repeated requests by the audit team. It was recommended the Project Coordinator should ensure that the Financial Statements of the project were submitted for audit within 30 days of receipt of this report.

Official's Response

The PS stated that a set of accounts (Income and Expenditure Statement) and technical report of the project for the period under review were available for verification.

Auditor's Comment

A file was submitted which contained the Financing Agreement, Operational Programme Estimate No.1 for Operational Period 16th May 2014-15th May 2015 and a Comprehensive statement of Income & Expenditure for the period ending December 2014. However, they were not signed by the Imprest Administrator and Imprest Accounting Officer.

5.6.5 Bank Statement not made available for the sale of fertilizers

12,175 bags of fertilizers were also sold to "Service Providers" for Le1,313,120,000 for which bank statement of the Account held at the Rokel Commercial Bank was not made available to verify the deposits. It was recommended that the Chief Accountant should submit bank statements for audit verification within 30 days of the receipt of the report.

Official's Response

The PS stated that a copy of the bank statement was available for audit verification.

Auditor's Comment

ASSL recommendation was not implemented by the Ministry. The bank statements were not provided

5.6.6 Hire purchase annual instalment payment

Review of records revealed that the sum of Le1,175,684,684 should have been received by the Ministry in respect of hire purchase for the year 2014. The bank statements showed that only Le99,700,000 was paid into the Hire Purchase Account; with an outstanding balance of Le1,075,984,684. No evidence of recovery was seen on file for debtors which amounted to Le1,075,984,684.

The individual debtor files in respect of the Tractor Hire Purchase Scheme were not updated as required. In addition, the Loan Register was not produced for inspection and to confirm recoveries made.

There was also no annual debtor report on the hire purchase scheme to indicate the individuals/organizations and their respective outstanding balances, even though that issue had been included in previous audit reports.

It was recommended that the Permanent Secretary must ensure that the amount due was paid by the farmers into the scheme's account. He must also ensure that the individual debtor files and the Loan Register were updated and made available for verification. Furthermore, it was recommended that the Permanent Secretary should submit the debtor's list for verification within 30 days of receipt of the report.

Official's Response

The PS in his response stated that the Ministry in its drive of ensuring that farmers pay their debts has made tremendous effort through the following:

- *A team from MAFFS including the Minister has held series of meeting in view of encouraging farmers to pay their debts for the sustainability of the scheme;*
- *Press release which entails list of defaulters was made as a means of notifying defaulting farmers of their obligations with the Ministry;*
- *The Ministry also makes some withdrawals of tractors from farmers even though it was difficult to attract new owners as most of those tractors were being misused by farmers; and*
- *The Ministry will make further withdrawals of tractors after carrying out statistical analysis of defaulters taking into consideration the new subsidy of 60% provided by government.*

Regarding files and loan register the PS said that the process of updating customers' files and developing the Loan Register was ongoing.

Regarding updating customer files the PS said that the report will be prepared after updating customer files and developing the Loan Register.

Auditor's Comment

ASSL recommendation was not implemented by the Ministry. The debtor's file, report and loan register were not provided by the Ministry for audit inspection. There was no evidence of recovery.

5.6.7 Memorandum of understanding not renewed

The Memorandum of Understanding in respect of the Tractors Hire Purchase Scheme between the Ministry and the First International Bank was not renewed annually after its expiration as required by the initial agreement. It was recommended that the PS should ensure that the Memorandum of Understanding be revised and renewed annually to reflect prevailing circumstances on the scheme and evidence forwarded to ASSL for verification within 30 days of receipt of the report.

Official's Response

The PS stated that the MOU will be reviewed immediately after the above mentioned report has been produced in order to reflect the current status of the scheme.

Auditor's Comment

A renewed Memorandum of Understanding in respect of the Tractor Hire Purchase Scheme between the Ministry and the First International Bank was not provided for verification.

5.6.8 Payroll Issues

A critical review of payroll in the ministry revealed the following inadequacies:

- 22 personnel received salaries from the ministry totalled Le235,927,039, while they were also receiving salaries from various projects for which there was no evidence of letters of them being on secondment from the Human Resources Management Office (HRMO).
- 30 staff of the Ministry had attained the statutory age of retirement, yet received salaries which totalled Le174,470,988, without any letter of extension from the HRMO.
- 74 personnel were not available for physical verification even though the staff verification exercise lasted for a whole week.
- 29 personal files were not submitted for audit inspection.

It was therefore recommended that the PS must ensure that the letters of secondment from the HRMO in respect of the 22 staff in question were produced for audit inspection: Otherwise, the amount should be recovered and paid into the CRF.

The Human Resources Officer of the Ministry should:

- Notify the HRMO of the deletion of those names from the payroll within 30 days of receipt of the report;
- Ensure that the staff were available for verification otherwise their names should be forwarded to the HRMO for appropriate action within 30 days of receipt of the report; and
- Ensure that the required files were submitted within 30 days of receipt of the report.

Official's Response

The PS stated that some of the members of staff identified had letters from the Human Resource Management Office (HRMO) authorising their secondment or leave of absence request. He added that there were a few others for whom requests had been sent to HRMO, but for whom no responses had been received.

Regarding deletion from payroll, the PS said that a copy of the letter written to HRMO requesting deletion from the payroll of the identified was available for verification.

Regarding staff verification, the PS stated that the divisions to which those members of staff belong had been informed and requested to ensure that their staff made themselves available for verification. He however noted that some of the identified staff were in the provincial headquarters where they were verified while a few had either been retired or deceased. Names of those who were retired and deceased but still on payroll had also been included in the deletion request list to HRMO, he mentioned, noting that a letter of verification was available.

Auditor's Comment

A Copy of the letter written to HRMO requesting the deletion of the names in question from the payroll; was not presented for verification.

Of the 74 staff, the team verified only 17; leaving a balance of 57 staff who were not available for verification.

Of the outstanding 29 personnel files, only 11 were submitted; leaving a balance of 18 personal files yet to be submitted for verification.

Refer to the Table of Common Issues (Page 92) for further observations.

5.7. MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY-BO (2013-2014)

5.7.1 Poor control over revenue generation by the Forestry Division

The revenue collected by the Forestry Division decreased by 14% in 2013 when compared to 2012 (Revenue was Le15.4 million and Le13.2 million in 2012 and 2013 respectively). In 2014 however, there was a slight increase in revenue collection by 5% when compared to 2013 (Revenue was Le13.2 million and Le13.9 million in 2013 and 2014 respectively). Our investigation further revealed that documents such as price/charges list, accountable document register, receipt books, revenue ledger, and bank statements were not submitted by the Forestry Division to confirm the accuracy of a total of Le13.2 million and Le13.9 million being revenue collected as evidenced in bank pay-in-slips for 2013 and 2014 respectively.

In an interview with some key officials in the ministry, we were informed that revenue generated by the Forestry Division was apportioned to three main accounts - Forest Development Account, Conservation Trust Fund Account and Forestry Transit Account. The basis used in apportioning revenue was not explained or made available for audit review. ASSL therefore recommended that the District Agriculture Officer should ensure that:

- The Ministry engaged in a revenue mobilisation drive to increase its revenue generation;
- A systematic filing system existed for the safe custody of all accountable documents;
- Outstanding accountable documents must be made available for audit reviews; and
- The approved percentages/ratios used in distributing the revenue among the three accounts should be made available to the audit team within 30 days of receipt of this report.

Official's Response

The DAO in his response stated that:

- *In 2014, the Forestry Division engaged a project called "REDD PLUS" which was an increase in the staff strength through volunteer Forest Guards from the chiefdoms who ensured full coverage of the district and supported revenue generation. Also the project supported training for forest guards and provided them with Uniforms to distinguish them from forest encroachers, and ensure that revenue payments are made to the correct agents the outcome of such staff strength of volunteer forest guards yielded the result revenue increase by 5% in 2014.*
- *Accountable documents/register was maintained in Freetown for audit purposes.*
- *A proper filing system is available with the forestry authorities in Freetown for the safe custody of all accountable documents/register such as a realistic estimate/budget target; plan for revenue generation; the approved percentages/ratios; price/charges list; accountable document register; receipt books, revenue ledger, and bank statements for audit purposes;*
- *These documents were not made available for provincial division for verification, but effort is being made to have copies available.*

Auditor's Comment

ASSL recommendations were partly implemented.

- There was no improvement in the filing system for the safe custody of all accountable documents; especially those relating to the collection and accounting for revenue generated by the Forestry Division.

- Price/charges list, accountable document register, receipt books, revenue ledger, and bank statements were still not submitted by the Forestry Division to confirm the accuracy of Le13.2 million and Le13.9 million being revenue collected in 2013 and 2014 respectively.
- The basis used in apportioning revenue among the three accounts was still not made available for verification.

5.7.2 No compliance with local government regulations

The Local Government (Assumption of Functions) Regulations 2004 and guidelines for 2014 budget of local council give power to the Livestock Division of the Ministry to carry out ante-mortem inspection of slaughtered animals and post mortem inspection of carcasses. However, this function was not done and therefore the revenue from this function was not collected by this ministry. The ministry was yet to open the District Livestock Development Account to deposit revenue from cost-recovery drugs as enshrined in the sector guidelines for the 2014 budget of local councils. It was therefore recommended that the livestock division starts collecting revenue due from ante-mortem inspection of slaughtered animals and post mortem inspection of carcasses. In addition the ministry must immediately facilitate the opening of the District Livestock Development Account.

Official's Response

There was no response from the DAO on this issue.

Auditor's Comment

The livestock unit is yet to commence revenue generation and the District Livestock Development Account was yet to be opened by the ministry.

5.7.3 Staff that have attained/exceeded the retirement age

A review of the ministry's staff list revealed that there were the names of 44 staff members who had exceeded the retirement age of 60 years. There was no indication or records in the ministry to show that the employment contract of these staff have been extended by the Human Resource and Management Office. It was recommended that the District Agriculture Officer should liaise with MAFFS headquarters and the Human Resource Management Office for necessary action relating to names of staff on the staff list that had exceeded the retirement age of 60 years.

Official's Response

There was no response from the DAO on this issue.

Auditor's Comment

In spite of the fact that this issue was raised in the 2013 Management Letter, ASSL recommendation was not implemented by the ministry. No effort was evidenced in addressing them as at the time of publishing this report.

5.8. MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY-TONKOLILI (2014)

5.8.1 Revenue not accounted for in respect of guest house

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

Official's Response

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

Auditor's Comment

The issue was still outstanding.

5.8.2 Staff who had attained the statutory retirement age

The ministry continued to maintain 13 staff members who had attained the statutory retirement age of 60 years. Furthermore, extensions of service letters were not submitted to substantiate their continued maintenance on the payroll. It was recommended that the DAO should inform the HRMO for necessary action to be taken such as removal of names of the staff that had attained the statutory retirement age, from the ministry's payroll voucher, within 30 days of the receipt of the report.

Official's Response

The DAO stated that the list at the Ministry was for the 13 employees that had attained the statutory retirement age of 60 years prescribed as the normal retirement age. He mentioned that the ministry was working closely with HRMO on their end of service benefits for those 13 employees. As soon as their packages were ready their names would be removed from the ministry's payroll vouchers with immediate effect, he noted.

Auditor's Comment

The audit recommendation was not addressed. The issue therefore remained unresolved.

Refer to the Table of Common Issues (Page 92) for further observations.

5.9. MINISTRY OF MINES & MINERAL RESOURCES-HQ (2014)

5.9.1 Performance Contract not submitted

The Performance Contract signed between the President and the Minister and the appraisal of the contracts were not produced to assess whether the targets set out in the contract were achieved by the Ministry within the specified timeframe. It was recommended that the PS should ensure that the performance contract is submitted for inspection.

Official's Response

The PS stated that the performance contract signed between the President and the Minister was produced for audit inspection. He however said they did not have control over the appraisal. He further said that the office of the Chief of Staff (CoS) should be able to provide the result on the contract signed.

Auditor's Comment

It was observed that ten of 17 performance targets set out in the Performance Tracking Table (PTT) signed between His Excellency the President and the Minister of Mines and Mineral Resources were not achieved by the Ministry at the targeted timeline during the year under review.

5.9.2 Outstanding issues in the previous year's audit were as follows:

- A new verification was done during which 25 staff did not avail themselves;
- There were 15 staff without NASSIT identification numbers;
- There were still five staff who had attained the retirement age of 60 years who were still receiving salaries;
- Unclaimed salaries of MMOs which totalled Le18,589,560 were not paid back into the MMF account; and

- Payment to the tune of Le13,051,154 was made to MMOs whose names were not on the approved MMOs staff list.

5.10. MINISTRY OF MINES AND MINERAL RESOURCES -EAST (2013)

5.10.1 Control over Financial Transactions

There were inadequate controls of the collection, recording, banking and reporting of financial transactions.

The sum of Le86,050,000 in respect of application, monitoring and rehabilitation fees was not posted in the cashbook. Receipts were also not issued for the period. It was recommended that the Regional Manager Kenema should ensure that receipts are issued for all the payments received with respect to the Le86,050,000 or the total amount should be refunded.

5.10.2 Lack of monitoring of miners and mining activities

The sum of Le28,950,000 was collected as monitoring fees but no report from mines wardens and monitoring officers to justify that mining activities were monitored. It was recommended that the Regional Manager should ensure that all the reports for the period under review were provided and regular monitoring exercise was conducted and reports submitted for reference purpose.

5.10.3 Lack of Mining Database

A comprehensive cadastre of miners and mining licenses applied for and issued for the period was not maintained. It was recommended that the Regional Manager should ensure that a comprehensive cadastre of miners and mining licenses are maintained in accordance with Section 39 and 41(2) of the MMA, 2009. Refer to the Table of Common Issues (Page 92) for further observations.

5.11. NATIONAL MINERALS AGENCY (2014)

5.11.1 Revenue not budgeted for in the Annual Budget

The sum of Le 661,273,007 was collected from 1st January to 30th December 2014 as revenue from various income streams but the said sum was not paid into the Consolidated Revenue Funds. It was recommended that management should ensure that in future, all revenue collected by the Agency is paid into the CRF as stated in Section 18 of the National Mineral Agency Act, 2012 and it must ensure that that amount was remitted to the CRF.

Official's Response

The Director General (DG) stated that all revenue generated from the administration of mineral rights and other regulatory functions carried out by the National Minerals Agency (NMA) were paid into the CRF and receipts issued by NRA. He added that NMA only collected fees for the processing of applications for mineral rights, verification of minerals samples and sealing them for further laboratory verification overseas, printing geological maps for investors and other interested stakeholders, etc. He further noted that fees derived from those services were to cover the costs incurred in providing them on a cost recovery basis and the Agency utilizes some of the funds to meet its operational costs especially on the monitoring activities of the artisanal mining in the regions throughout the country.

Auditor's Comment

ASSL recommendation was not implemented. Management did not provide any evidence authorizing use of revenue collected.

5.11.2 Transfer of assets from the Ministry of Mines and Mineral Resources to the Agency

It was observed that there was no detailed documentation for the transfer of assets from the Ministry of Mines and Mineral Resources to the National Minerals Agency. As such, the auditors could not verify three Toyota Prado vehicles purchased by UNOPS for the Agency. It was recommended that management should provide detailed documentation on the transfer of all assets to the Agency.

Official's Response

The DG Stated that the Agency had noted the concerns of the Auditor General for the absence of detailed notes for the transfer of assets to the National Minerals Agency by the Ministry of Mines and Mineral Resources (MMMR). Notwithstanding this, the Agency had documented all assets received from MMMR and such documents were available verification, he mentioned.

Auditor Comment

The issue remains unresolved as documentation for the said transfer of assets was not provided during the verification exercise.

Refer to the Table of Common Issues (Page 92) for further observations.

5.12. NATIONAL MINERALS AGENCY- SOUTH (2013-2014)

5.12.1 Utilisation of internally generated funds by the Ministry

During the period 1st January to 30th September 2013, the Ministry generated revenue from rehabilitation and monitoring fees which amounted to Le38,466,876. This amount was expended by the Ministry without authority or approval by the Ministry of Finance and Economic Development. Furthermore, adequate supporting documents to support the utilisation of Le14,542,876 was not available for inspection. It was recommended that 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. In addition, the Manager should provide the authority for the use of funds generated by the Ministry within 30 days of receipt of this report. The Manager should also forward the documentary evidence in support of the expended amount of Le14,542,876 to the Audit Service office within the regulatory timeframe of 30 days of the receipt of this report; otherwise, the whole amount must be refunded.

Official's Response

The Mining Engineer stated: "The Agency has a good system of accounting ensuring that transactions are always supported by adequate documents. Again as mentioned above, the period in question falls outside the era of the Agency's administration, which commenced as at 1st January 2014. The Agency has a centralized accounting system operating at headquarters and therefore no disbursement of funds by cheque can be done in the regions except by petty cash to a maximum of Le100,000 at a time. The cash of Le14,542,876 was disbursed before the Agency took over the Bo Office. However the Agency has contacted the Mines Engineer in post at the time of this disbursement to produce the required supporting documents. As soon as these are received the Agency will make them available for further verification."

Auditor's Comment

There was no authority or approval by the Ministry of Finance and Economic Development for the utilisation of internally generated funds by the ministry. Expenditure amounting to Le8,838,000 was still without adequate supporting documents.

5.12.2 Poor management of Fixed Assets

A review of the management of fixed assets revealed the following:

- The register was prepared in 2011 and had not been updated as at the time of writing this report. Information such as acquisition date, identification marks, cost and status of assets were not in the register;
- 21 motorbikes and one generator (Tiger EC3500A) were not available for verification;
- Four motorbikes in the store were without registration numbers, engines and other major parts;
- The Ministry was yet to take action on two vehicles (Toyota Hilux – with registration number AAN 782 and Land Rover with registration number ACC 273) that had broken down beyond economic repair;
- Motorbikes used by the ministry officials were not licenced and insured for the period under review;
- Copies of documents of ownership such as life-cards, invoices, delivery notes or transfer letters were not made available to the audit team for inspection; and
- A number of furniture and equipment in the premises of the Ministry were not given unique identification codes.

The following were recommended:

- The Manager should ensure that the asset register is reviewed and updated regularly so as to ensure the proper safeguard of the ministry's assets;
- The Manager should ensure that the 21 motorbikes and one generator were produced for verification within 30 days of the receipt of this report
- Action must be taken on the dysfunctional assets,
- Roadworthy motorbikes are to be licensed and insured without further delay;
- Copies of life-cards and other legal documents for the seven motorbikes should be made available to the audit office for verification within; and
- The assets owned and controlled by the Ministry should be coded immediately for proper safeguard.

Official's Response

The following were the responses of the Mining Engineer:

- *The Agency is working with the Ministry of Mines personnel who were in post when the motor cycles were supplied to provide information regarding the status of them which were never transferred to the Agency.*
- *Management has a policy for the disposal of obsolete assets and will ensure that immediate action is taken for the disposal of the obsolete assets and removed from the inventory records of the Bo regional office.*
- *The Agency upon taking over the administration of the Bo office, supplied new motor cycles which were licensed and insured. Supporting documents for the registration, licensing and insurance of these bikes are available with the Facilities Manager at the head office.*
- *The process of tagging/putting identification marks on the Agency assets is an on-going process and soon those of the regions would all be marked”.*

Auditor's Comment

The following were observed during the verification exercise:

- 21 motorbikes and one generator (Tiger EC3500A) were not available for verification;
- Engines and other major parts of 4 motorbikes kept in the store were not available for verification;

- No action has been taken on two vehicles (Toyota Hilux – with registration number AAN 782 and Land Rover with registration number ACC 273) that have broken down beyond economic repairs; and
- The Ministry’s officials Motorbikes are yet to be licensed.

5.13. NATIONAL MINERALS AGENCY- NORTH (2014)

5.13.1 Control over the generation and banking of revenue

There was no evidence that revenue in respect of licences issued to miners which totalled Le3,900,000, was paid into the CRF by the NRA. It was recommended that the Mines Manager should ensure that the records of the National Minerals Agency is reconciled with the records of the NRA office on a monthly basis and corrective action taken against the defaulting party (parties as the case may be) for all detected discrepancies. By copy of the report, the National Revenue Authority officer-in-charge of mining revenue should ensure that documentary evidence to justify that the sum of Le3,600,000 was paid into the CRF is forwarded to the ASSL for verification within 30 days of the receipt of this report. In future also, the NRA should ensure that revenues generated in respect of licences issued to miners are promptly paid into the CRF.

5.13.2 Outstanding issues from previous audit inspection

Revenue in respect of monitoring and rehabilitation fees totalled Le11,300,000, was not paid into the CRF.

5.14. MINISTRY OF DEFENCE-HQ (2014)

5.14.1 Procurement for the supply of common user and specialised vehicles for RSLAF

In November 2013, the former Minister of Defence acting on behalf of the Government of Sierra Leone entered into agreements for the procurement and supply of 126 common users and specialised vehicles in two lots of 69 and 57 with two different suppliers involving the sums of US\$10,654,168 and US\$5,058,368 respectively. A number of anomalies were identified with this procurement:

Ambiguity in specification

The following were observed:

- Three of the vehicles supplied were automatic in contravention of the specification of manual transmission as specified in the agreement. Some of the vehicles delivered did not match or were contrary to the specification in the contract agreement. Two Toyota Hiace ambulances were supplied instead of Toyota Hiace mini buses. The vehicle tonnage of the 20 Atego Mercedes Benz vehicles delivered differs. Ten have four tyres at the rears and the other ten have two tyres at the rear yet the same prices were invoiced for the different specifications. Two of the Atego Mercedes Benz vehicles received were delivered defective and immediately returned to the supplier in October 2014. The two defective vehicles were not disclosed in the Pre-inspection report and up to the time of writing this report (September 2015), these two vehicles totalled \$620,000 had not been replaced or fixed by the contractor, West Star.
- Out of the 126 vehicles, delivery notes were received for only 49 vehicles leaving a balance of 77 outstanding. A comparison of the invoice prices, the NPPA price norm, current market prices and prices of similar vehicles procured by other government agencies, disclosed that the vehicles were overpriced by Le22 billion (US\$4,455,125 @ Le4,958) and Le8 billion (US\$1,623,600 @ Le4,958) by suppliers respectively. This was a clear manifestation of total disregard for the principle of economy in the use of public funds by those acting on behalf of the Government in the implementation of these contract agreements.
- Although clause 15.0 of the contract agreement stipulates that: “all taxes, levies and other expenses in Sierra Leone relating to this agreement shall be borne by the supplier”, there was no

evidence that duties payable on the 69 and 57 vehicles to the tune of Le6.5 billion and Le3.2 billion respectively had been made by the suppliers.

- Even though the contract agreement stipulated that “the suppliers shall provide servicing parts for a period of one-year”, there was no documentary evidence to confirm that the suppliers had complied or that these spares were ever provided by the suppliers to MOD.
- Although the contract agreement also requested for a pre-inspection report on all 126 vehicles whereas the inspection report only reported on 116. A copy of the pre-inspection report on the remaining ten vehicles was not produced for inspection in order to authenticate conformity with requirements.
- The Manufacturer’s Authorisation Certificate (MAC) was also not produced for inspection in spite of repeated requests made by the audit team.

It was recommended that:

- The Acting Senior Procurement Officer (ASPO) should provide adequate explanation backed by the relevant documentary evidence to justify the ambiguity of the specification in the contract agreement.
- The DG should ensure that the unwanted or unspecified vehicles be returned or replaced within 30 days of the receipt of this report; otherwise the supplier should refund the cost of these vehicles.
- The inspection team should explain with documentary evidence why those defective vehicles were not disclosed in the Pre-inspection report.
- The replaced vehicles should be certified by the manufacturer. Otherwise, the vehicles should not be accepted and the cost of the defective vehicles that were returned to the supplier should be deducted from the outstanding payment due the suppliers.
- The COJLU should make available the delivery notes for the remaining 77 vehicles for verification within 30 days of the receipt of the report.
- The Ministry should investigate the overpricing of the goods and if no adequate information for the overpricing is identified, the amount of Le30 billion must be recovered from the former Minister and paid to the Government.
- The DG should verify or confirm that the suppliers have paid the taxes and duties to NRA within 30 days of the receipt of the report. Otherwise, the amount should be deducted from the outstanding balance due to the supplier and paid to NRA. Evidence of payment should also be submitted to ASSL for verification.
- The suppliers should deliver the spares to JLU within 30 days of the receipt of the report; otherwise, the DG should ensure that the cost of the spares involved is recovered from the suppliers.
- The former ACDS Support and Logistics should provide adequate explanation with documentary evidence for the anomalies highlighted in the pre-inspection report within 30 days of the receipt of this report.
- The former ACDS Support and Logistics should submit the inspection report for the remaining ten vehicles that were delivered late within 30 days of the receipt of this report.
- The ASPO should ensure that the MAC is presented to the audit team for review within 30 days of the receipt of this report.

Official’s Response

- *The Director General (DG) stated that he had written to the two suppliers informing them of the audit queries relating to the vehicles. He said in one of their responses, one of the Benz Artegos was ready for inspection whilst the other would be ready shortly.*

- *The DG also mentioned that letters had been written to the suppliers on the amount of duties they needed to pay for the vehicles.*
- *The former ACDS Support and Logistics had provided an explanation with supporting documents which are now available for inspection, he concluded.*

Auditor's Comment

The following were observed during the audit verification:

- No documentary evidence was provided to justify the ambiguity of specifications in the contract agreement. Hence, this issue is unresolved.
- No report on the investigation relating to the overpricing of the vehicles was submitted for verification, and there was no recovery of the overpriced amount. Hence, the issue remains the same.
- There was no documentary evidence that the suppliers had paid their taxes and duties to NRA. Hence, the issue remains the same.
- No evidence was submitted to justify that the suppliers had supplied the spare parts to the Ministry and there was no evidence of recovery of the cost of the spare parts. Therefore, the issue is unresolved.
- The inspection report for the remaining 10 vehicles that were delivered was not submitted for verification. Hence, the issue remains unresolved.
- The defective Atego Mercedes Benz vehicles that were delivered defective and immediately returned to the supplier were verified. Hence, the issue is resolved.
- The MAC was presented and verified. Hence, this issue has been resolved.

5.14.2 Procurement Procedures not followed

Procurement documents such as signed contract agreements, Technical Evaluation Committee Reports, Procurement Committee minutes, bid register, bid documents, copies of bid receipts and proceeds from the sale of bids for the various contracts in respect of the Ministry's procurements amounting to \$7,496,088.80 and Le44,835,668,926 respectively, were not provided for audit inspection. Also, procurement records for the various contracts in respect of Peace Support Operations which amounted to \$150,887 were not provided for audit inspection. It was recommended that the ASPO should provide the procurement documents for the Ministry and the PSO for inspection within 30 days of the receipt of the report.

Official's Response

The DG noted that the procurement documents for the Main Ministry and PSO were ready for audit inspection and the procurement documents were ready for audit inspection.

Auditor's Comment

Of a total of \$7,496,088 and Le44,835,668,926, procurement documents to the tune of Le40,854,400,788 were submitted and verified. However, the procurement documents for the balance \$7,496,088 and Le3,981,268,138 were not submitted for verification, hence it still stands. Out of \$150,887, procurement documents relating to the Peace Keeping Operations totalling \$ 63,168 were submitted and verified. However, the procurement documents for the balance \$87,719 were not submitted for verification, therefore, it still stands.

5.14.3 Payments without supporting documents

On April 2014, payment of Le8.645 billion was made directly to the former Joint Force Commander to meet the construction of a New Military Barracks in Kambia. There was no evidence that this job was

ever done by the Ministry nor were there supporting documents to justify the utilisation of the said amount.

Examination of the expense analysis revealed that 15 payments amounting to Le72,400,000,000 were made directly to the former Joint Force Commander for which analysis to justify the utilisation of the said amount was not made available for audit inspection. It was recommended that the former Joint Force Commander should produce the relevant supporting documents for the utilisation of the said amount for audit inspection within 30 days of the receipt of the report. The analysis as to how those amounts were used should be produced within 30 days of the receipt of the report.

Official's Response

The DG stated that monies were not spent on the building of the Barracks in Kambia as the procurement process only started in FY2015. He added that an explanation letter from the Director General of how that money was utilised with the necessary supporting documents was available for audit inspection.

Regarding the issue with the Joint Force Commander, the DG said that those were not payments made to him but amounts allocated to the Ministry through his programme. He however mentioned that analysis of how those amounts were utilised was available for audit inspection.

Auditor's Comment

A letter from the Director General explaining how the money was utilised was received for verification. However, the supporting documents to justify the utilisation of the said amounts were not made available for verification. Schedules showing the composition of those amounts were submitted for verification. However, the supporting documents regarding the schedules were not submitted for verification. Therefore, ASSLS' recommendation was not implemented by the ministry.

5.14.4 Bank Accounts and Bank Reconciliation Statements not submitted

Out of a total of 23 accounts maintained by the Ministry, bank statements for 18 accounts were not submitted for audit inspection. Furthermore, evidence of bank reconciliation was only submitted for the ministry's main account leaving a balance of 22 accounts for which evidence of bank reconciliation was not submitted. It was recommended that the Senior Accountant (SA) should ensure that the list of signatories and bank statements for the 18 bank accounts and evidence of bank reconciliations for the 22 accounts were submitted to the audit team for review within 30 days of the receipt of the report. In future, monthly bank reconciliations for all accounts must be prepared by the Accountant and reviewed by the SA.

Official's Response

The DG stated that they had written to the various banks concerned to provide them with a list of signatories to those accounts or banks statements of those accounts. He said some had responded and were still awaiting responses from the other banks. He added that bank reconciliation for those statements which had been submitted were available for audit inspection.

Auditor's Comment

Out 18 accounts that were outstanding, bank statements and bank reconciliations were submitted and verified for only two accounts, leaving a balance of 16 accounts without bank statements and bank reconciliation.

5.14.5 Verification of Civilian Staff

Out of the 633 staff of the Ministry attached in Freetown 171 civilian personnel were unverified (that is they failed to show up for the verification exercise). It was recommended that the HRM should provide adequate written justification for the staff absent for physical verification. The Human Resource Manager should also ensure that the staff were available for verification within 30 days of the receipt of this report.

Official's Response

The DG stated that written response had been done and staff were now available for audit verification.

Auditor's Comment

ASSL recommendation was partly implemented. During the physical verification, the following were observed:

- Nine staff showed up for verification;
- Letters of transfer were submitted for another nine staff;
- Death certificates were submitted to confirm that 16 staff had died;
- Letters of retirement from HRMO was submitted to confirm that 11 staff had retired; and
- The remaining 125 staff failed to show up for verification without any valid reasons.

5.14.6 Joint Logistics Unit

Asset Management

Examination of the list of vehicles provided by the Transport Officer revealed that 72 vehicles were beyond economic repair (BER) and were due for disposal. However the Engineer's inspection report was not made available to support this claim. On the 25th of August 2015, the team was refused physical access to the Electrical and Mechanical Engineering (EME) Forces Workshop which holds the vehicles that were said to be beyond economic repair. It was recommended that the Commanding-Officer in charge of the Juba Barracks should ensure that access was granted to the audit team to physically verify the vehicles and such access must be given in line with section 25 of the ASSL Act 2014.

Official's Response

The DG noted that the CO of Juba Barracks was now available to grant access to the auditors to physically verify the vehicles.

Auditor's Comment

ASSL recommendation was not implemented. Upon verification of the vehicles, the Commander Joint Forces informed the audit team that the vehicles had already been sold.

5.14.7 Excess use of fuel

As stipulated in the MOD fuel policy, 180 litres per week for 52 weeks totalling 9,350 litres per annum were issued to the former Minister by the Ministry of Defence. It was observed that 12,990 litres of additional fuel totalling Le58,455,000 was issued to the former Minister by the Commander Joint Force for the same period without justification. It was recommended that the Commander Joint Force should provide documentary evidence to justify the extra fuel issued to the former Minister within 30 days of the receipt of the report. Otherwise, the excess fuel totalling Le58,455,000 should be refunded.

Official's Response

The DG mentioned that a letter to justify the extra fuel issued to the former Minister had been written was available for audit inspection.

Auditor's Comment

Management response is not satisfactory, as fuel was issued to the Minister and his escort by both the Ministry of Defence headquarters and the RSLAF.

5.14.8 Outstanding issues from previous report

- Contract agreement for the engineering equipment sold to the Ministry valued at \$1,680,000 was not submitted for audit inspection; Most of the vehicles bought were unserviceable and four vehicles were not seen.
- Procurement of goods totalling Le6,347,172,532 had not been factored in the procurement plan; and the plan was not approved by the Procurement Committee.
- There was no system in place to track the progress of the contracts entered into by the ministry.
- Procurement of air conditioners from Freezo Cool was split in a bid to evade the National Competitive Bidding (NCB) method. Rather than undertaking a single National Competitive Bidding (NCB) procurement procedure, which would have been valued at Le64,100,000, the contract was split into two which amounted to Le23,550,000 on 13/12/2013 and Le40,550,000 on 16/12/2013 respectively. As such, deviations were made from the formal tendering procedures.
- Payments totalling Le233,390,000 were made for various contracts without due regard for three competitive Requests for Quotations,(RFQs), and Local Purchase Order (LPO).
- Out of Le16,000,000 generated as proceeds from the sale of bidding documents, supporting documents were submitted for only Le8,540,000 leaving a balance of Le7,460,000 not accounted for.
- Procurement documents for the various contracts amounting to \$1,751,978 and Le4,332,995,744 respectively were not provided for audit inspection.
- The Ministry did not carry out National Competitive Bidding (NCB) procedures for the purchase of building materials which amounting to Le277,806,000 as required by the National Public Procurement Act 2004 for the construction of the FPB block at Bomaru.
- The procurement of assorted building materials for the rehabilitation of the military hospital in Daru which totalled Le1,338,417,920 was carried out for which signed Contract Agreement, Advance Payment Guarantee and Performance Security Bond Guarantee were not submitted to the audit team for inspection.
- Procurement activities which totalled Le196,848,250 inclusive of GST were undertaken for goods and services. However, GST registration certificates were not submitted to justify the contractors' liabilities to forward the GST amounts to the NRA.
- Payments totalled Le1,520,697,319 were made without the relevant supporting documents.
- Fuel which totalled Le53,190,000 were utilised under the heading of "emergency runs", for which the purpose of the journey and authorisation were not submitted for verification.
- Bank statements for four accounts operated by the ministry were not submitted for audit inspection.
- The Performance Contract Agreement between the Ministry and the President was not submitted to the audit team.
- Variances were observed between the quantity of fuel on the approved distribution list and the quantity of fuel on the issue vouchers to the value of Le27,127,500.
- An officer signed and collected fuel on behalf of other beneficiaries without a written authority, or letters of authority to the sum of Le 89,577,000.
- Fuel which totalled Le12,964,500 was issued to various personnel for which there were no evidence to show that the personnel received the fuel.
- Differences were observed between the approved distribution list and the stock card for 11,020 bags of rice valued at Le1,860,727,000.
- Store records to show the distribution of store items supplied to the Peace Mission Training Centre (PMTTC) at Hastings were not submitted to the audit team for inspection.

- Withholding taxes totalling Le16,508,950 were neither deducted nor paid over to National Revenue Authority (NRA) in respect of disbursements made by the Joint Medical Unit.

5.14.9 Peace support operations

A total amount of \$2,061,734 was paid over the counter by the Sierra Leone Commercial Bank to personnel engaged in the Darfur-Sudan Peacekeeping Operation. However the emolument lists for SRC2, SRC3, and SRC4 showing the signatures of recipients were not submitted for audit inspection.

Withdrawals which totalled \$1,367,770 were without the adequate supporting documents such as request letters, back to office reports, invoices and receipts.

Bank confirmation letter from Union Trust Bank did not give any information regarding one account. In addition, bank confirmation letters for the various accounts were not submitted by the other banks for audit inspection.

Although the Peacekeeping operation is a professional service rendered by the military; the Chief of Defence Staff (CDS) who is the professional head is not a signatory to the accounts.

Store documents such as receipt vouchers, store ledger, store issue vouchers etc. for the period 2009 to 2012 were not maintained in Joint Logistic Unit.

Documents relating to the receipt and utilisation of supplies made to the Peace Mission Training Centre (PMTTC) and status report on the ablution facility were not submitted for audit inspection.

Refer to the Table of Common Issues (Page 92) for further observations.

5.15. MINISTRY OF DEFENCE-SOUTH (2014)

5.15.1 Housing Facilities

The following were observed during a review of housing facilities for RSLAF personnel in the southern region

Reconstruction of Housing Units at 5th Brigade HQ-Gondama Barracks, Bo

Article 6 of the signed contract agreement between the MOD and the contractor stipulates that the effective date and life of the contract was 31st January 2014 through 30th June 2014. It was observed that even though work on the 45 blocks had been completed, as at the time of writing this report, the contractor was yet to hand over the completed work.

Kitchen construction was not part of the initial contract for the construction of the 45 blocks; which was a big mistake by the MOD and the Architect. In executing an addendum to the agreement between the MOD and the construction company for the construction of 45 external kitchens, it was observed that the kitchens were now being constructed in the front view of some of the residential blocks which was generally not too ideal for kitchen construction.

It was therefore recommended that the Brigade Commander, in collaboration with the Chief of Defence Staff (CDS), the Director General and other key officials of the ministry should ensure that a proper assessment and design were done before contracts are awarded for the construction of housing units. This will fully guide the contractor in the execution of the contract.

Armed Forces Agricultural Unit (AFAU) Moyamba

The state of the staff quarters at the AFAU Moyamba was far from pleasant. It was observed that the quarters were made of mud blocks with leaks in the thatched roof. The water facility was inadequate, and

there was no electricity or proper toilets. The official mess, the facility's only recreational centre was dilapidated.

It was therefore recommended that the Brigade Commander, in collaboration with the Chief of Defence Staff (CDS), the Director General and other key officials of the ministry should ensure that deficiencies in housing facilities highlighted in the report must be given immediate attention and speedily addressed by the ministry and RSLAF.

14th Battalion-Pujehun

The barracks had no electricity supply. The only generator allocated to the battalion was not in proper working order and there was no evidence that any attempt was being made to have it repaired. The toilet facilities are remote (about 200 metres away from the residential blocks), poor, dilapidated and are a threat to safety and security.

It was therefore recommended that the Brigade Commander, in collaboration with the Chief of Defence Staff (CDS), the Director General and other key officials of the ministry should ensure that deficiencies in housing facilities highlighted in the report must be given immediate attention and speedily addressed by the ministry and RSLAF.

Forward Operating Base (FOB)-Bonthe

Even though the issue of housing was raised in my 2013 report; no action had been taken on providing appropriate accommodation for FOB in Bonthe. There was no official barracks in the location to house military personnel attached to this unit. Instead, personnel are housed in a dilapidated structure along the wharf, claimed to be owned by the Sierra Leone Produce Marketing Board (SLPMB).

It was therefore recommended that the Brigade Commander, in collaboration with the Chief of Defence Staff (CDS), the Director General and other key officials of the ministry should ensure that deficiencies in housing facilities highlighted in the report must be given immediate attention and speedily addressed by the ministry and RSLAF.

5.15.2 Vehicles, Motorbikes, Furniture and Equipment

5th Brigade HQ

The Brigade HQ did not maintain a standard fixed asset register showing various columns such as description of assets, location, date of purchase, identification code, costs of assets etc.

14th Battalion-Pujehun

There is an absence of office equipment like photocopiers, scanners and printers. Office furniture such as chairs, tables, cabinets and electric fans were inadequate.

AFAU- Moyamba

The unit lacked adequate transport to carry out its operations effectively. There was one serviceable Toyota Land Cruiser (70SL70) and one unserviceable Peugeot vehicle. In an interview with the Commanding Officer, it was revealed that the Toyota vehicle was on loan to fight the EVD in Moyamba District. This vehicle was used (in addition to being used by the Commander) to facilitate the lifting of logistics, troops, hired civilians and equipment from and to farm sites during farming or other security operations. It was also noted that one out of three motor bikes was serviceable and three out of ten bicycles were serviceable.

FOB-Bonthe

There was no evidence of a vehicle assigned to this unit. It was therefore recommended that the Commanding Officers in collaboration with the Brigade Commander, the Chief of Defence Staff (CDS),

the Director General and other key personnel in the ministry should ensure that the unit was provided with the necessary support and logistics to enhance its operations.

5.15.3 Agricultural activities by the AFAU of the ministry

MOU between Sierra Leone Armed Forces Agro-Industrial Park Project and BUCG China

In 2012 an MOU was signed between the MOD and the Beijing Urban Construction Group Co. Ltd (BUCG) for a farm and agricultural products processing centre development and a development and construction project.

The purpose of the MOU was broadly to establish terms on which the Chinese financing organisation would provide funds to finance the e of the establishment project.

The MOD was to:

- Arrange loan application from the Ministry of Finance of Sierra Leone to express their willingness to apply for a preferential loan from a Chinese bank;
- To sign the EPC contract with BUCG;
- Offer an environmental impact assessment report and certificate of EIA; and
- Offer project land license.

The BUCG was to:

- Assist MOD to determine the feasibility of the project;
- Submit project's proposal;
- Sign the EPC contract with MOD; and
- Help MOD to seek financing from Chinese banks after signing of the commercial contract.

The plan was to construct a large farm 18 miles north of Yonnibana and an agricultural products processing centre along the trunk road connecting Waterloo and Masiaka.

In 2013, an MOU compliant feasibility study report was prepared and submitted by BUCG to the MOD. There was however no evidence that action was taken on the report by the MOD.

It was recommended that the Brigade Commander in collaboration with the Director General, CDS, MoFED and other key officials of the ministry must ensure realisation of the project. In addition, the Brigade Commander must submit a detailed explanation on the status of the project to the ASSL for review.

Non - Supply of Spare Parts, Fertilisers and Lubricants

There was no evidence, from examination of store records maintained by the AFAU that spare parts, lubricants, fertilisers and other agricultural inputs are being supplied to the Unit. The meagre resources allocated to the unit as monthly imprest were in some instances used to purchase spare parts and lubricants for running. It was recommended that the Commanding Officer in collaboration with the Brigade Commander, the Chief of Defence Staff (CDS), the Director General and other key personnel in the ministry should ensure that the Unit was provided with the necessary support and logistics to enhance its operations.

Tractors and other Farming Equipment

Farming equipment and other tools for the effective operations of the unit were inadequate. In an interview with key personnel, it was revealed that most of the farming tools were supplied to the unit since 2009; and most were now unserviceable. It was recommended that the Commanding Officer in collaboration with the Brigade Commander, the Chief of Defence Staff (CDS), the Director General and

other key personnel in the MOD should ensure that the Unit was provided with the necessary support and logistics to enhance its operations.

5.15.4 Health care facilities at the AFAU in Moyamba

Health facility was poor. There were no proper storage facilities for drugs supplied to the unit. Some drugs were placed in a rusted and damaged metal safe. There were several cracks in the walls of the examination room and the beds were damaged and not fit (by every standard) for any medical use. Medical wastes were not properly disposed of by the unit. There was no incinerator for the disposal of medical wastes; instead wastes were burnt in a dug up hole located some few metres away from the health facility. The ceiling was not done and the wooden windows were without window curtains and window guards.

It was recommended that the Commanding Officer AFAU in collaboration with the Brigade Commander, CDS, Director General and other key official of the MOD should ensure that immediate action was taken to address the issues highlighted in the report on the health facilities in the unit.

5.16. MINISTRY OF DEFENCE –NORTH (2014)

5.16.1 Take home rice not accounted for

A careful scrutiny of the rice supply distribution list showed that 328 bags of rice were supplied to the 4th Brigade in Makeni during the year under review. However, documentary evidence submitted to the team for review revealed that only 180 bags of rice were received; leaving 148 bags of rice valued at Le24,989,800 unaccounted for. It was recommended that the Officer in-Charge of rice at the Ministry of Defence should submit adequate justification for the variance supported by relevant documentary evidence; otherwise, the said amount should be refunded and evidence of payment forwarded to the audit office for verification within 30 days of the receipt of this report and in future, carry out regular monthly reconciliations between the rice supply distribution list and the actual quantities received and differences highlighted for necessary action.

Official's Response

The Brigade Commander stated that the relevant documentary evidence to justify what was received and what was distributed was produced and maintained. He added that the necessary reconciliations between records from HQ and what was actually received in the region to account for the quantity and amount is in progress. He also noted that the relevant documentary evidence was available for verification to account for the 184 bags valued at Le24,989,800.

Auditor's Comment

The relevant documentary evidence to account for the variance of Le24,989,800 was not submitted for verification. The issue therefore remained unresolved.

5.16.2 Ration cash allowances

A total amount of Le277,312,784 was given in cash instead of cheque to the 4th Brigade for ration cash allowances. The monies were to be used to purchase condiments and other items for the well being of personnel at the brigade. However, the amounts received were never deposited into an account so as to instil expenditure controls in the processing of payments. This apparent lack of control had resulted in transactions being undertaken without due regard for proper financial management.

During the course of the audit, we realised that payments which totalled Le219,575,688 were made to four suppliers for the purchase of food items, provisions and other assorted items. Further enquiries on the four purchases revealed the following:

- A total payment of Le110,990,788 was made to a supplier for the purchase of condiments during the year under review. Discussions held with the proprietors revealed that the said items were never procured from them. In the same vein, the mobile phone number quoted on the receipts was non-existent. However, the proprietors of the business refused to sign the management representation letter to confirm their declaration.
- The audit team was unable to verify the payment of Le62,295,000 purportedly made to a supplier as the subscriber (who was called by the audit team) to the mobile phone number quoted on the receipt denied ever transacting business with 4th Brigade. He even denied being a businessman.
- The business address, of Anita Enterprises at No. 43 Albert Street and the mobile phone number quoted on the receipt were non –existent. Of utmost concern, was the fact that the mobile phone number used on the receipt was that of a mobile company that ceased operations sometime in 2012. A total payment of Le40,759,900 was said to have been made to Anita enterprises.
- Provisions and other items were said to have been purchased for an amount of Le5,530,000 from certain business concern. However, a spot check carried out revealed that the business enterprise only deals in spare parts and not provisions. Third party confirmations were also received from Mohamed P. Bah confirming that he never supplied the 4th Brigade nor dealt in provisions.

It was recommended that the Brigade Commander (BC) should ensure the following:

- The institution minimises its potential exposure to financial fraud, through the use of a robust system of internal controls. In this regard, segregation of duties should be instituted in the ordering, authorisation, recording and payment for goods and services.
- All monies received should be deposited into an account before monies are expended. In this regard, suppliers should be paid by cheque instead of cash, after the relevant procurement and payment processes have been followed.
- An in-depth investigation is carried out into the whole procurement processes at the Brigade and the report on the outcome of such investigation is forwarded to ASSL for verification within 30 days of the receipt of the report.

Official's Response

The Brigade Commander said he noted the concern as the said supplier had been in business with their institution all the time but due to late and inappropriate suppliers, few items were not procured from them though the majority was done with those suppliers. He however mentioned that the invoices and receipts had been reconciled for audit inspection and moreover, there were local and illiterate suppliers that probably in fear failed to make those representations. He furthermore said that those controls were beyond the regional office to open and maintain account and that they would refer to HQ for further verification.

Auditor's Comment

The audit recommendation was not adhered to by the ministry

5.16.3 Outstanding issues in the previous year's audit were as follows:

- bags of rice with amounts totalling Le9,240,000 were not accounted for;
- There were no records for fuel consumed amounting to Le23,175,000;
- Withholding taxes amounting to Le9,867,750 were not deducted and paid to the NRA;
- The sums of Le34,710,000 and Le15,000,000 given to the 4th Brigade Headquarter and the 4th Battalion as ration cash allowances and imprest were not retired;
- The state of the staff quarters for both the 4th Brigade Headquarters and the 4th Battalion was far from pleasant; and
- The quarters lacked basic facilities like water, electricity, proper toilets and kitchens.

5.17. MINISTRY OF HEALTH AND SANITATION-HQ (2014)

5.17.1 Procurement of 123 Hard-Top Ambulances

In November 2014, the Ministry of Health and Sanitation entered into two separate contracts for the supply of 61 and 62 hardtop ambulances at a total cost of US\$4,571,950 and US\$4,619,000 respectively. Examination and scrutiny of the procurement documents and records revealed that the MoHS made an advance payment of 60% of the total cost, the equivalent of Le12,961,571,000 (\$2,743,170) and Le13,094,959,228 (\$2,771,40) to the companies respectively, in contravention of section 135(3) of the Procurement Regulation 2006 which stipulates that “the total amount of an advance payment should not exceed 30% of the total contract price.

Even though the contract agreement stipulated that the 123 ambulances should be delivered at the Central Medical Stores, New England Ville by 25th December 2014 (30 days following the receipt by the supplier of a notification of award of contract from the MoHS), it was noted with dismay that up to the time of writing this report, it could not be confirmed that the supplier had complied or delivered the ambulances.

Although the Advance Payment Guarantees and Performance Bond expired on 10th August 2015, no documentary evidence was seen on file to show or indicate that the supplier, had renewed the required documents that the MoHS, acting on behalf of the government, should resort to, in the event of failure/default on the part of the suppliers to fully deliver the ambulances.

It was recommended that the PS:

- Should provide adequate explanation supported with documentary evidence why 60% advance payments were made to the suppliers in violation of section 135(3) of the Procurement Regulation 2006.
- He should also ensure that the complete number of ambulances was delivered to the Ministry before the final payments were made and the suppliers must deliver the 123 hardtop ambulances at the Central Medical Stores within 30 days of the receipt of this report, failing which, the contract should be cancelled and the necessary recoveries made and evidence of recoveries submitted to the Audit Service.
- Should also ensure that the contractor submits the renewed performance bond within 30 days of the receipt of the report, otherwise the matter will be forwarded to the relevant authority for further investigation.

Official's Response

The PS in his response said the following:

- *“60% advance payments were made to the suppliers in February, 2015 as provided for in both contracts.*
- *The advance payments to both companies came at the instance of a Procurement Committee decision in a meeting dated 24th November, 2014.*
- *Minutes of the said meeting available for review of the Audit Team used the emergency/crisis situation in the country at the time of the procurement when the Ebola virus disease was raging. The Committee therefore thought it appropriate to do everything possible to ensure that financing was not a bottleneck in procuring the ambulances which were badly needed in the fight against the Ebola virus*
- *The recommendation of Auditor General will be strictly adhered to as final payments to both companies will only be effected after full deliveries are made, proper inspection conducted on the ambulances and all dues to agencies concerned paid.*
- *Najet Company Limited has already delivered all the 62 hardtop ambulances as per contract. D & S Associates (SL) Limited has delivered 28 out of 61 hardtop ambulances. They have also in a letter dated 27th October, 2015 informed the Ministry that 14 of the remaining 33 ambulances will arrive at the Queen*

Elizabeth II Quay on 30th October, 2015. The company will update the Ministry on the expected arrival of the remaining 19 ambulances.

- *The Ministry of Health and Sanitation (MoHS) has requested D & S Associates (SL) Limited to submit renewed Performance Bond and Advance Payment Guarantee as indicated in the Audit Report. Najet Company Limited has completed deliveries of the 62 ambulances as per contract.”*

Auditor’s Comment

The minute of the Procurement Committee was not signed by members that were present at the meeting and the decision to pay 60% advanced payment was contrary to the section 135(3) of the Procurement Regulations of 2006.

During the verification only 90 ambulances were supplied by the contractors leaving a balance of 33 ambulances not supplied. The audit team further noted that the 90 ambulances were not yet put into use. The renew Performance Bond for D&S Associates was not submitted for verification, and the Ministry failed to fall back on the issuer of the performance bond for recovery.

5.17.2 Duty free or waiver granted to D&S Associates and Najets Company

Although the invitation to bid documents stated that bid prices shall be inclusive of all taxes, duties and transportation, it was observed that there was no evidence that duties payable on the ambulances had been made by the suppliers D&S Associates and Najet Company without any evidence of parliamentary approval. It was recommended that the Permanent Secretary should ensure that the suppliers should pay all taxes to the National Revenue Authority within 30 days of the receipt of the report; otherwise the amount should be deducted from the outstanding payments to the suppliers.

Official’s Response

The PS said that payment of full dues to NRA will be deducted from source for both companies. He said that arrangement had been discussed and agreed with Najet Company Limited and similar negotiations will be conducted with D & S Associates after delivery of the remaining 33 ambulances.

Auditor’s Comment

The custom duties have not yet been paid to NRA.

5.17.3 No approved procurement plan

There was no evidence of an approved procurement plan from MoFED for goods and services which totalled Le23,040,845,913. It was recommended that the Procurement Officer should ensure that the revised procurement plan should be submitted within 30 days of the receipt of the report.

Official’s Response

The PS said that work on the revision of the procurement plan had been done.

Auditor’s Comment

ASSLs’ recommendation was not implemented by the Ministry. The approved procurement plan was not submitted for verification.

5.17.4 Procurement documents not presented for audit

From our review, it was disclosed that contract payments for goods and service valued at Le4,740,309,392 were without evaluation reports. Included in this amount was Le3,323,011,392 for the cleaning of tertiary hospitals in which no procurement procedures were followed for those payments. For instance, no adverts, no bid opening minutes, no bid evaluation reports, no notifications of award of contracts and no contract agreement was submitted even though requests were made from the procurement officer. It was

recommended that the head of the procurement unit should submit the procurement documents within 30 days of receipt of the report; otherwise, the matter will be forwarded to other authorities for further investigation.

Official's Response

The PS said that the procurement documents were been assembled for further review.

Auditor's Comment

ASSL recommendation was not implemented by the Ministry. Procurement documents for procurement totalling Le4,740,309,392 were not submitted for verification.

5.17.5 Contract Splitting

Procurement of computers and accessories, provisions and toiletries, vehicle maintenance and stationeries in August 2014 was split into smaller tranches in a bid to evade the National Competitive Bidding (NCB) procurement method. Rather than undertaking National Competitive Bidding (NCB) procurement procedures, RFQs were used to procure goods and services worth Le934,810,000. It was therefore recommended that the Procurement Officer should ensure that in future the procurement committee should develop a proper procurement plan that will enhance bulk buying that will result in economy, efficiency and effectiveness. The Ministry should also liaise with NPPA to design a framework contract in a situation where necessary and should provide documentary evidence to justify why the procurement were done in tranches instead of the NCB process within 30 days of the receipt of the report.

Official's Response

The PS stated that the financial arrangement in the Ministry of Health and Sanitation was such that every Directorate, Program and Unit allocated with funds conduct its own procurement. What was noted as splitting resulted from the practice that every Unit procured independently and administration's effort in 2015 to bring certain procurements together for effective and efficient management and proper accountability had been fiercely resisted, he noted.

Auditor's Comment

It was strange to note that people will resist compliance with the procurement laws. However, there was no evidence to justify that there was fierce resistance by the different Directorates and Programmes to comply with the Procurement Laws.

5.17.6 Payment without supporting documents

It was discovered that disbursements made by the Ministry in respect of telephone expenses, local travelling, grants to hospitals, etc. which amounted to Le6,237,918,000 were without supporting documents to justify its utilization. Furthermore, payments were made which totalled Le2,507,229,640 in respect of top-up cards, local travelling, office and general, equipment, furniture, grants etc. without adequate supporting documents such as signed list of recipients, valid NRA tax clearance certificate, back-to-office reports, NASSIT certificate, receipts etc. It was recommended that the Director of Financial Resources should ensure that all payments from initiation to completion were supported by the relevant documents; and those should be properly recorded and filed so that it could be easily noticed in case any supporting documents got missing. The Director of Financial Resources should also submit the relevant supporting documents within 30 days upon receipt of the report; otherwise, the amount of Le8,745,147,640 should be refunded into the Consolidated Fund and forward the pay-in-slip to ASSL for verification.

Official's Response

The PS said that documentations in respect of payments from initiation to completion were always in place and it should be understood that without complete relevant documentations attached to payment vouchers, the Accountant General will not process any payment request. He mentioned that the documents in question were available in the office for verification.

Auditor's Comment

Out of a total of Le6,237,918,000 payments without supporting documents only Le5,307,230,000 payment vouchers were submitted leaving a balance of Le930,688,000. Even though the sum of Le2,559,630,000 in respect of Emergency Hospital was part of the payment for which supporting documents were submitted, we further observed that goods and services procured with this amounts did not comply with procurement procedures. The issue was partly resolved.

Out of a total of Le2,507,229,640 payments without adequate supporting documents only Le1,544,911,815 supporting documents were submitted and verified leaving a balance of Le962,317,825. The issue was partly resolved.

5.17.7 Payment in respect of tuition fees

It was observed that payments of Le839,519,653 made in respect of tuition fees for staff studying various courses were without progress reports. It was recommended that the Director of Human Resources should ensure that all staff on course submits their progress report within 30 days of the receipt of the report otherwise subsequent payments should not be made for defaulters.

Official's Response

The PS said that progress reports for staff on various courses of studies were always submitted as required by HRMO before subsequent fees were paid.

Auditor's Comment

Progress reports were submitted for 17 students which value Le608,719,796 leaving a difference of seven students totalled Le230,799,857. Therefore, the issue was partly resolved.

5.17.8 Significant number of health workers approaching retirement age

Review of the Ministry staff list revealed that 2,481 medical staff (which represent one third of the total medical staff) were approaching the statutory retirement age (i.e. above 50 years). It was a great concern that within ten years those personnel would have retired leaving a big vacuum in the health sector. It was therefore recommended that the Director of Human Resources in collaboration with the Chief Medical Officer should develop a succession plan for the attention of the HRMO to recruit qualified medical personnel.

Official's Response

The PS said that the process regarding that matter was ongoing.

Auditor's Comment

A Succession Plan is yet to be developed and submitted to ASSL for review.

5.17.9 Fuel records not submitted

Fuel records such as fuel register, fuel chits, beneficiaries list, life cards and reconciliation which totalled Le814,994,500 were not submitted by some directorates in the Ministry to account for the utilisation of fuel allocated to them. It was recommended that the directors of the various directorates should submit

the relevant fuel records within 30 days of receipt of this report; otherwise, they should refund the amount of Le814,994,500 into the CRF and evidence of refund forwarded to the ASSL for verification.

Official's Response

The PS mentioned that management had requested all Directors and Program Managers to submit the relevant fuel records which will be produce for verification.

Auditor's Comment

Fuel records such as fuel chits, beneficiaries list, life cards and reconciliation were submitted and verified for fuel totalled Le674,996,500 leaving a balance of Le139,998,000 fuel records not submitted.

5.17.10 Internal Asset Policy not maintained

Internal assets management policy was not maintained by the Ministry even though the government had spent Le272,600,000 on assets such as computers, furniture, etc. during the year under review. It was recommended that the Director of Support Services should ensure that assets policy was developed within 30 days of the receipt of the report.

Official's Response

The PS noted the recommendation of Auditor General is noted and said that work on developing the Asset Policy had been initiated.

Auditor's Comment

ASSL recommendation was not implemented by the Ministry. The Ministry had not developed an asset policy for its assets.

5.17.11 Beds donated by China Aid not properly stored

It was found out that 125 beds donated by China Aid were left in the open at the Central Medical Stores compound at New England Ville, without any form of protection. It was recommended that the Director of Support Services should ensure that the 125 beds are properly protected or distributed to the hospitals and peripherals that need additional beds within 30 days of the receipt of the report.

Official's Response

The PS said that storage facility is grossly inadequate for the huge supplies including donation of the 125 beds by the Chinese Government to the Central Medical Stores. He added that efforts were been made to secure additional storage facility. Meanwhile, supplies to the hospitals are made on requests, he mentioned.

Auditor's Comment

The 125 beds donated by China Aid were still left in the open at the Central Medical Stores compound at New England Ville. Therefore, the issue was unresolved.

5.17.12 Grants not utilised

The sums of Le1,380,013,555 and Le200,000,000 were in the accounts of IHPAU and Leprosy and Tuberculosis Control Program respectively since December 2014. The Le200,000,000 for the Leprosy and Tuberculosis Control Program was meant for the rehabilitation of the Lakka Government Hospital, but this was not done as the hospital was used as an Ebola holding centre. However, there was no evidence that the activities were carried out by December 2014. Review of the bank statement revealed that the moneys have not been refunded into the CRF since it was not utilised. It was recommended that with immediate effect the moneys should be refunded into the consolidated account within 30 days of the receipt of the report.

Official's Response

The PS noted that the L¢1,350,013,555 and L¢200,000,000 that were in IHPAU account respectively were grants received from GAVI to support vaccination which still had to be conducted.

Auditor's Comment

There was no work plan submitted to support management response on the implementation of the vaccination exercise and the amounts were still in the accounts.

5.17.13 Splitting of procurement in order to Evade NCB

Procurement in respect of IHPAU was split in a bid to evade the National Competitive bidding method. It was recommended that the Procurement Officer should ensure that in future, the application of procedures in respect of the procurement of goods and services should be done in accordance with the regulation of the Public Procurement Act, 2004 and the Ministry should liaise with the NPPA to design a framework contract.

Official's Response

- *The PS stated "The recommendation of Auditor General is noted. Procurement in the Ministry of Health and Sanitation is fragmented according to the allocations made to respective Directorates and Programs. Each Directorate and Program then conducts its own procurement.*
- *Efforts are been made to avoid this practice by centralizing the procurement of certain items.*
- *In respect of documentary evidence, the procurement was not done with the intention of splitting to evade NCB. However, the recommendation has been taken into good path and procurement will now be done in accordance with the regulation of Public Procurement Act, 2004."*

Auditor's Comment

Management response was not satisfactory to justify the reason for non-compliance with the Procurement Act of 2004.

5.17.14 Poor Records Management at the Births and Deaths Department

The following were observed:

- It was observed that records management at the department was very poor. There was no proper filing system and the office space was inadequate to securely store up records. It was recommended that the Chief Registrar of births and deaths should put in place a proper filing system to ensure that records are properly maintained and can be easily accessed for reference purposes. He should also liaise with the Permanent Secretary and the Director of Financial Resources to make provisions in the budget for the acquisition of a computerised system.
- There were inadequate security measures at the Births and Deaths Department to safeguard the records. For instance, the archiving was not restricted from unauthorised access and there was no fire extinguisher to put out fire in case of a fire incident. It was recommended that the Chief Registrar should ensure that appropriate security measures are put in place to safeguard records.

Official's Response

- *The Department of Births and Deaths has made several requests to Government and Development Partners to support the digitization of births and deaths registration information system. UNICEF and PLAN SL are prepared to support but are waiting the approval of Government of the Civil Registration System covering the Department of Births and Deaths, NRS, NASSIT, NEC etc. The support will cover computerization and database system for all civil matter including births and deaths. The 2016Budget also makes provision for digitalized and database system that will ensure proper records management.*

- *The PS stated that the management of Births and Deaths Department had approached PLAN SL to support the construction of national Births and Deaths Headquarters that will meet the modernized office requirements including specialized archive, enough space and equipment like computers fire extinguisher, running water and effective security. He added that efforts were been made to secure plots of land in the Central Business District of Freetown to construct the HQ.*

Auditor's Comment

Management comments were noted; however there was no evidence that ASSL recommendations were implemented as the situation remained the same.

5.17.15 General Condition of the Stores

The following observations were made during the inspection of the Central Medical Stores:

- There were massive leaks on the roofs of store one and the free health care store;
- There were inadequate storage facilities for consumables, drugs and hardware; and
- The stores were not regularly fumigated to weed out rodent and other pest.

It was recommended that the Director of Drugs and Medical Supplies should ensure that repairs were done on the roof to avoid any damage of drugs and other equipment, adequate storage facilities were provided for consumables, drugs and hardware and regular cleaning and fumigation of the stores.

Official's Response

The PS said that the National Pharmaceuticals Procurement Unit NPPU which was now in charge of the Central Medical Stores had put measures in place to upgrade the general condition of the stores and work was presently in progress to rehabilitate the warehouses at New England. He added that the inclusion of all stakeholders in the needs assessment process will be treated seriously and that drugs were distributed promptly when requisitions were forwarded to the Central Medical Stores.

Auditor's Comment

There are still massive leaks on the roofs of Store One and the Free Health Care Store and inadequate storage facilities for consumables, drugs and hardware.

5.17.16 Lapses at the Information Technology Unit

The following weaknesses were discovered at the Information Communication Technology Unit:

- There was no licensed anti- virus on the computers to protect against viruses;
- There was no audit trail in the system to identify users that logged in, changed or deleted information from the system;
- There was no access control to prevent unauthorised staff accessing relevant data; and
- Review of stock records revealed that the Channel report showed that stock balances did not reconcile with the record of the storekeeper.

It was recommended that the Director of Drugs and Medical Supplies should ensure that licensed anti-virus is acquired in the immediate future. He should also liaise with the system administrator and other partners to ensure that the system was properly redesigned to have an audit trail that would identify every person that logged into the system. He should furthermore ensure that there is regular reconciliation of the storekeeper records and the Channel report and any variance detected should be investigated immediately.

The Store manager should account for the difference between the storekeeper records and the channel report within 30 days from receipt of the report.

Official's Response

The PS stated "The system was introduced by UNFPA to track down and give information on the receipt and issue of Drugs and Medical Supplies which should tally with the stores when the tally cards are updated. Management has put measures in place to ensure that stock cards tally with the channel system. Management note this anomaly which may have occurred due to the pressure from the Ebola virus disease as there were huge receipts and issues from the stores with limited staff in the warehouses to manage the process. However, Management has just concluded a stock take exercise to reconcile all stock in the warehouses with what is recorded in the channel."

Auditor's Comment

The following were observed during the verification:

- There was still no anti-virus on the computers;
- The Unit had secured new software to replace the present channel system which will be followed-up; and
- The channel report still showed differences with the storekeeper records.

5.17.17 No distribution list for tools and materials procured

There was no distribution list for tools and materials procured and distributed valued at Le1,585,430,000 for the cleaning of schools in the Western Area. It was recommended that the Permanent Secretary should submit the distribution list with immediate effect otherwise, the amount should be refunded to the Consolidated Fund.

Official's Response

The PS noted that supplies of cleaning materials were delivered directly to the workers on the field as they were desperately needed to work with within a very tight timeline. He however said that heads/representatives of three of the Cleaning Groups had signed for materials delivered to them but signature of the head/representative of the fourth Cleaning Group had not been secured.

Auditor's Comment

Evidence of distribution list was submitted for tools and materials totalling Le1,035,430,000 in respect of the three groups. Distribution list totalling Le550,000,000 in respect of the fourth group was not submitted. Therefore, the issue was partly resolved.

5.17.18 Outstanding issues from previous report

The following findings were still outstanding from the previous audit:

- Wrong specification of items delivered to stores amounted to Le266,092,000;
- Procurement of stationery which totalled Le299,995,000 was split into 17 separate procurements in November 2013, in a bid to evade the national competitive bidding method;
- The requisition or request letters did not indicate the quantity and description of the items needed by the end-users in respect of payments which totalled Le684,370,000;
- Request for quotation not used for goods worth Le699,370,000;
- Technical evaluation forms were not submitted for verification in respect of procurements of medical equipment, office furniture, and utensils; bidding documents in respect of unsuccessful bidders were also not produced for audit inspection;
- Bid opening minutes for the rehabilitation and refurbishment of Makeni Paramedical School, indicates that five bidders were invited but only one firm responded and was awarded the

contract for the sum of Le822,726,000; there was however no evidence to show that invitations were extended to other bidders;

- Loan from the miscellaneous account not yet repaid amounted Le149,975,275;
- There was no receipt to support the amount of Le4,472,000 spent on top-up cards.
- Inadequate supporting documents were noted for transactions worth Le.157,184,060 and Le223,569,950;
- 938 staff of the ministry were without national social security numbers;
- 12 staff of the ministry were not available for physical verification;
- Vehicle log books were not maintained for the entire period under review;
- Life cards in respect of 71 vehicles of the ministry were not submitted for inspection;
- Fuel chits were not submitted for fuel worth Le5,040,000;
- Fuel entitlement list was not submitted;
- Bank accounts maintained by the Ministry were not submitted for inspection;
- Inadequate details for payments made to team supervisors and vaccinators; and
- Withholding tax not deducted and paid to the National Revenue Authority amounted to Le6,936,532.

Refer to the Table of Common Issues (Page 92) for further observations.

5.18. CONNAUGHT HOSPITAL (2014)

5.18.1 Insufficient supply of key equipment to the various departments of the hospital

Interviews conducted with senior personnel and physical observation revealed that there was insufficient supply of key equipment to the various departments/wards of the hospital. Few instances are given below:

- There was no functional centrifuge in all the units of the laboratory. This machine helps to fast track the testing process and shortens the turnaround time. Due to its unavailability, the processing of all biological liquids was done manually and this lengthens the turnaround time. The wards lacked sufficient essential equipments required for nurses to provide adequate care for in and out-patients. It was recommended that the Director of Training Hospital & Laboratory Services should ensure that the hospital was provided with essential equipment at the various departments in the immediate future. The Hospital Care Manager in collaboration with the Director of Hospital and Laboratory Services should also ensure that the mechanical refuse feeding device was replaced;
- ICT equipment like computers, printers, scanners, etc was inadequate at the hospital. The hospital also did not maintain automated records system and the air conditioners in the laboratories were defective and exposed the chemicals to risks of high temperature. It was recommended that the Hospital Care Manager should ensure provision of such equipment were provided to facilitate the proper management information; and should also ensure that immediate maintenance is done to the air conditioners or replace them with new once within 30 days from the receipt of the report.

Official's Response

- *The Hospital Secretary in replying to the audit query said "Management has been working assiduously through the Ministry of Health and Sanitation to procure supplies for the wards and departments in the Connaught Hospital. Several requests have been made for items such as – bedside lockers, screens, oxygen cylinders, wheel chairs, drip stands, bed pans, trolleys and dressing equipment however, only limited quantities have been supplied to the Hospital's stores. The equipment supplied had since been distributed to the wards and departments. Infection prevention and control procedures during the Ebola epidemic caused damaged to some of the furniture and other*

devices however, the Hospital Management is putting mechanisms in place to replace some of the items like window curtains in the wards.

- *A centrifuge is not as critical for the proper functioning of the Laboratory like blood-gas and electrolyte analysers as well as other equipment which are presently unavailable. Management has prepared and submitted lists of essential laboratory and other equipment needed in the Hospital to the MOHS. Blood pressure machines were recently supplied to the wards. Scales are available. Pulse oximeter's are available where they are routinely needed. More operating theatres and Intensive Care Units are needed to support the Accident and Emergency Department."*
- *The Hospital Secretary said that the Hospital in 2014 to date had given a facelift to its service delivery and patient and staff welfare. He added that due to the EVD outbreak in 2014, the Hospital had focused on life saving measures such as infection prevention and control (IPC) and training. In spite of the numerous competing interests for limited available resources, Management considers ICT equipment very crucial for the proper functioning of the Hospital, he noted. He mentioned that management was in the process of soliciting assistance for the establishment of a robust ICT facility.*
- *He further said that a total of four air conditioners were faulty and beyond repairs in the laboratory and management had procured three as replacement for the faulty ones and they have already been replaced. He affirmed that work was ongoing for the installation of the remaining one air conditioner in the laboratory.*

Auditor's Comment

The audit team observed the following during a verification exercise:

- Managements' response to the need for supply of essential equipment to the wards and departments was noted but the ASSL recommendations were yet to be implemented by the hospital.
- There was no evidence that action has been taken by management to establish a robust ICT facility in the hospital.
- There was no evidence that three air conditioners were procured and installed in the laboratory.

5.18.2 Lack of sufficient trained and specialised medical personnel in the hospital

The team observed that the hospital was grossly under staffed with specialist medical personnel. A comparison of the current staff list with international requirements for a tertiary, teaching and referral hospital of this nature revealed that the hospital needs more specialist personnel if it is to enhance effective service delivery. 60 personnel of the hospital failed to turn up for physical verification. Total salaries paid to them for the year amounted to Le47,526,460. It was recommended that the Director of Human Resources at the ministry in collaboration with the Director of Training, Hospital and Laboratory Services should engage the HRMO and the Health Service Commission to ensure that the hospitals were staffed with the required number of medical and non-medical personnel. The Human Resource Officer should also ensure that all the personnel in question were available for verification within 30 days of the receipt of the report; otherwise their names should be forwarded to the HRMO for appropriate action.

Official's Response

The Hospital Secretary in his response said "Human resource is indeed a very serious challenge. In the 1980s there were eight physicians at Connaught Hospital. According to current international reports, a minimum ratio of 20-40 surgical providers per 100,000 populations is ideal for universally accessible and safe surgical care. The Ministry of Health and Sanitation is aware of these unmet needs. There are at the moment (up to January 2014), thirty-one Sierra Leonean Doctors in 9 countries who are undertaking specialist training sponsored by the MOHS. Many of them are expected to return home soon (see attachment), most are training in African countries.

The 60 personnel of the Hospital that failed to turn up for the physical verification have now been verified at the MOHS. Subsequently, the Hospital has already notified them for their verification as they now await your physical verification."

Auditor's Comment

- The issue of insufficient trained and qualified medical personnel in the hospital remained the same.
- Some personnel have been verified, however, 15 personnel did not make themselves available for verification and the total amount paid to them as salary was Le11,829,045.

5.18.3 Storage Facilities

Improper storage of medical equipment, drugs and consumables

Physical inspection of the store facilities revealed that there were not enough and appropriate storage facilities to keep the drugs and medical consumables in the hospital. As a result, drugs and consumables were stored in containers in an uncontrolled temperature as there were no air conditioners in these containers. Some drugs are also clustered in the office of the pharmacist on the floor instead of on pallets and shelves. As an immediate measure, the Hospital Care Manager should ensure that air conditioners were provided in the containers to keep the drugs safe.

Official's Response

The Hospital Secretary stated that the issue of storage in the Hospital had been a perennial problem and that the Hospital had recently spent some amount of money in 2014 to improve on the quality of the store but space was still a problem. He added that the containers did not have air conditioners because they were merely a temporal storage facility not installed to keep drugs and equipment. Drugs kept in the office of the Pharmacist were all due to the lack of space in the Hospital, he further mentioned, noting that the lasting solution to the persistent storage problem was to relocate the stores to a better location amenable to repairs. The present store was originally used as a mortuary and to date it had resisted all attempts at bringing it back to life, the Hospital Manager concluded.

Auditor's Comment

The issue of storage in the Hospital was still a problem and has not been resolved.

Poor kitchen facility

There were insufficient storage facilities for the proper custody of food items, for instance, leakages were observed in the kitchen roofs, and the items in the store were exposed to damage. The food preparation process was often interrupted when it rained. It was recommended that the Hospital Care Manager in collaboration with the Director of Hospital and Laboratory Services should ensure that provision was made in the hospital's budget to rehabilitate the stores and other facilities soonest.

Official's Response

The Hospital Secretary mentioned that the kitchen also needed to be expanded and renovated and equipped with better storage facilities.

Auditor's Comment

The condition of the kitchen was still the same.

5.18.4 Expired Drugs and Consumables

Cost-recovery drugs and consumables worth over Le462,952,867 suffered damages as a result of the Push System adopted by the Ministry of Health and Sanitation (MOHS). That system made provision for the MOHS to supply drugs and consumables to the hospital without them having to make request for such drugs. There had been instances where drugs supplied to health centres and hospitals were not needed. Consequently, drugs that are not needed were kept in store for a foreseeable future. That accounted for the huge amount of expired drugs in the hospital pharmacies and stores.

The team further noted that the pharmacy had run out of cost recovery and essential drugs supplied from the Central Medical Stores since October 2014. As a result, drugs prescribed for patients were mostly not available at the pharmacy.

In future, the Director of Drugs and Medical Supplies should ensure that only drugs that were needed by the hospital should be distributed to the store and pharmacy.

The Hospital Care Manager in collaboration with the Director of Drugs and Medical Supplies must ensure that proper disposal procedures are employed when disposing expired drugs.

Official's Response

The Hospital Secretary said "Drugs worth Le462,952,867 reported expired found in the pharmacy department was as a result of the push system. As stated in the report, in the Push System drugs are allocated and sent to the hospital from the medical stores. Management has no control over the quantity and class of drugs and consumables supplied. The drugs with short shelf lives (short expiry dates) are sent in large quantities; branded drugs are more commonly prescribed compared to generic drugs which are usually supplied. Modalities are in place to stop the sale of drugs within the facility by unauthorized persons. Also Management had many challenges working amicably with the former Pharmacist, Mr Toma Lappia (see attachments) and that could have also contributed to the large amounts of drugs getting expired. A new Hospital Pharmacist is now on post and she is putting up structures for better records keeping in the Pharmacy."

Auditor's Comment

Supply of drugs and consumables were still being done based on the push system basis hence expired drugs were still in the store.

5.18.5 Lack of adequate free health care drugs at the hospital

Interviews conducted with patients in the Paediatric Ward (ward 1) in respect of the free health care drugs revealed that some of the essential drugs prescribed for them were not available at the hospital. Therefore, patients had to purchase the drugs from the hospital's pharmacy or elsewhere. It was recommended that the Director of Drugs and Medical Supplies should ensure that adequate free health care drugs were supplied to the hospital at all times.

Official's Response

The Hospital Secretary stated that Free Health Care drugs were not sold to patients and the hospital pharmacy did not sell paediatric formulations but only dispense drugs that were available under free healthcare to lactating mothers and children under five. He said that mostly, drugs requested for patients were most times unavailable and that supplies were sent to the hospital based on what was available and not what was requested by the hospital. He further mentioned that patients under the free health care category were mostly supplemented with the hospital Management drugs (i.e. drugs procured by the Hospital Management).

Auditor's Comment

Interviews with parents/guardians of patients revealed that not all of the drugs were given to them for free.

5.19. KING HARMAN ROAD HOSPITAL (2014)

5.19.1 Ineffective Internal Controls

Minutes of board meetings to justify the existence and operations of the hospital board were not submitted for audit. In addition, further investigation revealed that the board was not in existence during the period under review. Furthermore management meetings were not held by senior management for the period under review; as a result the operations of the hospital were not properly coordinated. Staff

roosters were not prepared for support staff and leave days were not taken by staff. It was recommended that the board should be established and that management should ensure that meetings are held regularly.

Official's Response

The Medical Superintendent (MS) said that minutes were available of management meetings held. However, there was need for an increase in the frequency of the management meetings to address the challenges.

Auditor's Comment

Minutes were submitted for verification for a management meeting held on the 22nd of August, 2014 only. Minutes of board meetings were not presented for verification.

5.19.2 Inadequate control of the management and distribution of drugs

The drugs management records at the hospital were not computerised. Record keeping and reconciliation in the store was found to be very poor as the team observed that store records such as store issue vouchers, bin cards and prescriptions were not maintained at the pharmacy / store. Physical stock verification revealed that cost recovery drugs worth Le7,400,000 and 42,399 units of Free Health Care drugs had expired due to the Push System used by the Central Medical Stores to distribute drugs to the hospital. It also accounted for the huge amount of expired drugs in hospital's pharmacies and stores. It was surprising to note that some of the drugs had expired since 2013 and was still in store.

Interviews conducted with patients and heads of wards in the paediatric ward and the labour ward in respect of the free health care revealed that some of the essential drugs prescribed for them were not available at the hospital. Therefore patients had to purchase drugs from pharmacies outside. The drugs and therapeutic committee was non-functional during the period under review.

It was recommended that:

- The Medical Superintendent should ensure that a computerised system of recording drugs is maintained. In future, the Director of Drugs and Medical Supplies should ensure that only drugs that are needed by the hospital should be distributed to the store and pharmacy. The Medical Superintendent in collaboration with the Director of Drugs and Medical Supplies must ensure that proper disposal procedures are employed when expired drugs are disposed of.
- The Director of Drugs and Medical Supplies should also ensure that adequate free health care drugs are supplied to the hospitals in future.

Official's Response

- *The MS in responding to the queries said "Drugs and medicines management is indeed a challenge. The hospital lacks the necessary infrastructure and the human resource for efficient management of drugs and medical supplies. However frantic efforts are being made to address that challenge. We have requested for a storekeeper and plans are underway to create more space in the current makeshift store.*
- *Due to the lack of space, free health care drugs and other medicines that are expired are kept in one corner within the hospital store awaiting safe disposal process.*
- *Fuel supply for the running of the hospital depends on the availability of funds through the Freetown City council. At the time of audit, there was no fuel available as funds were not available. The supply of fuel is therefore not continuous. The staff supplied fuels are the unit heads and it is for official function. Some of the unit heads happen to be below grade seven but the function they perform units they heads justifies the supply of fuel to them."*

Auditor's Comment

The drugs management system at the hospital has not been computerized. In addition, the expired drugs were still in store as at the time of the verification. Furthermore there were free health care drugs that were still not available at the hospital. The issues therefore remained unresolved.

5.19.3 Inadequate infrastructure to support clinical activities

It was observed that:

- There was no ventilation in the female ward or in the HIV unit;
- There were no blood bank and radiology units in the hospital. Patients had to be referred to the Connaught Hospital to secure blood and to do x-rays.
- There were no proper storage facilities for drugs. Drugs were placed on the floor instead of on shelves or pallets.
- There was no office space for the hospital secretary. There was however a locked room at the hospital that was used as an office by the Iranian medical team who were no longer going to work at the hospital.
- A make shift kitchen is used by the hospital.

It was recommended that:

- The Director of Training, Hospital and Laboratory Services should ensure that appropriate arrangements were made for the establishment of a blood bank and a radiology unit at the hospital.
- The MS should ensure that strategies are put in place to have proper adequate storage facilities for drugs at the hospital and identify an office space for the Secretary soonest
- The MS should also report in writing to the Chief Administrator (CA) of the Freetown City Council (FCC) for a proper kitchen to be built for the hospital.

Official's Response

- *The MS said that management had written a letter of request for the establishment of a Blood Bank Unit and Radiology Unit to the Director of Training, Hospital and Laboratory Services in the Ministry of Health and Sanitation (MoHS).*
- *Relating to Poor facilities, the MS stated that management had constructed wooden frames (pallets) to mount the boxes of drugs in the store. He added that an office space had been provided for the Hospital Secretary and a request had been sent to the Chief Administrator of the Freetown City Council on the issue of constructing a kitchen, activity being factored into 2016 Government of Sierra Leone Budget.*

Auditor's Comment

- A letter had been written to the Director of Training, Hospital and Laboratory Services for the establishment of a blood bank. However, the units were yet to be established.
- The frames have been constructed, but pallets and shelves have not been fixed. Physical inspection revealed that an office space had been created for the hospital secretary. A request has been sent to the Chief Administrator of the Freetown City Council for the construction of kitchen. However the work is yet to be done. Therefore the issues were partly resolved.

5.19.4 Inadequate Medical Personnel

There were 37 volunteers working at the hospital, seventeen of them being NERC volunteers. Interviews with the matron revealed that those volunteers were not given stipends. There was also no Monitoring and Evaluation (M&E) officer.

It was recommended that:

- The MS should provide a reasonable explanation for the excessively high numbers of volunteers within 30 days of the receipt of the report.
- Every effort should be made by the MS to report in writing to the Director of Human Resources about the need to employ an M&E Officer soonest

Official's Response

- *The MS stated that the hospital did not have enough staff to run the affairs of the hospital. No government employed cleaners, two security officers, no porters etc. on request and follow up with the Ministry, ask us to wait after the ongoing recruitment, he mentioned. He noted that management had therefore maintained 15 volunteer on stipend, the others have left. For the nurses, he said that the Ministry was aware of their stay.*
- *The MS stated that management had written a letter to the Director of Hospital and Laboratory Services to update management on the occupation of the Iranian Medical team in the hospital.*
- *The MS noted that management had written a letter to the Director of Human Resources on the request for a Monitoring and Evaluation (M&E) Officer.*

Auditor's Comment

- The number of volunteers has been reduced to 15. Therefore, the issue is partly unresolved.
- A letter was written to the Director of Human Resources of the Ministry of Health and Sanitation to update management on the issue. However, no reply was received by the hospital from the Ministry. Therefore, the issue was unresolved.
- A letter was written to the Director of Human Resources of the Ministry of Health and Sanitation for the posting of an M&E officer to the hospital. However, the staff had not been posted. Therefore the issue was unresolved

5.19.5 Insufficiency and non-availability of essential equipment at the various departments of the hospital

The following were observed:

Ante-Natal Clinic and Maternity ward

There were no infant weighing scales, beam balance scales, height boards, blood pressure machines, chairs, treatment chart folders, bed rails/cot-sides, delivery beds, medicine trolleys, bed lockers and baby cots.

Official's Response

The MS stated that the Director of Training, Hospital and Laboratory Services being informed on the provision of the recommended items for the Ante Natal Clinic and Maternity ward.

Auditor's Comment

A letter was written to the Director of Training, Hospital and Laboratory Services on the subject matters. However, action has not been taken.

Male and Female Ward

There were inadequate beds for patients, no bed screen, bed locks, urine pan, thermostat and stethoscope. There were also no wheel chairs and stretchers for patients.

Official's Response

The MS said that the Director of Training, Hospital and Laboratory Services had been informed as per the recommendation to supply the listed items for the Male and Female Wards'

Auditor's Comment

A letter was written to the Director of Training, Hospital and Laboratory Services on the subject matters. However, action has not been taken.

Operating Theatre

There were no instrument trolley, anaesthetic trolley, drip stands, anaesthetic monitor machine, suction machine, incubation machine, pulse oximeter, oxygen concentrator, gas cylinder, diathermy machine, operating overhead light, standing light, X-ray reading, operating theatre stool, and air conditioner.

It was recommended that:

- The MS should inform in writing the Director of Training, Hospitals and Laboratories about the inadequacy and non-availability of these equipment with immediate effect.
- The Director of Training, Hospital and Laboratory Services should also ensure that the hospital was provided with those basic medical equipment with immediate effect. He should further ensure that the theatre and laboratory were provided with the basic facilities soonest.

Official's Response

The MS stated that the awareness of the Director of Training, Hospital and Laboratory Services on the recommendation to provide those basic facilities for the operating Theatre had been done.

Auditor's Comment

A letter was written to the Director of Training, Hospital and Laboratory Services on the subject matters. However, action has not been taken.

Refer to the Table of Common Issues (Page 92) for further observations.

5.20. GOVERNMENT HOSPITAL MACAULEY STREET (2014)

5.20.1 Ineffective Internal Controls

Minutes of board meetings to justify that the hospital board was operational were not submitted for audit. Further investigations revealed that the board was not in existence during the period under review. It was recommended that the Director of training Hospitals and Laboratories should ensure that a board was established and charged with the responsibility of overseeing the operations of the hospital.

Official's Response

The MS stated that management had requested in writing to the Director of Training Hospitals and Laboratory Services for the establishment of a Board.

Auditor's Comment

A letter was written by the Medical Superintendent to the Director of Training, Hospitals and Laboratories requesting the establishment of a hospital's board. However, the board had not been established, therefore the issue remained the same.

5.20.2 Inadequate control of the management and distribution of drugs

Physical stock verification revealed that cost recovery drugs worth Le2,662 and 5,513 units of Free Health Care drugs were expired due to the Push System used by the Central Medical Stores to distribute drugs to the hospital. This resulted in the supply of drugs and consumables that were not needed at the hospital. It also accounted for the huge amount of expired drugs in hospital's Pharmacy and stores. It was recommended that in future, the Director of Drugs and Medical Supplies should ensure that only drugs that were needed by the hospital should be distributed to the store and pharmacy. The Medical

Superintendent in collaboration with the Director of Drugs and Medical Supplies should ensure that proper disposal procedures are employed when disposing expired drugs.

Official's Response

He also mentioned that the push system adopted by the Central Medical Store (CMS) had resulted to the expiration of drugs and some of those drugs supplied were not essential drugs and the longer in stock the tendency for them to expire. He affirmed that if CMS was supplying per request it would minimize the risk.

Auditor's Comment

The drugs were still in store as at the time of the verification. Therefore, the issue remained the same.

5.20.3 Inadequate control of the distribution and use of fuel

Interviews revealed that the hospital often had no power supply during national power outages. This was due to fuel shortage at the hospital. However fuel worth Le34,000,000 was bought for the hospital in 2014 as per payment voucher number 5916 and 5918 on the 24th and 25th of April 2014 respectively. Notwithstanding records showing the utilisation of the fuel were not presented for audit purpose. It was recommended that the FO should ensure that the documents on the utilisation of the fuel were available at the hospital with immediate effect. In addition, the CA of the FCC should ensure that fuel was provided for the hospital soonest.

Official's Response

The MS stated that the Finance Officer had confirmed the availability of the documents on the utilization of the fuel worth Le34,000,000.

Auditor's Comment

A fuel register showing the distribution of fuel was presented and verified. However, fuel chits were not presented for verification. The issue was partly resolved.

5.20.4 Inadequate infrastructure to support clinical activities

There were no blood bank and radiology units in the hospital. Patients had to be referred to the Connaught Hospital to secure blood and to do x-rays. Discussion with the Medical Superintendent revealed that infant mortality was due to babies being born anaemic. It was also observed that there were no proper storage facilities for drugs. Drugs were placed on the floor instead of on shelves or pallets. It was further noted that a make shift kitchen (tarpaulin) was used by the hospital. It was recommended that the Director of Training, Hospital and Laboratory Services should ensure that appropriate arrangements were made for the establishment of a blood bank and a radiology unit at the hospital. The Medical Superintendent should ensure that strategies were put in place to have proper adequate storage facilities for drugs at the hospital and should also report in writing to the CA of the FCC for a proper kitchen to be built for the hospital,

Official's Response

The MS said that management had written a letter of request for the establishment of a Blood Bank Unit and Radiology Unit to the Director of Training, Hospital and Laboratory Services in the Ministry of Health and Sanitation (MoHS). Regarding poor storage facilities, the MS stated that management had constructed wooden frames (pallets) to mount the boxes of drugs in the store. He added that a request had been sent to the Chief Administrator of the Freetown City Council on the issue of constructing a kitchen, an activity being factored into 2016 Government of Sierra Leone Budget.

Auditor's Comment

A letter had been written to the Director of Training, Hospital and Laboratory Services for the establishment of a blood bank. However, the units were yet to be established. Therefore the issue remained the same. Regarding poor storage facilities the frames had been constructed, but pallets and shelves had not been fixed. A request had also been sent to the Chief Administrator of the Freetown City Council for the construction of kitchen. However the work is yet to be done. Therefore the issues were partly resolved.

5.20.5 Inadequate Medical Personnel

The Iranian medical team that was working at the hospital to complement government's effort in improving the quality of health service delivery at the hospital was not working at the hospital and a reasonable explanation by the medical superintendent could not be ascertained. The hospital also lacked an M and E officer which made the accurate compilation of data impossible. The mortality rate at the hospital was not accurately compiled as according to the MS, there were no maternal and infant deaths at the hospital during the period under review. It was recommended that the MS should inform the Director of Training, Hospitals and Laboratories in writing about the situation within 30 days from the receipt of the report. In future the Chief Medical Officer should fully update or involve the MS in developing an MOU with any partner to work in a hospital. The MS should also report in writing to the Director of Human Resources of the Ministry within 30 days of the receipt of the report.

Official's Response

The MS stated that management had written a letter to the Director of Hospital and Laboratory Services to update management on the occupation of the Iranian Medical team in the hospital. He also said he had written letters to the Director of Human Resources on the request for a Monitoring and Evaluation (M&E) Officer.

Auditor's Comment

A letter to the Director of Hospital and Laboratory Services from the MS was seen and verified. However, the MS is yet to receive a reply to the letter. Therefore, the issue was unresolved.

5.20.6 Insufficiency and non-availability of essential equipment at the various departments of the hospital

The following were observed:

Ante-Natal Clinic and Maternity ward

There were no infant weighing scales, beam balance scales, height boards, blood pressure machines, chairs, treatment chart folders, bed rails/cot-sides, delivery beds, medicine trolleys, bed lockers and there was only one baby cots. It was recommended that the MS should inform in writing the Director of Training, Hospitals and Laboratories about the about the inadequacy and non-availability of these equipment within 30 days from the receipt of this report.

Official's Response

The MS stated that the Director of Training, Hospital and Laboratory Services being informed on the provision of the recommended items for the Ante Natal Clinic and Maternity ward.

Auditor's Comment

A letter was written to the Director of Training, Hospital and Laboratory Services on the subject matters. However, action has not been taken. Therefore the issue remained unresolved.

Male and Female Ward

There were inadequate beds for patients, no bed screen, bed locks, urine pan, thermostat and stethoscope. There were also no wheel chairs and stretchers for patients. The Director of Training, Hospital and Laboratory Services should ensure that the hospital was provided with those basic medical equipment to enhance quality health care service delivery to the populace.

Official's Response

The MS said that the Director of Training, Hospital and Laboratory Services had been informed as per the recommendation to supply the listed items for the Male and Female Wards'

Auditor's Comment

A letter was written to the Director of Training, Hospital and Laboratory Services on the subject matters. However, action has not been taken. Therefore the issue was unresolved.

Operating Theatre:

There were no instrument trolley, anaesthetic trolley, drip stands, anaesthetic monitor machine, drip stands, suction machine, incubation machine, pulse oximeter, oxygen concentrator, gas cylinder, diathermy machine, operating overhead light, standing light, X-ray reading, operating theatre stool, and air condition. The Director of Training, Hospital and Laboratory Services should ensure that the theatre and laboratory were provided with the basic facilities soonest.

Official's Response

The MS stated that the awareness of the Director of Training, Hospital and Laboratory Services on the recommendation to provide those basic facilities for the operating Theatre, had been done.

Auditor's Comment

A letter was written to the Director of Training, Hospital and Laboratory Services on the subject matters. However, action has not been taken. Therefore the issue remained unresolved.

Refer to the Table of Common Issues (Page 92) for further observations.

5.21. PRINCESS CHRISTIAN MATERNITY HOSPITAL (2014)

5.21.1 Inadequate supply of essential equipment and other facilities

Laboratory

There was unavailability of equipment in the laboratory to be used by medical staff to diagnose different ailment on patients. Those include: Automated bio- Haematology, Peritoneal port, oxygen concentrators, Ultrasound scanning machine reagent and large sterilizer drum.

Theatre

It was discovered that essential equipment which will enhance safe surgery were insufficient. Those included: Laparoscope, Laparotomy, Large steriliser drum and Caesarean section set. It was therefore recommended that the Director of Hospital & Laboratory Services should, ensure that the hospital was provided with the essential equipment in order to enhance a sustainable quality health service delivery to the populace. He should also ensure that the theatre and laboratory were provided with the basic facilities.

Official's Response

The MS said that the Director of Hospital & Laboratory Services had been informed about the auditor's recommendations and the hospital had already procured some of the equipment which was ready for verification.

Auditor's Comment

A letter written to Director of Hospital and Laboratory services for the provision of essential equipment was submitted for verification. In addition medical equipments such as Laparotomy, Reagent, and Caesarean section set, oxygen concentrators were provided and inspected during the exercise. Nonetheless equipment such as laparoscope, large sterilizer drum, and ultrasound scanning machine is yet to be supplied.

5.21.2 Lack of professional health workers with appropriate technical skills

The hospital had four doctors' and 240 nurses/midwives. Currently the health sector is short of 44 doctors at the moment. It was recommended that the Director of Human Resources at the ministry in collaboration with the Director of Training, Hospital and Laboratory Services should engage the HRMO and the Health Service Commission to ensure that the hospitals were staffed with the required number of medical and non-medical personnel;

Official's Response

The MS stated that the Director of hospital and laboratory services and the Director of Human resource had been informed.

Auditor's Comment

A letter written to the Director of Human Resources for the provision of additional professional staff was submitted for verification. However, the hospital still lacks the required number of doctors to serve the population. Therefore this issue is unresolved.

5.21.3 Inadequate infrastructure to support clinical activities

Laboratory

The laboratory in the hospital was being shared by another tertiary hospital. This situation affected the timing and service delivered to patients.

Stores

The hospital lacked sufficient storage space to keep drugs and other supplies received from the Central medical Stores. It was recommended that the Medical Superintendent in collaboration with the Director of Hospital and Laboratory Services should ensure that provision is made in the hospital's budget to rehabilitate the stores and other facilities.

Female ward

Interview conducted with patients in the ward revealed that there was no running tap water in the ward. Patients or their relatives had to fetch water elsewhere. It was recommended that the medical superintendent should liaise with the Director of Support Services at the ministry to ensure tap water is provided in the wards.

Official's Response

The MS said that four rooms have been identified for the location of PCMH general laboratory and that had already been factored in next year's budget. He further said that due to the irregular supply of water by Guma valley Water Company, measures had been put in place for supply of bounces trucks to improve the availability of water in the hospital.

Auditor's Comment

The 2016 budget prepared by the hospital management was submitted for verification. However, there was no provision for the construction of additional store building in the budget. There was still no pipe borne water in the wards.

5.21.4 Fuel management on electricity supply

Electricity supply at the hospital continued to be a challenge. The fuel allocated for the 150 KVA generators was being rationed and the generator was only switched on for surgery cases when there was no electricity supply from EDSA. Even though there were solar panels installed, they could not supply the required power to effectively switch on the fans and other appliances in the wards. It was recommended that the Hospital Secretary should liaise with the Director of Support Services to ensure that there is adequate electricity supply at the hospital.

Official's Response

The MS stated that the Director of Support Services had been informed and solar panels to augment electricity supply had been installed in the hospital.

Auditor's Comment

A letter written to the Director of Support Services for the supply of electricity to the hospital was submitted for verification. The issue is therefore unresolved.

5.21.5 Poor monitoring and supervising of contract cleaners

The private contractor providing cleaning services at the hospital was not monitored and evaluated by the Environmental Officer to ensure that the hospital was properly and regularly cleaned. It was recommended that the Environmental Officer should ensure that the contractor carried out the cleaning of the hospital regularly. The M&E Officer should constantly monitor and report on the activities of contractors to ensure that cleaning services are effectively carried out.

Auditor's Response

The MS stated that the contract cleaners were monitored and supervised by the environmental officer and matron with an attendance register. He added that there had been an improvement in the hospital sanitation and the recommendation on monthly report was now available for verification

Auditor's Comment

An attendance register is now in place where contract staff records their names, signature, time in and time out. Monitoring and evaluation report of contract cleaners were made available to the auditor. However, M&E activities were not carried on a monthly basis.

5.21.6 Inadequate control of the management and distribution of free health care drugs

Database and utilisation of drugs

The hospital did not maintain a database of patients who benefited from the free health care drugs. In addition the distribution and utilisation of free health care drugs and consumables were not monitored and documented. It was recommended that the Pharmacist maintain a database of all patients who have benefited from the Free Health Care drugs. The Medical Superintendent must also set up a team to monitor the distribution and utilisation of all Free Health Care drugs and consumables.

Pharmacy

The following were observed:

- Physical stock count was not conducted quarterly or annually by the pharmacist. In addition, weekly reconciliation between physical stock and records were not performed by an independent officer.
- Document such as sales day books, receipt books were not maintained to show the movement and sale of drugs; and revenues collected were not banked daily or the next working day.

- Drugs were supplied to the hospital using the push system which was not required by pharmacist. As a result some drugs supplied had expired since they were not frequently required.
- Interviews conducted with patients in wards at the hospital revealed that, drugs prescribed by medical specialist such as Fefol tabs, Ampiclox capsule, vitamin ‘A’ tabs etc. were not available at the hospital pharmacy, many of the drugs were bought from pharmacies outside the hospital.
- It was observed that records management at the stores was a problem. For instance, store records such as bin cards maintained by the store keeper were not updated daily to reflect the movement of store items. In addition physical count of stock revealed that actual stock counted did not agree with stock recorded on the tally card.

It was therefore recommended that:

- The pharmacist should ensure that records of stock were updated regularly;
- With immediate effect, the pharmacist should carry out regular stock count and reconciliation between physical balances and ledger balances;
- The pharmacist must also ensure that all monies collected should be banked daily or next working day;
- In future, the Director of Drugs and Medical Supplies should ensure that only drugs that have long expiring date and are needed by the hospital should be distributed to the store and pharmacy; and
- With immediate effect, the Director of Drugs and Medical Supplies should ensure that adequate free health care and essential drugs are supplied to the hospital.

Official’s Response

- *The MS in his response said “Inadequate Control Of The Management And Distribution Of Free Health Care Drugs has been noted as an area for improvement within the pharmacy and a system has been set up to ensure compliance with quarterly stock count and monthly reconciliation of stock rather than annual stock count and reconciliation that has been in operations in the hospital. Compliance with sales day books and receipt has been added as a key performance indicator with the operations of the cost recovery pharmacy by the hospital management to strengthen the existing system. They are available for inspection*
- *With immediate effect changes has been made to ensure that revenues collected will be banked on a daily basis rather than the weekly banking system that has been in operation.*
- *This problem has been highlighted by the hospital management and further discussions with the Directorate of Drugs and Medical Supplies and the national pharmaceutical procurement unit had led to a resolution that future distribution of cost recovery drugs will strictly be on a pull system based on lessons learnt on the current push system.*
- *The issue of stock on some essential commodity was a result of Ebola scourge in the country which shifted the national supply chain structure towards the prompt provision of personal protective equipment (PPEs) and also the mass influx of patient in to the hospital as a result of closure of other health facilities during the height of the outbreak. However, as the outbreak is slowly getting under control we expect and anticipate that we will return to a full pipeline on essential commodities within the hospital. The hospital supply chain structure in the area of inventory control has been robust and fully operational with records such as weekly requisition books, prescription records, patients drugs chart, stock cards, daily dispensing register, monthly request requisition issue voucher (RRIV), Channel software program, returns and claims books, way bill, invoice etc.”*

Auditor’s Comment

- Stock sheet were not provided during the verification exercise to assist the auditors ascertain whether the audit recommendations have been implemented.

- Free health care drugs administered to patients were recorded on drug charts on a daily basis stating the names of the drugs administered and the quantity. Whilst prescription forms bearing drugs prescribed by doctors are filed separately. However, the details of the patients are not captured in the records. Therefore, the issue was partly unresolved.
- Documents such as sales day book and receipt books were submitted during the verification. However the sales day book did not record the value of drugs sold. Therefore this issue was unresolved.

5.21.7 Information Communication and Technology

ICT equipment like computers, printers and scanners was inadequate at the hospital. In addition, the hospital did not have a licensed antivirus to prevent virus. Furthermore, passwords were not created for staff to prevent access by unauthorised personnel. It was recommended that the Medical Superintendent should ensure that such equipment were provided to facilitate the proper management of confidential information. It is also recommended that the Director of ICT provide evidence within 30 days of the receipt of this report to show what action has been taken to solve ICT related issues at the PCMH.

Official's Response

The MS said that he will, in collaboration with the director of ICT ensure that an IT policy was put in place to address the issue of backup, Antivirus, use of secure passwords and training of staff amongst other issues.

Auditor's Comment

No evidence was provided to confirm that IT policy was put in place as stated in the management response. Therefore this issue was still outstanding.

Refer to the Table of Common Issues (Page 92) for further observations.

5.22. LAKKA GOVERNMENT HOSPITAL (2014)

5.22.1 Lack of essential equipment and other facilities

An inspection of the various facilities at the hospital revealed that there was lack of essential equipment to support the health service delivery at the hospital. Of great concern was the lack of vital equipment such as oxygen concentrator, oxygen cylinder and a portable X-ray machine which are necessary to serve about 90% of patients suffering from tuberculosis. This may result in poor service delivery. In addition, other essential equipment such as: sponge forceps, dissecting forceps, kokers forceps, artery forceps, forceps Luer's and nibbler's bone cutting, clamp forceps, sterilizing drums, plaster of paris (POP), needle holders, blade holders, wheel chairs, trolleys and scissors of various types and sizes were not available. However there was no documentary evidence to show that the hospital had requested for these items from the Ministry of Health and Sanitation. It was therefore recommended that the Medical Superintendent should do a written request for all essential equipment to the Ministry through the Director of Hospital and Laboratory Services to ensure that those equipment were provided for the effective operation of the hospital with immediate effect.

Official's Response

The MS said he had sent a written request to the Director of Hospital and Laboratories Services with regard to the essential facilities that was lacking at the hospital as stated in the Draft Management letter of the Auditor General report for the period 1st January to 31st December 2014.

Auditor's Comment

A copy of the letter written by the Medical Superintendent to the Director of Hospital and Laboratory Services requesting for essential equipment and other facilities was submitted for verification. However, there was no evidence to show that the equipment had been supplied to the hospital.

5.22.2 Lack of utility bus in the hospital

It was also observed that the only utility bus available at the hospital was unserviceable. Furthermore, urgent replacement was needed to enhance the effective operations of the hospital. The Hospital Management should ensure that a utility bus is provided for the hospital immediately

Official's Response

The MS said he had sent a letter to the Director of Hospital and Laboratory Services requesting for the replacement of their old utility bus.

Auditor's Comment

The Medical Superintendent had written to the Director of Hospital and Laboratory Services requesting for a utility bus to be assigned to the hospital. However, the Utility bus had not yet been supplied to the hospital.

5.22.3 Inadequate number of medical doctors and other personnel

During the audit, there were only two doctors (including the Medical Superintendent), attached to the entire hospital to serve a capacity of about 102 in-patients. This gave a ratio of 1 medical doctor to 51 patients.

A review of the hospital's approved staff list and physical verification of staff revealed that there were no specialist doctors assigned to the hospital. Further review revealed that the hospital lacked nursing aids, ward sisters and staff nurses. The ratio of nurses to doctor was 14 nurses to 1 medical doctor. In addition, there was no pharmacist or storekeeper at the hospital. There were only three porters at the entire hospital whose duties among others were to assist the nurses to ferry patients from one location to the other for medical attention. The audit team observed with serious concern that those porters did not work at night.

An interview conducted with the Medical Superintendent revealed that she had long requested for additional porters but this had been to no avail. There was no written evidence to the effect to substantiate this.

There was no security personnel assigned to the Hospital to ensure that the properties and other assets are safeguarded. For instance, the utility bus of the hospital is parked at the central medical store instead of at the premise of the hospital due to the fear of theft.

An interview conducted with the Medical Superintendent revealed that she had requested for security personnel but again to no avail. There was no written evidence to substantiate this.

It was recommended that:

- The Medical Superintendent should request the Chief Medical Officer in writing to assign more doctors to the hospital to meet the increase in number of patients soonest.
- The Medical Superintendent should inform the Director of Human Resources at the ministry in writing about the need for the recruitment/posting of ward sisters, staff nurses, nursing aids, pharmacists and store keepers to serve the hospital within the shortest possible time;
- With immediate effect, the Matron should prepare a duty rooster to ensure that at least one porter works on night duty on a rotational basis. In addition the Medical Superintendent should request in writing from the Director of Human Resources for the recruitment or posting of additional porters to meet the demand of the hospital within 30 days from the receipt of the report; and

- The Medical Superintendent in collaboration with the HR Manager should ensure that security is provided at the hospital within 30 days of receipt of the report.

Official's Response

- *The MS said he had sent a written request to the Chief Medical Officer requesting additional doctors to be assigned to the hospital to meet the increase in the number of patients in the hospital.*
- *The MS said he had sent a written request to the Director of Human Resource attached at the head quarter informing her about the recruitment/postings of ward sisters, staff nurses, nursing aids, pharmacists and store keeper.*
- *The MS said that despite request made on the 10th of May 2013 for postings of porters, gardeners and laundry men to the Lakka Government Hospital, those requests was not honoured. He however noted that he had sent a written request to the Director of Human Resource for posting/recruitment of the said personnel.*
- *The MS said he had sent a written request to the Director of Human Resource attached at Headquarter for Posting/recruitment of security personnel at the hospital to ensure that properties and other assets were safeguarded.*

Auditor's Comment

- A copy of the letter written by the Medical Superintendent to the Chief Medical Officer of the Ministry of Health and Sanitation, requesting for least additional two Medical Doctors to be assigned to the hospital and additional security was submitted for verification. However, the issue still remained the same.
- In addition there was evidence to suggest that the Medical Superintendent had sent a letter of request to the Director of Human Resources of the Ministry of Health and Sanitation, for posting/recruitment of additional porters to the hospital. However, additional porters had not been assigned to the hospital.

5.22.4 Lack of storage and office space

- There was lack of storage space for the safe keeping of drugs and medical supplies, as the office of the Medical Superintendent and the conference rooms were being used for the storage of drugs and other items like laundry machine, drying machine, generator with some other medical equipment received from the Central Medical Stores.
- Discussions with the Medical Superintendent revealed that they did not have any storage space for the safe keeping of drugs and medical supplies. As a result of this lack of storage space the office of the Medical Superintendent, Matron and the Conference room were being used for the storage of drugs and medical supplies.
- It was also observed that the kitchen did not have facilities to keep food items safely or in good condition. Surprisingly, there were two freezers and one refrigerator available at the kitchen. However the refrigerator and one of the freezers were not serviceable. It was reported that the only serviceable freezer was the personal property of the caterer.
- Physical verification of the buildings revealed that there were cracks in some parts of the buildings that needed urgent rehabilitation..
- The kitchen roof was leaking. Whenever there is a heavy down pour of rain some items such as the locally made 'wonder stoves' were damaged. It also lacked storage facility for food items. Instead, food items were stored with cleaning items in a room very far away from the kitchen.
- There was lack of office space at the hospital to provide accommodation for key officers such as the doctors, finance officer and hospital secretary.

It was recommended that the Medical Superintendent should:

- Ensure that, the lack of an adequate storage facility is reported to the Chief Administrator of the Western Area Rural District Council in writing for necessary action,
- With immediate effect Report to the Chief Administrator of the Western Area Rural District Council for the procurement of freezers and a refrigerator;
- Report the cracks and damages of the buildings to the Chief Administrator of the Western Area Rural District Council and the Director of Hospital and Laboratory Services for immediate action to be taken for the rehabilitation of the buildings so as to provide storage space for the safe keeping of drugs and
- Collaborate with the Chief Administrator of Western Area Rural District Council and the Director of Hospitals and Laboratory to make provision in the Hospital's budget in order to get an additional building that will be used as offices for key official staff with immediate effect.

Official's Response

The Medical Superintendent stated that he had sent a written request to:

- *The Permanent Secretary of the Ministry of Health and Sanitation for an urgent provision/construction of a building for safe storage of Hospital Assets;*
- *The Permanent Secretary of Ministry of Health and Sanitation for an urgent procurement of Freezers and Refrigerators to enhance the preservation of food items in the kitchen;*
- *The Permanent Secretary through the Director of Hospital and Laboratory Services for an urgent maintenance of cracks and damages to strategic building in the hospital;*
- *The Permanent Secretary through the director of Hospital and Laboratory Services for an urgent maintenance of the kitchen; and*
- *The Permanent Secretary through the Director of Hospital and Laboratory Services for an urgent construction building to provide office for key staff such as Medical Officer, Hospital Secretary, Finance Officer and Monitoring and Evaluation Officer. This will enhance efficiency in the running of the hospital.*

Auditor's Comment

Copies of the letters were all submitted .However; no action had been taken in addressing the issues highlighted in the report.

5.22.5 Acquisition management and disposal of assets

There was no assets management policy to provide guidance for the use and maintenance of assets owned by the hospital. All the assets at the hospital were without unique identification codes and the Hospital did not maintain a master inventory register to keep records of all the assets owned by the hospital.

It was recommended that:

- Regular asset verification should be undertaken by the hospital management;
- The Hospital Secretary must ensure that an asset policy is developed to safe guard the assets of the hospital. The Medical Superintendent must ensure all assets at the Hospital are marked with unique identification codes with immediate effect and
- The Director of Hospital and Laboratory services should ensure that a master inventory register is maintained to record the entire assets of the hospital soonest.

Official's Response

The MS stated that the Hospital Management will ensure that an asset Policy and that a Master Inventory Register be developed.

Auditor's Comment

There is no evidence to show that those documents had been developed. Therefore, the issues remained the same.

5.22.6 General Observations

The following were other key issues observed in the management of the Lakka hospital:

Store records

Records management was a big challenge as there were no stores record maintained at the hospital to account for receipt and issue of store items including drugs and medical supplies. In addition, there was manual recording of patients' information at the various wards which created difficulties in accessing information, as the files of patients were very difficult to obtain when requested during the audit exercise. Furthermore, the Hospital did not have a store, storekeeper or a Pharmacist. There were no stock record cards/ bin cards and store allocated ledgers etc. for the recording of all items (drugs and medical supplies) received and issued. The Director of Hospitals and Laboratory Services should notify the Director of Human Resource to assign an IT Officer to the hospital so as to assist them in all IT related matters with immediate effect.

Official's Response

In relation to the IT staff issue, the MS said he had written to the Director of Hospital and Laboratory Services to assign an IT Officer to the hospital so as to assist in all IT related matters.

Auditor's Comment

A copy of the letter written by the Medical Superintendent to the Director of Hospital and Laboratory Services for an IT Officer to be assigned to the hospital was submitted and verified. However, there was no evidence to show that an IT Officer has been assign to the hospital.

Fuel administration

There was no evidence to show that fuel reconciliation was being carried out by the Hospital. The fuel register maintained by the hospital did not indicate the open and closing balances. It was recommended that the Finance Officer should ensure that fuel reconciliation was done and a comprehensive fuel register developed showing an accurate opening and closing stock balances at all times.

Official's Response

In relation to Fuel Management, the MS said that the Finance Officer had prepared a comprehensive fuel register in the hospital to reconcile with records at the filling station. That, he said will help to enhance proper stock balance of hospital fuel.

Auditor's Comment

Review of the fuel register revealed that the Finance Officer had prepared a comprehensive fuel register indicating the opening and closing balances of fuel. However, there was no evidence of fuel reconciliation with the records maintained by the fuel station for the year under review. Therefore, the issue was partly resolved.

Leprosy patients

Physical verification and interviews conducted revealed that there were some patients that remained in the hospital even though they had been cured (Leprosy patient) for over two years. The relatives of the TB patients usually abandoned them whilst they were going through treatment in the hospital for fear of contracting the disease themselves. Interviews conducted with the Medical Superintendent and some patients revealed that even though the patients had recovered from their illnesses, they found it difficult

to relocate to their various homes as they were often neglected by their relatives. The Director of Hospitals and Laboratory Services should collaborate with the Ministry of Social Welfare and the Sierra Leone Police to remove those patients who had been cured from the various wards with immediate effect.

Official's Response

In connection with cured patients still residing at the hospital, the MS in his response said "Despite series of letters to authorities concerned to help in removing some stubborn cured patients from the hospital yet to be honoured. More especially for Leprosy, there is currently an unruling has been discharged several times, but still occupy the hospital facilities and caused mayhem in the hospital. The Medical Superintendent has sent an urgent letter to the Chief Medical Officer through the Director of Hospital and Laboratory Services for an immediate removal of eight patients who have been cured and refused to be discharged especially Mohamed Kuyateh, who has threatened to burn the entire hospital. He is making the hospital unfriendly for staff and other patients."

Auditor's Comment

A copy of the letter written by the Medical Superintendent to the Chief Medical Officer of the Ministry of Health and Sanitation for the discharge of some patients who had been cured (Leprosy patients) was submitted and verified. However, there is no evidence to show that those patients had left the hospital. Therefore, the issue still remains the same.

Refer to the Table of Common Issues (Page 92) for further observations.

5.23. LUMLEY GOVERNMENT HOSPITAL (2014)

5.23.1 Insufficient supply of laboratory and medical equipment

Interviews with technicians, the sister in charge of wards and physical verification of the available equipment revealed that the hospital lacked basic equipment like microscopes, fully automated biochemical analyzer and gas analyzer for respiratory diseases. One scenario that could have terrible implications for disease transfer is the lack of oxygen canisters in which patients with heart ailments will have to share one canister from time to time and although this issue was raised in the 2013 Auditor General's report, it still remained unattended to. It was recommended that the Director of Hospital & Laboratory Services should ensure that the hospital was provided with that essential equipment in order to ensure a sustained quality health care service delivery to the populace.

Official's Response

The MS stated that management in collaboration with the Director of Hospital and Laboratory Services would ensure that the essential equipment needed for the smooth running of the hospital were provided.

Auditor's Comment

There was no documentary evidence to show that the hospital management had informed the Director of Hospital and Laboratory Services for the provision of the necessary equipment for the smooth running of the hospital.

5.23.2 Inadequate Medical Personnel

A total number of 15,015 patients that visited the hospital were attended to by only three medical specialists. Specialists' doctors such as surgeons, orthosaedic, dentists, radiologist and virologists were not available in the hospital. Discussions with the Medical Superintendent revealed that although the hospital required 200 nurses for its capacity, review of staff list showed that the total number of nurses at post in the hospital was 97. It was recommended that the Chief Medical Officer should assign more doctors and nurses to the hospital to meet the increased demands of patients.

Official's Response

The MS noted that management will ensure that they inform the Chief Medical Officer for him to assign more doctors and nurses to meet the increased demand of a growing patient's population.

Auditor's Comment

There was no documentary evidence to show that Management had requested the Chief Medical Officer to assign more doctors and nurses to the hospital.

5.23.3 Inadequate infrastructure to support clinical activities

The table below gives a detail description of issues identified in some of the facilities in the hospital

No.	Facility	Issues identified
1	Stores	Stores for the storage of diets, drugs and medical consumables were not spacious enough and the air conditioners were not very functional. The diet and drug stores were littered with medicine and consumables
2	Paediatric Ward	The room space in the paediatric ward was grossly inadequate as a result patients share beds.
3	Male Surgical Ward	It had poor toilet facility and there was no electricity supply in the ward.
4	Female Surgical Ward	The ward is poorly ventilated as a result patients were at most times found outside. There was also poor toilet facility.
5	Kitchen	The drainage system was dysfunctional.
6	Major Theatre	There was poor toilet facility and no pipe-borne water

It was therefore recommended that the Medical Superintendent should ensure that the store space was extended and fitted with a properly functioning air conditioning system and the needs of the various hospital units and the hospital in general were met to facilitate the smooth and efficient delivery of medical services to the general public.

Official's Response

The MS mentioned that the hospital management had informed the Freetown City Council for general maintenance of the facility to be carried out.

Auditor's Comment

Although a copy of the maintenance project proposal was submitted, the deplorable condition of the hospital still remains untended to. Therefore, the issue was unresolved.

5.23.4 The theatre not in use

During the Ebola outbreak, the only theatre in the hospital was used as a holding centre. This temporarily put the theatre out of use. Even though the hospital was no longer used as holding centre for quite a couple of months now, the theatre was still not functional. Patients who required surgical treatments were now referred to other hospital for operations. It was recommended that the medical superintendent should ensure that appropriate actions are taken to solve this problem.

Official's Response

The MS noted that the hospital management had written a letter to the Director of Hospital and Laboratory Services for necessary action to be taken.

Auditor's Comment

There was a documentary evidence to show that the Medical Superintendent of the hospital wrote to the Director of Hospital and Laboratory Services and copied other stakeholders such as the CMO, PS and CA of the Freetown City Council on this issue. However, as at the time of verification, the theatre was still not functional.

Refer to the Table of Common Issues (Page 92) for further observations.

5.24. OLA DURING CHILDREN'S HOSPITAL (2014)

5.24.1 Insufficient supply of laboratory and medical equipment

Interviews of technicians, sister in charge of wards and physical verification of the available equipment revealed that the hospital lacked basic equipment to carry out various tests at the laboratory, as well as medical services to patient. Those included microscopes, fully automated biochemical analyzer, gas analyzer for respiratory diseases, etc. Based on physiological guidelines, a canister of supplementary oxygen should be administered to one patient at a time. Even though it was stated in the 2013 Auditor General's report, it was however observed that several patients suffering from diverse ailments were concurrently using one oxygen canister at the same time. It was recommended that the Director of Hospital & Laboratory Services should ensure that the hospital was provided with this essential equipment in order to enhance the sustainability of quality health service delivery to the populace.

Official's Response

The MS stated that plans were on the way to procure some of those essential equipment for the lab so that correct diagnostic test will be carried out for patients, adding that will be factored in the next budget.

Auditor's Comment

There was no evidence to justify the response. Therefore, the issue was unresolved.

5.24.2 Inadequate Medical personnel

Interviews with the medical superintendent revealed that the Ola During Children Hospital required ten specialists. During the time of the audit, there was only one paediatrician and three medical doctors to serve the hospital with a capacity of 16,528 patients that visited the hospital during the year under review. Discussions with the Matron revealed that the hospital required 400 nurses. However, review of staff list revealed that the total number of nurses in the hospital was 208. It was recommended that the Chief Medical Officer should assign more doctors and nurses to the hospital to meet the increased number of patients.

Official's Response

The MS mentioned that a request had been made to the chief Medical officer to increase the number of staff in the hospital.

Auditor's Comment

There was no evidence to justify the response since medical personnel were yet to be assign to the hospital.

5.24.3 Unverified Personnel

An examination of the staff list revealed that 59 staff did not show up for physical verification even though the exercise lasted for more than three weeks and there was no written approval to confirm that they were on leave. It was recommended that the hospital secretary should ensure that the 59 staff members were verified within the shortest possible time.

Official's Response

The MS stated that 59 staff members were informed to be ready for verification.

Auditor's Comment

Out of 59 Staff only 5 were verified living 54 unverified. Therefore, the issue remained unresolved.

5.24.4 Inadequate infrastructure to support clinical activities

The condition of the store at the hospital was deplorable as it was not spacious and drugs were scattered on the floor. Some drugs were even taken to the pharmacist's office for storage. In addition, there was also no fire extinguisher to protect the loss of valuable items in the event of a fire outbreak. It was recommended that the Medical Superintendent should ensure that the store space was increased.

Official's Response

The MS said that modalities had been put in place to increase the store space. He added that that will be factored in the next budget. He also mentioned that fire extinguishers have also been installed in the store to protect valuable items.

Auditor's Comment

There was no evidence to justify the response. Nothing has been done to improve on drugs storage facilities in the hospital.

5.24.5 Disposal of solid waste

There was a huge pile of refuse at the garbage site within the hospital premises even though, the sum of Le12 million was paid to a cleaning company for the clearing and transfer of refuse to the general dumping site. It was recommended that the Medical Superintendent should ensure that the cleaning services were performed on a regularly basis.

Official's Response

The MS stated that Masada had been informed and they were now cleaning the garbage on regular basis.

Auditor's Comment

There was no evidence to justify the response. Garbage within the hospital was yet to be disposed off as at the time of audit verification.

5.24.6 Expired drugs at the cost recovery

Physical verification exercise carried out at the Cost Recovery and Free Health Care drugs stores revealed that, drugs to the value of Le7,048,900 had expired and were still in stock. Some of those drugs were received by the hospital six months before their expiry dates. It was recommended that the Director of Drugs and Medical Supply should explain why these drugs were issued to the hospital six months before their expired dates.

Official's Response

The MS mentioned that the Director of Drugs and Operation, NPPU had been informed and the drugs had been verified and were awaiting collection.

Auditor's Comment

There was no evidence to justify the response. The drugs were yet to be collected and disposed off as at the time of audit verification.

5.24.7 Poor records management of drugs

Review of the stores records of the pharmacy and dispensary hospital drugs revealed that 75% of physical drugs were not recorded in the stores control cards. For instance, physical count of Cotrin tabs in the store showed 7300 tabs while the inventory control card showed 6200. It was recommended that the Pharmacist should ensure that records of stock were updated regularly.

Official's Response

The MS stated that monthly reconciliation was now done to ensure that drugs records were regularly updated.

Auditor's Comment

There was no evidence to justify the response. Therefore, the issue was unresolved.

Refer to the Table of Common Issues (Page 92) for further observations.

5.25. ROKUPA GOVERNMENT HOSPITAL (2014)

5.25.1 Inadequate supply of essential equipment and other facilities

Laboratory Unit

Interviews with the head of laboratory revealed that instruments and apparatus were inadequate for the unit to perform properly: microscope, centrifuge blood and urine, ESR-stand, ESR-tube, PCV-tube, haemato kit machine, HB machine, bio-chemistry analyzer, haematology analyzer counting, chimera, differential counting, chimera, etc. It was recommended that the Director of Training, Hospital & Laboratory Services should ensure that the hospital was provided with essential equipment in order to enhance a sustainable quality health service delivery.

Theatre

Interviews with the Medical Superintendent revealed that caesarean section sets; suction machines; monitoring machine and hanging and standing lights were inadequate. It was recommended that the Director of Training, Hospital & Laboratory Services should ensure that the hospital was provided with essential equipment in order to enhance a sustainable quality health service delivery.

Labour Ward

Delivery beds were not in good working condition. There was no vacuum extractor to assist patients in time of delivery. In addition, there was no air conditioner, oxygen cylinder concentrator and bed screens. It was recommended that the Director of Training, Hospital & Laboratory Services should ensure that the hospital was provided with essential equipment in order to enhance a sustainable quality health service delivery.

Paediatric, Male Surgical, Female Surgical And Observation Wards

The ceiling and standing fans were not in good working condition. There were also no bedding accessories, sterilising machine and autoclave, gauze, cotton wools, bed screen, bed locks, urine pan, thermostat and stethoscope, wheelchairs, stretchers, etc. It was recommended that the Director of Training, Hospital & Laboratory Services should ensure that the hospital was provided with essential equipment in order to enhance a sustainable quality health service delivery.

Blood bank/ portable X-Ray Machine

There was no blood bank and x-ray machine in the hospital. In case of emergency, patients had to be referred to other hospitals. This had some repercussions, considering the distance and traffic congestion. It was recommended that the Medical Superintendent should inform the Director of Training, Hospitals and Laboratory Services to ensure that appropriate arrangements are made for the establishment of a blood bank and portable x-ray machine for the effective operation of the hospital. Interview conducted with the Matron revealed that, the pharmacy did not function at night. As such, patients who may require emergency drugs might not get the required drugs which could probably lead to loss of lives. It was recommended that the Medical Superintendent should liaise with the Pharmacist to put structures in place for the efficient functioning of pharmacy during night.

5.25.2 Inadequate number of nurses and other staff

Interviews conducted with the Medical Superintendent revealed that State Register Nurses (SRN) and ward sisters were inadequate. The hospital was in dire need of those nurses. There was only one porter to serve the entire hospital. It was recommended that the Medical Superintendent should inform the Director of Human Resources at the Ministry in writing for the recruitment/posting of state registered nurses, ward sisters and porters to serve the hospital.

5.25.3 Salaries paid to ineligible personnel

Ten months salaries which amounted to Le4,757,960 were paid to a staff as nursing aide, who retired on 20th May 2014. It was recommended that the Medical Superintendent should ensure that the Director of Human Resources, Ministry of Health and Sanitation (MOHS) should take appropriate action for the removal of the names of those personnel from the payroll.

5.25.4 Lack of trained ICT personnel

There was no trained and qualified ICT officer at the hospital to manage the equipment and information. It was recommended that the Director of Hospitals and Laboratory Services should notify the Director of Human Resource to assign an IT officer to the hospital to assist them in all IT related matters.

5.25.5 Unverified staff

We were unable to physically verify 27 staff in the hospital. It was recommended that the Hospital Secretary should ensure that the 59 members of staff are available for verification with immediate effect; otherwise their names should be forwarded to the Human Resource Management Office (HRMO) for appropriate action.

Official's Response

The MS stated that there was poor communication to staff. He however mentioned that they had informed unverified staff to be available at any time needed and that there was a list on the board informing staff about daily happenings.

Auditor's Comment

During the verification exercise, only seven nurses turned up and were verified, leaving 20 nurses who were not available for verification. Therefore, the issue was partially resolved.

5.25.6 Absence of trained and qualified store keeper

There was no storekeeper in the hospital. The pharmacist acted in the capacity of the storekeeper. It was recommended that the Medical Superintendent should liaise with the Director of Human Resource at the ministry so as to engender the recruitment/posting of a store keeper to serve the hospital.

5.25.7 Improper storage of medical equipments, drugs and consumables

The store was not big enough to accommodate drugs and other essential items supplied to the hospital. There were no air conditioner, pallets and fire extinguishers to prevent the loss of valuable items in the event of fire accident. The storage facility in the kitchen to keep food items safe and good was also inadequate. There was only one freezer in the kitchen to preserved perishables items. It was recommended that as an immediate measure, the Medical superintendent should ensure that air conditioners, pallets and fire extinguishers are provided to keep the drugs safe. The Medical Superintendent in collaboration with the Chief Administrator of the Freetown City Council should ensure that provision was made in the hospitals budget to rehabilitate the store and other facilities.

5.25.8 Government's share of hospital revenue not paid into consolidated revenue fund

The sum of Le147,369,500 was the total revenue collected for the period under review. However, there was no evidence of government's 5% share of the total hospital proceeds of Le7,368,475 paid into the CRF.

It was recommended that the Medical Superintendent should ensure that Le7,368,475 was paid into the CRF within 30 days of the receipt of the report and evidence of payment forwarded to ASSL for verification.

Official's Response

In respect of Government shares of the Hospital proceeds, the MS said that they had started paying the 5% into the CRF.

Auditor's Comment

Receipt for the payment of the 5% Hospital proceeds not presented for verification. Therefore, the issue was unresolved.

5.25.9 Poor records management of drugs

Physical verification of drugs in the store revealed that some drugs were not recorded in the bin cards. It was recommended that the pharmacist should ensure that records of stock were updated regularly.

Official's Response

The MS stated that the Rokupa Government Hospital was previously used as holding centre for Ebola suspects and as a result they lost some staff which affected stock of drugs items not to be taken on the ledger charge. In gradually returning to full operation management had put modalities in place to record drug items on the ledger charge, he affirmed.

Auditor's Comment

Bin cards were not presented for verification to show whether drugs in the store were taken on ledger. Therefore, the issue was unresolved.

5.25.10 Inadequate free health care drugs at the hospital

According to the free health care initiative for pregnant women, lactating mothers and children under five, the initiative abolished fees for medical attention and provides drugs and treatment free of charge in every public health facility in the country. However, interview conducted with patients revealed that payments were made for some drugs that were not available when needed. However, prescription forms were not made available to identify those drugs. It was recommended that the Director of Drugs and Medical Supplies should ensure that adequate drugs were supplied to the hospital to meet the prescription of free health care target patients of the hospital.

5.25.11 Internal Control

Monthly management meetings were not held by senior management to discuss, recommend and implement developmental activities in the hospital. This resulted in the hospital's operations not properly coordinated. In addition, monitoring and supervision of medical staff was not effective in the hospital more particularly medical personnel on night duties. It was recommended that the Medical Superintendent should ensure that management meetings were held on a weekly or monthly basis. The hospital Matron should also ensure that a policy was developed by management with immediate effect.

Refer to the Table of Common Issues (Page 92) for further observations.

5.26. JUI GOVERNMENT HOSPITAL (2014)

5.26.1 Payroll/Staffing issues

There was insufficient supply of trained and specialised medical personnel to efficiently serve the hospital. Inspection of records showed that only 37% of the required specialist doctors are available. An interview conducted with the matron confirmed that only 30% of nurses required are available. There was an acute shortage of particularly senior and specialist nurses. In addition, the hospital inherited volunteer Nurses, Laboratory Technicians, Pharmacists and Pharmacy Technicians whose employment had been regularized.

ASSL therefore recommended that:

- The Medical Superintendent must ensure that specific staffing needs were communicated to the CMO for appropriate action;
- The Director of Human Resources, MoHS in collaboration with the Director of Hospital and Laboratory Services should engage the HMRO and the Health Service Commission to ensure that the hospital was adequately staffed; and
- The Medical Superintendent should liaise with the Director of Hospital and Laboratory Services in order to regularize the status of volunteer staff.

Official's Response

The MS stated that a letter highlighting the staff needs of the hospital and their recruitment into the Government service had been conveyed to the MOHS for appropriate action.

Auditor's Comment

Evidence of the letter highlighting the staffing needs of the hospital sent to the Permanent Secretary and copied to other senior officials of the ministry was submitted and verified but the issue had not been addressed.

5.26.2 Waste Management Challenges

Inspection of the hospital's facilities revealed that the hospital's only incinerator was faulty and needed to be repaired or replaced if the facility should function effectively. It was recommended that the Senior Environmental Officer and the manager of the medical waste unit of the Ministry of Health and Sanitation should ensure that a policy was developed to regulate the disposal of waste at the hospital.

Official's Response

The MS stated that during their routine monitoring, the WHO had promised to talk to the authority concern for an incinerator to be supplied to the hospital but in the interim, they burned medical waste in a pit, an alternative measure to dispose medical waste.

Auditor's Comment

The faulty incinerator had not yet been replaced. Therefore the issue remained unresolved.

5.26.3 Insufficient Water Supply

An interview with the Medical Superintendent concluded that water shortage remained a serious challenge for the hospital. As there was no evidence of pipe-borne water system in the hospital since its main water source was a borehole which could not adequately meet the needs of the hospital. It was recommended that the Medical Superintendent must ensure that the issue was escalated to the CMO and followed up for a permanent solution to the water problem.

Official's Response

The MS stated that the lack of piped water into the hospital was a well-known problem to all concerned and the permanent solution to this problem was to connect the hospital directly from the Kossoh Town Dam, located about 10Km away. This proposal he said, had been presented to the MOHS long time ago (before 2012) mentioning that proper budgeting and financing was required before the problem could be tackled.

Auditor's Comment

Evidence of the proposal to connect the hospital directly to the Kossoh Town dam was not submitted for review. Therefore the issue remained unresolved.

5.26.4 Fuel Management

The hospital did not regularly operate its generator due to inadequate supply of fuel during power outages by the main grid. This had forced the facility to only offer outpatient services as the backup generator can only guarantee limited supply due to its huge running cost. It was recommended that the Medical Superintendent should liaise with the Director of Hospitals & Laboratory Services to find a permanent solution to the power crisis.

Official's Response

The MS in his response said "Constant electricity to the hospital is a very challenging problem indeed. The hospital largely depends on generators for its power. Fuel and generator running costs is very high. There is a positive correlation between power supply and water utilization in the hospital. Water utilization is possible only when there is power. Finding a permanent solution to this problem is incredibly difficult because the National Power Authority (now known as EDSA) at the moment is not providing constant power supply to the hospital."

Auditor's Comment

There was no evidence that the issue had been escalated to the Chief Medical Officer for a permanent solution. Therefore the issue still remained the same.

5.26.5 Excess withdrawals from the hospital's account

An inspection of the hospital's bank statement and cash book revealed that the hospital's account was overdrawn by Le78,404,498 as at the end of December, 2014 without any prior authorisation. This overdraft was caused by a total withdrawal of Le110,400,000 in respect of Ebola hazard incentive payment that was never credited into the account. There had been no effort by the Director of Financial Resources (MoHS) to rectify the irregularity, despite several reminders by the Medical Superintendent. It was recommended that the Director of Financial Resources, MoHS should ensure that the matter was sorted out with NERC and the account regularised. Audit tests also confirmed that regular monthly bank reconciliation statements were not prepared. It was recommended that the Finance Officer should ensure that bank reconciliations were done on a monthly basis and outstanding issues followed up accordingly.

Official's Response

The MS said they usually prepared bank reconciliation statement on a quarterly basis and going forward, ASSL's advice for monthly reconciliation as best practice will be followed.

Auditor's Comment

- ASSL follow up showed that there was no evidence that the amount has been refunded to the hospital's account.
- Evidence of monthly bank reconciliation statements for 2015 was submitted and subsequently verified. However, reconciliations were not done for the year under review.

5.27. SIERRA LEONE PSYCHIATRIC HOSPITAL (2014)

5.27.1 Inadequate supply of essential equipment and other facilities

Interviews conducted with the Medical Superintendent and other senior personnel revealed that some important equipment such as substance analyser, automated bio- chemistry machine used to conduct (liver, kidney and lipid profile test), haematology used to analyse food and complete blood count, autoclave, bed screen, bed side lockers, nurses' lockers, blood pressure machine, thermometer, standing scale, glucose meter, boiler, medicine trolleys and sterilising drum, wash-hand basin, scissors and reagent, were not available in the laboratory and the wards. In addition items such as bed and mattresses, beddings, tea bowl, canisters, kitchen cupboard, forceps were inadequate. It was revealed from the Medical Superintendent that the hospital did not have an ambulance to convey critically ill patients. Equipment like printer, computer, air conditioner or calculator was inadequate at the hospital. For instance, there was no computer in the pharmacy to track the receipt and disbursement of drugs and other consumables. It was recommended that the Director of Hospital and Laboratory Services should ensure that the hospital was provided with essential equipment such as substance analyser, automated bio-chemistry machine and haematology analyser as soon as possible. The Medical Superintendent should also collaborate with The Director of Drugs and Medical Services to ensure that basic equipment needed to enhance effective service delivery in the hospital are provided. He should collaborate with the Chief Medical Officer to ensure that the hospital enjoys ambulance services.

Official Response

The MS stated that the requisition for various laboratory equipment was made from the onset of the laboratory project and some of the basic equipment for routine laboratory investigations was available while awaiting the supply of the more sophisticated ones. He further said that the supply of more beds, mattresses, bed linens etc were currently been processed by the MOHS for onward delivery. He however mentioned that a reminder letter will be written to the Director of Hospitals and Laboratory Services as well as the Director of Drugs Medical Supplies soonest.

With regard to the ambulance issue the MS said that the hospital now had an ambulance which was supplied on 15/09/15 for critically ill patients.

He also mentioned that all key administrative areas including the pharmacy had computers for storage and retrieval of vital hospital information/data management when necessary. Meanwhile, printers are available at all strategic offices for official use and more air conditioners will be purchased when annual allocations were available to other priority areas, he concluded.

Auditor's Comment

- The hospital equipment was not made available for verification.
- There was an ambulance parked at the hospital but no document such as transfer certificate was presented to verify the ownership.
- There was no evidence of computer or calculator at the pharmacy to track receipt and disbursement of drugs and consumables.

5.27.2 Inadequate trained and specialised medical personnel and other supporting staff

Interview with the Medical Superintendent revealed that the hospital did not have a trained psychiatrist except a retired officer who was on contract and three psychiatrist nurses of which one was the matron. There were also no clinical psychologist, no social worker, no occupational therapist, no medical officer and no house man.

In addition there were six security officers currently manning the eight entry points in the hospital. It was also noted that there were two porters and two messengers serving the entire hospital. It was recommended that:

- The Director of Human Resources at the Ministry in collaboration with the Director of Training, Hospital and Laboratory Services should engage the HRMO and the Health Service Commission in ensuring that the hospital was staffed with the required number of medical and non-medical staff.
- It was recommended that the Hospital Secretary should also inform the Director of Human Resources in writing for the posting of additional security, porters and messengers to the SLPH.

Official's Response

- *On the issue of trained psychiatrist the MS noted that that was a priority strategic activity of their Mental Health Strategic Action Plan for 2014-2018 for which multiple requests for recruitment and training of requisite mental health and other professional staff had been made but to no avail. He however said that all relevant authorities will be reminded soonest.*
- *The MS noted that it was true that the hospital needed more support staff (porters, messengers, securities, maintenance officer etc.) and request had already been made which will followed up soonest.*

Auditor's Comment

No action was taken to remedy the situation. Therefore the issue remained unresolved.

5.27.3 Inadequate supply of specialist drugs

Interviews conducted with Medical Superintendent and other senior personnel revealed that:

- Specialist drugs and medical supplies such as modocate 25mg (injection), chlorpromazine 50mg (tablets) and 100mg, tabs artane, CPZ (anti-psychotic), Fluphenazine 25mg were not regularly available. A scrutiny of documents presented for audit revealed that drugs donated by non-governmental organisation had expired and remained in store, were valued at Le 286,892,322. It was recommended that the Director of Drugs and Medical Supplies should ensure that sufficient second and third generation drugs required by the hospital were made available in good time.
- There was no incinerator in the hospital. An interview with the Medical Superintendent revealed that there was irregular and fluctuating electricity supply. In addition, the hospital lacked pipe

borne water system. An inspection tour conducted with senior personnel revealed that there were two freezers in the kitchen but only one was in a working condition. A tour of hospital facilities revealed that some of the facilities were either too old or seriously damaged. Those included a broken fence, poor toilet facility, sewage as a result of blockage in the pipes. It was also noted that the old buildings with wooden doors and windows were badly damaged.

It was recommended that:

- In future, the Director of Drugs and Medical Supplies should ensure that drugs that are needed by the hospital should be distributed to the store and pharmacy. In addition, the Medical Superintendent in collaboration with the Director of Drugs and Medical Supplies should ensure that proper disposal of these expired drugs are done by the Pharmacy Board within 30 days from the receipt of this report.
- Infective Prevention and Control Officer and the Manager of Medical Waste Unit of the Ministry of Health and Sanitation should ensure that a policy was developed to regulate disposal of waste at the hospital.
- The Medical Superintendent should also collaborate with the necessary authorities to ensure that the hospital enjoyed uninterrupted electricity and running water. In addition, he should ensure that provision was made in the hospital budget to rehabilitate facilities and ensure that repairs and maintenances are carried out on all the damaged structures.

Official Response

- *The MS in his response said “Specialised/Psychotropic drugs for our hospital are routinely in oral or parenteral/injection forms. It is true that injection (parenteral forms) of Psychotropic medications is not adequately available at the hospital due to high cost and difficulty in procuring them either locally or from abroad even by the Directorate of Drugs and Medical Supplies. Consequently, the limited available stock is used for emergency cases only. However, we have adequate stock of newer generation of all categories of oral psychotropic drugs that have side effects for routine administration to patients. It is part of our Management plans to ensure an uninterrupted supply of the drugs in question in collaboration with the Directorate of Drugs and Medical Supplies and the newly established National Pharmaceutical Procurement Unit (NPPU).”*
- *The MS mentioned that donated drugs in question were newer generation drugs that were needed in the wake of the EVD emergency crisis that they were faced with. He however said that there was a protracted delay in delivery from the port of shipment to Sierra Leone. He further noted that the expired drugs had already been packed out of their stores for delivery to the Central Medical Store for timely disposal in collaboration with the Pharmacy Board of Sierra Leone.*
- *The MS stated that it was true that there was no incinerator for waste management in the hospital. He however said that the necessary plans had already been made in collaboration with UNOPS/Waste Management Authority for the establishment of waste disposal sites and the building of 2 medium sized incinerators in conformity with MOHS policy and plan for IPC.*
- *The MS said the freezer in question and any other faulty equipment will be speedily repaired/ maintenance as soon as second quarter allocation was disbursed.*
- *The MS said that the hospital was built in 1823 and since then, no serious rehabilitation had been done to the infrastructure and its perimeter fence. He added that earlier efforts had been made to draw the attention of authorities to this deplorable situation but to no avail. He however mentioned that management will continue to advocate for the necessary assessment and subsequent rehabilitation of the facility.*

Auditor's Comment

- There was evidence of specialised drugs delivered by Direct Relief and other organisations to the hospital in reasonable quantity. However, injection (parental forms) of psychotropic medications was not adequately available.
- Even though the hospital had written to the Director of Drugs and Hospital Services and copy other stake holders for the transfer of the expired drugs to the Central Medical Store, they had not been transferred from the hospital.
- There was no evidence such as minute or memorandum of understanding to substantiate that the hospital had had discussions with the relevant authorities for the construction of incinerator or waste disposal site.
- Action had not been taken to repair or replace the faulty freezer.
- Action had not been taken to rehabilitate the damaged facilities.

2.27.4 Payment of inducement allowance

It was revealed from interview conducted with the Hospital Secretary that there were about 37 staff of the SLPH that had either not been incorporated or received an inducement allowance for a period of time. It was recommended that the Finance Officer should inform the HRMO in writing to ensure that the affected names were included within 30 days of the receipt of the report.

Official's Response

The MS said he had written a letter to the Permanent Secretary on 15th August, 2015 requesting for the inclusion and payment of 30 members of their staff who were not benefiting from inducement/ risk allowance as stipulated in the Collective Agreement of 1 June 2009, Article 51 since 2012. He mentioned that the issue in question was updated to 37 by the Ag. Hospital Secretary and had therefore been redirected to submit the list to the HRMO for action and copies will be forwarded to ASSL for verification.

Auditor's Comment

There was no evidence to indicate that action had been taken to include the affected persons on inducement/risk allowance scheme.

Refer to the Table of Common Issues (Page 92) for further observations.

5.28. BO GOVERNMENT HOSPITAL (2013-2014)

5.28.1 Inconsistencies between diets and sundry items supplied and the number of patients admitted

A review of the monthly diet schedule in the contract agreement and the records maintained for all patients admitted in the hospital during 2014 revealed that a proper needs assessment was not done by the MOHS before awarding contract for the supply of diets and sundry items to the Bo Government Hospital. The Schedule of requirements indicated that 450 patients were catered for each day. This gave a yearly total of 164,250 patients. However, an analysis of the hospital admission records for 2014 indicated that 38,276 patients were admitted during 2014. This gave a difference of 125,974 patients between expected and actual beneficiaries leading to an expected loss in diets supply of Le1,070,000,000.

It was recommended that:

- The PS, MOHS and other key officials of the ministry must ensure that a proper needs assessment was done before contracts were awarded for the supply of diets and sundry items to the hospital.
- The Matron, District Nutritionist and Medical Superintendent should also ensure they gave a detailed account of how the excess supplies had been accounted for by the hospital. In the case where those supplies were not received, they must cause the supplier to account for the excesses

identified in the report. Details of action instituted in addressing this issue must be submitted to ASSL for verification; otherwise the amount must be recovered from the responsible officers and paid back in the CRF.

Official's Response

The MS stated that contracts for the supply of diets and other sundry items were awarded by the Ministry's Procurement Unit and staff of the hospital was engaged in that exercise. He mentioned that parameters used in arriving at conclusions for the supply of diets could only be fully explained by the Procurement Unit as they were the experts noting that the staff only received items based on Contract Schedules and deliveries from the supplier.

Auditor's Comment

There was no evidence that the hospital management was involved in the assessment for the award of contracts for supply of diets and sundry items to the hospital. In addition, there was no record to indicate the assessment tools used in arriving at the 450 hospital occupancy in awarding contracts for supply of diets.

5.28.2 Hospital Vehicles – Ambulances, Utility & Official

During a verification exercise of vehicles assigned to the hospital, it was observed that the hospital had three ambulances (one serviceable). In an interview with the hospital fleet manager, it was revealed that the serviceable ambulance was so low that it could not be used in some parts of Bo city because of the deplorable condition of the roads; least to talk of conveying patients from other chiefdoms within the district. The two unserviceable ambulances were now over 15 years in the hospital. There were two official vehicles (one serviceable) and no utility vehicle was assigned to the hospital.

It was recommended that the MS in collaboration with the PS-MOHS, CMO and other key officials of the ministry must ensure that immediate attention was given to the hospital in providing vehicles for its effective operations. The MS must also ensure that the unserviceable vehicles were either repaired or requested to be written off from the books of the hospital.

Official's Response

The MS said that the recommendations of the inadequate ambulances and vehicles to the hospital were also of great concerns to management; considering the operational mandate of the hospital. Those concerns, he noted, had been communicated to the MOHS headquarters in Freetown for appropriate action.

Auditor's Comment

ASSL recommendations were yet to be implemented. The hospital was still faced with inadequate ambulances. In addition, a utility vehicle was yet to be assigned to the hospital.

5.28.3 Generator plant to provide electricity supply

67.7 KVA and 30KVA generators were verified as alternative electricity supply in the case of blackout from the national power supplier (EDSA/BKPS). During an assessment of the operations of the generators, it was revealed that there were frequent breakdown and that the generators could not supply electricity to the entire hospital. As at the time of the audit inspection, the generators needed urgent repairs and maintenance if they were to effectively serve the hospital. It was recommended that the MS in collaboration with the PS-MOHS, CMO and other key officials of the ministry must ensure that immediate attention was given to the hospital in providing generators for its effective operations. The MS must also ensure that the generators were either repaired or requested to be written off from the books of the hospital.

Official's Response

The MS stated that a request for a standard generator for the entire hospital had been sent to MOHS headquarters in Freetown for appropriate action. Meanwhile, the available ones were being repaired as an alternative electricity supply in the case of blackout from the national power supplier (EDSA/BKPS), he further mentioned.

Auditor's Comment

The issues were still outstanding.

5.28.4 Poor facilities and lack of medical equipment

The team visited various departments and wards of the hospital and observed that there was lack of basic equipment and facilities for the effective and efficient operation of the hospital and thus undermining the delivery of quality basic health care services to the populace. It was recommended that the MS in collaboration with the PS-MOHS, CMO and other key officials of the ministry must ensure that immediate attention was given to the hospital in providing appropriate working equipment and environment for its effective operations. It was recommended that the MS should ensure that the various departments of the hospital were upgraded to enhance their operational effectiveness for proper service delivery.

Official's Response

The MS mentioned that the recommendations on lack of basic equipment and facilities for the effective and efficient operation of the hospital and thus undermining the delivery of quality basic health care services to the populace were noted. He said that those concerns had been communicated to the MOHS headquarters in Freetown for appropriate action.

Auditor's Comment

The issues were still outstanding.

5.28.5 Lack of specialist doctors in the hospital

The auditors verified five Medical Doctors attached to the hospital. It was however observed that specialist doctors such as paediatrics, radiologists, psychiatrist, orthopaedics, surgeons, ophthalmologists, otolaryngologists, obstetrics & gynaecologists, dentists, anaesthetists, cardiologists, physiotherapists, etc. were yet to be assigned to the hospital. In an interview with the hospital management, it was revealed that most specialist services were referred to Freetown for appropriate action. It was therefore recommended that the MS in collaboration with the Chief Medical Officer, PS MOHS and other key officials of the ministry should ensure that specialist doctors were immediately assigned to the hospital. ASSL must be informed, within 30 days of receipt of the report, on action(s) instituted by the hospital in addressing the issues identified in the report.

Official's Response

The MS stated that the recommendations on assigning specialist doctors to the hospital were under consideration by the MOHS headquarters in Freetown as it was a universal issue in the health sector.

Auditor's Comment

The issues were still outstanding.

5.28.6 Hospital Board not operational

There was no evidence in the form of minutes or other documentation to indicate that the Hospital Board was operational for the effective monitoring, supervision and control of the hospital activities and operations, contrary to the Hospital Boards Act, 2003. It was recommended that the MS should ensure that an operational board was formed immediately for the efficient running of the hospital.

Official's Response

The MS stated that the non-existence of a Hospital Board was also a concern to management adding that the audit concerns had been communicated to the MOHS headquarters in Freetown for appropriate action.

Auditor's Comment

The issue was still outstanding.

Refer to the Table of Common Issues (Page 92) for further observations.

5.29. DISTRICT HEALTH MANAGEMENT TEAM-BO (2013-2014)

5.29.1 Inadequate control over drugs supplied to the DHMT

During a review of controls over drugs supplied to the district stores and selected PHUs, it was observed that the dates on the cartons and boxes of most of the drugs sent from the Central Medical Stores to the district stores, indicated that most drugs were close to expiration before arrival at the district stores. There were also considerable delays in sending drugs from the district stores to the Peripheral Health Units (PHUs). It was evident that most of the drugs sent to the PHUs were either expired or close to expiration. Expired drugs (during examination of dates on cartons and boxes and on interviews with key officials) were found at the district stores and some at the PHUs that were awaiting collection and eventual disposal by officials from the Central Medical Stores. It was recommended that the District Medical Officer (DMO) should ensure that physical verification to identify expired drugs was carried out on a regular basis with a report filed for reference purposes and the expired free healthcare drugs should be taken to the Central Medical Stores for immediate disposal. Distribution of drugs to PHUs should also be timely.

Official's Response

In his response the DMO said "I wish on behalf of the DHMT to inform you that the drugs being supplied close to expiration date is beyond our control. The delay is either caused by the central medical stores or during the procurement of the drugs which totally outside the control of the DHMT.

With regards to the delay in sending drugs to PHUs, this is not deliberate and occurred most times during the rains, when some roads leading to some of these PHUs are washed away, making it very difficult for vehicles to access such areas. Sometimes, even monitoring becomes very difficult because of the disadvantages of using motor bikes during the rains. There are a lot of other challenges that we do face as a unit; but due to the interventions of some of our health partners, improvements are gradually taking place for which we are grateful.

Concerning the expired drugs, we have on several occasions informed the central medical stores to collect and dispose these drugs but to no avail. And these are drugs that we cannot dispose on our own until we receive the appropriate authority from the ministry in Freetown."

Auditor's Comment

This issue should be brought to the attention of parliament for effective drugs acquisition and delivery to the health centres.

5.29.2 No action taken on grounded/unserviceable vehicles

There was no maintenance plan or policy in place at the DHMT. The team observed that four vehicles belonging to the DHMT were grounded/ unserviceable with no action taken as to their maintenance or disposal. It was recommended that the DMO in collaboration with the Assets Commission must ensure that action was taken on the grounded/ unserviceable Assets within 30 days of the receipt of the report.

Official's Response

The DMO stated that they had informed the ministry in Freetown to make appropriate arrangements with the Assets Commission that is charged with the responsibility of disposing all government assets.

Auditor's Comment

This issue was still outstanding.

5.29.3 Inadequate support to PHUs

The team visited a number of peripheral health units (PHUs) and observed the following:

- A considerable number of personnel were not on the payroll;
- Standard delivery beds were not available at the labour rooms;
- There were no proper storage facilities for drugs due to lack of electricity at the facilities;
- There was poor toilet facility with some toilets far away from the labour room;
- There was lack of basic equipment like scales, B.P. machines, suction machines, oxygen machines, solar refrigerators, etc.;
- Certain essential drugs were frequently out of stock, causing patients to buy from outside the health facility;
- Most of the facilities were without staff quarters to accommodate nurses;
- Water supply facilities in most of the facilities were not encouraging;
- Some facilities lacked pumps or wells and water had to be fetched from the community;
- Most of the instruments used for delivery were observed to be obsolete;
- Waste management in most facilities was poor; some were without incinerator and some burning pits were not fenced; and
- There was delay in remitting funds in respect of Performance Based Financing.

It was recommended that the DMO should in collaboration with the government and other health partners ensure that the anomalies affecting service delivery in the PHUs were looked into and addressed in the shortest possible time for continuous service delivery.

Official's Response

The DMO stated that "The issues observed by the audit team were indeed challenges that the ministry is still faced with. As DHMT of the district, we are quite aware of these challenges and have engaged our health partners to intervene in some of these areas and some equipment like weighing scales have been provided and supplied to the PHUs. That notwithstanding, there are still a number of issues that we are struggling with as a ministry; imagine a district with 121 PHUs, we received only eleven delivery beds, making it very difficult to give each PHU one. With these and many more challenges that have emanated from the Ebola outbreak, the ministry in collaboration with its health partners is still trying to mitigate some of these challenges. Our hope as a DHMT is that more concentration will be given to the PHUs in the post Ebola recovery drive of the government and other health partners."

Auditor's Comment

Those issues should be brought to the attention of parliament for improvement in the status of the PHUs.

5.30. GOVERNMENT HOSPITAL - KENEMA (2013-2014)

5.30.1 Ineffective Internal Controls

Minutes of board meetings to justify that the hospital board was operational were not submitted for audit. Further investigation revealed that the board was not in existence during the period under review. It was recommended that a board should be established, charged with the responsibility of overseeing the operations of the hospital and holding meetings held on a monthly basis with deliberations recorded.

Official's Response

The MS stated that there were no minute of board meetings during the time of audit because the board was no longer in operation. He added that the board was dissolved two years back when the hospital was taken back form council, but however, that will be communicated to the Ministry of Health and Sanitation for further action to be taken.

Auditor's Comment

There was still no established Board to date. Therefore the recommendation was not implemented.

5.30.2 Inadequate control of management and distribution of drugs

21,620 units of assorted Free Health Care and Cost Recovery drugs and consumables were issued without store issue vouchers and were not posted into the stock cards. 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 cost recovery drugs in the store. It was recommended that documentary evidences to support the issue of drugs and medical consumables were produced within 30 days of the receipt of the report or the sums involved refunded immediately. In addition, physical verification to identify expired drugs should be carried out on a regular basis and a report filed for reference purpose and expired drugs taken to the Central Medical Stores for disposal immediately.

Official's Response

The MS stated that the 21,620 units of assorted Free Health Care and Cost Recovery Drugs stated in your draft were issued with store issue vouchers and were posted to the stock cards but the vouchers and cards were misplaced during the time of audit but were now available for verification. He also mentioned that the physical stock verification was not carry out due to the emergency outbreak of the Ebola virus at that time but had been recently done and all expired drugs had also been sent to the central medical stores.

Auditor's Comment

The recommendations were not implemented.

5.30.3 Inadequate control of the general processing of payment vouchers

A total amount of Le58,806,400 was withdrawn from the hospital's User Fee Account without payment vouchers and no relevant documentary evidence like receipts and certifications. In addition, relevant documentary evidence such as receipt/certification, attendance list, and training reports were not made available for the disbursement of funds from allocation received which amounted to Le229,248,500. Furthermore, Vote Service Ledgers/Cashbooks were not maintained by the hospital. It was recommended that the Medical Superintendent should ensure that the relevant evidence in respect of the above expenditure was forwarded to ASSL within 30 days upon the receipt of the report; or the amount of Le288,054,900 be refunded immediately.

A vote service ledger/cashbook should also be maintained to record all transactions.

Official's Response

The MS noted that the relevant documents to justify the withdrawal of the Le58,806,400 were available for verification and the documentary evidence such as receipts, attendance lists, and training reports were available for disbursement of funds from allocation received from Government. He further mentioned that vote service ledgers / cash books were maintained by the hospital and there were supporting documents to justify the issues stated.

Auditor's Comment

Documents were presented for the amount of Le7,587,000 with the balance of Le51,219,400, unrepresented. Bank statement submitted showed the deposit of Le63,750,418 and a balance of

Le165,498,082 not accounted for. Vote service ledgers / cash books were presented for the period under review but were not used for recording the transactions undertaken.

5.30.4 Inadequate control of the distribution and use of fuel

There were no fuel usage reports, register and chits to justify the utilisation of fuel which cost Le112,986,000. There were also no records such as log books to show how the sum of Le110,890,000 was spent for servicing and repairs of motor vehicles, motorbikes and generators. It was recommended that the Medical Superintendent should ensure that the records for the utilisation for the total of Le112,986,000 were forwarded to ASSL within 30 days of the receipt of the report; or the amount refunded immediately. In addition, records of the servicing and repairs which amounted to Le110,890,000 should be produced or the amount refunded.

Official's Response

The MS stated that those documents were all misplaced at the time of the audit; however, they had been retrieved and were now available for verification.

Auditor's Comment

The head of transport had retired so there was no way to retrieve the document from him at the time of verification.

5.30.5 Inadequate Medical Personnel

Out of a total number of 15,015 patients that visited the hospital, there were only 8 doctors available to provide medical services for the period under review. Specialist's doctors, such as Paediatrician, Gynaecologist, Bone specialist, Dentist, Radiologist and Virologist, were not available in the hospital: Discussion with the Medical Superintendent revealed that the hospital required 880 nurses. However, review of staff list revealed that the total number of nurses in the hospital was 440. It was recommended that the Chief Medical Officer in collaboration with the minister in the Ministry of Health and Sanitation must ensure that the required medical personnel were made available to the hospital.

Official's Response

The MS stated that the new management recently made recommendation to the ministry for more medical personnel to the hospital especially specialists for the areas mentioned in our audit report. He however noted that effort had been put in place for the recruitment of more personnel to the hospital.

Auditor's Comment

The MS made a verbal request for the increase of personnel and specialist to the Hospital.

Refer to the Table of Common Issues (Page 92) for further observations.

5.31. DISTRICT HEALTH MEDICAL TEAM-KENEMA (2013-2014)

5.31.1 Inadequate control of management and distribution of drugs

There was no anti-virus software to update the Invoice Channel Management software for the control and management of drugs and related items. In addition, regular backup and storage of data were not carried out. Furthermore 78,313 units of assorted expired drugs had not been sent to Central Medical Stores for safe disposal. A physical stock count revealed that 443,096 quantities of assorted cost recovery drugs valued Le54,213,400 were not seen during physical verification. It was recommended that the District Medical Officer should ensure that an appropriate IT policy was designed to address antivirus matters, regular backup and storage of data. Physical verification to identify expired drugs should also be carried out on a regular basis and a report filed for reference purpose. The expired free healthcare drugs

should be taken to the Central Medical Store for immediate disposal and drugs not seen during verification must be properly accounted for or the cost of Le54,213,400 refunded.

Official's Response

The DMO stated that an IT policy had been recommended by management and it will be designed and Antivirus matters addressed soon.

Auditor's Comment

The recommendation was not implemented.

5.31.2 Inadequate infrastructure to support clinical activities

During a verification exercise carried out on seven PHU's, the following issues were identified:

- There was no perimeter fence;
- The toilet facility was poor;
- There was no electricity;
- There was no pipe-borne water;
- There was inadequate floor space and storage facility; and
- There were no incinerators for the disposal of medical waste.

It was 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 noted that the matter had been reported to management and they were awaiting approval from central Government to take necessary action for the infrastructural need of the various unit.

Auditor's Comment

The recommendation was not implemented even though the issue had been raised by management with central Government.

5.31.3 Inadequate Medical Personnel

During verification exercises carried out on seven PHU's, one MCH aide was providing medical services to an average of 40 patients per day. There were also no dispensers and mid-wives in those PHUs visited. It was recommended that the Chief Medical Officer in collaboration with the Minister at the Ministry of Health and Sanitation must ensure that the required medical personnel were made available to the District Health Management Team.

Official's Response

The DMO stated that the ministry was in terrible shortage of personnel especially after the outbreak of the ebola; a good number of our personnel were contaminated and died as a result of the ebola. He however said that frantic effort had been put in place for the recruitment of personnel.

Auditor's Comment

The recommendation was not yet implemented as the DMO had raised the issue with Management in Freetown. They presently hope to post the newly trained nurses to the various stations on approval from the Ministry of Health and Sanitation.

5.31.4 Inadequate Hospital Equipment

During a verification exercise carried out on seven PHU's, the following issues were identified:

- There were no standby generators;
- No oxygen machines;
- No thermostats and stethoscopes;
- No air-conditioning systems;
- No communication equipment (VHF Radio);
- No ambulances; and
- There was only one bed for delivery.

It was recommended that the DMO should ensure that the needs of the various PHUs 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 stated that management has been informed and the matter will be addressed as soon as funds were available.

Auditor's Comment

The recommendation had not been implemented. The issue of inadequate equipment for the DHMT Post had been discussed by the DMO with the Ministry of Health and Sanitation. They await funds from the District Council to get some equipment.

5.32. DISTRICT HEALTH MEDICAL TEAM-KAILAHUN (2013)

5.32.1 Ineffective Internal Controls

A review of the District Health Medical Team's internal control and operating systems revealed the following issues:

- No risk assessment process was in place;
- There was no disaster recovery/business continuity plan in place;
- The composition of the Hospital board was not known and for the period under review and no meeting was convened by the board; and
- There were no reports to show that activities of the PHUs within the district were effectively supervised and monitored.

The DMO should ensure that an appropriate risk assessment process/policy was designed and communicated to all staff and a disaster recovery/business continuity plan compiled and put in place by senior management.

Official's Response

The DMO stated that daily operational activities of the District Health Management Team were divided in to several departments and there was proper coordination between the various departments which helped management to operate the hospital on a daily basis, evidence of such documents were the staff posting schedule, duty roster, attendance register and operational activity reports etc. He added that the daily operations of the District Health Management Team and all other departments operating in the health sector were well coordinated and there was always proper coordination between DHMT and the council which oversees the operation of DHMT evidence of such coordination were minutes of meetings. He further mentioned that the management Board for DHMT was functional as minutes of their meetings were displayed on the notice board and ready for verification. He maintained that there were strict monitoring measures put in place for effective monitoring of PHUs in the district and their monthly activity reports are available for verification.

Auditor's Comment

Our recommendations were not implemented.

5.32.2 Ineffective IT Control Environment

There was no anti-virus software to update the Invoice Channel Management software for the control and management of drugs and related store items. The auditors were unable to determine the extent to which regular backups were done because the IT Personnel attached to the store was absent during the audit period. No maintenance schedules / plan were evidenced for hardware utilisation. It was therefore recommended that the District Medical Officer (DMO) should ensure that an appropriate IT policy was designed that addressed antivirus matters, regular data backup and storage of data. It was also recommended that a maintenance plan should be developed and implemented for the regular maintenance of computers and other electronic device.

Official's Response

The DMO said that there was no anti-virus software package to update the channel, but that they had strong warning by UNFPA not to alter any software or make any changes in order to prevent the channel malfunctioning. He however said that they had communicated with them and they had promised to update the channel. The DMO also noted that the Hospital did not have separate IT personnel for the operation of the channel as the store keeper who was given the necessary training to operate and maintain the channel was available for verification. He further stated that all maintenance and hardware installation was done periodically by UNFPA the providers of the system who had put the system in place.

Auditor's Comment

The recommendations were not implemented. Observations revealed that anti-virus software had not been installed on the desktop computer hosting the Invoice Channel Management System.

5.32.3 Inadequate control of the general processing of payment vouchers

The relevant documentary evidence was not made available to justify the disbursement of funds amounting to Le87,099,500. It was recommended that the DMO should ensure that documentary evidence to support the use of those funds were produced within 30 days of the receipt of the report, or the amount of Le87,739,500 be refunded immediately. In addition, all allocations made to them were properly retired and accounted for.

Official's Response

The DMO stated in his response that the DHMT was completely devolved to the District Council as a result large part of its funds was acquired through Council. He said that some of the transactions stated were transactions carried out by Council for example DSTV installation and accessories and a series of the trainings which Council had prepared payment vouchers and maintained supporting documents for on behalf of DHMT which was available for verification. In addition, other funds provided by other development partners are well retired for, as training reports, receipts of items and other documentations were in place and available for verification.

Auditor's Comment

Our recommendation was partially implemented. Training reports in support of training activities undertaken amounting to Le63, 849,500 were submitted for verification. However, receipts in support of DSTV installation and other activities amounting to Le23,250,000 were not submitted for verification.

5.32.4 Inadequate control of the management and distribution of free health care & cost recovery drugs

The environmental condition of the drug store was far from being pleasant. The store was not spacious and lacked adequate ventilation. It was recommended that the DMO should ensure that the present condition of the store was improved to meet health and safety standards.

Official's Response

The DMO stated that it was correct that the environmental condition of the store was not pleasant and reports on the DIFID tracking questionnaires had been filled and an assessment had been done by UNICEF to fix the stores.

Auditor's Comment

The audit recommendation was not implemented.

Refer to the Table of Common Issues (Page 92) for further observations.

5.33. MAKENI GOVERNMENT HOSPITAL (2014)

5.33.1 Personal files not submitted

Personal files for 310 personnel requested were not submitted for review. In addition, documentary evidence to substantiate that three staff and the Accountant were on sick leave was not submitted for audit inspection. It was recommended that the Medical Superintendent (MS) should ensure that the personal files of the 310 staff were submitted to ASSL within 30 days of receipt of the report. Staff personal files should also be maintained for the entire hospital staff and those should be regularly updated. The sick leave approval in respect of the three staff in question should be submitted for verification within 30 days of the receipt of the report; otherwise, the Director General, Human Resource Management Office (HRMO), would be advised accordingly for necessary action to be taken.

5.33.2 Staff not available for physical verification

34 personnel including State Enrolled Community Health Nurses (SECHN), Nursing Aides and other cadres did not show up for verification. It was recommended that the MS should ensure that those staff avail themselves for physical verification within 30 days from the date of receipt of the report, otherwise, their names and pin codes should be forwarded to the HRMO for deletion from the payroll of the hospital.

5.33.3 Staff working as volunteers for significant periods

During the course of the audit, it was observed that 91 trained and qualified SECHN personnel (representing 25% of the total trained medical personnel) have been working in the hospital, as volunteers for periods ranging six months to three years with no significant effort being made to absorb them into the Ministry's payroll. Of utmost concern was the fact that one of the hospital cooks, has been working as a volunteer since January, 2000 (a period of 15 years) without any effort being made to absorb her into the mainstream of the civil service. It was recommended that the MS should ensure that the names of staff who had been working in the hospital as volunteers for significant periods were forwarded to the Ministry of Health and Sanitation so that in situations where government was to recruit additional staff they would be duly considered for absorption into the mainstream of the civil service.

5.33.4 Staff who had exceeded the statutory retirement age

An examination of the staff list submitted for review revealed that five personnel who had exceeded the statutory retirement age of 60 years were still maintained on the hospital's payroll. In the same vein, letters of extension of service were not submitted for the continued maintenance of the staff in question on the hospital's payroll. It was recommended that the MS should with immediately effect, inform the Director General, HRMO for appropriate action to be taken within 30 days of the receipt of the report; and in

future, regular monthly reviews should be done to ensure that appropriate steps were taken to inform the HRMO whenever delays were experienced in the deletion of names of staff that had attained the statutory retirement age of 60 years.

5.33.5 Tendering procedures not followed on the award cleaning services

A review of payment records submitted in respect of the contract for the cleaning of the Regional Hospital Bombali awarded to cleaning services provider revealed that the contract between Makeni City Council and the service provider ended on the 20th February 2014. However, the auditors realised that payments which totalled Le320,000,000 were made to the service provider for the cleaning of the hospital for which tendering procedures were not followed. Even though, the hospital was currently utilising the services of the service provider for the cleaning of the hospital, it was realised that the hospital compound was bushy and medical and other wastes were disposed of in almost every corner of the hospital. It was further observed that the cleaning of the hospital was largely done by the hospital cleaners and not the contractor. Every effort to confirm that contractor was performing its functions proved futile; as staff working for the contractor never showed up for physical verification.

It was recommended that the MS should ensure the following:

- Provide adequate justification with the necessary supporting documents to substantiate reason(s) why tendering procedures were not followed in the award of the contract for the cleaning of the Makeni Government Hospital; otherwise, the matter will be referred to the National public Procurement Authority for necessary action;
- In future, contract agreements are signed at all times before the commencement of the contract. This will have the benefit of ensuring that both parties to the contract are aware of their rights, responsibilities and obligations; and if for any reason there are disputes, there will be a legal document to fall back on;
- Immediate steps are taken to regularise the contract for the cleaning of the hospital with the contractor; and
- All contracts entered into by the hospital should be regularly monitored, supervised and certification of work done prepared and signed off by both parties to the contract before payments are made.

5.33.6 Waste Management

The hospital's incinerator- where medical waste should be disposed of was faulty and there was no medical waste management guideline in place at the hospital- a system which should guide staff on issues like waste storage, transportation and disposal. In order to mitigate the risk associated with medical waste, the hospital management should make determined efforts to either repair or purchase a new incinerator and develop an internal medical waste management guideline. Such a guideline should include how wastes are stored, transported and disposed of.

5.33.7 Poor Storage Conditions

Due to the haphazard way in which the store was maintained, the audit team was unable to access the store to confirm the actual stock balances. The condition in which both the cost recovery and Free Health Care (FHC) drugs were kept was not conducive. Even though air conditioners (AC) were installed in the stores, they were not in good working order; Of utmost concern, was the fact that the Global fund store which is the hospital's main store was without electric connections; thus, preventing the ACs in that store from working. Leakages were observed in some of the stores in which FHC drugs were kept. Drugs and other store items were placed on the floor instead of shelves. Containers holding liquid chlorine were not stored above ground level which would make leakages more easily detected; and fire extinguishers were not installed in all the stores. It was therefore recommended that with immediate effect, the MS

should regularise the above anomalies by ensuring that strategies were put in place to have a proper and adequate storage facility for drugs and other medical supplies.

5.33.8 Inadequate supply of essential equipment and facilities

The Makeni Government Hospital serves as a regional referral hospital for the Northern region. As a result, it receives cases from the five districts in the region. During the course of the audit, we observed that a number of facilities and equipment were lacking in the various units within the hospital which is undermining the smooth operations of the hospital as detailed in the table below:

No	Facilities	Auditors' Observations
1	Paediatric Ward	The hospital only has a single ward for admitting children visiting the hospital for medical care. In some instances when the ward was fully occupied, children had to be taken to other wards where adults were admitted. There is a need for a separate paediatric complex to be erected
2	Laboratory	The laboratory is too small to handle the influx of patients into the hospital. There is need for the rehabilitation and extension of the laboratory to house the various departments.
3	Blood Bank department	Out of the five electric freezers only two were working properly; whilst, the only two solar freezers were faulty.
4	Operating theatre	Most of the equipment in the theatre were obsolete and lacked theatre lamp, Suction machine, Diathermy machines, Surgical instruments (including basic sets, laboratory sets, D & C sets etc.) and Operating beds
5	X Ray department	The department lacked the Drying films, Fan/AC, P.L. bay, Barium Enema Kit and Ultra sound machine
6	Maternity Ward	The unit has only three incomplete delivery sets. There is only one vacuum extractor and one fetal Doppler. In the absence of this vital equipment, infection control may be lacking.
7	Orthopaedic Materials	There was serious shortage of orthopaedic material affecting the ability of medical staff to perform their functions efficiently and effectively. From inspections carried out, we realised that Examination and sterile gloves, Elastic bandages, Cosmetic foam, Sterile gauze, Plaster, Cotton wool and padding, Vaseline, Stockinet and Diclofenac cream materials among others were not available at the hospital

The Director of Training, Hospitals and Laboratory Services should ensure that basic medical equipment and other facilities are provided in order to enhance the sustainability of quality health service delivery to the populace.

5.33.9 Kitchen items purchased not physically seen

It was realised that the hospital kitchen lacked basic items needed to enable kitchen staff carry out their functions effectively. Of utmost concern was the fact that amounts of Le8,000,000 and Le5,000,000 respectively were paid to the finance officers for the purchase of kitchen utensils rather than directly to the various suppliers. Moreover, during physical verification of the items procured, we realised that items valued at Le12,140,000 were not seen. It was recommended that the MS should give adequate explanation for this occurrence; and that the hospital desists from such practices. The finance officers should ensure that the missing items said to have been procured are made available for verification within 30 days of the receipt of this report; otherwise, they should refund the amount in question into the CRF and forward the paying in slip to the Audit Service for verification. In future, the MS should ensure that periodic checks are carried out and assets procured should be readily made available for verification. In future, the MS should also ensure that payments be made in the names of the beneficiary organisations and not individuals.

5.33.10 Revenue Generation

The following were observed during a review of revenue generation in 2014:

- A comparison between the accountable document register and the physical receipt books submitted for audit revealed that 8 receipt books issued to the finance unit in 2014 were not produced for audit inspection. An amount of Le13,682,000 was estimated to have been collected from the 8 missing receipt books. It was recommended that the FO should ensure that the receipt books were made available for verification within 30 days of the receipt of the report failing which the amount of Le13,682,000 must be refunded into the hospital's account and the paying in slip forwarded to ASSL for verification. In future, the MS should carry out regular reviews over the receipt and issuance of revenue receipt books to collectors so as to maximise revenues and prevent funds meant for hospital development from misuse.
- Examination of receipt books submitted to the audit team for review revealed that the total sum of Le41,046,000 was collected, as hospital fees and charges. However, only Le17,245,000 was banked leaving a difference of Le23,801,000 neither banked nor having supporting documents submitted to justify the utilisation of funds. Furthermore, revenue and disbursement cashbooks to record all revenue collected and expenditures made by the hospital were not maintained by the hospital. It was therefore difficult to comprehend how monthly bank reconciliations were prepared. It was recommended that the Finance Officer (FO) should ensure that the amount of Le23,801,000 was refunded into the hospital account within 30 days of the receipt of the report and forward the paying in slip to the Audit Service for verification. In future, all revenues collected should be banked intact the following day or at the earliest opportunity.

5.33.11 Competitive Procurement Not Followed by the Hospital

There was no evidence in the form of request for quotations (RFQs) to justify that procurement of goods and services which totalled Le728,997,000 were conducted in accordance with Section 45(1) and the first schedule of the Public Procurement Act, 2004. It was recommended that the MS should ensure that the RFQs in respect of the procurement of Le728,997,000 should be forwarded to ASSL within 30 days of the receipt of this report. In future, quotations should be requested in writing from at least three bidders in accordance with Section 45(1) and the first schedule of the Public Procurement Act, 2004.

5.33.12 Inadequate Control over the Processing of Payments

A careful scrutiny of payment records submitted to the audit team for review revealed that an amount of Le38,256,000 was paid to a service provider as outstanding amount due in respect of vehicle maintenance on PV number 1111. Confirmations sought from the Makeni City Council revealed that the Council had in its books of account Le27,006,000 as outstanding debt transferred to the Regional Tertiary Hospital Bombali as vehicle maintenance. This resulted in an overpayment of Le11,250,000. It was further observed that the date on the PV was 16th June 2014, whilst one of the invoices numbered 2584 was dated 16th October 2014 indicating that payment was made before the invoice was prepared. Similarly, it was observed that an amount of Le40,000,000 was paid to a supplier as arrears in respect of spare parts supplied on the 5th May, 2011. It could be recalled that the hospital was transferred back to the MOHS in January 2014; meaning that all transactions before 2014 should have been entered into by the Makeni City Council. It was however surprising to note that the amount in question was neither among the debts transferred to the hospital nor captured in the Makeni City Council's financial statements for the years 2011, 2012 and 2013 respectively. It was recommended that the MS should ensure that the amounts of Le11,250,000 and Le40,000,000 respectively were paid back into the CRF and the paying in slip forwarded to ASSL for verification.

5.33.13 Withdrawals Made Without Any Supporting Documents

Withdrawals which amounted to Le507,738,071 from the Regional Government Hospital Bank Account and Le93,461,807 from the Regional Fees Bank Account were without supporting documents to substantiate the utilisation of funds. It was recommended that the MS should ensure that the relevant supporting documents were submitted within 30 days of the receipt of the report. Otherwise, the whole amount should be disallowed and surcharged in accordance with Section 12(b) of the Audit Service Act, 2014.

In future, no payment should be made/ authorised until all relevant supporting documents are presented and reviewed.

5.33.14 Inadequate control over the usage of fuel

Payments of Le311,999,700 were made in respect of fuel. However, fuel chits and register were only submitted for Le219,869,300 leaving a difference of Le92,130,400 representing 20,473 litres of fuel not accounted for. In addition 7,605 litres of fuel valued at Le34,222,500 were issued to unofficial vehicles in the Makeni Regional Hospital from 1st January 2014 to 30th April 2014. Furthermore no fuel policy was submitted to the team to determine who should benefit and the quantity of fuel to be given to each beneficiary. It was recommended that the MS should ensure that the fuel chits and registers to account for the Le92,130,400 were submitted for verification within 30 days of the receipt of the report; otherwise, the amount in question should be paid back into the CRF and the paying-in slip forwarded to ASSL for verification. The MS should also ensure that a fuel policy was instituted with immediate effect. Such a policy should identify the beneficiaries and the quantities to be given to each beneficiary. In future, records of fuel utilisation such as entitlement lists, fuel chits and fuel registers should be maintained for audit or reference purposes.

5.33.15 Inadequate control over diet supply

Stock ledger and expendable sheets recording the receipt and utilisation of diet received by the nutritionist from two suppliers amounting to Le561,279,000 respectively were not made available for audit inspection. It was recommended that the nutritionist should ensure that the stock ledger and expendable sheets to substantiate how the diets were utilised were submitted for verification within 30 days of the receipt of this report; otherwise, the whole amount should be disallowed and surcharged in accordance with section 12(b) of the Audit Service Act, 2014.

5.33.16 Free Health Care System

Spot checks carried out at the FHC pharmacy revealed that even though drugs such as Ferrous fumarate (fefol), Amoxiline caps 500 mg, Metronindazole and Paracetamol were demanded in excess of supply. As a consequence, beneficiaries such as pregnant women, lactating mothers and children under five had to be returned without their needs being met. This militates against the objectives of the FHC Programme.

There were also large quantities of Altracurium (10mg/ml injection Amp), Neostigimine (2.5mg/ml injection. Amp) and Ropofol (20mg/ml injection) FHC drugs which were supplied to the hospital but were never utilised as they were never required by the beneficiaries of the FHC program. It was recommended that the Director of Drugs and Medical Supplies should ensure that needs assessments are carried out to determine the type and quantity of drugs to be supplied to each facility. This will have the benefit of ensuring that value for money would be obtained for public expenditures.

5.33.17 Cost Recovery Drugs

Revenue From Sale Of Drugs

Examination of records submitted in respect of cost recovery drugs issued by the storekeeper to the pharmacy technicians at the cost recovery unit revealed that drugs valued at Le40,765,636 sold by the

three pharmacy technicians were not accounted for. Discussions held with the technicians revealed that payments were made into the cost recovery account; however, there was no evidence in the form of bank pay-in slips/bank statements to indicate that monies were deposited into the Cost Recovery account. It was recommended that the MS should ensure that the amount of Le40,765,636 was recovered from the pharmacy technicians and paid into the MOHS Cost Recovery account within 30 days of the receipt of this report and the paying in slip should be forwarded to ASSL for verification. In future, the MS should ensure that drugs supplied to the cost recovery unit were fully retired before additional drugs are issued by the storekeeper to the pharmacist.

Loan From Cost Recovery Account Not Repaid

The sum of Le3,000,000 was taken from the hospital's Cost Recovery account on the 26th September 2014 as a loan to pay rent for the hospital pharmacist. However, the loaned amount was yet to be refunded into the Cost Recovery account. It was recommended that the MS should ensure that the amount of Le3,000,000 was refunded into the Cost Recovery account and the paying in slip should be forwarded to ASSL for verification. In future, the MS should ensure that funds related to cost recovery were paid intact to the MOHS Cost Recovery Account as they were tied funds and should not be used for any other purpose.

Price Lists Not Displayed

Price lists for cost recovery drugs and other fees and charges were not displayed in a conspicuous space in the hospital for the attention of the general public. It was recommended that the MS should ensure that a price list was designed, encompassing the prices of all fees and charges and displayed in a conspicuous space in the hospital.

Expired Drugs

There were a number of expired drugs still kept at the hospital's stores with some having an expiry date as far back as 2011 and no effort being made to return the same to the Central Medical Stores (CMS) for safe disposal. It was further observed that the expired drugs were kept in the same stores with other drugs and medical supplies. It was recommended that the MS should ensure that expired drugs are kept in a separate store and every effort should be made to return them to the CMS in Freetown for disposal.

5.33.18 Inadequate control over assets management

Physical verification of assets

The audit team was unable to physically verify a utility vehicle with registration number AEV 944. Discussions held with the Transport Officer about the missing utility vehicle revealed that the said vehicle was taken by the former Hospital Secretary. Similarly, a review of the security register maintained at the security post revealed that three vehicles and one XL motor bike (ACI – 338 Black Mortuary Ambulance, ACH- 912 White Toyota Hilux, ACK – 568 White Land Cruiser and AEN – 175 Red XL motor bike) were not included in the asset register. Further enquiry from the Transport Officer at the hospital, about the whereabouts of the said vehicles, revealed that they had been boarded. It was however disturbing to note that none of the listed vehicles were mentioned for release according to a letter sent by the Permanent Secretary – Ministry of Transport & Aviation. Physical verification carried out by the audit team in respect of items at the conference hall revealed that 47 out of the 105 conference chairs were missing; whilst, the conference hall television was also missing. It was recommended that the MS should ensure that the assets in question including the utility vehicle taken by the former hospital secretary were returned to the hospital, within 30 days of the receipt of the report; otherwise, the matter would be referred to the Anti-Corruption Commission for necessary action. The MS should also ensure that a comprehensive stock taking of the hospital's entire assets including serviceable and unserviceable assets

would be carried out within 30 days of the receipt of the report; and the updated asset register forwarded to ASSL for verification.

Fleet Management

Five ambulances which were under the custody of the hospital were not registered/licensed and insured. In addition, vehicles owners' registration cards to confirm ownership by the hospital were only submitted for three of 12 vehicles reported in the hospital's asset register. Furthermore, an ambulance donated by Bombali Brotherhood and a tricycle with registration number AFJ 849 were lying idle without any attempts being made to use them for their intended purposes. It was recommended that the MS should with immediate ensure that he effects the license of all vehicles owned by the hospital, submit the required vehicles owners' registration cards within 30 days of the receipt of the report and make every effort to put in use the ambulance donated by Bombali Brotherhood and tricycle with registration number AFJ 849 into immediate use.

5.33.19 Non Functioning of the Hospital's Board

There was no evidence in the form of minutes to confirm that the hospital board established under the Hospital Boards Act, 2003 was operational for the period under review. It was recommended that the Minister, MOHS should put modalities in place for a board to be reconstituted so as to assure the citizenry that the hospital is not working in isolation.

Refer to the Table of Common Issues (Page 92) for further observations.

5.34. GOVERNMENT HOSPITAL - TONKOLILI (2014)

5.34.1 Health Care Service Delivery

From a review of the systems and processes in place at the hospital to deliver quality health care services, it was realised that only two doctors were posted/deployed at the hospital by the Ministry of Health and Sanitation (MOHS) against average patient intake/bed occupancy of 350 per month. Moreover, it was noted that priority was not given to internal training, as the amount allocated to training in the hospital's budget for FY 2014 was 0.04% of the total budgeted allocations taking into account GoSL and DSDP expected funds transfers. It was recommended that the MS should inform the Director General Primary Health Care in the ministry for appropriate action to be taken to ameliorate the situation. The MS should ensure that priority was given to the training of nurses and other medical personnel in the hospital's 2016 budget.

Official's Response

The MS stated that regarding poor key performance indicators, the issue of the death of doctors was viewed with concern by the Ministry of Health and Sanitation and has not been helped by the outbreak of the ebola Viral Disease. He however said that the Chief Medical Officer acknowledged the challenge and had promised to address it as soon as possible.

Auditor's Comment

The issue still remained the same.

5.34.2 Inaccessible Store

The main store was inaccessible as it had been locked-up and abandoned since 2012, by Rime Engineering and General Services, the contractor that was contracted to rehabilitate the store. Consequently, other rooms such as the maternity, recovery, labour, theatre and Intensive care rooms that were meant for admission cases were being used for storing Free HealthCare and Cost Recovery drugs. The rooms were found to be insufficient and lacked the basic facilities such as pallets, and a ventilation/cooling system for the storing of drugs. The auditors tried to reach the contractor, who had

been paid Le984,136,444 for the rehabilitation but to no avail. Furthermore no penalties had been levied on the contractor for non-performance/delay/site abandonment. It was recommended that the MS should within 30 days of the receipt of the report; submit a status report on the rehabilitation of the store to the Permanent Secretary, Ministry of Health and Sanitation, for appropriately action to be taken in accordance with the terms and conditions of the contract. In future, the MS should submit regular progress reports on the status of works contract being undertaken, so as to enable the relevant parties take prompt and timely actions against defaulters.

Official’s Response

The MS stated that the issue of the hospital main store not being accessible was due to it being under lock and key since 2012 by Ryme Engineering and General Services. He said the issue had been raised with the Chief Medical Officer, the Director of Hospitals and Laboratories and a key stakeholder in the district and they had promised to address the matter urgently.

Auditor’s Comment

The issue remains the same.

5.34.3 Waste Management

The hospital’s incinerator- where medical waste should be disposed of was faulty and there was no medical waste management guideline in place at the hospital- a system which should guide staff on issues like waste storage, transporting and disposal. As a result, separate pits were dug for the disposal and eventual burning of medical waste resulting in the release of noxious fumes into the atmosphere. It was recommended that in order to mitigate the risk associated with medical waste; the hospital management should make frantic effort to either repair or purchase a new incinerator and develop an internal medical waste management guideline. Such a guideline should include how wastes should be stored, transported and disposed of.

Official’s Response

The MS noted with regards the management of health waste in the hospital that the Ministry of Health and sanitation had signed a Service Level Agreement with concern worldwide for the rehabilitation of the currently derelict incinerator. He said the concern worldwide in collaboration with UNOPS will construct another incinerator for the hospital and will also train personnel on the handling of health waste.

Auditor’s Comment

The relevant documentary evidence was not produced to substantiate the response proffered by management. The issue therefore remained the same.

5.34.4 Inadequate supply of essential equipment and facilities

A number of facilities and equipment were lacking in the various units within the hospital which was undermining the smooth operations of the hospital as detailed below:

No	Facilities	Auditors’ Observations
1	Theatre	The contract for the rehabilitation and extension of the Magburaka government hospital maternity ward was completed in 2013 with funds provided by the African Development Bank. It was however, disturbing to note that there were cases of leaking roofs and collapsed wall tiles at the theatre room. As a result, one of the hospital structures had to be converted as a theatre. The theatre was not in the standard form as it has windows through which air can easily enter instead of it being enclosed with sealed glass and fully air-conditioned. Most of the surgical equipments in the theatre were obsolete and lacked the following- Diathermy which helps to reduce bleeding and increase work rate, Theatre bed, Theatre light, Oxygen concentrator and Suction machine
2	Laboratory	The laboratory lacked standard laboratory freezer, Solar energy freezers, Standard microscope,

No	Facilities	Auditors' Observations
		Bed, reagents and a standard blood bank structure
3	General	<ul style="list-style-type: none"> • Inadequate bed screens • Even though, the hospital has two operational water wells, we observed that the hospital wards had no running water. • two out of the five ambulances were grounded.

Official's Response

The MS stated that if the hospital was to serve efficiently and effectively as a referral hospital it needed a standard theatre that was well equipped and needed well trained staffs. Hence the need for continuous training cannot be overemphasized he added. He further said that it was against that backdrop that he would advocate for greater allocation of resources in future in their annual work plan for the rehabilitation of the theatre, equipped it with essential surgical tools and the training of the hospital staffs regularly.

Auditor's Comment

The issue remained the same.

5.34.5 Revenue collected from surgical operations not brought to account

Controls regarding the receipt and banking of revenue arising from surgical operations were inadequate. A review of the surgical register revealed that 354 operations were carried out during the period under review. It was however disturbing to note that monies collected for surgical operations were neither banked nor were supporting documents submitted to substantiate the utilisation of such funds. By approximation, the amount that could not have been accounted for was Le115,050,000. It was recommended that the Medical Superintendent should ensure that the amount of Le115,050,000 arising from surgical operations is paid back into the Hospital's Account within 30 days of the receipt of the report, and the paying-in-slip forwarded to ASSL for verification. In future, the M.S. should ensure that amounts collected were receipted, recorded in a cash book and banked intact on a regular basis.

Official's Response

The MS noted that it was a practice he inherited and he strongly abhorred. He however said that steps were currently being put in place to stop the practice.

Auditor's Comment

The issue remained the same.

5.34.6 Cost Recovery Drugs

Revenue generated from the sale of cost recovery drugs to the tune of Le19,615,000 was not brought to account. It was recommended that the MS should ensure that the amount of Le19,615,000 was recovered from the pharmacy technician and paid into the MOHS Cost Recovery Account within 30 days of the receipt of the report and forward the paying in slip to ASSL for verification. In future, the MS should ensure that drugs supplied to the Cost Recovery Unit were fully retired before additional drugs were issued by the storekeeper to the pharmacist.

Official's Response

The MS stated that the recommendation that the medical superintendent ensured that amount allegedly raised from the sales of cost recovery drugs is recovered was being looked into and will be addressed urgently.

Auditor's Comment

The issue remained the same.

5.34.7 Ineffective management of drugs and medical supplies

The MOHS through the Central Medical Stores had two systems of issuing drugs: the Pull System where drugs were issued based on the requirement of the hospital; and the Push System where drugs were issued based on what the CMS had and not what the hospital needs. It was however noted, through inquiry, that via the Push System some nine types of drugs issued were not needed by the hospital and that 86 types of drugs were in low demand. It was recommended that the Director of Drugs and Medical Supplies should ensure that needs assessments were carried out to determine the type and quantity of drugs that should be supplied to each facility. This will have the benefit of ensuring that value for money was obtained for public expenditures.

Official's Response - No Response

Auditor's Comment

The issue remained the same.

5.35. PRIMARY HEALTHCARE - TONKOLILI (2014)

5.35.1 Expenditure returns not submitted for review

Expenditure returns to substantiate how PBF of Le94,000,000 provided to 94 out of 106 PHUs, with each receiving Le1,000,000 were not submitted for audit inspection. In the same vein, 12 out of 106 PHUs did not benefit from the PBF due to the non-opening of bank accounts. Furthermore, during the course of the audit, it was observed that Concern World Wide a non-governmental organisation provided Le10,000,000 to the PHC for Ebola sensitisation. However, supporting documents which could have enabled the auditors to confirm the occurrence of the intended sensitisation were not submitted for review. It was recommended that the DMO should submit the relevant expenditure returns within 30 days of the receipt of this report; otherwise, the amounts involved be paid to back to the PHC's Account and the paying in slip forwarded to ASSL for verification.

5.35.2 Inadequate control over fuel usage

Fuel valued at Le5,256,000 was issued without any indication on the fuel registers and chits as to the vehicle/bikes to which the fuel was issued. Fuel chits were also not submitted to substantiate the use of Le19,994,000. No fuel policy was submitted to the auditors to determine who should benefit and the quantity of fuel to be given to each beneficiary. The DMO should ensure that fuel chits and registers to account for the Le25,250,000 were submitted for verification within 30 days of the receipt of the report; otherwise, the amount in question should be paid back into the CRF and the paying-in slip forwarded to the Audit Service for verification. The DMO should also ensure that a fuel policy is instituted with immediate effect and such a policy should identify the beneficiaries and the quantities be given to each beneficiary. In future, records of fuel utilisation, such as entitlement list, fuel chits and fuel registers should be maintained for audit or reference purposes.

5.35.3 Supportive supervision not carried out

The PHC as a unit of the Ministry of Health and Sanitation was charged with the responsibility of providing support to the various Peripheral Health Units within the Tonkolili District and undertaking regular monitoring and supervision of the activities of the PHUs. However, during the course of the audit, there was no evidence in the form of Monitoring and Evaluation (M&E) reports to confirm that the activities of the various PHUs were being monitored and relevant statistics gathered for planning, research and response purposes. It was recommended that the M&E Officer should ensure that the relevant reports for the period under review were submitted for verification within 30 days of the receipt of the report. In future, the DMO should ensure that regular monitoring and supervision is carried out so

as to enable the unit gather useful information that would be used for planning, research and response purposes and the M&E reports are filed for audit or reference purposes.

5.35.4 Management of fixed assets

Fixed Assets Not Coded And Updated In The Asset Register

It was observed that a number of fixed assets belonging to the Hospital were not coded. Furthermore, the asset register was not updated when assets were purchased during the year amounting to Le26,000,000.

The DMO should ensure the following:

- All assets procured or donated to the Hospital should be officially coded;
- With immediate effect, the assets in question should be inputted in the asset register; and
- In future, when assets are purchased/ donated, they should be immediately marked with identification codes and the asset register updated accordingly.

Two Unlicensed Bikes Under The Custody Of The Ministry

It was observed that two motor bikes which were under the custody of the Ministry were not licensed. It was recommended that the Assistant Director must ensure that the motor bikes were licensed with immediate effect.

Life Cards Not Produced For Motor Bikes And Vehicle

Life cards to confirm ownership by the ministry of 10 motor bikes and 1 vehicle were not produced for inspection. It was recommended that the Assistant Director should immediately submit the required life cards within 30 days of the receipt of this report and ensure that life cards are obtained for all motor bikes and vehicles owned by the Ministry, so as to reaffirm the ministry's interests, rights and legal ownership of the assets.

5.35.5 Personal files not maintained

Personnel files for 22 staff requested were not submitted for inspection. It was recommended that the Assistant Director North should ensure that personal files of the 22 staff were submitted to ASSL within 30 days of the receipt of the report and should ensure that staff personal files are maintained for the entire Ministry's staff and these should be regularly updated.

Refer to the Table of Common Issues (Page 93) for further observations.

5.36. PRIMARY HEALTH CARE-BOMBALI (2014)

5.36.1 Personnel Management

Staff Personal Files Not Maintained

Personal files were not maintained for both core and support staff of the Primary Health Care Division. It was recommended that the DMO should ensure that staff personal files were maintained for all staff and should be regularly updated.

Study Leave Granted To A Staff Member Without Evidence Of Approval From The Ministry

There was no evidence in the form of approval letters or other correspondence from the Ministry of Health and Sanitation (MOHS) to justify the study leave which was granted to Rachael Williams of Kalamba CHC. It was recommended that the DMO should forward the study leave approval in respect of Rachael Williams to ASSL for verification within 30 days of the receipt of the report and in future, approval should be given by the Ministry for all study leave granted to staff members.

Staff Working As Volunteers For Significant Periods

60% of the PHC personnel had been working in the hospital, as volunteers for considerable period of time, with no significant effort being made to include them on the ministry's payroll. It was recommended

that the DMO should ensure that the names of staff who had been working in the hospital as volunteers for significant period should be forwarded to the Ministry of Health and Sanitation so that in situations where government was to recruit additional staff they would be duly considered for absorption into the mainstream of the civil service.

5.36.2 Non recovery of revenue in respect of cost recovery drugs

Amounts which totalled Le20,499,000 had still not been paid by various Peripheral Health Units (PHUs) in respect of drugs supplied to them to be sold on a cost recovery basis. It was recommended that the DMO should ensure that the Le20,499,000 was recovered from the concerned PHUs and paid into the authorised Cost Recovery Bank Account within 30 days of the receipt of the report and forward the paying-in-slip to ASSL for verification and in future, the DMO should ensure that revenue generated from the sale of cost recovery drugs were promptly paid into the authorized bank account of the Ministry of Health and Sanitation.

5.36.3 Performance based financing without expenditure returns

Expenditure returns to substantiate how PBF of Le238,745,625, relating to 86 PHUs were utilised were not submitted for audit inspection. Furthermore, the payment of PBF is authorized by letters of authority issued by the DMO. During the course of the audit, we observed that the officers in charge of 23 PHUs did not turn up for their Letters of Authority and as a result PBF to the tune of Le59,870,000 was not paid to them. It was recommended that the DMO should submit the relevant expenditure returns within 30 days of the receipt of the report; otherwise, the amounts involved be paid to back to the PHC's account and the paying in slip forwarded to the Audit Service for verification. The DMO should also ensure that steps are taken to pay the remaining 23 PHUs the amounts due them within 30 days of the receipt of the report. In future, he should ensure that expenditure returns on PBF are maintained for audit or reference purposes.

5.36.4 Inadequate control over usage of fuel

The approved fuel request forms were not submitted to justify how fuel valued at Le12,135,000 was issued to officials of the PHC. Moreover, vehicles log books were not maintained to substantiate how fuel valued at Le32,600,000 was consumed for the year under review. It was recommended that the DMO should ensure that the approved fuel request forms are submitted for verification within 30 days of the receipt of this report. He should also ensure that fuel request forms were approved before chits were issued to the respective beneficiaries. Furthermore, vehicle log book should be maintained with immediate effect so as to exercise control over and prevent the misuse of government's assets.

5.36.5 Supportive supervision not carried out

The PHC as a unit of the Ministry of Health and Sanitation is charged with the responsibility of providing support to the various Peripheral Health Units within the Tonkolili District and undertaking regular monitoring and supervision of the activities of the PHUs. However, during the course of the audit, there was no evidence in the form of Monitoring and Evaluation (M&E) reports to confirm that the activities of the various PHUs were being monitored and relevant statistics gathered for planning, research and response purposes. It was recommended that the M&E Officer should ensure that the relevant reports for the period under review are submitted for verification within 30 days of the receipt of the report. In future, the DMO should ensure that regular monitoring and supervision is carried out so as to enable the unit gather useful information that would be used for planning, research and response purposes and the M&E reports filed for audit or reference purposes.

Refer to the Table of Common Issues (Page 93) for further observations.

5.37. MINISTRY OF WORKS, HOUSING AND INFRASTRUCTURE (2014)

5.37.1 Procurement procedure not followed

Sections 37-47 outline the procurement methods that procuring entities should use for procuring works, goods and services. However, it was observed that the Ministry did not follow procurement procedures in awarding contracts for consultancy services for the design, tender and full supervision of construction works for a new ministerial building. A contract for feasibility studies of eight trunk roads which totalled Le4,773,912,000 had no request and solicitation from the ministry or expressions of interest from bidders. In addition, even though the procurement officer and the internal auditor recommended that the Ministry should liaise with SLRA for the award of contracts for the construction of trunk roads, the Ministry did not follow their recommendations.

There were also no minutes of procurement committee meetings and approvals by the committee. Furthermore, the audit team observed that the professional wing of the Ministry had done a similar design for the new Ministerial Building for which the contract had been awarded.

Procurement of works, goods and services totalling Le14,168,845,828 were not done according to procurement procedures. These procurements were done through restrictive bidding method instead of National and International Competitive Bidding methods (NCB & ICB) as required by the Public Procurement Act. The procurement activities were also not advertised.

It was therefore recommended that the PS should do the following; provide documentary evidence to justify the fact that recommendations of the Procurement Officer and the Internal Auditor were not adhered to; provide explanations to justify why the Ministry failed to use the design of the professionals; and provide evidence to justify the fact that the contracts were done through restrictive bidding instead of NCB and ICB.

Official's Response

- *The PS said that the third and fourth issue was as a result of an urgent executive directive, for which the Ministry later sought a legal contract document, the concurrence of NPPA as well as approval for payment by the Ministry of Finance and Economic Development.*
- *He noted that the use of the restrictive bidding was approved by the procurement committee and approval was sought from the National Public Procurement Authority (NPPA) to carry out restrictive bidding procedures. Minutes of the procurement committee and approval from NPPA would be submitted for verification.*
- *According to the ICT Manager, AFCOM SL Ltd. was chosen based on quality and location. He stated that after feasibility studies, it was discovered that AFCOM had a location, and that they had got similar experience with them. He noted that it was on that basis that (the ICT Unit) recommended AFCOM because of their signal strength. He also noted that the total service package in terms of Customer care and Technical response is effective. He added that brochure comprised of different packages which suits the Internet requirements of the Ministry of works, Housing and Infrastructure head quarter.*

Auditor's Comment

- Even though the Procurement Officer and the Internal Auditor recommended that the ministry liaise with the SLRA for the award of contracts for the construction of trunk roads, the ministry did not adhere to the technical advice as there were no requests and solicitation from the Ministry or expressions of interest from bidders. However, minutes of procurement committee meetings held were presented for verification. The issue was therefore unresolved.
- Even though the NPPA made no objection to the use of restrictive bidding using section 41(1)(b), the act further states in section 42(2) that when restricted bidding is employed on the grounds referred to, the procuring entity shall solicit bids from a minimum of five bidders, if possible. However, there was no evidence that at least five bidders were solicited. The issue remained unresolved.

5.37.2 Payment without supporting documents

Withdrawals totalling Le184,069,500 made from the Miatta Conference Account, Emergency Works Account and Imprest & Admin Account respectively were without supporting documents such as payment vouchers, invoices, receipts, delivery notes, back to office reports, etc. It was recommended that the Accountant should produce the relevant supporting documents; otherwise, the amount involved should be paid back into the CRF.

Official's Response

The PS stated that with regards contingency for road monitoring, those were monies provided to the Honourable Minister and some staff allowance and light refreshment and the money was spent in the interest of the public service but no receipts were obtained.

Auditor's Comment

There was no document presented to support the sum of Le184,069,500. The issue was therefore unresolved.

5.37.3 Quarry operations carried out unregistered

It was however observed that eight companies which fell under category 'A' were involved in quarry operations in the country during the year under review but were not registered with the Ministry. Therefore, they failed to pay the required sums of Le25,000,000 to NRA for blasting and Le5,000,000 to the Ministry for monitoring. The total amount in arrears by those companies was Le240,000,000. It was recommended that the PS put modalities in place to recover the amount owed by those companies and pay that which was due the government into the CRF.

Official's Response

The PS stated that the eight unregistered quarry sites were owned by Government Infrastructural project contractors and that the Ministry had always prevailed on those contractors to register their quarry sites for their operations and even the SLRA had been requested to ensure that the Government contractors register their quarries, but to no avail. He said he had even summoned the contractors to meetings with a view to emphasizing the reason for registering their quarries. The Ministry had now contracted a consultant to formulate National Quarry Policy and when once that policy was validated and approved by cabinet all quarries in the country will by law be required to register with the MWHI, he added. He further mentioned that hopefully, that will take effect in January, 2016.

Auditor's Comment

There was no evidence to suggest that the Ministry had contracted a consultant to formulate a National Quarry policy, neither had the monies been recovered by the PS. The issue was unresolved.

5.37.4 Unpaid Petroleum Storage

A total amount of Le4,900,000 was not paid by filling stations for storing petroleum products at their stations in 2014. Even though filling stations were categorised into classes A, B & C, it was observed that the Ministry charged a uniform rate of Le50,000 per station in the country, regardless of their class or size. It was recommended that the Acting Chief Engineer in charge of petroleum storage should put modalities in place to recover the amount involved and should revise the price list to reflect the different classes.

Official's Response

The PS stated that the petroleum stations mentioned will be informed accordingly in writing for their official complaint. He added that the Ministry was in consultation with the National Revenue Authority whose attention had been drawn to the issue as they had the right to regulate fees of such nature through the approval of Parliament. He however said that the

revised fees had been agreed upon at a recent meeting between the Ministry and NRA and would be implemented following the approval of Parliament.

Auditor's Comment

There was no evidence to confirm that efforts had been made to recover the sum of Le4,900,000 from filling stations involved and to ascertain that the ministry and the NRA had consultation on the issue of regulating fees for filling station according to classes and categories. The issues were therefore unresolved.

5.37.5 Mechanical and Carpentry Workshops

There were inadequate controls over the collection of revenue at the mechanical and carpentry workshops as there was no safe at any of the workshops to secure cash collected. Revenue collectors at the workshops explained during the interviews that they took cash home for safe-keeping as revenues collected were not banked intact on a daily basis. They also did not issue out receipts for each work/service carried out for clients. It was further observed that the collectors were not issuing receipts as and when they received moneys from clients. Reports on revenue generated at the workshops were not forwarded to the Senior Accountant for proper financial management and control purposes. It was therefore recommended that the Chief Mechanical Engineer and the Chief Architect should put measures in place to address the situation.

Official's Response

The PS noted that Management had put in for receipts which would be issued to clients upon payment of monies for service rendered. He added that they were also going to put modalities in place to see that monies were not kept by revenue collectors for more than twenty four hours so as to adhere to the recommendations. He further said that monthly reports will henceforth be generated by those collecting revenue and forwarded to the Senior Accountant for reconciliation.

Auditor's Comment

There was no evidence to substantiate that the Ministry had put modalities in place to address the above situations.

5.37.6 Mismanagement of Government Assets

During physical verification of government quarters, it was observed that part of a government quarter was being demolished without authorisation to construct a private structure. This was the B23 Ministerial Quarter occupied by the High Commissioner to UK who had been served letters to vacate the quarter. In addition, there were 17 government quarters that were occupied by either retired personnel, families of personnel who had either retired, died or been transferred/posted on foreign assignment.

Assets purchased during the period were not serially coded with unique identification marks. This amounted to Le368,003,500.

The Ministry maintained large number of damaged pieces of furniture and other assets which could be repaired, along the corridors and in some offices despite the fact that the ministry had a carpentry workshop.

It was recommended that the PS should provide an explanation to justify the demolition without authorisation and should also ensure that all the assets in question are marked with identification codes. In addition, the Deputy Secretary should take the necessary action against defaulters. It was recommended that the Chief Store Keeper in charge of assets should ensure that the damaged furniture should be repaired within 30 days of the receipt of the report.

Official's Response

The PS said that evidence of the eviction letter was produced for verification. However, he said that he will keep on reminding the High Commissioners to the UK of the recommendation. He also said that action had been taken on most of those 17 government quarters referred to adding that they had been allocated to civil servants while others were in their grace period to relinquish the quarters as agreed by the allocation committee. He further noted that the Chief Store Keeper had submitted requests for the marking and coding of those assets but awaited approval which hinged on the availability of funds. They will be definitely coded when funds were available, he mentioned.

The PS also mentioned that the Chief Store Keeper had identified the damaged furniture and submitted requests for their repairs and maintenance but funds were not yet available for that exercise because of insufficient allocations from MOFED. However, they will be repaired when funds were available, he concluded.

Auditor's Comment

The issues were unresolved.

5.37.7 Improper Payroll Management

The following were observed:

- 18 staff had reached the statutory retirement age of 60 years but were still on the payroll receiving salaries amounting to Le172,633,969;
- 76 personnel of the Ministry failed to turn up for physical verification and total salaries paid to them amounted to Le477,509,964;
- A staff with abandoned his duty station without authorisation and his name was still on the payroll;
- Salaries totalling Le1,702,212 were paid into the accounts of two staff, who died during the year but their names were still on the payroll at the time of writing the report; and
- 31 personal files were not updated with relevant documents such as letters of: appointment, acceptance, and transfer, etc.

It was recommended that the Human Resources Officer should liaise with the Human Resource Management Office (HRMO) to take immediate action in rectifying the situation, ensuring that all the personnel in question were available for verification within 30 days of the receipt of the report; otherwise their names would be forwarded to the HRMO for appropriate action. It was also recommended that the Human Resource Officer should inform the HRMO immediately to take necessary action for the deletion of their names from the payroll and should ensure that the personal files were updated with the relevant documents within 30 days of the receipt of the report.

Official's Response

The PS stated that they would expedite the process as recommended by the auditors and would remind the HRMO so as to prepare their validity letters. He mentioned that the Ministry had already written to HRMO and the Accountant General's Department for further necessary action to delete the names of such officers on the payroll.

He also mentioned that the personnel requested will be available for verification. He further said that those whose names are to be deleted from the payroll will be collaborated with the HRMO. He noted that he had recruited a Records Officer in the Ministry who will be instructed to review all personnel files including those queried for all requisite information needed to be in the files of those personnel.

Auditor's Comment

There was no evidence to indicate that a letter was forwarded to HRMO or the Accountant General. 45 out of the 76 staff queried did not make themselves available for physical verification. Total amount paid to them was Le282,803,664.

5.37.8 Performance targets set out in the performance contract not accomplished

The performance contracts signed between the President and the Minister and appraisal of the contracts were not produced for verification to ascertain whether the targets set out in the contract were achieved. It was recommended that the Acting Minister should produce the performance contracts for review within 30 days of the receipt of the report.

Official Response

The PS noted that they had been appraised on the performance of 2014 and they were third which was clear indication that they were having it. He added that there was no Ministry without a performance contract and that performance contracts were public documents which needed not to be hidden. He further mentioned that the same documents were given to the Performance Auditor's of Audit Service Sierra Leone who promised to return the files. He however said that the Performance Audit was still on-going on and he would keep on reminding them about the documents to be presented for your verification.

Auditor's Comment

The issue was still unresolved.

5.37.9 Follow up of Previous Years' Recommendations

11 quarries did not obtain licences for the operation of their quarries during the period under review. The amount owed represented estimated revenue of Le286,000,000.

Refer to the Table of Common Issues (Page 93) for further observations.

5.38. MINISTRY OF WORKS, HOUSING AND INFRASTRUCTURE- EAST (2013)

5.38.1 Non provision of imprest

There was no record confirming that the ministry in Kenema had not received imprest from headquarters for the period under review. It was recommended that the Ministry headquarters should provide regular imprest for the basic operation of the Kenema office.

5.39. MINISTRY OF WORKS, HOUSING AND INFRASTRUCTURE-SOUTH (2013-2014)

5.39.1 No issuance of building permits in Moyamba and Bonthe Districts

A comparison of the 2013 and 2014 revenue generation figures revealed that the establishment of the Pujehun unit of the Housing Division resulted in an increase in revenue by 120.7%. However, there was no presence of the Housing Division in Moyamba and Bonthe districts, where people continued to build without obtaining building permits. In addition, there was no evidence that monitoring of building constructions were being carried out in these two districts for the period under review. It was recommended that the Regional Housing Officer should ensure that Housing Units were established in the remaining two districts in order to increase government revenue and regularise building development in the district.

Official's Response - No Response

5.39.2 Salary paid to overage staff

A review of the staff list revealed that salaries which amounted to Le26,500,000 were paid to staff who had attained the statutory retirement age of 60 years. It was recommended that the PS should give an explanation why the names of those staff were still on the payroll even though they had passed the statutory retirement age of 60 years; failing which the amount paid to them as salaries should be recovered by the PS and paid back into the CRF.

Official's Response

The RHO stated that the Human Resource Management Office was responsible for the employment and retirement of all civil servants countrywide and not even the PS. He said unfortunately two of the staff mentioned had got their retirement letters adding that he will keep the PS informed on the issue

Auditor's Comment

The issue was still outstanding.

5.39.3 Ineffective operation of the ministry

In assessing the operational effectiveness of the Ministry, the following were observed:

- The Building Inspectors Division did not have a means of transportation and adequate manpower to cover the entire southern region;
- A review of correspondences, files and other records revealed that in spite of repeated requests from the works division to the Ministry's headquarters in Freetown in respect of tools for the effective operation of the division, there was no evidence that these items were supplied for the period under review;
- In an interview with the Officer-in-Charge of the Works Division, it was noted that the Ministry is not undertaking maintenance of government buildings and vehicles in the region. (owned and confiscated);
- It was also revealed that during the period under review, it was only the Audit Service Sierra Leone that engaged the Ministry in relation to the maintenance of its Bo office;
- The Ministry did not have a standby generator to carry out functions in cases of power outage; and
- Even though the Ministry was generating revenue, there was no imprest system in operation in the Ministry. In addition, stationery and fuel were not provided by headquarters for the day to day activities of the Ministry.

It was recommended that the Officer-in-Charge should ensure that the regional office make a request to headquarters for the provision of necessary support to improve the operations of the divisions.

By copy of the report, the PS and Minister responsible for Works, Housing and Infrastructure should take appropriate measures to rectify the issues raised, in order to improve the operations of the Ministry.

Official's Response

The RHO said that a follow up letter on the needs assessment, including the observations for the entire region will be done to the Permanent Secretary.

Auditor Comment

Recommendations were not implemented. The ministry was yet to address the issues raised for its effective operation.

Refer to the Table of Common Issues (Page 93) for further observations.

5.40. MINISTRY OF WORKS, HOUSING AND INFRASTRUCTURE- NORTH (2014)

5.40.1 Differences in revenue between NRA and MWHI figures

A comparison of the National Revenue Authority (NRA) figures with that in files maintained, in respect of building permits, by MWHI revealed that Le5,160,000 was received by NRA for which the ministry could not account, as files/records were not submitted for review. It was recommended that the Senior Housing Officer should submit relevant files to account for the revenue. 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.

5.40.2 Technical staff not utilised by the ministry

11 technical staff, including builders, civil engineers, electricians, surveyor's painters and carpenters were observed to have been left idle, as the work they were supposed to do was being done by other technical persons hired by the ministry at the headquarters in Freetown. Total monthly salaries of Le5,862,106 were paid to those workers. It was recommended that the Senior Housing Officer should ensure that the personnel in question were given jobs according to their job descriptions, so that a fair day's pay was paid for a day's work.

5.40.3 Follow up of prior year recommendations

Building permit revenue in arrears

Reviewing of building permit files revealed that clients failed to pay for building permits even though they had erected the structures. The amount involved totalled Le15,510,000.

Status-This audit finding continued to recur with no attention being paid to the audit recommendation. For the year 2014, revenue arrears, totalling Le3,585,000 for payment of building permits by 14 defaulters, were not disclosed to the auditors.

General Observations-The office environment was poorly kept with hardly any water facilities and no electricity. There were no office equipment such as computers, photocopiers etc. Moreover, the unit did not have automobiles by which the building inspectors could monitor the region and office stationeries and supplies such as A4 Papers, pens, rulers etc. were not forthcoming.

Refer to the Table of Common Issues (Page 93) for further observations.

5.41. MINISTRY OF LANDS, COUNTRY PLANNING AND THE ENVIRONMENT (2012-2014)

5.41.1 Poor management of the lease of state lands

The Ministry did not maintain a database of private lease of state lands. Arrears in respect of commercial leases stood at Le3,809,972,654 and regular monitoring of amounts owed by leaseholders was not carried out by the Ministry for the period under review. It was recommended that the Permanent Secretary (PS) should ensure that a database of private leases and records of arrears is submitted for audit verification, efforts are exerted to collect the arrears due to government within 30 days of the receipt of this report. He should also ensure that regular reconciliations are done to enable the monitoring of defaulters and take remedial actions where necessary.

Official's Response

The PS stated that the database of private leases of state lands was available at the records section of the Ministry for inspection. He added that the Ministry had made considerable efforts during the period under review to collect outstanding lease rent, arrears were published in newspapers, public notices were also aired out; talk shows were also used to encourage clients to pay arrears of lease rent. He said in the recent past, the Ministry had again aired out public notices over the print and electronic media, warning defaulters to pay their lease rent or face the penalties indicated in their letter of offer. Evidence of notices he said, was available for your attention. He further mentioned that ledger pages were available at the records section and other documentary evidence to monitor the payment of leases rent for the period under review.

Auditor's Comment

The database of private leases of state lands was not available at the records office in the Ministry. Commercial lease arrears were still outstanding. Therefore, the issue was unresolved.

5.41.2 Improper allocation of state lands

The Ministry did not have any standard guidelines or formula for the allocation of lease of state lands. A fixed fee or charge was levied on the allocation of state lands irrespective of the size/dimension or

acreage of the land. It was recommended that the Director of Surveys should submit the basis used in the conversion for the parcels of land to freehold property. He should also ensure that a clear guideline or formula for the allocation of leases was developed and implemented.

Official's Response

The PS stated that there were standard guidelines and procedures for the allocation of state lands in the manual of procedure.

Auditor's Comment

Evidence of standard guideline and procedure for the allocation of state land was not submitted and verified. Therefore, the issue was unresolved.

5.41.3 Splitting of procurements in order to evade NCB

Procurement of stationery and computer accessories to the value of Le181,978,588 in 2012; Le552,878,875 in 2013 and Le634,799,500 in 2014 were split in an effort to evade the National Competitive Bidding process. It was recommended that the Procurement Officer should ensure that in future, the application of procedures in respect of the procurement of goods and services should be done in accordance with the regulation of the Public Procurement Act, 2004 and the Ministry should liaise with the NPPA to design a framework contract. He should also provide documentary evidence to justify why the procurement was done in tranches in contravention of the NCB process.

Official's Response

The PS stated that the Ministry did not split contracts as various items were bought by various divisions within the Ministry, at different intervals, upon release of quarter/ half yearly budgetary allocations by the Ministry of Finance.

Auditor's Comment

No adequate documentary justification was submitted to support the deviation or failure to follow the National Competitive Bidding (NCB) process as recommended in the draft Management Letter. Therefore, the issue is unresolved.

5.41.4 Salary payments made to staff who had exceeded the statutory retirement age

Salaries which amounted to Le29,536,112 were paid to four staff who had exceeded the statutory retirement age of 60 years. In addition the Ministry did not produce letters of extension of services to justify their stay. By copy of the report, the Director General, HRMO was required to take appropriate action. The PS should also collaborate with the Director General, Human Resource Management Office (HRMO) to regularise this anomaly.

Official's Response

The PS stated that management had taken action and had duly informed the HRMO for appropriate action.

Auditor's Comment

A copy of the letter from HRMO to the Ministry for the extension of services of two staff were submitted and verified. However, no document was submitted for verification for the remaining two names. Therefore, the issue was partially resolved.

5.41.5 three official vehicles not physically verified

There was no asset management policy at the Ministry. In addition, the audit team could not physically verify the existence of three vehicles with registration numbers ABF 838, ACP 981 and ABP 114. It was recommended that the PS should ensure that the three vehicles were made available for physical verification.

Official's Response

The PS stated that he was referring the auditors to Annex 3 of his response to show that those vehicles were available for inspection.

Auditor's Comment

None of the three vehicles was made available for verification. Therefore, the issue was unresolved.

5.41.6 State Land Management

Lack of coordination in the sale of government quarters

In October 2013, the Ministry offered a parcel of land situated at Wilberforce Loop to a customer. According to the offer letter, the customer was to pay the cost of replacement of the three government quarters that were on the said land. Based on the valuation done by the Ministry of Lands, the customer duly paid the sum of Le1,089,000,000 as cost of replacement of the buildings. Furthermore, review of correspondence dated 28th November, 2014 sent by the Permanent Secretary; MOWHI to the Secretary to the President revealed that the cost of constructing the three quarters according to their valuation was Le1,482,649,500, leading to a shortfall of Le393,694,500. Of utmost concern to the audit team, was how the Ministry of Lands arrived at the purchase price for the construction of the buildings without proper consultation and collaboration with the Ministry of Works, Housing and Infrastructure. It was recommended that the PS should ensure that other line ministries were regularly consulted on issues pertaining to their mutual interests. The PS should provide an explanation, as to how the Ministry intends to fund the deficit in financing the construction of the three quarters.

Official's Response

The PS in his response said "The Ministry of Works has the statutory responsibility of managing government quarters in pursuance of the aforementioned mandate. The Ministry should coordinate all issues related to government quarters.

The memorandum on the sale of government quarters was tabled in cabinet by the Ag. Minister of works, Housing & Infrastructure, which clearly implies that the Ministry is responsible for the contents of the said memorandum. The Ministry should have ensured that all technical and financial issues were properly crosschecked and verified by the appropriate authorities before securing cabinet approval of the sale of the said quarters. However, the Ministry of Works, which is the technical ministry for infrastructure went ahead to table the memorandum in cabinet without properly crosschecking all the technical and financial information. Therefore, the aforementioned ministry is responsible for the anomaly of underestimating the purchase price in the cabinet memorandum, approved by cabinet. To make good its mistake, the Ministry of Works should meet the shortfall."

Auditor's Comment

Management response was noted; however the response was inadequate for the issue raised.

5.41.7 Overview of issues from previous audit inspection

Allocated Lands Not Accessible By Lessees

During the course of the audit, it was noted that a large number of those who had been allocated plots (after application, processing of the application, issuing of survey documents and pre-payment of fees for the first year) could not access their land because the plots were already occupied by others. Some of those cases dated as far back as 2011.

Supporting documents (application and offer letters, receipt of payments and letters of acceptance) on the allocation of state lands revealed that a total number of 42 lessees in Orugu Phase 2, Babadorie Phases 2 and 3 and Grafton locations did not have physical ownership of their allocated lands for the years 2011 and 2012. It was further confirmed during interviews with lessees that they did not have access to the lands allocated to them by the Ministry.

Despite the fact that officials of the Ministry confirmed that those lands were grabbed by land squatters with no documents or authorisation from the Ministry, there was no evidence to show that necessary steps were taken by the Ministry to exercise control of the land and for the lessees to gain physical access to the allocated land.

Uniform price charge as annual lease rent

According to Appendix 2, section 3 of the State Land Act No.19 of 1960, “in revising the rent, the guarantor shall have regard to the rent obtainable at the time of revision for similar land of similar area and amenities similarly situated, and to all the circumstances of the case...” The review of offer letters, survey site plans and receipt of payments shows that an annual lease rental payment of Le1,000,000 is paid for the lease of state lands for residential development. Furthermore, it was observed that the annual rent for the lease of state lands was determined without taking into account the provisions of section 3 of the State Lands Act, 1960.

In the Western Area, a fixed charge of Le1,000,000 was paid irrespective of the acre or number of lots allocated or the location of the land. There were instances where some lessees were allocated less than one acre but still paid Le1,000,000 whilst others with more than three acres also paid the same amount. It was also observed that there was no stated amount of rental payment for industrial and commercial purposes.

Committee Responsible For the Allocation of State Lands Not Operational

In a Commission of Inquiry report on the leases and sale of State lands in the Western Area - 1999, and the ensuing White Paper in the year 2000, the government accepted the Commission’s recommendations that the management and administration of State lands in the Western Area should be transferred to a state land committee and the Ministry should continue to provide professional and technical services. Interviews conducted in the Western Area and all the regions visited disclosed that following the acceptance of the Commission’s recommendations and a State Land Committee was set-up in 2005. It was functional up to 2007. Since then, there was no evidence of the Committee for the state lands allocated by the Ministry for the period under review (2010-2012). In an attempt to verify the period of existence of the committee, the Ministry could not provide any evidence of committee meetings.

Refer to the Table of Common Issues (Page 93) for further observations.

5.42. MINISTRY OF LANDS AND COUNTRY PLANNING-SOUTH (2014)

5.42.1 Non-cooperation for the commencement of audit

In spite of several visits to the Ministry of Lands and Country Planning by ASSL for the commencement of the audit, the institution failed to cooperate with the auditors. The audit was scheduled to have commenced on 19th January 2015 but up to the 25th January, 2015, there had been no cooperation from the institution. The Vote Controller was perpetually not available in office and the requested accountable documents necessary for the audit were yet to be submitted to the Team.

5.43. MINISTRY OF LANDS AND COUNTRY PLANNING-NORTH (2014)

5.43.1 Revenue cash book not maintained

A revenue cash book was not maintained to record all receipts of payments made to the Ministry. Furthermore, differences which totalled Le15,180,000 were observed between the NRA cash book and records maintained by the Ministry. It was therefore recommended that the Regional Surveyor should, within 30 days of the receipt of this report, prepare a Revenue Cash Book and record all revenue collected for the period and forward it to ASSL for verification.

Official's Response

The response of the Regional Surveyor stated thus: "The challenge we are facing in the office is the fact that, the office administration only caters for technical staff of surveys and Lands Division and the Country Planning Division. There is currently no financial management staff being posted to this Regional Branch, the available staff therefore do not have the financial management skills required to handle the financial management issues of the branch. The administration in Freetown head quarter is putting modalities in place to ensuring that; competent staff to handle financial management matters is posted soonest. We are sorry for the incompetence."

Auditor's Comment

The audit recommendation was not addressed. The issue therefore remained unresolved.

5.43.2 Office environment not conducive

The office environment was in a deplorable state. The mat on the floor was torn, there were not enough seats and required working tools and furnishings like computers, photocopier, fans, etc. were lacking. It was recommended that the Regional surveyor should inform the relevant authorities in Freetown for modalities to be put in place to regularise the situation, so as to enhance the health and safety of staff.

Official's Response

The Regional Surveyor stated that the situation stemmed from the fact that, allocations were not provided for the branch. He said that had been communicated to the head office in Freetown, and it was now putting modalities in place to provide them with the second quarter allocation. When provided, the issue of maintaining the conduciveness of the office will be laid to rest, be further mentioned.

Auditor's Comment

The audit recommendation was not addressed. The issue therefore remained unresolved.

Refer to the Table of Common Issues (Page 93) for further observations.

5.44. MINISTRY OF SOCIAL WELFARE GENDER AND CHILDREN AFFAIRS (2012-2014)

5.44.1 Procurement Procedures not followed

During a review of the procurement procedures and processes in the ministry, it was observed that:

- Procurement documents such as advertisements, minutes of bid opening, technical evaluation reports, minutes of Procurement Committee meetings, letters of award of contracts and signed contract agreements were not submitted for the supply of diets. This was in respect of feeding programmes at the Remand Home and Approved School; as well as for the establishment of an Observation Interim Care Centre (OICC) which amounted to Le1,442,648,808 for the period 2012 to 2014. Procurement plan for goods and services for 2012 and contract tracking sheet, which evaluates both completed and on-going procurements, were also not available for inspection. It was recommended that the Procurement Officer submit the procurement documents for audit verification; otherwise, the whole amount should be refunded.
- Examination of the procurement documents revealed that Local Purchase Orders and Certificates of Completion were not submitted to verify the construction and rehabilitation of the NACWAC building in Makeni, Remand Home, Approved School and Chief Social Services Office built or rehabilitated at a total cost of Le543,014,000. Furthermore, examination of the quarterly report of the Remand Home revealed that since the last maintenance and repairs to the structure in 2011, there had not been any for the past years. It was recommended that the Procurement Officer should provide the progress and completion of work report for inspection; otherwise, the whole amount should be refunded.

- Procurement which amounted to Le313,917,200 for 2012 and 2013 was made without due regard to the three Requests for Quotations (RFQs), and Requests for Proposals (RFPs) procedure. It was recommended that the Procurement Officer should submit the RFQs/RFPs for verification.
- Bid registers and receipts for the sale of bids in respect of the supply of diets were not presented for audit inspection for 2012. It was recommended that the Procurement Officer should submit the said bid register, receipt and contract tracking sheet for audit verification within 30 days of the receipt of the report.

Official's Response

The PS stated that:

- *The procurement documents such as adverts, minutes of bid opening, technical evaluation reports and other related documents for the supply of diets contract were now ready for audit verification. The procurement plan for goods and services procured for 2012 was now available for audit verification.*
- *The Local Purchase Order and certificate of the completion were now available for audit inspection.*
- *The RFQs and RFPs for the procurement queried were now ready for audit inspection.*
- *The bid register, receipt and contract tracking sheet for 2012, were now available for audit verification*
- *The Contract Tracking Sheet for both completed and on-going procurement was now available for audit verification.*

Auditor's Comment

- Bid documents, letters of award and contract agreements were the only documents submitted for the supply of diets however even the contract agreement was not dated and the name and title of the person signing for and on behalf of the Government of Sierra Leone was also not stated. The other documents such as minutes of bid opening, technical evaluation reports and minutes of procurement committee meetings were not submitted. In addition, no procurement document was submitted for verification to support the establishment of the Observation Interim Care Centre (OICC). Procurement plan submitted for goods and services procured for 2012 was not approved by the appropriate authority and Contract tracking sheet was not submitted for verification.
- Certificate of work completion was submitted in respect of NACWAC building in Makeni. However, the certificate submitted was prepared by the contractor instead of an independent engineer at the Ministry of Works.
- The Local Purchase Orders (LPOs) and Certificates of Completion relating to the Remand Home, Approved School and Chief Social Services Office were not submitted for audit inspection.
- The RFQs and RFPs were not submitted for audit inspection
- The bid register, receipt and contract tracking sheet for 2012, were not available for audit verification

5.44.2 Withdrawals from various bank accounts without supporting documents

There were inadequate controls over the banking transactions and processing of payments in the ministry. The following were observed:

Withdrawals without supporting documents

Withdrawals to the sum of \$3,560,658 and Le383,059,360 were made from Women's Empowerment Account, Gender and Children's Affairs Account, Gender and Security Sector account and Hajj Account for the period 2012 to 2014 for which no documentary evidence was produced to substantiate the utilisation of such funds. It was recommended that the accountant should ensure that the payment

vouchers and their relevant supporting documents were made available for verification; otherwise, the whole amounts should be refunded and evidence of payment forwarded to ASSL for verification.

Official's Response

The PS stated that the documents relating to the withdrawals stated in the report for the period were now available for audit verification.

Auditor's Comment

Adequate supporting documents to the tune of Le111,062,000 were submitted and verified for the Women's Empowerment and Gender and the Children's Affairs accounts, leaving a balance of Le271,997,360. In addition, of the total of \$3,560,649 withdrawals made from the Gender and Security Sector and the Hajj Accounts, the supporting documents submitted for \$21,262 were not adequate as back to office reports were absent. Furthermore, no supporting documents were submitted for verification for the balance of \$3,539,387.

Withdrawals without adequate supporting documents

Withdrawals which totalled Le341,000,750 and \$2,367,890 were made from various bank accounts in respect of monitoring and supervision, etc. without adequate supporting documents such as invoices, receipts, expenditure returns, and reports on those activities, etc. It was recommended that the Accountant should ensure that the required supporting documents were made available for verification; otherwise, the amount should be refunded and evidence forwarded to ASSL for verification.

Official's Response

The PS stated that documents related to the withdrawals stated in the report for the period were now available for audit verification.

Auditor's Comment

Supporting document such as attendance list, list of beneficiaries to allowances, reports, were verified to the tune of Le25,375,500 and \$8,000 leaving a balance of Le315,625,250 and \$2,359,890 not verified. However, the remaining reports and minutes submitted were not authentic as they were not signed off by the authors of these documents. Therefore, the issue was partly resolved.

5.44.3 Grants without expenditure returns

Grants were made selected to organisations which totalled Le590,500,000 for the period 2012 to 2014, for which expenditure returns were not submitted for inspection. It was recommended that the Accountant should ensure that the expenditure returns were obtained from the various institutions in question and forwarded to ASSL for a review/ inspection; otherwise, the said amount should be refunded.

Official's Response

The PS stated that letters of notice for the returns on grants to various organisations had been issued.

Auditor's Comment

ASSL recommendation was not implemented. No document was submitted for verification.

5.44.4 Store items not taken on ledger charge

Store items valued at Le417,984,800 between 2012 and 2014 were neither taken on ledger charge; nor were store issue vouchers (SIV)/distribution lists submitted. It was recommended that the storekeeper should ensure that all items received were taken on ledger before distributing them to the respective

divisions/beneficiaries. The storekeeper should also provide the store issue vouchers and distribution lists to account for Le417,984,800 worth of items received.

Official's Response

The PS stated that the total of Le417,984,800 worth of store items between 2012 and 2014 had been taken on ledger charge and the store issue/distribution list was available for audit verification.

Auditor's Comment

ASSL recommendations were partly implemented. Store items totalling Le250, 234,800 were taken on leaving a balance of Le167,750,000.

5.44.4 Poor Asset Management

Some of the Ministry's assets were not coded for easy identification. In addition, assets such as laptop computers and furniture, bought in 2012 worth Le108,114,000 were not presented for physical verification and there was no asset management policy. Furthermore, 13 vehicles were boarded for which the vehicle examiner's reports from SLRTA were not submitted to justify that the vehicles' boarding date was due. It was recommended that the Transport Officer ensure that all assets were labelled with identification codes. He should also ensure that the assets in question were provided for physical verification and should ensure that an asset management policy was developed and implemented within the shortest possible time to enhance the effective use of the assets.

Official's Response

The PS stated that plans were underway for the codification of all assets. He also mentioned that the vehicle examination reports from SLRTC were now available for audit verification.

Auditor's Comment

During the verification exercise, the assets were not coded, the assets computers and furniture were not made available for verification, an asset management policy was not maintained, and vehicle examiner's reports were not submitted for three vehicles. Therefore, the issues were unresolved.

5.44.5 Security of the remand home

There were security lapses at the Remand Home. For instance, the drainage leading to Kroo Bay was not adequately protected to prevent juveniles from escaping. It was recommended that the PS should ensure that the drainage was adequately secured to prevent unauthorised entry and exit.

Official's Response

The PS stated that plans had been put in place to amend the anomalies.

Auditor's Comment

ASSL recommendation was not implemented. No documentary evidence was submitted to confirm that plans had been put in place to regularize the security lapses at the Remand Home.

5.44.6 Condition of the Approved School

The perimeter fence of the Approved School was dilapidated. During a tour of the school, the auditors observed quite a large number of unauthorised accesses to the compound. It was recommended that the PS should institute a mechanism for the safety and security of the school.

Official's Response

The PS stated that plans had been put in place to amend the anomalies.

Auditor's Comment

No document was submitted to confirm that plans had been put in place to construct the fence of the Approved School.

5.44.7 Unauthorised residents in quarters of the Approved School

In an interview with the Officer- in- Charge at the Approved School, it was revealed that the dependants of deceased and retired staff were still residing in the quarters of the Approved School. It was recommended that the PS should ensure that measures were taken to remove all unauthorised residents from the quarters.

Official's Response

The PS stated that letters had been given to the dependants to vacate the said quarters.

Auditor's Comment

Even though correspondence was written by the Permanent Secretary to the officer in-charge of the Approved School, the occupants had not vacated the quarters.

5.44.8 Outstanding issues in the previous report

During the audit, we followed up on all recommendations made in previous years. A summary of the status of these recommendations is given below:

- It was observed that amounts which totalled Le209,916,250.00 in respect of special imprest for specific activities during the period under review were without retirement details. Of utmost importance was the allocation of the sum Le58,700,000 which was requested for the rehabilitation of the Approved School for which no work was done. An interview with the contractor revealed that no payment was made.
- Grants made to various vocational institutes which totalled Le260,000,000 were without the relevant expenditure returns such as receipts, invoices and delivery notes. There was no evidence to confirm the utilisation of the funds.
- It was observed that 6,600 litres of fuel, which cost Le29,950,000 were not entered in the fuel register. In addition, fuel chits, vehicle life cards and insurance certificates were not made available to the auditors to support the utilisation of the fuel.
- Contract agreements worth Le115,200,000 made in respect of consulting services did not have other relevant procurement documents, to ensure that the procurement procedures were followed.
- Assets valued at Le37,000,000 were bought for the Minister of Social Welfare, Gender and Children's Affairs during the period under review. They were neither recorded in the inventory register, nor seen during verification.

Refer to the Table of Common Issues (Page 93) for further observations.

5.45. MINISTRY OF SOCIAL WELFARE GENDER AND CHILDREN AFFAIRS - BOMBALI (2013)

5.45.1 Lack of documentary evidence to justify disbursements

The relevant documentary evidence was not made available to justify disbursements amounting to Le22,450,000. It was recommended that the Assistant Director Ministry of Social Welfare, Gender and Children Affairs - Bombali District, should forward the documentary evidence in support of the Le22,450,000 to ASSL within; otherwise, the whole amount should be refunded with evidence of refund forwarded to ASSL for verification. In future, all transactions from inception to completion should be supported by the relevant documentary evidence which must be retained for audit and reference purposes.

5.46. MINISTRY OF SOCIAL WELFARE GENDER AND CHILDREN AFFAIRS- TONKOLILI (2014)

5.46.1 Inadequate control over the usage of fuel

Payments of Le21,435,000 were made in respect of fuel on behalf of the Ministry of Social Welfare, Gender and Children Affairs (MSWGCA) by the Tonkolili District Council. However, fuel chits were only submitted for Le9,360,000 leaving a difference of Le12,075,000 unaccounted for. In the same vein, the balance of Le12,075,000 was confirmed not to be with the dealer, neither could its usage be explained by the Ministry. Furthermore, the Ministry on 8th September, 2014, received 383 litres of fuel valued at Le1,436,250 from the regional office in Makeni. However, records such as the fuel register and chits were not submitted to justify the utilisation of such fuel. It was recommended that the Senior Social Development Officer should ensure that fuel chits and registers to account for the amounts be submitted for verification, otherwise, the amounts in question should be paid back into the CRF. In future, records of fuel utilisation such as entitlement list, fuel chit and fuel registers should be maintained for audit or reference purposes.

Official's Response

The Assistant Director stated that relevant supporting documents like fuel chit, fuel request form were also misfiled. He however said that the documents were now available for audit verification.

Auditor's Comment

ASSL recommendations were not implemented by the ministry. The relevant documentary evidence was not submitted for verification.

Refer to the Table of Common Issues (Page 93) for further observations.

5.47. MINISTRY OF FISHERIES AND MARINE RESOURCES (2014)

5.47.1 Revenue not deposited into the consolidated revenue fund

Differences totalling Le15,589,257,831 were observed between the ministry's records for revenue collected during the period under review; and the revenue banked in the CRF as disclosed in the Public Accounts. It was recommended that the PS communicates those differences to the NRA and the Accountant General's Department for corrective actions to be taken on reconciling the differences.

Official's Response

The PS stated that he had communicated the differences totalling Le15,589,257,831 to the NRA and the Accountant General Department for corrective actions. In addition the P/S said he had requested for bank statements for all the Transit Accounts maintained by the NRA on behalf of the Ministry of Fisheries & Marine Resources (MFMR) for the period under review (1st January to 31st December, 2014). He however noted that Bank Statements submitted were inadequate as major financial transactions recorded in the MFMR and NRA Cash Books were not reflected on the Bank Statements received from NRA. Furthermore, he mentioned that he had requested NRA for complete Bank Statements for the period under review, in respect of all the Transit accounts and CRF accounts.

Auditor Comment

Correspondence from the Ministry to NRA and Accountant General were presented for verification. However, documentary evidence of the reconciliations was not presented for audit verification. Therefore, the issue is unresolved.

5.47.2 Outdated List of accounts signatories

A list of signatories to the bank accounts maintained by the ministry had not been updated as the names of some former senior personnel were still on the list. Those included one of the former Permanent Secretaries and the former Director of Fisheries. It was recommended that the PS and Principal

Accountant (PA) should ensure that the necessary changes were made with immediate effect and evidence forwarded to ASSL for verification. The PS and PA should also ensure that the internal control systems were robust to prevent the occurrence of such lapses.

Official's Response

The PS stated that the lists of signatories to the bank accounts maintained by the Ministry had now been updated and evidence of the changes were forwarded herewith for verification. He added that they would ensure that the internal control systems were robust to prevent future occurrence. He affirmed that signatories to those operating accounts were in the office in 2014.

Auditor's Comment

The signatories to the West Africa Regional Fisheries Program Sierra Leone-Leone and USD account held at the Union Trust Bank and the Joint Marine Time Committee account held at the same bank were yet to be updated. There was no official letter from the Bank to show that the changes of the signatories have been effected. The issue is unresolved.

5.47.3 Slow pace in the collection of arrears owed by fishing companies

It was observed that of the total arrears of USD 240,000 (approximately Le,1,030,000,000), the USD equivalent of Le614,969,498.27(60% of total amount) for the year to 31st December 2014 was still outstanding. It therefore appeared that the debt collection system was not robust as the Ministry was not able to collect the total sum due and did not produce a payment plan. The PS should ensure that stringent and robust mechanisms were put in place to collect arrears within a minimum down time to limit such occurrences. The PS should also ensure that the amount involved was recovered from the fishing companies and forward evidence of recovery to ASSL within 30 days of receipt of the report.

Official's Response

The PS stated that every effort was made to collect arrears from the companies- Okeley Agencies and Sierra Fishing Companies (SFC). He added that a payment schedule was prepared in the case of SFC and that the slow pace of revenue collection had been due to the incidence of EBOLA and severe hit it made in the economy which caused most fishing companies to leave the country to maintain low ebb in operations. He said he had invited the two companies concerned for the payment of their respective arrears and was expected that the two fishing companies will be obliged to pay the arrears/ amounts outstanding (Le614,969,498) at the end of December, 2015.

Auditor Comment

Out of the Le614,969,498 outstanding, the Ministry had collected the sum of Le80,985,679 leaving Le533,983,818 still outstanding.

5.47.4 Laboratory equipment procured for a non-functioning laboratory

A Local Purchase Order (LPO) was prepared for the procurement of laboratory equipment and delivery made of those items though the laboratory was still not functioning; and this non-functionality covered the period under review. The value on the LPO was Le18,520,000. Review of the expense analysis revealed that there was no cheque number against the transaction indicating that payment had not been made by the Accountant General. It was recommended that the former Procurement Officer should provide justification for this procurement within 30 days of the receipt of the report and forward the evidence to ASSL for verification.

Official's Response

The PS stated that the procurement needs were generally brought up by end user departments. He said sometimes those needs were based on the planned activities of the end user department and financial provision made for in the annual budget. He

added that the activity was part of the end user department outlined activities for the said quarter and the monies provided for that activity would have elapsed if not utilized in the same quarter and the items that were procured were not perishable items at all so the need to justify why the non-utilization was not major risk as stated by the audit query. He further said that the end user department will always put this equipment into use as they were fixed assets.

Auditor's Comment

The response did not change the fact that laboratory equipment were procured for a lab that was not functioning.

5.47.5 Salaries paid to four members of staff who had attained the statutory retirement age

A total sum of Le10,307,239 was paid to four officers for the year 2014 even though they had exceeded the statutory retirement age. The audit team could not confirm whether letters of extension or retirement were issued to the four members of staff as no evidence was submitted for audit inspection. It was recommended that the PS should inform the Human Resource Management Office to take the appropriate action within 30 days of the receipt of this report; failing which the amount involved should be refunded into the CRF.

Official's Response

The PS mentioned that a memorandum was submitted to HRMO the parent body, indicating the wastage for 2014 and another sent on the 2nd May 2014 indicating the anomalies in the payroll.

Auditor's Comment

A letter from the Ministry to the HRMO for necessary or appropriate action to be taken was submitted. However, there was no evidence (letter of extension of service or retirement) by HRMO to ensure that appropriate action has been taken. Therefore, the issue was partly resolved.

5.47.6 Assets Management Issues

The current Public Private Partnership agreement signed and dated 23rd January 2015 stipulates an annual lease fee of USD100,000 for each of the fish receiving centres; amounting to USD 400,000 for the four fish receiving centres. Physical verification of the two fish receiving centres in the Western Area, revealed the following:

- The Goderich Fish Landing sites had been handed over to Neptune Limited and Neptune Limited had their security in post. Operations however had not started on the two landing sites visited by the auditors.
- The junior staff quarters at the Tombo outstation was in a very bad shape without windows and proper doors.
- There was no power supply in the new office to facilitate the use of IT equipment.
- There were two big used 40 KVA generators donated by GTZ to the ministry within the Tombo office premises but these were found to be non-functional. Up to the time of writing this report, the generators were left in the open with one side of the compound without a perimeter fence. The workshops for net mending and boat repairs were no longer in operation as they were not well equipped.

It was recommended that a proposed plan of action should be prepared by the Acting Director of Fisheries for implementation to ensure that repairs were carried out on those quarters and that the workshops were well equipped and power supply made available to the new office.

Official's Response

The PS noted that although the issue was beyond the period under review yet the PPP Management and Operation Contract in clause 2.5.3 stipulated that "The Company shall not pay the lease fee for the first year after the commencement of this Agreement....."He said recently Neptune had started cleaning and settling at the two sites.

He also noted that the junior staff quarters at Tombo was burnt down during the war and the entire offices and quarters for both junior and senior staff were constructed by the GTZ fisheries community development project. He added that the Ministry with the Parliamentary Committee on Fisheries was requesting retention fee of 10% from the revenues collected that those offices that were constructed by projects would be rehabilitated. The PS further stated that the new office had been taken over by Neptune Company and during the period of review the company had six months to mobilise resources to kick start the operation, and because of the Ebola they could not start. He said they came back in May 2015 to kick start operations including the installation of power supply and the IT equipment. He mentioned that the 40KVA generator was vandalised during the war and was beyond repairs. The perimeter fence, he added, was to be done when funds were available by MoFED. The workshop net mending and boat repairs were all the sections that were destroyed during the war, the PS maintained and concluded that the Ministry was advocating for a retention fee from the revenues generated to rehabilitate all outstations that were managed by the projects and was destroyed during the war.

Auditor's Comment

Even though, the Company had signed a contract agreement with the Ministry to take over these assets, nothing had been done at the time of the verification. The finding referred to the newly renovated outstationed office that was to be occupied by the Tombo outstationed Office of the Ministry and not the fish landing site that had been contracted to Neptune Limited.

5.47.7 Consultancy services for the empowerment of the Fishery sector

The purpose of the agreement between the Government of Sierra Leone and PRECON was for the latter to provide consultancy services for the empowerment of the fishery sector within the country to comply with international standards, the EU import requirements and to contribute to the World Fish Market. The contract amount was 2,659,000 Euros, of which 1,679,743 Euros (63%) had been paid to date. The agreed completion date of August 2014 had elapsed and significant milestones embedded in the objectives of the agreement had still not been achieved as at the time of writing the report. Based on the draft implementation plan, overview report on activities and deliverables by PRECON and the status report from the Ministry it was observed that some of the key milestones not achieved were:

- Project 3: Implement EU improvement actions with the Competent Authorities, Laboratories and Fishery Private Sector operators on Fishery products. Trainings for laboratory staff for the testing and analyses of fishery products especially with the Environmental Monitoring and Marine Stewardship Council to attain sustainable fishery, had not been done.
- Project 4: Familiarise competent authorities with EU customs border control.
- Project 8: Identify market opportunities in Europe for Sierra Leone's Fishery products:
- Project 11: Develop a portfolio of potential Value-added fishery products.

It was recommended that the PS should give adequate justification for the delay in the completion of the project and provide a course of action for the completion of the project and other remedial solutions.

Official's Response

The PS said that a National Environmental Monitoring Plan including 97 Fish species was developed with a risk evaluation analysis and a sampling plan for Laboratory analyses. He added that the training of Laboratory staff was halted due to the ebola and consultants could not travel to Freetown. He further said that the Marine Stewardship Council (MSC) private standard would be done after the EU inspectors visit in November 2015 that is, in December 2015. He noted that all other activities will be done after the EU/FVO inspection in November 2015.

5.47.8 Overview of issues from previous audit inspection

During the audit, we followed up on all recommendations made in previous years. A summary of the status of these recommendations is given below:

- The names of 10 out of 14 staff that had exceeded the statutory retirement age of 60 years had been removed from the payroll voucher.
- It was observed that Le10,848,588 was paid to two personnel who could not be verified as employees of the ministry.
- A review of the progress report as per the “performance tracking table” for the ministry revealed.

The following were also observed:

- The revisions to the 2011 Fisheries and Aquaculture Bill, the Fisheries Regulation 2010 and the Fisheries Product Regulation, which should have been completed by the end of the year have not been enacted and implemented.
- The access agreement for tuna fishery including the licensing scheme which should have been completed by the end of the first quarter has not been finalised.

5.48. MINISTRY OF TRADE AND INDUSTRY (2013-2014)

5.48.1 Proceeds from the sale of Japanese rice

On 5th February 2014, the Governments of the Republic of Sierra Leone and Japan signed an Exchange of Notes in connection with food assistance. This resulted in a donation of 6,658 metric tons of rice by the Government of Japan to the Government of Sierra Leone. An agreement was also signed between the Ministry and BSB International on the 13th of August 2014 for the sale of the said rice for the sum of Le11,023,306,399. The purchaser was required to pay the full sum within 12 months after the signing of the final contract agreement. However, there was no evidence in the form of an invoice, bank transfer letter/deposit slip or bank statements, to confirm that the proceeds made from the sale of the rice were deposited into an authorised bank account as at 31st December, 2014. It was therefore recommended that the Permanent Secretary should ensure that the invoice, bank transfer letter, deposit slip and bank statements in respect of the proceeds accrued from the sale of the 6,658 metric tons of Japanese rice, be made available to ASSL for inspection.

Official’s Response

The Permanent Secretary stated in his response that according to section 6(1) of the Exchange of Notes signed between the Government of Japan and the Government of Sierra Leone in Accra on the 5th of March, 2013, “The deposit shall be made within the period of two years from the date of entry into force of that present understanding, unless otherwise agreed between the authorities concerned of the two governments”.

He said that subsequent to the above, the Ministry of Trade and Industry on behalf of the Government of Sierra Leone signed an agreement with the successful tender for the handling of the consignment on 13th August, 2014 which was just five months after. He mentioned that the Ministry wrote a letter to the Ministry of Finance and Economic Development on 4th September, 2014 requesting them to open an account in respect of the Japanese Food Aid (KR) 2013. He further said that the proceeds were to be deposited in tranches over a two year period and not as a one off deposit within a year as was the practise. As a result of this change regarding over which period the proceeds should be deposited, he argued that it was too early to ask for payments slips at the time they were requested.

Auditor’s Comment

The Ministry of Trade and Industry (the seller) and BSB International (the purchaser) signed a contract agreement on 13th August 2014, which stipulated that the full contract value should be paid within 12 months after the signing of the agreement into an account that will be advised by the Ministry of Trade

and Industry, and not within a two-year period as stated in your response. The bank statement for the period August to December 2014 has still not been submitted for verification.

5.48.2 Splitting of procurement in order to evade National Competitive Bidding

Procurement of stationery, computer accessories and sundry items, with total values of Le333,210,000 and Le362,389,000 was done in tranches in an effort to allegedly evade the National Competitive Bidding process. An interview with the Procurement Officer revealed that he was not involved in the procurement process. It was therefore recommended that the Senior Accountant should ensure that documentary evidence be provided to justify why procurement was done in tranches in contravention of the NCB process. It was further recommended that he should liaise with National Public Procurement Authority for a framework contract to be instituted with the prospective winner, and in future, the application of procedures in respect of the procurement of goods and services should be done in accordance with the regulations of the Public Procurement Act, 2004.

Official Response

The Permanent Secretary stated that Procurement Officer was misrepresented in his statement. He said he was posted to the Ministry in the last quarter of 2013 and therefore was not in the loop of the activities undertaken in the 2013 fiscal year. He however said that the procurement procedures were followed by his predecessor and all evidence relating to the 2013 fiscal year procurement were submitted. He added that it was important to note that the Ministry normally received allocations on a quarterly basis and not annually. Therefore, the procurement method used by the Ministry was Request for Quotations (RFQs) and not NCB based on the amount allocated for each quarter which will subsequently determine the procurement method to be used. He in fact mentioned that payments were normally made within two to three months of the receipt of the supplies and as stated in the Management Letter, the amount stated was an aggregate figure of all procurement activities undertaken for the whole year and not a breakdown of the figures by quarter which would have given a clear picture of the activities undertaken for each quarter. He further added that MTI had three programmes manned by their respective heads with each having a portion of eight allocations and with the responsibility of managing their procurement activities. He therefore said that if the activities were undertaken on a quarterly basis and not annually, then the Ministry acted in line with the procedures stipulated in the Public Procurement Act 2004 for using shopping method.

Auditor's Comment

No adequate documentary justification was submitted to support the deviation from or failure to follow the NCB process as recommended by ASSL. Therefore, the issue was still outstanding.

5.48.3 Salary paid to staff who had abandoned office/ duty station

A staff member was paid a salary of Le2,107,751 for seven months even though she had abandoned her duty station without any official leave of absence. The Permanent Secretary should advise the Director General of HRMO to take necessary action to recoup the money from the staff. The Human Resources Officer attached to the Ministry should also inform the HRMO accordingly. He should also in future, take appropriate action against staff who fails to report for official duty.

Official's Response

In his response regarding payment which amounted to Le2,107,751 and paid to one Hawa Bangura for seven months without a letter of leave of absence, the PS said that a query letter was written and issued to her as the first appropriate action. To further reinforce this action, the PS mentioned that the Ministry factored it in to the manpower planning and budgeting for 2013 of the Ministry and later captured it under the HRP Form 3 as an unauthorised absence. Her name he said was deleted. The PS however added that he had no control over individual bank accounts. Rather it was the responsibility of the Accountant General to authorise a refund of the said amount through the HRMO Directorate.

Auditor's Comment

Documentary evidence to show that the staff in question was captured in the manpower planning and budgeting for 2013 was not submitted for verification. Please be also reminded that as vote controller of the Ministry, it is your responsibility to ensure that all books of account under your control are correctly posted and kept up-to-date.

5.48.4 Challenges faced by the growth centres in the implementation of the Small and Medium Sized Enterprises (SMEs) Project

Growth Centres were established by the Ministry of Trade and Industry with support from the United Nations Industrial Development Organisation (UNIDO). The aim was to provide training and support to small and medium enterprises (SMEs) with a view to stimulating trade and development in especially poor communities. However, discussions with the Director of Commerce revealed that there were inadequate funding and transportation facilities to carry out its activities like the conveyance of raw materials and finished products. Furthermore, there was no evidence that the Ministry was supervising and monitoring the activities of the centres. The Permanent Secretary should ensure that resources be mobilised for the procurement of the necessary equipment and materials required for the effective running of the Growth Centres and the enhancement of the capacity of the trainers. The supervision and monitoring mechanisms should also be enhanced through routine visits and production of regular monitoring reports on the running of the centres.

Official's Response

There was no management comment in respect of this finding.

Auditor's Comment

Evidence that the Ministry had started to implement the audit recommendations was not submitted.

5.48.5 Trade Monitoring Reports not submitted for review

The Trade Monitoring Unit was established with the aim of ensuring that prices of essential commodities were regularly monitored and that examinations were carried out on food products, imported into or exported out of the country. However, trade monitoring reports for the entire period under consideration were not submitted for review. The Director of Commerce should ensure that trade monitoring reports be submitted to ASSL. Furthermore, in future, the Director of Commerce should ensure that regular monitoring of prices and the examination of food products imported or exported is done and such reports kept for audit or reference purposes.

Official's Response

There was no management comment in respect of this finding.

Auditor's Comment

The trade monitoring reports were not submitted during the verification exercise.

5.48.6 Outstanding issues from previous report

Documentary evidence in respect of loans issued to 59 small and medium sized enterprises in 2012 were not made available for inspection. The bank statements and a letter from the Permanent Secretary to the Accountant General in respect of the loans were made available for verification. However, there was no evidence that repayments of these loans had commenced.

Refer to the Table of Common Issues (Page 93) for further observations.

5.49. MINISTRY OF WATER RESOURCES (2013)

5.49.1 Inadequate control over the management of assets

Two official motorbikes assigned to the office of the former PS of the Ministry were not made available for physical verification. Assets such as furniture procured by the Ministry valued at Le318,270,000 were not coded/labelled with identification marks. It was recommended that the PS should ensure that proper hand-over of those motorbikes be done by his predecessor and ASSL should be informed for verification purposes; otherwise, the former PS should refund the full cost of those motorbikes to the Ministry. It was also recommended that the Senior Accountant should ensure that the fixed assets in question are immediately marked with durable identification codes and their details recorded in the Ministry's inventory register.

Official's Response

According to the current PS, the two official motorbikes that were assigned to the former PS had been handed over and could be made available for physical verification. The Senior Permanent Secretary said that he was putting modalities in place for the coding of all assets. This activity he said will commence in March 2015 and details of such will be recorded in the assets register of the Ministry of Water Resources.

Auditor's Comment

During the physical verification, one Honda XL 1255 with registration number AJW-607 was verified. The other motorbike was not available for verification. There was also no evidence that assets had been coded.

5.49.2 Inadequate control over the utilisation of fuel

In addition to the normal fuel allocations to staff, an extra 5,054 litres which cost Le22,743,000 were issued without any documentary evidence indicating the purpose or recipient(s) of the fuel. The accountant should provide documentary evidence to support the issue of the extra fuel valued at Le22,743,000; otherwise, the whole amount should be refunded into the CRF.

Official's Response

The Director of Water Resources explained that the extra fuel issued to his staff were for the purpose of monitoring and evaluation of water project sites in the provinces, wherein staff were required to take along extra fuel for the use of their vehicles, while away from head office.

Auditor's Comment

Although a request made to the accountant for extra fuel for monitoring activities in the provinces was submitted, no monitoring report was produced to substantiate this claim.

Refer to the Table of Common Issues (Page 93) for further observations.

5.50. MINISTRY OF TOURISM AND CULTURAL AFFAIRS (2013-2014)

5.50.1. Procurement done in tranches rather than by National Competitive Bidding

Procurement of computers and office equipment in the 2nd quarter of 2014 and also stationery for the same period were split in a bid to evade the National Competitive Bidding (NCB) procurement method. Rather than undertaking a single NCB procurement, which would have been valued at Le119,325,000 for computers and office equipment; and Le117,000,000 for stationery, the items were split into at least seven tranches to avoid the formal tendering procurement procedure. The Procurement Officer (PO) should give adequate justification for splitting the activity to evade NCB should ensure compliance with the National Public Procurement Authority Act and Regulations and design a framework contract for the successful bidder.

Official's Response

The PS stated that the computer equipment and computer running costs, and stationery costs were separate line items in the budget lines of the Ministry under each Division. He added that the amounts allocated for computer running costs was different from computer equipment costs and there was no way they could account for them as one budget line item. He maintained that stationery costs were the total of the three divisions and payment vouchers were prepared under each division.

Auditor's Comment

The Ministry did not submit evidence to show that those were separate line items.

5.50.2 Documents not submitted

Evidence was not available to show that procurement procedures were followed. Records including minutes of procurement and evaluation committees meetings were not submitted to justify the reasons for the purchase of items including office equipment, furniture and cultural artefacts, etc. worth Le270,895,000 for 2014. It was recommended that the Accountant should ensure that the relevant documents were submitted for audit review; otherwise, the amount in question should be refunded and evidence of payment forwarded to ASSL for verification.

Official's Response

The PS said that most of those documents were submitted for review during the audit exercise with available evidence.

Auditor's Comment

Procurement Documents totalling Le270,895,000 were not submitted for verification.

5.50.3 Review of lease rent of government owned hotel

It was observed that the lease agreements for four government owned hotels had not been reviewed even though the stipulated review dates had elapsed. Those agreements should be reviewed on at most a five year basis. The most recent agreement was signed in 2009 in respect of the Mammy Yoko Hotel. Further review of the Mammy Yoko Hotel lease agreement revealed that the lessee had been granted a ten year rent free tenancy from the first year of the lease period. Review of the other elapsed lease agreements submitted revealed that rent free tenancy periods were also granted to the lessees. The current status of the hotels concerned were as follows:

- Bintumani Hotel - the hotel was presently operational and was being rehabilitated to be upgraded to a five star hotel. The agreement should be reviewed on a five year basis. It must however be noted that the audit team was unable to verify the rehabilitation of the hotel as the Ministry did not make the necessary arrangement for the team to have access to the premises.
- Cape Sierra Hotel - construction work on the site was being carried out to put up a five star hotel. The agreement should be reviewed on a three years basis. It was recommended that the Director of Tourism should provide adequate justification for those lapses relating to the lease agreements and rent free tenancy periods and should provide a course of action to ensure that the lease agreements were reviewed (including clauses relating to free tenancy period) and signed with the lessees.

Official's Response

The PS mentioned the following:

- *The lease rent for Bintumani hotel had been reviewed and increased to US\$122,400 per annum, also to take effect on 1st January 2015, but the lessor was persistently refusing to cooperate and sign the supplemental lease agreement for the increase to take effect. However, the Ministry had communicated the said increase to NRA.*

- *The lease rent for Cape Sierra Hotel and Mammy Yoko Hotel could not be reviewed at the moment for the following reasons:*
 - *In respect of Cape Sierra Hotel, NASSIT paid the sum of Le7, 183,560,000 being rent for 25 years. The Ministry was therefore constrained to review the said rent as it would breach the current agreement.*
 - *In relation to Mammy Yoko Hotel, the lessee was given a 10 year rent free period as stated in the lease agreement. The lessee was to commence the payment of lease rent in the 11th year of their operation, paying the sum of US\$300,000per annum, subject to review every four years thereafter.*
 - *The Ministry is willing to facilitate the inspection of the rehabilitation work currently being undertaken at the Bintumani Hotel.*

Auditor's Comment

The supplementary lease agreement submitted for verification was not signed by the lessee or the lessor. Also evidence to show the payment of Le7,183,560,000 made by Cape Sierra Hotel as rent for 25 years was not submitted for verification.

5.50.4 Cash and Bank

Underlying applicable records including bank statements, cheque stubs and reconciliation statements were not submitted for audit inspection for Le681,282,450 subvention transferred to the commission for the period 2014. It was recommended that the Accountant should ensure that the underlying records were submitted for audit review.

Official's Response

The PS said that the cashbook was submitted for verification and would be re-submitted for further verification.

Auditor's Comment

The finding referred to bank statements, cheque stubs and reconciliation statement that were not submitted and not the cash book. The queried documents were still not submitted for verification. Refer to the Table of Common Issues (Page 93) for further observations.

5.51. MINISTRY OF YOUTH AFFAIRS (2013)

5.51.1 Procurement procedures not followed

The Audit team observed the following breaches in the procurement procedures implemented by the ministry in the procurement of goods and services:

- Procurements of goods and services by the Ministry with a total value of Le504,720,000 were done without an approved procurement plan. It was recommended that the Procurement Officer should ensure that the approved procurement plan is submitted for audit inspection.
- Procurement of equipment and furniture valued at Le151,000,000 was split into tranches between the 7th and 8th October 2013, and hence the NCB method was not followed. It was recommended that the PO should provide documentary evidence to justify the procurement done in small tranches instead of going through the NCB method. In future, he should ensure that government procurement processes as outlined in the Public Procurement Act are complied with and a framework contract instituted with the prospective winner to avoid recurrence of this anomaly.

Official's Response

- *The PS mentioned that with regard to that issue, it was unfortunate to say that since the creation of the Ministry of Youth Affairs in 2013, there was no Procurement Officer assigned to the Ministry for 2013. He added that*

nonetheless, the Ministry within its capacity undertook activities in line with the budget plan and procurement procedures.

- *He stated that it was true that the dates of payment from the Accountant General were 7th and 8th October, but the activities undertaken (i.e. equipment and furniture) were executed in the 1st & 2nd quarters as shown in the pro-forma invoices.*

Auditor's Comment

- There was no evidence of an approved procurement plan from NPPA, in respect of procurement of goods and services by the Ministry worth Le504,720,000.
- Documentary evidence to justify why the procurement was done in small tranches instead of the approved NCB method was not provided. Furthermore, the pro-forma invoices mentioned in the response of management were also not submitted.

5.51.2 Inadequate controls over store items

Items such as computers, equipment and office supplies worth Le348,750,000 were issued without being recorded in the store ledger and store issue vouchers. The accountant should ensure that the approved requests and store issue vouchers were produced for inspection; otherwise, the whole amount should be paid back into the CRF and the pay-in-slip forwarded to the ASSL for verification. In future, receipt and issuance of store items should be recorded in the store ledger and updated for audit or reference purposes.

Official's Response

The PS stated that the issue regarding store issue voucher, approved requests and the relevant documents were now available for audit inspection.

Auditor's Comment

There was no evidence of distribution in the store ledger and store issue vouchers for items worth Le348,750,000.

5.51.3 Inadequate control over the utilisation of fuel

The Ministry was not reconciling its fuel register with the records of the fuel station. Moreover, requests made by the auditors to access the fuel station's records through the Ministry proved futile. The total amount spent on fuel for the year totalled Le149,012,500. From this amount, additional fuel worth Le16,281,000 was issued to officials of the Ministry for provincial trips without written requests and back-to-office reports to justify their issuance and usage. It was recommended that the Accountant should ensure that the fuel contract agreement and relevant documentary evidence justifying the allocation of fuel to the officials in question for provincial visits; otherwise, the Le16,281,000 should be refunded and evidence of payment to the CRF forwarded to the ASSL for verification. The Accountant should also ensure that monthly reconciliation of the fuel register and the station's records are carried out.

Official's Response

The PS said that monthly reconciliation of fuel registers with the station had been done and modalities were being put in place for a fuel contract agreement with the station. He noted that the back-to-office reports were available for all fuel used on provincial trips from officers of the Ministry and were now ready for verification.

Auditor's Comment

There was no monthly reconciliation of the fuel register with the station's records and there was no back-to-office report to justify the allocation of fuel for provincial trips.

5.51.4 Staff not signing the Attendance Register

Nine staff who received salaries which totalled Le74,966,344 did not sign the attendance register for the entire period under review. In the same vein, an interview with the Human Resources Officer (HRO) revealed that the personnel in question had been transferred to the provinces. However, the letters of transfer were not submitted for audit inspection. The HRO at the Ministry should ensure that the personnel in question are made available for physical verification by the auditors.

Official's Response

The PS mentioned that the nine staff in question were posted up country and the Ebola restrictions made it impossible for them to report to Freetown. However, they have been requested to report whenever the auditors need them.

Auditor's Comment

Even though the Accountant at the Ministry was notified about the date of the verification exercise, the Ministry did not make available the personal files and relevant records of the nine staff in question. Furthermore, the nine staff did not make themselves available for physical verification.

5.51.5 Overdraft obtained without approval by the Ministry of Finance and Economic Development (MOFED)

The Ministry obtained an overdraft of Le18,433,508 from the Sexual Reproductive Health Programme Account held at the Sierra Leone Commercial Bank without the approval of the MoFED. Accumulated interest charges on this overdraft amounted to Le1,952,239. It was recommended that the signatories to that account should refund the money and the total interest charges; otherwise the matter would be forwarded to the relevant authority for further investigation.

Official's Response

The PS mentioned that efforts had been made to pay the interest and deductions were made by the bank in respect of the overdraft withdrawn.

Auditor's Comment

There was no evidence of payment in respect of the overdraft as no pay-in-slip and bank statements were submitted for verification. Therefore, the issue remained unresolved.

5.51.6 Payments without supporting documents

Amounts which totalled Le666,541,655 spent on the drainage, clearing and sexual reproductive health projects were without payment vouchers and supporting documents. It was recommended that the PS should ensure that the relevant supporting documents are made available for audit inspection; Otherwise, the whole amount should be refunded and evidence of payment to the bank forwarded to the ASSL for verification.

Official's Response

The PS mentioned that all relevant documents were now available and ready for inspection.

Auditor's Comment

The relevant documentary evidence such as payment vouchers and supporting documents to substantiate the amounts spent on the drainage clearing and sexual reproductive health projects were not submitted for verification.

Refer to the Table of Common Issues (Page 93) for further observations.

5.52. MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT (2013-2014)

5.52.1 Names on payroll not found on the Ministry's Staff List

Examination of payroll vouchers and an updated staff list disclosed that the names of 129 staff were not on the updated staff list. The total salaries paid to these staff for the period under review was Le1,346,567,256. In addition, neither their personal files, nor the individual staff were available for verification. It was recommended that by copy of this report, the Human Resources Officer (HRO) is required to regularise this anomaly by taking the appropriate action(s).

Official's Response

The PS stated that the 129 names of staff not found in the Ministry's payroll was as a result of transfer of staff to other MDAs, while some were attached to provincial offices. He mentioned that MLGRD HQ had taken appropriate action by sending out circulars to all District Officers, Senior District Officers and Provincial Secretaries to submit a comprehensive staff list of all staff to the Ministry's headquarters before the end of February 2015. A comprehensive staff list including names of transferred, retired and deceased personnel he said, was now available.

Auditor's Comment

Copies of circulars sent to District Officers, Senior District Officers and Provincial Secretaries were submitted for verification. However, only a list of 25 staff transferred to the Northern Province was submitted for verification. No list was submitted for verification for the remaining 104 names.

5.52.2 Poor assets management

The following were observed:

- There was no asset management policy at the Ministry;
- The team could not physically verify the existence of five vehicles of the Ministry that were assigned to staff; and
- The Ministry had huge piles of obsolete or unserviceable assets littered along the Ministry's corridor. They are potential breeding ground for rats, cockroaches and other pests.

It was recommended that the PS should ensure that all the assets in question are recorded in the assets register, the five vehicles made available for physical verification and modalities put in place to have the assets repaired or disposed of.

Official's Response

The PS said that although four of the vehicles were faulty and beyond repair they were available for inspection. He further added that the vehicle with registration number AFA 106 was disposed off in November 2014 and relevant documents to substantiate this are available. He further said that ACA 631 was assigned to the former Director of Local Government. A letter has been written to the Chairman, National Assets and Government's Properties Commission for inspection and disposal of all obsolete assets.

Auditor's Comment

The assets management policy was not submitted for verification. Two of the five vehicles were seen at the following locations:

- ADD 247 was stationed at the residence of the Former Deputy Secretary at Riverside Drive;
- ACS 452 was stationed at the residence of the Director of Rural Development at HS7 Hill Station; and
- It was reported that one vehicle with registration number AFA 106 was disposed of for Le3,000,000 and for which receipt was submitted.

The remaining two vehicles (ACA 631 and ACV 703) were not available for verification; therefore the issue was partly unresolved. A letter written to the Government Properties and Assets Commission for the disposal of the obsolete items was submitted for verification. However, the Commission was yet to take action. Therefore, the issue remained unresolved.

5.52.3 Performance targets set out in the performance contract not accomplished

The performance contracts signed between the President and the Minister; and the appraisal of the contracts, were not produced to ascertain whether the targets sets out in the contract were achieved/accomplished by the Ministry within the specified time frame. It was recommended that the Minister should produce the performance contracts for the two years under review.

Official's Response

The PS noted that documents were now available for inspection.

Auditor's Comment

Performance contracts signed between the Minister and the President during 2013 and 2014 were submitted for verification. It was observed that the 2013 targets were fully achieved in 2014. However, there was no evidence that the following 2014 targets were achieved:

- Increased oversight and monitoring of councils;
- Increased supervision of chiefdom and provincial administrations in general; and
- Conduct of customer perception surveys.

5.52.4 Outstanding issues from previous report

It was observed that there was no evidence submitted for audit inspection that supervision was provided for the following projects GOBIFO, JICA and LED projects. Monies owed the Ministry by local councils in respect of local tax receipt books issued to them for the period under review, which amounted to Le22,627,400, were not collected by the Ministry. In addition, store issue vouchers for the distribution of the local tax receipt books to the councils were not presented for audit inspection.

5.53. PROVINCIAL SECRETARY'S OFFICE -NORTH (2014)

5.53.1 Staff who had exceeded the statutory retirement age

An examination of the staff list submitted for review revealed that six staff that had exceeded the statutory retirement age of 60 years were still maintained in the ministry's payroll. Total salaries of Le178,560,000 were paid to those personnel. In the same vein, letters of extension of service were not submitted for the continued maintenance of the staff in question on the ministry's payroll. Furthermore, payroll vouchers for the entire period under review were not submitted for audit inspection.

It was recommended that the PS should with immediate effect, inform the Director of the Human Resource Management Office for appropriate action to be taken on this issue. In future, regular monthly monitoring and review should be done to ensure that appropriate steps were taken to inform the HRMO whenever delays were experienced in the deletion of names of staff who had attained the statutory retirement age of 60 years; and the monthly payroll vouchers for the period January to December 2014 should be submitted for verification.

Official's Response

The Provincial Secretary stated that the personal files of those employees will be checked, the necessary follow-up will be made and ASSL will be fully informed.

Auditor's Comment

The audit recommendations were not addressed. The issue therefore remained unresolved.

5.53.2 Deplorable state and condition of government quarters

The state of the government quarters was deplorable. It was observed that the doors and windows were broken; the roofs were leaking; and the internal conditions were far from pleasant. It was also noted that some quarters were occupied by illegal occupants while others were in a dilapidated state. It was therefore recommended that the PS should ensure that all illegal occupants are evicted from those Quarters with immediate effect and his office should in collaboration with the Ministry of Works factor the estimates for the refurbishment of all government quarters in the Bombali District into its annual budget.

Official's Response

The Provincial Secretary stated that the conditions still remained unattended, although letters had been written by the estate Officer and copies extended to the relevant authorities but no action had been taken.

Auditor's Comment

The situation still remained the same.

Refer to the Table of Common Issues (Page 93) for further observations.

5.54. PROVINCIAL SECRETARY OFFICE –SOUTH (2014)

5.54.1 No expenditure returns on NERC grant and imprest paid to the Provincial Secretary's Office

In 2014, NERC Grant of Le14,250,00 and an imprest of Le190,200,000 was paid by cheque to key personnel at the Provincial Secretary's Office South for specific purposes for period 1st December, 2014-31st January, 2015. The table below gives detailed information of amount received.

Payee	Cheque No & Date	Amount (Le)	Purpose
Resident Minister, South	BSL.Cheq.No.00035499 of 12/3/14	8,125,000	NERC Grant given to Resident Minister, South to coordinate the activities of Paramount Chiefs in Ebola virus diseases-breaking the chain of transmission for period 1st December,2014-31st January,2015the in the Province
Provincial Secretary South	BSL.Cheq.No.00035500 of 12/3/14	6,125,000	" " " " " "
Imprest to Provincial Secretary South	BSL.Cheq.No. 00021444 of 9/1/14	190,200,000	Imprest for the operations of the PS office
	Total	204,450,000	

In order for the ASSL to produce a comprehensive audit report, the PS was required to provide a detailed analysis of how that amount was expended on or before 11th September 2015, by submitting the following accountable documents:

- Bank statements (1st January-31st December 2014) and (1st January-30th June 2015);
- Payment vouchers and their supporting documents (eg. receipts, invoices, beneficiary list etc);
- Report(s) on activities undertaken; and
- Any other documents relevant to the utilisation of this amount.

Auditor's Comment

An official response was not received from the PS and those documents were also not submitted for inspection.

5.55. PROVINCIAL SECRETARY'S OFFICE-EAST (2014)

5.55.1 Non retirement of allocation

The sum of Le152, 500,000 in respect of quarterly allocations and special imprest received by the Provincial Secretary's Office-Kenema was not retired. It was recommended that the PS should retire the amount with the appropriate documentary evidence or refund the said amount immediately. The PS should also ensure that all allocations made to the PS Office - East are properly retired and accounted for, in accordance with retirement regulation.

5.55.2 Procurement procedures not followed

The sum of Le23, 000,000 was spent on the procurement of goods and services for the period under review. However, at least three requests for quotations were not obtained. The Provincial Secretary must ensure that the public procurement rules and regulations are strictly adhered to. The request for quotations requirement and the participation of qualified suppliers in the goods, works and services procurement process must be adequately and appropriately followed.

5.55.3 Inadequate control on the distribution and usage of fuel and non-maintenance of operating records

The following observations were made by the Auditors on the distribution and use of fuel:

- The Provincial Secretary's Office – Eastern Region did not adhere to any policy/procedure for the distribution and use of fuel. In addition, there were no control mechanisms to monitor and reconcile the distribution and use of fuel. Fuel chits were also not prepared by the Office to justify hoe Le4,850,000 worth of fuel was used.
- The sum of Le20,000,000 was utilised by the Provincial Secretary's Office –Kenema on the servicing and repairs of vehicles. However, there was no evidence in the form of a log book/operating records that these servicing and repairs were carried out. As a result of this, we could not verify whether these funds were utilised in the interest of the Office.

It was therefore recommended that the PS should ensure the following:

- That a policy is formulated to guide and control the distribution and use of fuel;
- That fuel chits are prepared on a regular basis;
- That a log book or operating record is maintained and updated on a timely basis with details of maintenance carried out; and
- That the operating records together with relevant documentary evidence to support the utilisation of Le4,850,000 on fuel and Le20,000,000 on servicing and repair of vehicles; otherwise, the full amount must be refunded.

5.55.4 Database/Cadastre of Government Quarters

A comprehensive database/cadastre of occupied and unoccupied government quarters was not maintained for the period under review. It was also observed that quarters were in derelict condition and no maintenance was carried out on them for the period under review. Encroachment and grabbing of government owned land by members of the public was also observed. It was therefore recommended that the PS should ensure the following:

- That a comprehensive database/ cadastre of legally occupied and unoccupied quarters were maintained;

- That occupied and unoccupied quarters in derelict conditions were repaired and maintained to habitable levels; and
- A mechanism instituted to ward off all encroachers and land grabbers away from government land.

Refer to the Table of Common Issues (Page 93) for further observations.

5.56. SIERRA LEONE EMBASSY IN MOSCOW-RUSSIA (2010-2014)

5.56.1 Consular fees not properly recorded

There were inadequate controls over the collection and accounting for consular fees by embassy officials. The following were observed:

- Since a register was not maintained for visa stickers' booklet, those books were not issued according to serial numbers. It was noted that two booklets for the same category of visa were being used for issuing of visa simultaneously.
- Documents were not provided to ascertain the fee being charged for visa at the embassy; noting the rates to be applied for various categories of visa.
- No physical register was maintained to record revenue received for visa. Applicants pay cash for visa which is then by an administrative officer who in turn hands over to the Head of Chancery (HOC).
- Even though the embassy was using a temporary office with no notice board, we were informed that the permanent office had a notice board where visa rates are displayed.

It was recommended that:

- Government issued a policy regarding the use of visa fees by embassies as it appeared that the non-remittance of visa fees to the CRF was a common problem across all embassies and high commissions;
- The HOC should produce evidence for the use of \$2,068 or refund the said amount to the bank account of the embassy;
- A register should be maintained to record all visa stickers received by the embassy. Recipient of booklets should sign as acknowledgement of the booklets, also when issuing out booklets, officers should sign for the booklets received;
- Booklets should be issued serially in order to avoid using two books simultaneously;
- The embassy should make available for inspection the instruction from the Ministry of Foreign Affairs stating rates for various categories of visas;
- Physical register should be maintained by the administrative officer, who should record all visa fees received and this should be periodically reconciled with cash banked; and
- The embassy continued the practice when the embassy moved to the permanent chancery.

5.56.2 Review and approval of reconciliation statement

It was observed that no bank reconciliation was prepared for the period under review. Only one account was maintained in USD currency even though substantial transactions were done in Roubles. Bank balance as at 31st December 2014 was \$22,832. No cash book was maintained to record cash receipts and disbursement of funds in the embassy. It was also noted with very much concern that visa fees collected were not banked intact; the USD were exchanged at various bureaus for operational expenditures, no receipt from the bureaus was made available for these transactions. In addition, US dollars were withdrawn from the VTB bank account and exchanged for local currency. These were kept by the HOC but were not recorded. Furthermore, payment vouchers were not raised for the disbursement of funds; verbal requests were only made for items to be purchased or services to be rendered. Petty cash system for minor cash transactions was not in operation.

It was strongly recommended that:

- Monthly bank reconciliation was done and that must be signed by the preparer and evidenced by a senior official to prove that it was independently reviewed;
- Steps should be taken to open a Rouble account to discourage the practice of withdrawing large sums of monies from the bank and keeping these monies in the office of the HOC;
- The embassy should introduce various cash books and registers to record all financial transactions and these are recorded under appropriate expense caption;
- Cash proceeds from visa fees should be banked intact into the designated dollar account of the embassy and appropriately recorded in the cash book;
- the embassy should explore the possibility of applicants paying into the dollar account and paying-slip brought to the HOC for the issuing of the visa and regular bank reconciliation be done;
- The equivalent amount in Rouble should be recorded appropriately in the accounting books maintained and disbursements recorded accordingly;
- The embassy should ensure that payment vouchers were raised for all cash disbursement and appropriately approved; and
- The embassy introduced an imprest system of petty cash should determine patterns of minor transactions and set an amount for petty cash which can be reviewed as and when appropriate; a petty cash register should be introduced in this circumstance.

5.56.3 Amendment made to accountant general's payroll

Payroll is prepared based on voucher received from the Accountant General's Department. It was however noted that only net salary was recorded on the payroll voucher prepared by the embassy. There was also no evidence that the payroll was been checked independently by the HOC before payments were made to staff. Diplomatic staff files were not updated with key documents such as copy of passports and birth certificates of dependent children, for us to determine the eligibility of personnel to these allowances. It was also noted that there was no conditions of service in existence for local staff of the embassy which will set guidelines for their employment.

It was recommended that the payroll prepared by the embassy should be improved to include details of entitlements and deductions. It should also be checked and signed by the HOC before making payments. Diplomatic staff files should also be reviewed and updated to reflect their current status. In addition, the Accountant General should be regularly updated on the current circumstances of staff by the HOC so that relevant updates and adjustments are made to the payroll database. Furthermore, a local staff condition of service of local staff should be developed with immediate effect.

5.56.4 Weaknesses in the Internal Control System

During the audit, considerable time was spent to locate documents in various files maintained because they were not referenced for easy identification.

It was recommended that a payment voucher is raised for all disbursements and the vouchers should be appropriately approved before payments are made. All documents should also be properly referenced for easy identification. The practice of making verbal request for transaction should be stopped forthwith. An improved system should be adopted where documents are raised for all request and subsequently approved accordingly before disbursements are made.

5.56.5 Students files not regularly updated

A review of student files indicated that they were not regularly updated. It was observed that progress reports were not in the files of most students. It was discovered that even though students were informed of their allowances, there was no indication on the voucher signed by these students of the amount signed for by them. It is strongly recommended that students' files were regularly updated with relevant documents including their college progress report. Orientation should also be done on financial management matters for new officers who are posted to embassies and high commissions. This applies especially to the HOC.

5.56.6 General Findings

Accreditations

The embassy of the Republic of Sierra Leone had multiple accreditations. In addition to the Russian Federation, the embassy is accredited to 22 other countries of the Commonwealth of Independent States (CIS) of the former Soviet Union. Ideally, according to the ambassador, he had to present his credentials in all these countries of accreditation. He was able to present credentials to only four countries for the past four years of his appointment. He attributed this to underfunding of the embassy and late remittances of funds to the embassy.

Welfare- Sierra Leonean students

According to the HOC, for the past four years, student allowances were remitted late in most cases and the embassy had to resort to assisting students financially to meet their immediate needs. According to the bilateral agreement between Sierra Leone and the Russian Federation for the award of scholarships to Sierra Leonean students, the Sierra Leone Government is responsible for provision of air tickets for students to and from Sierra Leone. It was disheartening to learn that students were left stranded in Russia after finishing their courses as they were not permitted to stay on the college campus after completing their course of study.

Accommodation

Moscow is regarded as one of the cities in the world with high house rent and most rent agreements have a progressive increase of ten per cent per annum. In this regard, the embassy has submitted a request to the Russian Federation through the Ministry of Foreign Affairs and Internal Cooperation for the grant of land to construct a building to house the ambassador's residence as well as the chancery. Taking the principle of reciprocity into consideration, the Government of Sierra Leone has granted over five acres of land to the Russian Government for construction of their embassy in Freetown. It will be highly appreciated if support is given for the success of this project.

5.56.7 Overview of issues from previous audit inspection

During the audit exercise we followed up all outstanding recommendations made in previous years. A summary of the status of these recommendations is given below:

- It was observed that when the embassy received its monthly credit card statements, it would make full payment of the outstanding amount, but will have no receipt attached to those statements. It must be noted that the statements only provide details of businesses/organisations to which payments have been made, and not the reason for the payment. The item of expenditure can only be found on the receipt given at the time of the transaction.
- A payment of \$5,000 was made to the Ambassador on the death of his mother in August 2008, as the embassy's contribution to that unfortunate event; the said amount came from the Other Charges Fund.
- The embassy did not operate a Vote Service Ledger (VSL) even though it had not adopted a computerised system of commitment control.

- The embassy did not plan its quarterly expenditure, but spent money on a demand or ad hoc basis.
- The embassy did not maintain a cash book and therefore did not reconcile its bank accounts.
- The sum of \$10,550 was spent to welcome the new Ambassador in October 2010. Further examination of the expenditure revealed that some expenditure did not relate to the welcoming of the ambassador. For example, the sum of \$789 was spent on the following: purchase of male suit (\$657), male socks (\$18) and a male shirt (\$115).
- All local staff (except for one) were paid in cash over the table. In other words, their total salary of just under \$8,000 was collected in cash from the embassy's bank account, brought to the office and paid out individually. In addition to the following were observed:
 - The final salary payments of \$1,400 and \$1,000 to two staff respectively in April 2009, was not signed for by the recipients;
 - The Ambassador's Cook from June 2009 to June 2010 was allegedly paid the sum of \$21,560.00 as salary, but she never signed for her salary, or gave authority for anyone to collect it;
 - The Ambassador's servant was allegedly paid the sum of \$14,200.00 from June 2009 to May 2010, but never did he sign for his salary, or give authority for anyone to collect it on his behalf. He however started signing in June 2010;
 - That the information contained in some staff files did not reconcile with the present realities. For instance, the salaries of some local staff, according to the salary payment vouchers, did not reconcile with the salary information in the files of the same. The position of Senior Secretary/Translator was an example of this mis-match. According to her promotion letter dated 21st June 2007, her salary as Senior Secretary/Translator was \$583, but according to the salary vouchers, she was paid \$1,300 between February 2009 and June 2010; and since July 2010, she was paid \$1,400 per month;
 - That a local member of staff who was appointed on 23rd October 2008, with a six-month probation starting on 3rd November 2008, was never confirmed. There was no evidence in her file to suggest that she was confirmed after the probation, which should have ended on 3rd May 2009. However, she signed for and collected her salary for the end of November 2008 to August 2009;
 - That although the embassy had the good practice of offering employment to local staff, subject to the satisfactory completion of a probation period, in the case of two local staff, the practice was ignored;
 - That although there was a reference in the employment letter of local staff to a condition of service, that document was never made available for audit inspection;
 - That the Head of Chancery was excluded from the salary voucher that was sent to the embassy for the month of September 2010, while no evidence was made available by the Accountant General and or the Ministry of Foreign Affairs and International Cooperation to indicate that he was no longer a civil servant.;
 - A driver was first employed in May 2007, terminated and re-employed in 2009; then terminated again, and most recently re-employed in April 2010. We also observed with concern that when his services were first terminated, he made claims against the embassy for termination benefits.
- It was observed with disgust that our embassy was housed on the ground floor of a 19 floor Social Housing or Council Housing Estate, with no in-built heating system. According to the Federal State Unitary Enterprise – GlavUpDK (the government body responsible for providing commercial accommodation to foreign embassies in Russia), as at the 10th October 2003, the total amount outstanding for both the then embassy and the residence of the Ambassador for the

period 1986 to 1999 was \$ 1,122,819. It must be noted that this related not to the current office accommodation and ambassador's residence.

- It was observed that the Ambassador received her monthly salary (including her rent allowance), but failed to pay her Landlord (GlavUpDK) to the sum of \$58,595 as at 30th May, 2008. Despite repeated calls by the then Acting Minister of Foreign Affairs and International Cooperation she refused to pay her landlords. Instead the sum of \$20,000 was paid to her landlords out of the Other Charges account, as the matter had become an embracement to the embassy.
- The First Secretary incurred some expenditure in securing an accommodation. The total amount of \$1,500 was later refunded to him from the other charges funds for those expenditures.
- The fees collected for the issue of visas were not paid into the embassy's bank account. Instead they were kept in the office even through there was in operation a bank account approved by the Accountant General. Fees collected (though not much), were being used by the embassy for their 'other charges' expenditure, instead of remitting them to the CF as directed by the Accountant General's memorandum.
- According to the then acting Director General of the Ministry of Foreign Affairs and International Cooperation, in her memo dated 15th October, 2008, the Minister had instructed that all embassies prepare and present a weekly report on their activities. However, the embassy had never complied with that directive.
- The embassy do not have a fixed assets register; only maintained a list of assets.

Refer to the Table of Common Issues (Page 93) for further observations.

5.57. SIERRA LEONE EMBASSY- WASHINGTON DC (2011-2013)

5.57.1 Inadequate controls over the collection and accounting for revenue

The following were observed:

- Visa stickers were not available in the embassy; instead, rubber stamps instead were used for visas. Accountable documents such as emergency travelling certificates were printed locally (in the USA) and receipt books, purchased at stationery shops. The Embassy had sent frequent requests to the MOFAIC for the replenishing of visa sticker books, receipt books and other accountable documents. The MOFAIC had informed the Embassy that the Immigration Department was in short supply of the aforementioned items and it will be replenished as soon as they were available.
- A review of the Visa stickers' monthly cashbook revealed that a total of \$2,442,245 was collected as revenue. It was observed that revenues collected for the period under review were used for normal transactions of the embassy, with few exceptions when an amount of \$225,000 was transferred to the CRF and specific instructions were received from Freetown for the use of consular funds.
- In the earlier part of 2014, reconciliations were done with the front office register to ascertain the total revenue collected. Receipts were also issued at the front office for all transactions; the register maintained was also signed off by the financial attaché to verify total cash received. This was in reaction to a circular issued relating to the streamlining of visa applications on the 19th of March 2014, this practice has however been discontinued during the year. The auditor had problems reconciling the front office register, (which should capture all consular transactions) and the cashbook maintained by the various officers assigned to carry out consular officer's roles. The register of transactions was inconsistent: it was difficult to identify daily takings in the cashbook. The audit exercise applied various tests to ascertain the effectiveness of revenue controls. It was revealed that controls were weak. Therefore, figures recorded in the cashbook could not be reliable upon.

The following were therefore recommended:

- The Ministry of Finance and Economic Development must put adequate mechanisms in place to safeguard revenue generated and also ensure that the embassy is adequately resourced to prevent the recurring problem of the use of proceeds from consular fees.
- A robust policy of checking the register should be reinstated and the financial attaché should verify total revenue received before banking. This should also be done promptly.
- The practice of rotating the consular officer's role should be limited and the officers assigned to this role are properly monitored.
- The practice of accepting only money orders should be strictly adhered to and that the embassy display a clear and visible notice in the front office notifying customers of this process.
- Customers must also be aware and should demand receipts for all transactions.
- Reconciliation of the consular bank account should be done on a monthly basis to complement the newly implemented system.
- Action should be quickly taken regarding the issuing of accountable documents from the Ministry of Foreign Affairs and International Cooperation, to ensure proper control and accountability of revenue collected at the embassy.
- Officers who receive accountable documents should confirm receipt with signatures, and mechanisms should be instituted for the return of used documents in a more controlled and accountable manner.

Cash And Bank Management

- Section 139(1) of the Financial Management Regulation 2007 states: "The balance of every bank account as shown in a statement shall be reconciled with the corresponding cashbook balances at least once every month; and reconciliation statement shall be filed or recorded in the cashbook". Even though monthly reconciliation of various bank accounts was done, there was no evidence to prove that it was independently reviewed by the financial official.
- There was a designated account for salaries and wages but it was not used for that purpose. Salaries were lodged into the operational account instead. The petty cash system in operation maintained two cash floats for general expenses and transport allowance and fuel expenditure. The general expenditure petty cash register book reflected a negative running balance, this was as a result of cash being paid out of the fuel petty cash and expense recorded in the general petty cash analysis.

It was recommended that:

- The practice of monthly reconciliation should continue. The process should however be verified by someone independent to give assurance of the correctness of the reconciliation;
- Follow up should be done by the Ministry of Foreign and International Affairs to ensure that salaries were remitted to the designated account;
- A single petty cash account and cash replenishment system should be maintained; and
- Management should agree on the amount for maintaining a float which must be subject to review based on prevailing circumstances relating to cash management. All major cash disbursements should be done by cheque payments.

5.57.2 Inadequacies in the supervision of payment of salaries and allowance

Staff personal files not updated

Inspection of staff files revealed that they were not updated with relevant records such as the birth certificates of dependent children. The Commonwealth conditions of service stipulate that a maximum of three children under eighteen years, unmarried and not gainfully employed are entitled to child and

educational allowance. It was observed from available records on files that in some instances, staff whose children were over 18 years of age were paid child and educational allowances. This amounted to a total of \$79,875 for the period under review.

Diplomatic staffs' allowances and entitlements

The conditions of service were provided for inspection, but there was no signed copy of this document. A review of provisions in the conditions of service for Diplomatic staff revealed that heating allowances were included in the payroll for the Ambassador and Deputy Ambassador. They were not entitled to this allowance as the embassy was responsible for payment of all bills in respect of their residences. The amount had been adjusted in the embassy's payroll; and the Accountant General Department should be informed to make necessary adjustment in the payroll voucher.

Various staff were given loans and advances without regulations and guidelines. The system in place for loan administration and management was not adequate for efficient monitoring and reporting.

It was recommended that:

- A signed copy of local staffs' condition of service should be made available to the auditor for review;
- A review of diplomatic staffs' allowances and entitlements should be done and necessary adjustments must be reflected on personnel files and payroll;
- The Accountant General should also be regularly updated on the current circumstances of staff so that relevant updates and adjustments could be made to the payroll database;
- The Accountant General 's Department (AGD) should be informed, of the necessity for adjustments to the payroll regarding heating allowances to the Ambassador and Deputy Ambassador;
- The embassy should develop a policy guiding the eligibility of awarding and payment of loans especially the limits of entitlement, the period of deduction, frequency of loans taken out and other relevant controls; and
- All deductions in respect of loans and advances from salaries should be reflected in the face of the payroll voucher, for easy reference and this should correspond with the loan register.

5.57.3 Rehabilitation of government property

The review of expenses relating to the renovation of the residence of the Deputy Ambassador revealed an invoice dated 6th July, 2010 submitted by a construction company, for work done in repairing a damaged retaining wall. The invoice formed part of a payment settled by cheques Nos. 6631 and 6666 issued on 13th and 20th May, 2011 respectively, totalling \$9,575. It was observed that, as per work order issued by the company on the 13th of February 2013, the scope of work included construction of retaining wall costing \$15,752, for which final payment in settlement of the full amount was made by cheque no. 8825, raised on 13th March, 2013. The relevance and necessity of both work orders ("repair of retaining wall") and related payment as described above is questioned. It was recommended that the HOC should explain related expenditure for the repairs of the retaining wall and if found duplicated, payment of the full amount should be retrieved from the contractor and refunded back to the embassy's account and evidence of payment made available to the Auditor General.

5.57.4 Other Charges

A payment of \$26,090 was made to a hotel as advance booking for the presidential working visit to United States of America – Washington DC. In addition, an amount of \$20,000 was received by the embassy from the state chief of protocol, as refund of expenses relating to the presidential entourage, this was used to offset part of the hotel bills as per instruction by the head of chancery, and cash payment was

then made to the hotel. The total payment made by the embassy was \$46,093, which included expenses relating to other delegates who were not part of the presidential entourage. However, there was no evidence to prove that those delegates reimbursed the embassy for bills paid on their behalf. It was recommended that all such transactions must be done through the banking system and recorded appropriately in the books of accounts. The HOC should also clarify the issue of the other delegates not reimbursing the embassy for expenditure incurred on their behalf.

Refer to the Table of Common Issues (Page 93) for further observations.

5.58. SIERRA LEONE EMBASSY BERLIN-GERMANY (2010-2014)

5.58.1 Financial Management System

The Embassy's financial systems were poor in 2010 to 2012. Because of this, the Embassy was unable to correctly establish how much revenue was generated from visa and passport applications, and renunciation of citizenship. However, from the total revenue of €236,560 collected, (i.e. €143,230 in 2013 and €93,329 in 2014), only €25,000 was transferred to the CRF. It was therefore recommended that the vote controller should provide an account of how much funds were collected for the financial years 2010 to 2012 inclusive. Furthermore, details of total transfers each year into the CRF should be provided. In future, all revenues generated should be fully accounted for, and transferred to the CRF.

5.58.2 Insufficient funds to meet the high office running costs

The funds made available to cover the running costs of the embassy were insufficient. For instance, in 2014, €145,947 was transferred to the embassy to cover the administrative and operational costs including travelling for accreditation, utilities, medical and repairs cost. However, total expenditure incurred was €188,202, giving rise to a shortfall of €42,255. It was recommended that the vote controller together with the Head of Mission should ensure that this matter is brought to the attention of both the Ministry of Finance and Economic Development (MoFED) and the Ministry of Foreign Affairs and International Cooperation (MFAIC).

5.58.3 Non-Reconciliation of Visa Stickers

The embassy issued booklets of visa stickers to various consuls of Sierra Leone in jurisdictions to which they have accreditation. However, there was no evidence for the period under review to show that the embassy reconciled its stock of visa stickers consistently on a monthly basis as required by the Accountant General's Department. It was recommended that the vote controller should provide explanation why these regular reconciliations were not carried out and with immediate effect, those monthly reconciliations should commence.

5.58.4 Unauthorised Face Book Transactions

The embassy requested permission from the MFAIC on 3rd June 2010 to obtain a credit card worth €5,000 from Deutsche Bank. Although there was no evidence that the permission was granted, the embassy obtained one. Between 10th and 13th November 2014, the embassy's credit card with Deutsche Bank was used to pay for three advertised transactions which amounted to €501 to the social media corporation, Facebook Ireland. Although the embassy reported the unauthorised transactions and requested for an immediate refund, which the bank granted on 17th November 2014, the embassy failed to properly investigate the matter to establish what led to the misuse of the card. In addition, the embassy did not request a replacement of the "misused card" to ensure that such an incident would not be repeated. It was recommended that the vote controller should provide evidence of the permission from the MFAIC and request for a replacement of the credit card and investigate the misuse, within 30 days of the receipt of the report.

5.58.5 Management of Ebola Donations

The Embassy in response to a request from the MFAIC in June 2014, intended to create awareness and raise funds for the government's fight against the Ebola Virus Disease (EVD), raised €14,603. The sum of €12,640 was spent on the purchase and shipment of medical supplies to date. However, the National Ebola Response Centre was not fully aware of this account. It was recommended that the embassy should provide the NERC with a full account of all funds raised and expended during 2014.

5.58.6 Staff Loan Management

In contravention of section 37 of the GBAA 2005, the embassy issued loans to various members of staff for the period under review. It was further observed that a loan register was not maintained to accurately record the repayment of such loans. It was recommended that the embassy should ensure that it ceases with immediate effect the practice of giving loans to member of staff from the funds made available to run the embassy.

5.58.7 Renovation of the Chancery

Since the acquisition of the chancery in 2010, efforts have been made to renovate the same. A budget was submitted to the MoFED and MFAIC for their approval. The MoFED provided funds which amounted to €188,202. However, the embassy hasn't been provided with funds to complete the final phase of the repair which was budgeted at €188,202. It was also observed that the embassy had introduced inventory lists of its assets. However, those lists were not signed and verified, and there was no evidence that they were periodically reviewed. In addition, there wasn't a register that recorded assets such as the chancery, the Ambassador's residence and vehicles of the embassy and their ownership document were not made available for audit inspection. It was recommended that the embassy should:

- Send a reminder to MoFED and MFAIC regarding funds for the outstanding phase of the renovation of the chancery;
- Ensure that all inventory lists of the embassy are signed and verified; and
- Produce a fixed asset register to record significant assets of the embassy including the chancery, Ambassador's residence and vehicles.

5.58.8 Hire Purchase Agreement Debt

The embassy in July 2013 entered into a hire purchase (HP) agreement with a car dealer for the purchase of a car for the Head of Chancery. It indebted the Government of Sierra Leone the tune of €12,736. This was as a result of non-adherence to the provision of Section 118 of the 1991 Constitution of Sierra Leone. It was recommended that the embassy should provide evidence of authority to enter into this hire purchase agreement. In future, such evidence must be obtained and attached to the relevant corresponding agreement.

5.58.9 Security of the Chancery

In the wake of the AL-Shabaab threats to Sierra Leone for participating in the peacekeeping mission in Somalia, all "Repleones" were requested on 28th November, 2013, by MFAIC to carry out a detailed security assessment and to report back with an accompanying budget. The embassy responded on 5th December 2013 with an assessment report and an accompanying budget made up of: a one-off capital outlay of €38,920 and a monthly security cost of €11,244 to mitigate the risk identified in the assessment report. However, since the submission of both the report and budget, no response had been sent to the embassy. The embassy has also not sent any reminders on the subject matter to the MFAIC. It was recommended that the embassy should send a reminder letter to the MFAIC on this very important issue.

5.58.10 Robbery of €3,185 at the Chancery

The embassy on 19th May, 2010, reported to the MFAIC a robbery incident which occurred between 23rd and 26th April, 2010 at the chancery. It was alleged that the robber broke into the chancery and made away with €3,185; which were funds generated by the embassy and held in cash in a drawer in the office of the ambassador. The incident was reported to the German Police but no further action was taken. It was recommended that the embassy should; send a reminder letter to the MFAIC on this issue.

5.58.11 Management of staff personal files

The embassy maintained personal files for every member of staff. However, some of the files were not accurately maintained and/or missing important relevant documents. In some instances, records relating to a member of staff were kept in the wrong personal file and some of the files were not organised in any particular order. It was recommended that the embassy should, update all staff personal files.

5.58.12 Payment of monthly minimum wage

The Federal Republic of Germany in July 2014 introduced a minimum wage of €1,473 effective January 2015. As at December 2014, the embassy had members of staff on a salary that would be below the minimum wage if it's not increased in January 2015. It was recommended that the embassy should provide evidence that no member of staff is paid below the minimum wage or else the situation should be rectified with backlogs pay given.

5.58.13 Appointment of the head of mission

The Ambassador, HE Jongopie Siaka Stevens was initially appointed for a two year period in February 2009. His appointment was later renewed in April 2013 for another two year period to 15th April 2015. However, although he is still in post, there is no evidence that his appointment was extended beyond 15th April 2015. It was recommended that the embassy should send a reminder letter to the Office of the President on this matter.

5.58.14 Staff Attendance Record

Although there was a staff attendance register, it had not been consistently signed by every member of staff. It was recommended that the embassy should ensure that the attendance record was consistently signed by all members of staff and evidence of this brought to the attention of the ASSL.

5.58.15 Outstanding issues from previous audit

The following recommendations were still outstanding in the previous audit report:

- That certificates be treated as accountable documents and be printed with serial numbers as this will ensure that the issue and revenue collected can be monitored;
- A comprehensive list of fixed assets be obtained and a fixed assets register developed, electronic or manual, this should include marks to identity all assets of the Embassy;
- Some form of numbering should be introduced for the vouchers to facilitate the referring of documents;
- Explanation should be provided for not following the instructions to split between international and local calls and instructions should be followed in the future;
- Training of senior staff of the embassy in financial management for good grounding in financial management in Sierra Leone; and
- Engagement of the internal auditors.

Refer to the Table of Common Issues (Page 93) for further observations.

5.59. SIERRA LEONE MISSION IN NEW YORK (2011-2013)

5.59.1 Controls over Consular Fees

A review of the controls over revenue administration in the Mission revealed the following:

- A summary of visa stickers' revenue as recorded in the Consular Officer's Report indicated total revenue of \$512,881 for the period under review. Although visa stickers' revenue was banked intact, the said revenue was later utilised by the mission for running costs. According to the Head of Mission, the revenue was used to meet the mission's regular expenditure because of short fall of remittances to meet their commitments.
- Considerable time was spent to reconcile monthly returns and the financial attaché's record of banking as per bank statement. There was no evidence regarding the rationale of fixing fees especially those related to visa fees increment and other charges. In addition, there was no conspicuous display of rates and charges for services rendered in the mission. It was also observed that unused visa stickers, receipt books, payment vouchers and emergency travelling certificates were not properly safeguarded, as they were in a cabinet which was in the financial attaché's office shared by another officer. It was also observed that measures had been taken to receive money order for all services to customers, discouraging the payment of physical cash.
- The unavailability of visa stickers, receipt books and Emergency Travel Certificate (ETC) in the mission was noteworthy. Sometimes the mission had to resort to getting supplies from Washington. This, according to the mission, necessitated the printing of ETC and receipt books locally in the USA.
- The auditor was informed by the Permanent Representative that there were other revenue streams which did not reflect in the cash book during the period under review (ETC and Visa Expediting fees). The amount collected could not be quantified and it was unclear how this money was utilised.

The following were recommended:

- The MOFED must put adequate mechanisms in place to safeguard revenue generated and also ensure that the mission was adequately resourced to prevent the recurring problem of the use of proceeds from consular fees;
- All revenue collected by the visa issuing officer and all other services must be recorded and reported in the returns prepared for revenue collection;
- Monthly reconciliation should be done between the officer responsible for issuing visas and other revenue and the financial attaché who was responsible for banking revenue and should be checked by the HOC;
- For all fee charges at the mission, a written approval should be obtained from the Ministry of Foreign Affairs and International Cooperation to avoid arbitrary rates being applied;
- The mission should display conspicuously, charges for all services rendered with details including that no fees should be paid in cash and receipt be demanded for all such transactions;
- There should exist a new system of making payments for services by money order and that the mission continued to use that system which should be backed by regular bank reconciliation;
- All revenue streams to be introduced in the mission should be agreed upon with the MFAIC and fee charges to be applied should also be agreed on; and
- The HOC should explain the issue of the unaccounted revenue that was generated which was not quantified due to the unavailability of receipts.

5.59.2 Payroll Administration

The following were observed:

- The payroll submitted by the Accountant General was adjusted to reflect the situation existent at the mission, especially that relating to loans repayments and deletion from payroll.
- The rent allowance on the payroll voucher submitted by the Accountant General for the Permanent Representative who was then occupying an official residence, was used to pay off the mortgage in respect of a property of the Government of Sierra Leone.
- Some staff were being paid allowances for children above 18 years and no explanation was given on the matter. The sum of \$20,700, an amount which was included in the Accountant General's payroll voucher, did not reflect the facts in the personal files of the affected staff in relation to the above allowances.
- Loans were given out to staff and recovered on payroll prepared by the mission but there was no local policy in place for those loans.
- There was no approved condition of service for the local staff.
- There were no separate bank accounts for salaries and allowances; one account was maintained for both other charges and salaries.

It was therefore recommended that:

- Updates as and when necessary should be given to the Accountant General's Department to enhance the update of salary database to reflect current salaries and allowances of mission staff;
- The salary voucher should be updated to reflect the correct entitlement of the Permanent Representative;
- The status of all expatriate staff in relation to education allowances should be reviewed and necessary adjustments effected in the payroll;
- A policy should be developed that would guide the issuing of loans to staff;
- The draft conditions of service should be reviewed and approved by management for implementation;
- There should be separate bank accounts maintained for both salaries and other charges expenditure; and
- The practice of using the rent allowance of the PR for other purposes should be stopped forthwith and payroll should reflect the correct entitlement of the PR as he was occupying a government property.

5.59.3 Cash and Bank Management

Even though bank reconciliations were done for the period under review, it was observed that the reconciliations were not checked and signed off by an independent reviewer. There were items in the bank statements that were identified as debit card transactions for which details could not be identified and therefore could not be placed under specific expense head in the cash book. These were reflected as a bulk figure in the cash book that amounted to \$17,617 in 2011. In addition, funding of \$45,000 was received from the government of Azerbaijan, to facilitate the repairs of the mission's properties. That money was still held in the building special account. The mission was in possession of a debit card which is at present in the custody of the financial attaché. He used it mainly for online transactions. There was no documented guideline relating to the use of this debit card. It was recommended that monthly reconciliation be mandatory and that should be done promptly for management information even if there was no movement, and signed off by someone independent of the preparer. In addition, the HOC should give an explanation regarding the unexplained transaction of the \$17,617; otherwise, the whole sum should be refunded. In future documents relating to all direct bank transactions should be made available and charged to the relevant expense head in the cash book. The \$45,000 donated for building

refurbishment should be preserved in the account and used for its intended purpose. A clear written policy should also be developed for the use of the debit card to avoid misuse and limits should be established for the use of the card. Proper authority must be obtained at certain levels of authority in the mission for certain transactions. In all cases documents relating to transactions should always be available for inspection.

5.59.4 Properties of the Mission

A. Chancery Office at 245 East Street, New York

This property which is a freehold property of the government of Sierra Leone was in such dilapidated state that it was not allowed to be insured by insurance companies in the USA. The property posed health and safety hazards to employees especially during winter and according to staff, the heating system was out of order and the basement flooded when it rained.

B. Residence of the Permanent Representative - 84 Pine Brook Road, New Rochelle, New York 10801

This was a property mortgage with a balance of \$166,033 to be paid on or before 31st of December 2014, with a threat of repossession if not fully paid by that time. The risk of the mortgage arrangement was that another property of the mission was used as lien for the arrangement and therefore the said property was at risk of being confiscated if the amount was not settled by the due date. The service agent categorically stated in a letter of 16th April 2013 that the arrangement could not be further negotiated after December 2014. Physical verification done on this building revealed that it needed urgent refurbishment especially outside the building structure, considering the level of officers living in the premises.

C. Residence of the HOC -21 Lincroft Road, New Rochelle, New York 10804

Physical verification was done on the building and it proved that it needed a huge amount of refurbishment. There was a threat of fire hazard as water was slipping into the panels in the basement. The backyard step also posed safety concerns as it was falling apart and in need of urgent repair. The auditor was unable to visit all houses in which the mission owned assets with the exception of the Deputy Permanent Representative, who had assets that were reflected in the fixed assets register. The policy relating to furnishing of officers' residence was of concern and it was in the condition of service that officers should be provided with furnished accommodation. As a result of that, officers made arrangement for their accommodation and furnished them to whatever extent, without any guidance, and claimed refunds from the mission for expenditure incurred. The following were recommended:

- There was need for improvement in the format of the fixed assets register to reflect all relevant details of the assets held by the mission;
- The mission should display the inventory of assets at all locations in the office;
- The HOC should work out mechanisms to visit locations where the mission had assets and note conditions of those assets for necessary action;
- There should be some guidance in the acquisition of assets for staff assigned to the mission. The ministry should develop a policy guiding this facility;
- There was dire need for arrangements to be made for the refurbishment of those premises; to bring them to a more habitable state; and
- There was need for the offset of the mortgage balance to prevent government from losing those properties.

5.59.5 Special remittance for rehabilitation of the government properties owned by the mission

The following were observed:

- A sum of \$533,704 out of a request for \$1,000,000 was remitted to the mission in April 2010 for the rehabilitation of the chancery building. It was later deposited into a special account held at

CITI bank. This amount was utilised as part payment of the mortgage of the property occupied by the Permanent Representative on the approval of the Minister of Finance and Economic Development in the year 2012. A memo was prepared by the HOC and approved by the Permanent Representative for use of the fund to meet the payment of the mortgage. However, no correspondence was seen requesting the balance of the original amount requested.

- Sierra Leone was donated with an amount of \$2,000,000 which was yet to be remitted to New York for the rehabilitation of the properties, especially the chancery building, that was in a state not befitting an international diplomatic centre.

It was recommended that adequate resources be provided to meet the refurbishment of the property and proper procurement procedures should be followed in line with good practice guided by the PPA 2004 when the mission sourced contractor for the rehabilitation work.

5.59.6 Other Charges

Due to the improper filing system, it was difficult to carry out sufficient audit work on expenditure for the period under review. Payment vouchers for example were not filed separately as per bank account. The movement of amounts between bank accounts was also noted which made it difficult for reconciliation. It was observed that payment vouchers were raised for transactions carried out up to December 2012 and as at that date, due to shortage of supplies of accountable documents, payment vouchers were not raised for transaction. Photocopied cheques were however attached for reference purposes. According to the memo provided, the financial attaché had requested those documents but no response was received from the Ministry of Foreign Affairs and International Cooperation. It was observed that the sum of \$3,000 was loaned to a Ministry of Foreign Affairs staff who attended a conference in New York. However, the auditor had no evidence that this amount was paid back by the staff to the mission. An analysis of fuel and cell phone expenditure for the period under review is as follows:

Year	Fuel	Cell
2011	\$20,787.31	\$21,539.98
2012	\$23,588.52	\$29,828.57
2013	\$18,456.00	\$12,813.37

The above pattern of spending in those categories of items was observed and no documented policy was made available to ASSL for the above expenses with regards to financing limits or personnel who were entitled to these facilities. The auditor was made to understand that for fuel, a card system was in place which was in the custody of the drivers, but no control mechanism was established over the use of these cards.

The auditor was provided with a list of outstanding payments to the mission's staff which to date totalled \$93,748. This payment mainly comprised medical, furniture and transport for both local and international staff.

The following were recommended:

- With immediate effect files for payment vouchers and accompanying attachments should be maintained separately per bank accounts and referenced appropriately;
- Limited movement of amounts between banks and appropriate authority should be obtained for such movements;

- Measures must be taken for the mission to be supplied with payment vouchers for proper financial management practice;
- Efforts should be made immediately to recover the \$3,000 loan from the officer and this must be brought to account in the books of the mission;
- Policy measures should be put in place for the use of cell phones and fuel to prevent misuse of these facilities;
- A policy should be developed for the administration of fuel cards to discourage abuse; and
- A structured plan should be developed for the payment of the \$93,748 due to staff.

5.59.7 General issues

- It must be a policy that HOCs are familiar with financial management issues by being in possession of and reading various financial management acts and regulations. This will better guide them in supervising and administering sound financial management practice during the course of their work. The issue of handing over note for both the PR and HOC was of concern. A smooth transition required proper handing over notes. According to new mission officers, no proper handing over was done when they took up office. The auditor was also not presented with any form of taking over note by the above officers.
- A post review of the payroll and organisation chart revealed that the mission was short of two senior staff; one was due to be transferred to another station and the other was ill. It was recommended that for the officer transferred, measures should be put in place for a replacement, and administrative action should commence for the staff that had been away for a prolonged period. The continued absence of these two key officers would affect the delivery of service of the mission.
- The Permanent Mission of Sierra Leone to the United Nation is a vital hub for the country's multinational diplomatic engagement in the global framework; the mission's work being operational within the mandate and framework of the United Nations. The mission's representatives participate in regular member state deliberations on a multitude of critical challenges facing the world today; Sierra Leone being one such country. Based on the above, an effective operation of the mission was therefore very critical, that will definitely gain optimal reward for Sierra Leone both socially and economically. Given the national interest to contribute more effectively to multinational diplomacy, there was the need to strengthen the mission's capacity especially financially, for it to be able to participate in activities at the UN headquarters as well as other UN programmes outside the United States of America.
- The mission was grossly underfunded and could therefore not fulfil its core mandates and also not in a position to showcase Sierra Leone by inviting other diplomats to its office because of the deplorable state of the premises. According to records submitted to the auditor by the mission, the estimate submitted to Freetown for 2013 financial year was \$621,680. However, only \$124,582 was remitted with a very huge short fall of \$497,098. Government is appreciated in its strides to meet all its commitment due to revenue inflows, but more effort should be made to enhance this very important mission.

5.60. ACCOUNTANT GENERAL'S DEPARTMENT (2014)

5.60.1 Outstanding matters from previous audits

Revenues given to the Accountant General's Department (AGD) by various insurance companies as 1% commission for administrative cost for the service of deducting premium and the repayment of loans from source, from salaries of civil servants, and other public officers who were clients to those insurance companies were not paid into the Consolidated Revenue Fund(CRF) by the Department. Those monies were paid into a separate account of the AGD for the period under review. Even though documents supporting use of these monies were provided, authorisation for their use was not provided. It was

recommended that the Accountant General should make available the authority for the use of this revenue. In addition, the 1% commission should be paid into the CRF and not the separate account if the authority is not submitted.

Official's Response

The Accountant General stated that 1% was a fee to the department from various companies for the Department service rendered in deducting at source membership dues from monthly salaries. He said that was used to augment the Department's inadequate resources for its day to day operation. The annual total amount was disclosed at year end meetings with the Public Accounts Committee of parliament, he further mentioned.

Auditor's Comment

The issue still stands because the authority for the utilization of the 1% commission from Insurance Companies had not been provided by the Accountant General's Department.

5.61. OFFICE OF THE PRESIDENT (2014)

Refer to the Table of Common Issues (Page 93) for further observations.

5.62. LAW OFFICERS DEPARTMENT (2014)

5.62.1 Poor payroll management

The auditors observed that the payroll voucher of the Law Officers Department included staff from both the Administrator and Registrar General's Department and the Judiciary. It was recommended that the Solicitor General in collaboration with the HRMO, should ensure that a separate payroll be maintained for the other departments and evidence produced that the change had been effected within 30 days of receipt of the report.

Official's Response

The Solicitor General said that a letter had been addressed to the Director – General HRMO informing him of that anomaly, and for names of Officers in the Judiciary and Administrator General's office to be deleted from the payroll.

Auditor's Comment

During the verification exercise the audit team was able to inspect a letter written to the Director – General HRMO to separate the payroll. However, until the payroll is separated, this issue remained unresolved.

5.63. OFFICE OF THE ADMINISTRATOR AND REGISTRAR GENERAL (2014)

5.63.1 Revenue collected not properly accounted for

The Auditors reviewed the provisions in Section 6(e)and(f) of the MOU between the Sierra Leone Commercial Bank (SLCB) and the National Revenue Authority (NRA) on accounting for revenue.

- It was revealed that there was a deposit of Le 1,092,248,536 in the transit bank account. However, such transfers could not be traced into the Bank of Sierra Leone (BSL) bank statement as at the end of December;
- A difference of Le1,631,466,160 was revealed between the NRA cashbook total which was Le3,568,881,802 that did not reconcile with the total bank balance of Le1,937,415,641 as indicated in the BSL bank statements as at 31st December, 2014;
- It was also observed that an account with the balance of Le398,274,818 was for an intestate; however, the ASSL was unable to verify the details of beneficiaries of such funds.
- Revenue collected in the SLCB account was not transferred within 24hrs as stated in the MOU; this gave rise to a 21% prime rate levied on late payments that amounted to Le34,889,183.

It was recommended that:

- The Commissioner General of NRA should provide more information from the bank regarding monies collected as indicated in the cashbook and paid into the stipulated transit account; but not reflected in the BSL account. It should be actioned within 30 days of the receipt of this report; otherwise the said amount should be paid into the CRF;
- The Commissioner General, NRA, should also provide documentary evidence to explain the difference in cashbook and bank statements; otherwise the said amount should be surcharged and disallowed;
- A robust supervision plan should also be provided by the accountant on all significant revenue account balances; and
- The Commissioner General of NRA should provide documentary evidence with regard to such funds not being paid to the BSL account within the stipulated time frame.

Official's Response

No management response was received.

Auditor's Comment

During the verification exercise documents were not produced by the NRA and there was no Management response to all queries relating to the NRA. Therefore those issues remained unresolved.

5.63.2 Non preparation of monthly bank reconciliation

The OARG and NRA did not prepare bank reconciliations and did not reconcile revenue collected. They also did not prepare bank reconciliation for its estate account for the period under review. It was recommended that the Commissioner General of NRA should provide documentary evidence within 30 days with regard to the non-payment of such funds into the BSL account within the stipulated time frame.

Official's Response

The Administrator General said they had been requesting but not receiving monthly returns from the NRA to enable them reconcile the revenue collected. As for estate account, they promised to start reconciling the account before the next audit.

Auditor's Comment

During the verification exercise we noted that a letter submitted to the NRA by the OARG requesting for Bank statements was produced. However there was no evidence of reconciliation between OARG and NRA.

5.63.3 Overview of issues from previous audit inspection

During the audit we followed up all recommendations made in previous years. A summary of the status of these recommendations is given below:

- The NRA cash book recorded revenue collected at a total of Le727,651,764 which could not be traced to the Bank of Sierra Leone bank statement;
- Revenue recorded in the NRA cashbook of Le 3,898,059,947 did not reconcile with the total bank balance of Le3,665,327,405 indicated in the BSL bank statements as at 31st December, 2013, this revealed a variance of Le232,732,541;
- It was observed that a difference of Le152,641,384 in an NRA transit account at SLCB could not be traced to the BSL account;
- Recalculation done by the audit team revealed that fees for land taxes were wrongly computed showing a difference of Le561,902 from expected revenue;
- Revenue collected in the SLCB account was not transferred immediately as stated in the MOU; this also levied a 21% prime rate on late payments; this amounted to a total of Le2,568,167;

- Intestate beneficiaries paid 1% service fees but auditors were unable to ascertain the revenue classification of this fee and if it was required by law; the fee generated income of Le3,702,631;
- The departments did not have an internal audit unit;
- Some names on the salary voucher were not names of staff in the Department; and
- The OARG's internet service was very slow and antivirus was not installed in computers used by data clerks.
- *Refer to the Table of Common Issues (Page 93) for further observations.*

5.64. OFFICE OF THE ADMINISTRATOR & REGISTRAR GENERAL- SOUTH (2013-2014)

5.64.1 Software/Database not installed in the Regional Office

In an interview with the Registration Officer (RO), it was revealed that information on all registered businesses and other related activities of the OARG were maintained in a computer database. There was no evidence in the regional office (from examination of computers installed in the offices) that such software was installed in the regional office. Instead, registration details were input to Excel and forwarded to headquarter in Freetown for recording into the database there. It was therefore recommended that the RO should liaise with head office to ensure that the software/database used for recording registrations was installed on computers maintained by the regional office.

Official's Response

There was no response from the Registration Officer regarding the issue.

Auditor's Comment

A software data base was yet to be installed in the regional office.

5.64.2 Businesses and marriages registered without adequate documentation

Records in respect of businesses and marriages registered by the OARG were not properly maintained. A review of the adequacy of documentation in respect of the registration of businesses and marriages revealed that files containing all the necessary documents to support the registration of two businesses were not submitted for inspection. In addition, three files were without Business Registration Certificates and NRA receipts, four files without Business Registration Certificates and 40 files were without NRA receipts. It was recommended that the Registration Officer must ensure that in future, all registration from inception to completion should be supported by the relevant documents which must be retained for audit and reference purposes. The missing documents in support of registrations must be submitted to the ASSL for verification within the regulatory timeframe of 30 days of the receipt of the draft management letter; otherwise, this matter may be forwarded to the Anti Corruption Commission for further action.

Official's Response

The Registration Officer stated that files without NRA receipts and business Registration Certificates had been put in place.

Auditor's Comment

Files containing all the necessary documents to support the registration of the two businesses were not submitted for verification and 20 out of 40 files were still without NRA receipts.

5.64.3 Inadequate control procedures over business registration

There was no evidence to confirm that assessments were done by the OARG before registration of businesses. There were also no mechanisms in place at the OARG to track down unregistered businesses in the southern region. Furthermore, there was a major breach in the registration process. The registration process required applicants to pay their registration fees to NRA and obtain receipts before certificates

were issued. It was however observed from examination of selected files, that in some instances, the dates on registration certificates indicated that the certificates were issued before payments to NRA. There was no authority or approval tendered by the OARG to account for such a breach in the registration process. It was recommended that the RO must ensure that adequate control procedures exist and were followed for businesses registrations. The RO must also ensure that a detailed assessment on all submissions for registration of businesses was done by officials of the OARG before commencing the registration process. Assessment reports on registrations for the period under review must be submitted to ASSL for review. Furthermore, the RO must ensure that systems are in place to track down unregistered businesses operating in the southern region. The authority or approval for the breach in the registration process by the OARG must be submitted to the ASSL for verification within 30 days of the receipt of the report; otherwise, this matter may be forwarded to the ACC for further action.

Official's Response

The RO stated that the O.A.R. G staff in Bo did not have mandate from the above to track down registered business in the Southern Region. He mentioned that the date on N.R.A receipt varied because N.R.A receipts were not available at the time of Registration. The staff of NRA had to submit the previous used receipt before another was issued to them.

Auditor Comment

ASSL recommendations were not implemented. The control procedures in respect of issuing business registration certificates were not fully observed.

5.64.4 No reconciliation between OARG and NRA records

There was no evidence that the OARG reconciled its records with that of the NRA. In addition, there was no confirmation from NRA for the sum of Le52.5 million alleged to have been collected in respect of business and marriage registration fees for the period under review. It was recommended that the OARG should perform regular reconciliations (preferably on a weekly basis) with the NRA. All differences should be fully investigated and the appropriate corrections made to the OARG records. Reconciliations should be performed by a senior officer and signed as reviewed by the RO and reconciliation records between the OARG and NRA submitted to the ASSL.

Official's Response

Reconciliation of O.A.R.G records was done in Freetown where the N.R.A Officer was based at the O.A.R.G Office.

Auditor Comment

ASSL recommendations were not implemented. There was no evidence that the OARG reconciled its records with that of the NRA. In addition, NRA confirmation for the sum of Le52,500,000 was not available for verification.

5.64.5 Lack of official vehicle or motor bike

There was no vehicle or motor bike assigned to the office. This greatly affected the movement of officials within the region and adversely affected their operations within the region. It was recommended that the RO in collaboration with the ARG should ensure that the department was provided with an appropriate means of transportation to carry out their functions efficiently and effectively.

Official's Response

There was no response from the Registration Officer regarding the issue.

Auditor Comment

Our recommendation was not implemented. The office still lacked official vehicle or motor bike.

5.65. HUMAN RESOURCE MANAGEMENT OFFICE (HRMO) (2014)

5.65.1 HRMO's slow response time to correspondence

The auditors observed that HRMO's response time to correspondences in relation to staff that had attained the statutory retirement age in the different MDA's was very slow. It was recommended that the DG, HRMO ensured that MDA's took robust action to remove with immediate effect the names of all retirees from the government payroll.

Official's Response

The DG said that there was a robust collaboration between the Directorate of staff Welfare and payroll for ensuring that all Civil Servants that had attained the retirement age were retired and removed from the payroll on a monthly basis. This activity he said, was strictly monitored by the Internal Auditors and monthly report produced. He mentioned that evidence of such reports was available for your review.

Auditor's Comment

The issue was still unresolved.

5.66. IMMIGRATION DEPARTMENT (2012-2014)

5.66.1 Revenue in Transit Bank not traced to Bank of Sierra Leone Account

Out of the total remittances made by the transit account at Serra Leone Commercial Bank to the Bank of Sierra Leone, the sum of Le103,178,000 could not be traced to the treasury account at the Bank of Sierra Leone. It was recommended that the Chief Immigration Officer (CIO) should provide an explanation why that amount could not be traced to the bank statement within 30 days of the receipt of the report, and evidence forwarded for verification.

Official's Response

The CIO stated that the initial step was to request for the Sierra Leone Commercial Bank Statement of Account adding that he did a reconciliation to see whether our remittances to SLCB reflected in the statement. From the review, all deposits highlighted in the audit report reflected in the Bank statement, he further mentioned. He said that the problem of SLCB not transmitting to the BSL was not under their purview as it was an issue the two banks needed to reconcile.

Auditor's Comment

During the verification exercise, bank statements and payment slips of SLCB were provided. The amounts stated on the payment slips were traced to the Bank Statements .However, we could not trace the said amount to the treasury account at the Bank of Sierra Leone. Therefore, this issue was still outstanding.

5.66.2 Weaknesses in the issuance of passport

A list of rejected applicants was not maintained and there was no reconciliation between passports authorised to those produced. It was recommended that the Director of Operations should put mechanisms in place to ensure that a list of applicants rejected was maintained, and the Department should do a monthly reconciliation of passports produced to passports authorised.

Official's Response

The CIO said that a ledger was maintained for all rejected passport application forms. He however noted that a list was now produced daily and kept with the customer service section to inform customers of their application status. He mentioned that they would endeavour to produce a reconciled list to reflect paid up, printed and rejected passports application for each day, and a monthly reconciliation for the same.

Auditor's Comment

During the Verification exercise, a ledger for all rejected passport application forms was provided for review. Therefore, the issue on a list of rejected application maintained was cleared whilst the issue on reconciliation between passport authorised and produced was still unresolved.

5.66.3 No standard imprest system

The Immigration Department had no imprest policy in place such that can handle petty cash transactions. It was recommended that the Accountant should ensure that a standard imprest system that can handle petty cash transactions or predictable expenditure was developed and implemented.

Official's Response

The CIO stated that a standard imprest policy had been developed in line with the financial management regulations to handle all petty cash transactions.

Auditor's Comment

There was no evidence of standard imprest policy being developed; therefore the issue was still outstanding.

5.66.4 Copies of relevant documents not in personnel files

Review of personnel files revealed that copies of relevant documents such as acceptance letters, appointment letters, educational and professional background and leave letters were not in staff personal files. Names and pin codes of staff were also not in the personnel files. It was recommended that the Director of Administration and Human Resources Office should ensure that all personnel files were updated with their relevant information and those must be produced for the auditors within 30 days upon receipt of the report.

Official's Response

The CIO stated that a circular memorandum had been sent across the country to alert regional and district officers informing all staff to send in relevant certificates and employment documents necessary for personal files.

Auditor's Comment

There was no evidence of personnel files being updated; therefore the issue was still outstanding.

5.66.6 Overview of issues from previous audit inspection

During the audit we followed up all recommendations made in previous years. A summary of the status of these recommendations is given below:

- The sum of Le23,000,000 was paid as imprest to various section heads for which there were no retirement details;
- The sum of Le66,824,000 expended to procure stationery items was not entered in the store allocated ledger; and
- Revenue to the tune of Le323,167,200, from the sale of passports and passports forms were not brought to account.

5.67. IMMIGRATION DEPARTMENT-NORTH (2014)

5.67.1 Government revenue not accounted for

A comparison between the bank pay-in-slips of the National Revenue Authority and the cashbook of the Immigration Department, in respect of the sale of passports, revealed a difference of Le6,200,000 which was not brought to account. It was recommended that the Regional Immigration Officer (RIO) in collaboration with the National Revenue Office at the Immigration Department should ensure that the bank statements and pay-in-slips in respect of the queried amount of Le6,200,000 were forwarded to ASSL for verification within 30 days of receipt of the report; otherwise, this may be considered a financial misconduct. In future, all the revenue generated from the sale of passports and other revenue sources should also be promptly paid into an authorised account of government and the bank statements together with the pay-in-slips must be retained for audit and reference purposes.

Auditor's Comment

The recommendations were still outstanding as responses were not submitted for the queries.

5.67.2 Outstanding issue from previous report

During the audit we followed up all recommendations made in previous years. It was noted that the sum of Le209,460,000 in respect of the sale of passports and registration of non-citizens was not brought to account.

5.68. IMMIGRATION DEPARTMENT-SOUTH (2014)

5.68.1 Funds allocated not accounted for by the Regional Office

A review of information from the immigration headquarters in Freetown revealed that on 23rd January, 2014, the amount of Le74,480,000 was allocated for the smooth running of the regional office. However, there was no documentary evidence to show how the money was utilised by the office. It was therefore recommended that the Assistant Director must ensure that in future, all transactions from inception to completion were supported by the relevant documentary evidence which must be retained for audit and reference purposes. In addition, documentary evidence in support of the amount of Le74,480,000 must be submitted to the ASSL for verification within the regulatory time frame of 30 days of the receipt of this draft management letter; otherwise, the whole amount should be refunded.

Official's Response

The RIO stated that every effort to get response from the then Regional Head have failed regarding the utilization of the sum of Le74,480,000 for the smooth Management and Administration of the Southern Region. He therefore advised that the issue is taken up directly with him.

Auditor Comment

Documentary evidence in support of the amount of Le74,480,000 was still not submitted to the ASSL for verification.

5.68.2 Lack of basic assets

The Department lacked basic fixed assets such as tables, cabinets, chairs etc. The furniture (tables, cabinet and chairs) found in the office premises are the properties of the Ministry of Finance and Economy Development which is sharing the same office floor with the Immigration Department. It was also observed that a desktop computer and a refrigerator found in the office of the Assistant Director were his personal property and not that of the office contrary to the provisions in the financial management regulations. It was recommended that the Assistant Director should ensure that necessary actions are taken by at headquarters to address the furniture situation in the regional office.

The office lacked IT equipment such as computers, printers, photocopiers and internet facilities. It was recommended that the Assistant Director in collaboration with headquarters, the Permanent Secretary and other key personnel in the Ministry of Internal Affairs should ensure that the Department is provided with the necessary equipment to enhance its operations.

It was revealed that there was only one vehicle at the office and this was assigned to the Deputy Director. This vehicle was reported to have been taken down to Freetown for repairs and maintenance since January 2015 (some seven months ago). The lack of transportation has greatly affected the movement of officials within the region. It was therefore recommended that the Assistant Director in collaboration with headquarters should ensure that the Department is provided with adequate means of transportation to carry out their functions efficiently and effectively.

Official's Response

The RIO noted that an Asset ledger has for the first time be opened and retained at the Regional Headquarter to track all Government Assets assigned to Immigration Department in the south.

Auditor's Comment

A fixed assets register was now maintained. However, furniture was yet to be acquired for the office.

5.69. NATIONAL REGISTRATION SECRETARIAT (2013)

5.69.1 Monies transferred from the Transit Account to the Consolidated Fund, but not traced in the Bank Statement

Section 42 (1) of the Financial Management Regulations 2007 states:

"departmental revenue collectors who receive duties, taxes, fees, rents or other public moneys, whether of a revenue nature or otherwise, shall pay such moneys daily or at the earliest opportunity either into a bank authorised by the Accountant-General, for the credit of the consolidated fund".

The sum of Le77,592,500 was transferred from the transit account operated at the Rokel Commercial Bank to be remitted to the Consolidated Fund account at BSL, but the said amount could not be traced to the CRF account at the Bank of Sierra Leone contrary to the provision in Section 42(1) of the Financial Management Regulations 2007. It was recommended that the Commissioner of NRA in collaboration with the Rokel Commercial Bank should provide evidence of payment to the CRF within 30 days of the receipts of the report; otherwise the appropriate authority would be advised.

Official's Response

The Acting Chief Registrar (ACR) stated that management was yet to receive a response from the NRA on the above subject as at the time of completing the response. He however, said he was attaching a letter written to the Director of Banking, Rokel Commercial Bank and copied the Chief Registrar, National Registration Secretariat.

Auditor's Comment

The letter written by the NRA to the Director of Banking, Rokel Commercial Bank requesting evidence of payment into the consolidated fund was verified. However, at time of the verification, no response was verified from the Rokel Commercial Bank. Therefore, this issue remained unresolved.

5.69.2 Ineffective records management

The National Registration Secretariat is the only institution charged with the responsibility of registration of citizens and non-citizens in the country and the issuance of national identity cards. However, it was observed that it did not have a computerised data system such that documents were normally searched

for manually. It was recommended that the Acting Chief Registrar ensured that a computerised data system was introduced in the secretariat so that its operations can be more effective.

Official's Response

The ACR said that the National Registration Secretariat had a secured and reliable computerized data system that contained all information of registered applicants. He however mentioned that it was relevant to maintain all completed application forms with supporting documents attached for reference purpose. Those forms, he said, were kept at the archives office and management had approached the head of the archives unit and his team and were working closely with them to help upgrade the filing system at the secretariat.

Auditor's Comment

Until physical evidence of upgrading the filing system at the secretariat had been verified; this issue remained unresolved.

5.70. SIERRA LEONE POLICE (2014)

5.70.1 Loans from welfare and Medicare Accounts remained unpaid

The main purpose of the Staff Welfare Fund is to make quality health care service accessible and affordable for serving officers and their immediate family members (i.e. spouse and four dependants not above 18 years). It was also observed that Le500,000,000 was withdrawn as loan by the SLP management to cover SLP expenses owing to the late payment of the half yearly subvention from MoFED. However, although the agreement was for the full amount to be refunded upon receipt of the subvention, it was observed that only Le100,000,000 was repaid and the balance of Le400,000,000 was still outstanding. It was recommended that the Inspector General of Police should ensure that the amount should be repaid into the Staff Welfare Fund within 30 days of the receipt of the report and evidence made available for audit verification; otherwise, the funds might be considered mismanaged.

Official's Response

The IG stated that the Inspector General of Police had instructed that all Welfare Fund loans should be repaid to the fund as soon as the SLP get its 2nd quarter allocation.

Auditor Comment

During the audit verification exercise, evidence to support repayment of the sum of Le400,000,000 being loan taken from the Staff Welfare Fund was not made available. Therefore the issue is still outstanding.

5.70.2 Use of an outdated contract for the purchase of vehicle spare parts

The SLP continued to contract a business house for the supply of spare parts for its vehicles when its contract with the supplier had lapsed five years ago, and no evidence was produced for audit verification to confirm that it had been re-advertised or reviewed. It was recommended that the Procurement Officer should ensure that the contract for the purchase of spares for police vehicles was re-advertised or reviewed and evidence of such produced for audit verification within 30 days of the receipt of the report; otherwise, the appropriate authorities would be advised accordingly.

Official's Response

The IG stated that the finding had been noted and that immediate steps had been put in place to address the issue. He however, noted that there was a contract signed with Jaward EL Zein & Sons for the supply of spare parts to the SLP. He also mentioned that Medo Garage which was used as an outsourced garage had its previous contract reviewed by the Procurement Committee and contract extension had been endorsed. The Audit team could visit the SLP Procurement Unit for audit verification, he concluded.

Auditor Comment

Minutes of the Procurement Committee meeting submitted to the audit team showed that the Procurement Committee has reviewed and endorsed an extension of the contract between Medo B. Garage and SLP. To this end, a contract agreement was drawn by the Procurement Unit between the two parties. However a copy of the contract document with Procurement Number SLP/RST/TRANS/2015/001 submitted to the auditors was not signed by both parties. Therefore this issue was still outstanding.

5.70.3 Payment of salaries to staff who had exceeded the statutory retirement age

Although two senior and fifteen other officers had reached the statutory retirement age of sixty years, they continued to be gainfully employed without formal extension letters. The total amount of salaries paid to those officers since attaining the retirement age of sixty years amounted to Le108,502,246 for the period under review. It was recommended that in future, the Human Resources Officer of the Sierra Leone Police should ensure that staff that had attained the statutory retirement age of 60 years were informed and in cases where their services were still required, an extension of their contract should be done through an appointment letter which should be filed as evidence of the legal continuation of their service/s. The affected officers should make good on their refund of salaries already collected if the Human Resource Office provided no evidence that their services were legally retained after they reached the statutory retirement age.

Official's Response

The IG said that the recommendations were noted and in future, the Human Resource Officer in the SLP would ensure that the HRMO was informed accordingly of staff that had attained the statutory retirement age of 60 years. He said that extension letters were now in the respective files of those officers whose services were required by the SLP and files were available for your verification.

Auditor's Comment

Retirement Letters from the Human Resource Officer in the SLP for the 15 officers were made available to the audit team. Nonetheless we noted that extension letters for the two senior officers were not provided during the verification exercise to support the management response above. Therefore this issue still stands.

5.70.4 Building projects not capitalised

It was observed that the SLP was currently undertaking a number of capital projects in the name of asset in various locations around the country. However, the system by which all direct and indirect costs associated with such assets were accumulated was not in place. For instance, there was no fixed asset work in progress register in which records of the lost material, labour and overhead absorbed by the various assets bought and created should be entered. This amounted to Le1,855,403,950. It was recommended that the Inspector General of Police should ensure that there was a system in place within 30 days of receipt of the report such that would capitalise all direct and indirect costs associated with the various assets being created.

Officer's Response

The IG stated that a system had been put in place by the Inspector General of Police to ensure that capitalization of direct and indirect cost associated with the various assets had been created and were available for verification.

Auditor Comment

During the verification exercise a sample of fixed asset Work-In Progress ledger was made available to the audit team. However direct and indirect costs associated with the various assets were not recorded there in. Therefore this issue is still outstanding.

5.70.5 Inadequate controls within the IT unit

The IT unit did not have a proper backup system and most of their computers were not installed with passwords in order to restrict unauthorised access to sensitive information. It was also revealed that the SLP did not have licensed antivirus software and an IT policy which could protect its equipment and data from damage and loss and address the low level computer literacy amongst its staff respectively. It was also observed that the SLP server was inadequate and thus undermined the optimum use of the internet in various departments. Furthermore, the web site of the SLP was not updated regularly. It was recommended that the AIG, Support should ensure that an IT policy was introduced, which would address the issues of back up, antivirus, use of passwords and training of staff, amongst others.

Official's Response

The IG stated that the recommendation was noted and that the AIG Support would ensure that an IT policy was put in place to address the issue of backup, antivirus, use of secure passwords and training of staff amongst other issues.

Auditor Comment

During the verification exercise it was discovered that an IT policy had not been developed. A licensed anti-virus was also not procured and a password was not created to restrict access by unauthorized personnel and others to sensitive information. Therefore, the issue was still outstanding.

5.70.6 Visitation to the outstations

Working environment at the OSD headquarters was not conducive. For example, the septic tank was damaged, and the uniform and riot gear store had no proper security locks.

The fuel depot was not habitable as it was not properly ventilated. It was also not equipped with computers which could help staff develop a comprehensive data on fuel distribution.

The Ross Road Police Station was overcrowded and did not have an exhibit store. It was recommended that the Inspector General of Police ensured that the entire OSD headquarters was kept in proper sanitary condition and properly secured. In addition, the SLP should rehabilitate the depot, keep it properly ventilated and equipped with computers and printers for the automation of its data. It was recommended that the issue of proper accommodation must be addressed at the Ross Road Police Station.

Official's Response

The IG stated that the Inspector General of Police would ensure that the entire OSD Headquarters was properly kept and secured and in fact a new building was proposed to be erected as soon as possible. He also mentioned that the SLP fuel depot would be rehabilitated with proper ventilation and would be equipped with computers and printers for automation of its data. He added that a new Regional Headquarters was being constructed at Ross Road to address those issues.

Auditor Comment

Physical verification of the OSD Headquarters and the police depot revealed that construction and rehabilitation work had not yet commenced by the SLP. Therefore the above issue was still outstanding.

5.70.7 Overview of issues from previous year's audit

During the audit we followed up all recommendations made in previous years. A summary of the status of these recommendations is given below:

- The sum of Le2, 997,016,256 generated as own source revenue for services rendered by the SLP, was utilised without the permission of the Minister of Finance and Economic Development;
- A Police Clearance Certificate issued at the CID was internally generated and not pre-numbered; and
- There was no policy for the issuance of imprests.

5.71. SIERRA LEONE POLICE-SOUTH (2013-2014)

5.71.1 Action not taken on grounded fixed assets

During the physical verification of fixed assets, the team observed that a number of vehicles and motorbikes had remained grounded for a long time with no action taken to either repair or dispose of them. In addition, it was observed that major parts (such as engines, tyres & rims, gear boxes, head lights, dash boards, etc.) had been removed from these assets and there was no trace of them in the SLP Mechanical Store maintained for such purpose. It was recommended that the AIG in collaboration with the Assets Commission; must ensure that action should be taken on the grounded assets within 30 days of the receipt of the report. It was also recommended that an investigation should be conducted into the missing parts and a report of such investigation be forwarded to ASSL within 30 days of the receipt of the report or the matter would be brought to the attention of parliament.

Official's Response

The Assistant Inspector General (AIG) said in his response "Most vehicles and bikes in use by SLP such as Iveco, Fords, Land Rovers and XL bikes were issued to SLP Commonwealth during the restructuring of the Sierra Leone Police in the year 2000. Most of these vehicles have out lived their usefulness. Spare parts are difficult to get for the repairs of faulty vehicles, and many a time faulty vehicles serve as a source for spare parts for the maintenance of functional vehicles to prolong their life span. By so doing, vehicles become grounded for lack of spare parts for reconditioning to make them road worthy. There is absolutely no spare parts for the aforementioned vehicles in the mechanical store. The head of the force transport and a team of road transport workers have visited the regional workshop and took inventory of all grounded vehicles and motor bikes for boarding, but no action has been taken so far."

Auditor Comment

No action was taken by the SLP on the grounded fixed assets in the compound of the regional offices.

5.71.2 Ineffective operation of selected units in the SLP – South

A review of the operational effectiveness of selected units within the SLP revealed that there was a dearth of transportation, office equipment and investigating tools to enable the units carry out their work effectively. There were also poor toilet facilities compounded by poor ventilation of the regional offices and cells. It was recommended that the AIG in collaboration with police headquarters should ensure that the various units were provided with the relevant skills and equipment required to carry out their functions efficiently and effectively. In addition, a working environment conducive to personnel's wellbeing and efficiency should be provided for the personnel of the SLP in Bo.

Official's Response

The AIG said in his response "The Region has inadequate vehicles for effective Police service. Most of the vehicles are faulty and cannot be utilize for any operational activities. There are 30 motor bikes and sixteen vehicles owned by the SLP in the Southern Region comprising of seven Divisions and the Regional Headquarters. There is also inadequate equipment such as the day to day administration. There is decentralization in Police administration but centralization in logistics. Office equipment and relevant items like stationeries, computer inks and fuel are supplied to the Regions by Police Headquarters. As a result of inadequacy of these logistics there is always blame on the part of the SLP such as delay in investigation, slow

to respond to stress calls, no patrols and the like which has adverse effect on our day to day Police administration. Police Headquarters has admonished about the constraints in our operations.

The regional headquarters for the four years was located in the east end of Bo. Due to the financial constraints of paying house rent for the building, the regional headquarters was in November 2014, relocated to the Bo Divisional Headquarters temporarily whilst awaiting the construction of a regional headquarters building on Baima Road Bo. The present location has poor toilet facility for personnel. It is a pity that both suspects and police personnel share the same toilet. However, headquarters has deemed it necessary that a toilet facility be provided for personnel within the shortest period. The cells were built in colonial days and have been in use up to this moment but need refurbishment with better ventilation for human habitation. The Regional Estate Officer has been given the task of writing a project for standard and modern cells suitable for human habitation which are now in progress.

Auditor Comment

ASSL recommendations were not implemented as the following were yet to be addressed by the SLP:

- Adequate means of transportation, office equipment and investigating tools to enable the Units carry out their work effectively;
- Poor toilet facilities at the regional offices and cells; and
- The cells were also poorly ventilated.

Refer to the Table of Common Issues (Page 93) for further observations.

5.72. SIERRA LEONE POLICE-EAST (2014)

5.72.1 Mismanagement of assets

An inspection conducted revealed that various furniture and equipment owned and controlled by the SLP-Eastern Region were not affixed with durable identification codes. In addition, a furniture and equipment movement report was not prepared by the SLP-Eastern Region when moving assets from one place to another. Furthermore, an inspection exercise carried out on the Kenema police Barracks revealed that:

- The quarters were dilapidated and required urgent renovation;
- The occupants were still using bucket toilets instead of flush facilities and most of the toilet roofing was completely damaged;
- The occupants complained that during the raining season it was a disaster for them; and
- There was no record in the form of a log book/operating records to justify the utilisation of Le38,594,000 for the servicing and repairs of motor vehicles.

It was recommended that the AIG-ER should ensure that:

- All furniture and equipment owned and controlled by police were affixed with durable identification codes and reports prepared when assets were moved;
- There should be a plan for rapid renovation of those quarters;
- There should be a formal agreement and properly coordinated arrangements for the self-constructed structures to meet health and safety standards; and
- Log book/operating records for the servicing and repair of motor vehicle were submitted or the Le38,594,000 refunded immediately.

Official's Response

The AIG stated that records in the form of log books/operating records to justify the utilisation, servicing and repairs of motor vehicles had been maintain and available for verification.

Auditor's Comment

Our recommendations were not implemented. No comment was made about the condition of the barracks.

5.72.2 General Observation

Police cells in poor condition

It was observed that the cells were filthy and had improper toilet facilities exposing the inmates to diseases. There were also no cells for female suspects/detainees.

Arm Guard Store

The store that accommodated arms and ammunitions was not in good condition. The store needed immediate renovation as the wall had cracks which could expose the arms to high risk in a period of disaster. It was recommended that the AIG-ER should ensure that there were spacious and better cells and facilities for suspects/detainees and the ammunitions store should be properly renovated to meet health and safety standards.

Official's Response

There was no response on this issue.

Auditor's Comment

The issue was still outstanding.

5.73. SIERRA LEONE POLICE NORTH-EAST (2014)

5.73.1 Operations of the SLP North-East

A review of the operations of the SLP North-East revealed the following:

- There was poor asset management as vehicles and motorbikes were not used for the expected life span; assets were grounded due to minor repairs and later vandalized;
- The office environment was not conducive for units like Regional Transport Office Communications Unit and the regional hospital; and
- Vehicles and motorbikes for operational services were not enough to meet the operations of the police.

CRIME Division – There was no evidence of decisions made by the court for cases charged by this unit to the court. Further, imprest to this unit for office equipment was not forthcoming so performance of the division was stifled.

CDIID Division- Evidence of performance by this division were not made available to the auditors as data for weekly, monthly and yearly performance report were not available for audit inspection. Imprest, was not forthcoming yet service delivery was required. The following were therefore recommended:

- The AIG should ensure that an assets register was maintained and updated;
- There should be an asset policy to secure the handling and use of assets;
- Repairs of vehicles, office equipment and communication gadgets should be maintained to go as far as they could for the effective life span;
- Regular routine maintenance should be done;
- The relevant documentation should be done for all assets maintained by the SLPNE and sent to ASSL for verification;
- There should be a trail from inception to conclusion for matters charged to court by the police and the decisions made by the court;

- Evidence of daily supervision should be provided for audit purpose; and
- Records of performance, successes, challenges and reports should be submitted to ASSL after 30 days of receipts of the report.

Official's Response

The AIG stated that the Asset Committee Department at PHQ Freetown had been informed on subsequent times about the boarding of the scrap vehicles and motorbikes abandoned at the Police Garage in Makeni (Mena) through the force Transport Officer Kingtom who had also informed PHQ and the Ministry of Transport and Aviation several times, for necessary action, response was yet to be received by way of action. He added that he acknowledged the observations made by the Audit Team and that the Regional Office had been requesting from Headquarters Freetown for necessary renovation to uplift the office environment i.e. Regional Transport, the Communication and the Police Hospital. He said he appreciated the concerns of the Audit team and said that the report will be added to the several requests being made by the Regional Office to Police Headquarters Freetown. In respect of cases sent to court, he mentioned that charged files and decisions made by the court were not returned to the Crime office for copies to be made for ASSL and reference purposes. These queries would be highly considered. He also mentioned that the Regional Head of the CDIID was not available at the time of Audit inspection due to emergencies outside the region and said that documents to indicate evidence of performance were available as the officer in charge had returned.

Auditor's Comment

The issues were still outstanding.

Refer to the Table of Common Issues (Page 94) for further observations.

5.74. SIERRA LEONE CORRECTIONAL SERVICE (2014)

5.74.1 Payment for the procurement of office stores not delivered

Article 2 of the contract agreement states: "The supplier shall deliver the goods to the government at the institutions aforesaid, or to any other place specified by the government, starting from the date of first advance payment. If delivery of the goods is not affected by this date then the supplier will be in default under this contract". It was however observed that on the 4th September, 2014 an advance payment was made to the Royal International Supplies for the supply of office stores on PV No. 0069497 which amounted to Le570,075,000. It was however noted that a delivery note was not made available for audit inspection to confirm delivery. It was recommended that the Stores Officer should provide delivery notes in respect of the above payment made to the supplier; otherwise, the said amount should be refunded to the CRF.

Official's Response

The Regional Manager (RM) stated that the delivery notes and other supporting documents were now available for Audit inspection.

Auditor's Comment

During the verification the sum of Le345,475,000 worth of goods from the advanced payment was yet to be delivered. Therefore this issue was unresolved.

Refer to the Table of Common Issues (Page 94) for further observations.

5.75. SIERRA LEONE CORRECTIONAL CENTRE- SOUTH (2013&2014)

5.75.1 Management of fixed assets

Fixed assets were poorly managed. A policy on the use, maintenance and replacement of assets was not available for the period under review. As a result, assets were moved from one location to the other without proper documentation. Copies of life cards and other legal documents were also not submitted to confirm the ownership of some assets included in the assets register. It was recommended that the

Regional Manager should ensure that a prescribed policy for the use, maintenance and replacement of fixed assets was developed for the proper safe guard of assets owned and controlled by the Correctional Centre. In addition, movement of assets to the regional offices from headquarters and vice versa should be properly documented. Copies of life cards and other legal documents for all assets in the region should also be made available to the ASSL for verification within 30 days of receipt of the report.

The team observed, during an inspection of a sample of two vehicles and motor bikes that assets were not licenced and insured for the periods under review. Further investigation revealed that the bikes had not been serviced for over five years. It was recommended that the Regional Manager should ensure that roadworthy vehicles and motor bikes are licenced and insured without further delay. The motor bikes must also be serviced as soon as possible.

Four of the District Correctional Centres visited were without official vehicles or motorbikes to ease movement. Transporting prisoners from other locations within the district to the Bonthe Correctional Centre was marred with major constraints. The institution did not have a boat of its own to transport prisoners; instead they are ferried in commercial boats or the government ferry that was used by the general public. It was recommended that the Regional Manager in collaboration with the Correctional headquarter should ensure that the various Centres were provided with an appropriate means of transportation to carry out their functions efficiently and effectively.

The Correctional Centre was constrained in carrying out some key functions. There were no photocopiers, computers and printers, scanners or internet facilities in the centres. Photocopying, typing and printing of key sensitive documents were done in the open markets. It was recommended that the Regional Manager, in collaboration with the PS and other key personnel in the Ministry of Internal Affairs should ensure that the Correctional Centres were provided with the necessary equipment to enhance their operations.

There is no water tank to hold reserve water in the office or its environs for prisoners use. Instead prisoners were taken outside their cells to fetch water on a daily basis contrary to the Sierra Leone Prisons Ordinance and Sierra Leone Prisons Rules of 1960 and 1961 respectively. It was recommended that the Regional Manager must ensure that the provisions in The Sierra Leone Prisons Ordinance and Sierra Leone Prisons Rules of 1960 and 1961 respectively, in dealing with prisoners, were adhered to by the District Correctional Centres. Water tanks must also be erected in all Correctional Centres to serve as a reserve water supply for the prison facilities.

Official's Response

The RM said "On the coding of assets the technical division of SLCS is responsible and have been contacted to do so forthwith. Certainly copies of life cards and other legal documents pertaining to fixed assets were not submitted simply because those documents are with the National Corrections Transport officer and procurement manager at CHQ in Freetown. A notification has been sent to them so that immediate action can be taken in that respect. Policy on maintenance and replacement of fixed assets will thus be developed as advised."

The RM said that the Regional Manager should ensure that roadworthy vehicles and motor bikes were licenced and insured without further delay adding that the motor bikes must also be maintenance as soon as possible.

Auditor Comment

Assets had not been coded. In addition, life cards and other documents for two trucks and nine motor bikes were not available for verification. Furthermore, vehicles and motor bikes were not licenced and insured for the periods under review. There was also no response and evidence of ASSL

recommendations on lack of mobility in the district correctional centres, non availability of computers and other IT equipment, and non-erection of water tanks.

5.75.2 Non-reconciliation of fuel balances

There was no evidence to indicate that regular reconciliations were being carried out between the records maintained by the regional correctional centre, the district centres and the fuel records maintained by the supplier. A difference of 20,066 litres of fuel valued at Le90.3 million was observed between total fuel in the books of the regional correctional centre and records maintained by the district offices. In addition, there were no records showing how the fuel was utilised. It was recommended that in future, regular reconciliation between the records maintained by the regional correctional centre, the district centres and the fuel records maintained by the supplier should be carried out and evidence of such reconciliations approved by a senior personnel. The Regional Director should also ensure that fuel totalling Le 90.3 million was properly brought to account within 30 days of receipt of the report.

5.75.3 Lack of adequate vocational or skills training equipment and materials

The Correctional Centres lacked adequate materials to undertake vocational or skills training programmes. This was confirmed through interviews with key officials. It was recommended that the Regional Director in collaboration with the Director of the Sierra Leone Correctional Centre and Permanent Secretary, Ministry of Internal Affairs should provide adequate training facilities relevant for the rehabilitation of prisoners.

5.75.4 Poor maintenance and archiving of accountable records

The Southern Region office was not properly furnished with shelves and cabinets for proper safeguard of documents. Important accounting documents were found lying on the bare floor. Accountable records were also not maintained by the Mattru Jong and Bonthe Correctional Centres. It was recommended that the Regional Director must ensure that immediate action was taken to safeguard accountable records maintained by the Correctional Centres. In addition, all transactions from inception to completion should be supported by the relevant documentary evidence which must be retained for audit and reference purposes. Accountable records must also be submitted by the Mattru Jong and Bonthe Correctional Centres to the ASSL.

5.75.5 Follow up on prior year recommendations

During the audit we followed up all recommendations made in previous years. A summary of the status of these recommendations is given below:

- According to the Regional Commander, cells were built to accommodate 80 inmates; but it was observed that the cells were over-crowded as they housed over 200 inmates
- There was inadequate control over the receipt and issue of diet and condiment ledgers were not maintained by the Correctional Centres in the region to record the total amount received and spent on condiments for the periods under review.

Refer to the Table of Common Issues (Page 94) for further observations.

5.76. SIERRA LEONE CORRECTIONAL CENTRE- EAST (2014)

5.76.1 Inadequate personnel management

A couple of staff members' personal files lacked vital information such as application letters, appointment letters, passport pictures, credential and appraisal forms. It was recommended that the Regional Commander-East should ensure that each file should contain all relevant staff details and documents such as the ones mentioned above.

5.76.2 Stores not properly managed

Store issue vouchers were not made available for 20 different materials issued as shown in the allocated store ledger. It was also discovered that 226 bags of rice valued at Le24,860,000 were received but not recorded into the allocated store ledger. It was recommended that the Regional Director-East must ensure that proper recording of items in the allocated store ledger was done properly.

5.76.3 General Observation

On inspection of the male and female cells, the following issues were observed:

- Vocational training offered was inadequate to properly capacitate inmates for life after discharge from the Centre;
- The recreational facility was not spacious enough;
- The male dormitory and bakery needed rehabilitation;
- There was delay in the payment of suppliers for the daily supply of food for inmates; and
- The male correctional centre was overcrowded with 165 inmates instead of the facility's capacity of 75.

It was recommended that the Regional Director - East should ensure that vocational training offered was upgraded to adequately enhance the skills of inmates and better prepare them for life after discharge. Adequate space should be provided for recreation and the male cell and the bakery should be rehabilitated. Prompt payments should also be made to suppliers as per contract agreement and additional buildings constructed to address overcrowding.

Refer to the Table of Common Issues (Page 94) for further observations.

5.77. SIERRA LEONE CORRECTIONAL SERVICES -NORTH (2014)

5.77.1 Store Issue Vouchers for personnel rice not made available

The duplicate copies of SIVs, in respect of monthly rice supplies to personnel, were not made available for inspection. It was recommended that the Regional Commander should ensure that duplicate SIVs were obtained whenever rice supplies were made to the regional office.

Official's Response

The RM stated that those documents were not being kept in the Regional Headquarters because rice supply for personnel was done at the Correctional headquarters in Freetown to collect their supply. Besides the regional office did not have a storage facility.

Auditor's Comment

The issues were still outstanding.

5.77.2 Deplorable cell conditions

The number of inmates kept in cells far exceeded the required number of inmates that the cells could accommodate. According to the Regional Commander, the cells were built to accommodate 80 inmates; it was however observed that the cells were over-crowded as they housed over 250 inmates. It was therefore recommended that the Regional Commander should in collaboration with the head office in Freetown make provision for the extension of cells in their annual budget. A strategy should also be devised to avoid overcrowding in cells and protect the human rights of inmates.

Official's Response

The RM stated that the issue of overcrowding will soon be a thing of the past as there were plans to erect additional cells by UNDP by the end of 2015.

Auditor's Comment

The issues were still outstanding.

5.78. NATIONAL FIRE FORCE (NFF)-HQ (2014)

5.78.1 Payments made to staff who had exceeded the statutory retirement age

Four staff of the Department who had exceeded the statutory retirement age of 60 years were without extension letters. The total salary paid to those staff since the attainment of the age 60, amounted to Le25,290,535. It was recommended that the Chief Fire Officer in collaboration with the HRMO should provide an explanation for staff being paid after their retirement age within 30 days of the receipt of the report, otherwise, the said sum should be refunded to the CRF.

Official's Response

The Chief Fire Officer stated that recruitment and retirement of personnel was within the remits of the Human Resource Management Office and that they prepared the Human Resource Management Plan, debate it with HRMO and approved on a yearly basis. He mentioned that three of the four personnel had been retired with evidence of their retirement letters, Human Resource Management Plan for FY 2014, and reminder letters from him were ready for inspection.

Auditor's Comment

The relevant documents were verified. However, one staff was currently in active service therefore, issue remained unresolved.

5.78.2 No proper storage facility for drugs

There was no proper storage facility for drugs purchased by NFF as there was no cooling system to preserve its drugs. It was recommended that the Chief Fire Officer should ensure that adequate actions were taken to refurbish the storage facility.

There was inadequate space for the consignment of goods in store and there was no control measure in place to prevent theft and damage to the goods. The walls and roof of the store were also completely damaged. It was recommended that the Chief Fire Officer should put in place adequate controls and prompt action should be taken to refurbish the store; otherwise the appropriate authorities would be advised.

Official's Response

The Chief Fire Officer said that it was true that the National Fire Force had no proper storage facility for drugs as there was no cooling system. Due to budgetary constraints, the Chief Fire Officer said he could not refurbish the storage facility within the stipulated time of 30 days. However, the Hon. Minister of Internal affairs, had been updated adequately on this issue, he further mentioned.

The Chief Fire Officer said that it was true that the National Fire Force had inadequate space for the consignment of goods. However, the Hon. Minister of Internal affairs, had been updated adequately on this issue, he further mentioned.

Auditor's Comment

The issues were still outstanding. The audit team observed that action had not been taken to refurbish the storage facilities.

5.78.3 Outstanding matters on Previous Audit

Four fire engines and Land Rover command vehicles classified as unserviceable and damaged were still kept in the department; they were not handed over to the National Assets Commission for timely disposal.

Out of a total of 300 installed hydrants in the city of Freetown in 2005, only two were currently functioning.

The perimeter of the Freetown office was not secured; and the general work environment was not conducive.

5.79. NATIONAL FIRE FORCE-SOUTH (2013-2014)

5.79.1 Assets not seen during physical verification

During physical verification of fixed assets, the team observed that a number of assets recorded in the inventory of assets were not available at the premises of the NFF. It was recommended that the Regional Commander should ensure that the assets mentioned in the report were produced for verification; otherwise the matter would be brought to the attention of Parliament.

5.79.2 Inadequate control over the supply of fuel to the NFF

Invoices and delivery notes were not available to confirm that a total of 6,115 litres of fuel (valued at Le27,517,500) was supplied to the Regional Fire Force Office from headquarters, through the National Petroleum Company for the period under review. It was recommended that the Regional Commander (RC) should ensure that copies of documents (invoices and delivery notes) in respect of fuel supplied were retained for reference purposes. Invoices and delivery notes for a total of 6,115 litres of fuel (valued at Le27,517,500) must be submitted to ASSL for verification.

The NFF failed to reconcile its fuel records with that of the fuel dealer. A review of the NFF and dealer's records for selected dates revealed that a difference of 3,635 litres of fuel which amounted to Le16,357,500 was not reconciled. It was recommended that the Regional Commander must ensure that the dealer's records and fuel records maintained by the NFF were efficiently managed. The fuel records must be properly kept and should be reconciled with the corresponding dealer's records at least once every month. Differences identified in the fuel records between the NFF and the fuel dealer should also be investigated and a report forwarded to the ASSL for verification.

Official's Response

The RC stated that invoices and delivery notes for the year 2013 and 2014 were not given to him. He added that the transactions normally took place between headquarters and the fuel dealer.

Auditor's Comment

ASSL recommendations were not implemented by the management of the NFF. The issues identified during the audit were still outstanding.

5.79.3 Ineffective operation of the NFF – Southern Region

A review of the operational effectiveness of the NFF revealed the following:

- There was no electricity/generator to supply power for administrative activities;
- There was no reserve water tank in the office or its environs for refill purposes in case of severe fire accidents and in the event where water in the fire engines ran out. The water location for the only fire engine in the southern region was not accessible enough to ensure a longer lifespan of the fire engine; and
- In the 2013 Financial Statements of the Pujehun District, Bonthe District and Bonthe Municipal Councils, it was observed that the sum of Le34,862,000 was remitted by the central government to the councils for fire prevention activities. In an interview with the Regional Fire Force Commander, it was revealed that this amount was not made available to the Regional Fire Force office for the implementation of the intended activities.

It was recommended that the Regional Commander in collaboration with the National Fire Force Headquarters should ensure that the regional office was provided with the relevant equipment and support required to carry out their functions efficiently and effectively. The Regional Commander must also liaise with the councils to ensure that the amount in question was accounted for.

Auditor's Comment

There was no management response on the issues raised during the audit. A follow up by the Audit Team shows that ASSL recommendations were not implemented.

Refer to the Table of Common Issues (Page 94) for further observations.

5.80. NATIONAL FIRE FORCE-EAST (2013-2014)

5.80.1 Non retirement of allocations

The sum of Le14,530,000 in respect of quarterly allocations made by the Kenema District and City Councils was not retired. It was recommended that the Regional Commander should submit the retirement details within 30 days of the receipt of the report, or refund the amount immediately.

Official's Response

The RC stated that with regards money for vehicle maintenance, fuel and lubricant and payment of utility bills in August 2013, payments were made by the Procurement Officer in the Kenema City Council. He said that the implementation of activity under devolved funds allocated to them was being implemented jointly with staff of the council. He added that documents presented to them for payments of forty thousand Leones each to one hundred and forty participants as refreshment were attached to the retirement documents.

Auditor's Comment

Supporting documents were not produced and verified for Le12,610,000.

5.80.2 Ineffective personnel management

Staff personal files were not maintained for all fire officers and there was no evidence in the form of training reports/certificates to verify the fact that in- service training programs were conducted for Fire Officers. It was recommended that the Regional Commander should ensure that staff personal files were maintained and staff members were appraised on an annual basis which should serve as the basis for promotion and training.

Official's Response

The RC stated that personnel files were maintained at the headquarter station and those files were located at the administrative wing of the department, under the supervision of the staff admin. He added that the in-service training was being conducted once a year organised by the Commander of the training school in Freetown. This training however was not conducted in 2013/2014 due to the Ebola outbreak, he further mentioned.

Auditor's Comment

The recommendations were not implemented.

5.80.3 General observation

The following were observed:

- According to the Regional Commander, the office did not receive imprest from headquarters;
- The National Fire Force, Eastern Region only had one fire vehicle for the entire eastern region;
- Fire kits such as gears, boots, gloves and helmets were in short supply;
- Uniforms for fire officers had not been supplied to the department since 2012;
- Rations for fire officers were not received for the second, third and fourth quarter in 2014;

- Fire officers did not receive their rice supply in the last three months of 2014; and
- Anti-virus was not installed on the computer in the Regional Commander's Office.

The Regional Commander should ensure that a formal request was made to head office for additional engines and fire gears to be included in the agency's budget. In addition, the officers should receive their outstanding rice supply and an anti-virus should be installed on the office computer.

Official's Response

The RC responded that:

- *"The lack of adequate fire engines is a perennial problem at the department which is beyond our control. There are some fire stations without a fire engine. Even the headquarter station lacks fire engines. Times without number we have faced embarrassing situations due to only one fire engine being assigned to a fire station. There is a project signed with the central government for the procurement of one fire engine to be assigned to each fire station. The department is however making frantic effort to secure fire engines. There is a project signed with the central government for the procurement of one fire engine every year. This project has however had a setback due to the Ebola outbreak.*
- *Imprest is not forthcoming. I am appealing to the Audit Service to add voice to our cry for imprest to the headquarter station. Minor maintenances on the fire engine, for example bills for repairs of punctured tyres and the installation of antivirus on the computer to name but a few are paid for by senior officers.*
- *Since our arrival to the Kenema fire station in October, 2012 we have received uniform supply only once. Requests for uniforms have been made times without number but it falls on deaf ears. There has been no positive response up to date.*
- *The supply of October, November and December 2014 rice never materialised. The reason given by the procurement officer was that the supplier failed to meet her part of the bargain. Rice supply for 2015 has however resumed."*

Auditor's Comment

The recommendations were not implemented.

Refer to the Table of Common Issues (Page 94) for further observations.

5.81. NATIONAL FIRE FORCE BOMBALI DISTRICT (2014)

5.81.1 Management of fuel

Documents stating the quantity of fuel procured and supplied were not made available for inspection. There was also no evidence in the form of receipts and delivery notes to justify the quantity of fuel that was procured and supplied to the National Fire Force-Bombali District for the period under review. It was recommended that the ACFO should ensure that the receipts and delivery notes in respect of all the fuel purchased and supplied to the department were forwarded to the ASSL for verification.

Official's Response

The RC said they had secured one delivery note that they presented to in the last audit. He added that the others had still not been retrieved from headquarters or from the supplier as they were still making effort to retrieve them.

Auditor's Comment

The receipts and delivery notes were still not made available for verification.

5.81.2 Contract agreement not made available for inspection

The contract agreement in respect of diet supplies made to the National Fire Force, Bombali District for the period under review was not made available for audit inspection. It was recommended that the ACFO

in collaboration with the head office in Freetown should ensure that the original contract agreement that was signed by the head office and the contractor was made available for verification within 30 days of the receipt of the report. The ACFO should also ensure that in future all dietary supplies made to the department were supported by signed contract agreements retained for audit and reference purposes.

Official's Response

The RC said because the threshold fell below Le60,000,000, a contract agreement was not made instead Request For Quotations were initiated.

Auditor's Comment

The recommendations were not implemented.

5.81.3 Store ledger not maintained

A store ledger was not maintained by the department. It was recommended that the Assistant Chief Fire Officer (ACFO) should ensure that a store ledger was instituted with immediate effect.

Official's Response

The RC said that a Store Ledger had been maintained and ready for inspection

Auditor's Comment

The store ledger maintained was not in the recommended format.

5.81.4 Deplorable state and condition of the office complex and generator house

The state of the office complex and generator house was far from pleasant. The foundation pillars were dilapidated and full of cracks; the windows broken; the toilet pipes damaged; and loads of pot holes riddled the parking floor of the fire engine. It was also observed that staff members used a number of offices including the canteen and store as sleeping quarters while tools and equipment were scattered all over the parking floor. Furthermore, we observed that the roof of the generator house was in a deplorable condition. The ACFO recommended a request be made to head office in Freetown for the office complex and generator house to be rehabilitated and refurbished. In addition, tools and equipment were to be kept in a store after use and properly safeguarded.

Official's Response

The RC said the state and condition of the office complex and generator house was accepted. He added that the Chief Fire Officer had assured them that when maintenance and refurbishment funds were available, he would recondition the whole complex. He also mentioned that the CFO promised that the Generator House problem will be urgently looked into.

Auditor's Comment

Action had not been taken.

5.82. GOVERNMENT PRINTING DEPARTMENT (2014)

5.82.1 Outstanding issues from previous audit

During the audit we followed up all recommendations made in previous years. A summary of the status of these recommendations is given below:

- Although Excellent Printing Press (EPP) had commenced trading activities since 2013, documents such as financial statements, bank details (name of bank, account number and signatories) were not made available to enable the audit team ascertain the value of proceeds generated through jobs processed for the period under review. The schedule of equipment to be supplied by EPP according to the MOU was not made available to the audit team for inspection.

- The audit team requested documentary evidence to ascertain the amount of custom duties paid or waived. These documents were not provided for audit inspection contrary to the provisions *in page 4 of the MOU*.
- A request was made for the submission of the list of EPP staff and their respective work permits. However, this was not provided contrary to the above constitutional provisions contrary to the provisions *in page 4 of the MOU*.
- During the audit exercise, request was made to physically verify the installation of these utilities. However, this was not provided contrary to the above constitutional provisions contrary to the provisions *in page 3 of the MOU*.
- Request was made for the complete bill of schedule in order to confirm the amount invested. However, this was not provided contrary to the above constitutional provisions contrary to the provisions *in page 2 of the MOU*.
- A request was made for the submission of appointment letters for the above listed positions. However, this was not provided contrary to the above constitutional provisions contrary to the provisions *in page 2 of the MOU*.
- An Internal Audit Unit was not maintained.

CHAPTER VI – PUBLIC ENTERPRISES, COMMISSIONS AND DONOR FUNDED PROJECTS

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PUBLIC ENTERPRISES, COMMISSIONS AND DONOR FUNDED PROJECTS

MAIN POINTS

What we examined

These are audits of the annual financial statements of state owned Public Enterprises and Commissions. The audit includes a formalised risk-based audit planning process, a review of internal control systems and procedures, physical examination of asset, substantive verification of samples of transactions to supporting documentation and such other tests as may be necessary in the circumstances. The focus is on conducting an in-depth examination of the financial statements and to determine whether they present a true and fair view of the financial position and operations for the accounting period under review. In determining what is true and fair the criteria used are the set of accountancy principles and financial disclosure requirements used to create the financial statements. These are set down in the professional requirements and guidance of recognised accounting standard bodies and to some extent in the law. Generally, public enterprises and commissions, each have distinct enabling legislation with which they must comply. Our audit examination includes a review for compliance with such legislation.

Audit teams examine the underlying accounting records, ‘the books’, from which the financial statements are prepared as well as the system of internal control in place to ensure the accuracy and overall integrity of how business is conducted. The examination is done in accordance with well-codified and accepted professional auditing standards and ethical requirements recognised by the public and private sector auditing profession around the world. At the end of the examination the auditors issue to shareholders, a short-form report called an Opinion. In this case generally the Board of Directors set up by government, also issue a Management Letter focusing on matters of importance in need of being addressed by management.

Why it is important

There is a public financial management principle embodied in the phrase ‘whole-of-government’ which strongly supports that for financial reporting purposes, as well as transparency and accountability, the government accounting entity should include all bodies coming within its ambit of control.

Public Enterprises and Commissions are within the GoSL’s ambit of control. They are created for varying legitimate reasons by governments everywhere. Their functions tend to be discrete activities of a commercial, semi-commercial or social policy nature or a combination of all of these. By their legal nature they are more arms-length from government than MDAs and as such are more remote from the scrutiny of Parliament. It is this remoteness, combined with the fact that to varying degrees they both earn and expend public funds, which makes scrutiny by an independent external auditor on an annual basis all the more important.

In Sierra Leone, Public Enterprises and Commissions carry out a broad range of functions. They are in the critical areas of water and power supply, road construction, tertiary level education, narcotics control, banking, ferries and shipping, telecommunications and mineral resources, to name but a few. As such they represent a significant amount of economic activity in Sierra Leone and have a major impact on infrastructural development as well.

For all of these reasons the audits of Public Enterprises and Commissions are of considerable importance.

What we found

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

poor management of procurement transactions;
no supporting documentation for transactions; and
relevant supporting documentations missing;

Mismanagement of assets mainly in the area of not making use of asset registers;

- No evidence that staff performance appraisals conducted; and
- Cash and bank reconciliation ignored.

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

These observations are expanded on in greater detail in the paragraphs to follow. Overall they suggest a need for greatly improved financial management with a clear focus on basic principles of internal control, e.g. appropriate segregation of duties and sound procedures for authorizing, recording and reporting transactions.

Detailed Findings and Recommendations

6.1. NON-SUBMITTED ACCOUNTS

As at 31 March, 2015, the following Public Enterprises and Commissions had not submitted their accounts for the 2014 financial year.

Table 6.1 – Non-Submitted Accounts

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

6.1.1 Late Submission of Accounts

Again, too many Public Enterprises and Commissions submitted their accounts beyond the stipulated date of 31 March, 2015.

Table 6.2 Late Submission of Accounts

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

6.2. COMMON ISSUES

A number of audit issues to be reported apply to several institutions. These common issues outlined in the paragraphs below. Table 6.3 shows the institutions to which each of these issues relate and where appropriate, values are also included. It should be noted that only the most common issues are addressed here. Other audit issues are reported under the report sections relating to specific public enterprises.

6.2.1 Payments without adequate supporting documents

Other disbursements totalled Le3,637,405,096, were undertaken for which some supporting documents were submitted. However, the nature of these supporting documents was insufficient to fully substantiate the payment concerned. For example, payments should be supported by receipts, invoices, delivery notes and other relevant documentation as well as the payment voucher. It was therefore recommended that the institutions concerned should submit the relevant supporting documents to ASSL. In future, ALL supporting documents should be retained and made available for audit inspection.

6.2.2 Withholding taxes not deducted and paid to the NRA

Withholding taxes totalled Le26,598,542 were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act 2000. All heads of public enterprises should ensure that withholding tax is deducted properly and paid to NRA. The amounts identified during the audits should be recovered and paid to NRA. Evidence of payment should be forwarded to the ASSL for verification, and the Commissioner of Income Tax should take the necessary action. The Government of Sierra Leone relies on tax revenue to finance key public services. Failure to properly and fully deduct, collect and remit withholding tax reduces available government revenue and ultimately, reduces the level and quality of public service received by citizens.

6.2.3 No assets policy maintained

There were no fixed asset policies to guide the use and maintenance of assets owned in most public enterprises. It was recommended that Institutional Heads should ensure that a comprehensive Asset Policy should be produced for ownership and control of the entity's Fixed Assets.

6.2.4 Mismanagement of fixed assets

A number of public enterprises audited did not maintain Fixed Assets Registers and this contravenes section 231(1) of the FMR 2007. Failure to maintain a Fixed Asset Register makes it virtually impossible to maintain adequate control over assets held. In addition, these registers are necessary to support fixed assets balances and depreciation expenses as presented in the financial statements. Fixed Assets Registers

should be introduced immediately and the heads of public enterprises must ensure that the location and state of all assets are checked on a regular basis, evidence of which must be documented. Some institutions maintained Fixed Assets Registers that were not fully up to date. Verification of assets carried out during some audits identified that some assets acquired were not properly included in the registers. This means that assets may have been misappropriated and that the financial statements of the respective institutions have been misstated. Management must ensure that all Fixed Assets Registers are updated on a regular basis and include all assets purchased and disposed of. In other instances fixed assets were not coded / labeled to be easily identified as the institution's assets. Failure in such requirement results in assets being easily carried away or converted into private use.

6.2.5 Monthly bank reconciliations not prepared

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

It is critical that public sector institutions perform bank reconciliations shortly after the end of each month. All differences should be fully investigated and the appropriate corrections made to the cash book. Reconciliations should be performed by a finance officer and signed as reviewed by a senior finance officer.

6.2.6 Performance appraisal for staff not done

There was no evidence that staff appraisal had been done for staff in various PEs for the period under review. An implication for failure to conduct such an exercise results to an organisation not been able to identify staff training needs and career development. It was recommended that the Human Resource Managers/ Heads of PEs should develop and implement staff performance appraisal mechanism.

6.2.7 No Internal Audit Unit

A number of PEs did not have any internal audit function. Internal audit function helps to ensure that financial and operational are operating as intended within the organization. It gives stakeholders assurance that management are implementing appropriate control mechanisms. It was recommended that the internal audit units should be established with immediate effect and that these units begin operations as soon as is practicable. In addition, internal audit activities should be taken seriously across the board.

6.3. TABLE OF COMMON ISSUES

MDA	Payments without adequate SD (Le)	Withholding taxes not deducted and /or paid to the NRA (Le)	No asset policy maintained	Inventory ledger not maintained/ updated	Assets not Coded	No Bank Reconciliation Done	No Performance Appraisal Conducted	No Internal Audit Review
Bank Of Sierra Leone(2014)						✓		
National Social Security And Insurance Trust (2012)	304,042,175							
Sierra Leone Road Safety Authority (2012 – 2013)	773,354,084 364,881,734	12,676,275 3,831,142						
Sierra Leone Ports Authority(2014)							✓	
Office Of National Security (2012 – 2013)	33,000,000 100,000,000			✓				
National Commission For Privatisation (2012)		1,395,400						
National Telecommunications Commission (2013)	94,108,143			✓			✓	
Independent Media Commission (2012)				✓			✓	✓
Sierra Leone Postal Services Limited (2009-2011)				✓	✓	✓		
Guma Valley Water Company (2013)				✓				✓
National Commission For Persons With Disability (9/2012-12/ 2013)		6,804,050						
National Youth Commission(2013)		1,891,675	✓	✓	✓			
Nuclear Safety And Radiation Protection Authority(2013)			✓			✓		
Sierra Leone Maritime Administration (2011-2012)	628,705,076- 1,067,691,904			✓				
Environmental Protection Agency Sierra Leone (2013)				✓	✓			
Sierra Leone Agricultural Research Institute (2011 – 2012)	262,485,980						✓	
Medical And Dental Council Of Sierra Leone(2011-2013)			✓					
Statistics Sierra Leone (2013)	9,136,000			✓			✓	
National Commission For Democracy (2012-2013)							✓	
National Public Procurement Authority (2014)								✓
Sierra Leone National Shipping Company (2011-2013)						✓		
Financial Intelligence Unit (2013-2014)			✓					
College Of Medicine And Allied Health Sciences (2008 – 2011)			✓	✓				
Total	3,637,405,096	26,598,542						

6.4. BANK OF SIERRA LEONE 2014

6.4.1 Fixed assets holding account

At close of business on 31 December 2014, the auditors observed that even though the Middle-Hill residence/premises had been completed, an amount of Le3,758,749,037 as detailed below was still held under work-in-progress, instead of it being reclassified into premises in the fixed assets accounts maintained in the general ledger. Included in the fixed assets holding account also was an amount of Le462,301,200 relating to payments for furniture for the Tokeh Resource Centre. Those were furniture provided which were available for use but still held under the fixed assets holding account. The concern was that those assets should have been reclassified into furniture and equipment and then depreciated accordingly. Where there was no immediate use for those furniture, previously meant for the Tokeh Resource, management should consider another option for them to be fully utilised or dispose of them so that recoveries will be made.

6.4.2 Non-accounting for interest repayment on loan to Sierra Leone Stock Exchange

It was observed that interest due from the loan to the Sierra Leone Stock Exchange, from the Bank was completely omitted from the books. That was loans given out by the central bank and therefore it was expected that both interests and principal amount were recovered. It was recommended that the bank must carry out timely computation, reviews and monitoring of the above loan and also follow up for payments from the Sierra Leone Stock Exchange.

6.4.3 Preparation of Bank Reconciliation Statements

The Central Bank did not provide any bank reconciliation statements for the HSBC US Dollar Call Account, HSBC Pound Sterling Account and the Access Bank Debit Card Account for the periods 1st January to 31st December 2014. As a result the auditors were unable to verify the accuracy of those account balances provided to the audit team for audit purposes. It was recommended that management should ensure all monthly bank reconciliation statements were provided and monthly bank reconciliation statements prepared, reviewed and approved.

6.4.4 Staff Advance not recovered (recoverability)

Advances given out to former staff of the bank amounting to Le32,447,698 were still in the books as staff advances even though those staff had left the bank and recoveries not made. In addition, an amount of Le29,814,000 relating to cost of air ticket paid by the bank for staff who planned to travel to Nigeria for a seminar was wrongly recorded in the books of the bank.

6.4.5 Retirement of imprest

The bank policy on imprest received is that it should be retired within six months period from the date of receipt. During a review of accounting records, it was observed that imprest given to six staff, valued at Le67,305,500 during the period under review were not retired as at the time of our review even though the maximum period for retirement of imprest had elapsed. It was recommended that imprest should be retired within the stipulated time frame. Management should also exercise complete review, control and monitoring of those accounts to ensure proper accounting treatment of those transactions.

6.4.6 Deferred Currency

There was inadequate control over the issue of new coins into circulation so as to accurately determine the deferred currency. During our review of deferred currency, it was noticed that Le 100 coin new currency were issued more than the client had in stock. The Le100 coin had an opening quantity of 10,500. However during 2014 a total quantity of 48,000 coins was issued out of stock. Those issues were made before April 2014 but were neither investigated nor corrected by management all throughout the year. This over issue led to the Le100 coins having a closing quantity of Le-37,500 and a closing value of

Le-907,875. It was recommended that management should exercise full control over the issue of new coins into circulation so as to accurately determine the deferred currency as at the period end.

6.4.7 Cash Vault Controls

Regular routine maintenance of vault doors was in most instances not carried out by the bank. In the review of the Kenema branch office, it was noted that the door lock for Vault 1 in which new notes were kept was faulty and could not be opened. At close of business 31st December, 2014, the value of cash in the vault was Le5,850,000. The auditors could not gain access into the vault and as a result could not physically verify the condition of the vault and cash kept within. It was recommended that regular routine maintenance of all vault doors should be carried out.

6.4.8 Insurance cover for Vault Cash Limit (Kenema Branch)

There was no specified insurance limit for cash held in the Kenema vaults. As at the date of the auditors visit, it was noted that total cash held by Kenema branch in all the vaults was approximately Le23 billion. It was recommended that a clear cash limit should be set in line with the insurance policy or policies.

6.4.9 Vault 2 - Freetown Branch

Based on the review of the Banking Manual of Operations, it was noted that vault 2 in Freetown should only contain mutilated notes. However upon review, it was noted that it contained both mutilated and re-issued notes. Mutilated notes were sighted that were being kept outside of Vault 2 and stored in the main parlour leading up to the vaults. Our concern was that cash was not actually kept inside the vault but held up in an open space near the vault. It was also noted that water was dripping from the roof of the vault. It was recommended that the vault should be refurbished immediately and that the manual of operations be strictly adhered to.

6.4.10 Filing of documents

Files maintained for currency movement to and from Kenema Branch were not properly maintained and some relevant documents were not available for inspection. It was recommended that all the necessary documents for species movement should be filed properly and accordingly to the respective dates. It was also recommended that documents removed from file should be returned before the close of business or photocopies made and the original returned to the file.

6.4.11 Security issues for Kenema Branch

There was inadequate security service to man the points of entries into the bank premises. The perimeter was guarded by only one armed guard during the day (08:00 to 14:00) and night (17:00-08:00). After 14:00 the Bank premises was without an armed guard till 17:00 when another took over for the night shift. With only one security guard present, it implied that one entry will always be out of the armed guard's peripheral vision. Also, the bank will be without armed personnel from 14:00 to 17:00 daily. It was recommended that two armed personnel should guard both entry points daily and also to only relieve their post when replacements were present.

6.4.12 CCTV room controls

The CCTV room was not well kept. The room was being used as a repair centre for broken telephones and as a result broken telephones, fans, wiring cables and other un-operational items were scattered everywhere. It was also observed that the access to the room could be easily gained as there was no key card or other such physical access control present to mitigate the risk of un-authorized entry. It was recommended that strong physical entry control should be established, and the room properly organized and all exposed ceiling concealed minimizing risk of fire outbreak.

6.4.13 Kenema Branch Account

The auditors observed long outstanding debit items from a transit account, which temporarily recorded transactions between Freetown and Kenema branch and were yet to be cleared as at 14th May 2015. The items posted in that account should be cleared within a month by either Head Office or Kenema. However, it was observed that a net debit balance of Le1,037,261,857 as at year-end which implied that the reconciling items were not being reversed by the appropriate personnel. It was recommended that management should ensure that the reconciliation section should be investigated and clear all outstanding transactions.

6.4.14 Operational Cash Balance

Schedules and supporting documents for all cash balances to support the final figure in the trial balance were not made available for inspection. A schedule to justify a debit balance of Le185,000,000 was not provided to the auditors for review. The balance in that account as at year end was a credit of Le99,421,816. But since the auditors had not been provided with schedule and supporting documents for the above debit, they could not conclude on the total operating credit cash balance of Le99,421,816 in the trial balance. It was recommended that the schedules and supporting document should be made available for all cash balances to support the final figure in the trial balance. All un-usual debit balances should also be investigated by the appropriate personnel and documentations kept for ease of review.

6.4.15 Accrued Charges (Cash Advances and Invoices)

Cash advance given to employees for local travel was not retired two weeks after cash disbursement contrary to the provisions in the bank's policy. In addition, six outstanding invoices were not settled as at the date of the audit review. It was recommended that the policy on cash advances and invoices should be adhered to by all employees.

6.4.16 Personnel Expenses

The Kenema branch failed to post relevant entries into personnel expenses account. Salaries paid to staff of Kenema Branch for the month of December 2014 were not expensed and that had accounted for understatement of personnel expenses by Le104,417,794. Even though staff salaries bank accounts were credited in December 2014, the Kenema branch failed to post relevant entries into personnel expenses account which were still outstanding as at May 25, 2015. It was recommended that management should ensure that all transactions should be posted immediately into the system and reconciled by both banking and accounts departments and any outstanding transactions or balances should be properly investigated and addressed accordingly.

6.4.17 Misstatement of capitalised interest

The bank failed to post audit adjustments agreed with management in 2013 financial year resulting to misstatement of capitalised interest of West Africa Monetary Institute (WAMI) by Le1,386,424,772. The error was considered as inappropriate since that adjustment was included in the signed 2013 financial statements.

Even though West Africa Monetary Institute (WAMI) had confirmed additional interest of Le16,588,834 which was also capitalised during the year under review, the bank did not include this transaction in the 2014 management accounts presented for audit. It was advised that management should ensure that all relevant audit adjustments were posted accordingly to effect these adjustments.

6.4.18 Lack of departmental cooperation on accounting issues

There was lack of coordination among various departments in the Bank and that had significantly affected treatment of some accounting transactions. Some audit adjustments passed during the 2013 financial year

were not properly posted resulting to reversal of those journals. Lack of coordination among Financial Market Department and Accounts and Budget Departments on accounting for investments resulted to accounting issues which were supposed to have been resolved within those departments. It was recommended that management should ensure proper cooperation among departments on matters on accounting issue in order to improve the efficiency of the bank.

6.4.19 Improper procedure on change of Legal Consultants

There was no documentary proof of neither Change of Corporate name certificate or appointment of new external legal advisors by the bank from a previously consultant to the one currently engaged by the bank. It was recommended that management should immediately review and regularise the engagement with its partners.

6.4.20 Operation of unlicensed Micro-Financial Institutions

A microfinance company did not have the requisite license to operate as microfinance institution in accordance with the other Financial Services Act 2001. Even though it was currently operating as Microfinance Company over the years since incorporation in 2008, there was no evidence of any license being issued or renewed. The Central Bank through the banking supervision departments also failed to enforce the necessary regulatory frameworks and monitoring policies. Ironically, no immediate sanctions were imposed on that company. It was advised that management should ensure that the Micro finance institution was licensed in accordance with Banking Act 2011 and other Financial Services Act 2001. Management should also put in place surveillance or monitoring team to eliminate any future unregistered financial institution operating in the industry.

6.4.21 Other deposit (Automated Clearing House Settlement Account 42335)

Schedules and supporting documents were not submitted to enable the audit of a debit balance of Le4,227,976,445 which was classified as a deposit liability in the Automated Clearing House Settlement Account. It was recommended that schedules, reconciliations and supporting documents should be prepared for that account on a monthly basis to enable review and clearing of outstanding items by management.

6.4.22 IT Environment

Posting of transactions in the wrong set of accounts

Analysis of accounts revealed that there were instances in which individuals were posting transactions in the wrong accounts. For instance it was noted that the Account “Interest on loans and advances” contained transactions pertaining to accounts such as Ways and Means. It was recommended that the Bank of Sierra Leone operations units and accounts units should reassess processes surrounding their operations, engage and educate their employees so that they were aware of the rightful accounts in which they were to post transactions.

Understanding of Key IT applications by Bank of Sierra Leone employees.

Interviews with key personnel of various units of the Bank of Sierra Leone revealed that individuals did not fully understand the functionality of the IT systems at their disposal. Individuals were also not aware of the nature of the processing of their daily processes within the system and the background or manner in which the system processed certain figures. It was recommended that the Bank of Sierra Leone employees should be further trained on the functionalities of the application systems at their disposals.

Enterprise Risk Assessment

There was no formal enterprise risk assessment framework. The Bank of Sierra Leone Board of Governors gave approval at the 459 meeting held in March 2009 for establishment of a Risk Management

Committee, but that was still to be operationalised. It was recommended that the existence of a Risk Management Committee or its equivalent a risk assessment framework should be developed and documented by the Bank of Sierra Leone and a responsible unit should be entrusted with the responsibility of performing regular entity wide risk assessment reviews to identify significant risks especially in processes such as IT which are critical to the operations of the company. Management should also ensure that those personnel had the requisite knowledge and experience to perform the above and their independence should be enforced by directly reporting to the risk committee. Monitoring activities of IT should also be enhanced by the Internal Audit function.

IT Internal Audit planned activities

Inspection of the IT Internal Audit reports revealed that of the three scheduled IT audits for 2014 only one was performed during the period under review even though the timelines initially planned for the activities showed that it was feasible to perform the three audits during the planned period. It was recommended that the IT internal audit should effectively plan and set goals which were achievable and should adhere to performing planned activities.

ITS Internal Audit Staff Resource Capacity

None of the individuals on the two man team were Certified Information System Auditors. It was observed that though the individuals held other certifications in IT practices such as Networking, according to leading practices such as COBIT, it was recommended that the individuals should be certified in performing IT audit work given the magnitude of the organisation they were employed under. It was recommended that the Bank of Sierra Leone should encourage their current resources to acquire the foundation certifications in IT auditing and also in future ensure their IT internal audit team was comprised of individuals who possessed the pre requisite credentials.

IT Employees: System Users Support Ratio

The ratio of end users to IT support was not healthy. Inspection of the organogram also revealed that the IT unit was understaffed. The Bank had more than 260 users on its domain and more than 160 users on the T24 system alone, yet in terms of software support the organisation only had two supporting resources effectively meaning a ratio of 1:80 resulting in an environment in which inefficiencies may easily occur as the resources may be overburdened. In terms of network support the bank had 3 network support resources supporting 260 users on the domain bringing a ratio of 1:86. It was recommended that the Bank of Sierra Leone recruited more junior level IT personnel to support the operations and IT users.

IT Department Training

During 2014 only one personnel from the Management Information System Department was able to attend training or formally enhance their IT skills even though there were several specialised IT training programmes in the approved training plan. It was recommended that the organisation should ensure continuous education for IT staff to keep in line with changes in IT technology. The bank should also use alternative means of training personnel such as online training in the event that there were travel restrictions preventing individuals from travelling.

Governance Policies

Several deficiencies were noted in the IT governance policies of the bank. The IT Security Policy revealed that for “De-Registration”, occurred for staff leaving the bank permanently. A user Deregistration was completed pending which the User's Account was disabled. The accounts remained disabled for years before they were deleted. With regard to segregation of duties and Super User, the policy was vague and did not detail guidelines pertaining to such things as the definition of what a super user was and who was assigned super user access, brief explanations on the security policies, policies, principles, standards and

compliance requirements or punitive measures with legislative regulations pertaining to the configuration of user access roles encompassing super users. The policy also did not make reference to the user access matrix or risk assessment framework implemented when coming up with the basis of segregating duties. It was recommended that there was need for management to review, officially approve and update the Information Security policy governing operations at the Bank of Sierra Leone.

Business Continuity Plan Awareness

Key members of the disaster recovery team did not possess a copy of the BCP/DRP. It was recommended that key members of the disaster recovery team should have a copy of the Business Continuity Plan / Disaster Recovery plan which they should sign off for and safeguard at a site away from the production site, for quick reference in the event of disaster.

Kenema Environmental Controls

The Bank of Sierra Leone server rooms in the Kenema Branch lacked temperature monitoring equipment and Water/Humidity sensors. It was recommended that environmental monitoring equipment should be installed in the server room and the server room temperature be monitored to safeguard infrastructure.

Refer to the Table of Common Issues (Page 257) for further observations.

6.5. ROKEL COMMERCIAL BANK (SIERRA LEONE) LIMITED-2014

6.5.1 Management Accounting/Ratio Analysis

The bank was faced with several deficiencies in the capital structure and other operational activities. The following were observed:

- The Debts to Equity Ratio as at 31 December 2013 and 30 September 2014 was -22.21% and – 37.69% respectively. As the ratios were negative, it implied that the equity of the Bank was lost and so total debt was by far in excess of equity.
- Debt ratio was 104.7% and 102.7% as at 31 December 2013 and 30 September 2014 respectively. This means that the bank's assets were being funded via debt/liabilities, a situation which was not very encouraging.
- Profitability Analysis Ratio was – 16% (audited) and 1.35% (unaudited) as at 31 December 2013 and 30 September 2014 respectively. This shows that the bank was not effectively utilizing its assets to generate earnings for its shareholders.
- Return on Equity ratio was - 277% (audited) and – 118 (unaudited) as at 31 December 2013 and 30 September 2014. This means that ROE was negative, a situation not very encouraging for the Bank.
- The Activity Analysis Ratios was Le0.099 and Le0.079 as of 31 December 2013 and 30 September 2014 respectively. It means that the level of revenue generation was low.

It was therefore recommended that the capital structure and other operational activities of the Bank needed complete overhauling to ensure a sound and healthy financial institution in place.

6.5.2 Capital deficiency

Section 19(1) of the banking Act 2011 requires Rokel Commercial bank (Sierra Leone) Limited to maintain at all times minimum paid-up capital and that such minimum paid-up capital should not be impaired by way of losses and if that occurred, the bank would be required to put in additional funds to address the deficiency in the capital. As at 31st December 2013 and 30th September 2014 the minimum paid-up capital of the bank was Le27.2 billion. This stated capital had been eroded by losses such that as at 30th December 2013 and 30 September 2014, the impaired stated capital of the Bank were negatives of Le28.8 billion and Le16.67 billion respectively as net equity. The Bank continued to report negative net equity as from December 2013 up to and including 30th September 2014, the date of our review and

interim audit. It was recommended that modalities should be put in place by the Board of Directors to ensure full compliance with that condition to enhance the capital structure of the bank.

6.5.3 Asset quality base

As at 30th September, 2014, total asset of the bank was Le611.6 billion. Out of this, total gross loans and advances amounted to Le271 billion, representing 44.4% of total asset base. As a result of the significant portion of the bad and doubtful loans (contaminated loans) forming 50% and 50.3% of the total loans and advances of the Bank as at 31st December 2013 and 30th September 2014 respectively, the asset base of the bank was not robust enough to meet the requirements of depositors funds, the highest liabilities to the bank. The bank was operating with assets that were not recoverable in the near future. It was revealed that most of those contaminated loans/advances were now with the law courts for recoveries. Whilst that was the case, the bank was thus exposed significantly to its creditors (depositors of funds) more so as shareholders' funds were also in negative as at 30th September 2014. It was recommended that the bank should upscale its recovery drive to collect its funds from customers and those customers in default should be made to understand the reasons for them to settle the amounts. The majority shareholders i.e. the Government of Sierra Leone through the NCP could assist in this direction.

6.5.4 Loans and advances issues

As at 31 December 2013 gross loans and advances was Le289,064,476,000. Out of this, bad and doubtful loans amounted to Le144,341,884,912 and a net provision of Le90 billion was made as at 31st December, 2013. As at 30th September, 2014 out of these bad and doubtful loans/advances, only Le3,385,718,578 had been recovered. There was therefore a major doubt as to whether the bank would be able to recover meaningfully from the defaulting customers concerned. It was recommended that the prime importance should be put on debt recovery and significant defaulting customers made to be aware of the consequences of not liquidating their indebtedness to the Bank.

6.5.5 Small and medium sized enterprise loans

As at 31st December 2013 a total of Le11.3 billion on the SME loan was written-off the books of the bank. This did not in any way relieve the responsibility of the bank to put modalities in place to recover those loans, since they were given out by the bank. As at 31 January, 2014, only Le42 million was noted to have been recovered and the Credit Risk Committee then expressed total dissatisfaction on the continuing declining trend on recoveries of these loans.

During 2014, it became evident that the two Branch Managers were downgraded but that did not yield the necessary improvement anticipated by the bank in terms of recoveries. The two Branch Managers were not reprimanded financially as they continued to receive normal salaries and allowances. It was recommended that the bank should consider a more robust approach for collection and make those staff who actually gave out those loans participate significantly in the recovery process.

6.5.6 Branch profitability

Rokel Commercial Bank (Sierra Leone) Limited presently operates a Head Office with a total of twelve branches countrywide. A review of an extract of profitability summary for each of the branches as at 30th September, 2014 revealed that only the Siaka Stevens Street and Kenema Branches were profitable. All the other branches were operating at losses to the bank. It was recommended that the Bank should restructure the branches so as to make sure it operated in profitable locations.

6.5.7 Administrative sanctions imposed by the central bank

The operating financial performance of the bank over the years had not been as expected. In view of this the Central Bank on 9th May, 2014 issued and reissued directives to the bank prohibiting it from

undertaking several banking activities. Some of these included the paying divided accrued/otherwise, establishing new branches, engaging in new activities or from expanding existing activities, acquiring through purchase or lease, additional fixed assets without the approval of the Central Bank and declaring or paying bonuses salary incentive management fees or other discretionary compensation to directors or officers. The Bank was also advised to:

- Intensify debt recovery efforts and submit bi-weekly report to the Central Bank;
- Summon the highly indebted customers to emphasise the consequences of non-repayment;
- Publish names of customers who fail to pay up their debts;
- Close down unprofitable branches;
- Monitor operating costs with a view to keeping them to the barest minimum;
- Senior management to closely monitor movement of cash in vaults of the various branches;
- Submit weekly reports on the under-listed to the Director Banking Supervision not later than 12 months on every Monday Following the weekend:
 - Loans and advances;
 - Customer foreign currency balances;
 - Contingent liabilities; and
 - Trial balance, balance sheet and profit and loss account.

The bank was strongly advised to adhere to the above directives until advised otherwise.

6.5.8 Internal Audit Work Plan

The internal audit function of the bank existed and the staff in this unit had the required skills and experience to handle the function. However, there was a noted instance where internal audit reports on the auditable entity/process were not completed on time and in other cases no reports were prepared. It was also noted with concern the level and frequency of fraudulent activities in the bank such that the other plans of the Internal Audit Unit were not done as the internal audit unit was further taxed with conducting investigations into those frauds related cases. In almost all of these fraudulent cases it was observed that laid down procedures in respect of cash withdrawals were flouted by Bank Staff leading to fraudulent and unauthorised payments being made, maintenance of unexplained suspense account particularly in the Bo Branch and back officer staff sidelining management guidelines especially as the Siaka Stevens Street branch which could lead to potential problems for frontline cashiers and financial and or reputational loss to the bank.

It was the practice that all findings raised by the Internal Audit Unit were followed up for implementation by the Compliance Unit headed by the Director of Banking/IT operators. Whilst this practice was good, they were not aware that all the issues raised by the Internal Audit Unit were so effectively followed up by Compliance Unit, and the correlation of such efforts with the Board of Directors and the subsequent Internal Audit reports provided.

It was recommended that even though special assignments or investigations were sometimes given to the Internal Auditors by Management outside the Audit Programme set for the year, facilities should be put in place to ensure the Internal Audit Unit worked strictly by the Approved Action Plan/ Audit Programme. It was recommended that formal follow-up procedures should be made and documented on the issues raised by the Internal Auditors to management.

6.5.9 Purchase of fixed assets

The bank under the directives of the Central Bank should not purchase assets without the prior approval of the Central Bank. However, it was noted that assets, to the tune of Le428,040,000 were bought during the year with no pre-approval from Bank of Sierra Leone. It was recommended that the bank should

endeavour to comply with all regulatory requirements and evidence of such compliance should be maintained to facilitate quick reference.

6.5.10 Customers complaints

In an interview with the acting Operations Manager, and reviewing the customer complaints register at the Siaka Stevens Branch, almost all customers' complaints were not so recorded in this register to pave the way for appropriate action to be taken. It was recommended that management should allow all customers complaints to be confidentially written on the complaints register and appropriate action taken.

6.5.11 Personnel expenses

Both permanent and contract staff payrolls were not reconciled with the general ledger balances. Inconsistency was also observed on both the permanent and contract staff monthly basic salary of the payroll paid to the bank's employees with the amount disclosed as basic salary on the Trial Balance. The Bank, in addition to the total number of 324 staff, had additional 35 contract staff as at 30th September 2014.

It was recommended that both the system generated payroll (permanent staff) and the manual contract staff payroll reconciled with the General Leger balances on a monthly basis and approval obtained for all reconciling and any reconciling differences/payment outside the payroll. Contract staff should also be minimised or completely removed from the system.

6.5.12 Non-Compliance with the bank risk acceptance criteria

The bank has laid down guidelines to be adhered to in respect of lending practices and procedures in a form of a lending policy which states among others the minimum requirements that will aid in arriving at a decision whether to enter into a credit relationship with a customer or not. It was however observed that for some of 14 customers renewed during the year, with a total amount of Le34,929,041,271 the required documentation prior to approval of the facility were not adhered to. It was recommended that management should strictly follow applicable preapproval documentation procedures as minimum standards, in the lending process.

6.5.13 Approval and enhancement of new facilities

New credit facility was granted to an institution which infringed the directives of the Bank of Sierra Leone (letter dated 9th May 2014) prohibiting it from undertaking among others lending, investing and extension of credit facilities. It was recommended that management should ensure all directions and or sanctions imposed on the bank were followed.

6.5.14 Authorisation of facilities above Le1.5 billion by the Board

It is the overall responsibility of the board of directors to authorise and monitor facilities granted by the bank. Some of those responsibilities were being assigned to the Management Credit Committee and the Credit Risk Management Committee who were made up of board members to approve facilities up to Le1 billion and Le1.5 billion respectively. The board was dissolved during the year and management must hasten the process of completing the appointment of the new board which was still in progress for over six months since the last board was dissolved. As a result there was no board approval for 15 renewed facilities with a total value of Le43.36 billion that were above Le1.5 billion during the year. It was recommended that the existence of those different levels of approvals was to ensure that the control environment was effective as well as clearly distinguishing areas of responsibilities and accountability. Therefore, they should be effectively guarded and management in collaboration with board should ensure that those approvals and executed limits were strictly respected and consistently applied.

6.5.15 Facilities with no/inadequate collateral

The bank's lending policy provided that security should be taken in support of facilities granted as considered appropriate when appraising the perceived risk. A facility will be considered as unsecured unless tangible security is thus offered. However, it was observed that some of the facilities granted were still not secured or adequately secured to in order to protect the Bank's exposure. It was recommended that management should ensure adequate and tangible security (perfected legal title) was obtained to cover exposures. All non-secured facilities should be pursued and regularised going forward so as to minimise the exposure of the Bank.

6.5.16 Unauthorised overdrawn overdrafts

Customers with no approved limit were still allowed to operate as overdraft customers and also customers with approved limit were being allowed to withdraw above their approved limit. It was recommended that management should design, implement and monitor controls in place to ensure customers operate within their approved limits and that customers with no approved limit were encouraged to go through the pre-approval process before allowed to have overdrawn balances.

6.5.17 Non-compliance with account opening procedures

It was observed that the bank did not fully comply with the stipulated account opening procedures (Know Your Client) as some of the vital account opening documentations required prior to opening of an account were not adhered to. It was recommended that management should ensure that required account opening procedures were strictly followed.

6.5.18 Procurement procedures not followed

There was no procurement Plan for the Financial Year 2014, more so as there was presently no structured procurement unit in the Bank. Management was required to follow the procurement procedures described in the Bank's Procurement Policy Guidelines and the Public Procurement Act, 2004 when procuring items of goods and services for the bank's operations. But in a number of cases during the review, a number of procurement control deficiencies were noted. It was recommended that Procurement Plan should be prepared and approved by management for every Financial Year detailing the descriptions provided in Part IV section 29 sub-section(2) of the Public Procurement Act, 2004. The Bank management should follow also the procurement procedures.

6.5.19 Withdrawal voucher not available

Withdrawal vouchers for a sample of four transactions with a total amount of Le86,460,400 were not made available for review. It was recommended that management should ensure that all deposit and withdrawal vouchers posted into the system for a particular day should be maintained and taken to the respective branches they relate to.

6.5.20 Compliance with the Bank of Sierra Leone Prudential Guidelines and Banking Act, 2011

The following were observed:

- The bank did not inform the Bank of Sierra Leone within the five working day of the dismissal of the former Managing Director and the two branch managers. This was in contravention with the section 5.3.2.4 of the revised prudential guideline 2012 which states that: "It will be the responsibility of the Board of Directors to report to the Bank of Sierra Leone the resignation and/or removal of any of its members within five working days and giving reasons thereof". It was recommended that the Bank should comply with all regulatory pronouncements in order to avoid fines and penalties.
- The current composition of the board of director breached the Banking Act section 26 (c) which required the bank to have at least two directors of the board to be executive directors. However

approval had been given to approved only one of the two appointed executive members to the board. It was recommended that the bank should ensure a new Executive Director should be appointed to serve on the board.

- The bank breached the single borrower limits during period under review on all outstanding credit facilities since the capital base of bank fell to negative. It was recommended that the bank should ensure that secured and unsecured loans did not exceed the limit set out at all times in the Banking Act and the revised Prudential Guideline. The bank should also exert more effort in recovering the loans and also increase its share capital.

The bank breached Section 20 of the Banking Act and Section 3.3.2 of the revised prudential guidelines act which required the bank to maintain a minimum capital adequacy of 15% and 7.5% core capital ratio respectively. Differences were however observed in the bank capital adequacy ratio and the core capital ratio during the year under review. It was recommended that the bank should comply with the central bank regulation and restriction to avoid future fines and penalties.

- 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 throughout the period under review, as local liquid asset ratio fell short of the 75% limit. It was recommended that the mmanagement should ensure prudent and efficient liquidity management of the bank's local liquid asset in accordance with the Central Bank regulatory guidelines. Assets and liabilities committee (ALCO) must also take oversight responsibility to ensure proper monitoring procedure was enforced.
- Section 4.7 of the Revised Prudential Guidelines stipulates that the bank aggregate exposure to capital base should be a maximum of 300%. The bank was in contravention of this requirement for the months of January, February, March and April but went into negative after the posting of prior year audit adjustment. It was recommended that management should monitor its exposure in other to maintain its exposures within the maximum requirement.
- The bank breached section 4.9 of the Bank of Sierra Leone prudential guidelines 2012 which required that the tolerable limit of the ratio of non-performing loans to gross loans (NPL ratio) should be 10%. It was recommended that the bank should comply with the Central Bank requirement and put more effort to recover non-performing loans from their customers.
- A review of the compliance with the Banking Act, 2011 and Revised Prudential Guideline showed that the bank did not comply with Section 36 of the Banking Act.
- The bank had 30 management staff working with the bank currently including four executive directors; a letter of no objection was seen for only the Acting Managing Director. This was in violation of section 5.3.4 of the revised prudential guidelines which state: "No chief executive officer or management staff shall take up office without a "no objection" from the Bank of Sierra Leone. The bank shall submit to the Bank of Sierra Leone copies of the proposed CEOs' and management staff CVs together with all relevant certificates of academic and professional qualifications for the "fit and proper" persons test". It was recommended that the bank should send the CV's of the management staff to BSL to obtain approval for them.
- The bank did not evaluate their Board performance in the year under review and this contradicted section 5.5 of the Revised Prudential Guidelines which required the Board to nominate a committee or similar board committee, which shall regularly review its required mix of skills and experience and other qualities of the board in order to assess the effectiveness of the board and that such review should be by means of peer and self-evaluation of the board as a whole, its committees and the contribution of each and every director, including the Chairman. It was recommended that the board should evaluate its performance.
- The bank breached section 8.1.2 of the revised prudential guidelines which states: "Every licensed institution shall maintain the following maximum limits on its open positions in foreign

currencies, precious metals and precious stones: - (i) Net open position in a single foreign currency, shall not exceed 15% of the institution's capital base (ii) Net open position of the aggregate of all foreign currencies shall not exceed 25% of the institution's capital base"

- The bank's policy on liquidity was not adhered to. The policy required the bank to maintain a minimum liquidity of 14% and maximum of 16% but during the period under review the bank did not maintain its liquidity within their policy requirement. It was recommended that the bank should adhere to its policies to ensure effective and efficient operation process of the bank.

6.5.21 Violation of ceiling on total borrowing by staff

Section 3 of the company staff loan policy states: "The total of all borrowing under staff loan scheme will not be permitted to exceed 10% (inclusive of housing loans) or 7.5% (exclusive of housing loans) of the bank audited net worth, as evidenced by available figures from time to time". This was violated during the year as the staff loan outstanding was higher than the net worth of the bank as at the period under review. It was recommended that the management should ensure adherence to all internal policies and procedures.

6.5.22 Insurance cover

The bank kept money above its insurance cover during the year under review. It was recommended that the bank should maintain its cash level within the maximum insured limit and should establish procedures to monitor its cash level within the maximum insured limit

6.5.23 Access to program and data

Information Security Policy / User Awareness

The following weaknesses were noted with regards the Information Security Policy:

- The Policy document became effective in July, 2010; however, the auditors were not provided with any evidence of subsequent review of the same after implementation;
- There was no evidence of Senior Management sign-off on the document even though one of the policy requirements was for it to be approved by the Board of Director's, Chief Information Officer (IT Manager) or Risk Management Committee by way of sign-off; and
- There was no evidence to show that formal user awareness trainings or updates were carried out during the period under review for users of IT resources.

A thorough review of the current IT Security Policy was recommended with the view of updating it to reflect the current state of affairs in the IT department and security expectations of management. The process of review of the policy should also be scheduled to occur regularly at least annually and when there is a major change in the bank that will have an effect on the IT operations, the same should be done. This should be evidenced by Senior Management's sign-off on the document whenever it is reviewed. Management should also maintain an ongoing schedule of trainings on information security to ensure that both old and existing users are aware of their security responsibilities, common and emerging security issues and updates in the industry. This should be evidenced by users signing the IT acceptable use form whenever an update was done. The IT Steering Committee saddled with enforcing the implemented policies and procedures should have hands-on approach to the same ensuring the policy objectives were been achieved.

Physical access - server room physical controls

Even though the Bank had included environmental security requirements in the IT Security policy document, the following environmental control weaknesses were noted in the server room:

- There was flammable material in the form of cartoons located in the room;

- No evidence of recording or monitoring the server room temperature; and
- No water or humidity sensors installed in the server room.

It was recommended that all flammable material should be removed from the server rooms so as to minimise the risk of damage to IT equipment in the server room by fire. In addition, environmental monitoring equipment should be installed in the server room for early detection and prevention of flooding or fire.

Access Administration

The auditors review of the access form revealed that even though it included User Name, User Type, User ID, User Access Level, user privileges were not predefined (Mandatory) rather they were discretionary i.e. users may have the same access level. However, their privileges were different and that was determined by the discretion of Management and the System Administrator. Privileges were also not expressly documented in the completed forms.

Furthermore, Management was yet to document and approve defined privileges that users should have at various levels which would guide the Systems Administrator in defining user profiles and also used as benchmarks to monitor user privileges on the system. The following were recommended:

- The user's access form should be modified to include every privilege granted per access level and the foundation of this should be well documented and approved by management.
- Access must be modified as required when staff moved internally within the organisation to another level or department.
- Instances where access rights/privileges were discretionary, management should ensure regular independent review of access rights to ensure they were consistent with job functions; and
- There should be an undertaking signed by each users according to their job functions for the various Menu option/ privileges granted to them.

Identification and authentication

During an assessment on the UNIVBANK application, it was observed that user IDs were not consistently structured on the system. There were some instances where the user ID did not correspond with the user name. In addition, our review revealed 16 generic user ID (i.e. IDs that were not directly traceable to a specific user on the system) and 16 duplicate users IDs (i.e. a single user having more than one profile on the system).

The principle of segregation of duties as detailed in the IT Policy requires some category of users not to have certain privileges or access right on the system as they may be incompatible with their access level and job functions. It further states that no one individual should have exclusive control over a particular information and process; there should be a real and lasting separation of authority and responsibility. There were however instances where authorisation were delegated to the degree that did not relate to the particular level of responsibility of the authorised individual in the department. The following were recommended:

- A unique and consistent identifier must be used to link a user to their access rights and to trace individual activities performed under the user's identification;
- Delete all duplicate IDs and maintain single user IDs and it must be unique to the individual in the context of a specific system and discontinue the creation of generic user IDs going forward;
- Authorization should be delegated to the degree that it related to; (the particular level of responsibility of the authorized individual in the department)

- Periodic checks must be performed by management and audit to detect the unauthorized entry of transactions; and
- All activities carried out by privileged account holders must be logged and secured from any modification or deletion and they must not be used for regular operational tasks.

Monitoring

The IT Policy of the bank outlines security logging and monitoring of activities on the system which takes account of accountability via the audit trail report. Users are responsible and accountable for their actions. It also states that the audit trail should be monitored and analysed independently to detect security breaches. Appropriate accounting, monitoring and auditing should be implemented to assist with identifying and investigating potential security breaches. A review of the audit trail report for 31st January, 25th July and 26th May 2014 respectively revealed some inconsistencies in the audit trail report as regards log-in and log-off dates. Further, the report was not detailed enough to show amongst others the specific activity of the user on the system, the data table/files/programs affected as the case may be. It was recommended that the current audit trail design should be reviewed and modified to ensure information captured was accurate and complete and in addition the contents should be modified to capture more details to make management decision making easier and reliable.

Computer operations - Business Continuity Plan / Disaster Recovery Plan

It was noted that RCB had developed a Business Resumption Plan (BRP) document detailing procedures to follow in order to resume business operations in an event of system breakdown. As per best practice, it was required that a Business Resumption Plan (BRP) should be tested at least once annually for its operating effectiveness and adequacy. Based on our review, it was noted that the bank did not perform this test during the period. Management should also ensure that the plan was tested at least twice annually involving all stakeholders. Results of the test should form a basis for assessing its adequacy and updating the plan as necessary. Results of the tests should also be documented and communicated to management.

Antivirus

Antivirus Software section in the IT Security policy indicates that all computer resources must be protected by bank's authorised virus protection software. The early detection of virus infections on data media and networks must be assured by the implementation of the bank's approved and up-to-date anti-virus and integrity-checking software, on all possible devices including transportable. Individuals receiving data media, from any source within or outside the bank have the responsibility for ensuring it is checked for viruses before use. We reviewed the IT Security policy on antivirus practice noting that the bank's Symantec Endpoint Protection antivirus and workstations received an automatic update from the server. It was however noted that some workstations did not have antivirus installed on them. On 29th November, 2014 the auditors reviewed the antivirus definitions of 11 workstations against the latest definition on the server noting inadequate updates of antivirus. It was recommended that:

- There should be a review on the 'push technology' script of the antivirus software to ascertain its effectiveness;
- The bank should regularly monitor anti-virus definitions on the servers and workstations to ensure that they are up-to-date;
- All environments that were vulnerable to viruses must have an approved anti-virus control package installed;
- The anti-virus package must be kept up-to-date using an automated and timely process;
- The anti-virus package must screen all launched objects on the protected environment; and
- System management activity must cooperate with the anti-virus control package to record detection logs.

6.5.24 Entity wide risk assessment

Risk Assessment Activities

The Internal Audit Unit forms an integral part of good corporate governance of any company. It is responsible for the examination and evaluation of the quality, adequacy and effectiveness of controls within the organization systems, as well as procedures and policies to reduce risks posed by failures of controls. Review and monitoring of IT operations was lacking and that was evidenced from the auditors' review of the monthly reports generated by Internal Audit. The auditors noted limited IT related issues in the monthly reports. It was recommended that with the existence of the IT Steering Committee a risk assessment framework should be developed and documented by the bank and responsible personnel (either Internal Audit or another set of independent personnel) should be entrusted with the responsibility of performing regular entity wide risk assessment reviews to identify significant risks especially in IT related processes considering the fact that IT was critical to the operations of the bank. Management should also ensure that those personnel had the requisite IT knowledge and experience to perform the above and their independence should be enforced by directly reporting to the risk committee. Monitoring activities of IT should also be enhanced by the Internal Audit function. This can be achieved by incorporating the above mentioned activities into their audit plan and ensure they were regularly performed.

Refer to the Table of Common Issues (Page 257) for further observations.

6.6. NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (2012)

6.6.1 Procurement procedures not followed

Procurement procedures were not followed and adequate supporting documents were not provided for the procurement of various goods and services valued at Le1,495,472,400 and \$1,494,830. It was recommended that the Trust should provide the relevant supporting documents for audit inspection and in future, it should comply with the relevant procurement rules and regulations.

Official's Response

The DG in his response said:

"Procurement of vehicle, Christmas Hamper, voltage regulator, laminates and construction of warehouse

This relates to contract for the procurement of a vehicle, Christmas hampers a voltage regulator laminate and materials for the construction of warehouse. Management notes the concern of the auditors. However, it is critical to note the following:

Thresholds prescribed in the National Public Procurement Act 2004 which guides the selection of the procurement method for various transactions are based on estimate value and not actual contract amount.

Prior to solicitation of bids for the said contract, the estimated value was within the threshold for NCB and RFQ procedures accordingly.

The figure in question was the outcome of the various solicitation proceedings. Consequently, the award figures could not have been determined prior and therefore the method cannot be adjudged incorrect.

The difference between the estimated figure and the actual figure has arisen from taxation and profit margins.

CCTV PROJECT

Sole Sourcing was authorised on the grounds of unique technical capacity consistent with Section (1)(e). The service has to be sourced out to the requisite firm.

NPA Connection to NASSIT North Regional Office and Re-Engineering of West Region Office

The figure in question falls within the threshold of shopping for services as prescribed in the first schedule of the Act. The connection has two components: provision of materials, installation and connection to the NPA Grid."

Auditor's Comment

The relevant supporting documents were submitted for cleaning services, christmas hamper and voltage regulator worth Le510,167,900 as evidence that procurement processes for these purchases were followed. However, no supporting evidence was submitted for the remaining procurement worth Le985,304,500. Furthermore, relevant supporting documents were not provided as evidence that procurement processes were followed for the amount of \$1,494,830. Therefore the issues were still outstanding.

6.6.2 Posseh Hotel and Catering Services

A contract worth Le825,573,666 was awarded to Posseh Hotel & Catering Services for the supply of household goods in 2011. The Trust terminated the contract based on the fact that the goods could not be delivered as agreed. As evidenced by a report, the Procurement Unit critically looked at the facts and circumstances and advised the Trust to evaluate the situation and determine the most practical solution devoid of liquidated damages but the Trust refused to re-evaluate the circumstances. Posseh Hotel took the matter to court and consequently, the Trust lost Le400,000,000 in an out of court settlement. It was recommended that the Trust should provide an explanation for the contract's termination and the Trust's subsequent loss of Le400,000,000 in respect of an out of court settlement.

Official's Response

The DG stated that the Trust considered several options in its bid to resolve the delayed delivery of the kitchen items by Posseh Hotel. These included: invoking the penalty clause on liquidated damages and termination with due notice. He said that the Trust opted for the termination against the backdrop of the frustration it suffered as a result of the delayed delivery of the items which came after the presidential visit which was the prime purpose for which the items were to be procured. He further stated that whilst the supplier sought redress in the court, the Trust, upon consideration of reputational risk and to avoid conflict with potential scheme members, reconsidered to settle the matter out of court and granted a compensation of Le 400,000,000 to the complainant. He however mentioned that the items had been transferred to Kimbima Hotel Ltd. and the amount incurred in respect of same recovered accordingly.

Auditor's Comment

The Trust should have managed the situation such that they would not have needed to terminate the contract which resulted in the loss of Le400,000,000. This would have been avoided had the Trust abided by the relevant clauses stipulated in the contract agreement. Therefore, the issue was still outstanding.

6.6.3 No agreement provided for the sale of house

Payment of Le704,700,000 for the sale of a house at 10 Atlantic Street was disclosed as rental income. However; no sale agreement was submitted for audit inspection. It was recommended that the Trust should provide all relevant supporting documents in connection with this sale for audit inspection and in future, the Trust should ensure that all income disclosed were supported with the relevant supporting documents.

Official's Response

The DG stated that the house in question was sold to a customer living in the United States. He said that sales agreement had been prepared but the customer was not available to sign it. He assured that it would be made available immediately after it is signed for verification.

Auditor's Comment

The sale agreement was not provided for verification. Hence, the issue was still outstanding.

6.6.4 Affordable housing project

There were no supporting documents provided for audit inspection for Le102,150,800 (CPJ 10811) which was paid to a staff for the construction of a perimeter fence for the affordable housing estate in Makeni. It was recommended that the Trust should provide the relevant documents supporting the amount disclosed.

Official's Response

The DG stated that management noted the concerns of the auditors and after an investigation was undertaken, the documents are now available for audit inspection.

Auditor's Comment

The necessary supporting documents were not provided during verification. Therefore, the issue was still outstanding.

6.6.5 Construction of the Kimbima Hotel Ltd.

The Trust had 60% shareholdings in this investment valued at Le5,296,415,000. The hotel had been under construction since 2009. There had been lots of changes in the project and the completion date had been postponed several times over the years. At the time of the audit, the hotel was still under construction and audited financial statements for 2007, 2008, 2009, 2010, 2011 and 2012 were not submitted for audit review. It was recommended that the Trust should explain why the construction of the hotel had not been completed and should also provide up-to-date audited financial statements for audit verification.

Official's Response

The DG stated that the amount represented the Trust's 60% shareholdings in KHL, which had been in refurbishment since 2009. There had been changes in cost and date of completion due to the change in the scope of work to bring the hotel to a more competitive edge, he noted. He however mentioned that the refurbishment work was almost complete and the hotel would be functional in the shortest possible time. He affirmed that the services of PKF and Audit Service had been contracted to carry out an audit of its financial statements.

Auditor's Comment

No evidence was submitted to substantiate management response and no audited financial statements were submitted for 2007, 2008, 2009, 2010, 2011 and 2012 financial years. Therefore, the issue was still outstanding.

6.6.6 Land Wrongly Capitalised

It was revealed that Le45,000,000 was paid to staff in relation to the cleaning of a piece of land at Gloucester. That amount was not written off but capitalised under land. Additionally, there was no supporting document provided to support the amount. It was recommended that the Trust should pass journal and make the necessary adjustment in the financial statement and make it available to the auditors during verification. The Trust was also required to provide the necessary documentation in support of the amount for audit verification.

Official's Response

The DG stated that the amount related to the clearing of the Trust's land at Gloucester was erroneously capitalised. He however said that the appropriate journal had been passed to expense the amount in question.

Auditor's Comment

The necessary adjustment and journal entry were provided. However, the necessary documentation in support of the amount was not made available during the verification exercise. Therefore, the issue was still outstanding.

6.6.7 No audited financial statement or share certificates provided for audit inspection

Sierra Ferries Ltd. is 100% owned by the Trust. It was observed that as at 2012, the Trust had capitalised Le30,897,454,000 in respect of expenditure undertaken by the Trust on behalf of Sierra Ferries Ltd. Most of the expenditure undertaken were administrative and repair costs for the ferries. No evidence of an audited financial statement of Sierra Ferries Ltd. was provided to the audit team. The Trust subsidised its operations. The ferries were assumed to be depreciating over the years and there was an indication of impairment.

ASSL was unable to confirm the value of the Trust's shareholdings as no share certificates were provided for audit inspection. The amount decreased by Le389,367,000 over the year. This amount related to work contracted to Class Diving Co. (SL) which was not executed. Therefore the Trust asked for a refund. The amount was however recognised as receivable and there was no supporting document to show that the money had been paid or accepted to be paid by Class Diving Co. It was recommended that the Trust should make a provision in the financial statement as there were no indications of possible impairment of the investment. The Trust should also provide share certificates to substantiate the ownership of shares by the Trust and relevant supporting documents indicating that Class Diving had accepted or paid should be made available for audit inspection.

Official's Response

The DG stated that, that investment was undertaken to address a social issue, which was sea transportation. He however said that management noted the concerns of the auditors and appropriate action had been taken to write off administrative and repair expenses incurred in operating the ferry. He mentioned that a valuation of the business will be carried out to determine the extent of the impairment.

Auditor's Comment

The necessary adjustment and journal entries were verified for Le4,549,081,967 in respect of administrative and repairs expenses which had been written off. No audited financial statement or share certificates were provided for audit inspection. The Trust did not provide for impairment and no evidence was submitted regarding Class Diving. Therefore, the issue still stands.

6.6.8 Transport allowance

The Trust's human resource policy manual stated that no transport allowance should be paid directly to a senior executive or senior management staff on a car loan. It was observed that senior management staff with car loans were receiving direct monthly transport allowance for the period under review. The total transport allowance paid to senior management with car loans for the period under review amounted to Le303,149,891. It was recommended that the Trust should provide explanation why it did not comply with the terms and conditions of its human resource policy manual. The Trust should also comply with all terms and conditions stated in its approved manual of operations.

Official's Response

The DG stated that management noted the concerns of the auditors. He however mentioned that the last update of the Human Resource Manual was in 2008. It had been superseded by the Board of Trustees revised car loan policy in 2009. Those were included within the payroll structure for tax purposes and a review of the Trust's Human Resource Policy will capture those issues as ongoing.

Auditor's Comment

An approved documented car loan policy was not submitted for verification. Therefore, the issue was still outstanding.

6.6.9 Kambui Property Holdings Ltd.

The agreement between NASSIT and Kenema City Council was a joint venture with NASSIT holding 80% and Kenema City Council holding 20%. That was not indicated in the financial statement. A loan of Le21,192,838,000 had also been capitalised in respect of this investment. Regarding the loan agreement, the Trust was supposed to accrue interest for those loans but that was not evidenced in the account. Furthermore, no audited financial statements were submitted for audit inspection. It was recommended that the Trust should reflect the true relationship between the Trust and Kambui Holdings Ltd. in the financial statement. It should also accrue interest for those loans in accordance with the loan agreement, capitalise them and ensure that they were reflected in the financial statement. The Trust should further take necessary action to ensure that audited financial statements are prepared in respect of this investment.

Official's Response

The DG stated that management had noted the concerns of the auditors and will make the necessary disclosure and interest accruals.

Auditor's Comment

The true relationship was reflected in the financial statement but the Trust did not accrue interest on the loans provided and no audited financial statement was submitted for audit inspection. Therefore, the issue still stands.

6.6.10 West Africa Holdings

A loan of Le25,143,838 was given to West Africa Holdings Ltd. for the rehabilitation and refurbishment of Raddison Blue/Mammy Yoko Hotel. Regarding the loan agreement, the Trust was supposed to accrue interest for those loans, but that was not evidenced in the account. No audited financial statement was also submitted for audit review. It was recommended that the Trust should take necessary steps to convert those loans into shares as stated in the loan consolidation agreement. The Trust should also accrue interest for those loans in accordance with the loan agreement, capitalise them and make them reflect in the account. Furthermore, it should provide the audited financial statement for Kimbima Hotel for the year under review and make it available for audit verification.

Official's Response

The DG noted that the board had approved that the amount that is to be converted to equity and the process of conversion was ongoing. He added that the necessary disclosure and accruals in respect of the loan would be made available for inspection.

Auditor's Comment

Evidence of the Board's approval of the loan conversion to shares by Kimbima Hotel in favour of the Trust was provided as stipulated by the loan consolidation agreement. However, the Trust did not accrue interest on the loan provided. An audited financial statement for Kimbima Hotel was not provided for audit inspection. Therefore, the issue still stands.

6.6.11 Stale Cheques

The Trust had stale cheques which amounted to Le667,534,831 classified as payables in the financial statement. These arose as a result of the non-collection of retirement benefits and gratuity payments. It

was recommended that the Trust should improve on its delivery service and ensure that pensioners promptly received their payments.

Official's Response

The DG stated that the issue of stale cheques had been a challenge to management due to a complex variety of reasons beyond our control. Although each benefit file had contact addresses and phone numbers of claimants, He however said that information provided by claimants sometimes turned out to be inaccurate. Upon the submission of a claim, an appointment date was given to eligible claimants informing them when cheques were ready for the collection, he noted. He further mentioned that when cheques were forwarded to pay points, claimants were contacted by their customer service centres to report for the purpose of collecting such cheques. He further mentioned that some of those cheques became stale after six months, because claimants could not be reached via the available means and hence were returned as stale and rewritten upon verification as and when the members showed up to claim their benefits.

Auditor's Comment

No evidence was provided during the verification exercise to confirm management's explanation.

6.6.12 Bank confirmations circularised not received

Bank balances confirmation valued at Le4,028,844,937, were sent to banks, but responses received so far were for amounts which totalled Le1,424,142,650 from five banks, which translated into 35% of the total amounts circularised. It was recommended that management should initiate action to get the banks to respond to the circularisation and the ASSL should be informed of such action accordingly.

Official's Response

The DG stated that management had requested all the banks concerned to respond to the circularisation. He added that second confirmation letters had also been signed and sent to all the banks for ease of reference.

Auditor's Comment

Bank confirmations were received with respect to SLCB (Revenue) and SLCB (Current Government Pension) totalling Le979,628,417. However, 40% of the total amount circularised which totalled Le1,625,073,868 was still not received. Therefore, the issue still stands.

Refer to the Table of Common Issues (Page 257) for further observations.

6.7. SIERRA LEONE PORTS AUTHORITY (2014)

6.7.1 Advance payment made in breach of procurement regulations 2006

A contract for the supply of underground and transformer cables valued at Le102 million was awarded to M. Bangs Trading. It was observed that a 40% advance payment was made by the Authority, contrary to Section 135(3) of the Procurement Regulations 2006 which states: "The total amount of an advance payment shall not exceed 30% of the total contract price." The Authority did not obtain advance payment guarantee from the supplier for the advance payment made. It was recommended that the Divisional Head and the Procurement Officer should explain why the Authority did not obtain an advance payment guarantee for the advance payment made. In future, the Divisional Head, Procurement should ensure that the Authority complies with all relevant procurement laws and regulations.

Official's Response

The General Manager stated that the vendor insisted on a minimum of 40% down payment in spite of management's request for 30%. He mentioned that due to the critical nature of the work, they accepted 40% to ensure electric power supply. He however noted that management will ensure in future that the procurement regulations 2006 concerning advance payment and obtaining advance payment guarantee were secured.

Auditor's Comment

Management's response was noted. However the Authority should have complied with all relevant procurement laws and regulations. Therefore, the issue still stands.

6.7.2 Outstanding issues from previous audit inspection

Rental and lease agreements for all of the Authority's properties to clients such as Leocem, Afrimpex Navigation Co. Ltd. and Saad Group were not made available for audit review. There was no evidence that reconciliations were done to ascertain whether payments were made in full, partly or prepaid.

Auditor's Comment

The rental agreement for Ettera Shipping Company was made available but no rental agreement was evidenced for BSB Enterprise and no evidence of reconciliation was provided for our review. Therefore, the issues relating to reconciliation and rental agreement for BSB Enterprise are still outstanding.

The audit team noted that overtime allowances paid to staff exceeded the approved threshold (30% of basic salary) by the Board of Directors on 11th June, 2013. This amounted to Le142,151,678 for the three months of June, September and December 2013. The audit team also noted that the reason for which the overtime was requested and approved was not provided to the audit team for review.

There was no evidence of an authorisation process or mechanism for the movement of non-current assets. For instance, we could not verify some assets in some locations as detailed in the assets register because, they may have been moved to another location without authorised approval.

At Government Wharf, we noted three SLPA owned buildings occupied by MODEP (UNICEF), CARE and Mano Fishing with a carrying value of Le99,868,125. From our investigation, we noted that these buildings are presently controlled by the Ministry of Finance and Economic Development (MoFED) and rental incomes from the letting of these buildings are paid to the MoFED and not SLPA.

There was no evidence of an approved Business Continuity Plan and Disaster Recovery Plan.

There was no evidence of an approved Information Technology Policy document in operation at the Authority.

Refer to the Table of Common Issues (Page 257) for further observations.

6.8. SIERRA LEONE AIRPORTS AUTHORITY (2014)

6.8.1 Procurement procedure not followed

Request for quotations, local purchase order, etc. were not produced to substantiate procurement which totalled Le453,066,600 for 2014. It was recommended that the Procurement Manager should provide the relevant supporting documents for audit inspection. The Authority should also ensure that in future, it complied with the relevant procurement rules and regulations.

Official's Response

The General Manager stated that the Authority had been experiencing cash flow problems over years emanating mostly from huge terminal benefits payments and huge capital investment that was needed. The cash flow situation reduced our capacity to promptly pay creditors leading to suppliers having low confidence on our credit worthiness and therefore refusing to respond to our RFQs and even refusing our LPOs, he added.

He further said that as a result of the refusal by suppliers to respond to their RFQ, the procurement officers had to go to them with the requisitions to convince them to issue Proforma invoices. He mentioned that those were then analysed and procurement approval obtained from the General Manager before payment was effected to the suppliers.

Auditor's Comment

No documents were produced during the verification for the total amount of Le453,066,600. Therefore, the issue was still outstanding.

6.8.2 Contract splitting

Contracts worth Le505,555,000 for the construction of works which were of similar nature and likely to attract the same potential bidder were awarded to Havage Engineering Service Limited. It was also observed that those contracts were divided into four separate procurement of Le134,005,000; Le147,810,000; Le107,595,000 and Le116,145,000 for the construction of open channel drainage, rigid pavement of the administrative car park, the VIP entrance canopy and the construction of concrete slabs between the admin building and the VIP entrance respectively; thus evading the threshold for national competitive bidding. It was recommended that the head of procurement should give explanation and submit the approval from the procurement committee to justify why the procurement was split.

Official's Response

The General Manager said that those works became extremely necessary and had to be urgently undertaken to befittingly complement the new [yupgraded/modernized] Terminal Building that at that time had been slated for commissioning by HE The President within six weeks. He stated that given the limited time available it was determined that a single contractor might not have been able to deliver all of the combined works within the timeframe and moreover the objective was to give increased opportunity to multiple smaller firms to participate; hence the works had to be split into lots, as permissible under Section 31 of the National Procurement Regulations 2006. As it eventually turned out, however, Havage Engineering Services Ltd (that by then incidentally was executing similar contracts at the airport for other parties) submitted the most responsive bid for each of the lots and was awarded the contracts after proving to possess the required capacity, he mentioned.

Auditor's Comment

There was no evidence submitted by the Authority indicating that Havage Engineering Services was the most responsive bidder among others in order to demonstrate that the award of the combined contracts may result in the best overall value for the Authority. Therefore, the issue was still outstanding.

6.8.3 Percentage of advance payment made in breach of procurement regulations 2006

60% advanced payment were made to Havage Engineering Service Limited for each construction of the four different contracts by the Authority, contrary to Section 135(3) of the Procurement regulations 2006 which states "The total amount of an advanced payment shall not exceed 30 percent of the total contract price". The Authority did not also obtain advance payment guarantee from the supplier for the advance payments made. It was recommended that the Head of Procurement should explain why the Authority did not obtain advanced payment guarantee for the advanced payment made and the Divisional Head, Procurement should ensure in future that the Authority complied with all relevant procurement laws and regulations.

Official's Response

The General Manager said that as delivery-time was of the essence, it was necessary that all the materials required for implementation of the works be stockpiled at the site right from the onset. He added that in the circumstance it was considered unrealistic and counter-productive to have restricted the advance payment to the specified 30%. He further noted that payment of the advance payment was made after the contractor had stockpiled nearly all of the required materials on site, including a concrete mixer and dispenser truck, all of which were assessed to worth more than the advance payment itself. He affirmed that no advance payment guarantee was therefore required.

Auditor's Comment

The Authority should have complied with all relevant laws and regulations. Therefore, the issue was still outstanding.

6.8.4 Inspection of fire rescue trucks

Evidence of pre-shipment inspection factory site by two SLAA engineers and final inspection and acceptance at the project site at Lungi which were supposed to be conducted for the procurement of the Fire Rescue Truck as stipulated in the SCC clause 8.1 were not submitted for audit review to confirm their conformity to the contract specifications. Evidence of delivery note was also not made available for audit inspection to confirm that the Fire Rescue Truck was delivered and in accordance with the specifications. It was recommended that the Authority should provide the necessary supporting documents for audit verification, and that adequate supporting documents maintained at all times for payments made.

Official's Response

The General Manager said that the pre-shipment inspection at the factory by two SLAA Engineers was skipped for sake of expediting the shipment and fast-tracking the bringing back of the airport to the required level of fire-cover. He noted that fortunately, SLAA General Manager, Head of Procurement & Corporate Affairs, and Head of Finance, who were part of the delegation to France to negotiate for funds for this procurement and the completion of the Terminal Building Modernization project, were earlier given a factory tour and demonstration of the capability of identified fire vehicle which had just come out of the manufacture line. He however mentioned that final inspection and acceptance tests were thoroughly conducted at the airport, and the delivered truck was found compliant with the order specifications. Adequate documentary evidence in support of that activity was available for inspection, he concluded.

Auditor's Comment

Delivery note was provided during the verification exercise. However, pre-shipment inspection certificate was not provided for audit verification. Therefore, the issue was still outstanding.

6.8.5 Bank balance held at Standard Chartered Bank, London

Bank balances held at the Standard Chartered Bank, London, which amounted to Le64.1 million was disclosed as receivables. Those amounts had been outstanding for long. There was no evidence that those cash would be recovered because no evidence of any correspondence with the bank for the recovery of those monies was submitted for audit inspection. It was recommended that the Authority should provide explanation and the relevant supporting documents.

Official's Response

The General Manager stated that on the 10th October 2013, they wrote the Standard Chartered Bank in UK requesting information on the status of those accounts with a reminder letter on the same sent on the 12th of March 2014. He however said that no response was received to both letters and their effort to establish contact through Standard Bank in Sierra Leone yielded no positive dividend. He noted that given the current situation, they would seek Board approval to have those accounts written off.

Auditor's Comment

No evidence of recoveries was submitted during the verification exercise. Therefore, the issue was still outstanding.

6.8.6 No addendum agreement submitted for additional payment made to Havage

Additional payments which amounted to Le72,675,000, included as work in progress, was made to Havage Engineering Service Ltd. in respect of construction of works for which no supplementary

agreement was provided for audit review. It was recommended that the Authority should provide all relevant supporting documents in connection with those payments for audit inspection and in future the Authority should ensure that all payment disclosed were supported with the relevant supporting documents.

Official's Response

The General Manager stated that that related to the construction of flower gardens on the reconstructed car park (which was not part of the original scope of works); to have it aesthetically correspond to the Terminal Building forecourt and also match the upgraded VIP Arrivals exit point. He added that a memorandum agreement was inadvertently not prepared and signed. He however mentioned that the lapse had been noted and would be prevented in future.

Auditor's Comment

No agreement was provided for the stated amount of Le72,675,000. Therefore, the issue was still outstanding.

6.8.7 Upgrading, modification works on Terminal Building not completed

A contract signed in January 2011 for the duration of 15 weeks for the upgrading and modification of the Sierra Leone Airport Authority's terminal building had not been completed to-date. The original contract price was \$4,157,000 when it was signed in January 2011, but to date cumulative payments of \$6,461,000 had been made. At the time of the audit a revised timeline for completing the contract was not submitted for inspection. Furthermore, even though the remaining had not been completed, there were defects already. It was recommended that the General Manager, the supervisory consultant, Realini Bader and the contractor, Barrows Construction should establish a revised timeline for the completion of the contract and to explain the over expenditure and how they intend to deal with the contractor with regards to the defects.

Official's Response

The General Manager said "Indeed the project protracted far beyond the planned 15-week duration, mainly on account of funding constraints. However, it had been practically completed and put into use as of 14th December 2013 and 20th August 2014 (for Departures and Arrivals respectively), as per practical completion certificates signed by all parties. There still exists though some identified snags yet to be addressed by the contractor.

The Client, Consultant, and Contractor had been meeting and agreeing targets for the rectification/completion of the unresolved snags. However some of these targets had not been fully achieved till the intensification of the Ebola Virus Disease that rendered further meetings and execution of works impracticable. With the Ebola crisis now getting over and flight operations gradually resuming, the deliberations will be reactivated to bring to an end this long drawn out chapter, hopefully not later than 30th November 2015.

This project was conceived and presented to Government by a team of Sierra Leoneans as a quick-fix facelift to the airport to portray the country's collective hopes and aspirations and spirit of revival from the debilitating civil war. The aim was to swiftly transform the existing Terminal Building into an airport edifice aesthetically satisfying, functionally efficient, and futuristic. With the then forthcoming 50th Independence Anniversary Celebrations, Government intended this to be one of its flagship projects targeted for completion before and showcasing at the Celebrations; hence the short timeframe for project implementation.

The project involved: (a) conversion of the old Hangar adjacent the existing terminal building into a modern and spacious Departures Wing and several rentable shops and offices; (b) linking the two buildings (the existing and the new departures wing) such that the upstairs of the existing building converts into spacious VIP lounges, a bar and restaurant, a duty-free shop, etc. for departing passengers; and (c) reconfiguring the downstairs of the existing building into an expanded Arrivals Wing with a spacious Baggage Reclaim Hall and various offices. This would increase the utilizable space of the terminal

building from 3,500 square meters to 6,700 square meters (nearly doubled), facilitate aviation security checks, and tremendously improve on general safety and passenger-processing flow and comfort.

The cost of the envisaged expansion and refurbishment of the Terminal Building was originally approximated at \$7,573,250 (inclusive of a facelift to the Presidential Wing and renovation of the Administrative Building), and the work expected to be finalized within 4 months. Government had the cost pruned to US\$4,157,000, and limited the project to just the Terminal Building with a much scaled down scope of works.

As project implementation progressed it became evident that the revised scope of works did underestimate or omit a number of significant works and new installations necessary for the attainment of the desired project objectives. The resultant variations and additional works account for the significant increase in cost of the project, and include the following:

- *Replacement of the existing passenger and baggage checking-in and conveyor systems with modern higher capacity ones. This was because the old/existing equipment had often been breaking down and had only 6 operational checking-in counters as against 14 the new Checking-in Hall was designed for. Indeed actualization of the desired improvement in the speed, security and comfort of the passengers and baggage checking-in processes would otherwise not have been achieved.*
- *Installation of: (1) a public address system, (2) a fire alarm system, (3) separate electricity metering at each of the rentable offices and shops, (4) electronic network of new airline offices to the new checking-in system, (5) additional air-conditioners, (6) new tiles and ceiling in the existing building to match those in the new sections, etc. All of the above were either not in the scope of works or had minimal provisional sums of money indicated, and if not undertaken would have made the New Departures Wing completely incompatible with the Arrivals Wing occupying the old building.”*

Auditor’s Comment

Management’s response was noted. However, a revised timeline for the completion of the contract was not submitted for audit verification. Therefore, the issue was still outstanding.

6.8.8 Overview of outstanding issues from previous audit inspection

The following were observed:

- There was no evidence of vehicle registration numbers recorded on the vehicle parking tickets and no payment tickets displayed on dash board inside the vehicle;
- Evidence of debtors’ policy for identifying and writing off bad debts was not presented for audit review;
- The Authority did not have any policy with regards maintenance of its non-current assets, such as computer hardware and vehicles;
- There was no evidence of authorisation process/mechanism for the movement of non-current assets. For instance, we could not verify some assets in some locations as detailed in the assets register;
- There was no evidence of an approved internal audit charter provided for audit review;
- There was no access restriction in and out of the server room;
- There was no evidence of an approved information technology policy document been operational at the Authority; and
- There was no evidence of an approved business continuity or disaster recovery plan.

6.9. SIERRA LEONE ROAD SAFETY AUTHORITY (2012-2013)

6.9.1 No tenancy occupancy list and tenancy agreement provided

The Authority accommodated some tenants in its Kissy road office for which it failed to provide tenancy occupancy list and updated contract agreements to the audit team. In addition, there was no evidence that

the Authority had invoiced any of those tenants, or of any rental amount that had been accrued by the Authority on the financial statements for 2012 and 2013. It was recommended that management should provide a tenancy occupancy list and an updated contract agreement to the audit team during the verification exercise. Management should also provide the reasons for the non-invoiced tenants and why rental income had not been accrued for 2012 and 2013.

Official's Response

The Director stated that in 2006 the Authority granted rights for the use of its premises to contractors for the production of number plates. Therefore an agreement was signed between the Authority and the plate makers which had already been expired and that the Authority had terminated their services. He said, in relation to rental income, the plates makers had provided them payments in respect of the 2012 and 2013 financial year which are available for inspection.

Auditor's Comment

Termination of contract correspondence and evidence of payments by two contractors Sarrah Trading Company (SL) Limited and International Associated Services were submitted for audit inspection. However, tenancy occupancy list, updated contract agreement, invoices for rental income, and journal entries for rental income accrued and effected in the financial statements were not submitted for audit inspection. Therefore, the issue was still outstanding.

6.9.2 Amounts not transferred to the road fund

Section 10 (a) of the Road Transport Act, 1996 States "the Authority shall have power, in connection with its functions under section 9- to impose and levy fees, including vehicle licensing and registration fees with the approval of parliament: provided that any vehicle licensing and registration fees levied by the Authority shall be paid into the Road Fund under paragraphs (b) and (c) of sub-section (1) of section 25 of the Sierra Leone Roads Authority Act, 1992 less any amount which the Authority may be allowed to retain to defray the Administrative costs of the levying of such fees" However it was observed that, the end of year cash balances of Le3,064,273,520 and Le2,752,489,270 held by the Authority for the years 2012 and 2013 were not transferred to the Road Maintenance Fund as stated in the Road Transport Act. It was recommended that management should provide an explanation for funds not remitted to the roads fund.

Official's Response

The Director mentioned that in relation to road fund transfers, the Authority had been consistent in making its regular transfers on a monthly basis which is available for inspection. He said that the ending balance at the end of each period served as a form of the working capital which was used to settle other current liabilities.

Auditor's Comment

Evidence was not submitted by the Authority to ensure that the action taken was consistent with the Road Transport Act, 1996. Therefore, the issue was still outstanding.

6.9.3 Procurement documents not submitted for inspection

Procurements totalling Le5,188,491,115 and Le543,821,100 for 2012 and 2013 respectively awarded for the supply of vehicle licence stickers, four wheel drive vehicles, towing trucks, wheel clamps, rehabilitations of buildings etc, were not evidenced with documents such as bid document, evaluation report and contract document. It was recommended that the Procurement Manager should provide the relevant supporting documents for audit inspection and in future the Procurement Manager should comply with all relevant procurement laws and regulations in its procurement activities.

Official's Response

The Director noted that the necessary documents were available for inspection.

Auditor's Comment

Procurement documents such as bid opening minutes, evaluation reports, notification letters and contract agreements were submitted for procurement totalling Le2,592,962,651 and Le335,000,000 in 2012 and 2013 respectively. However, procurement documents for the balance of Le2,595,528,463 and Le208,821,100 in 2012 and 2013 respectively were not submitted for audit inspection. Therefore, the issue was still outstanding.

6.9.4 Relevant documents not produced in support of procurement transactions

Requests for quotations, evaluation reports, local purchase orders, delivery notes, etc. were not produced to substantiate procurement transactions which totalled Le759,593,886 and Le757,143,774 for 2012 and 2013 respectively. It was recommended that the Procurement Manager should provide the relevant supporting documents for audit inspection. The Authority should also ensure that in future, it complied with the relevant procurement rules and regulations.

Official's Response

The Director said that procurement procedures were followed and necessary documents.

Auditor's Comment

Request for quotations, invoice, and delivery notes were submitted for procurement totalling Le525,478,863 and Le458,920,514 for 2012 and 2013 respectively. Procurement for the balance of Le234,115,022 and Le298,223,260 for 2012 and 2013 respectively were not supported with request for quotations, evaluation report, local purchase order, and delivery notes. Therefore, the issue was still outstanding.

6.9.5 Allowances excluded from assessment

The conditions of service listed the following as non-taxable allowances (housing, transport and medical). However the Income Tax Act, 2000 part IV (Chargeable Income) sub-section 23 (1) (Employment Income) states that employment income means a payment or benefit arising from past, present or prospective employment, including but not restricted to the following payments or benefits. (d) Any allowance provided by the employer for the benefit of an employee or in respect of any member of the employee's family, including any cost of living, subsistence, rent, medical, entertainment or travel allowance.

It was however noted from the audit review that regulatory provisions were not followed with respect to deduction of tax from medical and housing allowance resulting in a loss of revenue for the National Revenue Authority (NRA) totalling Le512,698,760 and Le582,682,504 for 2012 and 2013 respectively. It was recommended that the Authority regularise this provision in the conditions of service, to comply with the Income Tax Act, 2000.

Official's Response

The Director said that those allowances were stated in the conditions of service as a non taxable allowance and that had been the precedent of not taxing them. He said going forward; the Authority will revisit the conditions of service to ensuring that it was compatible with the laws of the nation.

Auditor's Comment

Management comment was noted and will be followed up in subsequent audit.

6.9.6 Bank charges without supporting document

An amount totalling Le17,791,907 with respect to bank charges for 2012 could not be substantiated as neither bank statements nor other supporting documents were submitted for audit review. It was recommended that the Actin. Director of Finance should ensure that all necessary supporting documents were provided for audit inspection.

Official's Response

The Director said that the figure above was an aggregate of charges in July relating to Union Trust Bank and that evidence was available for inspection.

Auditor's Comment

The auditors verified bank charges of Le3,946,907 and reversals of various deposits totalling Le13,845,000 on 1st and 2nd October 2012 in the November 2012 UTB Bank Statements. The reasons and supporting documents for that reversal was however not submitted for audit review. Therefore, the issue was still outstanding.

6.9.7 Bank confirmations circularised not received

In 2012, bank balances totalled Le3,266,795,805, were sent to the banks for confirmations. However responses received so far were for amounts totalling Le1,456,695,655 from eight out of twenty five banks, which was 45% of the total amounts circularised. In 2013, bank balances totalled Le2,818,580,159 was sent for confirmation. However, responses were received for Le986,133,655 from six banks out of twenty seven banks which were 35% of the total amounts circularised. It was recommended that management should initiate actions to get the banks to respond to the circularisation. The audit team should be informed of such actions accordingly.

Official's Response

The Director said that management had noted the recommendation of the auditor and would initiate actions to get the banks to respond to the circularization.

Auditor's Comment

Evidence of action by management to get the banks to respond to the circularisation was not submitted for inspection. Therefore, the issue was still outstanding.

6.9.8 Outstanding Receivables

Le1,025,600,000 in respect of expenditures undertaken by the Authority for advance payment to Mabella for tow trucks was disclosed as short term receivable in the financial statement. This amount had been outstanding for more than three years and no evidence was submitted as to the recoverability of this amount. It was recommended that management should explain why the amount had not been paid or make the necessary provision in the financial statement if the collection was remote.

Official's Response

The Director in his response stated that several efforts had been applied in ensuring the collectability of the said amount and evidence of court ruling and other follow up letters were available for inspection.

Auditor's Comment

Evidence of recoverability of this debt or provision of the amount in the financial statements was not submitted for audit inspection. Therefore, the issue was still outstanding.

6.9.9 Other Receivable Disclosed In The Financial Statement Without Adequate Supporting Documents

Amounts disclosed as other receivables amounting to Le381,892,190 and Le471,008,430 for 2012 and 2013 respectively could not be substantiated as no supporting documents were submitted for audit review. It was recommended that the Acting Director of Finance should ensure that all necessary supporting documents were provided for audit inspection and that a complete documentation was maintained in instances of such payments.

Official's Response

The Director said that the necessary supporting documents were available for audit inspection and that the Authority would continue to maintain complete documentation in respect of all disbursement undertaken by the Authority.

Auditor's Comment

Schedule and supporting documents for a difference of Le209,646,847 in 2012 and Le209,646,847 in 2013 were still not submitted for audit inspection. Therefore, the issue was still outstanding.

6.9.10 No debt or management policy

There was no formal policy governing the management of debts. The receivable balance of Le2,174,592,620 and Le2,263,708,860 for 2012 and 2013 respectively would have been better managed and controlled if there was a policy in place for the management of debts. It was recommended that a formal debtor policy should be developed and enforced in order to minimise the possibility of bad debts. The Authority should also provide evidence to the audit team of efforts made to recover those long outstanding debts.

Official's Response

The Director stated that management had noted the recommendations of the audit team and was in the process of developing one so as to minimize the possibility of bad debts.

Auditor's Comment

A draft copy of Debt Management Policy and Procedures was submitted for audit inspection. Since the policy was not authorised by the board, the issue remained outstanding.

6.9.11 Receivables described as suspense, not supported with documents

Receivables of Le767,100,434 and Le767,100,434 described as suspense in 2012 and 2013 respectively, could not be substantiated as no supporting evidence was provided to the audit team. In addition, those amounts had been constant and outstanding for more than two years. It was recommended that management should make available supporting evidence relating to those receivable balances for audit inspection.

Official's Response

The Director mentioned that those were disbursement in 2010 and 2011 for which their supporting documents could not be found at the time of preparing the accounts.

Auditor's Comment

Supporting documents for the suspense balance in the financial statements were still not submitted for audit inspection. Therefore, the issue was still outstanding.

6.9.12 No business continuity and disaster recovery plan

There was no evidence of an approved business continuity and disaster recovery plan. It was recommended that the IT manager should develop and implement business continuity and disaster recovery plan that will ensure its information technology infrastructure supported the recovery of its operational process in the event of disaster.

Official's Response

The Director stated that that had also been the development and was currently awaiting board approval.

Auditor's Comment

Evidence of a business continuity and disaster recovery plan was not submitted for audit inspection. Therefore, the issue was still outstanding.

6.9.13 No evidence of loan policy for staff

Loan policy in respect of staff loans was not submitted for audit inspection. It was recommended that the Acting Director of Finance should ensure that it was provided for audit inspection and that a complete documentation maintained in instances of such payments.

Official's Response

The Director mentioned that management had noted the recommendation of the audit team in developing a loan policy and that going forward, management would ensure that complete documentation was maintained.

Auditor's Comment

Evidence of a loan policy was not submitted for audit inspection. Therefore, the issue was still outstanding in respect of the unavailability of the loan policy.

6.9.14 Terms and Conditions of Service and Human Resources Management Policy submitted not approved

The Authority submitted terms and conditions and Human Resource Management policy for audit review. However no evidence of approval by the board was produced on those documents. It was recommended that the Human Resource Manager should make available the terms and conditions of service for staff to the Board for approval and make those documents available for audit inspection.

Official Response

The Director said that no evidence was submitted to them in respect of approval by the board of the Terms and Conditions of Services together with human Resource Management policy before implementation was noted. He further mentioned that management wished to state that those documents were likely to be reviewed and that as soon as they are reviewed, they would be forwarded to the Board for their sight and necessary comments before they were implemented. He added that subsequently they would be made available to the auditors for audit inspection as and when necessary.

Auditor's Comment

Approved terms and conditions of service and human Resource Management policy were still not submitted for audit inspection. Therefore, the issue still stands.

6.9.15 Overview of outstanding issues from previous audit inspection

During the audit, we followed up recommendations made in previous years. A summary of the status of these recommendations is given below:

- Agreements between SLRTA and the contractors for the printing of number plates (International Association Services, Sarrah Trading Enterprises and Bilak Trading and Construction Companies) expired since 2009;
- PAYE and NASSIT were not paid on a regular basis as stipulated in the Income Tax Act of 2000 and the NASSIT Act, 2002;
- There was no maintenance policy for fixed assets, such as computer hardware and vehicles;
- The Authority failed to disclose income accrued from traffic fines as part of its receivables in the financial statements for 2009, 2010 and 2011;
- Traffic fines had been outstanding since 2008 and the systems in place to monitor those payments were inadequate; this was as a result of the lack of coordination between headquarters and the regional offices; and
- The Authority did not maintain records of income tax payments, when issuing licences for commercial motor vehicles and motor bikes.

6.10. OFFICE OF NATIONAL SECURITY (2012-2013)

6.10.1 Outstanding issues from previous audit inspection

The Office of National Security did not have a human resources unit, which should be responsible for the handling of all human resource matters. As it is, most of the issues bordering on personnel matters were handled by the Finance and Administration Department.

Refer to the Table of Common Issues (Page 257) for further observations.

6.11. NATIONAL INSURANCE COMPANY (2014)

6.11.1 Difference between investment register and general ledger accounts

A difference of Le100,927,800 was noted between the investment register and the general ledger accounts for investment at Bank of Sierra Leone Treasury Bills. Share certificate for additional shares allotted by HFC Mortgage and Savings (SL) Limited, value of which is Le11,429,038 was also not provided. It was recommended that management must ensure that those differences were investigated and resolved promptly and that the Share Certificate should be obtained for reference.

Official's Response

The Managing Director stated that the Investment Register will be updated after reconciliation with the fund Managers, Capital Discount House. He added that Freetown Nominees Corporate Secretaries of HFC had been contacted and they expect to get the share certificate. He further said that the Account at HFC was debited in respect of the said transaction.

Auditor's Comment

Upon audit review of the management response with regards the investment register, it was noted that the differences arose from opening balances between NIC Nominal ledger and Capital Discount House Statement for December 2013. Further investigations had been delayed as the auditors were informed that the Capital Discount House personnel responsible were on leave. The Share Certificate was yet to be received from Freetown Nominees who were the Corporate Secretaries of HFC where the additional allotment was made.

6.11.2 Poor management of receivables

The auditors were not provided with sufficient appropriate supporting documents (such as loan schedules, individual loan cards, etc.) relating to loans to policy holders and the Police/Civil service amounting to Le146,598,596 and Le276,757,281 respectively. The auditors were also yet to receive the bulk of customers' confirmation letters dispatched by them for direct confirmation of the Outstanding Premium (Local) and Outstanding Premium Facultative Reinsurance balances as at 31st December 2014.

Review of receivables balances revealed that the following balances had been long outstanding:

Details	Amount (Le)
Reinsurance Premium Local/W Facultative	1,462,909.26
USL CAR loan scheme	173,014.12

It was therefore recommended that appropriate documents for the loans should be obtained and filed for our review. Furthermore, management should urge its customers to respond to those confirmations and all long outstanding items should be investigated and necessary adjustments effected.

Official's Response

The Managing Director in his response said "Loans to group life policyholders do not operate individual cards. Loan deduction schedules are prepared and forwarded to the Company by the Accountant General's Department on a monthly basis on behalf of the Police and Civil Service. We agree that there were difficulties in reconciling the balances due to the volumes of transaction done on a manual platform. Also all confirmation letters were sent to clients and we followed up some of them by phone calls. Experience has shown that most clients who would have paid outstanding premiums in the following year before the audit commences do not respond, and we have asked the Auditors to carryout post-balance sheet reviews as was done in previous audits to establish post-balance sheet activities regarding the respective policyholders. Long outstanding items would be investigated and appropriate action taken."

Auditor's Comment

Schedules had still not been provided by NIC relating to loan disbursed to Police and Civil servants. Subsequent to the verification exercise, despite management had made relentless efforts through phone calls to clients, a good number of those confirmation letters were still pending. In addition, long outstanding items had still not been investigated and resolved.

6.11.3 Long outstanding balances for payables

During our review of the payables, we noted the following long outstanding balances:

Details	Amount (Le)
R/I CO'S O/W Facultative	197,371,007.30
Premium refunds	6,216,768.42
SLRTA Car loan	100,000,000.00
Premium refunds - SLP/Civil Service	3,287,368.63

It was recommended that management must ensure that all long outstanding items are investigated and necessary adjustments effected.

Official's Response

The Managing Director stated that management had considered clearing some of the long outstanding balances but that was still pending confirmation with Reinsurers and client institutions. He noted that premium refunds for life were long term liabilities that were kept alive in their books until the closure of the policies.

Auditor's Comment

The clearing of long outstanding balances was still pending as management was awaiting confirmation with their reinsures and client's institutions.

6.12. NATIONAL COMMISSION FOR PRIVATISATION (2012)

6.12.1 Matters previously reported still outstanding

Remuneration and Expenses of Members of the Commission

Section 7 of National Commission for Privatisation Act, 2002 provides that “the Chairman and other members should be paid such remunerations and allowances as the President may determine and should be reimbursed by the Commission for expenses incurred in connection with the discharge of their function”.

It was noted that the Commission had contacted the Secretary to the President with regard to the above mentioned issue but the President was yet to determine and approve those remunerations and allowances. It was therefore recommended that remunerations and allowances paid to the Chairman and other members of the Commission should be ratified by the President or the act be amended to rectify this issue.

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 other members including a representation from the Sierra Leone Bar Association. However, it was observed that Sierra Leone Bar Association was yet to be represented. It was recommended that the Commission should pursue the representation of Sierra Leone bar association in order to comply with Section 5 of the National Commission for Privatisation Act, 2002. Alternatively the commission should consider amending the act in order to take care of this issue.

Physical Verification of Tangible Fixed Assets

Evidence were not made available to us to enable us substantiate that tangible fixed assets of the Commission are physically verified on a regular basis to enable the Commission determine the existence and condition of the Commission’s fixed assets. 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.

Refer to the Table of Common Issues (Page 257) for further observations.

6.13. NATIONAL TELECOMMUNICATIONS COMMISSION (2013)

6.13.1 No evidence of an updated procurement plan

Evidence of an updated procurement plan for 2013 was not presented for audit inspection. It was recommended that the Director of Administration should provide an approved procurement plan for audit inspection.

Official’s Response

The DG stated that updated procurement plan was available and ready for inspection.

Auditor’s Comment

An unapproved procurement plan was presented for audit verification. Therefore, the issue remained unresolved.

6.13.2 Recruitment procedures not followed

The Commission failed to comply with the provisions of the staff hand book in the recruitment of two managers as the vacancy was not advertised as stipulated in the same and there was no evidence of interview notes in the files of the staff recruited. It was recommended that the Director of Administration should explain why the commission’s approved recruitment procedures were not followed for the recruitment of those two managers. The Director of Administration should also ensure that in future the commission complied with all relevant laws and regulations.

Official's Response

The DG noted that evidence of job advert and interviews were ready and available for inspection.

Auditor's Comment

We evidenced application letters and interview notes. However, no evidence of the job adverts was submitted. Therefore the issue was still outstanding.

6.13.3 Lack of an approved business continuity and disaster recovery plan

There was no evidence of an approved business continuity plan and disaster recovery plan. It was recommended that the Head of Information Technology should develop and implement a business continuity plan and disaster recovery plan that will ensure its information technology infrastructure supports the recovery of its operational process after a disruption or disaster.

Official's Response

The DG stated that the documents were available and ready for inspection.

Auditor's Comment

Draft business continuity and disaster recovery plan were provided during the verification. The issue therefore remained unresolved.

6.13.4 Overview of issues from previous audit inspection

During the audit, we followed up recommendations made in previous years. A summary of the status of these recommendations is given below:

- There were no formal debtor policies governing the management of debtors;
- Two operators namely Africell and Comium did not pay their licence fees at the prevailing market rate which was Le4,400 to the US Dollar for the period under review rather they paid Le4,100;
- Only one Telecommunication Company was inspected in the year under review;
- The Commission did not have a policy for amounts disbursed as "Support to National Development"; and
- There was no evidence of approval from the Office of the President in relation to remuneration and allowances to commissioners.
- *Refer to the Table of Common Issues (Page 257) for further observations.*

6.14. NATIONAL ELECTORAL COMMISSION (2013)

6.14.1 Long outstanding unauthorised debits in account

There were debit balances in the commission's bank account at Sierra Leone Commercial Bank for amounts totalling Le384,055,917 dating as far back as 2012 and no reasonable explanation was provided by the commission for those unauthorised debits. It was recommended that the Director of Finance should provide a reasonable explanation regarding those debits in the bank statement and should take necessary steps to ensure that debits in the commission's account were identified and appropriately treated in the Financial Statement.

Official's Response

The Executive Secretary stated that the commission was fully aware of the findings and several letters and physical visits had been made to the bank. He added that modalities were now being put in place by the bank to have the issues resolved in a timely manner. He further said that some bank debits totalling Le49,185,462 had already been cleared by the bank to

date. The commission, he mentioned, will ensure that the bank provided the requisite clarifications for the remaining bank debits latest by June, 2015.

Auditor's Comment

Evidence was submitted and verified for long outstanding debit of Le22,417,362 which had been written off by management as per the commission's approval. However, the remaining long outstanding debit balance worth Le361,638,554 had not been cleared. Therefore, the issue was still outstanding.

6.14.2 Bank confirmation not received

Responses were not received for bank confirmation circularised amounting to Le534,413,000 which was 100% of the bank balance in the financial statement. It was recommended that the Director of Finance should ensure that the commission's bank responded to the bank confirmation request submitted to them by the ASSL as soon as possible.

Official's Response

The Executive Secretary stated that the bank continued to claim that the confirmation letters had been forwarded to ASSL, Tower Hill. He however mentioned that the commission had written letters instructing its banks to directly confirm their balances held with them as at 31st December 2013 directly to ASSL.

Auditor's Comment

The Commission's response was noted. However, bank confirmation received so far was from Rokel Commercial Bank relating to six different current accounts worth Le8,977,720. No bank confirmations were received for the remaining amounts totalling Le525,435,600. Therefore, the issue was still outstanding.

6.14.3 Unavailability of Disaster Recovery Plan

There was no evidence of an approved disaster recovery plan being operational in the commission. It was recommended that the Director of Information Technology should develop and implement a disaster recovery plan for the Commission.

Official's Response

The Executive Secretary stated that the commission had duly noted the findings and fully accepted the recommendation. He said that the commission had tasked management to spear-head the formulation of the NEC disaster recovery plan in consultation with the UNDP IT technical assistance. He mentioned that the timeline was set at August, 2015 for approval of the disaster recovery plan.

Auditor's Comment

The issue was still outstanding.

6.14.4 Lack of an approved Information Technology Policy

There was no existence of an approved Information Technology policy in operation at the Commission. It was recommended that the Director of Information Technology should develop and implement one that will guide the Commission in the use and management of its Information Technology Infrastructure.

Official's Response

The Executive Secretary said that the Commission had in progress a draft Information Technology Policy reviewed by the commission for approval with the timeline for approval and roll out of the policy in July, 2015.

Auditor's Comment

No evidence of an approved Information Technology Policy was submitted during the verification exercise. Therefore the issue was still outstanding.

6.14.5 Overview of issues from previous audit inspection

The Commission did not maintain a comprehensive fixed asset register and an asset policy for its vehicles, generators, computers and other assets.

6.15. SIERRA LEONE NATIONAL SHIPPING COMPANY (2011-2013)

6.15.1 Non-posting of customers debit notes and invoices into the financial system - 2011-2013

A good number of Company Income was omitted or not posted into the Sage Accounting System which was maintained by the company. From selected audit samples, the total amount of income omitted or not posted for three (3) financial years under review (2011, 2012 & 2013) was Le631,614,575 and USD 23,105. It was recommended that all financial records should be posted into the accounting system on a daily basis to avoid the issue of non- posting of income transactions.

6.15.2 Lack of audit trail

Financial records such as receipts and payment vouchers were not properly written out. It was difficult to trace transactions to their source documents for income and expenditures as items were not properly described. For example; for most cost incurred in respect of terminal charge, they were simply described as "Terminal Charge" with no other description like the Customer's Name, the Debit Note Number or the Date the transactions occurred. It was recommended that financial transactions were properly described before posting them to their various accounts head and codes according to the chart of accounts of Sierra Leone National Shipping Company.

6.15.3 Accumulation of posting transactions into the accounting system

Most of financial transactions had the same month-end date that signified that transactions were accumulated (batched) and posted to the company financial management system at the end of every month using journals, rather than on a daily basis, using the various purchase or sales ledger modules available within the Sage Accounting System. It was recommended that the matching concept should be applied and that transactions were posted on a daily basis for every financial year for auditing purposed and also to avoid the error of non-posting of financial records into the Sage Accounting System. Proper training in the use of the Sage Accounting Software should also be done.

6.15.4 Alteration and discrepancy in income figures

Alterations were made with ink to pre-printed documents and already authorized figures on debit notes. Also there were discrepancies between amounts posted into the ledgers and amounts on debit notes. This amounted to Le30,423,968 in 2011. It was recommended that supervision and review of junior staff should be increased and there should be an update/commissioning of an accounts procedure manual.

6.15.5 Missing supporting documentation

Some transactions were incomplete and in some cases no supporting document was made available for the years under review. From the audit sample, it was observed that the total amounts Le2,739,539,022 were without supporting documentation. It was recommended that adequate supporting documentation should be maintained for every financial transaction conducted by the SLNSC, and copies filed for easy retrieval.

6.15.6 Statutory deductions of NASSIT and PAYE

During the course of the audit the following observations were made in respect of NASSIT and PAYE for the three years under review:

- SLNSC did not have a P.A.Y.E ledger account for 2011-2013;
- Deductions were made in the payroll but not recorded in any ledger;
- No P.A.Y.E receipts or other supporting documents were seen to verify that payments were made for the years under review i.e. 2011, 2012 and 2013;
- Board Meetings minutes revealed that P.A.Y.E amounts were outstanding but no amounts were included as payables in the balance sheet and no schedules were made available to the auditors;
- Only the employer contributions of 10% NASSIT deductions were posted into the NASSIT ledger;
- No NASSIT receipts or other supporting documents were seen for the financial years under review; and
- 5% contribution made employees calculated in the payroll were not recorded in the NASSIT ledger.

It was recommended that immediate steps should be taken to settle the above payments with the relevant authorities and in future, payments should be made on time to avoid penalties. Provision should also be made in the accounts for the payables.

6.15.7 Staff salary and allowances

The SLNSC did not maintain a Salaries Control Ledger when preparing the staff salaries for the three year period under review and no journals regarding staff salaries were made available for our perusal. It was recommended that the SLNSC should maintain a staff salaries control ledger account along with other respective ledgers when processing monthly staff salaries. The Sage Accounting Software should also be properly customized.

6.15.8 Bank, cash and cash equivalent

Daily Cash Takings

The following observations were made regarding Bank, Cash and Cash Equivalent for the years ended 31st December 2011-2013:

- Controls over daily cash takings were inadequate;
- Cash was collected by staff and brought to the office; out of the collection, expenditure was made regularly;
- There was no imprest system in place;
- Exchange rates used to translate foreign accounts were not stated;
- The figures shown in the financial statements as prepared by the SLNSC for bank balances did not correspond with the figures shown in the Bank Statements; and
- Bank balances stated in the financial statement prepared by the SLNSC for 2011, 2012 and 2013 did not agree with the aggregate amount confirmed by their bankers as shown below:

Year	Financial Statements Balances (Prepared by SLNSC) (Le)	Banks Confirmed Balances (Le)	Difference (Le)
2011	483,600,000.00	470,179,542.94	13,420,457.06
2012	2,335,880,000.00	2,209,574,810.41	126,305,189.59
2013	38,122,000.00	129,981,479.68	91,859,479.68
TOTAL	2,857,602,000.00	2,809,735,833.03	231,585,126.33

Liquidity position:

Cash and bank balances of SLNSC from 2011-2012 increased significantly by 375% from Le491,196,000 to Le2,337,988,000. This was followed by a steep decline of 98% from Le2,337,988,000 to Le42,567,000 from 2012-2013. That suggested a weakness in the liquidity position of the company raising serious going concern problems for the SLNSC.

There was no working capital management system in place which led to the requirement for daily cash needed to facilitate the operations of the Company exceeding the amount of cash available. Hence the need for frequent overdraft facility to finance their operations and as at the end of 2013, the SLNSC had an overdraft of Le209,943,825 with the SLCB. It was recommended that the implementation of a good cash management system and the practice of “same or next day” banking intact for all cash was collected; a petty cash/imprest system set up; a standard practice for cash management and banking of all cash taking into the corporate bank account was maintained by the company and reconciliation of bank statements and the accounts as prepared by the SLSNC was done to correct the differences.

6.15.9 Payments in advance and other payable schedules

Payments in advance were noted in the financial statements, but the figures could not be traced to the Trial Balance. In addition, no ledger and schedules were seen for those amounts (2012 – Le8,484,913,000, 2013 – Le12,452,352,000). Other payable schedules were not provided for the three year period. It was recommended that steps should be taken to ensure that all figures stated in the financial statements were supported by appropriate ledgers and schedules and that the trial balance formed the basis for preparation of the financial statements in the future.

6.15.10 Debtors and prepayments -billing process /invoicing

The Clearing and Forwarding department prepared debit notes and invoices which were issued to SLNC’s customers and the Accounts Department received payments in respect of those invoices issued. It was however observed that copies of those debit notes and invoices were not filed by the accounts department. There was also no coordination between the Billing Department and the Accounts Department, in relation to managing client’s account. It was recommended that the entire business process flow of the company should be reviewed and overhauled and that copies of all debit notes and invoices issued to customers should be forwarded to the Accounts Department for posting to the customer’s ledger and for filing purposes. It was also recommended that on a weekly or monthly basis, reconciliation should be done between the Clearing and Forwarding Department and the Accounts Department in respect of customer invoices and payments. Income should also be posted into the Sage Accounting software.

6.15.11 Debtors and prepayment issues

Customer’s closing balances for the previous year were not brought forward as opening balances for the current year. The system generated balances that were not linked to the individual customer balances and only the current year’s transactions were captured into the SAGE accounting system. In addition, customer files were not been maintained by the Accounts Department of the SLNSC. It was recommended that proper reconciliation should be done on debtor balances and that the opening account balances should correspond with the previous year’s closing balances. Files should also be created and maintained for every customer of the SLNSC and should contain all necessary documentation and correspondence with each customer. A proper configuration of the Sage Accounting software should also be done.

6.15.12 Payment vouchers and fixed assets register

Fixed assets were purchased, construction work undertaken and the costs incurred were capitalized in the accounts of the SLNSC. It was however noted that only Payment Vouchers were available and no other supporting documents such as receipts, invoices, delivery note were made available to the auditors to substantiate the evidence of those transactions. It was also noted that a fixed assets register was not maintained nor made available to the auditors to physically verify the company's fixed assets in order to confirm their existence, ownership and condition. It was therefore recommended that there should be proper safe keeping of all accountable documents regarding fixed assets and that all assets owned by the company should be included in the Fixed Assets Register of the Company. All assets should also be properly identified with identification mark.

6.15.13 Matters previously reported

Tangible fixed assets were not physically verified in order to confirm their existence and condition.

Freehold Properties at Spur road, Wilberforce Freetown

The ownership of the above mentioned properties was being contested as a result of a court decision between the company and an ex-member of staff.

Payment of P. A. Y.E and NASSIT Deductions

P A Y E and NASSIT deductions were not paid on time to the appropriate authorities as required by Sierra Leone Income Tax Act, 2000 and National Social Security and Insurance Trust Act, 2001. Those acts required that deductions from employee emoluments should be paid over to the appropriate authority within fifteen days after the collection period”.

Computation of Depreciation Charges

Depreciation computations were not reviewed by senior and more experienced officers of the company to ensure that the computations are accurate and correct.

No Relevant Working Papers Relating To Corporation Tax

The auditors were unable to substantiate the corporation tax indicated in the financial statements of the company for years ended 31st December 2005 to 2009 in absence of the relevant working papers. In addition, no corporation tax totalling over Le31,000,000 had been outstanding for several years and as at 31st December 2010 the liability stood at Le27,765,317. Furthermore, no corporation tax computation was provided for year ended 31st December 2010.

Staff End of Service Benefits

Although a total of Le1,027,796 provisions had been made in respect of staff end of service benefits as at 31st December 2010, our concern was that that provision might be grossly understated.

Debit Notes Not Posted To Their Correct Revenue

Debit notes were not posted to their correct revenue accounts and in several cases three or four transactions were aggregated and posted to a particular revenue account instead of their correct revenue accounts.

Pre-numbered Payment Voucher

Payment vouchers were not pre-numbered and properly referenced. That rendered it time consuming to trace and match financial transactions with documentation supporting them.

Refer to the Table of Common Issues (Page 257) for further observations.

6.16. SIERRA LEONE STATE LOTTERY COMPANY Ltd (2014)

6.16.1 Issues arising from previous audits (2012-2013)

Cash Excluded From Cash And Bank Balances In The Financial Statements

Cash in hand as at the yearend reserved for payment of winnings were excluded from the cash and bank balances in the financial statements. Cash in hand for the payment of winnings must always be included as the company's liquid asset and provision for winnings set up as a liability.

Procurement Policies And Procedural Manual

The organisation had a procurement and procedural manual in operation. However, it was not always possible to comply with some of the procurement procedures for certain items of expenditure due to local prevailing conditions in the country. It was recommended that the relevant authority always make a note on the request form or voucher explaining the reason for such deviation from standard procedure.

No Corresponding Documents In Employee Personal Files

It was observed that employees had no corresponding documents in their personal file to confirm authorisation of increases in wages and salaries. It was recommended that the personnel files should be updated with all written communication from management.

Fixed Assets Written Off Not Removed From The Company's Inventory Records

Assets that had been disposed of or written off were not removed from the company's inventory records. It was also noted that the company's land and building were grossly undervalued. It was also recommended that management should carry out this exercise by the end of December, 2014 and to proceed with the valuation and have assets stated at their fair value.

No Insurance Policies In Place

There was no insurance policy in place for the amount of cash in hand held by the company to pay winnings. This amount was in excess of Le30,000,000 and was a material sum of money. In addition, past events in the country required the company's management to assess the risk and put a policy in place to transfer the risk of loss that may result in theft due to any unforeseen circumstances. Furthermore, it was observed that there was no insurance policy in place to indemnify management personnel against action that may arise in the conduct of their respective duties that may aggrieve third parties. It was recommended that consideration should be given for such insurance policy to be put in place.

Joint Venture Agreement with African Innovations Limited

Even though the contract was described as a joint venture, in substance, it was more of a joint arrangement with the profit split at 20% to African Innovations Limited and 80% to Sierra Leone State Lottery Company. It was recommended that a review of the classification of the agreement should be carried out as it did not meet the conditions of a joint venture.

Long Outstanding Debtors

The amount of debt owed to the company by various debtors as at 31st December, 2013 amounted to more than Le3 billion. From the review, there was much concern about the substantial sums owed by the National Commission for Privatisation (NCP) and the length of time that this debt had been outstanding and continue to accumulate as a result of NCP's failure to meet its rental obligations. It was recommended that management should take all necessary measures to recover the amount owed by NCP through a debt payment schedule as writing off such a debt will have significant negative effect on the company's financial position.

Regulatory body

It was noted with dismay that the gambling section within which the company operated had no regulatory body. It was the opinion of the auditors that there was a serious downside for Sierra Leone State Lottery Company's viability in the face of the rigid competition it faced with privately owned companies in an unregulated industry. It was recommended as a matter of urgency that the Board of Directors should approach the relevant government authorities with a view to make recommendations for the establishment of a regulatory body to set rules and regulations and monitor the activities of companies operating in the industry.

6.17. INDEPENDENT MEDIA COMMISSION (2012)

6.17.1 Long outstanding receivables

There was no evidence of reminders being sent by the Commission in respect of long outstanding receivables. It was recommended that the Chief Accountant developed and implemented a Receivable's Management Policy which should clearly state actions to be taken in cases of overdue debts.

Official's Response

The Chairman said that they noted the anomaly and would send out chasers through our legal retainer to facilitate repayment.

Auditor's Comment

No evidence of reminders being sent by the Commission was provided for audit inspection during the verification exercise. Therefore the issue was still outstanding.

6.17.2 Payments to staff without board approval

Payment of Le32,794,600 in respect of honoraria was made to staff in 2012 without the approval of the Board. It was recommended that the Chief Accountant should refund the monies into the Commission's account within 30 days upon receipt of the management letter.

Official's Response

The Chairman referred to the Board minutes dated 4th December, 2012.

Auditor's Comment

There were no documents of board minutes dated 4th December, 2012 provided as evidence that the said amount was approved by the board. Therefore, the issue was still outstanding.

6.17.3 Outstanding issues from previous audit inspection

The Commission did not have a receivable ageing listings and a Debtor Management Policy.

The Commission did not have a Fixed Asset Policy.

It was observed that the value placed on a motor vehicle donated by UNDP was an arbitrarily value.

Refer to the Table of Common Issues (Page 257) for further observations.

6.18. NATIONAL PUBLIC PROCUREMENT AUTHORITY (2014)

Refer to the Table of Common Issues (Page 257) for further observations.

6.19. SIERRA LEONE POSTAL SERVICES LIMITED (2009-2011)

6.19.1 Tangible Fixed Assets – Property, Plant and Equipment

Capitalisation Level and Memorandum Register

The company did not have a formal policy with regard to the capitalisation of its tangible fixed assets. Expenditure as low as Le110,000 was being capitalised. It was recommended that SALPOST should

introduce a capitalisation level as soon as possible. Very low amounts should be written off in the accounting period in which they were incurred and a memorandum register should also be maintained to monitor those assets.

Official's Response

The MD stated that management agreed with the observation and noted that measures were currently being put in place for asset capitalization.

Auditor's Comment

SALPOST was yet to hire a private firm to undertake this exercise due to lack of funds.

Conveyances and Other Documentations to Support Freehold and Leasehold Properties

SALPOST did not have possession of conveyances and other documentation to substantiate its title to freehold and leasehold properties indicated as part of the financial statements. It was recommended that conveyances and other documents supporting the company's title to leasehold and freehold properties indicated in the above mentioned financial statements should be made available for verification. Alternatively, the directors and management of the company should pursue this issue vigorously.

Official's Response

The MD stated that some of those documents were consumed by the fire incident in November 2013. He however noted that management had applied for a photo copy of this document from the Office of the Registrar General.

Auditor's Comment

SALPOST is still awaiting Registrar General's response. However, a copy of the request by the MD to the Registrar General's Office was not made available for our verification.

Revaluation of Tangible Fixed Assets

According to the company's draft financial statements the company's properties were independently valued by qualified surveyors in 1990 and the surpluses arising thereon were credited to a capital reserve account. The auditors' concerns were as follows:

- International Accounting Standard Number 16 - Property, Plant & Equipment, provides that "if an item of property & equipment is revalue, the entire class of property, plant and equipment to which those assets belong should also be revalue". The company had not adhered to the provision of this standard since 1990.
- In addition, the standard also encourages revaluation to be done every three (3) to five years (5) after the initial revaluation. This aspect of the standard had also not been complied with since 1990.

It was recommended that assets should be revalued by an independent professional value and the necessary adjustments should be made in the accounts of the company.

Official's Response

The MD said that measures were currently being put in place to hire the services of a private consultant to undertake the process.

Auditor's Comment

SALPOST is yet to recruit a consultant to undertake this exercise because of lack of funds.

Insurance Coverage

The company's tangible fixed assets (with the exception of its motor vehicles) were not covered by any insurance policy. It was recommended that immediate steps should be taken to insure assets with significant values if funds were available.

Official's Response

The MD noted that management will act accordingly.

Auditor's Comment

Funds were not available to insure the company's tangible fixed assets.

Lease of Former SALPOST Old Post Office Building

It was noted that the company leased its old post office building at Cline Town, Freetown to Access Bank (SL) Limited in 2008 for a period of ten years. The auditors' concerns were that although the lease arrangement had been completed, the agreement was yet to be signed and the financial statements for the years ended 31st December 2009, 2010 and 2011 did not reflect any rental income for this lease. It was recommended that the company should take immediate steps to sign and ratify those lease documents and the rental income for years 2009 to 2011 should be investigated.

Official's Response

The MD noted Parcel post was sold to NaSSIT in 2006 and the money was paid to SALPOST through the central government account which was only remitted to SALPOST after a long period of time and was given in halves. Up till now part of this money is yet to be paid to SALPOST. NASSIT also withheld part of this money to settle outstanding NASSIT obligations.

Auditor's Comment

Documentation to prove that those funds were paid to Government of Sierra Leone and NASSIT's withholding part of the fund were not made available for verification.

6.19.2 Stores issue vouchers not reviewed

Store Issue Vouchers (SIVs) were not reviewed by senior officers of the company before they were posted to the general ledgers. It was recommended that store issue vouchers should be reviewed by a senior officer of the company and evidence of such review should be indicated on the voucher.

Official's Response

The MD stated that all stocks issue vouchers were currently being reviewed verified and signed by the Internal Auditors, Post Master and the Vault Officer.

Auditor's Comment

Evidence to substantiate the truthfulness of the above mentioned response was not made available for our verification.

6.19.2 Obsolete Stock Items

There were no structural procedures in place to enable management of the company identify obsolete inventory items. In addition, stamps with face values ranging from Le1 to Le10 were still in the books of the company. It was recommended that full provision of stock obsolescence should be made in the books of the company. In addition, those items should be disposed of or put into alternative use. Furthermore proper structural financial procedures should be put in place to identify obsolete stock items.

Official's Response

The MD stated that management will ensure that the recommendations were implemented in due time.

Auditor's Comment

That was yet to be implemented by SALPOST.

6.19.3 Stock taking not carried out

Stock counts were not carried out in order to check the accuracy of stock balances indicated in the company's financial statements for years ended 31st December 2009, 2010 and 2011. It was recommended that stock counts should be carried out at the end of the company's financial year. This exercise should be witnessed by senior and independent officers of the company who should verify the accuracy of the figures as indicated in the stock count sheets.

Official's Response

The MD stated that stock taking is currently being done on a quarterly basis by the company's Internal Audit staff.

Auditor's Comment

Evidence to prove that the company's internal audit function was conducting quarterly stock takings was not made available for our verification.

6.19.4 Trade debtors and other receivables*Register of Staff Loans and Advances*

It was observed that the company was not maintaining a register of its staff loans and advances. It was recommended that a register of staff loans and advances (preferably with the use of Microsoft Excel Worksheets) showing the information (Name of staff, Loan/Advance, Deduction/Repayment and Outstanding Balance) was introduced. In addition, the staff loan and advances register should be reconciled on a monthly basis with the trial balance.

Official's Response

The MD stated that there had not been a specific register for staff salary advances. However, management had put mechanisms in place and for the past couple of years there have been no loan/advances to staff.

Auditor's Comment

The register of staff loans and advances was not made available by SALPOST for verification.

Information to Support Trade Debtors & Other Receivables

Documents to prove the existence and authenticity of trade debtors and other receivables were not available for verification. It was recommended that the above mentioned accounts should be investigated with a view of establishing their existence and authenticity.

Official's Response

The MD stated that most of the figures were brought forward from the previous accounts prepared by excel consultancy and no documentation of that nature was handed over at the time of assuming the office or rather when preparing the above statements.

Auditor's Comment

No action had been taken by SALPOST on this issue.

6.19.5 Controls over invoicing

There were no structural financial procedures in place to check the accuracy and completeness of credit transactions because the debtor's subsidiary ledgers were not reconciled to amounts indicated in the trial balance. It was recommended that the company should take immediate steps to formulate policies governing credit to customers. In addition, monthly reconciliation should be performed between the general ledger and the subsidiary ledger and reviewed by an independent officer of the company. Alternatively, management should consider the computerisation of activities relating to credit to customers. Monthly statements should also be sent to all debtors at the end of every month and queries from those customers should be managed by the responsible officers.

Official's Response

The MD said there had been no handing over of debtor ledger and invoices when we obtained appointment and as such, no structural procedure was available to check the accuracy and completeness of credit transactions. He added that even the Internal Audit Section did not supply such information. He however said that management would take care of that.

Auditor's Comment

No action had been taken by SALPOST on those issues.

6.19.6 Payment out of daily takings

Payments were made out of daily takings to meet business transactions even though a petty cash system was in operation. It was recommended that all daily takings should be deposited intact in the company's bank account after they had been properly checked. In addition, payments out of takings should be avoided as far as possible. Furthermore, floats should be maintained to meet business transactions and circumstance where significant amounts were needed to be withheld, an insurance policy should be considered in order to minimise financial exposure.

Official's Response

The MD stated that all daily takings were now being deposited in the company's operational account at Sierra Leone Commercial Bank and all deposit slips maintained at the company's account office. Expenses from Le49,000 and below were being treated under petty cash whilst expenses above Le49,000 were drawn directly from the bank.

Auditor's Comment

There was no evidence that daily takings were banked intact.

6.19.7 Cash counts not carried out

Cash counts were not carried out at the end of the financial periods under review. It was recommended that cash counts be carried out at every location at the end of the company's financial year. The exercise should be witnessed by senior and independent officers of the company who should verify the accuracy of the amounts indicated in the cash count sheets.

Official's Response

The MD stated that cash count was currently being done alongside stock taking on a quarterly basis.

Auditor's Comment

Evidence of quarterly cash counts was not made available for our verification.

6.19.8 Going concern of the company

The financial statements of the corporation for the years ended 31st December 2009 to 2011 were prepared on the basis that the company will continue its operation for the foreseeable future, the validity

of which depends upon the future funding being available to the company either from its shareholder or from its operating activities. It was observed that the net asset of the company as at 31st December 2011 was above four billion nine hundred million Leones (Le4.49) in the negative. It was advised that the company should be recapitalised or privatised.

Official's Response

The MD stated that the Government of Sierra Leone had intervened to help liquidate most of the company's liabilities.

Auditor's Comment

SALPOST was still waiting on Government of Sierra Leone in that regard.

6.19.9 Revaluation of foreign bank balances

Bank balances denominated in foreign currencies were not translated to Leones at the foreign exchange rates ruling at the end of every month in accordance with accepted accounting principles. It was recommended that bank balances denominated in foreign currencies should be translated to Leones at the rate of exchange at the end of every month in accordance with accepted accounting principles.

Official's Response

The MD noted that information relating to foreign debtors was not supplied by the international account personnel during the period of the transactions but during the time of preparing the Financial Statement.

Auditor's Comment

Foreign bank balances were still not revalued by SALPOST on a monthly basis.

6.19.10 Daily takings without insurance coverage to cover exposure

Daily takings were not deposited in the company's bank account on time and as a result significant funds were kept in the finance departments without any insurance coverage to cover this exposure. According to the draft financial statements the following balances were at hand at the end of each financial year under review.

	2009	2010	2011
	Le	Le	Le
Main Cash	1,230,264,517	2,602,336,103	2,601,545,603
Provincial Cash	5,256,013	58,983,113	58,983,113

It was therefore recommended that daily takings should be sent intact to the company's bank account the next working day after they had been properly checked.

Official's Response

The MD stated that daily taking were being deposited into the company's various accounts on a daily basis.

Auditor's Comment

Evidence was made available to prove that daily taking are banked. But documentation to prove that they were being banked intact was not made available for verification.

6.19.11 Existence of cash and bank balances

Documentation to prove the existence and authenticity of the bank and cash balances given below were not available for verification:

Bank Balances	2009 Le	2010 Le	2011 Le
SLCB Development Account	113,841	113,841	113,841
RCB Account Number: 1586358-01	157,221	157,221	157,221
SLCB Pounds Sterling Account	4,325,167	4,325,167	4,325,167
SALPOST Savings Bank	-907,099	-907,099	-907,099
Bank of Sierra Leone Savings Account	14,350,511	14,350,511	14,350,511
Barclays Bank Fixed Deposit	454,886	454,186	454,886
Savings Bank Investment at BoSL	56,000,000	56,000,000	56,000,000
Cash Balances			
Provincial Cash Account	5,256,013	3,176,063	-3,658,187
Petty Cash	8,798,750	8,798,750	8,798,750
Saving Bank Cash Account	-87,405,710	87,405,710	87,405,710

It was recommended that the above mentioned accounts should be investigated with a view of establishing their existence and authenticity.

Official's Response

The MD stated that those figures were brought forward from previous Financial Statement (2008 financial statement) which was prepared by Excel Consultancy who were no longer in existence.

Auditor's Comment

No action had been taken by SALPOST on that issue.

6.19.12 P.A.Y.E not deducted and computed wrongly

PAYE tax was not computed on salaries and fees paid to directors and staff of the company as required by Section 23 (1) (a) of Sierra Leone Income Tax Act, 2000 (as amended) which provides that "any salary, wages or other remuneration provided to employees and directors, including leave pay, overtime payments, commission and bonus should be regarded as assessable income of the tax payer. It was noted that PAYE was not deducted from fees paid to directors and some of the PAYE computations in respect of some staff were incorrectly done. It was recommended that P.A.Y.E tax should be calculated in accordance with Sierra Leone Income Tax Act, 2000 (as amended).

Official's Response

The MD stated that PAYE taxes were regularly computed and deducted from staff salaries before arriving at the net salaries for an onward payment to the Authority.

Auditor's Comment

Receipts indicating that PAYE deductions were being paid to NRA were made available for verification but evidence to show that they were being settled on a timely basis as required by law was not made available for our verification.

6.19.13 P.A.Y.E not paid over to the tax authorities

PAYE deductions were made from salaries of staff members of the company but such deductions were not paid over to the tax authorities within the specified time as required by Sierra Leone Income Tax Act, 2000 (as amended). It was therefore recommended that monthly payments should be made on the date specified in the act.

Official's Response

The MD stated that this was sometimes due to liquidity problems but had been taken care of and payment was being forwarded alongside the payment of monthly salaries.

Auditor's Comment

Receipts indicating that PAYE deductions were being paid to NRA were made available for verification, but evidence to show that they were being settled on time as required by law was not available for verification.

6.19.14 Payment of NASSIT contributions

National Social Security & Insurance Trust Act, 2001 provides that all NASSIT deductions should be paid over to the appropriate authorities of the Trust within 15 days after the period of the deduction. It was noted that the company was not meeting its NASSIT obligation within the time frame indicated in the above mentioned act. It was therefore recommended that NASSIT deductions should be paid over to the appropriate authorities of the Trust within the time frame indicated in the act.

Official's Response

The MD mentioned that all outstanding NASSIT deductions had been paid and current deductions were also being paid on a regular basis alongside the payment of monthly salaries.

Auditor's Comment

A receipt indicating that NASSIT deductions were being paid was made available for verification but evidence to show that they were being settled on time as required by law was not available for verification.

6.19.15 Corporation tax computation not made available for audit

Le96,931,300, Le36,382,521 and Le24,523,059 tax provisions were made in the financial statements for years ended 31st December 2009, 2010 and 2011 respectively but the computation showing how those amounts were arrived at was not made available for our verification. In addition, Corporation tax totalling Le246,363,082 had been outstanding for several years. It was therefore recommended that the company should make all necessary arrangements with authorities of NRA, with the view of settling the above mentioned issues.

Official's Response

The MD stated that corporation taxes were obtained at 30% of the profit arrived at before tax in those financial statements.

Auditor's Comment

The issue is that corporation tax computations were not made available for verification and the outstanding corporation tax liability was yet to be settled.

6.19.16 Procurement policy (accounting for liabilities) not put in place

There was no formal procurement policy and system in place to capture liabilities of the company as and when they were incurred. It was recommended that a formal procurement policy and accounting system be put in place. The accounting system should be capable of capturing liabilities of the company as and when they are incurred.

Official's Response

The MD stated that the recommendation was noted and that management would act accordingly.

Auditor's Comment

The required documents were not made available for our verification.

6.19.17 Creditors balances without documentation

Documentation to prove the existence and veracity of a huge number of the creditors' balances were not available for verification. It was recommended that those accounts should be investigated by management with the view of determining their existence and authenticity.

Official's Response

The MD stated that most of those were brought forward figures from the previous financial statements (2008).

Auditor's Comment

No action had been taken by SALPOST on this issue.

6.19.18 Budget performance not closely monitored

Budget performance reports were not closely monitored by management to ensure that expenditure was in line with approved budgets at all times. It was therefore recommended that budget performance report should be prepared for the attention of management and the board on a monthly basis.

Official's Response

The MD said that management had created a budget monitory vote book wherein all budgeted line items were monitored on a monthly basis.

Auditor's Comment

The budget monitory vote book was not made available for verification.

6.19.19 Financial Management System

SALPOST was maintaining its accounting records manually. Quite apart from the fact that such a system was old fashion and outdated, it was also unreliable and not tamper proof. It was also observed that staff in the finance department were not experienced enough to manage a complex accounting environment such as SALPOST accounting system. It was therefore recommended that the accounting system should be computerised or replaced with a system which is tamper proof and more reliable. In addition staff in the finance department should be trained.

Official's Response

The MD stated that management will act accordingly.

Auditor's Comment

Management of SALPOST was yet to act accordingly.

6.19.20 File Management and Storage System

File management and storage system of the finance department of the company were disorganised as accounting documents were not properly stored and filed. It was recommended that proper file management and storage system should be put in place to ensure that all accounting documents were accounted for and properly stored.

Official's Response

The MD stated that the issue had been noted and that management would act accordingly.

Auditor's Comment

Management of SALPOST was yet to act accordingly.

6.19.21 Issued Share Capital

The fully paid share capital of the company was ten million ordinary shares valued at ten million Leones. Considering the working capital requirement of the company, the managers were of the view that the company should consider increasing its share capital base. It was therefore recommended that that the company should be recapitalised or privatised.

Official's Response

The MD stated that SALPOST was 100% shareholding by the Government of Sierra Leone.

Auditor's Comment

No action had been taken by SALPOST on that issue.

6.19.22 Share Certificate and other registration documents not available for inspection

The Memorandum and Articles of Association of the company provide that every person whose name is entered as a member in the register of members should, without payment, be entitled to a share certificate under the seal of the company among other things. It was noted that the owner of the company was the Government of Sierra Leone and that ten million ordinary shares of the company had been issued and fully paid but our concern was that the share certificates and other registration documents were not available for verification. It was therefore recommended that the shares certificates and other relevant documentations should be made available for verification.

Official's Response

The MD stated that management had noted the issue and will act accordingly.

Auditor's Comment

No action had been taken by SALPOST on that issue.

6.19.23 No independent review on accounting computations

Some of the accounting computations done by the accounting officers were not reviewed by an independent and experienced officer of the company to ensure that they were true and correct at all times. Some of the computations that may require a second independent review were Prepayment computations; Depreciation computations; and PAYE and NASSIT computations. It was recommended that the end of year computations pertaining to the mentioned areas should be reviewed by independent officers with the required knowledge and experience to do so.

Official's Response

The MD stated that the Ministry of Finance and Economic Development had assigned Internal Auditors who assisted in reviewing and verifying the reliability of financial records.

Auditor's Comment

Documentation to substantiate the truthfulness of the above mentioned response was not made available for our verification.

6.19.24 Revenue from postal services

The evidence that was made available for verification as regards revenue from postal services was limited because there were inadequate systems of controls which the auditors could rely on in-order to confirm

the completeness and accuracy of those revenues. Postings were manually done and segregation of duties not apparent. There were also no structural financial policies and procedures to govern the administration and activities of those income streams. It was recommended that management control relating to postal services revenue should be reviewed and enhanced.

Official's Response

The MD stated that the issue had been noted and that management would act accordingly with the help of the Internal Audit staff.

Auditor's Comment

Management of SALPOST was yet to act accordingly.

6.19.25 Withholding tax not deducted and paid over to NRA

Withholding taxes were not deducted and paid over to NRA from payments made during the period under review. It was recommended that SALPOST should withhold tax on the gross amount of all payments to contractors above Le500,000 as required by Section 117 of Sierra Leone Income Tax Act, 2000.

Official's Response

The MD stated that the company's account departments had been deducting tax from payment of suppliers of goods and services above the stipulated threshold of the NRA Act.

Auditor's Comment

The issue was still outstanding.

6.19.26 Questionable Transactions

Payments to the tune of Le259, 531, 328 were made without supporting documents. It was recommended that supporting documents for those transactions should be made available for inspection.

Official's Response

No response was submitted for this matter.

Auditor's Comment

The issue was still outstanding.

6.19.27 No financial and administrative manual

The company was operating without a formal financial and administrative manual documenting and explaining processes to be followed in carrying out the company's business activities. It was recommended that the company should develop one explaining processes to be followed in carrying out the company's business activities.

Official's Response

No response was submitted for this matter.

Auditor's Comment

No action had been taken by SALPOST on this issue.

6.19.28 Documents and reports not submitted

Copies of board of director's appointment letters; Rental agreement for properties at Lungi; 2008 signed financial statements and management report; Copies of minutes of board of directors meetings for the period under review; and Documentation substantiating apportionment of balances between the postal department and the savings bank for the period under review were not submitted for inspection. It was recommended that the documents unsubmitted documents should be made available for verification.

Official's Response

The MD stated that they were sorry to inform that there had been poor filing of documents by staff that were responsible for filing financial source documents. He added that the filing system was disorderly and as a result some documents were not traced at the time of the audit exercise. He however noted that they had sorted the files and most of the listed reference documents had been retrieved.

Auditor's Comment

Those documents were not made available for verification as purported by SALPOST.
Refer to the Table of Common Issues (Page 257) for further observations.

6.20. NATIONAL COMMISSION FOR PERSONS WITH DISABILITY- (OCT 2012-DEC 2013)

6.20.1 Salaries paid to commissioners

Monthly salary grants which totalled Le104,000,000 were paid to Commissioners from other MDAs as if they were regular staff of the Commission at the same time receiving sitting fees. There were also no conditions of service for the Commissioners that could justify such payment as was claimed. It was recommended that the Executive Secretary and the Chairman of the Commission should produce documentary evidence to justify the payment of salary grant to Commissioners who were receiving salaries from other government institutions within 30 days of the receipt of the report; otherwise, the amount involved should be refunded to the CRF.

Official's Response

The Executive Secretary stated that the Commission had developed an operational/accounting manual which was now available for inspection.

Auditor's Comment

Documentary evidence was not produced for verification to justify the payment of salary grant to Commissioners who were receiving salaries from other government institutions. Therefore, the issue was unresolved.

6.20.2 Statutory deductions not paid to NRA

PAYE receipts for deductions made from personnel emolument totalled Le115,293,000 were not made available for audit inspection. It was recommended that the Executive Secretary should ensure that the amount involved was paid to the NRA within 30 days of the receipt of the report.

Official's Response

The Executive Secretary stated that the Commission reached a debt scheduled agreement with National Revenue Authority which was available for inspection.

Auditor's Comment

The debt scheduled agreement with the National Revenue Authority was not submitted for audit verification.

6.20.3 Loan to staff without policy and recovery plan

Huge amount of loans which totalled Le251,681,950 was given to personnel in the form of salary advance for which there was no policy and recovery plan. It was recommended that the Executive Secretary should ensure that loan policy was formulated and a detail recovery plan prepared for the amount involved. Furthermore, every staff loan given out should be supported by application from the staff and approved by the Executive Secretary before the amount is disbursed.

Official's Response

The Executive Secretary stated that a loan policy agreement was now formulated with a detailed recovery plan of how the monies were recovered.

Auditor's Comment

Loan Policy and Loan recovery plan were not presented to the audit team for verification. Therefore, the issue was unresolved.

Refer to the Table of Common Issues (Page 257) for further observations.

6.21. POLITICAL PARTIES REGISTRATION COMMISSION (2006-2014)

6.21.1 Source documents not submitted for period under review

Supporting documents were not submitted for the period 2006 to 2010 for the total amount of Le3,209,289,000. It was recommended that the Registrar should submit all relevant supporting documents to the auditors on receipt of the report.

Official's Response

The Registrar noted that the restructuring process of the PPRC by the GoSL and UNDP ended in May 2010. He said by June 2010 new staff recruited after the restructuring process commenced work and the new administration did not meet in place any financial system and traceable financial documents like vouchers, receipt books, cash book etc. He however mentioned that that concern was raised to the Public Accounts Committee in Parliament and the Commission by the erstwhile Registrar of the PPRC. He said that letters were sent to the then Registrar in relation to that issue in which ASSL was copied but he did not respond. Subsequently, when they received the draft audit report efforts were made to contact them for further clarification but they did not respond, he further stated adding that financial documentations relating to the period July – December 2010 were now available for audit verification.

Auditor's Comment

During the verification, documents for the period 2006 to 2010 were not submitted for review.

6.22. NATIONAL COMMISSION FOR DEMOCRACY (2012-2013)

6.22.1 Procurement procedures not followed for the purchase of four vehicles

There was no evidence that procurement procedures such as obtaining a bid evaluation report and a valid tax clearance certificate from the supplier were followed for the purchase of four vehicles at the total value of Le276,800,000. It was also observed that one of the motor vehicles supplied was faulty. It was therefore recommended that the Executive Secretary should submit the relevant procurement documents for audit purposes and also report on the actions that have been taken so far to recover costs on the faulty vehicles purchased.

Official's Response

The Executive Secretary stated that the Commission at all times do agree that procurement activities should be done within the frame work of the law and that all necessary supporting documents should be provided for which the purchase of vehicles were no exception. He however noted that in solving the above issue, management will in future abide by and follow all the necessary procurement procedures as well as making it possible for all relevant documents to be available for verification.

Auditor's Comment

No procurement documents were submitted and also no update was given on the status of faulty vehicles. Therefore, the issues remained outstanding.

6.22.2 Overview of issues from previous audit inspections

Supporting documents in respect of procurement undertaken for an amount of Le5,537,500 were not made available for audit inspection. Withholding taxes to the tune of Le3,349,225 were still not deducted from eligible supplies of goods and services procured.

Refer to the Table of Common Issues (Page 257) for further observations.

6.23. NATIONAL YOUTH COMMISSION (2013)

6.23.1 Sitting fees paid to absentee board members

Le2,400,000 was paid to two board members as sitting fees without any evidence that the concerned board members attended meetings for which they were paid. It was recommended that the Finance Manager should ensure that the amount involved was immediately recovered and paid back into the CRF and evidence of payment made available to the ASSL within 30 days of the receipt of the report.

Official's Response

The Finance Manager stated that the anomaly was now being corrected.

Auditor's Comment

The sitting fees paid to board members who were absent for meetings were not recovered. Therefore, the issue remained unresolved.

6.23.2 Market values of donated non-current assets not disclosed in the financial statements

The market value of the assets that were donated by the Ministry of Youth Affairs and youth agencies from the Diaspora were not disclosed in the financial statements. It was recommended that the Finance Manager should ensure that the market value of all non-current assets donated or inherited by the Commission should be obtained and disclosed in the financial statements within 30 days of the receipt of the report and evidence of value and disclosure forwarded to ASSL for verification.

Official's Response

The Finance Manager said that the observation was noted and action would be taken to correct it.

Auditor's Comment

The recommendation was not implemented. Therefore, the issue remained the same.

6.23.3 Lack of operational or accounting manual

There was no operational or accounting manual to guide staff members in the execution of their roles and responsibilities. It was recommended that the Commissioner should ensure that an operational or accounting manual that will guide staff members in the execution of their roles and responsibilities was designed and developed within the shortest possible time.

Official's Response

The Commissioner stated that the operational/accounting manual that will help document internal accounting procedures and ensure that financial statements are in conformity with general accepted accounting principles will soon be developed.

Auditor's Comment

The Commission was still without an operations and accounting manual to guide staff members in the execution of their roles and responsibilities. Therefore the issue remained the same.

6.23.4 Recruitment of procurement officer and internal auditor

The Commission had no personnel filling the positions of Procurement Officer and Internal Auditor. It was recommended that the Commissioner in collaboration with the Board of Directors should ensure that recruitments are done for the stated positions within the shortest possible time.

Official's Response

The Commissioner stated that the Commission had already advertised the two positions and that all other processes and procedures will be speedily but carefully expedited through the Board of Directors.

Auditor's Comment

Advertisements were made for the two positions on 20th February 2014. However, the recruitment process was not completed as the positions were still vacant. Therefore the issue was not resolved.

Refer to the Table of Common Issues (Page 257) for further observations.

6.24. CORPORATE AFFAIRS COMMISSION (2014)

6.24.1 Overview of issues from previous audit inspection

It was observed that there is no evidence that the Commission executed its duties as stated in the act. For instance, documents were not produced on the supervision, incorporation and annual report on the activities of the Commission, etc.

6.25. PUBLIC SERVICE COMMISSION (2014)

6.25.1 General Observations

The auditors observed inadequate internal control procedures in the policy on the maintenance of fixed assets, the policy on the provision for inventory obsolesces, the human resource policy manual and the policy for the use and distribution of ICT equipment and materials. The Commission was operating under a self-accounting system but financial statements were not produced for audit inspection. It was recommended that the vote controller ensured that policies were maintained at the Commission and produced for audit verification within 30 days of the receipt of the report; otherwise, the internal systems may be considered weak. In future audit exercises, it was recommended that the vote controller should provide a financial statement for audit inspection; otherwise, the appropriate authorities would be advised in respect of the risks associated.

Official's Response

The Chairman stated that an ICT policy had been developed by management to guide the Commission on the use of ICT equipment. He said at the moment, PSC application forms, and a Human Resource Management policy for to be adopted by the Commission after a nationwide consultative stakeholder validation were available for verification. He added that the Accounts Department had taken appropriate steps to prepare detailed financial statements to facilitate future audit of the Commission.

Auditor's Comment

During the verification exercise an IT policy was submitted and verified however the issue of PSC application forms and a Human Resource policy not yet adopted, were not presented. Therefore this issue will be kept in view for future audit.

6.26. GUMA VALLEY WATER COMPANY (2013)

6.26.1 Rent agreement for property rented not submitted for audit inspection

Rent agreement between the Company and the tenant of the Company's property at Hill Cot Road (Gate) was not submitted for audit review. No evidence was submitted indicating that rent had been paid or accrued by the Company for the year under review. It was recommended that the General Manager(GM)

should submit the rent agreement and all other necessary supporting documents regarding that property for audit verification. He should also ensure that in future, adequate supporting documents were maintained for all activities undertaken by the Company.

Official's Response

The GM stated that the rent agreement was available for verification.

Auditor's Comment

The audit team was provided with rental agreement between the Guma Valley Water Company and G. Gate. However, no evidence was submitted indicating that rent had been paid or accrued by the company. Therefore, the issue was still outstanding.

6.26.2 Procurement procedures not followed for procurement

Procurement procedures, such as obtaining competitive price quotations and using request for quotation rather than national competitive bidding for procurement of goods above Le60,000,000, were not followed for the procurement of various goods and services which cost Le454,700,000. It was recommended that the procurement officer should explain why procurement procedures were not conducted in accordance with the Public Procurement Act, 2004.

Official's Response

The GM stated that the documentations were available for your verification.

Auditor's Comment

The necessary supporting documents were submitted for an amount totalling Le342,720,000 as evidence that procurement processes were followed. However, no supporting evidence was submitted for the remaining procurement totalling Le111,980,000 as evidence that procurement procedures were followed. Therefore the issue still stands in respect of that amount.

6.26.3 Thirteen staff employed by the company had passed retirement age

Thirteen staff employed by the Company had passed their statutory retirement age and no explanation was provided for their continued employment. It was recommended that the GM should explain the reason why the Company did not comply with the relevant laws and regulations regarding staff in question.

Official's Response

The GM said that the company operated a system wherein the retirement age of all essential staff was 65 years. He said at age 60, management officially informed staff of their retirement and thus ceased payment of NASSIT contribution. He added that the company would try to regularize its standards in order to implement best practice.

Auditor's Comment

There was no evidence to support the implementation of best practice being followed by the Company. Therefore, the issue still stands.

6.26.4 Bank statements, bank reconciliation statements and cash book not submitted for audit inspection

Bank statements, bank reconciliation statements and cashbooks for bank accounts with the Standard Chartered Bank, Rokel Commercial Bank, Guaranty Trust Bank, Union Trust Bank, First International Bank and Sierra Leone Commercial Bank totalled Le7.9 billion were not submitted for audit inspection. It was recommended that the Finance Manager should submit all bank statements, bank reconciliation

statements and cashbooks for the period under review within 30 days of the receipt of the management letter.

Official's Response

The GM stated that bank statements in respect of all the bank accounts maintained by the company were available. He added that the company maintained a software generated cashbook and reconciliation statements which they were unable to provide at the time of the audit due to the fact that the system was not operational. He further said that the company did not have a foreign currency account with standard chartered bank. The aforementioned overdraft balance totalling Le 7.4bn was as a result of some software malfunction which was being investigated, he further added.

Auditor's Comment

During the verification, bank statements were provided, but no evidence of bank reconciliation and cash book were provided for our review. Therefore the issue was still outstanding.

6.26.5 Area office cashiers not accompanied to head office with revenues collected daily

The Company's area office cashiers on a daily basis transported revenue collected to the Company's head office. It was recommended that the General Manager should put modalities in place to ensure that area offices cashiers use official vehicles or less risky means of transporting cash.

Official's Response

The GM said that the company had noted the recommendation and a system wherein all cashiers in area offices would be transported by official Guma vehicles' to head office daily was now in place.

Auditor's Comment

Management's comments were noted and the responses will be followed up in subsequent audit. The issue was still outstanding.

6.26.6 Supporting documents for deferred tax account (asset) not submitted for audit inspection

Schedule and supporting documents for deferred tax account (asset) totalled Le7.4 billion were not submitted for audit inspection. It was recommended that the Finance Manager should submit schedules and necessary documents for audit verification.

Official's Response

The GM said that they did not receive any response from management in respect of the Le7.4 billion deferred tax liability.

Auditor's Comment

No schedules or supporting documents were provided to the audit team in relation to this deferred tax in the account. Therefore, the issue still stands.

6.26.7 Shares certificates not submitted and IAS 28 not complied with in accounting for holdings in Trelawney Site Limited

Shares certificate for 25% holding in Trelawney Site Limited were not submitted for audit inspection. Additionally, the company did not comply with International Accounting Standard 28 (Investments in Associates and Joint Ventures), which requires the use of the equity method of accounting for its 25% holdings in Trelawney Site Limited. The basic principle under the equity method is that, on initial recognition, the investment in an associate or a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. It was recommended that the shares certificate for the 25% holdings in Trelawney Site Limited should be provided for audit inspection within 30 days upon the receipt of the

management letter. The Financial Manager should also make adjustments to the financial statement in order to comply with IAS 28 investment in associates.

Official's Response

The GM noted that the share certificate in respect of Trelawney Sites had not been sighted. He added that the relationship between Guma and Trelawney went back as far as the 60's and that the certificate in question may have passed down from management to management and locating it now was a challenge.

Auditor's Comment

The Company did not submit evidence of share certificate in respect of Trelawney Sites for review during the verification exercise. The necessary adjustment and journal entries were not provided as evidence that the Company has complied with IAS 28, Investment in Associates. Therefore the issue still stands.

6.26.8 Insurance policies on dams, buildings and mains not renewed

The insurance policies on the dams, buildings and mains expired in 2011, but were not renewed. It was recommended that the General Manager should explain why those insurance policies were not renewed.

Official's Response

The GM stated that the NIC requested an updated valuation of the dam to determine its current premium. He added that that was highly technical and expertise was not locally available. He however mentioned that GVWC had contacted a British firm ATKINS and discussions were ongoing.

Auditor's Comment

The audit team was not provided with evidence of insurance renewal on these assets. Therefore, the issue was still outstanding.

6.26.9 Schedule and supporting documents not submitted for inventories

Schedule and supporting documents for inventories valued at Le610,800,000 recognised in the statement of financial position were not submitted for audit review. Additionally, there was a difference of Le2,400,000,000 between the year-end values of inventories in the stores bin card and the amount disclosed in the statement of financial position. It was recommended that the Finance Manager should submit schedules and supporting documents for audit review within 30 days of the receipt of the management letter. The Finance Manager should also provide relevant explanation for the difference between the year-end values of inventories valued in the stores bin card and the statement of financial position.

Official's Response

The GM stated that the differences between the bin cards and the accounts were as a result of the stores personnel not updating their Bin Cards as materials were issued from the stores. He however noted that management would henceforth ensure that those bin cards were updated as and when issues were made from the stores.

Auditor's Comment

The Company did not provide any evidence of reconciliation between the store records and the bin cards. In addition, there was no evidence of journal entry correcting the difference of Le2.4 billion between the amount showed in the financial statement and the store records. Therefore the issue stands.

6.26.10 Receivables' circularisation not received

Receivable circularisation sent to fifty customers amounted to Le8.8 billion but no responses had been received so far. It was recommended that the company should contact the respective customers and urge them to reply to the circularisation within 30 days of the receipt of the management letter.

Official's Response

The GM stated that management had contacted some of the customers and they hoped to hear from them.

Auditor's Comment

No evidence of receivables confirmation was provided for review during the audit verification exercise.

6.26.11 Schedule and supporting documents for receivables not submitted

Schedule and supporting documents for receivables totalled Le659,000,000 were not submitted for audit review. It was recommended that the Finance Manager should submit the schedule and supporting documents for audit review within 30 days of the receipt of the report.

Official's Response

The GM noted that management had instituted a team to investigate these balances (most of which have been non-moving balances) and to verify their validity. He added that a decision would be taken on their treatment as soon as the investigation was completed.

Auditor's Comment

Management response was noted. However, no schedule and supporting documents were provided for review during the audit verification exercise. Therefore, the issue still stands.

6.26.12 Schedules and supporting documents for long outstanding payables not submitted

Schedule and supporting documents for long outstanding payables of Le1.6 billion were not submitted for audit inspection. It was recommended that the Finance Manager should submit the schedules and supporting documents for audit inspection within 30 days of the receipt of the report.

Official's Response

The GM stated that management had instituted a team to investigate those balances (most of which have been non-moving balances) and to verify their validity. He added that a decision would be taken on their treatment as soon as the investigation was completed.

Auditor's Comment

The management's response was noted. However, for the long outstanding payables, schedules and supporting documents were not provided for review during the verification exercise. Therefore, the issue still stands.

6.26.13 Pay as you earn (PAYE) taxes not paid

PAYE taxes which amounted to Le3.6 billion for all staff were not paid for the year under review. It was recommended that the Finance Manager should provide explanation for PAYE not being promptly paid over to the N.R.A. He should also take necessary action to ensure that all outstanding tax obligations were settled with the N.R.A.

Official's Response

The GM stated that management had contracted the service of KPMG to determine the total tax amount due to NRA for them to do a cross debt settlement with the Ministry of Finance and Economic Development. The reports he added, had been

submitted and discussion held with the Director of Internal Audit in the Ministry of Finance Economic Development on its content. He further said that a copy of that report had been sent to NRA and management is awaiting their response. A meeting had been proposed for the four parties (see GUMA, NRA, MOFED and KPMG) so as to reach an amicable solution of the issue and a payment plan agreed, he noted. He however mentioned that management had from January 2014 paid all its PAYE and withholding tax obligations.

Auditor's Comment

Post year payments to NRA were evidenced during the verification exercise. However, the final resolution of the issue between the Guma, NRA and MOFED was not evidenced.

6.26.14 Schedule and supporting document for income tax payable not submitted

Schedule and supporting documents in respect of income tax payable of Le6.7 billion were not submitted for audit inspection. It was recommended that the Finance Manager should submit the schedule and supporting documents in respect of income tax payable within 30 days of the receipt of the report.

Official's Response

The GM noted that management contracted the service of KPMG to determine the total tax amount due to NRA for them to do a cross debt settlement with the Ministry of Finance and Economic Development. He added that the reports had been submitted and discussions held with the Director of Internal Audit in the Ministry of Finance Economic Development on its content. He said that a copy of that report had been sent to NRA and management was awaiting their response. He further mentioned that a meeting had been proposed for the four parties (see GUMA, NRA, MOFED and KPMG) so as to reach an amicable solution of the issue and a payment plan agreed.

Auditor's Comment

No schedule or supporting documents relating to that amount was provided during the audit verification. Therefore, the issue still stands.

6.26.15 Loan liabilities waived by the World Bank not written off

Loan liabilities of Le8.5 billion which were waived by the World Bank had not been written off in the Company's financial statements. Sierra Leone qualified in 2006 for HIPC and Multilateral Debt Relief Initiatives and qualifying loan balances prior to December 2004 were cancelled in December 2006. It was recommended that the Finance Manager should write off those loans from the Company's financial statements and evidence of such action submitted for audit verification.

Official's Response

The GM stated that the write off of loan waived by the World Bank was done during the 2012 financial period. He also mentioned that the total of loans written off during the period was Le256 billion.

Auditor's Comment

The necessary adjustment and journal entry were not provided as evidence that this loan has been written off in the financial statements. Therefore, the issue was still outstanding.

6.26.16. Overview of issues from previous audit inspection

The auditors were not provided with aged analysis for receivables and noted that the Company did not pay its NASSIT liabilities over to the appropriate authority.

Supporting documents relating to 'Insurance Payable – Dam' amounting to Le493,126,447 were not made available during the course of the audit.

Relevant documents in the form of bank statement, bank reconciliation, cash book and confirmation from the Bank were not provided to support a Standard Chartered bank USD overdraft account amounting to Le88,344,900,355.

General ledger breakdown and the relevant supporting documents relating to 'Cash Clearing' amounting to Le80,507,415,749 were not made available during the course of the audit.

Refer to the Table of Common Issues (Page 257) for further observations.

6.27. NUCLEAR SAFETY AND RADIATION PROTECTION AUTHORITY (2013)

6.27.1 Petty cash system not in operation

It was observed that regular or minor disbursements were made for various activities for the period under review. Procedurally, a petty cash system should have been used to cover these minor expenses. We however observed that no such system was used to process the various minor payments. It was recommended that the Executive Secretary be required to ensure that a petty cash system is introduced to support disbursement of minor expenses in the authority. Properly authorised petty cash vouchers should be introduced to control payments done out of petty cash.

Official's Response

The Executive Secretary said they had introduced a petty cash book system in the Authority.

Auditor's Comment

The issue was still outstanding.

6.27.2 Supporting documents for government allocations not submitted for inspection

Payment Vouchers and supporting documents such as invoices, receipts, delivery notes and claim sheets showing the signatures of recipients to justify how the sum of Le9.8 billion quarterly subventions was utilised for financial year 2012 were not submitted for inspection. It was recommended that the Executive Secretary should produce an analysis of how those amounts were used, and should be produced within 30 days of the receipt of the report.

Official's Response

The Executive Secretary said all required documents were available for audit verification.

Auditor's Comment

Supporting documents were submitted for payments totalling Le819,379,223 out of a total of Le9.8 billion quarterly subventions for the year 2012, therefore the issue was still outstanding.

Refer to the Table of Common Issues (Page 257) for further observations.

6.28. SIERRA LEONE MARITIME ADMINISTRATION (2011-2012)

6.28.1 Inadequate control mechanism over the assessment of freight levy income

The Administration used data (in tally slips, and /vessel / tonnage sheets) submitted by the shipping agents for the preparation of its invoices. However, there was no evidence of an independent verification carried out with regards to the data supplied by the shipping agents. It was recommended that the Executive Director should develop and implement control mechanisms whereby data submitted by shipping agents are independently verified.

Official's Response

The Executive Director stated that in 2014, the Administration created a Revenue Unit which now monitored and verified on a monthly basis, reported tonnages with that of data obtained from the Ports. He added that a staff from SLMA also regularly attended berthing meetings and reported to the office. He stressed that in the berthing meetings ETA of vessels was

announced and the expected tonnage to be discharged by the vessels and after the discharge, the tonnages were reconciled with that of the shipping agents.

Auditor's Comment

The issue was still outstanding.

6.28.2 Receipts not submitted for freight levy income

Receipts were not submitted for audit inspection to substantiate freight levy income received by the Administration for the amounts of Le8,182,382,584 and Le9,811,826,159 for 2011 and 2012 respectively. It was recommended that the Head of Accounts should ensure that receipts are provided for audit inspection and also ensure that in future, adequate supporting documents are maintained for all income received by the Administration.

Official's Response

The Executive Director said that for all cheques paid to the Administration, receipts were provided. He however noted that when direct payments were made into the banks, the Administration did not issue receipts as they were evidenced in the bank statements. He said that that had now been corrected as receipts were being issued for all payments done to the banks by the shipping agencies.

Auditor's Comment

The issue was still outstanding.

6.28.3 Unpaid levy by London Mining Limited and African Minerals Limited

London Mining Ltd. and African Minerals Ltd. had not been paying freight levy charges. No evidence was submitted by the Agency that exempts those companies from paying those charges. It was recommended that the Executive Director should provide explanation and supporting evidence for the exemption of those companies from paying freight levy charges.

Official's Response

The Executive Director responded saying "AML and London Mining have mining Lease agreements with the GoSL. There is problem with the legal interpretation of section 5.17 of the London Mining Agreement relating to Port, Harbor dues and Stevedoring Charges. The same applies for AML. The Companies are arguing under this provision, that they are exempted from freight levy. SLMA has made several representations in meetings to indicate to them that the said provision did not exclude them from the payment of freight levy. To this moment we have not reached at any conclusion. The matter is now with the office of the Attorney General and Minister of Justice."

Auditor's Comment

Evidence of representation from meetings discussing the issue of non-payments of freight levy was submitted during the verification. However, evidence was not submitted exempting those companies from paying freight levy income, therefore the issue was still outstanding.

6.28.4 Source documents for international ships registration not provided

Source documents (invoices, receipts and other supporting documents) were not provided for income disclosed in the Financial Statement from International Ships Registration which amounted to Le324,388,700 and Le461,064,468 for 2011 and 2012 respectively. It was recommended that the Executive Director should provide all such relevant supporting documents for audit inspection and ensure that in future, supporting documents were maintained in respect of all income disclosed in the financial statement.

Official's Response

The Executive Director in his response said "Government of Sierra Leone has an agreement with the International Shipping Bureau in New Orleans, USA for the registration of vessels trading in international waters. They register ships on behalf of Sierra Leone and report on a quarterly basis to the Administration. Reports being sent include soft copies of spreadsheets indicating the name of ship, particulars of the ship and payments made in respect of that ship. In addition SLMA requested that the monies be transferred to the GoSL foreign account and the SLMA Account according to the sharing formula. Advances for these payments are normally sent to SLMA. During the Audit, SLMA presented samples of these documents to the Auditors for their perusal. Following the advice of the SLMA, this contract will terminate in March and the GOSL is seeking to have a new contractor for the registration of vessels."

Auditor's Comment

The sample spreadsheets that were presented to the auditors were out of the audit scope. The documents presented to the auditors were not comprehensive to include the total 40% out of which the 15% was calculated for the Administration; also no source documents were submitted for audit verification. Therefore, the issue was outstanding.

6.28.5 Rental Agreements For WAICA And CUBE restaurant not made available for audit review

Rental agreements for West Africa Insurance Company Association Re-Insurance (WAICA) and CUBE restaurant were not made available for audit inspection. There was also no evidence in the Financial Statement that WAICA had paid their rent or how much had been accrued and no evidence of reconciliations to ascertain whether rental payments were made in full, partly or prepaid. It was recommended that the Executive Director should provide rental agreements for all of the Administration's properties for audit verification. It should also be explained why WAICA had not paid their rent and why that rent was not accounted for in the financial statement. The Executive Director should further ensure that periodic reconciliation was done for all rental agreements.

Official's Response

The Executive Director said that they had rental agreements for those companies. Regarding the WAICA agreement, he said that it was between SLMA and MFED on behalf of the Government of Sierra Leone. He added that MFED was to pay SLMA since 2011 and as he was writing, the document was at MFED for signature and SLMA had not received any payment. Regarding the CUBE restaurant (SALPROCO SL LTD), he said they had some considerations and had finally reached at a conclusion and therefore the contract was now ready.

Auditor's Comment

Rental agreement for CUBE restaurant (SALPROCO SL LTD) was submitted for verification. However, the WAICA agreement submitted was not signed by any party. Therefore, the issue with regards to WAICA was outstanding.

6.28.6 Procurement procedures not followed

Procurement procedures were not followed for the procurement of non-current assets which amounted to Le196,637,975 and Le382,226,850 for 2011 and 2012 respectively. It was recommended that the Executive Director should provide an explanation why procurement procedures were not being undertaken in accordance with the Public Procurement Act 2004 and he should ensure that in future, the Administration complied with all relevant procurement laws and regulations.

Official's Response

The Executive Director stated that for both activities mentioned, the full procurement processes were followed and procurement was tendered, bids submitted, opened and evaluated and the contracts were finally awarded. He said that evidences on the bid opening process and copies of the contracts were made available to the auditors.

Auditor's Comment

The necessary procurement documents were submitted as evidence that NCB was followed for an amount totalling Le382,226,850. However, evidence was submitted in respect of amount totalling Le36,840,000, with Le158,793,775 remaining outstanding.

6.28.7 Performance appraisal for staff not done

There was no evidence that staff appraisal had been done for the period under review. It was recommended that the Executive Director should develop and implement a performance appraisal system for staff.

Official's Response

Yearly Performance Appraisal for all staff was done for 2014 as a pilot case, and in 2015, half yearly appraisals would be done, the Executive Director stated, adding that the 2014 appraisal ended on the 9th January, 2015. He mentioned that SLMA was using the Balance Score Card method for appraising staff.

Auditor's Comment

The issue was still outstanding.

6.28.8 No documentary evidence for the management and movement of inventory

Supporting documents such as bin cards, goods received notes and dispatch notes in respect of life jackets and seamen diaries were not submitted for audit inspection for the years 2011 and 2012. It was recommended that the Head of Accounts should ensure that all the necessary documents were provided to the audit team for review and he should further develop and implement strong internal control policies and procedures for the management of inventories.

Official's Response

The Executive Director in his response said "Seamen Diaries were procured as far back as 2007 after which no new procurement was made. Good Received Notes relating to that purchase could no longer be traced. For life jackets procured in 2010, Goods received notes were provided for audit purposes. The Administration did not have a dedicated Storekeeper until 2013. This role was being performed by the then Accounts Officer I and afterwards the Admin Officer who were not professionals in that area. The Bin Cards being used by these Officers could no longer be traced despite frantic efforts to do so. This ad-hoc arrangement is no longer in existence as we now have a dedicated store keeper who has been trained to handle the affairs of the store and according to best practice."

Auditor's Comment

Invoices and goods received notes for life jacket were submitted for audit verification. However, bin cards and dispatch notes were not submitted during the verification, therefore the issue was outstanding.

6.28.9 Board's authorisation for writing off le2.4 billion worth of fixed assets not provided

Evidence of prior approval from the administration's board for the write off of Le2,437,942,000 in 2011 was not provided to the audit team for review. Although unbudgeted capital expenditure should be approved by the board, we noted that a total of Le126,420,375 was spent on non-current assets which were not budgeted for and prior approval from the board not evidenced during 2012. It was recommended that the Executive Director should provide evidence of the board's approval for the write

off of fixed assets in FY2011 for audit verification. He should also provide evidence of board approval for the purchase of fixed assets in FY2012 for audit verification and ensure that in future, they comply with all relevant provisions and policies of administration.

Official's Response

The Executive Director said that the Board in its 93rd meeting held on the 29th October 2014, gave approval for the write off of those assets and noted that that was an outstanding issue that the Board of Directors finally gave approval to in 2014.

Auditor's Comment

Board approval for Le2,437,942,000 was evidenced during the verification exercise. However, Board's approval for the Le126,420,375 (unbudgeted capital expenditure) was not submitted for verification. Therefore the issue was outstanding.

6.28.10 Control failure over collection and banking of receipts

Totals of Le387,980,000 and Le346,840,000 for 2011 and 2012 respectively were recorded as revenues collected in respect of sales of life jackets, seamen diaries and local registrations. However, banking details were not submitted for audit inspection as a result, the audit team could not trace or verify these monies in the bank statement. It was recommended that the Head of Accounts should explain why banking details from sales proceeds were not provided for audit inspection and ensure that banking details were provided for all proceeds generated and submit those details to the audit team for verification.

Official's Response

The Executive Director stated that in 2010, the Administration commenced collection of revenue from all over the country by its Maritime Traffic Regulators (MTR) as it was extremely difficult for them to be coming to make payments in the Head Office. He added that as that was a new measure, hiccups were encountered, one of which was the returning of paying in slips for payments made into the Administration's accounts by those MTRs. He mentioned that as a result, many payments made into the banks and reflected in the bank statements did not have paying in slips to back them up even though evidence of such payments were found in the bank statements. He however stated that measures had now been instituted to correct this.

Auditor's Comment

The issue was still outstanding.

6.28.11 Bank confirmation for le809m and le 107m not received

The auditors had not received 43% responses for bank confirmation circulated which amounted to Le809 million for the year 2011. It was recommended that the Head of Accounts should ensure that the Administration's bank responded to the bank confirmation request submitted to them by the ASSL as soon as possible.

Official's Response

The Executive Director noted that the non-respondent banks, when contacted by the Administration as to their non-reply to the Auditors indicated that they did not receive the confirmation requests and the Administration was trying to resolve the issue at current.

Auditor's Comment

Confirmations were received for almost 100% of the circularization sent. However, the confirmation with respect to Union Trust bank showed a nil balance whilst the Bank balance in the Financial Statement was stated as Le427,221,640.

6.28.12 One hundred (100%) percent of debtors' circularisation not received

Debtors' circularisation was sent to clients which amounted to Le7,671,909,487 and Le8,769,342,246 for 2011 and 2012 respectively. However, no responses had been received from the debtors. It was recommended that Head of Accounts should initiate action to get clients to respond to the circularisation and inform such actions to the auditors accordingly.

Official's Response

The Executive Director stated that management had contacted the customers for a speedy response to the Debtors circularization letter. He added that there was some information ranging from non-receipt of letters by customers, wrong addresses and a delay from customers who had already received the circularization letters to send in their confirmations. He said they had reached them and they were extending the letters to ASSL.

Auditor's Comment

Confirmations were not received for a total of Le1,390,000,942 and Le1,968,848,611 for 2011 and 2012 respectively.

6.28.12 Long outstanding payments due NRA and NASSIT still unpaid

Long outstanding payments due to NRA and NASSIT in respect of employees PAYE and NASSIT contributions which amounted to Le387,981,86 were still unpaid as at 31st December 2012. It was recommended that the Executive Director should ensure that those payments were made and evidence in the form of receipts provided for audit inspection.

Official's Response

The Executive Director said as at date, the Administration was up to date with payments to NASSIT. Regarding NRA, he said that Administration now had a payment plan with NRA for outstanding PAYE payments. The issue relating to deductions of withholding taxes on freight levy which had been resolved caused some delays in payments of SLMA tax liabilities, he mentioned.

Auditor's Comment

Supporting document was provided for NASSIT payments. However, PAYE amounting to Le57,607,634 was still outstanding.

6.28.13 Overview of issues from previous audit

SLMA management did not pay PAYE for the months of April, May and June to NRA.

Payment Vouchers (PV) raised for payments to the tune of Le92,276,565 were without adequate supporting documents.

Payment vouchers to the tune of Le1,403,555,272 could not be found, out of a random sample the auditors tested. Upon enquiry, it was discovered that those payments vouchers were submitted to the Anti-Corruption Commission for investigations.

Refer to the Table of Common Issues (Page 257) for further observations.

6.29. ENVIRONMENTAL PROTECTION AGENCY (2013)

6.29.1 Remuneration of members of the board

Terminal benefits were paid to three individuals at a rate of 30% per annum multiplied by the years of service. It was not a normal practice to pay terminal benefits to board members; and there was clear implication of the issue of empowering the board to determine their own remuneration especially when the chairperson of the board was an executive one. It was therefore recommended that the board should

seek ratification from the Office of the President with regard to the resolution on remuneration; and the policies and issues pertaining to the board especially those relating to remuneration should be ratified by the Office of the President.

Official's Response

The Executive Chairperson stated that the auditors did not advance reasons for their conclusion that the positions of Executive Chair and Chief Executive Officer should not be fused. She added that in most institutions in advanced economies like the US, those two positions were fused. She further said that he was baffled by the auditors' conclusion, that section 6 of the Act was a 'clear' implication of empowering the Board to determine their own remuneration because it was a Board with an Executive Chairperson. He mentioned that had the auditors read the EPA Act 2008, they would have discovered that the provision; (section 6) empowering the Board to determine their remuneration and entitlements was in existence before the Act was amended to provide for an Executive Chairperson. The amendment of the 2010 Act, she said, did not empower the Board to vest themselves with powers to determine their remuneration and therefore the auditors' conclusion had no merit. She respectfully submitted that the auditors' statement that there were no supervisory checks and balances in the EPA was incorrect and misleading to say the least as they failed to recognise the preeminent supervisory role of the Parliamentary Committee on Lands and the Environment which had wide and sweeping powers under the constitution. She further mentioned that the auditor's advice that the Board should consult a body that the act does not make provision for would in his respectful submission be a violation of the law and that management however was open to the review of the act to ensure greater transparency and oversight.

Auditor's Comment

It was still advised that those remunerations must be ratified by the Office of the President because the agency is supervised by that office.

6.29.2 Members of the board co-opted members

Some individuals were co-opted into the board in 2013 and 2014. However, their membership had not been reviewed since then. It was recommended that the board clarified the status of those individuals.

Official's Response

The Executive Chairperson stated that Board minutes indicating proof of the extension of board members in respect of the issue raised has been submitted for review.

Auditor's Comment

Minutes as proof of the extension of the term of office of the co-opted members were not made available for review.

6.29.3 Questionable payments

NASSIT contributions for November and December 2012 were paid twice in January 2013. In addition, it was noted that payments made in March to June 2013 were paid twice for Ozone Project staff. It was recommended that the agency should notify NASSIT of the over payments and future payments to NASSIT should take cognisance of those over payments. Management controls regarding NASSIT payments should be improved upon.

Official's Response

The Executive Chairperson stated that an agreement had been reached with NASSIT to deduct the said amount from the agency's December 2014 bill.

6.29.4 Matters previously reported

Capitalisation Level and Memorandum Register

The agency did not have a formal policy with regards the capitalisation of its tangible fixed assets. It was also noted that the agency did not maintain a memorandum register to monitor that category of assets.

No Systems In Place For Invoicing

The agency did not use the Quick Books Financial Management System for the invoicing of licensing, monitoring, screening and application fees.

Issues Around Internally Generated Income

Receipt numbers were not posted to the Quick Books Financial Management System which rendered it difficult and time consuming to trace those incomes to their supporting documentation.

Environment Impact Assessment (EIA) was not provided for Transcend International Resource.

Bank Reconciliation Not Done Rokek Commercial Bank – Aberdeen Creek US Dollar Account Number: 17-011746211-01

The above mentioned bank account was not reconciled for the entire period under review.

Refer to the Table of Common Issues (Page 257) for further observations.

6.30. ENVIRONMENTAL PROTECTION AGENCY (2014)

6.30.1 Staff basic salary and allowance

The amount stated in the payroll schedule as basic salary was the same amount stated for allowances. It was recommended that the total salary should be structured between the Basic Salary and Allowance as 60%and40%respectively.

6.30.2 Staff appointment letters

Allowances of the employees were not indicated on the appointment letters given to staff. The staff appointment letters did not include all necessary details in relation to allowances. It was recommended that all required information relating to staff employment be stated clearly in the employed staff letter of appointment; relevant information in respect to salaries, allowances and other incentives be stated in the staff appointment letters.

6.30.3 Duplicate staff salary pay slips

Members of staff were given pay slips but there was no duplicate of such retained and maintained as reference in the files. The auditors were unable to verify the amounts stated in the payroll as being paid to the staff at month end. It was recommended that the agency should retain and maintain the duplicate signed copies of all staff members' salary pay slips made out in every month for third party certification and authentication; that should be maintained for a period of six years.

6.30.4 Bo Regional Office – lack of adequate supporting documentations

Some financial transactions were found with inadequate supporting documentations. In addition, supporting documentation in respect of payments made was not made available for audit perusal due to non-availability in the file maintained at the Bo Regional Office. Some payment vouchers were also not found in the files provided by the regional Office. It was recommended that the adequate documentations should be made available for every financial transactions conducted by the Agency. The adequate supporting documentations should be maintained and copies filed at the regional offices for easy retrieval; including copies of the approved payment vouchers.

6.30.5 Bo Regional Office - financial report/cashbook

It was observed that cashbooks were not maintained for both operations and admin budgets. That made it difficult to produce financial reports which detailed the financial performance of the Bo Regional

Office. It was recommended that a cash book (Current Account) system should be installed in the agency financial management systems. This system records all receipts and payments for the Bo Regional Office which forms the basis of the monthly financial reports been prepared and submitted to the head office by the responsible finance officer.

6.30.6 Operational Program Estimate 2

The agency received a grant from the European Union in respect of the Operational Program Estimate 2 Project. The grant received was shown separately under the heading Grants and Subventions, but the project expenses were not shown separately but some were included in the administrative expenses. It was recommended that the agency should present the project income and expenditures separately in the financial statements.

6.30.7 Staff Loans and Advances

An audit adjustment relating to miscellaneous expenses was made for the sum of Le4,090,213 on the staff loans and advances account. There were no supporting documents made available for our perusal and verification, to certify the authenticity of the adjustment. It was recommended that adequate documentations should be maintained and made available in respect of any adjustment (Journal) made in the financial activities records of the agency. The documentation must be sighted and confirmed correct by the incoming auditor, in compliance with the accounting practice worldwide.

6.30.8 Other Receivables

The closing balances from last year financial statements for other receivables account could not be traced to the ledger for the current year (Le22,830,00). The ledger provided did not have any opening balance or brought forward figure. It was recommended that steps should be taken to correct this abnormality in the financial records, so as to show the true state of the agency financial affairs for the year ended 31st December 2014.

6.30.9 Payables and Accruals – late payments

The following accounts had large unpaid balances at the year end. The respective accounts were in violation of the various tax laws of Sierra Leone.

- Accrued PAYE - Le349,248,763
- Accrued NASSIT - Le17,979,402
- Withholding Tax - Le665,064,619

It was recommended that immediate steps should be taken to settle the above payments with the relevant authorities and to be making payments on time in the future to avoid penalties. Those issues must be taking up with the relevant authorities with immediate effect.

6.30.10 Payables and Accruals – audit adjustment journals were not presented for inspection

During the course of the audit carried out with respect to Creditors and Liabilities, three audit journals seen on the withholding tax ledger with the total amount of (Le100,577,332) were without documentations provided as evidences. It was recommended that the issue of opening balances should be given serious consideration as it had negative implications on the financial statements status. All documentations in respect of the audit adjustments should be provided for audit perusal and verification and management should ensure that the financial management was reviewed and all anomalies corrected to ensure smoothness.

6.30.11 Differences in petty cash float

There was inconsistency in the replenishment of petty cash float for the following months in respect of Makeni Regional Office. See details

Month	Balance B/F (le)	Float (le)	Amount(le)
February	130,000	2,000,000	2,130,000
June	200,000	1,000,000	1,200,000
August	10,000	1,910,000	1,920,000
November		1,500,000	1,500,000
December		1,500,000	1,500,000
Total	340,000	7,910,000	8,250,000

The same inconsistency was observed with the Head Office and Bo Regional Office in relation to Petty cash Float. It was recommended that the agency should put to practice what was stated in their Accounting and Procedural Manual.

6.31. SIERRA LEONE AGRICULTURAL RESEARCH INSTITUTE (2011-2012)

6.31.1 Evidence of banking of sales proceeds not submitted

Evidence of banking the income from guest houses and canteen operations, consultancies and sales of seedlings which amounted to Le29,136,000 and Le42,307,750 in 2011 and 2012 respectively were not submitted for audit inspection. In addition, a breakdown of revenues accumulated and banked was not submitted for audit inspection. It was recommended that the Finance Officer should provide documentary evidence regarding the banking of that income for audit inspection within 30 days of the receipt of the report. The Finance Officer should also produce the evidence of those stale cheques within 30 days of the receipt of the management letter for audit inspection; otherwise, the amount should be refunded.

Official's Response

The DG stated that management noted the observations and recommendations and said that steps had been taken to implement those recommendations at the guest houses. He said similarly proceeds from the sales of seedlings and consultancies would be banked as recommended. He however mentioned that it would be impossible to bank canteen receipts on a daily basis as those funds were used to replenish items used to prepare food for the next day. Supporting documents showing the usage of those funds will be available for audit inspection and they would also endeavour to keep records of all sales accumulated and keep the necessary details for reference and audit purpose, he concluded.

Auditor's Comment

Evidence of banking was submitted for some of the sales proceeds. However no evidence of banking and usage of those funds were submitted for amount totalled Le3,940,000 and Le13,985,000 for 2011 and 2012 respectively. Therefore the issue still stands.

Refer to the Table of Common Issues (Page 257) for further observations.

6.32. SIERRA LEONE BROADCASTING CORPORATION (2013)

6.32.1 Lack of proper supervision on revenue collection

Review of the revenue files revealed that the daily revenue summary compiled by the revenue department had a section on the form indicating the personnel responsible for preparing the reports. However it was not approved by a supervisor or the Director of Finance yet those data were used to produce the monthly revenue report. There was also lack of coordination between the commercial department and the revenue department. In addition, the list of revenue generated for the month from the two departments was in variance by Le197,582,863.

Official's Response

The Director General stated that the observation regarding the non-filing of sections of those documents by the relevant staff was noted and that steps were now being taken to ensure that future documents were duly signed and checked by officials concerned. Regarding coordination between commercial and finance (revenue) departments, The Director General mentioned that the lack of coordination between those two departments was a thing of the past and that plans were now underway for constructive regular meetings involving the two departments with respect to revenue generation and the reconciliation of their respective figures.

Auditor's Comment

Although the issue was outstanding, the matter will be revisited in subsequent audit.

6.32.2 Huge debts owed to the Corporation

Invoices and receipt books revealed that debtors owed the corporation the sum of Le1,291,489,612 as at 31st December, 2013. Staff loans and advances for the period under review were not provided and officials who had advances and loans but those loans/advances were not reflected on the December payroll. It was also noted that officials had outstanding balances of repayments to the tune of Le1,393,940 as at 30th November, 2013 but those were not carried forward to December, 2013 for the necessary deductions.

Official's Response

The Director General stated that they had compared the figures as per list against the list compiled by the commercial department and there was a fair agreement except for the following:

		AUDIT LIST	SLBC LIST
		LE	LE
1.	Bank of Sierra Leone	540,000	7,200,000
2.	Min of Social Welfare	2,600,000	3,020,000
3.	Parliamentary Committee	199,500,000	349,500,000

The variance of Le420,000 and Le150,000,000(ii) and (iii) above, were due to omissions of invoice numbers 000410(Le420,000) and 14732 (Le150,000,000) respectively on the part of Audit. With regard to Staff Debtors/Receivables, the Director General noted the audit observation that some staff loans and advances were not reflected in December, 2013. He agreed with the position and stated that management will, in due course, consider the appropriate line of action to take to remedy the situation.

Auditor's Comment

The issue was still outstanding.

6.32.3 No documentation for claimed fixed assets

Physical verifications of the assets of the corporation revealed that the following land and building which the corporation claimed they owned did not have any form of documentation to prove their ownership.

No.	Asset	Location	Comments
1.	Parcel of land	Leicester Peak	No title deeds
2.	Parcel of land	Goderich	No title deeds
3.	Parcel of land	Pademba Rd/Dwarzark Junction	No title deeds
4.	Parcel of land	New England	No title deeds
5.	One building	Leicester Peak	No title deeds
6.	Two buildings	Goderich	No title deeds
7.	Five buildings	New England	No title deeds

Official's Response

The Director General stated that the question of lack of title deeds for their lands and buildings had been the subject of much debate at their management meetings. He however said that there were plans for management to forward a paper on the issue to the Board with a view to closing this chapter for good.

Auditor's Comment

The issue was still uncleared.

6.33. PHARMACY BOARD OF SIERRA LEONE (2014)

6.33.1 Rent Prepayment

The auditors were unable to verify the amount representing rent prepayment of Le8,308,000 to Sierra Leone Port Authority, as the rental agreement was not available for review. It was recommended that action needed to be taken to have those transaction contract documents as it exposed the organisation to difficulties in conflict resolution between Management and landlord.

Official's Response

The Registrar stated that land space being used by the Board at Water Quay was initially rented from Sierra Leone Ports Authority by a donor agency that had ceased operations. He added that the Board took over the payment of rent and had been negotiating with the landlord for decrease in rent from \$4,000 to the current rent of \$2,000. The rental agreement was in process and the Board was awaiting the final agreement from the lawyers of Sierra Leone Ports Authority.

Auditor's Comment

Although the issue was outstanding, the matter will be revisited in subsequent audit.

6.33.2 Monitoring of Pharmacies

Selected pharmacies in Bo and Kenema provincial cities were visited and it was observed that in the Southern Pharmacy-Bo, there was no license for 2014 yet the pharmacy was opened for business on the day of the visit. There was also no monitoring done in Bo and Kenema in 2014, consequently, there were expired drugs located at some premises and more importantly, the lack of monitoring during the period might have encouraged some pharmacies to sell class "A" drugs which they had been penalised for selling in the past. It was recommended that action should be taken to resume monitoring as soon as practicable.

Official's Response

The Registrar stated that monitoring activities were carried out throughout the year. He however said that with the Ebola outbreak it was difficult to carry out certain monitoring activities due to restrictions levied under the State of Emergency. He added that the Board had already taken action to increase the effectiveness of operation in the regional offices by not only deploying additional staff in the regions but also ensuring that each region had at least two senior officers and a functioning vehicle.

Auditor's Comment

The issue was still outstanding.

6.34. MEDICAL AND DENTAL COUNCIL OF SIERRA LEONE (2011-2013)

6.34.1 Poor Filing System

The filing system of the accounting records of the Medical and Dental Council of Sierra Leone was unsatisfactory. The vouchers were not filed in their date order; the payment vouchers could therefore not be accessed either sequentially or chronologically. It was recommended that all financial information data including correspondence should be properly filed with all relevant supporting documents attached to their respective payment vouchers and filed sequentially.

6.34.2 No regular meeting of council members

It was noted during the year that the council membership met only three times to deliberate on strategic issues. It was recommended that the council members met regularly, possibly quarterly to deliberate on strategic issues affecting the council.

6.34.3 Unidentified Debit

The auditors were not provided with details of the amount recorded as unidentified debit. The amount was recorded in the prior year and also in the current year. It was recommended that the amount should be clearly explained so that it would be properly treated and accounted for.

Refer to the Table of Common Issues (Page 257) for further observations.

6.35. STATISTICS SIERRA LEONE (2013)

6.35.1 Breach of Statistics Sierra Leone (SSL) Act 2002

Members of the Council were paid the sum of Le74,116,000 in 2011 in respect of honoraria and other costs. However, there was no evidence such as attendance register or minutes to prove that meetings were held during the period. It was recommended that the Council should provide an explanation for its failure to convene Council meetings during the period under review.

Official's Response

The Statistician General stated that during the period 2011, council regular meetings were put on hold but the Chairman and other members were required to continue providing oversight until such a time when the Ministry took over the oversight functions of the institutions.

Auditor's Comment

No evidence was submitted for council meeting; therefore the issue was still outstanding.

6.35.2 No approved information technology document

There was no evidence of an approved information technology policy being operational in the organisation. It was recommended that the IT Manager should develop and implement an information technology policy that will guide the organisation's information technology system.

Official's Response

The Statistician General noted that a comprehensive IT Policy would be developed and submitted to Council for approval.

Auditor's Comment

The issue was still outstanding.

6.35.3 Lack of structured internal audit approach

There was no evidence that the work of the Internal Audit Department was conducted in a structured approach which included audit planning, methodology, audit documentation and review. It was recommended that the Internal Audit Manager should ensure that his work is undertaken in a structured way that does not compromise audit planning, methodology, audit documentation and review.

Official's Response

The Statistician General in his response said "This observation came as a surprise to management to report that the work of the internal auditor is not well structured, including audit planning, methodology, audit documentation and reviews strategic plan provided. This work plan is then closely monitored by management that is normally executed in quarters during the year. There is already one in the file for 2013/2014.

Secondly, documentations in respect of audit evidence are on the file including the use of methodology which is also included in the audit reports.

Finally, during the years, Internal Audit has actively participated in training/ workshop to increase additional awareness in the audit department; quite recently, IA participated in just concluded accounting software training and is even planning to conduct more training according to the annual work plan to be executed in 2015

However, at the commencement of each year, Internal Audit department prepare a work plan from an abstract of the fourth year.”

Auditor’s Comment

No evidence was submitted to substantiate the response. Therefore the issue was still outstanding.

Official’s Response

The Statistician General said that staff appraisal forms were done for all staff in the organization.

Auditor’s Comment

The issue was still outstanding as no evidence was submitted.

6.35.4 Weekly fuel allocation form not authorised

The weekly fuel allocation which was to be requested and signed for by the transport officer, storekeeper and administrative manager was observed not to have been signed for by all three required personnel at all times for fuel valued at Le27,481,500, Le11,223,000 and Le7,501,500 for the years 2011, 2012 and 2013 respectively. It was recommended that an explanation should be provided, for failure by the required personnel to append their signature(s) to the fuel allocation sheet.

Official’s Response

The Statistician General stated that all fuel allocation forms were duly signed and efforts were made to ensure complete signature before the issuance of fuel.

Auditor’s Comment

We verified the necessary evidence for 2012. However, no evidence was submitted for 2011 and 2013 indicating that the required personnel signed the fuel allocation forms. Therefore, the issue still stands. Refer to the Table of Common Issues (Page 257) for further observations.

6.36. FINANCIAL INTELLIGENCE UNIT (2013-2014)

6.36.1 No evidence of review and approval of payroll vouchers

There was no evidence of review and approval of salary vouchers totalling Le407,365,884 for the period August 2013 to December 2013. It was recommended that the Unit should ensure that there was segregation of duties in the preparation of the payroll.

Official’s Response

The Director said that “This issue has been rectified with the employment of an Accountant which is evidenced by it not appearing as an audit finding in 2014. However should you require ascertaining whether any ineligible staff were paid during this period, our office is always open for your auditors to review the payroll against personnel files and the bank statements. There were only three staff on the payroll from August 2013 to October 2013. The recruitment of ten additional staff was completed in October 2013 of which 8(eight) started in November 2013 and the other two started in December 2013 and January 2014 respectively.”

Auditor's Comment

No salary vouchers were submitted which indicated that they were received/approved for 2013, therefore the issue was still outstanding.

6.36.2 No evidence of supervision for reconciliation prepared

Even though bank reconciliations were prepared for 2013 and 2014 there was no indication of any signature showing that the reconciliations had been reviewed by a senior staff. It was recommended that management should develop mechanisms to ensure that bank reconciliation statements were reviewed by a senior personnel and evidence of such review stated in the bank reconciliation statement.

Official's Response

The Director noted that a letter was written to the Bank of Sierra Leone drawing their attention to the long outstanding reconciling items and action had now been taken by them and the issue resolved.

Auditor Comment

No evidence was submitted indicating that bank reconciliation statements were reviewed by a senior staff. Therefore the issue was still outstanding.

Refer to the Table of Common Issues (Page 257) for further observations.

6.37. INTEGRATED PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT (2014)

6.37.1 Disbursement from project designated account and counterpart fund without relevant supporting documents

Project and counterpart funds (Designated Account- \$121,361 and Counterpart Account-Le23,189,389) expended by the Project Implementation Unit and other beneficiary agencies were without relevant supporting documentation such as retirement details, report, monitoring and verification and assessment reports. It was recommended that the Project Accountant should make available all evidence in support of the expended amount stated above. In future, all transactions from inception to completion should be supported by the relevant documentary evidence which must be retained for audit purposes.

Official's Response

The Project Accountant mentioned that they acknowledged receipt of the above in respect of the Integrated Public Financial Management Reform Project (IPFMRP) and noted the issues raised and assured that steps had been taken to obtain the relevant information from the respective parties. Those he said were now available for verification.

Auditor's Comment

The necessary supporting documents were submitted for the disbursement of funds from the Counterpart Fund worth Le23,189,389. The relevant supporting documents were also provided for PV No. 7080, PV No. 7084 and PV No. 9095 worth US\$112,576. However, no supporting document for an amount totalled US\$8,785 relating to PV No. 8075 was submitted for verification. Therefore, the issue relating to this amount still stands.

Outstanding Issue From Previous Audit Inspection

There was no evidence of internal audit activities of the project being undertaken during the period under review.

6.38. WEST AFRICA REGIONAL COMMUNICATIONS INFRASTRUCTURE PROGRAM (2013)

6.38.1 Approved annual work plan and budget not submitted

An approved annual work plan and budget for 2013 fiscal year was not submitted for audit inspection. It was recommended that the project coordinator should submit the annual work plan and budget for audit verification within 30 days of the receipt of the report. The project coordinator should also ensure that in future, all necessary documents should be maintained in respect of the project's activities.

Official's Response

The Project Coordinator mentioned that the Annual Work Plan and Budget was available for inspection.

Auditor's Comment

The Annual Work Plan and Budget submitted related to the one contained in the Project Implementation Manual. However, according to the Project Implementation Manual, Annual Work Plan and Budget should be updated annually and presented to the World Bank for approval. This was not done for the 2013 fiscal year, therefore the issue still stands.

6.38.2 Petty cash vouchers and supporting documents not submitted for audit inspection

Petty cash vouchers and supporting documents for petty cash payments which totalled US\$5,188 were not submitted for audit inspection. It was recommended that the accountant should submit all the necessary missing supporting documents for audit verification within 30 days upon the receipt of the report. He should also ensure that adequate supporting documents are maintained for all expenditure undertaken by the project.

Official's Response

The Project Coordinator stated that documents were available for audit verification.

Auditor's Comment

Petty cash vouchers were submitted for audit inspection, but supporting documents such as receipts for cash spent were not attached to the petty cash vouchers. Therefore, this issue still stands.

6.38.3 Overview of issues from previous audit inspection

There were control weaknesses in the processing and recording of financial transactions. Adequate segregation of duties did not exist between initiation, authorisation, disbursement and recording functions, as the Financial Management Specialist carried out all the operations alone from inception to conclusion.

The MOIC Internal Audit which is charged with the responsibility to review the internal controls systems, overall operations and compliance with the agreement of the project did not conduct any work on the project for the period under review.

6.39. COLLEGE OF MEDICINE AND ALLIED HEALTH SCIENCES (2008 -2011)

6.39.1 Administration of the finance and accounts department and functions

The finance and accounts functions were been operated on manual accounting system and there was no accounting software in use in the finance and accounts department. It was also observed that there was no obvious filing system used in the finance and accounting function. The University chart of accounts was found to be old and did not entirely capture the income and expenditure accounts that were used to categorise all income and expenses and subsequently produce meaningful and relevant financial reports. New accounts and codes were created without re-course to the Manual of Accounting Procedures (MAP).

The present Manual of Accounting Procedures was outdated and was old and long overdue for review. It was therefore recommended that the college acquired accounting software that met the operational and strategic needs of the department and the college. Adequate control and procedure over creation of new accounts and codings in the chart of accounts should be ensured. Periodic review of the accounting manual was also recommended so that operational and strategic changes could be incorporated and hence the manual could serve as an effective operational guideline for the accounting finance department.

6.39.2 Details of cash receipts not corresponding with bank deposits

In the year 2009, it was observed that some income was not totally captured and reported as presented in the financial statements submitted for the audit purposes. Verification exercise conducted on income revealed that huge amount of income was not captured and reported as claimed in the prepared and submitted financial statements. Some pay slips presented for audit verification were not legible to verify cash receipts to bank deposit slips. It was recommended that proper cash handling procedures were put into effect and documented and implements internal controls regarding separations of duties to prevent lapping. In addition, regular bank reconciliations should be conducted to verify that deposits in bank statements matched cash receipts. Furthermore, physical security should be provided for cash not yet banked to prevent theft.

6.39.3 Expenses and payment vouchers without supporting documents

Some payment vouchers were missing, some expenses were made without supporting documents and there were some payment vouchers with supporting documents but amounts in supporting documents did not tie up with that written on the payment vouchers. In addition, the payee names were not indicated on some payment vouchers and it was noticed that there were differences in amounts between some payments vouchers and what was stated in the cash book. It was recommended that management implements and complies with internal control procedures that would ensure proper authorization and documentation of payment vouchers. Management must also ensure that relevant supporting documents are available, and all expenses reasonable and in line with internal policies.

6.39.4 Capacity building and training

Capability of some finance and accounting employees were inadequate compared to the tasks they were assigned to handle. The department was also understaffed taking into consideration the amount of work that was carried out in that department. It was recommended that standard requirements for qualification and experience should be in place for all available roles in the department and continuous professional development and training should be mandatory. It was also recommended that employee size was increased for successful administration of the department.

6.39.5 Receivables and prepayments payables and accruals

Figures stated for receivables and prepayments/payables and accruals in the financial statements could not be substantiated with any documentary evidence. In addition, the required schedules for the account were not made available to the audit team. Furthermore invoices and receipts for tuition fees payment by students could not be made available for the team. It was therefore recommended that the financial management system of the institution should be re-structured and overhauled in order to function as intended by the University Authorities and Government of Sierra Leone.

6.39.6 Bank and cash equivalent

There were no bank reconciliations maintained for the different bank accounts operated by the institution and also some bank accounts did not have corresponding cashbook maintained by the institution. It was recommended that they reconcile each bank account to the cashbook on a regular basis and ensure that the completed bank reconciliations were reviewed by a senior official and follow ups are made on all

errors detected. If there were no activities in the bank accounts with any corresponding cashbook, those accounts should be closed.

6.39.7 Payroll figures in the financial statements in disagreement with payroll records and cash books

Salary and payroll figures stated on the financial statements of the College could not match with the respective payroll records and cash books presented for audit. The records presented to the team could not be aligned with the amount transferred to the respective salary account of each staff of the College.

There was also no record available to confirm the amount transferred to the respective staff salary account. Furthermore, the payroll analysis sheet was not approved by any senior officer of the College. It was therefore impossible for the audit team to determine the amount due and paid during the period for NASSIT and PAYE, in compliance with the NASSIT Act, 2004 and the Income Tax Act, 2000. The comprehensive payroll sheet was also not made available for the audit.

It was recommended that management should implement internal controls that check the procedure for employment and dismissal of employees and ensure proper recording of salaries, proper authority for payroll deductions and recording. Payroll liabilities should also be properly recorded and payment should be made on time.

Refer to the Table of Common Issues (Page 257) for further observations.

6.40. UNIVERSITY OF SIERRA LEONE SECRETARIAT (2008-2011)

6.40.1 Administration of the finance and accounts department

The finance and accounts functions were been operated on manual accounting system and there was no accounting software in use in the finance and accounts department. It was also observed that there was no obvious filing system used in the finance and accounting function. The University chart of accounts was found to be old and did not entirely capture the income and expenditure accounts that were used to categorise all income and expenses and subsequently produce meaningful and relevant financial reports. New accounts and codes were created without re-course to the Manual of Accounting Procedures (MAP). The present Manual of Accounting Procedures was outdated and was no longer useful. It was therefore recommended that the college acquired accounting software that met the operational and strategic needs of the department and the college. Adequate control and procedure over creation of new accounts and codlings in the chart of accounts should be ensured. Periodic review of the accounting manual was also recommended so that operational and strategic changes could be incorporated and hence the manual could serve as an effective operational guideline for the accounting finance department.

6.40.2 Capacity building and training

Capability of some finance and accounting employees were inadequate compared to the tasks they were assigned to handle. The department was also understaffed taking into consideration the amount of work that was carried out in that department. It was recommended that standard requirements for qualification and experience should be in place for all available roles in the department and continuous professional development and training should be mandatory. It was also recommended that employee size was increased for successful administration of the department.

6.40.3 Expenses and payment vouchers

During the audit of the University Secretariat expenses, the following under listed observations were made:

- Expenses general ledger names in the cash book did not match the accounts names in the financial statements or were omitted from the financial statements of the secretariat for the year ended 31st December 2008;
- Expenses amounts stated in the trial balance differ from the amounts in the cash book;
- Expenses were incurred and payments were effected without supporting documents;
- Payments were effected but receipts were not available for verification;
- Expenses on NASSIT payment amount recorded in the cash book were different from amount confirmed into the NASSIT file; and
- Expenses on Staff salaries for the Month of September 2008 recorded as Le1,589,377,542 were casted to beLe710,635,542.

It was recommended that:

- Expenses should be recorded in the relevant accounting period and the department must comply with accounting standards in recognizing and recorded expenses;
- Adequate controls over accounting for expenses should be implemented;
- Payment vouchers must be pre-numbered any unused voucher should be cancelled and retained; and
- Payment vouchers duplicate must be retained along with the transaction supporting documents.

6.40.4 Income generation, recognition and accountability

Income recorded or stated on the income analysis sheet along with the receipt number could not be traced into the bank statement of the Secretariat in the year 2009. In addition, income recorded in the cash book was different from the amount posted into the respective ledger account. Furthermore, income amount were totally omitted from both cash book and the respective ledger account; and income were recorded in the cash book and ledger without supporting document or adequate supporting documents. In order to comply with the generally accepted accounting principles, it was recommended that all revenue must be recognised in the period earned and adequate control over revenue recognition must also be implemented and adhered to.

6.40.5 Cash and cash equivalent

There were no bank reconciliations statements made available for the bank accounts maintained by the Secretariat. In addition, no bank statement was made available to the audit team for some of the accounts while some had incomplete bank statement. Furthermore, some bank accounts maintained by the Secretariat did not have a corresponding cash book maintained by the Finance and Accounting Department and some payment vouchers for petty cash expenses were missing. It was recommended that all active bank accounts must have the monthly bank reconciliation statements prepared and made available for review by a senior officer in the finance and accounting department. All bank accounts must also have a corresponding cashbook maintained by the department and documentation and recording of all cash and bank transaction must be improved.

6.41. NJALA UNIVERSITY (2010)

6.41.1 Transactions not traced in cash book

Substantial payment vouchers which had gone through all the authorisation process were not traced to the cash book details provided for the audit exercise. The cash book also did not have running totals which should be an easy means of checking against other available records, to ascertain differences; hence the auditors were unable to prove the validity of those disbursements (Le1,433,559,935) which affected various budget lines. It was recommended that all payment vouchers which were duly authorised and paid must be entered in the cash book in order for auditors to be able to ascertain the completeness of those

transactions. Additionally, the cash book postings should make provision for running balances for ease of reconciliation.

6.41.2 Transactions with no supporting documents

Some transactions valued at Le176,115,416 and authorized, didn't have no supporting documents attached in respect of expenditures undertaken. It was also recommended that all payment vouchers should have the necessary supporting documents before filing.

6.41.3 Bo Campus-transactions without supporting documents

Most of the payments made, valued at Le216,735,228, were not acknowledged by the beneficiary by issuing receipt as an authentic means of a complete transaction. It was recommended that management should take steps to retrieve all outstanding receipts in order for the transaction cycle to be complete.

6.41.4 Registry/Njala Campus-transactions without supporting documents

Most of the payments made, valued at Le104,453,000, were not acknowledged by the beneficiary by issuing receipt as an authentic means of a complete transaction. It was recommended that management should take steps to retrieve all outstanding receipts in order for the transaction cycle to be complete.

6.41.5 Previous years management letter points

Most of the previous year's management points raised were yet to be addressed by the University Management. Vis-a-vis; Investment; Unpresented Documents; Bank and Cash Reconciliation; Period of Audit; Filing System and Accounting. It was recommended that the advices which were proffered to weaknesses in internal controls should be given the required attention to avoid damage to the institution.

6.42. FOURAH BAY COLLEGE (2008-2011)

6.42.1 Administration of the finance and accounts department and functions

There were no standard policies and procedures in place for the administration of the finance and accounting department. It was noted that there was no apparent filing system used in the finance and accounting function. The present Manual of Accounting Procedures (MAP) was outdated as it no longer served the intended purposes. It was recommended that accounting and financial management system software should be implemented in the department and the Manual of Accounting procedure should be reviewed periodically and updated in line with changes to internal controls and accounting standards and procedures.

6.42.2 Capacity building and training

Capability of some finance and accounting employees were inadequate compared to the tasks they were assigned to handle. The department was also understaffed taking into consideration the amount of work that was carried out in that department. It was recommended that standard requirements for qualification and experience should be in place for all available roles in the department and continuous professional development and training should be mandatory. It was also recommended that employee size was increased for successful administration of the department.

6.42.3 Income generation, recognition and accountability

The following under listed observations were made:

- The auditors were unable to ascertain the number of students admitted into the school for the years under review which made it difficult for them to verify the amounts paid for different classes of income;
- The amount stated in most of the ledger accounts were totally different from what was stated in the financial Statements;

- It was observed that several reversed entries were made on income for the years under review; and it was noted that most of the reversals did not correspond to the original entries that were entered into the Sage Accounting systems ledger because the amounts entered were the invoiced amount instead of the amount actually paid by the students for the year under review;
- For most income accruing to the FBC, apart from invoices presented to the auditors, there were no adequate supporting documents to confirm the amounts recorded in the cash book;
- The finance and accounting department could not make available bank deposit slips and bank statements to verifying revenue amounts;
- Certain amounts of income with supporting documents were not posted into the cash book made available to the audit team;
- Income were wrongly classified and posted into some ledger accounts, while some were totally omitted from the cash book and the ledger account; and
- For the investment income there are no supporting documents to confirm the amount recorded in the ledger account.

In order to comply with the generally accepted accounting principles all revenue must be recognised in the period earned. Adequate control over revenue recognition must also be implemented and adhered to.

6.42.4 Inventory and Stores

During the audit of the University Inventories and Stores, the following observations were made:

- There were no supporting documents for items received into and issued out of the Stores for the periods under review;
- There were no bin cards maintained for the movement of the stores items;
- Goods Received Notes were not make available to ascertain the amount of good received into the stores at any particular point in time;
- There were no supporting documents for stationary items, fuel and lubricants and spare parts received into and issued out of the stores;
- There was no valuation method applied for valuing of items received into and issued out of the stores;
- The inventory stores does not have any specific filing methods for the available stores documents; and
- Authorization for the purchase of stores items could not be confirmed, due to lack of document confirming the approval and business process flow methods adopted by the university.

It was recommended that the University Procurement System should be re-structuring. The Stores and Inventory Management System Business process flow also needed to be re-designed and reviewed.

6.42.5 Non-Current Assets

The figures stated in the accounts for fixed assets could not be substantiated with adequate supporting documentary evidences. The Fixed Assets Register maintained by the College was also not updated and there was no Asset Capitalization Policy of the College. It was also not possible for the audit team to physically verify any of the assets with figures in the financial statements, as well as the depreciation figures stated on the financial statements. The construction of a toilet in the year 2011 with figures stated in the financial statements could not be substantiated with supporting documents to authenticate the genuineness of the amount claimed to have been spent on the building. It was therefore recommended that FBC must comply with International Financial Reporting Standards (IFRS) and IAS 16. There must also be proper controls instituted over fixed assets of the College. A competent officer must be engaged to compile the list of assets and their respective status into the financial system of the College and there

should be an asset valuation conducted for the entire asset of the FBC, to establish the correct values of the College's assets. The Fixed Assets Register must be updated as and when additions or disposals are made to the assets of the FBC.

6.42.6 Work-In-Progress

In the year ended 2010, the financial statement included the sum of Le365,371,000 for work-in-progress. There was no supporting documentary evidence presented to substantiate that value. There was also no evidence of a proper procurement system with regards to goods and services. It was recommended that internal controls over WIP as well as the Goods and Services procurement procedures should be improved to enhance control of material procurement. The College's Management should have a standard valuation method of valuing work-in-progress account to be included in the College financial statement. The College should also engage a professional quantity surveyor to assess the level of construction work on building at the work site.

6.42.7 Cash and cash equivalent

The College had numerous bank accounts with different banks. The following observations were also made with respect to Cash and Cash equivalent for the years under review:

- There were no bank reconciliations statements made available for the maintained bank accounts;
- No supporting documents were made available to the audit team for some of the bank account been operated by the College;
- No bank statements was made available to the audit team for foreign accounts operated by the School;
- Balances stated in the Cash book of some bank accounts was different from the balances stated in the Bank Statement for the years ended under review;
- The Opening Balance in some operated bank accounts was not in agreement with the closing balances from the previous year;
- There are some accounts observed to be dormant but they still have credit balances in the financial statements of the College;
- The ECO Bank, which is the FBC's Primary Account, had a closing balance of Le79,232,125 for year ended 31st December 2011, however, it could not be substantiated with any supporting document; and
- A sundry bank balance in the sum of Le3,944,852,000 in the financial statements and trial balance could not be substantiated with supporting documents; no bank reconciliation statement provided for this as well.

It was observed that there was no set limit of cash received by the institution (FBC) cashiers; no deposit slips was presented to the auditors to confirm that cash received by the cashier are banked intact and promptly.

The closing balance for cash in hand of Le1,462,193,840 had no supporting document nor traced to any of the bank account which implied that such amount was not deposited.

It was recommended that all inactive or dormant bank account in the record of the institution must be closed. In addition, all active bank accounts must have monthly bank reconciliation statement prepared and made available for review by a senior officer in the finance and accounting department. Furthermore, all bank accounts must have a corresponding cashbook maintained by the department and documentation and recording of all cash and bank transaction must also be improved.

6.42.8 Expenses and payment vouchers

During the audit of the University expenses, the following classes of observations were made:

- Expenses were recorded in the financial statement without supporting documents;
- Some expenses were wrongly coded in the expenses accounts;
- Some expenses were omitted from the cash book made available to the audit team;
- Amount posted into some of the accounts were different from the amount stated in the supporting documents;
- The supporting documents regarding expenses on staff salaries, made available to the audit team were inadequate; it did not corroborate the amount posted into the financial statements for the period under review and amount stated in the payroll was not in agreement with the amount posted into the ledger; and
- There were differences between the cash book/ledger and payroll voucher.

It was recommended that:

- Expenses were recorded in the relevant accounting period and the department must comply with accounting standards in recognizing and recorded expenses;
- Adequate controls over accounting for expenses should be implemented;
- The payment vouchers must be pre-numbered and any unused voucher should be cancelled and retained; and
- Payment vouchers duplicate must be retained along with the transaction supporting documents.

6.42.9 Creditors, Accruals and Payables

The balances stated in the creditors and payables ledger accounts could not be substantiated with any supporting documents. It was also noted that the payables ledger had a lot of entries that had been reversed; the ledgers had no supporting documents that indicated authorization or authenticity of such reversals. The audit trail for the creditors' activities could also not be established by the team as there was no creditors schedule or listing made available to the audit team. The auditors found it difficult to establish the accuracy and authenticity of the amounts stated for creditors in the financial statements. It was recommended that the transactions in the creditors and accrual accounts must have supporting documents. Management must also address account payable procedures and develop sound internal control to accurately report creditor and accrual balances in the financial statements.

6.42.10 Investment Issues

No investments certificate was made available for inspection and there was no existence of the investment related income in the financial statements. It was recommended that all investments stated in the financial statements should be corroborated with adequate supporting documents to ensure accuracy and authenticity of the amount in the Financial Statement. There should also be disclosure of the accounting policies use in determining the carrying value of the investment amount in the financial statement.

6.43. INSTITUTE OF PUBLIC ADMINISTRATION AND MANAGEMENT (2008-2011)

6.43.1 Administration of the finance and accounts department and functions

There were no standard policies and procedures in place for the administration of the finance and accounting department. In addition, it was noted that there was no apparent filing system used in the finance and accounting function. Therefore accessing and tracing records was very tedious coupled with inadequate storage space for the files. It was also observed that the present Manual of Accounting Procedures (MAP) was outdated as it no longer served the intended purposes. It was recommended that accounting and financial management system software should be implemented in the department. The

Manual of Accounting procedure should be reviewed periodically and updated in line with changes to internal controls and accounting standards and procedures.

6.43.2 Capacity Building and Training

Capability of some finance and accounting employees were inadequate compared to the tasks they were assigned to handle. The department was also understaffed taking into consideration the amount of work that was carried out in that department. It was recommended that standard requirements for qualification and experience should be in place for all available roles in the department and continuous professional development and training should be mandatory. It was also recommended that employee size was increased for successful administration of the department.

6.43.3 Income Generation, Recognition and Accountability

During the audit of income, the following observations were made;

- Regarding enrolment, the auditors were unable to ascertain the number of students admitted into the school for the year 2008 and that made it difficult for them to verify the amount paid for the following classes of income: Application Form; Registration Fee and Acceptance Fees;
- For income generated for the GIMPA programme, it was difficult to ascertain the amount paid by the students, due to lack of supporting documents to substantiate the amount stated in the cash book;
- For the investment income, there were no supporting documents to confirm the amount recorded in the ledger account;
- The finance and accounting department could not make available bank deposit slips and bank statements to verifying revenue amounts; and
- Certain amounts of income with supporting documents were not posted into the cash book made available to the audit team.

In order to comply with the generally accepted accounting principles all revenue must be recognised in the period earned and adequate control over revenue recognition must be implemented and adhere to.

6.43.4 Expenses and Payment Vouchers

During the audit of the University expenses, the following classes of observations were made:

- Expenses were recorded in the financial statement without supporting documents;
- Some expenses were wrongly coded in the expenses accounts;
- Some expenses were omitted from the cash book made available to the audit team; and
- Amount posted into some of the accounts were different from the amount stated in the supporting documents.

It was recommended that:

- Expenses were recorded in the relevant accounting period and the department must comply with accounting standards in recognizing and recorded expenses;
- Adequate controls over accounting for expenses should be implemented;
- The payment vouchers must be pre-numbered and any unused voucher should be cancelled and retained; and
- Payment vouchers duplicate must be retained along with the transaction supporting documents.

6.43.5 Bank and Cash Equivalent

There were no bank reconciliations statements made available for the bank accounts maintained. In addition, no supporting documents were made available to the audit team for some of the bank account

been operated by the institution. Furthermore, bank statements were not made available to the audit team for foreign accounts operated by the institution. Moreover, in the year 2009 the Barclays Sterling account with a balance of Le25,250,000 in the Cash book was observed to be a dormant account with no supporting document to substantiate the balance stated in the cash book. Some bank accounts did not have corresponding cash book operated by the institution and there were no payment vouchers for petty cash expenses been operated by the George Street arm of the institution.

It was recommended that all inactive or dormant bank account in the record of the institution must be closed and all active bank accounts must have the monthly bank reconciliation statement prepared and made available for review by a senior officer in the finance and accounting department. Furthermore, all bank accounts must have a corresponding cashbook maintained by the department. Documentation and recording of all cash and bank transaction must also be improved.

6.43.6 Creditors and Accruals

The balances stated in the creditors and accruals accounts could not be substantiated with any supporting documents. Le27,095,119 stated on the creditors for external examiners fee in the 2008 financial statements was observed to be a debit balance and this was observed to be an abnormal accounting entry. No supporting document was made available for this entry in the financial statements. It was recommended that the transactions in the creditors and accrual accounts must have supporting documents and management should address account payable procedures and develop sound internal control to accurately report creditor and accrual balances in the financial statements.

6.43.7 Debtors and Prepayments

The debtors and prepayments amounts stated in the financial statement could not be substantiated with any supporting documents. There were also no policies or procedures relating to calculation of allowance of uncollectables. It was therefore recommended that the transactions posted in the debtors and prepayments account must have supporting documents. The debtors account balance must be reconciled to the subsidiary ledger and allowances for doubtful debts accounts to reflect the outstanding receivable perceived to be uncollectible must be maintained.

6.43.8 Investment Issues

No investments certificate was made available for inspection and there was no existence of the investment related income in the financial statements. It was recommended that all investments stated in the financial statements should be corroborated with adequate supporting documents to ensure accuracy and authenticity of the amount in the Financial Statement. There should also be disclosure of the accounting policies use in determining the carrying value of the investment amount in the financial statement.

6.44. EASTERN POLYTECHNIC – KENEMA (2014)

6.44.1 Inadequate control of the management of stores

Receipt vouchers were not prepared for some items received by the stores department and goods supplied to the college's Bunumbu Campus did not go through any form of store control system in the college. It was recommended that the Principal should ensure that receipt vouchers were prepared for all store items purchased by the college.

Official's Response

The Principal stated that receipt vouchers would now be prepared for all items received by stores. He added that the supplied items were taken from the suppliers direct to Bunumbu. Therefore they did not go through the store. He however mentioned that in future, the necessary documentation would be made for such deliveries.

Auditor's Comment

Our recommendations were not implemented as there was no evidence to confirm that all goods supplied to the Bunumbu campus went through the stores control system.

6.44.2 Poor environmental and library facilities

A review of the college campus revealed that toilet facilities for students and academic staff were inadequate. The college had a student population of 3,700 students with very few toilet facilities. The library also lacked relevant and recent study materials to facilitate its students' study and research needs. It was recommended that the Principal should ensure that the college's toilet facilities were improved to meet acceptable sanitary standards and the Library, equipped with recent and relevant study materials were adequately controlled.

Auditor's Comment

Our recommendations were not implemented as management failed to respond to the above issue.

CHAPTER VII – CITY, MUNICIPALITIES AND DISTRICT COUNCILS (ML)

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CITY, MUNICIPAL AND DISTRICT COUNCIL AUDITS

MAIN POINTS

What we did

The principal objective of these audits was to express an opinion on whether the financial statements of local councils gave a true and fair view of the state of affairs of the Council and whether they are prepared in accordance with the acceptable accounting framework and other relevant legislation. Risk-based, the audits covered the period 1st January to 31st December 2014. They focused on the transfer of local government grants and other grants made to the Councils in respect of operations and for devolved functions. They also covered the general processing of payment vouchers, revenue and receipts, disbursements, cash and bank, payroll, fixed assets, budgets, stores, procurement and compliance with the Local Government Act, 2004 and other applicable legislation and regulations. Conducted in accordance with ISSAI standards, the audit test procedures included the examination of Councils' records, their control environment, control procedures, statutory disclosures and other requirements. The auditors also conducted interviews with key personnel.

Why it is important

Under its decentralisation program the Government of Sierra Leone funds many of the activities of local councils from central revenues held in the Consolidated Fund. Obtaining an audit level of assurance on the financial statements of local councils, and comfort on the quality of governance, accounting and management reporting as well as the level of internal control exercised over expenditure of funds is a matter of profound public interest. Many aspects of key services delivered to the public such as health and education are funded through the Councils and so the level of financial control exerted has a direct impact on the quality of service delivered. The extent to which there is evidence of legal compliance with statutory obligations, strong internal control and the employment of good business practices generally also inform our view on the quality of overall governance evident in public financial management.

What we found

The annual financial statements for eighteen Councils were submitted for audit before, or shortly after, the legislative deadline of 31st March 2014. This report covers the audit outcomes of 18 out of 19 Local councils, which had a total expenditure of Le87.8billion¹⁹ for the year ended 31st December 2014.

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

Matters identified in the audit examinations across all Local Councils fall into the following categories:

- An assessment of the performance of councils between 2012 to 2014;
- Controls in the reporting and presentation of financial information in the Financial Statements for the year ended 31st December 2014;
- Budget and budgetary control processes;
- Inadequate control over cash and bank management;
- Non-compliance with financial management laws and regulations;
- Follow up on the implementation of Audit Recommendations for periods up to 31st December 2014; and

¹⁹ Source: *Expenditure total of 18 Councils in the Audited Financial Statements for the year ended 31st December 2014*

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

7.1. AN ASSESSMENT OF THE PERFORMANCE OF COUNCILS (2012 -2014)

7.1.1 A review of the use of the PETRA Accounting Software Application by Councils

In 2012 councils started to use a financial management information system, the PETRA Accounting package, that uses the same 27 digits Chart of Accounts structure as the central government. Initiated by PFMRU, the objective was to improve accountability, transparency and financial management reporting for Councils. In addition, a more comprehensive financial reporting standard, Cash Basis IPSAS, from the International Public Sector Accounting Standards Board was adopted thus regulating financial reporting at this level of government.

Financial management training to facilitate the timely recording and reporting under the Local Government Act 2004 (LGA 2004) was given and quarterly PETRA workshops were held by PFMRU in a bid to bring Councils up to date and into legal compliance with the monthly financial statements. This capacity building programme gave an opportunity to reform and improve public financial management by the introducing of analytical frameworks and economic analysis tools.

Currently the PETRA is server-driven but fortunately has standalone PCs capability as the IT infrastructure outside Freetown certainly cannot support a wide area network for the server-based configuration. Technical aspects of the Cash Basis IPSAS accounting standard are also presenting difficulties due to training and capacity issues. During the periods to 2014, ASSL observed common problems with the implementation of PETRA as follows:

- IT support personnel have yet to be employed in most of the Councils;
- Interviews with key council officials revealed that the ICT control environment was inadequate in terms of local knowledge and skills, back-ups and the reliability/availability of a sustained power supply;
- PETRA is not used as a live system But as a recording tool for inputting transactions periodically at the end of an accounting period, usually annually
- Some councils do not have servers and, as result, run PETRA on stand-alone laptops; and
- Manual accounting records continue to be the books of original entry suggesting PETRA is at best used in parallel and even then not reconcile with still dominant manual system.

This leads us to conclude that in many cases the implementation of PETRA has been less than successful and is a matter in need to being addressed by the successor body to PFMRU.

7.1.2 Quality of submitted financial statements

Material errors identified during the preparation councils' financial statements need to be corrected before a clear audit opinion can be issued. Our expectation is that councils will adjust errors identified during an audit, other than those errors that are clearly trivial. This expectation is consistent with our principle that the public is entitled to expect financial statements bearing the Auditor-General's opinion to be accurate and of the highest quality possible.

The quality of the financial statements presented for audit did not improve during 2014. All 18 (100%) of the councils financial statements submitted to the Auditor General contain material misstatements. Thirteen councils (72.2%) received unqualified audit opinions only because they corrected all the misstatements we had identified during the auditing process. The auditees that could not correct the misstatements received qualified, adverse or disclaimer of audit opinions.

7.1.3 Council's performance during 2014

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

Unqualified Audit Opinion

Thirteen councils (72.2%) of audited councils during 2014 received an unqualified opinion. These councils were able to reasonably address errors initially identified during the audit process. These errors were largely related to fair presentation of financial statements. The councils were however able to account accurately for the financial transactions they have carried out during the period under review.

There was however instances where the councils may not have been sufficiently transparent in the manner in which they carried out their activities as there were instances where they did not follow the required processes. These deviations from internal control were largely in the area of compliance with legal regulatory framework such as the procurement laws, FMR, Income Tax Act and the LGA.

Qualified Audit Opinion

Four councils (22.2%) received a qualified audit opinion This simply means that these councils were unable to adequately and accurately account for all the financial effects of the transactions and activities they conducted. The financial statements prepared and submitted by these councils were unreliable in certain areas.

Most of the councils failed to address issues relating to differences between cash books and financial statement balances, inconsistencies in the recognition, reporting and presentation of financial information, inaccurate recognition of 2013 figures in 2014 and over/understatement of revenue in the financial statement. Some failed to fully comply with a number of rules and regulations required for efficient and effective financial management and reporting. These deviations were largely in the area of compliance with the procurement laws, FMR, Income Tax Act and the LGA.

Disclaimer of Opinion

One council (5.6%) received a disclaimer of audit opinion. A disclaimer is serious as it means the auditors could not satisfy themselves one way or the other on the overall fairness of the financial statements. The council was unable to provide the required evidence to enable the auditors to perform tests to satisfy themselves in the fair presentation of the financial statements. The stewardship over the financial affairs of the council is not at desirable and acceptable levels. The council could not provide credible evidence to support amounts and disclosures in financial statements. The auditor was therefore, inevitably, unable to conclude on any of the assertions that are made by management on the financial statements of the council. Anything could have happened to the financial resources entrusted upon the council and the auditor has significant uncertainty about the financial statements, and thus unable to express an opinion on whether the financial statements present a true and fair view of affairs of the council during 2014.

Table 9.1 below summarises the types of audit opinions issued on each of the councils audited:

Table 9.1 Councils and opinions in 2014		
No	Name of Council	Opinion 2014
1	Bo City Council	Unqualified
2	Bo District Council	Unqualified
3	Bonthe District Council	Unqualified
4	Bombali District Council	Unqualified

5	Bonthe Municipal Council	Qualified
6	Freetown City Council	Qualified
7	Kailahun District Council	Unqualified
8	Kambia District Council	Unqualified
9	Kenema District Council	Unqualified
10	Koidu New Sembehun City Council	Unqualified
11	Koinadugu District Council	Disclaimer
12	Kono District Council	Unqualified
13	Makeni City Council	Unqualified
14	Moyamba District Council	Unqualified
15	Port Loko District Council	Unqualified
16	Pujehun District Council	Qualified
17	Tonkolili District Council	Unqualified
18	Western Area Rural District Council	Qualified

Source: ASSL-Auditor General's Reports on 18 Local Councils for the year ended 31st December 2014.

7.1.4 Improvement in council's performance - 2012-2014

There has been significant improvement in council's performance from 2012 to 2014. In 2013, of the 18 local councils audited, 8 (44.4%) of them were deemed to be unqualified or satisfactory. In 2014, that number rose drastically: Of the 18 councils audited, 13(72.2%) were unqualified. That is, an increase of 27.8% satisfactory councils. The table and graphs below provide a breakdown of the types of opinions issued.

Types of Opinions	Types of Opinions issued since 2012 by numbers and percentage:- Year ending 31 st December					
	2012 ²⁰	%	2013	%	2014	%
Unqualified	14	74	8	44	13	72
Qualified	5	26	6	33	4	22
Disclaimer	0	0	3	17	1	6
Adverse	0	0	1	6	0	0

Figure showing the types of opinions issued for 2014:-

²⁰ In 2012, the financial statements of 19 councils were audited but only 18 councils submitted their financial statements for audit in 2013 and 2014

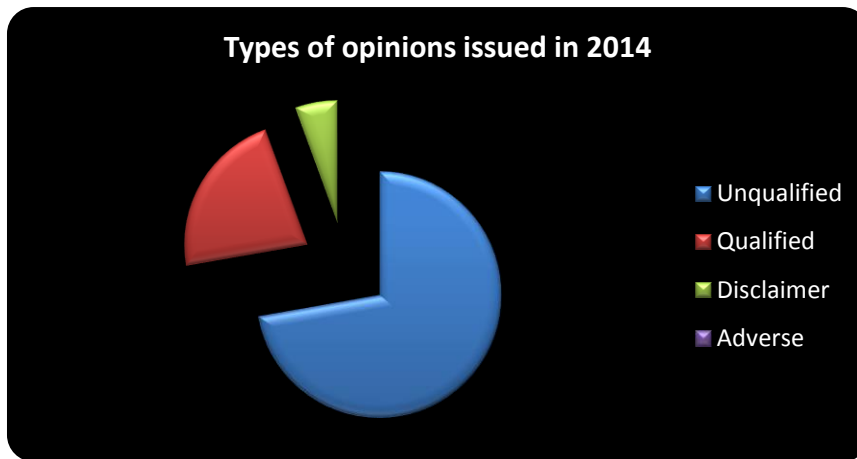


Figure showing Trends of Types of Opinions Issued since 31st December 2012:

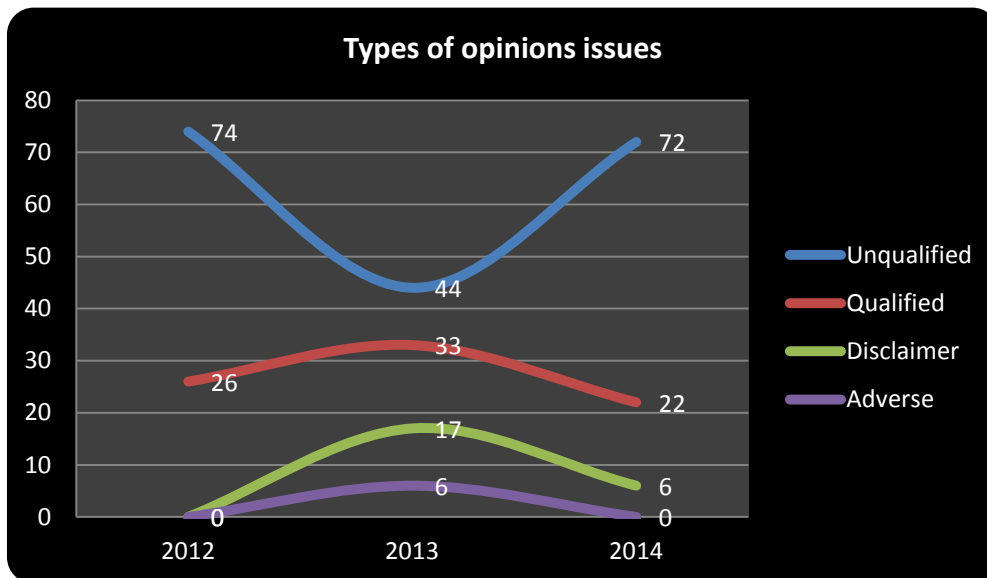
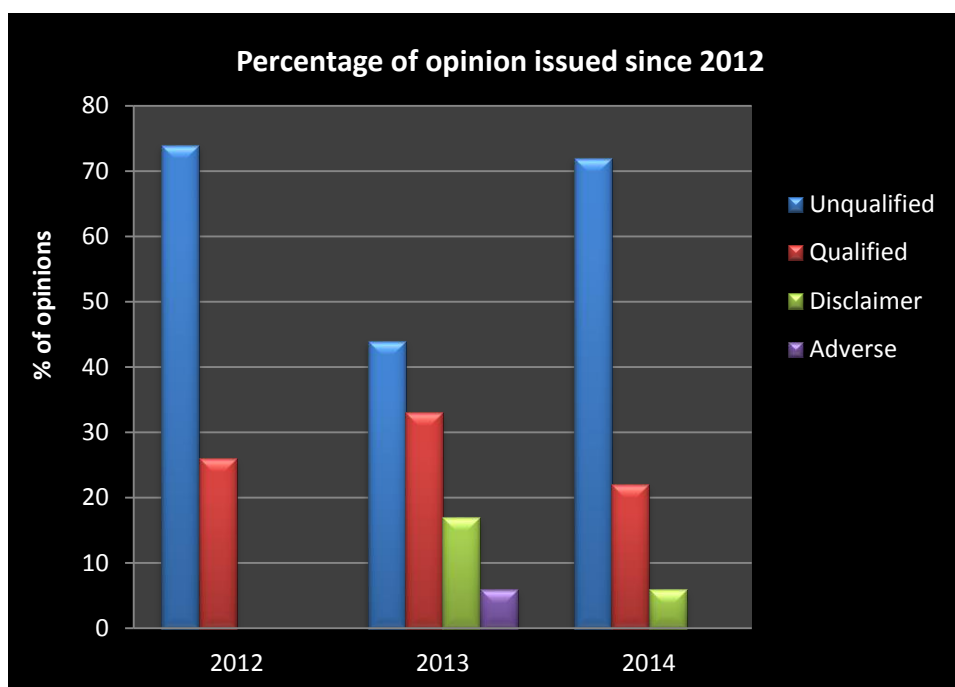


Figure showing comparison of types of opinions issued since 31st December 2012:



Other significant aspects of the audit outcomes of the 18 councils reported on are given below:

- Seven councils maintained clean audit opinions (unqualified opinions) in the last three years (2012 to 2014) and one council maintained a clean audit opinion in 2013 and 2014.

No	Name of Council	Type opinions Year ending 31 st December		
		2012	2013	2014
1.	Bo City Council	Unqualified	Unqualified	Unqualified
2.	Bonthe District Council	Unqualified	Unqualified	Unqualified
3.	Kailahun District Council	Unqualified	Unqualified	Unqualified
4.	Kenema District Council	Unqualified	Unqualified	Unqualified
5.	Koidu New Sembehun City Council	Unqualified	Unqualified	Unqualified
6.	Makeni City Council	Unqualified	Unqualified	Unqualified
7.	Port Loko District Council	Unqualified	Unqualified	Unqualified
8.	Bombali District Council	Qualified	Unqualified	Unqualified

Source: ASSL-Auditor General's Reports on Local Councils since 31st December 2012.

Five councils improved their performance during 2014 by moving either from an adverse, a disclaimer or a qualified opinion to an unqualified opinion (a clean opinion) and one council progressed from a disclaimer of opinion to a qualified opinion.

Table 9.4 Councils that progressed in 2014				
No	Name of Council	Type of Opinion Year ending 31 st December		
		2012	2013	2014
1.	Bo District Council	Unqualified	Adverse	Unqualified
2.	Bonthe Municipal Council	Qualified	Disclaimer	Qualified
3.	Kambia District Council	Unqualified	Disclaimer	Unqualified
4.	Kono District Council	Unqualified	Qualified	Unqualified
5.	Moyamba District Council	Unqualified	Qualified	Unqualified
6.	Tonkolili District Council	Unqualified	Qualified	Unqualified

Source: ASSL-Auditor General's Reports on Local Councils since 31st December 2012.

Five councils failed to improve in performance during 2014. One maintained a qualified audit opinion from 2012 to 2014, two a qualified opinion for 2013 and 2014 and one a disclaimer of opinion for 2013 and 2014. Provisions in the Government Budgeting and Accountability Act 2005 and Local Government Act 2004 require all government spending entities to prepare annual financial statements at the end of every financial year. Section 81 of the LGA 2004 mandates all Local Councils to prepare a statement of its annual account in conformity to existing financial regulations and submit to the Auditor General on or before the 31st March after the end of every financial year. As stated in my 2013 report, the Kenema City Council again failed to submit its 2014 financial statements for audit within the statutory deadline of 31st March 2015. This financial statement was only submitted in July (some four months after the statutory date; as such it was impossible to audit and express an opinion that should have been reported in the 2014 Annual Reports).

Table 9.5 Councils that failed to improve in performance in 2014				
No.	Council	Type of opinions		
		2012	2013	2014
1	Freetown City Council	Qualified	Qualified	Qualified
2	Kenema City Council	Qualified	Outstanding Audit	Outstanding Audit
3	Koinadugu District Council	Qualified	Disclaimer	Disclaimer
4	Pujehun District Council	Unqualified	Qualified	Qualified
5	Western Area Rural District Council	Unqualified	Qualified	Qualified

7.2. BUDGET AND BUDGETARY CONTROL PROCESSES

7.2.1 Inadequate Budgetary Process

Paragraph 67(2) of the Local Government Act, 2004 requires that the budget should reflect the priorities and needs of the localities within the district. However, there was no evidence to justify that the various Wards within the Councils were consulted in preparation of the Council's budgets. Also, evidence of regular review of Councils cash flow position was not available for audit. In most instances, variances were observed between MTEF Budget Estimates 2014 prepared and submitted by the council and the budgets disclosed in the Financial Statements.

7.2.1 Budgetary performance in own-source revenue generation

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

- a. Precepts from local taxes;
- b. Property rates; c) licences;

- c. Fees and charges;
- d. Share of mining revenues;
- e. Interests and dividends; and
- f. Any other revenue due to the Government but assigned to local councils by the Minister responsible for finance by statutory instrument.

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

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

The Budget and Finance (B&F) Committee is responsible for scrutinizing the budgets before they approved by the Councils. The Committee normally reviews and provides comments on the budgets within a stipulated period. In most instances there were no separate minutes of the B&F Committee meetings on the scrutiny of the budget before approval by Councils, except the minutes of the ordinary Council meetings.

Actual and budgeted own revenue information of councils for 2012, 2013 and 2014 are given below:

Year	Budgeted Revenue	Actual Revenue	Variance (+/-)	% variance
2012	28,206,972	15,992,789	-12,214,183	-43%
2013	30,987,045	13,626,555	-17,360,491	-56%
2014	30,356,699	25,469,952	-4,886,747	-16%

Actual own source revenue was lower than forecast in the budget in 2012 by 43%, 2013 by 56%, and in 2014 by 16%, reflecting a weak estimate of actual revenue collection in all years. The collection dropped from 2012 to 2013 and sharply increased by 86% in 2014. Some reasons advanced for the variances include: arrears from property tax which was not collected during the assessment periods, little or no revenues received in respect of local tax precepts²² from chiefdom councils though this was budgeted for in the respective years as mandated by Section 45 (4) of the LGA 2004.

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

²¹ *Source: Audited Financial Statements for 2012, 2013 and 2014*

²² Percentage share of proceeds from sale of local tax by chiefdom authorities

7.2.3 Consolidated actual expenditure compared with budget estimates

The audit team did an analysis of the actual and budgeted expenditure for each of the last three council's financial years. The table²³ below presents the deviations of 49%, 62%, and 62% for the three years under review 2012, 2013 and 2014 respectively.

Year	Budget Le	Actual Le	Variance (+/-)	% variance
2012	188,931,721	96,418,496	-92,513,225	-49%
2013	348,875,914	133,463,457	-215,412,457	-62%
2014	233,074,528	87,791,963	-145,282,565	-62%

The Councils operate the zero-based budgeting method in preparing their Medium Term Expenditure Framework such that own source revenues are included in the budgeted expenditure to determine a nil budget balance. Actual expenditure was less than budgeted in 2012, 2013 and 2014. Our reviews indicated that the reason for this was attributed to poor planning, weak collection of own source revenues especially property tax, the irregularity of grants from Central Government, creating a situation of "rolling over" of activities to the next fiscal year.

The analysis above clearly indicates that the budget performance for the years under review must seriously questions the credibility of the budget process and of the budgets prepared by councils. This credibility may be undermined by the untimely grant transfer²⁴ from Central Government to LCs, and this consequently may affect the planning process of the Councils in budget preparation.

7.3. REPORTING AND PRESENTATION OF FINANCIAL INFORMATION

During the financial year 2012 the Cash Basis International Public Sector Accounting Standards (IPSAS) was introduced to all Local Councils for a more comprehensive reporting system. The Financial Statements of Councils for the year ended 31st December 2014 were mostly prepared in accordance with the Local Government Act, 2004 and its underlying Financial Regulations and also in compliance with Cash Basis IPSAS. Additional disclosures required by the Ministry of Local Government s were prepared. This was done mainly to capture loans and advances, investments and outstanding public debt of the Councils as part of its financial assets and liabilities so as to provide a statement of assets and liabilities. ., Some control weaknesses identified in the reporting and presentation of financial information produced by councils for audit during 2014 are given below:

7.3.1 Inconsistency in the financial statement/inconsistencies in the recognition, reporting and presentation of financial information

Western Area Rural District Council (WARDC)

A difference of Le.16.5million was observed between total payments in statement 1 (statement of cash receipt and payment), and total cash outflow in statement 2 (statement of comparison of budgets and actual).

²³ Source : Audited Financial Statements for 2012, 2013 and 2014

²⁴ Source: In an interview with key officials of the Local Government Finance Department, it was revealed that the delay in grant transfers in some instances was as a result of councils failing to meet preconditions set by the Central Government for the release of such grants

Pujebun District Council

Total revenue in statements 1 and 2 do not agree with those in statements 5 and 6. A net difference of Le51.6 million was observed between them. Also, total expenditure in statements 1 and 5 do not agree with those in statement 7. A difference of Le15.1 million was observed between them.

7.3.2 Inaccurate recognition of 2013 figures in 2014

Pujebun District Council

The statement of financial assets and liabilities (all funds) as at 31st December, 2013 were incorrectly brought forward in the 2014 FS. This resulted in a net difference of Le79 million not brought forward.

Bonthe Municipal Council

Statement 8 of the financial statements disclosed 2013 financial year comparative figures. The 2013 comparative figures were brought forward in the 2014 financial statements.

7.3.3 Over/Under stated revenue in the financial statement

Bo District Council

A review of the bank statement revealed that out of a total bank deposit of Le401.2 million, only Le398.7 million was disclosed in the financial statement as total own source. This resulted in own source revenue being understated by Le2.5 million in the financial statement.

Bonthe Municipal Council

Statement 6 of the financial statements disclosed revenues received during the year ended 31st December, 2014. A review of the bank statement revealed that out of a total bank deposit of Le18.9 million, only Le1.5 million was disclosed in the financial statement as total own source. This resulted in own source revenue being understated by Le17.4 million in the financial statement.

Koinadugu District Council

Transfers from central government were overstated by Le2.9 billion in the financial statements. This misstatement represents approximately 36% of Council's total revenue. Consequently, the Auditors were unable to confirm that the total revenue as reported in Statement 1 of the financial statements is free from material misstatement.

7.3.4 Non-disclosures of information in the financial statements

Bonthe District Council

The closing cash book balance of Le10.9 million, in respect of the European Union (EU) project account was not disclosed in the financial statement as at 31st December 2014.

Management of the Bonthe District Council is of the view that the accounting system currently in operations in council is not aligned with the financial reporting requirements and standards of the EU. They stated that even though the EU budget was integrated in the PETRA system, it was impossible to align and integrate the reporting requirement that is acceptable to the EU.

However, in as much as provisions were not made in the PETRA for inclusion of the EU project funds, the auditors are of the view that external funds received by council would have been disclosed as an additional notes to the financial statements and explain the situation as required by the financial reporting under the cash basis of accounting

Koinadugu District Council

Statement 1 of the financial statements shows cash receipts and payments (all funds) for the year ended 31st December 2014. During the course of the audit, it was realised that the opening and closing cash and cash equivalent of Le954.5 million and Le1.2 billion respectively as reported in Statement 4, were not recognised in statement 1 of the financial statement. Consequently, the auditors were unable to obtain sufficient appropriate audit evidence that the total income and expenditure balances reported in the financial statements were free from material misstatements.

7.4. CASH AND BANK MANAGEMENT

The auditors were unable to obtain sufficient appropriate audit evidence to confirm that bank balances disclosed in the financial statements were free from material misstatement, as a result of the matters described below.

7.4.1 Differences between Cash Books and Financial Statement Balances

Pujebun District Council

The Council failed to reconcile its cash books and information presented in the financial statements. Analysis between cash books and the financial statements for the various accounts maintained by Council revealed a total difference of Le6.8 million between the total closing cash book balances and the total balances disclosed in the FS {statement no. 4 -statement of financial assets and liabilities (all funds) as at the year ended 31st December 2014}.

7.4.2 Bank reconciliation not carried out for some accounts

Bonthe Municipal Council

Section 139(1) of the Financial Management Regulations, 2007 states *“The balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cash book balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book”*.

In addition to the regulation, bank reconciliation is a fundamental financial control procedure that helps identify discrepancies between the balances recorded in the cash book and those entered in the records held by the bank. However, bank reconciliations were not carried out for three accounts held by the Council during the financial year ended 31st December, 2014. These three accounts were in respect of the Decentralised Service Delivery Program (Solid Waste Management), Administration and Hospital. At 31st December 2014, the total bank balance of these accounts was Le 9.7 million. In the absence of reconciliation, the auditors were unable to confirm that the amounts recognised in the financial statements in respect of these accounts were free from material misstatement or the revenue and expenditure transactions processed through these accounts.

7.4.5 Bank confirmations not received

Western Area Rural District Council (WARDC)

Of the total cash and bank balance of Le498.3 million, bank confirmations of five bank accounts to the tune of Le125.6 million maintained at the Sierra Leone Commercial Bank were not received. This represents approximately 25% of the council's cash and bank balances. As a result we could not confirm council bank balances as at 31st December 2014.

7.5. NON-COMPLIANCE WITH PUBLIC FINANCIAL MANAGEMENT LAWS AND REGULATIONS

7.5.1 The Local Government Act, 2004 (LGA 2004)

Despite recommendations made in previous audit reports, the councils still continue to pay Sitting Fees and Allowances to Councillors without guidelines. Payments totalling Le1.97 billion were again made to

Councillors as Sitting Fees and Allowances during 2014. Section 30(2) of the Local Government Act 2004 requires that the Ministry of Local Government and Rural Development, in consultation with the Ministry of Finance and Economic Development, issue guidelines to Councils with regard to the payment of any allowance or remuneration. To date, no such guidelines have been issued.

In similar vein, during the year to 31st December 2014, the sum of Le347.2 million was paid as sitting fees and other allowances to Councillors who were absent from the meeting to which the payments related.

The table below gives detailed amount paid as sitting fees and allowances without guidelines and payment made to absentee councillors during 2014.

Table9.8		
No guidelines for the payment of councillor sitting fees and other allowances		
Name of Council	Payment without Guidelines Le(000)	Payment to Absentee Councillors Le(000)
Bo City Council	37.6	5.9
Bo District Council	114.2	4.9
Bonthe District Council	75.1	15.7
Bombali District Council	115.0	10.6
Bonthe Municipal Council	43.8	-
Freetown City Council	465.0	-
Kailahun District Council	126.7	71.7
Kambia District Council	90.0	27.0
Kenema District Council	145.3	12.1
Koidu New Sembehun City Council	72.5	26.5
Koinadugu District Council	182.4	17.4
Kono District Council	68.9	59.6
Makeni City Council	55.8	2.6
Moyamba District Council	121.3	-
Port Loko District Council	141.6	94.4
Pujehun District Council	104.9	4.7
Tonkolili District Council	100.3	-
Western Area Rural District Council	105.4	-
Total	1,966.6	347.2

Source: ASSL-Auditor General's Reports on Local Councils for the year ended 31st December 2014.

7.5.2 The Public Procurement Act, 2004- Breach in procurement regulations

Lack of three requests for quotations

Section 45(1) of the Public Procurement Act 2004 requires that the Councils request quotations from at least three potential suppliers before ordering goods, works or services. Before ordering goods and services valued at Le241.3million in 2014 this requirement was not met by the Councils. As well as breaching the legislation, this action may have resulted in the Council not achieving maximum value for money.

table 9.9	
lack of three requests for quotations(rfq)	
name of council	amount le(000)
koidu new sembehun city council	220.0
western area rural district council	21.3
total	241.3

Source: *ASSL-Auditor General's Reports on Local Councils for the year ended 31st December 2014.*

Procurement activity not in procurement plan

In the Bonthe District Council, a contract for the purchase of ten cassava grater machines for the agriculture sector, amounting to Le50.2 million, was not included in the procurement plan

submitted for inspection. In an interview with the procurement officer, it was explained that this amount was for the construction of a drying floor which was part of the budget but that it was converted to purchase the 10 machines. In spite of repeated requests, reviewed procurement plan and minute of approval for this deviation were not made available for inspection.

Prequalification proceedings not followed

In Port Loko District Council, procurements amounting to Le579.0 million were undertaken without obtaining procurement documents such as NRA tax clearance, NASSIT certificate and Business Registration certificate in line with section 21 of the Public Procurement Act, 2004. Section 21 of the Public Procurement Act of 2004 requires that, in order to participate in procurement proceedings, a bidder must qualify by meeting the criteria set by the procuring entity, which may include assessment by the National Revenue Authority to ascertain payment of taxes and payment of social security contributions. Failure to obtain NRA clearance and NASSIT certificate may encourage the participation in public procurement of unqualified suppliers, contractors, consultants and other providers of goods and services.

Procurement records not submitted for audit inspection

In the Freetown City Council, the following were observed:

- 1) Procurement documents such as minutes of bid opening, procurement committee minutes, bidder's documents, evaluation committee minutes, matrices etc. for the under mentioned contracts were not submitted for audit review:
 - Construction and completion of market stall at Sewa Grounds amounted to Le2.5 billion;
 - Design and supervision of the market stall at Sewa Grounds amounted to Le104.0 million; and
 - Valuation of Sewa Grounds amounted to \$100,000
- 2) There was variation in the work for the construction and completion of the market stalls at Sewa Grounds totalling Le283.0 million for which there was no evidence of approval by the procurement committee

The Financial Management Regulations (FMR), 2007

Our audit examinations revealed the following:

- i.* 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: the Western Area District Council during 2014, as 109 Local Tax books valued at Le54.5 million and 163 market dues receipt books valued at Le3.3 million were not submitted for audit inspection.
- ii.* Section 73(1) of the FMR 2007 requires all disbursements of public monies to be supported by an appropriate payment voucher and other relevant documents. Based on samples of expenditure presented in the Financial Statements by the councils and tested, disbursements to the tune of Le824.7million were undertaken for which some supporting documents were submitted.

However, the nature of these supporting documents was insufficient to fully substantiate the payment concerned. For instance, some payments were not supported with receipts, PETS Forms, beneficiary list etc.

Table 9.10	
Payments without relevant documentary evidence	
Name of Council	Total Le(000)
Freetown City Council	394.1
Western Area Rural District Council	430.6
Total	824.7

Source: ASSL-Auditor General's Reports on Local Councils for the year ended 31st December 2014.

The Income Tax Act 2000

During the audits of Councils conducted during 2014, it was identified that withholding taxes totalling Le108.2 million were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act 2000. All Heads of Councils should ensure that withholding tax is deducted properly and paid to NRA. The amounts identified during the audits should be recovered and paid to NRA. Evidence of payment should be forwarded to the ASSL for verification, and the Commissioner of Income Tax should take the necessary action. The Government of Sierra Leone relies on tax revenue to finance key public services. Failure to properly and fully deduct, collect and remit withholding tax reduces available government revenue and, ultimately, reduces the level and quality of public services received by citizens.

Table 9.11, Withholding taxes not paid over to the relevant authority, identifies councils and provides values for the statutory deductions.

Table 9.11	
Withholding taxes not paid over to the relevant authority	
Name of Council	Amount Le('000)
Bo City Council	23.4
Bonthe Municipal Council	7.1
Pujehun District Council	74.4
Moyamba District Council	3.3
Total	108.2

Source: ASSL-Auditor General's Reports on Local Councils for the year ended 31st December 2014.

National Social Security and Insurance Trust (NASSIT) Act 2001

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 employer. It was however observed that in the Pujehun District Council, NASSIT deductions of Le6.8million from salaries of core staff were not paid over to NASSIT. The failure to pay over the amounts withheld from employees' salaries would adversely affect the processing of their retirement benefits when they are due. The retirement benefits of staff will also be seriously affected as retired workers will not be able to get their correct terminal benefit packages and pensions, hence Council would risk being sanctioned for not complying with NASSIT regulations.

7.6. INTERNAL CONTROL ENVIRONMENT

Poor internal controls diminish council's ability to achieve their objectives, deliver agreed service levels and comply with relevant legislation. Poor internal controls also increase the risk of fraud, error, irregularities and financial report misstatements. Reliable internal controls are a prerequisite for accurate and timely financial reporting.

The councillors and management of each local council are responsible for developing and maintaining adequate systems of internal control to enable:

- Preparation of accurate financial records and other supporting information;
- Timely and reliable external and internal reporting;
- Safeguarding of public assets; and
- Prevention or detection of fraud, errors and other irregularities.

Integral to the annual financial audit is an assessment of the adequacy of the internal control framework and the governance processes related to the council's financial reporting.

Internal controls are systems, policies and procedures that help an entity to reliably and cost-effectively meet its objectives. Sound internal controls enable delivery of reliable, accurate and timely external and internal reports.

The Internal Audit Units in the Councils are a key component of the system of internal control. Section 84 (2) and (4) of the Local government Act 2004 require the Head of the Internal Audit Department to prepare a report on the internal audit work carried out by the Department during the three months immediately preceding the preparation of the report, and submit it to the local council. These sections also require that a copy of the Internal Audit Report should be sent to the Minister of Local Government. We noted these Units were grossly understaffed, there are no Internal Audit Manuals; and that there was no evidence to show that the Internal Audit Reports were submitted to the Minister for the period under review. Effective checks on the accuracy of transaction recordings were not carried out on the books of account. Reviews were only carried out on payment vouchers. No risk management process was in place at the councils to identify and respond to the risk of fraud.

7.7. STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS

We reviewed the implementation of the previous year audit recommendations and the following table summarises the status of those still outstanding as at 31st December, 2014:

No	Name of Council	Recommendations status			Total
		Implemented	Partly Implemented	Not Implemented	
1	Bo City Council	22	0	1	23
2	Bo District Council	24	2	2	28
3	Bonthe District Council	18	2	2	22
4	Bombali District Council	1	0	6	7
5	Bonthe Municipal Council	8	7	1	16
6	Freetown City Council	9	0	5	14
7	Kailahun District Council	14		4	18
8	Kambia District Council	0	0	7	7

9	Kenema District Council	11	0	5	16
10	Koidu New Sembehun City Council	8	0	4	12
11	Koinadugu District Council	1	1	4	6
12	Kono District Council	10	0	6	16
13	Makeni City Council	1	1	5	7
14	Moyamba District Council	8	1	4	13
15	Port Loko District Council	0	1	3	4
16	Pujehun District Council	15	0	4	19
17	Tonkolili District Council	0	0	4	4
18	Western Area Rural District Council	2	6	5	13
Total recommendations		152	21	72	245
% compliance/non-compliance		62%	9%	29%	100%

From analysis in the table above, it was noted that 152 (62%) of outstanding recommendations in previous years were fully implemented, (21) 9% partly implemented and (72) 29% not implemented by councils. These recommendations relate to very basic accounting accuracy, internal control, accountability and governance issues and they plague, not for the first time, public financial management in the Councils. Many of these have been reported in the past and ought not to have been repeated. I have advised management of the councils to address all the audit issues and recommendations made in the previous reports as they are intended to enhance efficiency of operations, accuracy of financial reporting and compliance with the applicable legislation.

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

APPENDICES

Appendix A (Losses of cash and stores recorded from 1st January 2014 to 31st December 2014)			
MDA	Details	Page Ref	Cash loss (Le)
Ministry Of Finance And Economic Development (2014)	Payments to personnel not on the staff list.	95	443,600,000
Ministry Of Education Science And Technology-HQ (2014)	Grants/subventions without expenditure returns.	96	712,000,000
	Withdrawals without supporting documents.	96	466,079,638
	Monies from government funds paid to WAEC for private school students.	96	467, 100,000
	Unretired Imprest	92	18,000,000
	Documents regarding international grants-in aid not submitted for inspection.	97	1, 068,990,342
Ministry Of Agriculture Forestry And Food Security -HQ (2014)	Withdrawals without supporting documents.	99	163,754,160
	Bank statement not made available to verify deposits.	101	1, 313,120,000
	Unrecovered Debts	102	1, 075,984,684
	Twenty two project personnel who received salaries from the ministry.	103	235,927,039
	Unretired Imprest	92	1,721,220,240
	Withholding taxes not deducted and paid over to NRA.	92	23,461,675
Ministry Of Mines And Mineral Resources -East (2013)	Monies collected as monitoring fees but not accounted for.	107	28,950,000
National Minerals Agency (2014)	Monies collected and not paid into the CRF.	107	661, 273,007
National Minerals Agency- North (2014)	Revenue in respect of issued licenses but not paid into the CRF.	110	3,900,000
Ministry Of Defence-HQ (2014)	No evidence of duty waivers paid.	110	9,700,000,000
	Unretired Imprest	92	28,274,000
	No procurement documents presented for inspection.	112	32,233,178,400 3,981,268,138
	No procurement documents submitted for peace keeping operations.	116	377,191,700
	Payments without supporting documents.	112-113	8, 645,000,000 72,400,000,000
	Excess use of fuel.	114	58,455,000
	Ministry Of Defence North (2014)	Take home rice not accounted for.	119
	Withholding taxes not deducted and paid to NRA.	92	9,727,750
	Payments made to four non-existing suppliers.	119	219, 575,688
		Bal b/d	122,604,987,740

Appendix A (Losses of cash and stores recorded from 1st January 2014 to 31st December 2014)			
MDA	Details	Page Ref	Cash loss (Le)
		Bal b/f	122,604,987,740
Ministry Of Health And Sanitation-HQ (2014)	Unretired Imprest	92	130,000,000
	Withholding taxes not deducted and paid to NRA.	92	65,462,275
	Payment without supporting documents.	123	930,688,000
	Fuel records not submitted.	124	139,998,000
	No distribution list for tools and materials procured.	128	550,000,000
Connaught Hospital (2014)	Personnel who earned salaries yet were physically unverified.	131	11,829,045
Rokupa Government Hospital (2014)	Revenue not paid into CRF.	153	7,368,475
Sierra Leone Psychiatric Hospital –(2014)	Withholding taxes not deducted and paid to NRA.	92	19,416,000
Bo Government Hospital (2013-2014)	Inconsistencies between diets and sundry items supplied and the number of patients admitted.	159	1,070,000,000
	Withholding taxes not deducted and paid to NRA.	92	24,100,000
Government Hospital Kenema (2013-2014)	Monies withdrawn from the hospital's user fee account and disbursed without supporting documents.	164	51,219,400
	Disbursement of funds from allocation received without supporting documents.	164	165,498,082
	No documentary evidence on the utilization of fuel and servicing of motor vehicles.	165	223,876,000
District Health Medical Team-Kenema (2013-2014)	Assorted cost recovery drugs not physically verified.	166	54,213,400
District Health Medical Team-Kailahun (2013)	Evidence not made available to justify the disbursement of funds.	186	23,250,000
	Withholding taxes not deducted and paid to NRA.	92	4,099,475
Makeni Government Hospital (2014)	Kitchen items purchased and not physically verified.	171	12,140,000
	Unretired Imprest	92	59,000,000
	Collections made on 8 missing receipt books.	172	13,682,000
	Monies neither banked nor having supporting documents submitted to justify the utilisation of funds.	172	23,801,000
		Bal b/d	124,736,698,615

Appendix A (Losses of cash and stores recorded from 1st January 2014 to 31st December 2014)			
MDA	Details	Page Ref	Cash loss (Le)
		Bal b/f	124,736,698,615
	Withholding taxes not deducted and paid to NRA.	92	55,077,100
	Withdrawals made without any supporting documents.	173	93,461,807 507,738,071
	Fuel not accounted for.	173	92,130,400
	Fuel issued to unofficial vehicles.	173	34,222,500
	Stock ledger and expendable sheets recording the receipt and utilisation of diet received, not made available for audit inspection.	173	561,279,000
	Revenue from sale of cost recovery drugs not accounted for.	173	40,765,636
	Loan from cost recovery account not repaid.	174	3,000,000
Government Hospital -Tonkolili (2014)	Revenue collected from surgical operations not brought to account.	177	115,050,000
	Revenue generated from the sale of cost recovery drugs not brought to account.	177	19,615,000
Primary Healthcare -Tonkolili (2014)	Expenditure returns not submitted for review	178	94,000,000
	Unretired Imprest	93	16,500,000
	Fuel unaccounted for.	178	19,994,000 5,256,000
Primary Health Care-Bombali (2014)	Non recovery of revenue in respect of cost recovery drugs	180	20,499,000
	Expenditure returns to substantiate how performance based financing relating to 86 PHUs were utilised not submitted for audit inspection.	180	238,745,625
	No approved fuel request forms to justify how fuel was issued to officials of the PHC.	180	12,135,000
Ministry Of Works, Housing And Infrastructure (2014)	Payment without supporting documents.	182	184,069,500
	Withholding taxes not deducted and paid to NRA.	93	10,678,000
	Unregistered quarry operations carried out.	182	240,000,000
	Moneys not paid by Filling Stations for storing petroleum products.	182	4,900,000
	Staff abandoning duty station without authorisation	184	5,674,956
	Staff not available for physical verification.	184	282,803,664
		Bal b/d	124,974,496,715

Appendix A (Losses of cash and stores recorded from 1st January 2014 to 31st December 2014)			
MDA	Details	Page Ref	Cash loss (Le)
		Bal b/f	124,974,496,715
Ministry Of Social Welfare Gender And Children Affairs -Bombali (2013)	Lack of documentary evidence to justify disbursements.	195	22, 450,000
Ministry Of Social Welfare Gender And Children Affairs-Tonkolili (2014)	Fuel unaccounted for.	196	12,075,000
		196	1, 436,250
Ministry Of Trade And Industry (2013-2014)	Proceeds from the sale of Japanese rice unaccounted for.	200	11,023,306,399
Ministry Of Water Resources (2013)	No documentary evidence to justify the usage of fuel.	203	22, 743,000
	Withholding taxes not deducted and paid to NRA.	93	13,747,828
Ministry Of Tourism And Cultural Affairs (2013-2014)	Supporting documents not submitted for audit inspection for subvention transferred in 2014.	205	681, 282,450
	Withholding taxes not deducted and paid to NRA.	93	4,274,900 14,625,000
Ministry Of Youth Affairs (2013)	Inadequate control over the utilisation of fuel	206	16, 281,000
	Payments without supporting documents.	207	666,541,655
	Withholding taxes not deducted and paid to NRA.	93	4,663,750
Ministry Of Local Government And Rural Development (2013-2014)	Names on payroll not found on the ministry's staff list.	208	1, 085,604,609
Provincial Secretary's Office -North (2014)	Unretired Imprest	93	67,160,000
	Withholding taxes not deducted and paid to NRA.	93	1, 250,000
Provincial Secretary Office –South (2014)	No expenditure returns on NERC grants and imprest paid to the Provincial Secretary's Office.	210	204,450,000
Provincial Secretary's Office-East (2014)	Non retirement of allocation.	211	152, 500,000
	Utilisation of fuel without justification.	211	4, 850,000
	Monies utilised by the Provincial Secretary's Office without documentary evidence.	211	20, 000,000
Office Of The Administrator And Registrar General (2014)	Withholding taxes not deducted and paid to NRA.	93	6,199,425
Sierra Leone Correctional Service-South(2014)	Unretired Imprest.	94	5,100,000
Sierra Leone Correctional Service East (2014)	Unretired Imprest.	94	3,185,000
Sierra Leone Embassy- Washington DC (2011-2013)	Monies paid to other delegates who were not part of the presidential entourage and those monies not refunded.	219	184,372,000
Sierra Leone Mission In New York (2011-2013)	Loan to staff with no evidence of refunds.	225	12,000,000
Office Of The Administrator And Registrar General (2014)	Monies in the transit bank account not traced in BSL's bank statement.	227	1,092,248,536
	Huge difference between the NRA cashbook and bank balance.	227	1,631,466,160
		Bal b/d	139,919,912,368

Appendix A (Losses of cash and stores recorded from 1st January 2014 to 31st December 2014)			
MDA	Details	Page Ref	Cash loss (Le)
		Bal b/f	139,919,912,368
Office Of The Administrator And Registrar General- South (2013-2014)	No confirmation from NRA for monies alleged to have been collected in respect of business and marriage registration fees for the period under review.	230	52,500,000
Immigration Department-North (2014)	Government revenue not accounted for.	233	6, 200,000
Immigration Department-South (2014)	Funds allocated not accounted for by the regional office.	233	74, 480,000
National Registration Secretariat (2013)	Monies transferred from the transit account to the CRF, but not traced in the bank statement.	234	77,592,500
Sierra Leone Correctional Service (2014)	Payment for the procurement of office stores not delivered.	241	345,475,000
Sierra Leone Correctional Centre- South (2013-2014)	Fuel not accounted for	242	90,300,000
National Fire Force – South Region (2014)	Invoices and delivery notes not made available to confirm utilization of fuel.	246	27,517,500
National Fire Force– Southern Region (2014)	Monies allocated for fire prevention not accounted for.	246	34, 862,000
National Fire Force-East (2013-2014)	Non retirement of allocations.	247	12, 610, 000
GRAND TOTAL			140,513,297,368
