

Transmittal Letter



December, 2019

The Clerk  
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, 2018.

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 ABBREVIATIONS AND ACRONYMS**

ACC	-	Anti-Corruption Commission's
AFROSAI-E	-	African Organisation of English-speaking Supreme Audit Institutions
ASSL	-	Audit Service Sierra Leone
AMIS	-	Audit Management Information System
BAN	-	Budget Advocacy Network
BSL	-	Bank of Sierra Leone
CA	-	Chief Administrator
CAAT	-	Computer Assisted Audit Techniques
CAM	-	Compliance Audit Manual
CBIPSAS	-	Cash Basis International Public Sector Accounting Standards
COMAHS	-	College of Medicine and Allied Health Sciences
CF	-	Consolidated Fund
CSOs	-	Civil Society Organisations
DAO	-	District Agriculture Officer
DD	-	Deputy Director
DG	-	Director General
DFID	-	Department for International Development
DHMTs	-	District Health Management Teams
DMO	-	District Medical Office(r)
DOD	-	Disbursed Outstanding Debts
EDSA	-	Electricity Distribution and Supply Authority
EGTC	-	Electricity Generation and Transmission Company
EIA	-	Environment Impact Assessment
EPA	-	Environment Protection Agency
ETCs	-	Emergency Travel Certificates
FAM	-	Financial Audit Manual
GoSL	-	Government of Sierra Leone
GPFS	-	General Purpose Financial Statements
GST	-	Goods and Services Tax
HoC	-	Head of Chancery
HRMO	-	Human Resources Management Office
IAS	-	International Accounting Standards
ICB	-	International Competitive Bidding
ICT	-	Information, Communication and Technology
IFMIS	-	Integrated Financial Management Information System
IHPAU	-	Integrated Health Project Administration Unit
IPSAS	-	International Public Sector Accounting Standards
ISSAIs	-	International Standards of Supreme Audit Institutions
IT	-	Information Technology
LGSC	-	Local Government Service Commission
LPO	-	Local Purchase Orders
MAF	-	Ministry of Agriculture and Forestry
MD	-	Managing Director
MDAs	-	Ministries, Department and Agencies
MEST	-	Ministry of Education, Science and Technology
MFAIC	-	Ministry of Foreign Affairs and International Cooperation
MLGRD	-	Ministry of Local Government and Rural Development

MoD	-	Ministry of Defence
MoF	-	Ministry of Finance
MOHS	-	Ministry of Health and Sanitation
MoW	-	Ministry of Works
MS	-	Medical Superintendent
MTA	-	Ministry of Transport and Aviation
NATCOM	-	National Telecommunication Commission
NASSIT	-	National Social Security and Insurance Trust
NPPA	-	National Public Procurement Authority
NRA	-	National Revenue Authority
ONS	-	Office of National Security
PA	-	Performance Audit
PAC	-	Public Accounts Committee
PFMA	-	Public Financial Management Act
PHC	-	Primary Health Care
PO	-	Procurement Officer
PSC	-	Public Service Commission
PSOs	-	Public Sector Organisations
RFQ	-	Request for Quotations
RMFA	-	Road Maintenance Fund Administration
RSLAF	-	Republic of Sierra Leone Armed Force
SAI	-	Supreme Audit Institution
SLCB	-	Sierra Leone Commercial Bank
TSA	-	Treasury Single Accounts
UN	-	United Nations
USD	-	United States Dollars

## AUDITOR-GENERAL'S STATEMENT



It is with great pleasure that I once again submit my report to Parliament on the use of public funds by the Government of Sierra Leone, for the financial year ended 31st December, 2018. This is in line with section 119 (4) of the 1991 Constitution of Sierra Leone. The report summarises the results of the financial, compliance and performance audit works undertaken on my behalf by staff of the Audit Service Sierra Leone (ASSL). It deals primarily with the 2018 accounts of central government bodies. It however does not include the results of the technical audits and special assignments carried out during the period, as they have been presented to Parliament as special reports in line with my constitutional mandate.

The prime function of public sector audit is to provide independent assurance, information and advice to those charged with governance, to properly account for the use of public resources. In addition, we strive to assist audited bodies improve their financial and operational management processes, governance and propriety in the conduct of public business through recommendations proffered during our mainstream financial, compliance and performance audits.

The demands and expectations from Supreme Audit Institutions (SAIs) in the twenty-first century are formidable. This is because SAIs play such a vital role in holding governments to account for their stewardship of public funds and help ensure the transparency of government operations. This requires that SAIs must work with integrity and meet the highest professional standards. It also means that SAIs must organise and manage their own operations and activities in ways which equal or surpass the standards that SAIs expect the organisations they audit to achieve. Finally, SAIs must fulfil their mandates as effectively as possible in environments marked by constant change and challenge.

In these circumstances therefore, I have continually re-evaluated and reassessed how the ASSL discharges its responsibilities. I must ensure that our work consistently meets the highest standards expected of us and that our activities remain relevant to the environment in which we operate. The key elements in our strategy to meet these challenges are ensuring that it:

- embraces a culture of continual improvement;
- invests the time and resources needed to develop the capacity it requires, professionally and organisationally, to respond to the challenges it faces; and, does all this in ways that do not compromise or call into question our independence.

In line with this strategy, we have introduced for the first time an Audit Management Information System (AMIS) in our audit work. The principal objectives of AMIS are to provide an integrated near-paperless strategy for managing the core business of ASSL; eliminate barriers associated with paper-based manual systems including paper-filled binders; driving efficiencies and improve productivity, and better value-for-money into all facets of the audit workflow. I have also introduced the Financial Audit and Compliance Audit manuals (FAM & CAM) through the support of our regional organisation AFROSAI-E. I also undertook joint technical and special audits with other sister SAIs, in the African region. These interventions have enhanced to a greater extent, the capacity of staff in the performance of their functions.

Against the background of separating financial audit from compliance audit, and the expansion of performance audit engagements, I continue to successfully deliver the ASSL's strategy of adding value to stakeholders, facilitating transparency and enabling accountability in the public sector. I audited key programmes in the mining, health and transport sectors. I also audited high-risk state-owned enterprises such as the National Social Security and Insurance Trust (NASSIT), the National Telecommunications Commission (NATCOM) and the Road Maintenance Fund Administration (RMFA) amongst others. My attention on local municipalities and chiefdoms has, for the last few years, been on auditing areas that are important to the lives of people, such as infrastructure, mining, sanitation, water and human settlements.

In the line of duty, my audit teams continue to provide a holistic, integrated view of auditee's performance by using financial, compliance and performance auditing skills. This integration of skills resulted in a deeper audit scope and coverage, improved evidence collection, greater depth of data analysis and integration which have resulted in an improved quality of my audits. The use of specialised audit skills further enhanced my team's vast knowledge of the public sector and made it easier to identify the misuse or diversion of resources meant to support the country's economic growth and improve the lives of citizens.

In my effort to use the knowledge gained through audit engagements to improve public administration, I sought and developed strategic relationships with the Public Accounts Committee (PAC) and other parliamentary oversight bodies, providing them with insight and information to enable them execute their respective mandates. My messages have been enthusiastically received and used by these bodies to hold the respective executive, accounting officers and authorities accountable.

In summary, I successfully protected the ASSL's independence, enhanced the technical competence of my staff, demonstrated the necessary capacity to deliver audits, sustained contact with the public and observed that my message found resonance with the Sierra Leonean citizens, and by design, those charged with the management of public resources. Over the years, the implementation of audit recommendations continues to be of great concern to my office. Much needs to be done in this area.

Moving forward, I will focus on using participatory audits as a mechanism to motivate stakeholders to act and respond to audit findings and for civil society organisations to follow-up on the implementation of my recommendations. In addition, I will continue to be a trusted source of insight and knowledge about the public sector's performance. My task as Auditor-General is to position the ASSL in the future of Sierra Leone.

I would like to acknowledge the Government for its commitment to the continuous Public Financial Management reforms which are aimed at further enhancing same in Sierra Leone. I acknowledge the Parliament for their oversight function and continued scrutiny of my report. The public hearing sessions conducted by the PAC during the scrutiny of my report have been instrumental in continuously improving the management of public resources by the respective accounting officers and those charged with the responsibility of utilising public resources. I would also want to acknowledge the support from our development partners that have contributed to the strengthening of operational capacity within the ASSL. I extend my appreciation to the ASSL staff. It is their

professional resilience and devotion that has made it possible for the ASSL to deliver on its constitutional mandate and contribute to making a difference to the lives of Sierra Leoneans.

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

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

## **EXECUTIVE SUMMARY**

### **About this Executive Summary**

This executive summary highlights the main points of each chapter in this report. Further explanations are added where necessary, so that the summary becomes a stand-alone chapter that accurately reflects the overall content. It is laid out in the same sequence as the chapters in the document, and in such a way that readers can quickly become acquainted with the content in the body of the report.

### **The Role of the ASSL**

We are the guardian of the public purse and Sierra Leone's economic security. In the exercise of our legitimate authority as the supreme audit institution, and acting in a professional, ethical and transparent manner, we audit and report on the stewardship provided by the Government over monies received - whether from taxpayers, donors or others - and related expenditure from these funds. Our vision is to be a leading audit organisation promoting excellence and accountability in public institutions. In achieving this vision, we use financial, compliance and performance audit methodologies, amongst other tools to fulfil each of the following roles:

1. Establish to a reasonable level of assurance whether or not public monies are used by the Government in the manner intended by Parliament.
2. Assess whether these funds are adequately controlled, clearly and accurately reported by the Government, and how they are used in terms of economy, efficiency and effectiveness.

We report to Parliament principally, but also to the citizens of Sierra Leone and other stakeholders.

## **PUBLIC ACCOUNTS**

### **Audit of the General Purpose Financial Statements (GPFS) of the Consolidated Fund (CF)**

Section 87 (1) of the Public Financial Management Act (PFMA) of 2016 requires the Accountant General to draw up and sign the annual financial statements of the Consolidated Fund not later than three months after the end of a financial year, and to submit them together with his explanatory report to the Auditor-General for auditing, through the Minister of Finance. The explanatory report referred to in subsection (1) includes an overview of the annual financial statements of the Consolidated Fund and other information requested by Parliament.

This year, I issue an unqualified audit opinion on the 2018 GPFS based on my professional judgement. The opinion is rendered after evaluating the evidence gathered during the audit of the GPFS, and consequently, on the findings of the numerous audits undertaken on transactions carried out in 2018. The issues giving rise to the opinion on the 2018 GPFS are summarised below:

#### *Domestic Revenue*

We continued to see improvement in the controls over the assessment, collection and reporting of government revenue. The Government revenue collected in 2018 increased by 43% from Le3,200.1 billion in 2017 to Le4,582.1 billion. This was made possible by improvement in control and the implementation of the Treasury Single Account (TSA). It is worth noting that, even though reconciliation was carried out between the NRA and the Accountant General's Department in respect of revenue transferred into the Consolidated Fund, there was no evidence of it being

performed between the NRA and the transit banks. Without these regular reconciliations (at the assessment and collection stages), taxpayers will continue to underpay without any penalties levied on them, and their records at the NRA will not be correctly updated.

#### *External Public Debt*

The disbursed outstanding debts (DODs) disclosed in the public accounts were compared with those in the books of the creditors and reports from the Commonwealth Secretariat's Debt Recording Management Systems (CSDRMS). Despite the fact that the confirmations received as part of the 2018 audit initially revealed a number of errors in the GPFS, we were able to verify consistency between the revised DODs and confirmations from creditors for majority of the loans in the final version of the GPFSs. It must be highlighted here that, loan agreements were not submitted for some of the loans disclosed in the disbursed outstanding debts.

#### *Expenditure*

Executive Orders were issued to restore fiscal discipline by focusing on expenditure rationalisation and ensuring cash management was strengthened to aid budget execution and avoid build-up of new arrears. Notwithstanding, government expenditure in 2018 increased by 7%; from Le5,200 billion (in 2017) to Le5,546 billion. We reviewed selected payments made through the Integrated Financial Management Information System (IFMIS) and the Financial Secretary's letters, and noted that transactions were still processed without adequate documentation.

#### **Unqualified Opinion**

In my opinion, the GPFS of the Consolidated Fund gives a true and fair view, in all material respects, of the financial position of the Government of Sierra Leone as at 31st December 2018. Its receipts and payments, and additional financial statements (Statement of Comparison of Budget and Actual Revenue and Expenditure, and the Statement of Cash Position), have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (CBIPSAS), Public Financial Management (PFM) Act of 2016 and other applicable laws and regulations.

#### **Emphasis of Matter**

##### *Tax Liabilities not Paid by Taxpayers*

Note 6 of the GPFS discloses the Income Tax Receipt and Domestic Revenue (Tax) Arrears. During the financial year under review, Goods and Services Tax and Corporation Tax liabilities which totalled Le54.2 billion and Le14.04 billion respectively, were levied on several taxpayers for which no evidence of payments was made available to the auditors. In addition, these amounts were not included in the Domestic Tax Arrears disclosed in the GPFS.

##### *Prior Year Adjustments*

I draw attention to Note 32 of the GPFS which describes the prior year adjustments made to closing bank balances for the year ended 2017, due to incomplete journal entries in respect of prior years' transactions that were not paid in 2017. I noticed that these were wrongly recorded as expenditure in the 2017 Financial Statements.

I also observed that several cheques sent to the Bank of Sierra Leone were split into multiple tranches when payments were made to suppliers and MDAs. This was also noted in the bank reconciliation statements as the outstanding amounts for the various cheques were disclosed as

unpresented cheques. As at 31st December 2018, an outstanding balance of Le98.8 billion was still due from cheques.

### **Other Matters**

#### *Input GST Claimed by Taxpayers in the VIPS not Traced in the ASYCUDA*

Discrepancies to the tune of Le210.6 billion were noted between deductible inputs (input GSTs) recorded in the VIPS+ and the ASYCUDA++. These discrepancies were as a result of input GST of Le164.9 billion recorded in the VIPS+ but not in the ASYCUDA++, and a difference of Le45.7 billion noted between transactions recorded in the VIPS+ and those recorded in the ASYCUDA++. This inconsistency could mislead users of the financial statements.

#### *Recurrent Expenditure without Supporting Documents*

Payments to the tune Le4.8 billion in respect of goods and services were made by various MDAs without the relevant documentary evidence such as; payment vouchers, receipts and other supporting documents. Such payments are considered ineligible in the absence of documentary evidence and may create the view that government's much needed funds have been mismanaged.

#### *Domestic Revenue - Inadequate Reconciliations*

Bank reconciliations were not regularly carried out between the NRA and the transit banks. Moreover, there was no process by which the amount of non-tax revenue assessed by revenue generating MDAs was compared to the revenue collected by the NRA. In the absence of effective and regular reconciliations, a number of issues were not identified and corrected. Typical among them are as follows:

- As at 31st December 2018, we noted that revenue totalling Le1.27 billion which should have been transferred to the CF was still outstanding.
- A comparison between quantities uplifted on sales (from C27) and swift payments made by taxpayers (oil companies) in respect of petrol and diesel revealed that differences totalling Le526 million and Le3.5 billion respectively, were still outstanding for import and excise duties.

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

The financial statements communicate government's accountability to taxpayers through the Legislature and civil society, on how well it has exercised its stewardship of the public purse. The primary objective of auditing the financial statements is to provide the users thereof with an opinion on whether the financial statements fairly present, in all material respects, the key financial information for the reporting period, in accordance with the financial framework and applicable legislation.

This year, I have issued an unqualified opinion, on the GPFS of the Consolidated Revenue Fund Account of the Government. This reveals consistency from the last two years when I also issued unqualified opinions. This year's report, similar to last year's, shows an improvement on issues such as; control over the preparation of financial and performance reports; improved review and monitoring of compliance with legislation; better records management system and better controls over daily and monthly processing and cash management practices.

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

Over the years, we have been consistently reporting on the primary causes of poor audit outcomes and have made recommendations for improvement. However, implementation of recommendations, while improving, needs to be sustained.

Follow-up on audit recommendations is crucial if value is to be added on the activities of government. The intervention of the Executive arm of the Government in this regard, draws attention to and enhances scrutiny of the report of the Auditor-General. This action, if considered, will help in achieving the goals of improving public financial management reforms in Sierra Leone. Instances of financial indiscipline will also reduce and will ultimately build trust in public officials, institutions and systems responsible for effective financial management.

## CASH LOSSES

Losses in respect of cash irregularities identified in the course of our audit amounted to Le140.9 billion. These losses are in respect of Ministries, Department and Agencies (MDAs), Public Enterprises (PEs) and Local Councils (LCs) as indicated in Table 1.1 below:

Table 1.1 Summary of Cash Losses	
Category	Amount (Le)
MDAs	56,176,233,168
PEs	66,298,388,310
LCs	18,520,280,090
<b>Total</b>	<b>140,994,901,568</b>

These losses do not include cash irregularities from embassies and other diplomatic missions.

## MINISTRIES, DEPARTMENT AND AGENCIES

The total cash losses and irregularities noted during the period amounted to Le56.2 billion. These cash losses, which cut across MDAs, were mainly attributable to the following:

- Unsupported payments
- Revenue not banked
- Irregularities in payment of salaries to staff
- Statutory deductions not paid to the appropriate authorities
- Irregularities in payment of DSAs and other allowances
- Unexplained expenditure, payments without approval and expenditure returns not submitted
- Fuel not accounted for
- Imprest not retired
- Stores and fixed assets irregularities

The main composition and analysis of these losses are summarised in Table 1.2 below:

<b>Table 1.2</b> <b>Analysis of Irregularities on the Activities of MDAs</b>	
<b>Details</b>	<b>Amount (Le)</b>
Irregularities in payment of salaries	4,384,950,940
Irregularities in payment for travels, DSAs & other allowances	1,528,298,810
Unsupported payments & other funds not accounted for	18,708,699,304
Unexplained expenditures, payment without approval & expenditure returns not submitted	22,267,935,226
Imprest not retired	1,113,548,001
Fuel not accounted for	2,704,734,000
Revenue not banked and other revenue related issues	2,414,447,492
Statutory deductions not paid to the relevant authorities	2,946,619,395
Stores and fixed assets irregularities	107,000,000
<b>Total Irregularities</b>	<b>56,176,233,168</b>

In addition to the above cash losses, we found out that payments for goods, works and services, which amounted to Le2.5 billion were not supported by adequate documentation (unreceipted payments). This means that some of the requested supporting documents in respect of these payments were not submitted for our review.

We also observed several significant lapses in the procurement of goods, works and services which amounted to Le257.1 billion. This might have been due to lack of commitment on the part of MDAs to ensure compliance with rules and legislation governing the procurement process. This practice does not ensure transparency in the procurement process.

## **PUBLIC ENTERPRISES, COMMISSIONS AND DONOR FUNDED PROJECTS**

In general, and virtually across all the Public Enterprises and Commissions, several cash irregularities were observed; giving rise to a loss of Le66.3 billion. The significant matters identified in the audit examination fall into the following areas:

- Unexplained expenditure
- Unsupported payments
- Statutory deductions not paid
- Revenue not paid in to the CF

The main composition and analysis of these losses are summarised in Table 1.3 below:

<b>Table 3.1</b> <b>Analysis of Irregularities on the Activities of PE</b>	
<b>Details</b>	<b>Amount (Le)</b>
Irregularities in payment of salaries & other benefits	1,095,407,869
Unsupported payments & other funds not accounted for	39,885,862,560
Unexplained/ineligible/excess expenditures	1,598,804,031
Revenue not banked and other revenue related issues	16,283,954,000
Statutory deductions not paid to the relevant authorities	7,434,359,850
<b>Total Irregularities</b>	<b>66,298,388,310</b>

Payments for goods, works and services, amounting to Le33.2 billion were not received for. This could be attributed to management's failure to observe the stated regulations in the utilisation of public funds.

We also observed that procurement activities valued at Le19.9 billion were not open, competitive and transparent. This could be attributed to the lack of commitment on the part of management to ensure compliance with rules and legislation governing procurement processes. As a result, the Government of Sierra Leone (GoSL) may not have achieved maximum value for public expenditure.

## **EXTRACTIVE INDUSTRY REVENUE**

We have previously issued a report on the audit of the extractive industry. The audit of the management of the issuance of exploration mining licenses is a new engagement, which can add value to the governance of the mining sector. This engagement is also expected to confirm the integrity of the mining license database maintained in the Mining Cadastre System (MCAS) and establish whether revenues attributed to mining licenses are properly accounted for.

The issuance process of exploration mining license by the National Minerals Agency was materially not complying in the following:

- The Agency did not ensure that all annual license and monitoring fees were paid by mineral right holders, which is in contravention of the requirements set out in section 152 (1&2) of the Mines and Mineral Act of 2009.
- The MCAS showed an outstanding fees of US\$872,131. The Agency did not pursue payments, neither did they correct the MCAS if there were erroneously recorded transactions that do not reflect the actual activities of the Agency, as required by section 152 (1&2) of the Mines and Mineral Act of 2009.
- The Agency inconsistently levied penalties on offenders for the same infringements, which is in contravention of section 2(5) of the Mines and Mineral Regulations of 2009.

## **CITY, DISTRICT, AND MUNICIPAL COUNCILS**

The annual financial statements for 22 local councils were submitted for audit before, or after the legislative deadline of 31st March, 2019.

Significant matters were identified in the audit examination. These matters revealed a cash loss of Le18.5 billion relating to the following categories:

- Revenue arrears
- Non-payment of statutory obligations
- Unsupported payments
- Over expenditure of budget lines and unapproved expenditure
- Payment of sitting fees and other allowances to absentee councillors

The main composition and analysis of these losses are summarised in Table 1.4 below:

<b>Table 1.4</b> <b>Analysis of Cash Irregularities on the Activities of Local Councils</b>	
<b>Detail</b>	<b>Amount (Le)</b>
Revenue arrears	15,782,182,623
Statutory deductions not made	585,287,005
Unsupported payments	865,744,736
Unapproved expenditure	826,135,726
Sitting fees and other allowances paid to absentee councillors	460,930,000
<b>Total</b>	<b>18,520,280,090</b>

The audit outcomes are expanded upon in more detail below and in even greater detail in the individual Councils' Reports submitted to Parliament.

We noted that transactions relating to goods, works and services, amounting to Le93.3 billion were not supported by adequate documentation. We also observed several procurement irregularities to the tune of Le4.1 billion which might have been due to lack of commitment on the part of Chief Administrators to ensure compliance with rules and legislation governing the procurement process.

## **PERFORMANCE AUDIT**

This chapter contains summaries of the performance audits reports tabled in Parliament in 2019. They are categorised as 'special reports' under section 66(4) of the Government Budgeting and Accountability Act of 2005. Section 11 (2c) of the Audit Service Act of 2014 mandates the Auditor-General to carry out value for money and other audits to ensure that efficiency and effectiveness are achieved in the use of public funds.

During 2019, the following four Performance Audit reports were completed, of which two have been tabled in the House of Parliament:

- Institutional Framework for Fighting Corruption
- Assessment and Issuance of Building Permits
- Management of Government Vehicles
- Management of Passports and Other Travelling Documents

Below are highlights of the issues from the various performance audit reports.

### **Institutional Framework for Fighting Corruption**

#### *Anti-Corruption Commission*

The following were observed:

- The private sector is excluded from the Anti-Corruption Commission's (ACC) laws, and as such, corruption related crimes committed by the private sector normally go without being investigated.
- There were no measures in the Anti-Corruption Act (ACA) of 2008 that prevented unjustified treatment for whistleblowers.

- An average of 49% compliance rate was noted in assets declaration submissions for the period under review.
- Over 16 cases were pending in the Court of Appeal, and 43 in the high court for indictments made during the period between 2014 and 2017.
- The ACC Act of 2008 did not make provision in its laws for maximum timeframe for the initiation of legal proceedings.
- Eleven highly budgeted MDAs of the 63 MDAs were not responsive to the proposed measures in the 2014/2015 National Anti-Corruption Strategy Compliance Monitoring Report released in December, 2015.

#### *Central Medical Stores*

The following were observed:

- A review of store documents and physical inspection exercises revealed control weaknesses in the receipt and distribution of drugs and medical supplies.
- The condition of the Central Medical Stores (CMS) and its subsidiary stores within Freetown were far from being pleasant.
- The storage capacity in each of the stores could not accommodate the regular receipt of drugs and medical supplies.
- Piles of expired drugs occupied the space that was meant for drugs yet to be disposed of.
- There were inconsistencies between the quantity of drugs at the CMS (stores 1 and 2), the Kingtom and Wellington stores.
- We noted that the shortage of drugs had been highlighted in documents including media reports and Institutional Anti-Corruption Policy 2016.

#### **Assessment and Issuance of Building Permits**

The following were observed:

- The Ministry of Lands, Country Planning and the Environment had not devolved functions to the Local Councils since 2007 as required by the Local Government Regulations of 2004.
- The legislative framework does not address the current situation considering the socio-economic changes that have occurred since the enactment of these acts. There are also limitations in these acts, in terms of their impact, coverage and penalties.
- The Housing Division has not been able to carry out inspection and monitoring of sites and buildings effectively. This has been due to several challenges ranging from lack of manpower and capacity to logistical constraints.
- The Housing Division's assessment method for the payment of building fees by applicants was sometimes in contravention of the Building Fee Act of 1993, and building permits were most times not processed within the required twelve-day period.

#### **Management of Government Vehicles**

The following were observed:

- The National Motor Vehicle Policy (NMVP) has still not been finalised since 2016.
- A comprehensive register of government vehicles was neither maintained by the Ministry of Transport and Aviation (MTA) nor the National Assets and Government Property Commission (NAGPC).
- Several anomalies were noted in the way and manner which government vehicles were acquired by the MTA and the Ministry of Defence (MoD).

- The registration process of government vehicles was most times done in contravention of the dictates of the NMVP and the Traffic Act of 2007.
- Several anomalies were observed in the way and manner which government vehicles were repaired and maintained.
- The disposal actions by the MTA during the period under review were to a large extent not open, competitive and transparent.

### **Management of Passports and Other Travelling Documents**

The following were observed:

- Of the 100 ordinary passports sampled, for each of the years under review, eight were issued to persons who were not confirmed to have met the requirements of the Sierra Leone immigration laws.
- Twenty-eight service passport application records were issued to spouses and dependants of service passport holders, which is in contravention of the provisions in the 1998 Cabinet Paper [with reference CP (98) 45] on the issuance of service and diplomatic passports. In the same vein, 280 service passports were issued to people who were not in the public service.
- One hundred and eighty-five passports were issued to persons who did not meet any of the criteria as stipulated in the 1998 Cabinet Paper [with reference CP (98) 45] on service and diplomatic passports for the period between January 2014 to December 2018.
- A total of 102 naturalisation files were not submitted for inspection after several requests.
- A review of 22 files showed that only five approved applications fulfilled the criteria as stated in the Citizenship Act of 1973 (amended in 2006 and 2017).
- There was no Service Delivery Charter within the premises of the Sierra Leone Immigration Department's (SLID) headquarters.
- The official website of SLID did not have an online customer service facility.
- The pattern of recording revenue by streams in SLID's cashbook was not consistent with the payment method into the CF.
- Relevant systems and resources were either inadequate or not available in the management of passports and other travelling documents.

It will be a remiss on the part of this executive summary, if it fails to ask for robust actions to be taken in line with our findings and observations. We therefore recommend full implementation of outstanding recommendations. MDAs, Public Enterprises and Councils should endeavour to inject prudent financial management practices, in order to ameliorate the staggering volume of cash losses.

## INTRODUCTION

The primary role of Public Sector Organisations (PSOs) is to deliver goods, works and services with integrity as well as economy, efficiency and effectiveness for the benefit of citizens. In achieving this, civil servants are required to comply with the required legislation as well as government policies as approved by Parliament. The application of prudent financial management principles is a key component of good public administration which ensures compliance with laws and policies. Our role as the external auditor of government activities is to be an independent professional voice, assessing how well the Government, supported by public employees, delivers services generally and follows public financial management principles in particular, in achieving them. We perform an important function in supporting PSOs in their governance roles in respect of oversight, insight and foresight, as explained below:

**Oversight** – We assist decision makers in exercising oversight by evaluating whether PSOs are doing what they are supposed to do, i.e., using resources for their intended purposes, complying with laws and regulations, and designing and implementing effective internal control systems to minimise risks and wastages.

**Insight** – We provide insights to PSOs management teams in areas which need improvement in their day-to-day managerial functions. These areas may range from internal controls to governance processes.

**Foresight** – Our work helps PSOs to forecast trends, and bring to their attention, emerging challenges before they become a crisis. Through our risk-based auditing approach, we identify potential risks such as possible occurrence of errors, collusion and fraud. By focusing on foresight, we play a key role in helping PSOs to understand, initiate and implement risk management systems which provide assurance for successful achievement of objectives.

Overall, through these roles, we protect core PSOs' values. We further help in ensuring that PSOs officials conduct their responsibilities or work transparently, fairly and honestly with equity and probity.

Our role is to ensure that government expenditure is accounted for, and to equally ensure that there is an orderly and equitable collection of government revenue from all sources. Through our audit reports, we continue to build the confidence of all stakeholders in our state institutions and bring issues to their attention when necessary. As the custodian of public funds, we look at inputs, outputs and outcomes. In doing so, we help make government accountable. In other words, our role is to review government's performance in order to ensure that public funds are used in the manner intended by Parliament, as well as being clearly and accurately reported.

In a bid to keep our staff abreast with emerging issues and the current professional trends, and make our work relevant to society, we continue to participate in AFROSAI-E training programmes to strengthen the capacity and skills of our staff. We continue to improve in performing our roles, and we are reaping the benefit of focused recruitment of talented staff through our own quality control initiatives, broad based technical training as well as donor funded capacity building. The ASSL continues to deliver internal trainings and workshops. Selected members of our staff have also attended trainings overseas. In line with our duty, our audit teams continue to provide a holistic,

integrated view of auditee's performance by using financial, compliance and performance auditing skills. This integration of skills has resulted in a deeper audit scope and coverage, improved evidence collection, greater depth of data analysis and an improved quality of the audits we do. The use of specialised audit skills has further enhanced our teams' vast knowledge of the public sector, and made it easier to identify the misuse or diversion of resources meant to support the country's economic growth and improve the lives of citizens.

### **Brief History of The ASSL**

The Audit Act of 1962 set out the external audit regime in Sierra Leone. It gave the mandate for the setting up of an external audit department (Audit Department), charged with the responsibility of auditing all government bodies. This law was later repealed by the Audit Service Act of 1998, which paved the way for the establishment of the Audit Service Sierra Leone (an independent institution, in line with international best practice). This 1998 Act ultimately gave way to the Audit Service Act of 2014. This includes sections that elaborate on the functions and powers of audits, terms and conditions of service of staff of the Audit Service Sierra Leone (ASSL), and the exemption of ASSL staff from the Public Service Commission. There are also several other provisions to enhance the powers and independence of the Auditor-General in the performance of her functions.

The ASSL continues to maintain its presence in the South, East, North and Western Area of the country. The construction of our headquarters at Tower Hill continues to be a challenge. Its completion will enable us to house all staff in Freetown in one location. This will enhance efficient supervision and economies of scale.

Over the years, the Auditor-General has focused on improving the quality and timeliness of audit reports as the core input to PAC hearings. To sustain these gains, the ASSL has exposed its staff to series of training programmes; both locally and internationally. These trainings have had considerable impact on the skills level of the staff and has enhanced their knowledge in public sector auditing. There has also been an increase in the professional capacity of the office. The ASSL has also benefitted from support provided by the Norwegian Audit Office, in the area of IT, Environmental and Extractive Industry audits.

### **Our Mandate and Independence**

The Auditor-General's mandate under section 119 of the 1991 Constitution of Sierra Leone and as amplified by sections 11 and 12 of the Audit Service Act of 2014, is to audit and report to Parliament on the Public Accounts of Sierra Leone and all public offices including the courts, the central and local government administrations, universities and public institutions of like nature, and any public corporations or other bodies established wholly and partly by an Act of Parliament.

Section 12(2c) of the Audit Service Act of 2014 requires the Auditor-General to conduct value-for-money and other audits to ensure that efficiency and effectiveness are achieved in the use of public funds. Following the enactment of the Public Financial Management Act of 2016, vote controllers of entities stated in section 86 (3) are required to submit the financial statements of their institutions within three months after the accounts of a financial year are closed at the end of a complementary period mentioned in section 44. The Auditor-General is then required to audit and report to Parliament the accounts of these entities within nine months upon receipt of their accounts. The Auditor-General has been limited by the non-preparation of accounts by entities in subsection 3 (b&d). The Auditor-General continues to face challenges with the timely preparation and submission

of the annual financial statements by entities listed in subsections 3 (a, c, e, & f) with the exception of the Consolidated Fund Accounts which has been submitted on time over the past years.

In addition, section 119(6) of the 1991 Constitution of Sierra Leone deals exclusively with the independence of the Auditor-General in the discharge of her responsibilities. This section states that:

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

Independence is a characteristic that is considerably fundamental if a Supreme Audit Institution (SAI) is to attain higher organisational performance, and this we value and stoutly defend.

Furthermore, section 35(2) of the Audit Service Act of 2014, also states that:

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

This provision has been designed to guard our staff against external threats. Notwithstanding this, sanctions including heavy fines or imprisonment have also been provided for against staff for ethical breaches. In addition to constitutional protection of our independence as an institution, we are further covered by section 19 which states:

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

An advisory Board has also been constituted to cushion the impact of this exemption, under section 3 of the same Act as follows:

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

Furthermore, there has been a ground-breaking achievement of the repeated support by the United Nations, in particular via the General Assembly Resolutions A/66/209 (2011) and A/69/228 (2014) and the adoption of the Mexico Declaration on the Independence of Supreme Audit Institutions (2007); laying out eight basic pillars of a SAI's independence.

## **Our Vision**

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

## **Our Mission**

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

## **Our Core Values**

Below are the core values that underpin the work of all staff of the ASSL:

- Professionalism - we carry out our work competently with respect, and in the public interest.
- Integrity - we are straightforward and honest in all professional and business relationships, and deal fairly with those we work with.

- Impartiality - we are unbiased and politically neutral.
- Objectivity - we always ensure to avoid any actual or perceived conflict of interest in the work we do.
- Independence - as an organisation, we work independently from the Government.

### **Compliance with INTOSAI Auditing Standards**

The ASSL is the Supreme Audit Institution of Sierra Leone; meaning that, we have the sole responsibility of promoting the efficiency, accountability, effectiveness and transparency of public administration through our audits of all government bodies, gearing towards the achievement of the SDGs. We are an active member of INTOSAI, and in conducting our work, we comply with its professional and ethical standards known collectively as the International Standards of Supreme Audit Institutions (ISSAIs).

### **Details of this Report**

The Auditor-General's 2018 Annual Report is divided into two parts - Parts I and II. This segregation into Parts I and II is merely a way of showing financial statements, technical accounting observations, and comments on a more global nature, separately from detailed entity-focused findings.

#### **Part I**

This part comprises the following:

- The Audit Opinion on the Financial Statements of the Government of Sierra Leone for the year ended 31st December, 2018 and related comments on the audit examination findings.
- A chapter on the findings from management letters arising from compliance and financial audits in MDAs
- A chapter on the findings from management letters arising from financial audits in Public Enterprises, Commissions and Donor Funded Projects

#### **Part II**

This part includes a chapter drawn from an analysis of audits of City, District and Municipal Councils, and a chapter of summarised performance audit reports.

### **Plain Language**

My approach has been the use of plain language since 2010. This is in the interest of clarity and simply communicating facts on the condition of public financial management in Sierra Leone, as well as my views on what needs to be improved upon.

### **Main Points**

This report is dedicated to the citizens of Sierra Leone, donors and civil society organisations, and most importantly, to our elected representatives in Parliament. I am however mindful of the fact that not wishing to get into the details of each chapter, I have included a summary called Main Points. In these, I set out three basic matters:

- **What We Examined** - We describe what the audit looked into, and in some cases, what we did not look into.

- **Why It is Important** - We make the case for the relevance and significance of an area or issue.
- **What We Found** - This looks into the most significant findings of the audit. The intention of ‘Main Points’ is to succinctly convey quickly and accurately the key message arising from our work, as described fully within 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.

### **Progress Made so Far**

Over the years, the ASSL has put premium on improving staff capacity, and the timely completion of audits. We have achieved this not only in academic and professional formal trainings, but also by working with other partners like the AFROSAI-E, and other sister SAI organisations. This has enhanced staff performance considerably.

For instance, the ASSL has introduced for the first time in our work, an Audit Management Information System (AMIS). The principal objectives of AMIS are to provide an integrated near-paperless strategy for managing the core business of the ASSL. These would help eliminate barriers associated with paper-based manual systems including paper-filled binders and disconnected electronic files; driving efficiencies and improved productivity and better value-for-money into all facets of the audit work-flow. In addition, we have also introduced the use of Financial Audit Manual (FAM) and Compliance Audit Manual (CAM). Both manuals are intended to clearly distinguish procedures specific to each (financial and compliance audits). It is also intended to build the capacity of staff engaged in both audit methods, and ends the ambiguity that has existed on how to carry out financial and compliance audits. In addition, it is also intended to answer questions on how and when to use both methods in assurance engagements.

Furthermore, there has been considerable progress in the adeptness and quality of our work which has added value to the internal uniformity of our audits. We have jointly conducted forensic and technical audits on key financial institutions, and on Social Security, Telecoms, Civil Works and Energy sectors for which we have already submitted completed reports to Parliament. Our working papers are organised in line with the ISSAIs. For the period under review and for previous years, we have engaged in carrying out regularity (financial and compliance), performance and other audits such as IT audit. We foresee that in the not too distant future, we will be expending a greater number of our staff in performance audit which seems to be the future of SAI Sierra Leone and other SAIs within the region.

### **Future Expectations**

Effective external auditing is considered a cornerstone of good governance, especially as it increases the ability of citizens to hold accountable, those charged with governance, for their stewardships. Auditors must not only be empowered to produce services that are reliable, but the results of auditing activities must be implemented and followed up, in order to ensure that the role of the auditor supports the governance responsibilities of oversight, insight, and foresight.

The objectives of a public-sector organisation are at risk of not being achieved when there are weaknesses in governance, risk and control. The findings and recommendations of the auditors therefore represent inputs that are critical in addressing the weaknesses identified, and strengthening

the internal control environment. Recommendations are the vehicles by which audit can really add value. However, it is the action on recommendations – not the recommendations themselves - that helps a government to work better at less cost. Effective follow-up is essential to get the full benefits of audit work.

The implementation of recommendations needs a concerted effort. Every oversight body needs to play its own part, otherwise, financial improprieties and inaccuracies will continue to persist. Accountability institutions need to be determined in the tracking of the implementation status, reasserting the need for action or reevaluating ways to get recommendations implemented.

The ASSL will continue to use effective communication channels including a face-to-face approach in a clear, concise and organised manner, to determine how findings and recommendations can best be presented to promote acceptance. Achieving results will be a central focus of all audits conducted by the ASSL, and will be considered in assignment design, data collection, data analysis, as well as in the follow-up on the recommendations therein. The ASSL will continue to impress upon its staff that audit follow-up is a significant and valued activity. ASSL staff should not go with the view that follow-up time must be borrowed from other activities considered more significant.

The operational effectiveness of the ASSL needs to be enhanced. Appropriate resources should be provided to service the operational and training needs in especially specialised audit areas. Access to information and submission of financial reports for audit purposes should be enhanced.

We will continue to promote good governance, better public management and a transparent, accountable and responsible use of public funds, the rule of law, integrity, economic growth, social justice and equity, enhanced performance of the public sector, fight against corruption, waste and inefficiency and successful implementation of the United Nations 2030 Agenda, through review of and follow-up on the implementation of the SDGs in Sierra Leone.

In the last three years or so, CSOs and NSAs in Sierra Leone have built strong capacities to analyse and influence public budgets. Generally, civil society engagements in public budgeting have focused on examining the executive budget presented to the Legislature and monitoring the subsequent implementation of the budget. There has been much less civil society engagement with the scrutiny of audit reports and implementation of its recommendations with the exception of the Budget Advocacy Network (BAN), and NSA and CSO which have been actively engaging the ASSL over the years. There has also been limited interaction between civil society organisations and the ASSL. However, in 2019, we have established relationship with NSAs and CSOs through workshops and seminars in all regional headquarters on the audit processes, and in the reading and understanding of the report of the ASSL, thereby enabling them to hold vote controllers accountable for the implementation of the audit recommendations.

Moving forward, we will focus on using participatory audits as a mechanism to motivate stakeholders to act and respond to audit findings, and for civil society organisations to follow up on the implementation of our recommendations. In addition, we will continue to be a trusted source of insight and knowledge about the public sector's performance. Our task is to strategically position the ASSL to meet its future challenges.

Being passionate about the positive outcome of audit recommendations, the ASSL has not only been technically supportive to the PAC's deliberations on audit findings and recommendations over the years, but has also gone a step further to present to the public, in our audit report, the status of previous audit recommendations of key MDAs and Public Enterprises (PEs). It is hoped that in the near future, our efforts in this regard will yield more dividends.

In 2020, we hope all institutions, particularly public enterprises, will submit financial statements for audit at the earliest possible time. Otherwise, the approach of bringing to the attention of the public, those institutions considered to be deliberately flouting legitimate rules and regulations for the submission of financial statement will proceed.

The ASSL will continue to work towards achieving greater independence through stand-alone budgetary support, not forgetting the fact that independence is an evolving construct and a continuous work stream for a SAI.

### **Our Relationship with the PAC**

The establishment and powers of the PAC are in accordance with section 93(1) of the 1991 Constitution of Sierra Leone, and section 70(6) of the Standing Orders of the Sierra Leone Parliament. It assists the process of external audit, and at the same time, helps achieve the parliamentary objective of ensuring that those charged with governance are held to account. This primary function puts the PAC at the centre of accountability. It holds hearings to scrutinise the activities of the Legislature and provides oversight over the use of government resources. The PAC examines and acts upon reports from the Auditor-General through public hearings. A principal objective of these hearings is to add value to the work of the ASSL. The PAC's own accountability process is further strengthened through support by an ASSL technical unit located in Parliament, and headed by the Auditor-General or her Deputy. The team briefs the Committee at pre-hearings and during hearings.

### **A Word of Thanks**

I take this opportunity to acknowledge the dedication of our employees who, through their contributions, have enabled the ASSL to continue maintaining its professionalism. Finally, a note of gratitude goes to the PAC, re-elected and newly elected parliamentarians, ministers and public officials, who in one way or the other, have enhanced the work of the ASSL.

It is with considerable pride that I present this report.

# PART I

## **CHAPTER I - AUDITOR GENERAL'S OPINION ON THE GENERAL-PURPOSE FINANCIAL STATEMENTS OF THE CONSOLIDATED FUND**

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## **MAIN POINTS**

### **What We Examined**

Sections 87 (1) of the Public Financial Management (PFM) Act of 2016 requires the Accountant General to draw up and sign the annual financial statements of the Consolidated Fund not later than three months after the end of a financial year and to submit them together with his explanatory report to the Auditor-General for auditing through the Minister of Finance. The explanatory report referred to in subsection (1) includes an overview of the annual financial statements of the Consolidated Fund and other information requested by Parliament.

The annual financial statements of the Consolidated Fund are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the PFM Act of 2016, and contain other information prescribed by the Minister of Finance. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies. It seeks to ensure that reliable and relevant accounting information are made available to Parliament in particular, and to the public in general, to enable interested parties make an informed judgment on the management of the Consolidated Fund and the financial performance of government. It also assists in providing basic data to aid the process of determining important macro-economic performance indicators, such as growth rate, interest rate and inflation.

The annual financial statements of the Consolidated Fund are subject to audit by the Auditor-General in accordance with Section 119 (2) of the 1991 Constitution of the Republic of Sierra Leone, and Section 11 (1) of the Audit Service Act, 2014. Section 16 of the PFM Act of 2016 further mandates the Auditor-General to audit the annual financial statements of the Consolidated Fund on an annual basis to enable her give an opinion on whether they show a true and fair view, and have been prepared in accordance with the applicable reporting framework.

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

### **Why is it Important**

The General-Purpose Financial Statements (GPFS) of the Consolidated Fund shows the financial performance of the Government of Sierra Leone for the financial year ended 31st December, 2018. It is prepared on the basis of moneys received by, held in or paid out of the consolidated fund. The Government through the Accountant General's Department (known as the Treasury) operates a centralised treasury function that accounts for monies collected by the National Revenue Authority (NRA) and administers cash expenditures incurred by all Ministries, Department and Agencies (MDAs) with the exception of government business entities during the financial year.

The amounts allocated to MDAs are not controlled by the MDAs, rather, they are used on their behalf by the Treasury on the presentation of appropriate authorised supporting documents for each transaction. The amounts reported as allocations or appropriations in the statement of cash receipts and payments are those the Treasury has expended for the benefit of the MDAs.

The enactment of the PFM Act of 2016 puts public financial management at the centre of the PFM policy reform. The reforms are aimed at ensuring both fiscal efficiency and discipline in the use of public finances for the betterment of the people of Sierra Leone. The enactment of the PFM Act of 2016 provides for the implementation of the Treasury Single Accounts (TSAs), with the PFM Regulations of 2018 giving clear procedures on its implementation. The Fiscal Management and Control Act of 2017 gives the power to the Minister of Finance to consolidate revenue of key agencies. As a result, revenues from the Petroleum Regulatory Agency, Petroleum Directorate, Road Maintenance Fund Administration, Environment Protection Agency, National Telecommunications Commission and the Sierra Leone Maritime Administration were paid into the Consolidated Fund.

Notably also is the preparation of the annual financial statements of the Consolidated Fund in compliance with Sections 87 of the PFM Act of 2016.

These financial statements are also an expression of the government's accountability to Parliament (the peoples representative) on how well it has exercised its responsibilities as custodian of the public purse. They are a report on the extent to which the Government has complied with the intent of Parliament as no revenue or expenditure may be collected or spent, except as authorised by a parliamentary vote. They also allow citizens to see how the Government is spending their tax payers money.

### **What We Found**

We found sufficient and appropriate audit evidence to support an unqualified audit opinion on the financial statements of the Government of Sierra Leone, which is the General-Purpose Financial Statements (GPFSSs). The audit evidence we have gathered was sufficient throughout the audit engagement to render the financial statements, a true and fair expression of the financial position and performance of the government with the exception of issues mentioned in the 'Emphasis of Matter Paragraphs'.

The issuance of an unqualified opinion with an 'Emphasis of Matter Paragraph' on the accounts of the Government of Sierra Leone, signifies that there continues to be improvement in the accounting controls and the presentation of accounts.

The opinion is based on our professional judgement after evaluating the evidence gathered during the audit of the GPFSSs, and indirectly, on the findings of the many other audits undertaken throughout 2018. The issues giving rise to the unqualified audit opinion on the 2018 GPFSSs are summarised below.

### **Domestic Revenue**

We continue to see improvement in the controls over assessment, collection and reporting of government revenue. The government revenue collected in 2018 increased by 43% from Le3,200.1 billion in 2017 to Le4,582.1. This was made possible by improvement in control and the implementation of the TSA. Even though reconciliation was carried out between the NRA and the Accountant General's Department in respect of revenue transferred into the Consolidated Fund, it was never seen performed between the NRA and the transit banks and between NRA and MDAs. Without these regular reconciliations (at the assessment and collection stages), taxpayers will continue to underpay without any penalties levied on them, and their records at NRA will not be updated.

## **External Public Debt**

Debt management servicing in the annual recurrent budget represents a significant value, and is considered material in audit terms. The public debt liability is a major government liability and key sustainability issue for the Government of Sierra Leone. It requires comprehensive, accurate and timely records for good management. Our audit procedures to confirm the completeness and accuracy of debts recorded in the public accounts involved the requesting of confirmations from external creditors and obtaining roll forward schedules detailing the movement of individual debts during the year. In addition, we compared the disclosure in the public accounts with those in the books of the creditors and reports from the Commonwealth's Secretariat Debt Recording Management Systems (CSDRMS). Despite the fact that the confirmations received as part of the 2018 audit, it initially revealed a number of errors in the General-Purpose Financial Statements. We were however able to verify consistency between the revised disbursed outstanding debts and confirmations from creditors for majority of the loans in the final version of the GPFSSs. Furthermore, loan agreements were not submitted for some of the loans disclosed in the disbursed outstanding debts.

## **Expenditure**

Executive orders were issued to restore fiscal discipline by focusing on expenditure rationalisation and ensuring cash management was strengthened to aid budget execution and avoid build-up of new arrears. Notwithstanding, the Government of Sierra Leone expenditure in 2018 increased by 7%, from Le5,200 billion in 2017 to Le5,546 billion. We reviewed selected payments made through the IFMIS and the Financial Secretary's letters, and noted that transactions were still processed without adequate documentation.

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

### **Unqualified Opinion**

I have audited the accompanying GPFSSs of the Government of Sierra Leone for the year ended 31st December, 2018. The General-Purpose Financial Statements comprises a Statement of Cash Receipts and Payments of the Consolidated Fund, a Statement of Comparison of Budget and Actual Revenue and Expenditure, a Statement of Cash Position and Other Notes of Explanation and Elaboration to the Public Accounts.

In my opinion, the GPFSSs of the Consolidated Fund gives a true and fair view, in all material respects, of the financial position of the Government of Sierra Leone as at 31st December, 2018. Its receipts and payments, and additional financial statements (Statement of Comparison of Budget and Actual Revenue and Expenditure, and the Statement of Cash Position), have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (CBIPSAS), Public Financial Management (PFM) Act of 2016 and other applicable laws and regulations of Sierra Leone.

## **1.2. EMPHASIS OF MATTER**

### *Tax Liabilities not Paid by Taxpayers*

I draw attention to Statement 'A' and Note 6 of the General-Purpose Financial Statements, which disclosed the Income Tax Receipt and Domestic Revenue (Tax) Arrears. During 2018, Goods and Services Tax and Corporation Tax liabilities totalling Le54.2 billion and Le14.04 billion respectively

were levied on several taxpayers for which no evidence of payments was made available to the auditors. Also, these amounts were not included in the Domestic Tax Arrears disclosed in the financial statements.

#### *Prior Year Adjustments*

I draw attention to Note 32 of the GPFSS which describes the prior year adjustments made to closing bank balances for the year ended 2017 due to incomplete journal entries in respect of prior years' transactions that were not paid in 2017. I noticed that these were wrongly recorded as expenditure in the 2017 Financial Statements.

I also observed that cheques sent to the Bank of Sierra Leone were split into several tranches when payments were made to suppliers and MDAs. This was also noted in the bank reconciliation statements as the outstanding amounts for the various cheques were disclosed as unpresented cheques. As at the year ended 31st December 2018, an outstanding balance of Le98.8 billion was still due from cheques.

### **1.3. OTHER MATTERS**

I draw attention to the undermentioned matters that are ancillary to my responsibilities in the audit of the GPFSS of the Consolidated Fund.

#### *Input GST Claimed by Taxpayers in the VIPS not Traced in the ASYCUDA*

Discrepancies to the tune of Le210.6 billion were noted between deductible inputs (input GSTs) recorded in the VIPS+ and the ASYCUDA++. The discrepancies were as a result of input GST of Le164.9 billion recorded in the VIPS+ but not recorded in the ASYCUDA++, and a difference of Le45.7 billion noted between transactions recorded in the VIPS+ and those recorded in the ASYCUDA++. This inconsistency could mislead users of the financial statements.

#### *Recurrent Expenditure without Supporting Documents*

Payments in respect of goods and services were made by various MDAs without the relevant documentary evidence like payment vouchers and other supporting documents. In the absence of documentary evidence, such payments are considered ineligible. This may create suspicion that government's much needed funds have been mismanaged.

#### *Domestic Revenue - Inadequate Reconciliations*

Bank reconciliations which help to identify discrepancies between the balances recorded in the cashbook and those entered in the records held by the bank were not regularly carried out between the NRA and the transit banks. In addition, there was no process by which the amount of non-tax revenue assessed by revenue generating MDAs was compared to the revenue collected by the NRA. In the absence of effective and regular reconciliations, a number of issues were not identified and corrected. Typical among them are as follows:

- The transit banks are expected to transfer the amount of revenue collected to the consolidated fund account at the Bank of Sierra Leone within 24 hours upon receipt of same. As at the year ended 31st December 2018, we noted that revenue totalling Le1,266,867,772.73 that should have been transferred to the CF was still in the transit bank accounts with the commercial banks.
- Oil marketing companies made upfront payments of their excise duties for petroleum products directly into the Bank of Sierra Leone. These payments were made in respect of excise duties.

However, a comparison between quantities uplifted on sales (from C27) and swift payments made by taxpayers (oil companies) in respect of petrol and diesel, revealed that differences totalling Le525,917,814.24 and Le3,529,589,974.61 respectively, were still outstanding for import and excise duties.

### **Responsibility of the Ministry of Finance for the General-Purpose Financial Statements**

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

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

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

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

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

The GPFSSs of the Consolidated Fund 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 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 or not 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 judgement, 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 by management;

- overall presentation of the financial statements; and
- adequacy of design and the effective implementation of internal controls.

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



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

## 1.4. GENERAL PURPOSE FINANCIAL STATEMENT (GPFS)

### STATEMENT A

#### STATEMENT OF CASH RECEIPTS AND PAYMENTS OF THE CONSOLIDATED FUND FOR THE YEAR ENDED 31ST DECEMBER 2018

Amounts in millions of Leones

	Note	FY2018	FY2017
<b>REVENUE AND GRANT RECEIPTS</b>			
<b>Domestic Revenue</b>			
<i>Income Tax Receipts</i>	6	1,613,305	1,190,018
<i>Goods and Services Tax (GST) Receipts</i>	7	886,383	702,114
<i>Customs and Excise (C &amp; E) Receipts</i>	8	1,008,542	732,620
<i>Mineral Resources</i>	9	222,773	149,029
<i>Fisheries</i>	10	124,216	74,175
<i>Other Departmental Receipts</i>	11	652,552	239,249
<i>Road User Charges</i>	12	74,371	112,899
<b>Total Domestic Revenue Receipts</b>		<b>4,582,143</b>	<b>3,200,104</b>
<b>Receipts from Foreign Grants (Direct Budgetary Support - Grants)</b>			
<i>HIPC Debt Relief Assistance</i>	13	13,371	12,311
<i>Other Grants and Aid</i>	14	226,284	174,849
<b>Total Direct Budgetary Support Grants</b>		<b>239,655</b>	<b>187,160</b>
<b>TOTAL REVENUE AND GRANTS RECEIPTS</b>		<b>4,821,798</b>	<b>3,387,265</b>
<b>EXPENDITURE PAYMENTS</b>			
<b>Recurrent Operations</b>			
<i>Wages, Salaries and Employee Benefits</i>	15	1,915,127	1,887,926
<i>Use of Goods and Services</i>	16	1,488,906	1,223,641
<b>Transfers and Grants</b>			
<i>Grants to Tertiary Educational Institutions</i>	17	214,892	191,228
<i>Transfers to the Road Fund</i>	18	30,920	112,899
<i>Transfers to Local Councils</i>	19	139,773	55,859
<i>Other Grants</i>	20	43,256	18,034
<b>Other Recurrent Payments</b>		<b>37,041</b>	<b>2,390</b>
<b>Interest Payments</b>			
<i>Financing Costs – Domestic Interest Payments</i>	22	811,464	535,283
<i>Financing Costs – External Interest Payments</i>	23	92,197	66,771
<b>Total Interest Payments</b>		<b>903,661</b>	<b>602,053</b>
<b>Total Recurrent Expenditure Payments</b>		<b>4,773,577</b>	<b>4,094,030</b>
<b>Domestic Capital/Development Expenditure</b>		<b>660,611</b>	<b>936,528</b>
<b>Arrears Payments</b>		<b>111,649</b>	<b>169,744</b>
<b>TOTAL EXPENDITURE PAYMENTS</b>		<b>5,545,837</b>	<b>5,200,302</b>
<b>CASH SURPLUS/(DEFICIT), INCLUDING GRANTS</b>		<b>(724,039)</b>	<b>(1,813,038)</b>
<b>FINANCING ITEMS</b>			
<i>External Borrowing (Loans)</i>	26	237,225	531,351
<i>External Debt Amortisation</i>	27	(357,882)	(264,199)
<i>Domestic Borrowing (Net)</i>	28	720,679	634,718
<i>Privatisation Receipts</i>	29	2,307	0
<i>Staff Loans and Advances (Net)</i>	30	191	135

## STATEMENT A

### STATEMENT OF CASH RECEIPTS AND PAYMENTS OF THE CONSOLIDATED FUND FOR THE YEAR ENDED 31ST DECEMBER 2018

Amounts in millions of Leones

	Note	FY2018	FY2017
<b>Other Items (Net)</b>			
<i>Returned Payments</i>		16,488	12,297
<b>Total Other Items (Net)</b>		<b>16,488</b>	<b>12,297</b>
<b>OVERALL CASH SURPLUS/(DEFICIT)</b>		<b>(105,030)</b>	<b>(898,735)</b>
<b>Cash Balance at 1st January, 2018</b>	31	(1,093,253)	(194,517)
<b>Cash Balance at 31st December, 2018</b>	31	<b>(1,198,283)</b>	<b>(1,093,253)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity's financial statements were approved on 25<sup>th</sup> March, 2019 and signed by:

**Richard S Williams**  
**Accountant General**  
**Government of Sierra Leone**  
Date .....

## STATEMENT B

### **STATEMENT OF COMPARISON OF BUDGET AND ACTUAL REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2018**

Amounts in millions of Leones

	Budget Estimates	FY2018 Actual	Surplus/ (Shortfall)	FY2017 Actual
<b>Domestic Revenue</b>				
Income Tax Receipts	1,653,509	1,613,305	(40,204)	1,190,018
Goods and Services Tax (GST) Receipts	900,233	886,383	(13,850)	702,114
Customs and Excise (C & E) Receipts	951,706	1,008,542	56,836	732,620
Mineral Resources	220,691	222,773	2,081	149,029
Fisheries	93,750	124,216	30,466	74,175
Other Departmental Receipts	489,432	652,552	163,121	239,249
Road User Charges	128,900	74,371	(54,529)	112,899
<b>Total Domestic Revenue</b>	<b>4,438,221</b>	<b>4,582,143</b>	<b>143,922</b>	<b>3,200,104</b>
<b>Total Direct Budgetary Support Grants</b>	<b>623,762</b>	<b>239,655</b>	<b>(384,107)</b>	<b>187,160</b>
<b>Total Revenue and Grant Receipts</b>	<b>5,061,983</b>	<b>4,821,798</b>	<b>(240,185)</b>	<b>3,387,265</b>
<b>EXPENDITURE PAYMENTS</b>				
Wages, Salaries and Employees Benefits	2,067,803	1,915,127	152,676	1,887,926
Use of Goods and Services	1,885,883	1,488,906	396,977	1,223,641
<b>Transfers and Grants</b>				
Grants to Tertiary Educational Institutions	254,968	214,892	40,076	191,228
Transfers to the Road Fund	128,900	30,920	97,980	112,899
Transfers to Local Councils	188,635	139,773	48,862	55,859
Other Grants	44,708	43,256	1,452	18,034
<b>Other payments</b>	<b>0</b>	<b>37,041</b>	<b>(37,041)</b>	<b>2,390</b>
<b>Total Non-Interest Recurrent Expenditure Payments</b>	<b>4,570,897</b>	<b>3,869,915</b>	<b>700,981</b>	<b>3,491,977</b>
Capital/Development Expenditure	800,676	660,611	140,065	936,528
Financing Costs – Domestic Interest Payments	854,000	811,464	42,536	535,283
Financing Costs – External Interest Payments	97,082	92,197	4,885	66,771
<b>Arrears Payments</b>	<b>11,918</b>	<b>111,649</b>	<b>(99,731)</b>	<b>169,744</b>
<b>Total Expenditure Payments</b>	<b>6,334,573</b>	<b>5,545,837</b>	<b>788,736</b>	<b>5,200,302</b>
<b>Cash Surplus/(Deficit) from operations</b>	<b>(1,272,590)</b>	<b>(724,039)</b>	<b>548,551</b>	<b>(1,813,038)</b>
External Borrowing (Loans)		237,225		531,351
External Debt Amortization		(357,882)		(264,199)
Domestic Borrowing (Net)		720,679		634,718
Privatization Receipts		2,307		0

## STATEMENT B

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2018

Amounts in millions of Leones

	Budget Estimates	FY2018 Actual	Surplus/ (Shortfall)	FY2017 Actual
Staff Loans and Advances (Net)		191		135
Other Items (Net)		16,488		12,297
<b>Net Financing Flows</b>	<b>0</b>	<b>619,009</b>		<b>914,302</b>
<b>Overall Cash Surplus/(Deficit)</b>		<b>(105,030)</b>		<b>(898,735)</b>

## STATEMENT C

### STATEMENT OF CASH POSITION AS AT 31ST DECEMBER 2018

Amounts in millions of Leones

	As At 31st December, 2018	As At 31st December, 2017	Change in Balances
<b>CONSOLIDATED FUND</b>			
<b>CASH AND CASH EQUIVALENTS</b>			
Treasury Ways & Means Advances Account	75,746	120,030	(44,284)
MDRI Debt Relief Bank Account	0	512	(512)
Strategic Petroleum Fund Account	2,017	2,017	0
External Debt Service Payment A/C	0	439	(439)
General Revenue	14	0	14
Road Maintenance Fund (RMFA)	10,050	0	10,050
Timber Export Levy	3,740	0	3,740
Departmental Bank A/C	92,772	17,433	75,338
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>184,340</b>	<b>140,431</b>	<b>43,909</b>
 <b>OVERDRAFTS HELD AT BANK</b>			
Treasury Main Account	(42,024)	(65,793)	23,769
Other Charges Account	(827,699)	(741,808)	(85,891)
Salaries Account	(191,287)	(171,983)	(19,304)
Pensions Accounts	(71,395)	(33,922)	(37,473)
Infrastructure Development Fund	(182,588)	(182,559)	(29)
Departmental O/D	(67,631)	(37,619)	(30,012)
<b>TOTAL BANK OVERDRAFT HELD</b>	<b>(1,516,950)</b>	<b>(308,632)</b>	<b>(1,170,698)</b>
 <b>NET CASH AND BANK BALANCES - CONSOLIDATED FUND</b>	<b>(1,198,283)</b>	<b>(1,093,253)</b>	<b>(105,030)</b>

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

## **1.5. NOTES OF EXPLANATIONS AND ELABORATION TO THE PUBLIC ACCOUNTS**

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

### **1. General Information**

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

The financial statements presented above reflect the Cash Receipts and Payments of the Consolidated Fund of the Government of Sierra Leone for the financial year ended 31st December, 2018 predominantly on the basis of monies received by, held in or paid out by the Accountant General during the year under review. The Government through the Accountant General's Department (known as the Treasury) operates a centralised treasury function that accounts for monies either received directly by the Treasury or collected by the NRA. It also administers cash expenditures incurred by all 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. Therefore, the amounts reported as allocations/appropriations in the Statement of Comparison of Budget and Actual Revenue and Expenditure for the Financial Year Ended 31st December, 2018 are those the Treasury has expended for the benefit of the MDAs. These also include adjustments for expenditure payments and cash balances for the three self-accounting entities within the Free Balance Accountability Suite used by the Government. These self-accounting entities are the Ministry of Defence (MOD), the Sierra Leone Police (SLP) and the Sierra Leone Correctional Service.

In effect, the Annual Financial Statements of the Consolidated Fund of the Government of Sierra Leone include the results of transactions and financial operations of all MDAs that were processed through the Treasury and the self-accounting entities. As far as subvented agencies are concerned, these financial statements only capture transfers coming out of the Consolidated Fund. The subvented and other public sector entities that are outside of the Consolidated Fund will separately produce their own financial statements for audit. These audited financial statements will thereafter be combined by the Accountant General with those of the Consolidated Fund in producing the Annual Financial Statements of the Central Government, as required by section 89 of the PFM Act of 2016, covering all entities included in the Central Government.

The use of public resources by the Government is primarily governed by the 1991 Constitution of Sierra Leone (as amended), the Public Financial Management (PFM) Act of 2016 (and its regulations), and the National Public Procurement Act of 2016 (and its regulations).

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

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

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

### **a. Statement of Compliance and Basis of Preparation**

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

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

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

### **b. Reporting Currency**

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

### **c. Reporting Period**

The reporting period for these financial statements is a period of twelve months starting 1st January to 31st December 2018, as specified in Section 1 of the PFM Act of 2016.

### **d. Receipts**

Receipts are cash inflows within the financial year, comprising of receipts from statutory/authorised allocations, taxes, external assistance (bilateral and multilateral agencies), other aid and grants, other borrowings, capital receipts (sale of assets etc.), receipts from trading activities, fines, levies, and other receipts.

These items shall be disclosed in summary on the face of the Statement of Cash Receipts and payments for the year in accordance with the standardised GPFSSs. Notes shall be provided with detailed statement of revenues collected during the year by source of revenue and by line item accounts code. Also, a statement of arrears of revenues as at end of the financial year shall be provided by source of revenue and by line item accounts code.

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

### **e. Interest Received**

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

### **f. Government Business Activities**

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

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

**g. Payments**

Payments are recurrent and capital cash outflows made during the financial year and shall be categorised either by major economic categories/programme (activities) and/or by function in the Statement of Cash Receipts and Payment.

Payments for purchase of items of capital nature shall be expensed in the year in which the item has been purchased. It shall be disclosed under capital payments. Investments shall also be treated in the same way as capital purchases.

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

**h. Interest on Loans**

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

**i. Foreign Currency Translation**

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

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

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

**j. Cash and Cash Equivalents**

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

**k. Imprests and Advances**

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

## **1. Budget**

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

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

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

## **m. Contingencies**

In addition to those items recognised/accounted for in the annual financial statements, there are a number of liabilities or assets that may arise in the future but are not recognised / accounted for. This is because they are dependent on uncertain future events occurring or the liability/assets cannot be measured reliably. Where these contingencies are to crystallised, there will be an associated impact on cash transactions that will be reflected on cash basis of accounting being used.

In that regard, contingent liabilities (including guarantees) are recorded in the Statement of Contingent Liabilities (on memorandum basis) when the contingency becomes evident and under the cash accounting method they are recognised only when the contingent event occurs and payment is made. Contingent assets are not recognised and were not probable neither disclosed.

## **n. Unpaid (Outstanding) Commitments**

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

## **3. Authorisation Date**

The unaudited financial statements were authorised for an issue on 25th March, 2019 by the Minister, Ministry of Finance of the Government of Sierra Leone.

## **4. The Approved National Budget**

The approved national budget is developed on the same accounting basis (cash basis), same classification basis, and for the same period (1st January to 31st December, 2018) as for the financial statements. The initial Appropriation Act for FY2018 was adopted and passed into law by Parliament in December 2017. Following that, the Appropriation Act for FY2018 was signed into law by the President of the Republic of Sierra Leone in December 2017.

In addition, there was a supplementary Appropriation Act for financial year ended 31st December, 2018 which covers the period July to December 2018. This was approved by Parliament on 9th July, 2018.

The total amount of the Approved Revised Appropriation from the Legislature for FY2018 is Le6,334,573 million which represents - Wages, Salaries and Employees' Benefits Le 2,067,802 million; Use of Goods and Services Le1,885,883 million; Devolved Functions Le617,211 million;

Development Expenditure Le800,676 million; Public Debts Charges Le951,082 million, and Arrears Payment Le11,918 million.

## **5. Comparative Information**

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

## **6. Income Tax Receipts**

The total amount of Income Tax Receipts collected during FY2018 amounted to Le1,613,305 million (Le1,190,018 million - FY2017). The summary of the income tax receipts are presented in the table below:

**Income Tax Receipts (In millions of Leones)**

	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
	FY 2018	FY 2018	FY 2018	FY 2017
Corporate Tax				367,659
Personal Income Tax	1,626,805	1,355,026	(271,779)	817,263
PAYE- Government Employees		203,269		167,504
Withholding Tax-Govt. Contractors		34,704		38,179
Withholding Tax-Free Health Care		2,949		1,557
Other Personal Income Tax		0		610,023
Foreign Travel Tax	26,703	17,357	(9,346)	5,096
<b>Total Income Tax Receipts</b>	<b>1,653,509</b>	<b>1,613,305</b>		<b>1,190,018</b>

The total amount of Domestic Revenue (Tax) Arrears as at 31st December, 2018 amounted to Le273.8 billion (Le 91.8 billion- FY 2017). Further details are presented in Appendix 2 - Statement of Domestic Revenue Arrears

## **7. Goods and Services Tax (GST) Receipts**

The total amount of Goods and Services Tax (GST) Receipts collected during the FY2018 amounted to Le886, 383 million (Le702,114 million - FY2017). The summary details of the income tax receipts are presented in the table below:

**Goods and Services Tax (GST) Receipts (In millions of Leones)**

	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
	FY 2018	FY 2018	FY 2018	FY 2017
Import GST	503,896	886,383	382,488	438,049
Domestic GST	396,338	0	(396,338)	264,065
<b>Total GST Receipts</b>	<b>900,233</b>	<b>886,383</b>	<b>(13,850)</b>	<b>702,114</b>

## 8. Customs and Excise (C & E) Receipts

The total amount of Customs and Excise (C & E) Receipts collected during the FY2018 amounted to Le1,008,542 million (Le732,620 million - FY2017), with further details shown below:

### Custom and Excise (C & E) Receipts (In millions of Leones)

	Budget Estimates FY 2018	Actual FY 2018	Surplus/ (Shortfall) FY 2018	Actual FY 2017
Import Duties	603,077	764,821	161,744	469,040
Petroleum Fuel Oils Excise Duty	323,100	229,916	(93,184)	224,070
Other Excise Duties	25,529		(25,529)	22,911
Duty Waiver Income		13,805	13,805	16,600
<b>Total C &amp; E Receipts</b>	<b>951,706</b>	<b>1,008,542</b>	<b>56,836</b>	<b>732,620</b>

## 9. Mineral Resources

The total receipts from mineral resources for FY2018 amounted to Le222,773 million (Le149,029 million - FY2017), with further details shown below:

### Mineral Receipts (In millions of Leones)

	Budget Estimates FY 2018	Actual FY 2018	Surplus/ (Shortfall) FY 2018	Actual FY 2017
Royalty on Rutile			0	0
Royalty on Bauxite				
Royalty on Diamond and Gold	71,619	27,704	(43,916)	6,666
Royalty on Iron Ore				
Licences				
Miscellaneous	149,072	195,069	45,997	142,363
<b>Total Mineral Receipts</b>	<b>220,691</b>	<b>222,773</b>	<b>2,081</b>	<b>149,029</b>

## 10. Fisheries

The total receipts from fisheries for FY2018 amounted to Le124,216 million (Le74,175 million - FY2017), with further details shown below:

### Fisheries Receipts (In millions of Leones)

	Budget Estimates FY 2018	Actual FY 2018	Surplus/ (Shortfall) FY 2018	Actual FY 2017
Registration -Artisanal Fish Vessels	93,750	94,919	1,169	71,156
Freight Levy Maritime		29,297	29,297	3,019
Marine Resources Fines			0	0
<b>Total Fisheries Receipts</b>	<b>93,750</b>	<b>124,216</b>	<b>30,466</b>	<b>74,175</b>

## 11. Other Departmental Receipts

The total amount of Other Departmental Receipts collected during FY2018 amounted to Le652,552 million (Le239,249 million - FY2017), with further details shown below:

**Other Departmental Receipts (In millions of Leones)**

	Budget Estimates FY 2018	Actual FY 2018	Surplus/ (Shortfall) FY 2018	Actual FY 2017
Issuance of National ID Cards		1	1	148
Passports - New Issues		10,253	10,253	5,435
Pharmacy Board Licence		3,462	3,462	3,322
Rent Received from Gov't Quarters		252	252	672
Strategic Petroleum Income		7,621		
Petroleum Directorate		40,489		
Forest Produce Licences		9,696		
Export Licences		66,221		
GSM Licence		117		
EPA Monitoring Fees		20,850		
NATCOM		155,700		
Misc. Receipts	489,432	337,892	(151,540)	229,671
<b>Total Other Departmental Receipts</b>	<b>489,432</b>	<b>652,552</b>	<b>(137,573)</b>	<b>239,249</b>

The total amount of Miscellaneous Receipts of Le337,892 million (Le229,671 million – FY2017) comprises the following:

MDA Code	Description	FY2018	FY2017
		Le' m	Le' m
107	Ministry of Local Govt. and Rural Development	1,884	71
110	Secretary to the President	19,676	-
112	Office of the Vice President	7,413	-
117	Cabinet Secretariat	0	7
118	The Judiciary	1,596	-
120	High Court	2,664	-
122	Human Resource Management Office	81	276
124	Law Officers' Department	2,704	1,295
127	Ministry of Planning and Economic Development	391	-
128	Ministry of Foreign Affairs and International Coop.	6,495	434
129	Ministry of Finance	35,227	3,418
130	National Revenue Authority (NRA)	152,376	130,127
132	Accountant General's Department	9,046	47,429
133	Ministry of Information and Communication	344	216
141	Government Printing Department	226	-
201	Ministry of Defence	19,726	207
205	Ministry of Internal Affairs	554	93
206	Sierra Leone Police	33,158	21,180

MDA Code	Description	FY2018	FY2017
		Le' m	Le' m
208	National Fire Authority	439	-
211	Immigration Department	404	-
301	Ministry of Education Science and Technology	6,506	13,351
302	Ministry of Sports	554	-
303	Ministry of Tourism and Cultural Affairs	390	73
304	Ministry of Health and Sanitation	15,528	-
305	Ministry of Social Welfare Gender and Children Affairs	2,265	24
306	Ministry of Lands Country Planning and Environment	548	-
310	Ministry of Youth Affairs	1,635	-
401	Ministry of Agriculture, Forestry and Food Security	4,422	-
402	Ministry of Fisheries and Marine Resources	1	-
403	National Minerals Agency	1,031	-
404	Ministry of Transport and Aviation	46	-
406	Ministry of Energy	1,441	2,196
407	Ministry of Labour and Social Security	971	-
408	Ministry of Works Housing and Infrastructure	2,712	1,492
409	Ministry of Trade and Industry	5	9
411	Road Maintenance Fund	413	-
412	National Telecommunications Commission (NATCOM)	0	7,774
414	Ministry of Water Resources	4,875	-
415	Sierra Leone Maritime Administration	50	-
420	Miscellaneous Services	32	0
<b>Total</b>		<b>337,829</b>	<b>229,671</b>

## 12. Road User Charges

Receipts collected from Road User Charges totalled Le74,371 million (Le112,899 million – FY2017).

### Road User Charge Receipts (In millions of Leones)

	Budget Estimates FY 2018	Actual FY 2018	Surplus/ (Shortfall) FY 2018	Actual FY 2017
<b>Road User Charges</b>	128,900	74,371	(54,529)	112,899
<b>Total Road User Charge Receipts</b>	<b>128,900</b>	<b>74,371</b>	<b>(54,529)</b>	<b>112,899</b>

These amounts are collected and transferred to the Road Maintenance Fund under the control of the Road Maintenance Fund Administration (RMFA).

## 13. HIPC Debt Relief

The total amount of debt relief granted in FY2018 under the Highly-Indebted Poor Countries (HIPC) programme was Le13,371 million (Le12,311 million – FY2017), with details as shown below:

**HIPC Debt Relief Assistance (In millions of Leones)**

	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
	FY 2018	FY 2018	FY 2018	FY 2017
IFAD	272,336	7,634	(264,702)	7,465
EEC		5,737	5,737	4,846
<b>Total HIPC Debt Relief Assistance</b>	<b>272,336</b>	<b>13,371</b>	<b>(258,965)</b>	<b>12,311</b>

**14. Receipts from External Donor Grants (Direct Budgetary Support - Grants)**

The total amount of foreign (external) grants received during FY2018 was Le226,284 million (Le174,849 million – FY2017), with details as shown below:

**Other Grants and Aid (In millions of Leones)**

	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
	FY 2018	FY 2018	FY 2018	FY 2017
UK DFID			0	15,042
EU State Building Contract		225,485	225,485	159,807
Grants from the ECOWAS Commission			0	
Other Grant and Aid	623,762	799	(622,963)	
<b>Total Other Grants and Aid</b>	<b>623,762</b>	<b>226,284</b>	<b>(397,478)</b>	<b>174,849</b>

The European Union gave a direct budgetary support of €23.5 million (net), representing Le225,485 million (Le159,807 million – FY2017), under the third State Building Contract.

The macroeconomic eligibility criteria are considered as fulfilled on the basis of (i) the adoption of the supplementary budget in July 2018, which demonstrated a commitment towards fiscal consolidation and ii) the new IMF ECF programme adopted on 30th November, 2018.

The Other Grant and Aid for FY2018 amounting to Le799 million is as a result of debt repayment contributions.

**15. Wages, Salaries and Employees' Benefits**

The total amount of Wages, Salaries and Employees' Benefits paid during FY2018 was Le1,915,127 million (Le1,887,926 million – FY2017), excluding wages and salaries arrears payments of Le30,152 million (Le34,845 million – FY2017) made during the year.

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

**Wages, Salaries and Employee Benefits by Object Code (In millions of Leones)**

		Actual FY 2018	Actual FY 2017
2111	Basic Salaries	1,083,832	1,040,433
2112	Salary Grants	351,218	449,572
2114	Travelling Claim to Retirement	223	304
2121	Transport Allowance	32,227	10,829
2122	Medical Allowance	16,145	9,831
2123	Rent Allowance	35,905	8,987
2124	Telephone Allowance	6	11
2126	Domestic Servant Allowance	104	118
2127	Fuel Allowance	155	110
2128	Risk Allowance	2,542	501
2130	Clothing Allowance	267	175
2131	Responsibility Allowance	87	94
2132	Remote Allowance	0	2
2133	Acting Allowance	3,142	482
2136	Travel Bonus	15	0
2139	Other Allowances	340,674	297,382
2140	Late Allowance	21	22
2149	Leave Allowance	48,408	38,311
2152	Special Acting Allowance	14	41
2181	Employer Contribution to Social Security Pen	30	29,985
2194	Adj Sal & Allowances'-Sal Grants	111	735
2195	Adj Sal & Allowances'-Allowances	0	0
<b>Total Wages, Salaries and Employee Benefits</b>		<b>1,915,127</b>	<b>1,887,926</b>

Further details on wages, salaries and employees' benefits paid by the Government during FY2018 are analysed by MDAs

#### **16. Use of Goods and Services**

Use of goods and services expended during the financial year totalled Le1,488,906 million (Le1,223,641 million – FY2017) and these, include such items as stationery, communications, water and sewage, fuel and lubricants for vehicles, fuel for generators, etc.

**Use of Goods and Services (In millions of Leones)**

		Actual FY 2018	Actual FY 2017
2211	Local Travelling	5,314	7,836
2212	Overseas Travelling	29,243	40,196
2221	Electricity	2,592	4,140
2222	Water	414	3,078
2223	Telephone & Other Comm	5,447	8,338
2241	Office & General	660,159	197,249
2242	Stationery	7,073	4,226
2243	Official Receipt, Ent & Hosp	171	1,318
2244	Office Cleaning	752	2,302
2245	Office Stores/Supplies	24,076	27,731
2246	Computer Running Costs	1,553	2,359
2251	Advertisements	860	86

**Use of Goods and Services (In millions of Leones)**

		Actual FY 2018	Actual FY 2017
2252	Publications	128	700
2253	Printing (General)	219	251
2255	Public Relations Expenses	343	5
2261	Building Maintenance	4,781	5,360
2262	Machinery & Equip Maintenance	191	435
2264	Vehicle Maintenance	3,577	13,679
2265	Generator Running Cost	549	1,978
2266	Insurance - Building	0	248
2267	Insurance - Motor Vehicles/Cycle	76	89
2270	Rice for Officers & Other Rank	-3,518	44,414
2271	Licence - Motor Vehicles/Cycles	0	1
2291	Bank Charges	21,885	19,098
2292	Misc Operational Expenses	63,753	106,945
2293	Honoraria & other Allowances	0	21
2294	'Freight/Port Charges	46,844	148
2295	Subs/Membership Dues-Local	261	0
2296	Subs/Membership Dues-Int	0	29,692
2311	Recruitment	570	1,049
2312	Training Local	-61	5,978
2313	Training Overseas	6,750	6,863
2314	Local Conferences	621	414
2315	Professional Fees/Consultancy	6,466	1,541
2317	Legal Expenses	4	0
2318	Medical Expenses	7,715	6,420
2321	Uniforms/Protective Clothing	1,414	60,193
2322	Textbooks	52,417	0
2323	Teaching & Learning Materials	22,163	0
2324	Diets & Feeding	36,896	77,438
2325	Drugs & Medical Supplies	-526	45,314
2328	Fuel & Oil (Vehicles)	45,737	48,097
2332	Essential Drugs	11,474	0
2333	Medical Supplies	0	21,628
2338	Other Fire Prevention Expenses	1,555	0
2341	Rent for Office Accommodation	5,566	3,043
2342	Rent For Residential Accommodation	308	545
2344	Rates	0	15
2345	Expenditure on Presidential Household	0	207
2351	Research Expenses	116	0
2361	Social Events	16	50
2364	Sports Competitions	11,220	4,177
2365	Fuel for Emergency Power	38,913	0
2383	Official Receptions/Hosp	0	297
2385	Diplomatic Corp Activities	465	1,804
2389	Other Service Activity Expenditures	0	125
2392	State Security Expenses	7,427	0
2393	Agricultural Expenses	1,610	59,487
2394	Agricultural Input	10,788	0
2398	Unallocated/Contingency	14,587	14,679
2411	Current Grants General Government Bodies	243,088	295,483

**Use of Goods and Services (In millions of Leones)**

		Actual FY 2018	Actual FY 2017
2417	Grants Subject Ass in Secondary School	0	1,395
2613	Furniture, Office Equipment Safes	10,978	578
2614	Computers and Ancillary Equipment	2,268	2,971
2615	Vehicles	71,006	12,277
2618	Medical Equipment	0	11,597
2624	Bicycles And Tricycles	0	29
2631	Plant, Equipment & Machinery	173	8,822
2632	Const. /Reconst. of Buildings	437	6,523
2633	Rehabilitation of Buildings	0	2,682
<b>Total Use of goods and services</b>		<b>1,488,906</b>	<b>1,223,641</b>

**17. Grants to Tertiary Educational Institutions**

The total amount expended during the financial year on Grants to the Tertiary Educational Institutions was Le214,892 million (Le191,228 million – FY2017). This amount includes University Fee Subsidies totalling Le124,686 million (Le98,476 million – FY2017).

The remaining amount of Le90,206 million (Le80,072million – FY2017) was distributed to the Tertiary Institutions.

**18. Transfers to the Road Maintenance Fund**

The total sum accounted for as Road User Charges and transferred to the Road Maintenance Fund under the control of the Road Maintenance Fund Administration (RMFA) was Le30,920million (Le112,899 million – FY2017).

**19. Transfers to Local Councils**

The total amount paid in respect of Transfers to Local Councils and school fee subsidies for FY2018 was Le139,773 million (Le55,859 million – FY2017).

**Transfers to Local Councils (In millions of Leones)**

	Particulars	Budget Estimates FY 2018	Actual FY2018
701	Direct Transfers to Local Councils	48,900	54,856
702	Kailahun District	6,512	4,610
703	Kenema City Council	2,251	2,057
704	Kenema District Council	4,310	3,630
705	Koidu New Sembenhun City Council	3,119	2,629
706	Kono District Council	4,316	3,106
707	Makeni City Council	1,891	1,919
708	Bombali District Council	5,019	3,868
709	Kambia District Council	5,177	3,681
710	Koinadugu District Council	6,742	6,114
711	Port Loko District Council	8,051	10,922
712	Tonkolili District Council	6,864	4,798
713	Bo City Council	2,147	3,260
714	Bo District Council	4,302	3,391
715	Bonthe Municipal Council	2,022	1,486
716	Bonthe District Council	2,871	2,075

**Transfers to Local Councils (In millions of Leones)**

Particulars	Budget Estimates	Actual
	FY 2018	FY2018
717 Moyamba District Council	5,286	3,761
718 Pujehun District Council	4,814	3,452
719 Western Area Rural District Council	4,209	3,578
720 Freetown City Council	11,102	14,193
	<b>139,907</b>	<b>137,385</b>
<b>Indirect Transfers to Local Councils</b>		
School Fees Subsidy		2,388
	<b>139,907</b>	<b>139,773</b>

**20. Other Grants (Payments)**

The Other Grants (Payments) made in FY2018 totalled Le43,256 million (Le18, 034 million - FY2017), as outlined below:

**Other Grants (In millions of Leones)**

	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
	FY 2018	FY 2018	FY 2018	FY 2017
Grants to Educational Units	0	1,043	(1,043)	0
Girl Child Expenses	9,340	0	9,340	241
Exams Subsidy to WAEC	16,252	4,903	11,349	7,297
Grants-in-Aid	19,116	37,311	(18,195)	10,496
<b>Total Other Grants</b>	<b>44,708</b>	<b>43,256</b>	<b>1,452</b>	<b>18,034</b>

**21. Other Recurrent Payments**

The other recurrent payments made in FY2018 totalled Le37,041 million (Le2,390 million - FY2017), as outlined below:

**Other Recurrent Payments (In millions of Leones)**

	Actual	Actual
	FY 2018	FY 2017
Social Benefits	1,430	2,147
Other Contributions	33,689	0
Consolidated Act Based Expense	1,922	243
<b>Total Other Recurrent Payments</b>	<b>37,041</b>	<b>2,390</b>

**22. Financing Costs – Domestic Interest Payments**

The financing costs for domestic borrowing held in FY2018 (Domestic Interest Payments) amounted to Le811,464 million (Le535,283 million - FY2017) which represents interest payments actually made during the period on various domestic debts of the Government, as outlined below:

**Financing Costs - Domestic Interest Payments (Amounts In millions of Leones)**

	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
	FY 2018	FY 2018	FY 2018	FY 2017
Interest on Treasury Bills	765,050	726,113	38,937	460,784
Interest on Treasury Bonds	67,368	77,127	(9,759)	61,688
Bridging Loan Interest	0	0	0	390
Ways and Means Interest	21,582	8,225	13,357	12,421
<b>Total Domestic Interest Payments</b>	<b>854,000</b>	<b>811,464</b>	<b>42,536</b>	<b>535,283</b>

**23. Financing Costs – External Interest Payments**

The Financing Costs for External Borrowing held in FY2018 (External Interest Payments) amounted to Le92,197 million (Le66,771 million - FY2017) representing interest payments actually made during the period to external creditors, as outlined below:

**Financing Costs - External Interest Payments (Amounts In millions of Leones)**

	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
	FY 2018	FY 2018	FY 2018	FY 2017
Multilateral Debts	97,082	73,406	23,676	48,146
Bilateral Debts		18,791	(18,791)	18,625
Commercial Debts		0	0	0
<b>Total External Interest Payments</b>	<b>97,082</b>	<b>92,197</b>	<b>4,885</b>	<b>66,771</b>

**24. Capital/Development Expenditure**

The total amount of Le660,611 million (Le936, 528 million – FY2017) for Domestic Development Expenditure represents the Government's contribution to various Development Projects.

**Development Project Operations**

The total receipts recorded for Donor Funded Projects for the year under review amounted to Le243,052 million (Le217,158 million – FY2017), while total payments made by these projects stood at Le239,308 million (Le247,691 million – FY2017), resulting in a surplus of Le3,744 million (deficit Le30,533 million – FY2017). Summary details are provided below:

**Development Project Operations**

Amounts in millions of Leones

	FY2018	FY2017
Project Receipts	243,052	217,158
Project Payments	239,308	247,691
Loss/Gains on Exchange	4,276	5,524
<b>Development Project Operations (Net Flows)</b>	<b>8,020</b>	<b>(25,008)</b>

### **In-kind Contributions/Third Party Payments**

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

### **25. Arrears Payments**

The arrears payments made in FY2018 totalled Le111,649 million (Le169,744 million - FY2017), as outlined below:

#### **Arrears Payments (In millions of Leones)**

	Budget Estimates FY 2018	Actual FY 2018	Surplus/ (Shortfall) FY 2018	Actual FY 2017
Wages and Salaries Arrears	4,477	30,152	(25,675)	34,845
Domestic Arrears	5,265	81,417	(76,152)	130,069
Parastatal Arrears	2,176	81	2,095	4,830
<b>Total Arrears Payments</b>	<b>11,918</b>	<b>111,649</b>	<b>(99,731)</b>	<b>169,744</b>

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

The total amount of foreign (external) loans disbursed during FY2018 as direct budgetary support was Le237,225 million (Le531,351 million – FY2017), with details shown below:

#### **External Borrowing (Loans) (In millions of Leones)**

	Budget Estimates FY 2018	Actual FY 2018	Surplus/ (Shortfall) FY 2018	Actual FY 2017
World Bank	685,886	46,940	(638,946)	303,220
World Bank - Pay & Perf Project		7,698	7,698	0
African Development Bank			0	0
International Monetary Fund (IMF)		182,587	182,587	228,132
<b>Total External Borrowing (Loans)</b>	<b>685,886</b>	<b>237,225</b>	<b>(448,661)</b>	<b>531,351</b>

Amounts totalling Le182,587 million (Le228,132 million – FY2017) were received during the FY from the IMF (through the Bank of Sierra Leone) under its Special Drawing Rights (SDR) on-lending programme.

### **27. External Public Debt Amortisation - Repayment of Principal on Foreign Loans**

The total amount of external debt payments made during the FY was Le450,079 million (Le330,970 million – FY2017), comprising Principal Loan Repayments of Le357,882 million (Le264,199 million – FY2017) and Interest Payments of Le92,197 million (Le66,771 million – FY2017).

**External Public Debt Amortisation - Repayment of Principal on Foreign Loans with External Interest Payments**  
**(In millions of Leones)**

	FY2018			FY2017		
	Loan Repayment During the Year	Interest Payments	Total Payments	Loan Repayment During the Year	Interest Payments	Total Payments
<b>MULTILATERAL DEBTS</b>						
International Development Association	16,967	16,991	33,958	19,240	12,723	31,963
African Development Fund (ADF)	6,013	10,486	16,499	5,035	10,015	15,050
Opec Fund for International Development	50,622	9,164	59,786	31,219	9,361	40,580
International Fund for Agricultural Development (IFAD)	9,838	2,121	11,959	8,119	2,780	10,899
Islamic Development Bank	70,772	19,757	90,530	42,870	2,029	44,899
Arab Bank For Economic Development Bank	12,191	3,236	15,427	4,647	1,202	5,849
European Investment Bank	5,483	7,254	12,737	4,979	244	5,223
ECOWAS Regional Development Fund	17,310	4,397	21,707	0	8	8
ECOWAS Bank for Investment Development	0	0	0	14,677	9,784	24,461
Total Multilateral Debts (A)	<b>189,197</b>	<b>73,406</b>	<b>262,603</b>	<b>130,785</b>	<b>48,146</b>	<b>178,931</b>
<b>BILATERAL DEBTS</b>						
Saudi Fund For Development	5,389	2,198	7,586	3,393	2,081	5,474
Kuwait Fund	13,370	4,979	18,349	15,219	4,962	20,182
China	21,303	5,427	26,730	19,335	6,071	25,406
Exim Bank Of India	29,379	6,187	35,566	21,961	5,511	27,472
Total Bilateral Debts (B)	<b>69,440</b>	<b>18,791</b>	<b>88,231</b>	<b>59,909</b>	<b>18,625</b>	<b>78,534</b>
<b>COMMERCIAL DEBTS (C)</b>						
Commercial & Suppliers Credit	<b>99,245</b>	<b>0</b>	<b>99,245</b>	<b>73,505</b>	<b>0</b>	<b>73,505</b>
<b>TOTAL EXTERNAL PUBLIC DEBTS PAYMENTS</b>	<b>357,882</b>	<b>92,197</b>	<b>450,079</b>	<b>264,199</b>	<b>66,771</b>	<b>330,970</b>

## 28. Domestic Borrowing (Net)

Domestic Borrowing during FY2018 totalled Le4,142,833 million (Le3,824,505 million – FY2017) and this comprises:

### Domestic Borrowing - Net (Amounts In millions of Leones)

	Issues FY 2018	Repayments FY 2018	Net Flows FY 2018	Issues FY 2017	Repayments FY 2017	Net Flows FY 2017
<b>Short-Term Securities (Less than one year)</b>						
Treasury Bills	3,495,413	3,160,596	334,817	3,485,268	2,697,883	787,385
1 Year Treasury Bonds	0	0	0	0	45,774	(45,774)
Bridging Loan	247,019	0	247,019	0	120,000	(120,000)
Ways and Means	75,235	120,030	(44,795)	120,030	111,588	8,442
<b>Total Short-Term Securities</b>	<b>3,817,667</b>	<b>3,280,627</b>	<b>537,040</b>	<b>3,605,299</b>	<b>2,975,245</b>	<b>630,053</b>
<b>Long-Term Securities</b>	<b>325,167</b>	<b>141,528</b>	<b>183,639</b>	<b>219,206</b>	<b>214,541</b>	<b>4,665</b>
<b>Total Domestic Borrowing Payments</b>	<b>4,142,833</b>	<b>3,422,154</b>	<b>720,679</b>	<b>3,824,505</b>	<b>3,189,787</b>	<b>634,718</b>

**Treasury Bills** – The amount of Le3,495,413 million (Le3,485,268 million – FY2017) represents total amount of treasury bills issued during the year as 91-Day, 182-Day and 364-Day Treasury Bills. The total worth of Treasury Bills redeemed during the year amounted to Le3,160,704 million (Le2,697,883 million – FY2017). The total outstanding amount of treasury bills at the end of FY2018 is Le3,394,950 million (Le3,060,241 million – end FY2017). Further details are available in the table below (**Summary Schedule of Domestic Public Debts**).

**One Year Treasury Bonds** – There are no further issues of one year bond during the period, and all outstanding balances have been redeemed in the prior years

**Bridging Loan** - Bridging loan was obtained from the Bank of Sierra Leone during FY2018 with an outstanding balance of Le 247 billion as at the year-end

**Ways and Means Advances** – The net decrease in Ways and Means given by the Bank of Sierra Leone (to finance government's operations) was Le44,795 million, taking the total amount owed at the end of the FY to Le75,235 million, repayable in the ensuing year.

**Long Term Securities (with more than one year maturity)** - A total amount of Le325,167 million (Le219,206 million – FY2017) represents long-term securities issued in the form of treasury bonds during the year ended FY2018. The total worth of long-term securities redeemed during the year amounted to Le141, 528 million (Le214,541 million – FY2017).

The total outstanding amount of long-term securities held as 2-Year, 5-Year and 10-Year treasury bonds at the end of FY2018 is Le791,693 million (Le608,055million – end FY2017) held by the Bank of Sierra Leone (Le710,135 million) and NASSIT (Le81,559 million).

The Special Marketable Securities held by the Bank of Sierra Leone totalling Le710,135 million as at 31st December 2018, comprises: 3-Year Treasury Bonds Le259,517 million, 5-Year Treasury Bonds - Le326,918 million and 10-Year Treasury Bond - Le41,250 million. The treasury bonds are held by the Bank of Sierra Leone, following a Memorandum of Understanding with the Government dated 14th October, 2006 converting Non-marketable, Non-interest Bearing Securities to Special Marketable Securities for capitalisation of the bank and for monetary purposes. The interest cost of financing the operations and the total amount payable at redemption will be borne by the Government.

Further details are available in the Table below (**Summary Schedule of Domestic Public Debts**).

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

Summary Statement of Outstanding Domestic Public Debts as at 31st December 2018		Outstanding Balance 1-Jan-18		Issued During the PRD		Matured During the PRD		Outstanding Balance 31-Dec-18		Interest Payments 31-Dec-18		Interest Payments FY2017		Issue Date		Maturity Date		Interest Rate		Interest Due Period	
		Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m	Le' m		
<b>Short term Securities (with one year or less maturity)</b>																					
91-Day Treasury Bills		18,125		91,217		96,433		12,908		1,964		4,139									
182-Day Treasury Bills		28,136		35,896		50,183		13,849		2,972		8,444									
364-Day Treasury Bills		3,013,980		3,368,300		3,013,980		3,368,300		0		448,201									
<b>Total Treasury Bills</b>		<b>3,060,241</b>		<b>3,495,413</b>		<b>3,160,596</b>		<b>3,395,058</b>		<b>4,936</b>		<b>460,784</b>									
1-Year Treasury Bonds		0		0		0		0				2,586									
Bridging Loans - Bank of Sierra Leone (BSL)		0		247,019		0		247,019				390									
Ways and Means Advances		120,030		75,235		120,030		75,235		8,225		12,421									
<b>Total Short Term Securities</b>		<b>3,180,271</b>		<b>3,817,667</b>		<b>3,280,627</b>		<b>3,717,311</b>		<b>13,161</b>		<b>476,181</b>									
<b>Long term Securities (with more than one year maturity)</b>																					
<b>2-Year Treasury Bonds</b>																					
2-Year Treasury Bond (NASSIT)		40,487		0		0		40,487		6,065		5,660		29-May-17	23-May-19	13.0%		Semi-annually (May&Nov)			
2-Year Treasury Bond		0		46,195		0		46,195		5,890		1,009		11-Jan-18	9-Jan-20	17.0%		Semi-annually (Jun&Dec)			
2-Year Treasury Bond		0		10,000		0		10,000		1,100		1,350		22-Feb-18	20-Feb-20	22.0%					
2-Year Treasury Bond		0		15,000		0		15,000		1,681		1,028		1-Mar-18	27-Feb-20	22.4%					
2-Year Treasury Bond		0		11,255		0		11,255		0				26-Jul-18	23-Jul-20	22.0%					
2-Year Treasury Bond		7,015		0		7,015		0		504				29-Jan-16	26-Jan-18	14.4%		Semi-annually (Jul&Jan)			
<b>Total 2-Year Treasury Bonds</b>		<b>47,502</b>		<b>82,450</b>		<b>7,015</b>		<b>122,937</b>		<b>15,240</b>		<b>9,047</b>									
<b>Bank of Sierra Leone (BSL) 3-Year Capitalisation Bonds</b>																					
3-Year BSL Capitalisation Bond (NNIB Converted 2014)		81,800		0		0		81,800		4,908		4,908		30-Mar-17	29-Mar-20	6.0%		Semi-annually (Apr&Oct)			
3-Year BSL Recap Bond (2010 W & M)		62,013		62,013		62,013		62,013		3,930		6,826		3-Jun-18	26-Jun-21	9.0%					
3-Year Treasury Bond		0		37,408		0		37,408		4,192				25-Jan-18	21-Jan-21	22.4%					
3-Year Treasury Bond		0		22,442		0		22,442		2,515				1-Feb-18	28-Jan-21	22.4%					
3-Year Treasury Bond		0		14,587		0		14,587		1,167				6-Feb-18	2-Feb-21	16.0%					
3-Year Treasury Bond		0		11,220		0		11,220		1,257				9-Feb-18	5-Feb-21	22.4%					
3-Year Treasury Bond		0		30,047		0		30,047		3,367				15-Feb-18	11-Feb-21	22.4%					
<b>Total 3-Year BSL Capitalisation Bonds</b>		<b>143,813</b>		<b>177,717</b>		<b>62,013</b>		<b>259,517</b>		<b>21,335</b>		<b>11,734</b>									
<b>5-Year Treasury Bonds</b>																					
5-Year BSL (Converted from NNIB) Bonds		50,000		0		0		50,000		4,500		4,500		18-Dec-17	18-Dec-22	9.0%					
5-Year BSL (Converted from NNIB) Bonds		65,000		0		0		65,000		5,850		5,850		26-Dec-13	20-Dec-18	9.0%		Semi-annually (Jun&Dec)			
5-Year BSL (Converted from NNIB) Bonds		65,000		65,000		65,000		65,000		5,850		5,850		26-Jun-14	20-Jun-19	9.0%					
5-Year NASSIT Bond		50,000		0		0		50,000		4,500		4,500		26-Dec-14	20-Dec-19	9.0%					
5-Year NASSIT Bond		50,000		0		0		50,000		4,500		4,500		26-Jun-15	19-Jun-20	9.0%					
5-Year NASSIT Bond		41,072		0		0		41,072		5,955		5,955		1-Oct-16	25-Sep-21	15%		Semi-annually (Mar&Sep)			
5-Year BSL (Ways and Means) Bond		46,918		0		0		46,918		5,630		2,815		1-May-17	30-Apr-22	12%		Semi-annually (Oct&April)			
<b>Total 5-Year Treasury Bonds</b>		<b>367,990</b>		<b>65,000</b>		<b>65,000</b>		<b>367,990</b>		<b>36,786</b>		<b>33,970</b>									
10-Year BSL Capitalisation Bond		48,750		0		7,500		41,250		3,750		4,350		5-Jan-14	18-Apr-24	8.0%		Semi-annually (Apr&Oct)			
<b>Total Long Term Securities</b>		<b>608,055</b>		<b>325,167</b>		<b>141,528</b>		<b>791,693</b>		<b>77,110</b>		<b>59,101</b>									
<b>TOTAL OUTSTANDING DOMESTIC PUBLIC DEBTS</b>		<b>3,788,326</b>		<b>4,142,833</b>		<b>3,422,154</b>		<b>4,509,005</b>		<b>90,271</b>		<b>535,283</b>									

The treasury bills are marketable securities of the Government on the basis of a 91-day period, 182-day period and 364-day period. The treasury bonds on the other hand, are marketable securities on one year, two year, five year and ten year basis.

**29. Privatisation Receipts**

Privatisation Receipts during the FY2018 was Le2,307million (Nil– FY2017)

**30. Staff Loans and Advances (Net)**

The net position staff loans and advances during FY2018 stood at Le191 million (Le135 million – FY2017).

**31. Cash and Cash Equivalents**

The net amount of Cash and Cash Equivalents totalled a negative balance of Le1,097.4 million (Negative Le1,000.4million – FY2017), most of which are held with the Bank of Sierra Leone.

**Cash and Bank Balances**

As at	31st Dec.,18	31st Dec.,17	Change
	Le' million	Le' million	Le' million
Cash held at Bank	184,340	140,431	43,909
Overdraft with Bank	(1,382,623)	(1,233,683)	(148,939)
<b>Net Cash and Bank Balance</b>	<b>(1,198,283)</b>	<b>(1,093,253)</b>	<b>(105,030)</b>

**32. Previous Year Adjustment**

Use of goods and services and the closing bank balances were adjusted for the year ended 2017 due to incomplete journal entries regarding transactions relating to previous years that were paid in 2017, wrongly recorded as expenditure in the preparation of FY 2017 Financial Statements.

**1.6. ADDITIONAL NOTES TO THE ACCOUNTS****33. Investments – Public Enterprises**

The Government has participating equity interests in a number of public enterprises (as State Owned Enterprise – SOEs).

**34. Contingent Liabilities and Contingent Assets**

Contingent liabilities are:

- costs that the Government will have to face if a particular event occurs, or
- present liabilities that are unable to be measured with sufficient reliability to be captured in the financial statements (unquantifiable liabilities).

The contingent liabilities typically consist of guarantees and indemnities, and through legal disputes and claims (particularly through financial litigations).

Contingent assets are possible assets that have arisen from past events but the amount of the assets, or whether it will eventuate, will not be confirmed until a particular event occurs.

**Pending Financial Litigations:**

Contingent liabilities as at yearend, relating to pending financial litigations against the Government of Sierra Leone, amounted to Le547,930 billion, as presented below:

SUMMARY OF PENDING FINANCIAL RELATED LITIGATIONS		
NATURE	AMOUNT(Le)	AMOUNT(\$)
Damages in tort		101,925,879
Damages for termination of contract	63,536,783,709	39,784,318
Damages for termination of contract		2,259,902
Violation of human rights		14,000,000
Unfair dismissal	315,865,000	
Recovery of land	1,400,000,000	
<b>Amounts in Leones and US Dollars (Le &amp; US\$)</b>	<b>65,252,648,709</b>	<b>157,970,099</b>
<b>Total Amount in Leones (Le)</b>	<b>547,929,753,845,183</b>	
<b>Note:</b> The exchange rate as at 31st December, 2018 is \$1 = Le8,396.05		

#### Guarantees and Indemnities:

Guarantees are legally binding promises made by the Government to assume responsibility for a debt, or performance of an obligation of another party, should that party default. Indemnities are legally binding promises where the Government undertakes to accept the risk of loss or damage that another party may suffer and to hold the other party harmless against loss caused by a specific stated event.

The Government provides guarantees against bank loans contracted by state-owned or public enterprises and local councils. Total guarantees amounted to Le92.584 billion as at December 2018. In the event of public enterprises or local councils failing to pay the loan on time, the guarantees would be invoked and the liabilities for payment will be passed on to the Government. Consequently, the guarantees would eventually become debt to the Government. An examination of the stock of current guarantees indicates that risks emanating from guarantees are minimal at the moment. Should they materialise, the impact on public debt would be small.

The list of guarantees provided by the Government as at 31st December, 2018 is as follows:

#### Schedule of Guarantees Issued by Government

	Year of Issuance	Amount in Million Le
Njala University	2018	3,900.0
Sierra Leone State Lottery	2016	1,000.0
Sierra Leone Postal Services Ltd. (SALPOST)	2015	394.0
Sierra Leone Broadcasting Corporation (SLBC)	2013	3,765.0
Guma Valley Water Company	2013	2,164.0
National Hajj Committee	2018	15,872.0
Road Maintenance Fund Administration	2017	65,000.0
Sierra Leone Postal Services Ltd. (SALPOST)	2018	489.0
<b>Total</b>		<b>92,584.00</b>

#### Contingent Assets:

There are no contingent assets recorded.

## 1.7. SUPPLEMENTARY DISCLOSURES IN APPENDICES

### APPENDIX 1 – LIST OF TREASURY AND DEPARTMENTAL BANK ACCOUNTS

Bank Accounts Included in the Annual Public Accounts of the Consolidated Fund - 2018		
MDA name	Bank name	Accounts name
Consolidated Revenue Fund	Bank of Sierra Leone	Consists of (65) Treasury Accounts
Ministry of Local Government & Community Development	Bank of Sierra Leone	Ministry of Local Government Head Office Imprest
Ministry of Foreign Affairs & International Co-operation	Bank of Sierra Leone	Ministry of Foreign Affairs Imprest Account.
Ministry of Finance	Bank of Sierra Leone	Local Government Finance Department (Imprest)
	Bank of Sierra Leone	Ministry of Finance Imprest Account
	Bank of Sierra Leone	ECOWAS National Coordinating Committee Account
	SL Commercial Bank	ECOWAS National Unit Account
	Bank of Sierra Leone	Islamic Development Bank /ITFC Revolving Accounts
	SL Commercial Bank	Duty Waiver Joint Monitoring Fund
Ministry of Information and Broadcasting	Bank of Sierra Leone	Ministry of information and Communication
Ministry of Internal Affairs	Bank of Sierra Leone	Ministry of Internal Affairs Imprest Account
Ministry of Education, Science & Technology	Bank of Sierra Leone	Imprest
	Bank of Sierra Leone	Education Management Information System
Ministry of Tourism and Culture (Culture Division)	Bank of Sierra Leone	Imprest
Ministry of Social Welfare, Gender & Children's Affairs	Bank of Sierra Leone	Ministry of Social Welfare Gender a/c
Ministry of Mines and Mineral Resources	Bank of Sierra Leone	Mines and Mineral Resources Imprest Account
Ministry of Transport and Aviation	Bank of Sierra Leone	Imprest Account
Ministry of Energy	Bank of Sierra Leone	Ministry of Energy Imprest
	SL Commercial Bank	Min of Energy
Ministry of Works , Housing and Infrastructure	Bank of Sierra Leone	Emergency Works
	Bank of Sierra Leone	Imprest and General Administration
	Bank of Sierra Leone	Miatta Conference Centre
Ministry of Trade and Industry	Bank of Sierra Leone	Imprest
	Bank of Sierra Leone	Registrar for Cooperative Account
Cabinet Secretariat	Bank of Sierra Leone	Cabinet Secretariat
Human Resource Management Office	Bank of Sierra Leone	Human Resources Management Office Imprest Account
	SL Commercial Bank	Human Resources Account
Immigration Department	Bank of Sierra Leone	Immigration Department
Sierra Leone Correctional Services	Bank of Sierra Leone	SL Correctional Service Quarterly
Ministry of Defence	Bank of Sierra Leone	Min of Defence Quarterly Allocation
	Bank of Sierra Leone	RSLAF Personnel
	Bank of Sierra Leone	RSLAF Other Charges
	SL Commercial Bank	RSLAF Quarterly Allocation
Sierra Leone Police	Bank of Sierra Leone	SL Police Other Charges
	Bank of Sierra Leone	Sierra Leone Police Imprest Account
	Bank of Sierra Leone	Sierra Leone Police Salaries Account
	Bank of Sierra Leone	Sierra Leone Police General
	SL Commercial Bank	Sierra Leone Police Freetown East
	SL Commercial Bank	Sierra Leone Police North West
	SL Commercial Bank	Sierra Leone Police Bo Imprest

Bank Accounts Included in the Annual Public Accounts of the Consolidated Fund - 2018		
MDA name	Bank name	Accounts name
	SL Commercial Bank	Sierra Leone Police Kenema Imprest
	SL Commercial Bank	Sierra Leone Police Cost Recovery
	Rokel Comm. Bank	Sierra Leone Police - Local Police Partnership
Accountant General's Department	Bank of Sierra Leone	Accountant General's Department Imprest
Ministry of Parliamentary and Political Affairs	Bank of Sierra Leone	Political and Public Affairs Account
Office of the President	Bank of Sierra Leone	Office of the Secretary to the President
		OVERSEAS AND LOCAL TRAVELLING
		Office of the First Lady
	Rokel Commercial Bank	Office of the First Lady
Office of the Vice President	Bank of Sierra Leone	Office of the Vice President Account
Judiciary (High Court)	Bank of Sierra Leone	Judiciary Imprest Account Master & Registrar High Court A/C
Law Officers' Department	Bank of Sierra Leone	Solicitor-General (Imprest )
		Administration & Registrar General
Ministry of Planning and Economic Development	Bank of Sierra Leone	Ministry of Planning and Economic Development Imprest
	Bank of Sierra Leone	Government Printing Department Imprest
	S.L. Commercial Bank	The Government Printing Department
National Fire Authority	Bank of Sierra Leone	National Fire Force Authority
	Rokel Commercial Bank	
Ministry of Sports	Bank of Sierra Leone	Ministry of Sport Imprest Account
Ministry of Health and Sanitation	Bank of Sierra Leone	Ministry of Health and Sanitation Imprest
Ministry of Lands, Country Planning and the Environment	Bank of Sierra Leone	Ministry of Lands Imprest Account
Ministry of Youth Affairs	Bank of Sierra Leone	Ministry of Youth Affairs Account
Ministry of Agriculture, Forestry and Food Security	Bank of Sierra Leone	Ministry of Agriculture Imprest Account
Ministry of Fisheries and Marine Resources	Bank of Sierra Leone	Ministry of Fisheries Imprest
Ministry of Labour, Industrial Relations and Social Security	Bank of Sierra Leone	Office of the Permanent Secretary
Ministry of Water Resources	Bank of Sierra Leone	Ministry of Water Resources imprest
	Rokel Commercial Bank	Ministry of Water Resources imprest
	Sierra Leone Commercial Bank	Ministry of Water Resources Water Supply Division
Petroleum Directorate Disbursement	Bank of Sierra Leone	Petroleum Directorate Disbursement Account
Environmental Protection Agency Disbursement	Bank of Sierra Leone	Environmental Protection Agency Disbursement Account
Sierra Leone Maritime Administration Disbursement	Bank of Sierra Leone	Sierra Leone Maritime Administration Disbursement Account
National Telecommunication Commission Disbursement	Bank of Sierra Leone	National Telecommunication Commission Disbursement Account
Petroleum Regulatory Agency Disbursement	Bank of Sierra Leone	Petroleum Regulatory Agency Disbursement Account
Roads Maintenance Fund Administration Disbursement	Bank of Sierra Leone	Roads Maintenance Fund Administration Disbursement Account

**APPENDIX 2 – REVENUE ARREARS AS AT 31ST DECEMBER 2018**

Amounts in millions of Leones

	Revenue Arrears	Revenue Arrears
	<b>31st Dec., 2018</b>	<b>31st Dec., 2017</b>
<b>Arrears as Per Domestic Tax Department</b>		
Large Tax Office (LTO)	235,879	65,441
Small and Medium Tax Office	3,566	21,526
Freetown Central Tax Office	449	
Freetown Central Tax Office	449	
<b>Total for Domestic Taxes Department</b>	<b>239,894</b>	<b>86,967</b>
 <b>Arrears as Per Custom and Excise Department</b>		
Debt Management Unit	8,006	4,774
Bonded Warehouse	24,689	
<b>Total for Customs and Excise Department</b>	<b>32,694</b>	<b>4,774</b>
 <b>Total Revenue Arrears</b>	<b>272,589</b>	<b>91,741</b>

**APPENDIX 3 – COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS  
FOR WAGES, SALARIES AND EMPLOYEES BENEFITS BY MDA**

for the financial year ended 31st December, 2018

Amounts in millions of Leones

MDA Code	Description	Budget Estimates	Actual FY 2018	Surplus/ (Shortfall)	Actual FY 2017
		FY 2018		FY 2018	
101	Charged Emoluments	86,433	88,617	(2,184)	73,889
105	Ministry of Political and Public Affairs	3,648	3,484	164	2,950
106	Office of the Chief of Staff	17,873	12,197	5,676	15,535
	Ministry of Local Government & Rural				
107	Development	18,621	14,117	4,504	26,061
108	Sierra Leone Small Arms Commission	2,639	1,962	677	2,195
110	Office of the Secretary to the President	59,028	58,035	993	54,448
112	Office of the Secretary to the Vice President	3,852	3,744	108	3,153
116	Parliamentary Service Commission	31,344	16,000	15,344	23,954
117	Cabinet Secretariat	2,758	4,580	(1,822)	2,389
118	Supreme Court	20	26	(6)	35
119	Court of Appeal	161	124	37	154
120	High Court	13,247	17,657	(4,410)	13,796
121	Audit Service Sierra Leone	19,691	26,731	(7,040)	21,606
122	Human Resource Management Office	9,518	10,713	(1,195)	8,098
123	Public Service Commission	4,619	6,433	(1,814)	4,203
124	Law Officers' Department	26,590	26,452	138	24,169
125	Local Courts	1,079	0	1,079	0
126	Independent Police Complaints Board	1,405	1,460	(55)	1,119
	Ministry of Foreign Affairs & International Co-operation				
128		146,565	139,611	6,954	141,241
	Ministry of Finance and Economic				
129	Development	59,570	62,652	(3,082)	55,802
130	National Revenue Authority	0	0	0	(28)
131	Revenue Appellate Board	2,440	1,418	1,022	2,034
132	Accountant General's Department	13,964	4,173	9,791	11,783
133	Ministry of Information and Communications	20,652	20,210	442	18,792
	National Electoral Commission of Sierra				
134	Leone	11,917	12,714	(797)	12,284
137	National Commission for Democracy	5,231	4,637	594	4,682
138	Statistics Sierra Leone	12,467	13,629	(1,162)	11,121
139	National Commission for Privatisation	3,247	3,095	152	2,921
140	Mass Media Services (SLBC Staff)	10,098	7,953	2,145	9,315
141	Government Printing Department	836	723	113	715
142	National Public Procurement Authority	3,265	2,804	461	3,064
143	Justice and Legal Service Commission	578	0		0
144	National Commission for Human Rights	8,323	13,680	(5,357)	8,716
145	Rights to Access Information Commission	2,379	2,402	(23)	2,172

**APPENDIX 3 – COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS  
FOR WAGES, SALARIES AND EMPLOYEES BENEFITS BY MDA**

for the financial year ended 31st December, 2018

Amounts in millions of Leones

MDA Code	Description	Budget Estimates	Actual FY 2018	Surplus/ (Shortfall) FY 2018	Actual FY 2017
		FY 2018			
201	Ministry of Defence	126,653	38,604	88,049	110,067
203	National Civil Registration Authority	22,431	6,483	15,948	180
205	Ministry of Internal Affairs	1,493	13,822	(12,329)	1,272
206	Sierra Leone Police	155,140	163,222	(8,082)	135,956
207	Sierra Leone Correctional Services	24,220	28,015	(3,795)	20,432
208	National Fire Authority	6,177	4,680	1,497	3,951
209	Central Intelligence and Security Unit	7,537	6,021	1,516	6,151
210	Office of National Security	12,977	11,498	1,479	10,669
211	Immigration Department	2,410	3,055	(645)	2,176
212	National Drugs Law Enforcement Agency	1,135	905	230	1,096
	Ministry of Education, Science and Technology				
301	Technology	573,521	435,494	138,027	413,336
302	Ministry of Sports	3,642	4,955	(1,313)	3,240
303	Ministry of Tourism and Cultural Affairs	489	701	(212)	408
304	Ministry of Health and Sanitation	183,826	167,834	15,993	149,331
	Ministry of Social Welfare, Gender & Children's Affairs				
305	Children's Affairs	7,469	7,916	(447)	6,775
	Ministry of Lands, Country Planning and the Environment				
306	Environment	3,023	3,802	(779)	2,760
307	National Pharmaceutical Procurement Unit	770	0	770	0
308	National Commission for Social Action	5,462	10,645	(5,183)	6,671
310	Ministry of Youth Affairs	3,126	2,579	547	2,603
311	Health Service Commission	1,542	413	1,129	1,337
312	Teaching Service Commission	4,000	3,228	772	389
313	National Youth Service	924	42	882	0
314	National HIV and AIDS Commission	1,798	1,841	(43)	0
315	Teaching Hospitals Complex Administration	1,926	0		0
316	Civil Service Training College	1,284	(0)	1,284	0
341	Pensions, Gratuities and Retirement Benefits	107,530	181,674	(74,144)	139,906
342	Government's Contribution to Social Security	0	59,503	(59,503)	138,697
345	Pharmacy Board Services	8,440	1,895	6,545	5,967
	Ministry of Agriculture, Forestry and Food				
401	Security	16,232	12,695	3,537	14,212
402	Ministry of Fisheries and Marine Resources	1,177	1,117	60	917
403	Ministry of Mines and Mineral Resources	23,384	29,246	(5,862)	26,711
404	Ministry of Transport and Aviation	6,218	5,396	822	5,605
	Ministry of Tourism and Cultural Affairs				
	(National Tourist Board and Relics Commission)				
405	Commission	7,108	6,749	359	6,549

**APPENDIX 3 – COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS  
FOR WAGES, SALARIES AND EMPLOYEES BENEFITS BY MDA**

for the financial year ended 31st December, 2018

Amounts in millions of Leones

MDA Code	Description	Budget Estimates	Actual FY 2018	Surplus/ (Shortfall)	Actual FY 2017
		FY 2018		FY 2018	
406	Ministry of Energy	6,808	5,437	1,371	3,033
	Ministry of Employment Labour and Social				
407	Security	4,482	3,004	1,478	3,497
408	Ministry of Works, Housing and Infrastructure	2,685	3,169	(484)	2,387
409	Ministry of Trade and Industry	10,577	11,671	(1,094)	9,537
410	National Protected Area Authority	9,907	10,422	(515)	8,739
411	Road Maintenance Fund Administration (SLRA Staff)	28,738	27,556	1,182	26,391
413	Sierra Leone Electricity and Water Regulatory Commission	3,720	1,765	1,956	2,013
414	Ministry of Water Resources	9,208	9,379	(171)	8,307
416	Civil Aviation Authority	7,794	6,827	967	6,510
417	Nuclear Safety and Radiation Protection Authority	3,040	1,652	1,387	1,808
418	Sierra Leone Agricultural Research Institute	18,490	16,487	2,003	22,676
419	Sierra Leone Local Content Agency	0	856	(856)	0
421	Small and Medium Enterprises Development Agency	4,109	679	3,430	0
422	Sierra Leone Meteorological Agency	1,156	2,062	(906)	0
501	Unallocated Personnel Emoluments	16,843	448	16,395	1,354
701	Transfers to Local Councils	13,124	17,648	(4,524)	11,940
<b>Grand Total</b>		<b>2,067,803</b>	<b>1,915,127</b>	<b>150,172</b>	<b>1,887,926</b>

**APPENDIX 4 - COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS  
FOR USE OF GOODS AND SERVICES BY MDA  
for the financial year ended 31st December, 2018**

Amounts in millions of Leones

MDA Code	Description	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
		FY 2018	FY 2018	FY 2018	FY 2017
105	Ministry of Political and Public Affairs	2,357	993	1,364	1,279
106	Office of the Chief of Staff	6,070	11,676	(5,606)	3,222
	Ministry of Local Government & Rural				
107	Development	15,621	13,826	1,794	13,196
108	Sierra Leone Small Arms Commission	904	506	397	709
110	Office of the President	41,705	69,085	(27,380)	39,675
112	Office of the Vice President	17,376	22,346	(4,970)	15,349
116	Parliament	15,317	14,172	1,145	13,037
117	Cabinet Secretariat	2,558	1,592	966	1,233
118	Supreme Court	13,875	12,959	916	5,859
120	High Court	0	1,806	(1,806)	0
121	Audit Service Sierra Leone	7,297	7,766	(469)	5,482
122	Human Resource Management Office	3,086	2,442	644	2,639
123	Public Service Commission	2,550	2,338	213	1,916
124	Law Officers' Department	13,387	10,777	2,610	7,910
125	Local Courts	767	115	652	576
126	Independent Police Complaints Board	1,065	725	340	800
	Ministry of Planning and Economic				
127	Development	15,952	6,689	9,264	0
	Ministry of Foreign Affairs & International Co-operation				
128		48,614	41,478	7,136	37,776
	Ministry of Finance and Economic				
129	Development	64,466	75,499	(11,033)	71,302
130	National Revenue Authority (NRA)	90,462	90,462	(0)	76,360
131	Revenue Appellate Board	726	194	532	470
132	Accountant General's Department	37,913	16,132	21,781	5,082
133	Ministry of Information and Communication	4,506	3,025	1,481	1,885
134	National Electoral Commission (NEC)	61,505	43,027	18,478	150,828
137	National Commission for Democracy	948	1,374	(426)	2,401
138	Statistics Sierra Leone	8,367	5,223	3,144	4,397
139	National Commission for Privatisation (NCP)	2,258	2,924	(666)	1,018
140	Mass Media Services	1,766	0		0
141	Government Printing Department	3,390	2,255	1,134	1,539
142	National Public Procurement Authority (NPPA)	3,564	1,958	1,606	1,338
143	Justice and Legal Service Commission	183	252	(69)	137
144	Human Rights Commission Sierra Leone	1,404	773	630	1,894
145	Rights to Access Information Commission	1,139	650	489	860
201	Ministry of Defence	106,687	149,725	(43,038)	174,315
203	National Civil Registration Authority	2,714	2,714	(0)	4,821
205	Ministry of Internal Affairs	1,356	1,557	(201)	660
206	Sierra Leone Police	97,470	105,392	(7,923)	96,792
207	Sierra Leone Correctional Service	58,189	76,921	(18,732)	68,771
208	National Fire Authority	19,734	6,514	13,220	1,907
209	Central Intelligence & Security Unit	6,975	6,552	423	5,240

**APPENDIX 4 - COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS  
FOR USE OF GOODS AND SERVICES BY MDA  
for the financial year ended 31st December, 2018**

Amounts in millions of Leones

MDA Code	Description	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
		FY 2018	FY 2018	FY 2018	FY 2017
210	Office of National Security	9,434	9,136	298	7,086
211	Immigration Department	5,828	4,947	881	3,694
212	National Drugs Law Enforcement Agency	658	154	504	493
300	Ministry of Technical Higher Education	18,355	0		0
301	Ministry of Education, Science and Technology	94,837	72,099	22,738	44,205
302	Ministry of Sports	8,226	12,343	(4,117)	4,585
303	Ministry of Tourism and Cultural Affairs	5,784	3,402	2,381	2,459
304	Ministry of Health and Sanitation	112,435	69,927	42,508	83,118
	Ministry of Social Welfare, Gender & Children's Affairs				
305	Affairs	17,964	10,338	7,626	6,037
	Ministry of Lands, Country Planning and the Environment				
306	Environment	6,100	3,213	2,888	1,893
	National Pharmaceutical Procurement Unit				
307	(NPPU)	8,686	1,186	7,500	0
308	National Commission for Social Action	1,791	1,038	753	673
309	Dental and Medical Board	435	86	349	163
310	Ministry of Youth Affairs	10,951	6,068	4,883	2,994
311	Health Service Commission	1,323	826	498	460
312	Teaching Service Commission	1,472	1,306	166	1,105
313	National Youth Service	2,655	1,251	1,404	0
314	National HIV and AIDS Commission	2,940	1,705	1,235	0
315	Teaching Hospitals Complex Administration	1,956	1,500	456	0
316	Civil Service Training College	800	360	440	0
345	Pharmacy Board Services	5,346	3,170	2,176	2,008
	Ministry of Agriculture, Forestry and Food				
401	Security	53,517	21,633	31,885	60,030
402	Ministry of Fisheries and Marine Resources	10,024	3,496	6,528	1,560
403	Ministry of Mines and Mineral Resources	6,079	2,036	4,043	3,727
404	Ministry of Transport and Aviation	47,563	65,635	(18,072)	9,433
405	Ministry of Tourism and Cultural Affairs	12,408	8,157	4,251	3,334
406	Ministry of Energy	156,985	42,525	114,460	15,900
407	Ministry of Labour and Social Security	7,990	3,437	4,553	2,669
408	Ministry of Works, Housing and Infrastructure	13,334	7,617	5,717	10,251
409	Ministry of Trade and Industry	13,691	7,500	6,192	9,892
410	National Protected Area Authority	1,249	569	681	195
411	Road Maintenance Fund	128,900	41,782	87,118	6,980
412	National Telecommunications Commission	69,879	74,268	(4,388)	0
	Sierra Leone Electricity and Water Regulatory Commission				
413	Commission	1,367	285	1,083	514
414	Ministry of Water Resources	14,728	12,743	1,984	8,307
415	Sierra Leone Maritime Administration	19,596	28,881	(9,284)	0
416	Civil Aviation Authority	2,034	1,864	171	3,009
	Nuclear Safety and Radiation Protection Authority				
417	Authority	2,105	1,208	897	1,342

**APPENDIX 4 - COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS  
FOR USE OF GOODS AND SERVICES BY MDA**  
for the financial year ended 31st December, 2018

Amounts in millions of Leones

MDA Code	Description	Budget Estimates	Actual	Surplus/ (Shortfall)	Actual
		FY 2018	FY 2018	FY 2018	FY 2017
	Sierra Leone Agricultural Research Institute				
418	(SLARI)	5,725	2,964	2,761	2,642
419	Local Content Agency	799	168	631	200
420	Sierra Leone Environmental Protection Agency	17,621	11,188	6,433	0
	Small and Medium Enterprises Development				
421	Agency	2,253	1,165	1,087	0
422	Sierra Leone Meteorological Agency	1,314	985	328	0
423	Sierra Leone Petroleum Regulatory Agency	4,286	0	4,286	0
424	Sierra Leone Petroleum Directorate	7,868	7	7,861	0
501	Miscellaneous Services	15,901	43,521	(27,620)	89,928
509	Change in Arrears		0		2,003
601	Public Debt Charges		1,277	(1,277)	0
610	Contingency Expenditure	35,848	22,376	13,473	8,075
611	Special Warrants of the President	21,646	2,417	19,228	0
612	Unallocated Head of Expenditure	60,248	56,885	3,362	0
701	Transfers to Local Councils	48,728	0	48,728	0
720	Freetown City Council	0	3,850	(3,850)	0
<b>Grand Total</b>		<b>1,885,883</b>	<b>1,488,906</b>	<b>396,977</b>	<b>1,223,641</b>

**APPENDIX 5 – COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS  
FOR DOMESTIC CAPITAL/ DEVELOPMENT EXPENDITURE BY MDA**  
for the financial year ended 31st December, 2018

Amounts in millions of Leones

		Budget	Actual	Surplus/	Actual
		Estimates	FY 2018	(Shortfall)	FY 2017
		FY 2018		FY 2018	
106	Office of the Chief of Staff	0	0	0	7,507
107	Ministry of Local Government & Rural Development	300	300	0	0
108	Sierra Leone Small Arms Commission	500	200	0	
110	Office of the President	2,467	1,467	1,000	1,228
112	Office of the Vice President	500	0	0	
116	Parliament	10,100	10,100	0	7,800
120	High Court	0	0	0	0
121	Audit Service Sierra Leone	1,000	0	0	
122	Human Resource Management Office	500	0	500	550
123	Public Service Commission	800	0	800	300
124	Law Officers' Department	850	0	850	250
127	Ministry of Planning and Economic Development	9,105	2,479	0	
128	Ministry of Foreign Affairs & International Co-operation	6,812	8,967	0	
129	Ministry of Finance and Economic Development	11,250	4,509	6,741	3,153
130	National Revenue Authority (NRA)	500	0	0	
133	Ministry of Information and Communication	14,922	14,172	750	2,984
134	National Electoral Commission (NEC)	0	0	0	0
138	Statistics - Sierra Leone	3,250	1,887	1,363	1,093
201	Ministry of Defence	2,700	(900)	3,600	900
203	National Civil Registration Authority	45,000	3,116	41,884	120,858
205	Ministry of Internal Affairs	750	0	750	0
206	Sierra Leone Police	2,200	910	1,290	0
207	Sierra Leone Correctional Services	2,000	0	2,000	546
208	National Fire Authority	0	0	0	1,991
209	Central Intelligence & Security Unit	1,500	0	0	
212	National Drugs Law Enforcement Agency	200	150	0	
300	Ministry of Technical Higher Education	4,700	0	0	
301	Ministry of Education, Science and Technology	8,450	3,355	5,095	7,456
303	Ministry of Tourism and Cultural Affairs	800	0	800	1,797
304	Ministry of Health and Sanitation	21,054	859	20,195	8,666
305	Ministry of Social Welfare, Gender & Children's Affairs	300	0	0	
306	Ministry of Lands, Country Planning and the Environment	500	0	500	350
308	National Commission for Social Action	51,500	39,108	12,392	400
310	Ministry of Youth Affairs	6,800	3,029	3,771	270
313	Health Service Commission	0	808	(808)	0
314	National HIV and AIDS Commission	600	100	500	0
316	Civil Service Training College	500	0	0	
401	Ministry of Agriculture, Forestry and Food Security	12,350	5,150	7,200	5,591
402	Ministry of Fisheries and Marine Resources	1,950	2,650	(700)	1,725
403	Ministry of Mines and Mineral Resources	200	0	200	0
404	Ministry of Transport and Aviation	15,500	2,321	13,179	12,485
405	Ministry of Tourism and Cultural Affairs	4,800	1,730	3,070	0
406	Ministry of Energy	93,150	11,144	82,006	214,969
408	Ministry of Works, Housing and Infrastructure	366,045	507,130	(141,085)	501,996

**APPENDIX 5 – COMPARATIVE ANALYSIS OF ESTIMATED AND ACTUAL COSTS  
FOR DOMESTIC CAPITAL/ DEVELOPMENT EXPENDITURE BY MDA**  
for the financial year ended 31st December, 2018

Amounts in millions of Leones

		Budget	Actual	Surplus/	Actual
		Estimates		(Shortfall)	
		FY 2018	FY 2018	FY 2018	FY 2017
409	Ministry of Trade and Industry	1,350	0	1,350	0
410	National Protected Area Authority	1,700	980	720	0
414	Ministry of Water Resources	77,738	34,187	43,551	25,437
418	Sierra Leone Agricultural Research Institute (SLARI)	1,200	600	600	0
701	Transfers to Local Councils	12,283	102	12,181	6,225
<b>Total Capital/Development Expenditure</b>		<b>800,676</b>	<b>660,611</b>	<b>126,244</b>	<b>936,528</b>

**APPENDIX 5 (A) –DEVELOPMENT PROJECT FUNDS FLOWS**

Amounts in millions of Leones

	FY2018	FY2017
<b>Project Revenue Receipts</b>		
GoSL Budget Transfer - Salaries	4,740	15,467
GoSL Budget Transfer - Expenses	15,063	11,936
External Grants	190,330	177,865
O/W EXt Grants-DP	0	209
O/W EXt Grants-Loan	24,130	55,011
Earmarked Revenue	13,668	0
Other Revenue	5,670	7,119
Sales of Goods and Services	13,581	4,772
<b>Total Project Revenue Receipts</b>	<b>243,052</b>	<b>217,158</b>
<b>Project Expenditure Payments</b>		
Wages and Salaries	36,731	29,209
O/W W&S-DP-Loan	24,130	55,011
Others	17,723	9,514
Goods and Services	71,798	91,655
Capital Development	61,477	69,613
Grants Paid	51,580	47,671
Interest	0	27
<b>Total Expenditure</b>	<b>239,308</b>	<b>247,691</b>
<b>Overall Cash Surplus/(Deficit)</b>	<b>3,744</b>	<b>(30,533)</b>
Loss/Gains on Exchange	4,276	5,524
<b>Cash Balance at 1st January, 2018</b>	<b>92,851</b>	<b>117,859</b>
<b>Cash Balance at 31st December, 2018</b>	<b>100,871</b>	<b>92,851</b>

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

during the financial year ended 31st December, 2018

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31st Dec., 2018	Interest Paid in FY2018
		(Le)	(Le)	(Le)	(Le)	(Le)
5-Oct-17	4-Jan-18		2,209,393,700	2,209,393,700		59,306,300
12-Oct-17	11-Jan-18		2,177,194,190	2,177,194,190		54,855,810
19-Oct-17	18-Jan-18		176,475,000	176,475,000		4,525,000
26-Oct-17	25-Jan-18		1,197,006,459	1,197,006,459		35,093,541
2-Nov-17	1-Feb-18		7,891,558,000	7,891,558,000		212,342,000
9-Nov-17	8-Feb-18		938,258,005	938,258,005		26,341,995
16-Nov-17	15-Feb-18		431,210,600	431,210,600		11,939,400
23-Nov-17	22-Feb-18		409,541,200	409,541,200		10,608,800
30-Nov-17	1-Mar-18		371,623,768	371,623,768		8,576,232
7-Dec-17	8-Mar-18		65,397,200	65,397,200		1,402,800
14-Dec-17	15-Mar-18		110,005,000	110,005,000		2,245,000
21-Dec-17	22-Mar-18		2,087,564,217	2,087,564,217		42,535,783
22-Dec-17	29-Mar-18		59,471,500	59,471,500		1,028,500
<b>Outstanding FY2017</b>		-	<b>18,124,698,840</b>	<b>18,124,698,840</b>	-	
4-Jan-18	5-Apr-18		3,717,492,500	3,717,492,500		63,007,500
11-Jan-18	12-Apr-18		4,163,690,150	4,163,690,150		68,359,850
18-Jan-18	19-Apr-18		7,563,331,644	7,563,331,644		124,868,356
25-Jan-18	26-Apr-18		2,941,500,000	2,941,500,000		58,500,000
1-Feb-18	3-May-18		17,114,721,886	17,114,721,886		336,178,114
8-Feb-18	10-May-18		1,376,960,175	1,376,960,170		27,039,825
15-Feb-18	17-May-18		2,959,559,600	2,959,559,600		58,840,400
22-Feb-18	24-May-18		492,264,200	492,264,200		9,735,800
1-Mar-18	31-May-18		500,712,825	500,712,825		10,187,175
8-Mar-18	7-Jun-18		1,065,479,750	1,065,479,750		20,670,250
15-Mar-18	14-Jun-18		1,250,476,303	1,250,476,303		24,823,697
22-Mar-18	21-Jun-18		2,631,615,000	2,631,615,000		53,385,000
29-Mar-18	28-Jun-18		180,184,700	180,184,700		3,815,300
5-Apr-18	5-Jul-18		3,504,183,650	3,504,183,650		75,166,350
12-Apr-18	12-Jul-18		821,073,500	821,073,500		16,826,500
19-Apr-18	19-Jul-18		3,199,760,000	3,199,760,000		
26-Apr-18	26-Jul-18		1,269,529,159	1,269,529,159		62,240,000
3-May-18	2-Aug-18		1,918,219,000	1,918,219,000		22,370,841
10-May-18	9-Aug-18		2,416,516,100	2,416,516,100		34,631,000
17-May-18	16-Aug-16		480,118,150	480,118,150		48,983,900
24-May-18	23-Aug-18		2,194,583,231	2,194,583,231		7,281,850
31-May-18	30-Aug-18		462,929,150	462,929,150		39,116,769
7-Jun-18	6-Sep-18		1,007,994,000	1,018,494,000		9,220,850
14-Jun-18	13-Sep-18		1,005,988,375	1,005,988,375		5,906,000
28-Jun-18	27-Sep-18		35,907,900	35,907,900		10,500,000
5-Jul-18	4-Oct-18		3,316,117,853	3,315,849,743		19,061,625
12-Jul-18	11-Oct-18		862,303,150	862,303,150		2,440,385
19-Jul-18	18-Oct-18		553,161,000	553,161,000		692,100
26-Jul-18	25-Oct-18		375,541,950	375,541,950		63,650,257
2-Aug-18	1-Nov-18		465,570,000	455,300,110		16,946,850
9-Aug-18	8-Nov-18		4,181,938,500	4,181,494,071		11,576,954
16-Aug-18	15-Nov-18		1,568,000,000	1,568,000,000		7,508,050
23-Aug-18	22-Nov-18		301,597,750	301,597,750		19,549,890
30-Aug-18	29-Nov-18		448,944,800	448,944,800		85,955,929
6-Sep-18	6-Dec-18		817,021,465	817,021,465		32,000,000
13-Sep-18	13-Dec-18		179,139,325	179,139,325		5,852,250

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

during the financial year ended 31st December, 2018

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31st Dec., 2018	Interest Paid in FY2018
		(Le)	(Le)	(Le)	(Le)	(Le)
20-Sep-18	20-Dec-18		116,979,975	116,979,975		8,955,200
27-Sep-18	27-Dec-18		847,869,371	847,869,371		16,178,535
4-Oct-18	3-Jan-19		2,233,589,680		2,233,589,680	5,270,428
11-Oct-18	10-Jan-19		5,553,081,665		5,553,081,665	6,065,140
18-Oct-18	17-Jan-19		447,541,780		447,541,780	17,130,629
25-Oct-18	24-Jan-19		52,199,975		52,199,975	<b>1,981,290,708</b>
1-Nov-18	31-Jan-19		392,027,000		392,027,000	
8-Nov-18	7-Feb-19		278,957,000		278,957,000	
15-Nov-18	14-Feb-19		15,978,890		15,978,890	
22-Nov-18	21-Feb-19		294,643,350		294,643,350	
29-Nov-18	28-Feb-19		2,026,878,450		2,026,878,450	
6-Dec-18	7-Mar-19		155,809,700		155,809,700	
13-Dec-18	14-Mar-19		715,803,350		715,803,350	
20-Sep-18	21-Mar-19	-	543,900,000		543,900,000	
27-Dec-18	28-Mar-19		197,399,175		197,399,175	
			<b>91,216,786,103</b>	<b>78,308,493,654</b>	<b>12,907,810,015</b>	
Outstanding Balance FY2017			18,124,698,840			
Issued FY2018			91,216,786,103			
Matured FY2018				96,433,192,494		
Outstanding Balance FY2018						
Total for FY2018			<b>109,341,484,942</b>	<b>96,433,192,494</b>	<b>12,908,292,449</b>	

**APPENDIX 7: STATEMENT OF MOVEMENTS IN 182-DAY TREASURY BILLS**  
 during the financial year ended 31st December, 2018

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31st Dec., 2018	Interest Paid in FY2018
		(Le)	(Le)	(Le)	(Le)	(Le)
6-Jul-17	4-Jan-18		141,890,000	141,890,000		10,360,000
13-Jul-17	11-Jan-18		5,600,437,000	5,600,437,000		418,113,000
20-Jul-17	18-Jan-18		3,645,898,000	3,645,898,000		262,902,000
27-Jul-17	25-Jan-18		6,090,550,000	6,090,550,000		439,450,000
3-Aug-17	1-Feb-18		2,715,212,000	2,715,212,000		193,788,000
10-Aug-17	8-Feb-18		49,396,000	49,396,000		3,604,000
17-Aug-17	15-Feb-18		161,910,800	161,910,800		11,689,200
24-Aug-17	22-Feb-18		138,075,800	138,075,800		10,074,200
31-Aug-17	1-Mar-18		2,831,979,875	2,831,979,875		200,170,125
7-Sep-17	8-Mar-18		76,260,049	76,260,049		5,689,951
7-Sep-17	8-Mar-18		375,451	375,451		
14-Sep-17	15-Mar-18		98,700,000	98,700,000		6,300,000
21-Sep-17	22-Mar-18		56,907,900	56,907,900		3,542,100
28-Sep-17	29-Mar-18		1,878,175,000	1,878,175,000		136,825,000
5-Oct-17	5-Apr-18		3,886,590,000	3,886,590,000		227,410,000
12-Oct-17	12-Apr-18		257,034,442	257,034,442		17,965,558
12-Oct-17	12-Apr-18		1,465,558	1,465,558		
26-Oct-17	26-Apr-18		238,423,500	238,423,500		13,876,500
2-Nov-17	3-May-18		10,070,000	10,070,000		530,000
9-Nov-17	10-May-18		19,530,300	19,530,300		1,019,700
16-Nov-17	17-May-18		97,643,100	97,643,100		4,306,900
23-Nov-17	24-May-18		13,133,800	13,133,800		716,200
30-Nov-17	31-May-18		22,299,569	22,299,569		1,850,431
30-Nov-17	31-May-18		600,481	600,481		-
7-Dec-17	7-Jun-18		6,365,000	6,365,000		335,000
14-Dec-17	14-Jun-18		18,145,000	18,145,000		855,000
28-Dec-17	28-Jun-18		77,280,000	77,280,000		3,220,000
<b>Outstanding FY2017</b>		-	<b>28,134,348,625</b>	<b>28,134,348,625</b>	-	
4-Jan-18	5-Jul-18		378,864,250	378,864,250	-	19,485,750
11-Jan-18	12-Jul-18		1,185,316,650	1,185,316,650	-	59,783,350
18-Jan-18	19-Jul-18		1,976,647,350	1,976,647,350	-	97,161,469
25-Jan-18	26-Jul-18		1,292,660,000	1,292,660,000	-	141,181
1-Feb-18	2-Aug-18		4,247,518,700	4,247,518,700	-	59,340,000
8-Feb-18	9-Aug-18		55,753,000	55,753,000	-	188,881,300
15-Feb-18	16-Aug-18		2,871,057,625	2,871,057,625	-	2,447,000
22-Feb-18	23-Aug-18		129,689,000	129,689,000	-	157,192,375
1-Mar-18	30-Aug-18		306,920,600	306,920,600	-	6,889,642
8-Mar-18	6-Sep-18		6,650,000	6,650,000	-	171,358
15-Mar-18	13-Sep-18		20,916,750	20,916,750	-	16,529,400
22-Mar-18	20-Sep-18		55,422,375	55,422,375	-	350,000
29-Mar-18	27-Sep-18		14,325,000	14,325,000	-	1,083,250
5-Apr-18	4-Oct-18		1,435,500,000	1,435,500,000	-	2,527,625
12-Apr-18	11-Oct-18		230,160,000	230,160,000	-	675,000
26-Apr-18	25-Oct-18		242,208,000	242,208,000	-	64,500,000
3-May-18	1-Nov-18		1,931,766,000	1,931,766,000	-	9,840,000

**APPENDIX 7: STATEMENT OF MOVEMENTS IN 182-DAY TREASURY BILLS**  
 during the financial year ended 31st December, 2018

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31st Dec., 2018	Interest Paid in FY2018
		(Le)	(Le)	(Le)	(Le)	(Le)
10-May-18	8-Nov-18		4,008,304,200	4,008,304,200	-	10,092,000
17-May-18	15-Nov-18		22,126,000	22,126,000	-	6,889,642
24-May-18	22-Nov-18		986,899,600	986,899,600	-	67,344,358
31-May-18	29-Nov-18		112,169,350	112,169,350	-	162,495,800
7-Jun-18	6-Dec-18		93,932,600	93,932,600	-	874,000
14-Jun-18	13-Dec-18		61,568,000	61,568,000	-	36,900,400
21-Jun-18	20-Dec-18		153,971,650	153,971,650	-	4,850,650
28-Jun-18	27-Dec-18		228,145,250	228,145,250	-	3,717,400
5-Jul-18	3-Jan-19		29,057,750		29,057,750	2,432,000
12-Jul-18	10-Jan-19		266,276,420		266,276,420	6,128,350
19-Jul-18	17-Jan-19		30,635,500		30,635,500	9,454,750
26-Jul-18	24-Jan-19		92,445,000		92,445,000	<b>2,972,770,914</b>
2-Aug-18	31-Jan-19		4,365,716,400		4,365,716,400	
9-Aug-18	7-Feb-19		146,676,000		146,676,000	
16-Aug-18	14-Feb-19		35,002,150		35,002,150	
23-Aug-18	21-Feb-19		1,990,006,975		1,990,006,975	
30-Aug-18	28-Feb-19		320,346,000		320,346,000	
6-Sep-18	7-Mar-19		21,744,700		21,744,700	
20-Sep-18	14-Mar-19		58,451,875		58,451,875	
27-Sep-18	21-Mar-19		14,430,000		14,430,000	
4-Oct-18	4-Apr-19		1,454,080,800		1,454,080,800	
11-Oct-18	11-Apr-19		262,281,250		262,281,250	
25-Oct-18	25-Apr-19		242,838,750		242,838,750	
8-Nov-18	9-May-19		26,938,000		26,938,000	
15-Nov-18	16-May-19		4,205,932,900		4,205,932,900	
22-Nov-18	23-May-19		3,840,800		3,840,800	
29-Nov-18	30-May-19		38,440,000		38,440,000	
6-Dec-18	6-Jun-19		6,442,050		6,442,050	
13-Dec-18	13-Jun-19		110,605,000		110,605,000	
20-Dec-18	20-Jun-19		46,640,000		46,640,000	
27-Dec-18	27-Dec-19		79,076,400		79,076,400	
			<b>35,896,396,670</b>	<b>22,048,491,950</b>	<b>13,847,904,720</b>	
<b>FY2018</b>						-
<b>SUMMARY</b>						-
Outstanding Balance FY2017			28,134,348,625			
Issued FY2018			35,896,396,670			
Matured FY2018				50,182,840,575		
Outstanding Balance FY2018						
<b>Total for FY2018</b>			<b>64,030,745,295</b>	<b>50,182,840,575</b>	<b>13,847,904,720</b>	

**APPENDIX 8: STATEMENT OF MOVEMENTS IN 364-DAY TREASURY BILLS**  
**during the financial year ended 31st December, 2018**

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31st Dec., 2018	Interest Paid in FY2018
		(Le)	(Le)	(Le)	(Le)	(Le)
5-Jan-17	4-Jan-18		34,774,386,500	34,774,386,500		7,459,830,013.63
12-Jan-17	11-Jan-18		38,534,758,330	38,534,758,330		2,407,833,486.37
19-Jan-17	18-Jan-18		71,464,526,800	71,464,526,800		5,303,358,472.34
26-Jan-17	25-Jan-18		39,465,856,275	39,465,856,275		5,610,783,197.66
2-Feb-17	1-Feb-18		76,062,344,200	76,062,344,200		8,150,407,855.86
9-Feb-17	8-Feb-18		79,899,986,450	79,899,986,450		11,693,315,344.14
16-Feb-17	15-Feb-18		76,305,026,050	76,305,026,050		9,603,427,286.63
23-Feb-17	22-Feb-18		78,255,524,800	78,255,524,800		1,383,616,438.37
2-Mar-17	1-Mar-18		34,568,987,500	34,568,987,500		12,525,059,808.36
9-Mar-17	8-Mar-18		39,789,880,000	39,789,880,000		8,713,345,991.64
16-Mar-17	15-Mar-18		74,093,499,720	74,093,499,720		17,272,277,598.66
23-Mar-17	22-Mar-18		27,891,723,600	27,891,723,600		6,888,835,951.34
30-Mar-17	29-Mar-18		72,408,856,750	72,408,856,750		12,659,598,950.38
6-Apr-17	5-Apr-18		55,262,194,900	55,262,194,900		9,472,924,999.62
13-Apr-17	12-Apr-18		92,109,401,000	92,109,401,000		9,086,727,748.45
20-Apr-17	19-Apr-18		80,048,308,800	80,048,308,800		14,079,597,451.55
27-Apr-17	26-Apr-18		38,629,042,475	38,629,042,475		9,556,862,500.00
4-May-17	3-May-18		39,667,048,800	39,667,048,800		3,910,000,000.00
11-May-17	10-May-18		63,416,502,250	63,416,502,250		8,918,130,500.00
20-May-17	19-May-18		60,558,842,650	60,558,842,650		1,024,339,500.00
25-May-18	24-May-18		33,448,862,800	33,448,862,800		7,414,927,116.82
1-Jun-17	31-May-18		78,341,895,600	78,341,895,600		10,042,023,163.18
8-Jun-17	7-Jun-18		36,178,390,500	36,178,390,500		4,778,926,400.03
15-Jun-17	14-Jun-18		40,867,250,800	40,867,250,800		1,636,400,000.00
22-Jun-17	21-Jun-18		49,617,499,500	49,617,499,500		5,698,144,022.69
29-Jun-17	28-Jun-18		90,557,161,600	90,557,161,600		10,229,649,227.31
6-Jul-17	5-Jul-18		80,857,773,400	80,857,773,400		5,606,950,336.73
13-Jul-17	12-Jul-18		86,581,090,200	86,581,090,200		6,931,304,763.27
20-Jul-17	19-Jul-18		57,410,874,175	57,410,874,175		672,777,736.73
27-Jul-18	26-Jul-18		69,111,892,950	69,111,892,950		7,805,850,285.75
3-Aug-17	2-Aug-18		68,808,679,400	68,808,679,400		13,471,398,714.25
10-Aug-17	9-Aug-18		53,260,243,690	53,260,243,690		11,411,631,200.01
17-Aug-17	16-Aug-18		43,003,784,800	43,003,784,800		7,144,559,999.99
24-Aug-17	23-Aug-18		29,361,269,250	29,361,269,250		7,153,004,006.06
31-Aug-17	30-Aug-18		45,489,545,150	45,489,545,150		1,741,553,518.94
7-Sep-17	6-Sep-18		49,717,306,300	49,717,306,300		3,836,440,477.07
10-Sep-17	9-Sep-18		47,115,255,650	47,115,255,650		5,329,160,722.93
17-Sep-17	16-Sep-18		51,909,091,650	51,909,091,650		10,417,299,535.73
24-Sep-17	23-Sep-18		36,545,686,600	36,545,686,600		4,353,348,214.27
5-Oct-17	4-Oct-18		35,550,184,350	35,550,184,350		4,817,531,882.96
12-Oct-17	11-Oct-18		27,475,604,450	27,475,604,450		9,795,375,467.04
19-Oct-17	18-Oct-18		46,123,840,300	46,123,840,300		6,528,637,200.00
26-Oct-17	25-Oct-18		57,004,431,918	57,004,431,918		1,654,000,000.00
2-Nov-17	1-Nov-18		76,430,559,450	76,430,559,450		12,919,878,634.69
9-Nov-17	8-Nov-18		79,909,098,848	79,909,098,848		6,815,175,765.31
16-Nov-17	15-Nov-18		86,212,642,500	86,212,642,500		8,763,709,500.00
23-Nov-17	22-Nov-18		80,324,233,050	80,324,233,050		7,646,570,938.95
30-Nov-17	29-Nov-18		80,914,153,637	80,914,153,637		1,742,778,261.05
7-Dec-17	6-Dec-18		81,103,492,400	81,103,492,400		9,975,783,819.38
14-Dec-17	13-Dec-18		68,257,004,000	68,257,004,000		1,540,516,680.62
21-Dec-17	20-Dec-18		43,365,121,333	43,365,121,333		14,192,687,342.30
28-Dec-17	27-Dec-18		29,919,747,175	29,919,747,175		7,931,451,057.70
			3,013,980,365,274.94	3,013,980,365,274.94		5,409,498,460.22
4-Jan-18	3-Jan-19		48,906,435,325		48,906,435,325	12,457,028,139.78
11-Jan-18	10-Jan-19		56,666,057,800		56,666,057,800	13,592,918,196.37
18-Jan-18	17-Jan-19		75,618,985,956		75,618,985,956	5,937,441,603.63
25-Jan-18	24-Jan-19		63,276,909,050		63,276,909,050	12,484,174,088.71

**APPENDIX 8: STATEMENT OF MOVEMENTS IN 364-DAY TREASURY BILLS**  
**during the financial year ended 31st December, 2018**

Issue Date	Maturity Date	Nominal	Issued	Matured	Balance as at 31st Dec., 2018	Interest Paid in FY2018
		(Le)	(Le)	(Le)	(Le)	(Le)
1-Feb-18	31-Jan-19		82,143,730,384		82,143,730,384	281,801,736.29
8-Feb-18	7-Feb-19		105,940,503,500		105,940,503,500	12,255,112,009.23
15-Feb-18	14-Feb-19		91,315,796,600		91,315,796,600	2,702,695,040.77
22-Feb-18	21-Feb-19		117,291,430,050		117,291,430,050	10,295,659,436.35
1-Mar-18	28-Feb-19		58,736,943,868		58,736,943,868	5,435,211,163.65
2-Mar-18	1-Mar-19		56,386,284,000		56,386,284,000	4,476,578,389.60
15-Mar-18	14-Mar-19		92,788,948,662		92,788,948,662	7,668,327,920.40
22-Mar-18	21-Mar-19		33,871,370,450		33,871,370,450	9,262,283,256.61
29-Mar-18	28-Mar-19		92,151,031,850		92,151,031,850	429,931,943.39
5-Apr-18	4-Apr-19		63,520,900,800		63,520,900,800	4,997,389,346.84
12-Apr-18	11-Apr-19		104,447,385,850		104,447,385,850	1,608,941,403.16
19-Apr-18	18-Apr-19		92,423,067,450		92,423,067,450	7,467,621,251.08
26-Apr-18	25-Apr-19		44,133,424,350		44,133,424,350	2,750,483,598.92
3-May-18	2-May-19		50,737,832,250		50,737,832,250	7,899,189,057.17
11-May-18	10-May-19		59,351,503,915		59,351,503,915	3,442,054,642.83
17-May-18	16-May-19		49,713,200,300		49,713,200,300	8,960,017,637.67
24-May-18	23-May-19		36,215,623,675		36,215,623,675	1,735,876,712.33
31-May-18	30-May-19		79,546,484,600		79,546,484,600	7,908,428,503.67
14-Jun-18	6-Jun-19		45,679,147,550		45,679,147,550	3,920,629,846.33
14-Jun-18	13-Jun-19		51,049,899,050		51,049,899,050	7,181,824,981.56
21-Jun-18	20-Jun-19		55,818,194,890		55,818,194,890	1,218,588,418.44
28-Jun-18	27-Jun-19		111,456,469,375		111,456,469,375	2,505,863,496.50
5-Jul-18	4-Jul-19		59,189,884,200		59,189,884,200	5,616,802,153.50
12-Jul-18	11-Jul-19		86,947,047,350		86,947,047,350	6,040,295,550.00
19-Jul-18	18-Jul-19		58,199,509,100		58,199,509,100	219,000,000.00
26-Jul-18	25-Jul-19		86,478,748,570		86,478,748,570	6,256,336,529.87
2-Aug-18	1-Aug-19		69,804,088,430		69,804,088,430	4,319,673,170.13
9-Aug-18	8-Aug-19		51,395,505,250		51,395,505,250	9,371,426,403.54
16-Aug-18	15-Aug-19		55,007,838,650		55,007,838,650	3,716,491,678.43
23-Aug-18	22-Aug-19		36,494,615,075		36,494,615,075	8,916,330,233.95
30-Aug-18	29-Aug-19		45,327,643,875		45,327,643,875	8,532,360,316.05
6-Sep-18	5-Sep-19		49,726,160,975		49,726,160,975	14,387,322,716.70
13-Sep-18	12-Sep-19	-	46,882,008,200		46,882,008,200	3,735,578,435.61
20-Sep-18	19-Sep-19		55,630,123,246		55,630,123,246	10,000,040,768.38
27-Sep-18	26-Sep-19		37,025,444,668		37,025,444,668	9,679,116,731.62
4-Oct-18	3-Oct-19		36,300,031,250		36,300,031,250	12,552,875,538.60
11-Oct-18	10-Oct-19		23,470,157,550		23,470,157,550	5,618,491,411.70
18-Oct-18	17-Oct-19		46,125,638,695		46,125,638,695	9,251,395,882.88
25-Oct-18	24-Oct-19		57,167,847,950		57,167,847,950	8,834,450,480.62
1-Nov-18	31-Oct-19		77,937,761,942		77,937,761,942	11,687,920,203.42
8-Nov-18	7-Nov-19		86,185,821,700		86,185,821,700	6,208,587,396.58
16-Nov-18	14-Nov-19		92,445,492,750		92,445,492,750	10,745,618,033.77
22-Nov-18	21-Nov-19		80,276,098,175		80,276,098,175	4,162,077,966.23
29-Nov-18	28-Nov-19		83,016,101,335		83,016,101,335	5,061,983,922.83
7-Dec-18	5-Dec-19		83,333,888,075		83,333,888,075	3,717,794,744.45
13-Dec-18	12-Dec-19		73,739,329,025		73,739,329,025	1,424,863,655.04
20-Dec-18	19-Dec-19		42,064,633,097		42,064,633,097	4,635,539,169.96
27-Dec-18	26-Dec-19		32,980,067,800		32,980,067,800	<b>724,697,662,462.12</b>
			<b>3,372,339,048,484.14</b>	-		
<b>SUMMARY</b>						
Outstanding Balance FY2017			3,013,980,365,275			
Issued FY2018			3,372,339,048,484			
Matured FY2018				3,013,980,365,275	<b>3,372,339,048,484</b>	
Outstanding Balance FY2018						
Total for FY 2018			<b>6,386,319,413,759</b>	<b>3,013,980,365,275</b>	<b>3,372,339,048,484</b>	

## APPENDIX 9 – STATEMENT OF OUTSTANDING DEBTS DUE EXTERNAL CREDITS (ON A LOAN BY LOAN BASIS)

REVISED DISBURSED OUTSTANDING DEBTS ON A LOAN BY LOAN BASIS TO EXTERNAL CREDITORS AS AT JANUARY 2018 AND DECEMBER 2018 (IN THOUSAND UNITS OF CURRENCIES EXCEPT OTHERWISE STATED)																	
Loan Key	Type of Loan	Currency	Year Signed	Total Loan Approved	Year of first Disbursement	Grace Period (in Years)	First Repayment Year	Number of Payments Per Year	Total Number of Payments	Last Year of Repayment	Annual Principal Repayment	Interest Rate	Disbursed Outstanding Debt Including Principal Arrears As At 1st January, 2018		Disbursements	Principal Repayment	Disbursed Outstanding Debt Including Principal Arrears As At 31 December 2018
	<b>Govt. of the People's Rep. of China</b>																
1993020 /SL GOSL	Chinese U S Dollar Clearing Account	USD	1993	11,220,227.4	1993	1	1994	2	20	2004	1,122,022.7	0	8,415.20	0.00	0.00	8,415.20	71,360,730.40
2005281 /SL GOSL	Chinese Loan Account No. 12	CNY	2005	20,000,000.0	2011	10	2015	1	10	2024	2,000,000.0	0	18,460.00	0.00	0.00	18,460.00	22,748,073.40
2006281 /SL GOSL	Chinese Loan Account No. 2006/1	CNY	2006	20,000,000.0	2007	15	2021	1	10	2030	2,000,000.0	0	18,100.00	0.00	0.00	18,100.00	22,304,449.00
	<b>Exim Bank of China</b>																
2007281 /SL GOSL	SIERRATEL Wireless Local Loop Cr.No.(2007) 011(182)	CNY	2007	115,984,112.7	2007	5	2012	2	30	2027	7,732,274.2	2	73,456.60	0.00	7,732.30	65,724.30	89,991,435.30
2011283 /SL GOSL	Dedicated Security Info system Cr.No.GCL 018	CNY	2011	100,000,000.0	2011	5	2017	2	30	2031	6,666,666.7	2	93,333.30	0.00	6,666.70	86,666.70	106,798,466.70
2012284 /SL GOSL	S.L. National Fibre Optic Backbone Proj. Cr.NoGCL 024	CNY	2012	97,000,000.0	2013	4	2017	2	30	2031	6,466,666.7	2	87,002.50	0.00	6,466.70	80,535.80	99,243,498.00
	<b>Kuwait Fund for Arab Econ. Development</b>																
2008010 /DR GOSL	Resch. WATERLOO-KENT PROJECT - HIPC	KWD	2008	3,513,348.0	2008	16	2024	2	50	2048	48,000.0	0.5	3,513.30	0.00	0.00	3,513.30	98,025,360.40
2002010 /SL GOSL	Waterloo - Kent-Tokeh Road Project Cr.No.640	KWD	2002	3,100,000.0	2002	3	2005	2	46	2027	140,800.0	2	1,290.40	0.00	138.30	1,152.10	32,144,278.80
2004060 /SL GOSL	Tokeh - Lumley Road Project No. 684	KWD	2004	2,500,000.0	2005	3	2008	2	12	2030	114,000.0	2	1,474.00	0.00	114.00	1,360.00	37,945,142.30
2007040 /SL GOSL	Kenema-Pendembu Road Project Cr.No. 753	KWD	2007	3,000,000.0	2009	6	2013	2	11	2033	150,000.0	2	2,345.60	0.00	148.40	2,197.20	61,303,723.80
2011060 /SL GOSL	Three Tertiary Hospitals Project Cr.No.830	KWD	2011	4,250,000.0	2013	5	2017	2	39	2036	210,000.0	1.5	1,268.90	260.00	210.00	1,318.90	36,799,422.60
2013284 /SL GOSL	Reconstruction of the Motoloka-Se-fadu Road Project	KWD	2013	4,000,000.0	2014	5	2018	1	40	2057	100,000.0	2	3,986.50	0.00	100.00	3,886.50	108,436,050.00
2016003 /SL GOSL	The Hillside Bypass Road Project Phase II	KWD	2016	6,000,000.0	2017	4							2,107.60	1,001.60	0.00	3,109.10	86,747,863.40
2017003 /SL GOSL	Tokeh - Lumley Road Improvement Project												0.00	2,190.10	0.00	2,190.10	61,106,467.40
	<b>Saudi Fund For Economic Development</b>																
2002300 /DR GOSL	SFED Deferred Arrears @ 2002 Under Hospital Proj. Phase 1 Cr.No.229/01	SAR	2002	3,997,428.7	2002	2	2004	2	24	2017	307,500.0	2	153.70	0.00	153.70	0.00	0.00
2006030 /SL GOSL	SFED Western Area Power Generation Project Phase 2 Cr. No. 0455/02	SAR	2006	31,000,000.0	2009	10	2017	2	40	2036	1,550,000.0	1	29,269.20	0.00	1,550.00	27,719.20	62,648,933.30
2008040 /SL GOSL	SFED Kenema Pendembu Road Proj Cr.No 0485/03	SAR	2008	37,500,000.0	2010	10	2018	2	40	2038	1,876,000.0	1	36,754.00	0.00	918.00	35,836.00	80,993,952.80
2010050 /SL GOSL	SFED Western Area Power Gen Proj Ph 1 Cr.No. 0521/04	SAR	2010	6,000,000.0	2011	10	2020	2	40	2040	300,000.0	1	5,777.40	0.00	0.00	5,777.40	13,057,571.20
2016001 /SL GOSL	SFED Rehabilitation and Expansion of Fourah Bay College	SAR	2016	45,000,000.0	2017	10	2027	2	40	2046	2,250,000.0	1	14,703.90	15,183.90	0.00	29,887.80	67,550,231.50
	<b>Exim Bank of India</b>																
2008050 /SL GOSL	Dollar Credit Line Agreement - Agric. Sector ProjectCr.No 95	USD	2008	15,000,000.0	2009	5	2014	2	30	2028	1,000,000.0	1.75	10,619.00	0.00	1,000.00	9,619.00	81,569,546.70
2010030 /SL GOSL	Dollar Credit Line Agreement - Portable Water Projects Cr.No.110	USD	2010	30,000,000.0	2011	5	2016	2	30	2031	1,935,483.9	1.75	25,947.90	0.00	1,935.50	24,012.40	203,625,753.70
2016006L GOSL	Dollar Line of Credit - Transmission Line andSubstation	USD	2010	78,000,000.0	2017	5	2023	2	30	2042	3,900,000.0	1.75	58.80	323.30	0.00	382.00	3,239,626.70
	<b>EXIM BANK OF KOREA</b>																
2013100 /SL GOSL	FCC Administrative Building Complex - Korea Loan	USD	2013	54,986,000.0	2014	14	2027	2	50	2052	2,199,440.0	0.01	10,745.80	1,065.60	0.00	11,811.30	100,160,271.60
	<b>Abu Dhabi Fund for Development</b>																
2012286 /SL GOSL	ADHF- Tokeh-Lumley Road Project	AED	2012	20,000,000.0	2014	5	2017	2	30	2032	1,333,333.3	2	16,303.00	0.00	1,333.30	14,969.70	34,561,765.00
2014105 /SL GOSL	Solar Park Freebtown Project	AED	2014	33,057,000.0	0	5	2019	2	30	2034	2,203,800.0	2	0.00	8,356.10	0.00	8,356.10	19,292,389.70
	<b>African Development Fund</b>																
1994023 /CF GOSL	Mataboka-Se-fadu Road Rehab Proj.-Excl MDRI - EUR	EUR	1994	17,591.1	2007	13	2007	2	72	2042	344.1	0.75	13.40	0.00	0.50	12.90	124,919.10
1998023 /CF GOSL	Health Services Rehab. Proj - USD excl. MDRI	USD	1998	99,139.5	2005	10	2008	2	80	2048	2,974.2	0.75	89.70	0.00	0.50	89.20	756,633.70
1999025 /CF GOSL	Health Services proj - EUR - excl MDRI ass.	EUR	1999	4,298,204.8	2005	8	2008	2	80	2048	45,018.1	0.75	3,871.60	0.00	86.70	3,784.90	36,704,963.80
1999028 /CF GOSL	ADF Education II - EUR - excl MDRI.	EUR	1999	158,098.4	2007	8	2007	2	65	2039	3,439.0	0.75	87.20	0.00	4.00	83.30	807,476.20
2002033 /CF GOSL	Artisanal Fisheries - excl. MDRI! EUR	EUR	2002	2,134,609.4	2007	10	2012	2	80	2051	21,346.1	0.75	2,006.50	0.00	21.30	1,985.20	19,251,864.30
2002034 /CF GOSL	Artisanal Fisheries Devmt Proj - USD excl MDRI	USD	2002	5,133,617.8	2009	10	2012	2	80	2051	51,336.2	0.75	4,825.60	0.00	51.30	4,774.30	40,485,810.90
2002035 /CF GOSL	Artisanal Fisheries Dev Project - JPK xcl MDRI	JPK/2	2002	306,705.6	2008	10	2012	2	80	2052	3,067.1	0.75	288.30	0.00	3.10	285.20	21,931,808.30
2003012 /CF GOSL	ADF-Rehab Basic Non-Formal Educ. - xcl MDRI_EUR	EUR	2003	1,706,466.7	2007	10	2013	2	80	2052	17,064.7	0.75	1,621.10	0.00	17.10	1,604.10	15,555,970.30
2003013 /CF GOSL	ADF- Rehab of Basic Non-Formal Education - JPK xcl MDRI	JPK/2	2003	609,808.0	2005	10	2013	2	80	2052	7,007.9	0.75	574.80	0.00	7.00	567.80	43,655,115.00
2003014 /CF GOSL	ADF-Rehab of Basic non-formal education - USD xcl MDRI	USD	2003	13,964,722.5	2008	10	2013	2	80	2052	139,646.0	0.75	13,266.50	0.00	139.60	13,126.80	111,315,726.80
2003072 /CF GOSL	ADF - Social Action Support Project - USS xcl MDRI	USD	2003	3,311,051.4	2005	10	2013	2	80	2052	33,110.5	0.75	3,162.10	0.00	33.10	3,128.90	26,533,472.70
2003073 /CF GOSL	Social Action Support Project - JPK xcl MDRI	JPK/2	2003	218,152.8	2005	10	2013	2	80	2052	2,181,528.0	0.75	208.30	0.00	2.20	206.20	15,851,214.90
2003074 /CF GOSL	ADF-SASFProject - EUR xcl MDRI	EUR	2003	3,879,974.5	2006	10	2013	2	80	2052	38,799.8	0.75	3,705.40	0.00	38.80	3,666.60	35,557 573.00
2003081 /CF GOSL	ADF-Nerica Rice Dissemination Proj. - EUR xcl. MDRI	EUR	2003	442,520.2	2005	10	2013	2	80	2052	4,425.2	0.75	422.60	0.00	4.40	418.20	4,055,576.56
2003082 /CF GOSL	ADF - Nerica Rice Dissemination - US\$	USD	2003	1,985,046.6	2008	10	2013	2	80	2053	19,850.5	0.75	1,845.70	0.00	19.90	1,825.90	15,483,387.70

2003083	/CF GOSL	Nerica Rice Dissemination Project - JPK xcl MDRI	JPK/2	2003	104,938.2	2008	10	2013	2	80	2054	1,049.4	0.75	100.20	0.00	1.00	99.20	7,624,921.50	
2003284	/CF GOSL	ADF - Nerica Rice Dissemination - GBP	GBP	2003	243,358.1	2012	10	2013	2	80	2053	2,433.6	0.75	232.40	0.00	2.40	230.00	2,478,675.60	
2004011	/CF GOSL	ERRL II excl. MDRI - ADF - US\$	USD	2004	10,512,538.4	2005	10	2014	2	80	2053	105,125.4	0.75	10,069.60	0.00	105.10	9,964.50	84,499,158.00	
2005011	/CF GOSL	ADF- Agricultural Sector Rehab. Project - JPK xcl MDRI	JPK/2	2005	249,233.4	2006	10	2015	2	80	2055	1,246.2	0.75	243.00	0.00	2.50	240.50	18,492,829.70	
2005012	/CF GOSL	ADF-Agricultural Sector Rehab proj - EUR	EUR	2005	2,140,639.2	2007	10	2015	2	80	2055	21,406.3	0.75	2,087.10	0.00	21.40	2,065.70	20,032,825.50	
2005013	/CF GOSL	ADF-Agricultural Sector Rehab. Proj. - USD	USD	2005	7,219,328.2	2008	10	2015	2	80	2055	72,193.3	0.75	4,558.90	0.00	48.80	4,510.10	38,245,684.40	
2005014	/CF GOSL	ADF - Agriculture Sector Rehabilitation Project - GBP	GBP	2005	3,811,601.0	2012	10	2015	2	80	2054	38,116.0	0.75	3,102.90	0.00	31.80	3,071.10	33,100,368.60	
2008071	/CF GOSL	ADF-Bumbuna Hydro Power Project - USD - Add. Financing	USD	2008	6,227,911.3	2009	11	2020	2	80	2060	82,279.1	0.75	8,227.90	0.00	0.00	8,227.90	69,772,770.30	
2008072	/CF GOSL	ADF-Bumbuna Hydro Project - JPK -Add. Financing	JPK/2	2008	194,068.4	2009	9	2018	2	80	2058	1,940.7	0.75	194.10	0.00	1.90	192.10	14,772,701.60	
2010061	/CF GOSL	ADF- Three Towns Water Supply System Proj. - USD	USD	2010	7,962,201.9	2013	9	2020	2	80	2060	79,622.0	0.75	8,908.00	0.00	0.00	8,908.00	75,539,687.90	
2010401	/CF GOSL	ADF/INTF- Supp loan. Bumbuna Hydro Power Proj - USD	USD	2010	1,099,819.6	2012	6	2017	2	40	2036	54,991.0	0.75	1,099.80	0.00	55.00	1,044.80	8,860,157.40	
2012051	/CF GOSL	ADF Matiboka -Yeyi Road Proj. - USD	USD	2012	4,021,702.3	2013	10	2022	2	80	2062	40,217.0	0.75	4,021.70	0.00	4,554.00	38,617,842.24		
2012052	/CF GOSL	ADF-Matiboka - Selidu Road Rehab proj - EUR	EUR	2012	15,486.7	2012	10	2022	2	80	2062	154.9	0.75	15.50	0.00	0.00	15.50	150,185.80	
2013287	/SL GOSL	Cole D'Ivoire, Liberia, Sierra Leone, Guinea (CLSG) Electricity Networks Interconnection Project)	SDR	2013	14,500,000.0	0	10	2023	2	80	2062	104,916.8	0.75	0.00	658.50	0.00	658.50	7,690,043.40	
2013288	/SL GOSL	NTF- Cole D'Ivoire, Liberia, Sierra Leone, Guinea (CLSG) Electricity Networks Interconnection Project)	SDR	2013	6,670,000.0	0	6	2020	2	40	2039	241,308.7	0.75	0.00	575.60	0.00	575.60	6,721,582.20	
2013298	/CF GOSL	ADF- Rural Water Supply and Sanitation Proj. - USD	USD	2013	653,492.4	2014	10	2023	2	80	2063	13,069.9	0.75	1,133.40	2,466.10	0.00	3,599.50	30,524,633.00	
2014106	/SL GOSL	ADF Ebola Sector Budget Support - Fight Back Programme	SDR	2014	19,800,000.0	2014	10	2024	2	60	2054	396,000.0	0.75	19,800.00	0.00	0.00	19,800.00	231,212,520.00	
2014107	/SL GOSL	FSF Ebola Sector Budget Support - Fight Back Programme	SDR	2014	4,800,000.0	2014	10	2024	2	60	2054	96,000.0	0.75	4,800.00	0.00	0.00	4,800.00	56,051,520.00	
2016004	/SL GOSL	Mano River Union Rehabilitation of Bo-Bandajuma	SDR	2016	3,710,000.0	2018	10	2027	2	60	2056	96,000.0	0.75	0.00	427.10	0.00	427.10	4,987,243.80	
2016005	/SL GOSL	Mano River Union Rehabilitation of Bo-BandajumaRoad Project- Transition Su	SDR	2016	3,230,000.0	2018	10	2027	2	60	2056	96,000.0	0.75	0.00	421.80	0.00	421.80	4,925,296.20	
<b>Arab Bank For Economic Dev. In Africa</b>																			
2001060	/SL GOSL	Kent-Tokoh Road Project - BADEA	USD	2001	4,991,694.0	2022	11	2013	2	68	2047	146,814.0	1	4,257.60	0.00	146.80	4,110.80	34,859,558.10	
2003060	/SL GOSL	Rehab. Njala University Cr. No.346	USD	2003	7,200,000.0	2005	12	2020	2	68	2054	211,764.7		7,200.00	0.00	0.00	7,200.00	61,056,072.00	
2004030	/SL GOSL	Hillside Bypass Road Proj. Cr.No.396	USD	2004	6,000,000.0	2007	12	2016	2	40	2036	274,000.0	1	5,154.40	0.00	277.00	4,877.40	41,360,188.00	
2005040	/SL GOSL	BADEA - Western Area Power Gen.Proj. Ph. 1 Cr.No.503	USD	2005	8,000,000.0	2006	16	2022	2	68	2055	235,294.1	0	8,000.00	0.00	0.00	8,000.00	67,840,080.00	
2006020	/SL GOSL	Rehabilitation of Kabala Water Supply Proj. Cr.No.561	USD	2006	4,000,000.0	2010	11	2017	2	40	2037	182,000.0	0	3,816.00	0.00	0.00	3,816.00	32,360,109.40	
2006080	/SL GOSL	Western Area Power Gen.Proj. Ph. 2 Cr.No.559	USD	2006	7,000,000.0	2009	15	2022	2	70	2056	200,000.0	0	6,898.90	0.00	0.00	6,898.90	59,274,773.90	
2008030	/SL GOSL	Kenema - Pendembu Road project Cr.No. 592	USD	2008	10,000,000.0	2010	17	2025	2	68	2058	294,117.7	0	10,000.00	0.00	0.00	10,000.00	84,800,139.30	
2011070	/SL GOSL	Primary Health Care Support Project Cr.No.	USD	2011	5,700,000.0	0	10	2021	2	40	2041	258,000.0	1	0.00	20.40	0.00	20.40	173,161.80	
2013291	/SL GOSL	Rehabilitation and Expansion of Fourah Bay College	USD	2013	8,000,000.0	2014	10	2023	2	40	2042	364,000.0	1	867.40	3,547.80	0.00	4,415.20	37,441,196.80	
2008020	/DR GOSL	Resch. Agreement under HIPC relief - BADEA	USD	2008	7,491,287.0	2008	0	2008	2	44	2030	341,318.0	0	4,248.80	0.00	341.30	3,907.40	33,135,198.10	
<b>INTERNATIONAL MONETARY FUND</b>																			
2006050	/SL BSL	PRGF Three Year Arrangement - IMF	SDR	2006	51,880,000.0	2006	5	2011	2	10	2015	942,000.0	0.5	16,746.50	0.00	8,554.00	8,192.50	95,667,099.50	
2010040	/SL BSL	ECF-Three Year Arrangement - IMF	SDR	2010	22,200,000.0	2010	5	2015	2	10	2019	888,000.0	0	14,652.00	0.00	4,440.00	10,212.00	119,249,608.80	
2013020	/SL GOSL	ECF - Three Year Loan 2 - IMF	SDR	2013	162,215,000.0	2013	5	2018	2	10	2022	1,778,000.0	0	186,660.00	0.00	0.00	186,660.00	2,179,703,484.00	
2017005	/SL GOSL	ECF-Four Year Arrangement	SDR	2017	39,166,000.0	2017	5	2022	2	10	2022	7,833,200.0	0	39,166.00	0.00	0.00	39,166.00	457,357,048.40	
2018001	/SL GOSL	ECF-Four Year Arrangement	SDR	2018	15,500.0	2018	5	2024	2	10	2028	3,100,000.0	0	0.00	15,500.00	0.00	15,500.00	180,999,700.00	
<b>European Economic Community/ Economic Investment Bank</b>																			
1978060	/SL GOSL	Promotion of Small and Med Scale Ent	EURO	1978	462,811.8	1980	10	1989	2	60	2018	28,772.8	1	19.50	0.00	19.30	0.20	1,937.60	
1983080	/SL GOSL	North-West ADP Kambia	EURO	1983	1,325,228.0	1991	10	1993	2	60	2023	77,260.0	1	551.40	0.00	97.80	453.60	4,398,802.20	
1987020	/SL GOSL	Rehabilitation of Telecoms Network Ph.I	EURO	1987	10,900,000.0	1993	10	1998	2	60	2027	251,939.4	0.75	3,866.00	0.00	477.40	3,388.60	32,861,735.90	
1989030	/SL GOSL	Rehab. of Telecoms. Network Phase II	EURO	1989	1,421,113.7	1992	11	2000	2	60	2030	5,932.2	0.5	1,031.20	0.00	80.20	951.00	9,222,287.80	
2012287	/SL GOSL	CLSG Interconnection Project	EURO	2012	75,000,000.0	2017	7	2019	2	40	2039	4,166.7	1.95	38,658.80	31,195.00	0.00	69,853.70	677,424,718.30	
<b>International Development Association</b>																			
1996052	/SL GOSL	Transport Sector Project. Cr No.2895 excl MDRI	SDR	1996	1,003,831.7	2004	10	2006	2	60	2036	20,076.6	0.75	730.50	0.00	39.50	690.90	8,068,263.50	
2001201	/SL GOSL	2nd PSMS Cr. No.3462 - excl. MDRI	SDR	2001	637,752.6	2004	10	2011	2	60	2040	6,567.9	0.75	282.40	0.00	6.60	275.90	3,221,411.70	
2002051	/SL GOSL	HIV/Aids Response Proj Cr. No.3627 SL xcl MDRI	SDR	2002	9,859,758.5	2004	10	2012	2	60	2041	197,195.2	0.75	8,676.60	0.00	197.20	8,479.40	99,017,255.50	
2003020	/SL GOSL	National Social Action Project cr.3748 excl MDRI	SDR	2003	24,543,962.7	2004	10	2013	2	60	2043	490,879.3	0.75	22,327.30	0.00	490.80	21,836.50	254,993,420.40	
2003030	/SL GOSL	Econ. Rehab & Recovery Credit III - 3765 excl MDRI	SDR	2003	11,000,000.0	2003	12	0	2	60	0	0.0	0.75	10,010.00	0.00	220.00	9,790.00	114,321,746.00	
2004040	/SL GOSL	Power and Water Project Cr. No. 3945-SL	SDR	2004	24,200,000.0	2004	10	2014	2	60	2044	484,000.0	0.75	21,079.10	0.00	453.30	20,625.70	240,855,033.60	
2005030	/SL GOSL	Urban Water Supply Project Cr. No. 2702-1 SL	SDR	2005	2,035,358.1	2005	10	2015	2	60	2044	40,707.0	0.75	1,933.60	0.00	40.70	1,892.90	22,103,958.70	

2008060	/SL GOSL	Second Government Reform and Growth Credit Cr.No 45200-SL	SDR	2008	6,400,000.0	2008	10	2019	2	60	2048	128,000.0	0.75	6,400.00	0.00	0.00	6,400.00	74,735,360.00
2008080	/SL GOSL	Infrastructure Development Project (Transport) Cr.No 44690-SL	SDR	2008	3,700,000.0	2010	10	2018	2	60	2048	37,000.0	0.75	3,189.30	0.00	37,00	3,152.30	36,810,295.20
2009030	/SL GOSL	Third Governance Reform and Growth -3 Cr.No 46610-SL	SDR	2009	6,400,000.0	2009	10	2020	2	60	2049	128,000.0	0.75	6,400.00	0.00	0.00	6,400.00	74,735,360.00
2009040	/SL GOSL	Decentralized Service Delivery Programme Cr. No. 4656-0SL	SDR	2009	12,900,000.0	2010	10	2020	2	60	2049	258,000.0	0.75	12,825.00	0.00	0.00	12,825.00	149,762,091.70
2009500	/SL GOSL	West Africa Regional Fisheries Pgrm SL Cr. No.46630-SL	SDR	2009	9,700,000.0	2011	10	2020	2	60	2049	194,000.0	0.75	2,389.90	0.00	0.00	2,389.90	27,908,159.70
2010100	/SL GOSL	Third Gov. Reform and Growth Cr-3 No 4775-SL Supp. Financing	SDR	2010	4,700,000.0	2010	10	2020	2	60	2049	94,000.0	0.75	4,700.00	0.00	0.00	4,700.00	54,883,780.00
2010200	/SL GOSL	Youth Employment Support Cr.No 47900-SL	SDR	2010	7,500,000.0	2010	10	2020	2	60	2050	150,000.0	0.75	7,443.10	0.00	0.00	7,443.10	86,915,588.40
2010300	/SL GOSL	Fourth Governance Reform and Growth Devt. Policy Financing Cr.No 48600	SDR	2010	6,400,000.0	2010	10	2021	2	60	2050	128,000.0	0.75	6,400.00	0.00	0.00	6,400.00	74,735,360.00
2011010	/SL GOSL	West Africa Regional Communications Infrastructure Prog. Cr.No 48560-SL	SDR	2011	19,800,000.0	2011	10	2021	2	60	2050	396,000.0	0.75	19,800.00	0.00	0.00	19,800.00	231,212,519.00
2014104	/SL GOSL	Public Financial Management Improvement and Consolidated Project Cr. No. P	SDR	2014	7,900,000.0	2014	10	2024	2	60	2053	158,000.0	0.75	5,799.10	758.40	0.00	6,555.60	76,551,828.50
2012010	/SL GOSL	Fifth Governance Reform and Growth Credit Cr.No 50560-SL	SDR	2012	15,500,000.0	2012	10	2022	2	60	2051	310,000.0	0.75	15,500.00	0.00	0.00	15,500.00	180,999,700.00
2012030	/SL GOSL	S.L. Public Sector Payment & Performance Cr.No 51220-SL	SDR	2012	11,000,000.0	2013	10	2022	2	60	2051	220,000.0	0.75	8,660.50	2,131.40	0.00	10,791.90	126,021,545.10
2014110	/SL GOSL	Energy Sector Utility Reform Project	SDR	2014	26,100,000.0	2015	10	2024	2	60	2053	361,000.0	0.75	5,313.00	2,883.20	0.00	8,196.10	95,709,229.70
2016002	/SL GOSL	Smallholder Commercialisation and Agri-Business Development Project	USD	2016	28,900,000.0	2016	6	2022	2	60	2051	963,333.0	0.75	5,798.50	2,304.50	0.00	8,103.00	94,622,073.00
2016008	/SL GOSL	Health Service Delivery and SystemsSupportProject	XDR	2016	7,100,000.0	2017	6	2022	2	60	2054	221,875.0	0.75	356.30	1,863.60	0.00	2,219.80	25,922,073.50
2016009	/SL GOSL	Regional Disease Surveillance SystemsEnhancement (REDISSE)	XDR	2016	14,200,000.0	2017	6	2022	2	60	2054	443,750.0	0.75	1,116.00	2,475.50	0.00	3,591.50	41,939,426.78
2017002	/SL GOSL	Productivity and Transparency Support Credit	XDR	2017	16,100,000.0	2017	6	2023	2	60	2055	503,305.0	0.75	16,100.00	0.00	0.00	16,100.00	188,006,140.00
2017007	/SL GOSL	Additional Financing for the Revitalising Education Development in Sierra Leone Project	XDR	2017	7,300,000.0	2018	5	2023	2	64	2054	228,125.0	0.75	0.00	2,904.70	0.00	2,904.70	33,919,911.30
<b>International Fund for Agric Development</b>																		
1979060	/SL GOSL	Magbos Int Agric Develop. Project 021	SDR	1979	9,600,000.0	0	10	1992	2	76	2029	140,000.0	1	2,880.00	0.00	240.00	2,640.00	30,828,336.00
1981040	/SL GOSL	Int Agric. Develop. Project-IFAD 064	SDR	1981	4,900,000.0	0	10	1992	2	80	2031	46,984.0	1	634.30	0.00	47.00	587.40	6,858,824.60
1984040	/SL GOSL	Agric. Seccr Support Project-IFAD 0152	SDR	1984	2,987,214.0	1992	10	1995	2	80	2034	109,044.5	1	1,853.80	0.00	109.00	1,744.70	20,373,695.20
1992090	/SL GOSL	North-Central Agric. Dev. Proj. IFAD 33	SDR	1992	1,128,940.8	1993	10	2003	2	80	2042	37,631.4	1	940.80	0.00	37.60	903.20	10,946,474.40
1992100	/SL GOSL	North-Central Agric. Dev.Proy. IFAD Reg 308	SDR	1992	6,600,000.0	1993	10	2003	2	57	2031	165,000.0	1	2,228.70	0.00	165.00	2,063.70	24,098,174.50
2004020	/SL GOSL	Rehab. & Community Based Poverty Reduch Cr.No.619A-SL	SDR	2004	5,900,000.0	2007	10	2014	2	60	2043	196,668.0	0.75	5,113.00	0.00	196.70	4,916.40	57,410,526.00
2010100	/SL GOSL	Rehab.&Comm Based Povery Reduch Cr.No.619-A-SL	SDR	2011	7,050,000.0	2011	10	2021	2	60	2050	235,000.0	0.75	7,050.00	0.00	0.00	7,050.00	82,325,581.20
2012060	/SL GOSL	Rural Finance & Community Improvement Proj. Cr.No. I-873A-SL	SDR	2012	695,000.0	2013	10	2022	2	60	2052	23,168.0	0.75	596.30	0.00	0.00	596.30	6,963,183.80
2013285	/SL GOSL	Rehabilitation and Community Based Poverty Reduction Project - 619-B-SL	SDR	2013	4,215,000.0	2014	10	2023	2	60	2052	140,500.0	0.75	4,214.80	0.00	0.00	4,214.80	49,217,605.90
2013286	/SL GOSL	Rural Finance and Community Improvement Programme - Phase II - L-I-893	SDR	2013	7,375,000.0	2014	10	2023	2	60	2052	245,833.3	0.75	7,084.10	0.00	0.00	7,084.10	82,723,951.40
<b>Islamic Development Bank /3</b>																		
1996020	/SL GOSL	Emergency Assistance Project Cr.No SL- 0042	USD	1996	1,500,000.0	1997	10	2006	2	42	2026	67,072.7	2.5	742.40	0.00	75.00	667.40	5,659,396.90
1996040	/SL GOSL	Bo - Rural Water & Sanitation Project Cr.No.SL-0040	ID	1996	622,000.0	1997	10	2006	2	42	2026	31,100.0	2.5	279.90	0.00	31.10	248.80	2,905,335.40
2000040	/SL GOSL	IDB - Integrated Rural Dev. Project Cr.No. SL-0043/ SL-0044	ID	2000	5,181,164.3	2001	7	2008	2	42	2028	89,766.0	2.5	2,765.80	0.00	233.00	2,532.80	29,577,024.50
2001020	/SL GOSL	Constr. of Primary Sch/W.A & S/Prov. No.SL- 0045	ID	2001	1,446,000.0	2004	7	2008	2	40	2027	74,153.9	2.5	939.00	0.00	72.20	866.80	10,121,958.20
2001030	/SL GOSL	Const & Recons of Pr.Sch's.East & N/Prov. Cr.No. SL-0046/SL-0047	ID	2001	3,934,000.00	2004	7	2008	2	48	2031	135,710.27	2.5	1,933.30	0.00	135.70	1,797.60	20,990,866.00
2001090	/SL GOSL	Acquisition of Buses & Trucks cr. no SL-0048	ID	2001	2,129,912.1	2003	2	2004	2	28	2017	152,136.6	2.5	152.50	0.00	152.50	0.00	0.00
2002200	/SL GOSL	Reconstruction of Kissy Mental Hospital Cr.No. 2SL-0051	ID	2002	1,632,578.2	2003	7	2009	2	38	2027	15,482.0	2.5	861.60	0.00	90.70	770.90	9,002,572.10
2003040	/SL GOSL	Rural Water SS and Sanitation Proj-SL-0052	ID	2003	3,100,000.0	2004	10	2013	2	42	2033	103,825.8	2.5	1,809.30	0.00	103.80	1,505.50	17,580,025.20
2003050	/SL GOSL	Social Action Support Project -SASP Cr.No.0054/0055	ID	2003	6,940,000.0	2004	7	2010	2	48	2033	58,500.0	2.5	4,272.60	0.00	480.80	3,791.80	44,277,793.70
2004050	/SL GOSL	Rural Infrastructure Devmt Proj. No. 57 & 58	ID	2004	6,681,771.5	2005	7	2011	2	48	2034	82,000.0	2.5	4,449.00	0.00	317.30	4,131.70	48,247,428.50
2005020	/SL GOSL	IDB- Cofr Bud for Palm Oil Prod'n and Processing Cr.No.SL-0060	ID	2005	71,000,000	2006	10	2015	2	42	2035	35,500.0	2.5	499.20	0.00	29.40	469.80	5,486,002.10
2006010	/SL GOSL	Diversified Food Prod. Proj-SL-061	ID	2006	7,000,000.0	2008	7	2013	2	38	2031	388,888.0	2.5	3,556.20	0.00	388.90	3,167.30	36,985,784.50
2007010	/SL GOSL	Technical and Vocational Educ. & Training 2SL-0063	ID	2007	5,391,000.0	2007	7	2014	2	36	2031	299,526.0	2.5	4,110.00	0.00	63.10	299.50	3,873.50
2007020	/SL GOSL	Reinforcement of Medium & Low Voltage Netw 2SL-0065	ID	2007	7,000,000.0	2012	7	2014	2	38	2032	388,888.9	2.5	5,484.80	28.50	388.90	5,124.40	59,839,463.30
2009010	/SL GOSL	Construction of Kenema - Pendembu Road Project - 3SL-0068	ID	2009	7,653,000.0	2010	10	2019	2	40	2038	382,650.0	2.5	7,653.00	0.00	0.00	7,653.00	89,367,142.20
2010010	/SL GOSL	I.D.B-S.L. Community Driven Dev'l Project Cr.No. 2SL-0070	ID	2010	5,620,000.0	2011	7	2017	2	36	2034	312,222.2	2.5	5,304.40	0.00	312.20	4,992.20	58,295,693.60
2010020	/SL GOSL	I.S.F.D. Resources S.L. Community Driven Dev'l Project Cr.No. 7SL-0071	ID	2010	5,620,000.0	2011	7	2017	2	36	2034	312,222.2	2.5	5,499.30	0.00	0.00	5,499.30	64,217,993.90
2010070	/SL GOSL	IDB- Palm Oil Prod'n Cap Building Proj. Cr.No.2SL-0074	ID	2010	2,770,000.0	2011	8	2018	2	38	2036	153,888.9	2.5	2,166.40	0.00	201.30	153.90	2,213.90
2010080	/SL GOSL	I.S.F.D- Palm Oil Production Capacity Building Project Cr.No.SL 0076	ID	2010	1,033,000.0	2016	8	2018	2	38	2036	57,388.9	2.5	1,036.10	0.00	39.60	1,071.70	12,514,130.90
2010090	/SL GOSL	ISTISNA'A- Palm Oil Production Capacity Buiding Project Cr.No. SL-073	USD	2010	4,680,000.0	2015	10	2020	2	30	2034	312,000.0	2.5	644.80	0.00	0.00	644.80	5,467,567.20
2011040	/SL GOSL	Kabala Water Supply Projec2SL- 0079	ID	2011	8,000,000.0	2012	7	2018	2	38	2036	444,444.4	2.5	8,897.00	0.00	352.50	494.30	8,755.20
2011050	/SL GOSL	IDB- Implemt. National Compo - (ECOWAN) Project 2SL-0077	ID	2011	2,830,000.0	2011	8	2019	2	36	2036	157,222.2	2.5					

2015005 /SL GOSL	Sierra Leone Community Development Project II -2SL 0085	USD	2015	15,000,000.0	2016	5	2020	2	40	2039	750,000.0	2.5	1,000.00	1,932.30	0.00	2,932.30	24,866,281.00
<b>Opec Fund for International Development</b>																	
2003100 /SL GOSL	OPEC - Commodity Import Program Cr.No.952G	USD	2003	9,500,000.0	2004	5	2008	2	30	2023	633,320.0	1	3,483.50	0.00	633.30	2,850.10	24,169,215.70
2005050 /SL GOSL	OPEC- Tokel - Lumley Road Project 1017P	USD	2005	7,000,000.0	2007	5	2010	2	30	2024	466,666.7	2	3,266.70	0.00	466.70	2,800.10	23,744,508.60
2005060 /SL GOSL	OPEC- Hillside Bypass Road Cr.No. 1016P	USD	2005	6,000,000.0	2011	5	2010	2	30	2024	400,000.0	1	1,177.40	0.00	400.00	777.40	6,592,343.50
2006060 /SL GOSL	-OPEC- Bumbuna Hydroelectric Power Project 1088P	USD	2006	10,000,000.0	2008	5	2011	2	30	2026	666,666.7	2	5,614.40	0.00	666.70	4,947.70	41,956,541.00
2007030 /SL GOSL	-OPEC- Kenema - Pendembu Road Project 1160P	USD	2007	12,510,000.0	2010	5	2012	2	30	2027	834,000.0	1	7,923.00	0.00	834.00	7,089.00	60,114,783.90
2007050 /SL GOSL	OPEC- Debt Relief Agreement Cr. No. 1161H	USD	2007	5,400,000.0	2009	5	2012	2	30	2027	360,000.0	1	3,420.00	0.00	360.00	3,060.00	25,948,830.60
2011090 /SL GOSL	-OPEC- Three Towns Water Supply and Sanitation Project Cr.No.1377P	USD	2011	19,000,000.0	2013	5	2016	2	30	2030	1,266,666.0	1	16,926.00	950.00	1,266.70	16,609.30	140,846,915.40
2012040 /SL GOSL	-OPEC- Mabiboka - Yipe Road Project Cr.No.1445P	USD	2012	10,000,000.0	2013	5	2017	2	30	2032	666,666.7	2	8,481.40	1,185.20	666.70	9,000.00	76,320,088.90
2013290 /SL GOSL	-OPEC- Fourah Bay College	USD	2013	13,000,000.0	2017	5	2018	2	30	2032	866,666.7	2	3,358.80	4,386.70	866.70	6,878.80	58,332,368.90
2016007 /SL GOSL	Rehabilitation of Bo-Bandajuma Road Project	USD	2016	20,000,000.0	2018	5	2021	2	30	2050	1,333,333.3	2	0.00	2,678.70	0.00	2,678.70	22,715,569.90
2017003 /SL GOSL	Three Towns Water Supply and Sanitation Project(Additional Loan)	USD	2017	13,150,000.0	2018	5	2022	2	30	2036	876,666.7	2	0.00	5,989.40	0.00	5,989.40	50,790,553.20
<b>ECOWAS Bank for International Devmt</b>																	
2005001 /SL GOSL	SL Maritime Administration Project Cr.No.008	SDR	2005	4,110,000.0	2008	6	2011	2	34	2027	241,764.7	3	2,622.40	0.00	241.80	2,380.60	27,799,447.60
2009020 /SL GOSL	SIERRATEL-Moderation & Expansion of Network & Telcom. Infra.	USD	2009	29,452,856.0	2012	6	2015	2	30	2029	1,963,523.7	2.75	28,172.10	0.00	1,963.50	26,208.60	222,249,217.30
2011020 /SL GOSL	Solar StreetLight Project	USD	2011	20,000,000.0	2012	6	2017	2	30	2031	1,333,333.3	2.75	19,994.40	0.00	85.80	19,908.60	168,825,204.20
<b>Total (Multilateral and Bilateral) - (A)</b>																	11,757,525,647.59
<b>External Commercial - (B) See list of breakdown as attached</b>																	188,546.52
<b>Grand Total (Disbursed Outstanding Debt) - (A) + (B)</b>																	1,598,876,336.48
<b>Grand Total (Disbursed Outstanding Debt) - (A) + (B)</b>																	13,356,401,984.07

Prepared by PDMD

Note:

1/ Exchange rates used : USD = Le8,480.01; SDR/ID = Le11,677.40; EURO = Le9,697.76 JYK = Le 76.89 SAR = Le2,260.13 KWD = 27,900.84 CNY = 1,232.29

2/ Japanese Yen amounts are in millions

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

**APPENDIX 10 - STATEMENT OF THE INVESTMENTS IN STATE OWNED  
ENTERPRISES (SOEs)**

**As at 31st December, 2018**

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

## **1.8. SOME COMMENTS ON THE GENERAL-PURPOSE FINANCIAL STATEMENTS OF THE CONSOLIDATED FUND**

I have issued my audit report on the General-Purpose Financial Statements of the Consolidated Fund Account of the Government of Sierra Leone in accordance with Section 119(2) of the 1991 Constitution of the Republic of Sierra Leone, and Section 16(1a1c) of the PFM Act of 2016. A copy of my audit report precedes the Financial Statements of the Government of Sierra Leone and the notes thereto which are reproduced in full.

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 General-Purpose Financial Statements of the Consolidated Fund 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. Therefore, I have assessed the materiality with reference to my auditors' understanding of the users' expectations.

The short-form auditor's report; in this instance an unqualified opinion, is an expression of professional judgments which form is dictated by international good practice. I may issue a modified opinion on the accounts. Modified opinions are classified as either adverse, except for or a disclaimer. An unqualified opinion arises where the financial statements provide a true and fair view of financial position and performance. A qualified 'except for' opinion arises where the financial statements 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 in one way or the other. The disclaimer is considered to be the most serious form of modified opinion.

This year again, I have issued an unqualified opinion, on the General-Purpose Financial Statements of the Consolidated Fund of the Government of Sierra Leone. This year's report seems to be consistent with last year's, as I continue to see improvement on a number of control issues. These include: (i) the preparation of regular and complete financial and performance reports; (ii) review and monitoring of compliance with legislation; (iii) better records management system; and (iv) better controls over daily and monthly processing and cash management practices resulting in an increase in

domestic revenue collection by 43% in 2018. This increase was as a result of the increase in the payment of non-tax and other revenue collected and paid into the Consolidated Revenue Fund Account, implementation of Treasury Single Account and the upfront payment of excise duty on petroleum products by oil marketing companies. However, more work needs to be done on reconciliation of transactions in respect of tax and non-tax revenue between the relevant institutions.

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

Through my rigorous audit exercises and regular interactions with those charged with governance over the years, I have seen a moderate improvement in audit outcomes in recent years. However, I still continue to report the root causes of poor audit outcomes in governance as follows:

- A slow response to our message by those charged with governance, to embrace their responsibility of guide and direct the development and performance of a strong system of internal controls in 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 consistency in improved performance and transgressions in governance. This is evidenced in the high levels of unauthorised, irregular, as well as wasteful expenditure, and weaknesses in performance management. This is seen in the 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 businesses.

The intervention of the Executive arm of government in following up on the implementation of the audit recommendations will make a real contribution to enhancing the scrutiny of the report of the Auditor-General; a report debated and approved by Parliament. This action will also help in achieving the goals of improving public financial management reforms in Sierra Leone. Therefore, if the action of the executive persists, the incidences of financial indiscipline will be minimised. 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 instances, though not of a material nature to the financial statements as a whole, are the results of systemic weaknesses that have persisted over time and other breakdowns in internal control. I have provided recommendations which, if implemented, can serve to reduce the incidence of the irregularities and correct the causes of the conditions I have reported on.

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

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

## **1.10. DOMESTIC REVENUE**

Even though revenue has been on the increase over the years, there are still major concerns that continue to be identified in the assessment, collection and reporting of government revenue.

### **Assessment**

Many of the key revenue streams are operated on a self-assessment system, with individuals and businesses completing their own returns. Consequently, there is a risk that deliberate or accidental inaccuracies in self-assessments may lead to under collection of taxes. The main issues are as follows:

- From a comparative analysis between the ASYCUDA++ and the VIPs, in respect of a sample of revenue transactions, we observed that input GST information totalling Le164.9 billion, recorded in the VIPs were not traced in the ASYCUDA++. In addition, variances totalling Le45 billion in respect of input GSTs were identified between the ASYCUDA++ and the VIPs. Therefore, Le210 billion was overstated in the VIPs without any evidence justifying the increase.
- From a review of the financial statements, we observed a difference of Le52.8 billion between chargeable income on tax estimate, and chargeable income on the financial statements without any evidence to indicate that additional taxes were paid by taxpayers.

### **Collection**

Taxpayers are required to make payments into the various transit banks or the Bank of Sierra Leone within the due date. However, significant issues were identified in the collection of revenue. These include the following:

- Assessment returns in respect of GST, PAYE and Corporation tax with amounts totalling Le16.7 billion, Le276 million and Le14.5 billion respectively, were neither with NRA receipts nor lodgement receipts to justify the actual amounts paid by taxpayers.
- A total of 27 assessment returns indicated that GST liability was underpaid. There were also GST taxpayers who failed to make payments amounting to Le54.3 billion. In addition, outstanding GST payments (which were supposed to have been made by 13th December, 2018) in respect of Orange SL stood at Le4.2 billion on 18th September, 2019.
- Several taxpayers in respect of revenue from Foreign Travel Tax (FTT), GST and PAYE were making payments beyond the due date and no evidence was submitted to indicate that penalties were levied on the identified defaulters.
- Revenue arrears reported in the General-Purpose Financial Statement of the Consolidated Fund was Le272 billion for the year ended 31st December, 2018.

### **Reporting**

Monies collected by the transit banks should be transferred to the Bank of Sierra Leone within 24 hours and later recorded in the IFMIS accordingly. In some instances, taxpayers such as the oil marketing companies make payment directly into the Bank of Sierra Leone. However, we noted the following anomalies in the reporting process of revenue collection:

- There was no evidence to indicate that reconciliation in respect of revenue collected was done between the transit banks, NRA and the various MDAs for 2018.

- From our reconciliation between payments made and quantities uplifted on the sale of petroleum transactions, we observed that an amount of Le4.06 billion was still outstanding for import and excise duties.
- The NRA reconciliations revealed that Income Tax and GST transfers made by transit banks for the years 2017 & 2018 were not deposited into the Bank of Sierra Leone. The total amount not deposited into the Bank of Sierra Leone was Le1.2 billion.

Without proper reconciliations (at the assessment, collection and reporting stages), government revenue will remain relatively uncontrolled, funds are likely to be misused and it will prove impossible to ascertain whether revenue disclosed in the public accounts is free from material misstatement.

The NRA should ensure that the necessary action is taken in reconciling NRA's various books of account including records maintained in cashbooks and transit banks.

### **1.11. CASH AND BANK**

In my review of the expense analysis and bank statements, I observed that cheques sent to the Bank of Sierra Leone were split into several tranches when payments were made to suppliers and MDAs. This was also noted in the bank reconciliation statements as the outstanding amounts for the various cheques were disclosed as unpresented cheques. As at the year ended 31st December 2018, an outstanding balance of Le98.8 billion was still due from cheques.

### **1.12. OTHER CHARGES**

Section 26 (1) of the Public Financial Management Act of 2016 requires the spending of public monies only when expressly authorised by the Constitution or an Act of Parliament or an appropriation under an Appropriation Act. As part of our audit, I tested the expenditure incurred on goods and services for selected MDAs to assess whether it was incurred for the intended purpose and in accordance with the Public Financial Management (PFM) Act of 2016. We were however unable to conclude on the sum of Le9.6 billion and US\$119,090 due to a lack of documentation. The transactions in respect of this expenditure did not have supporting documents such as payment vouchers, receipts, invoices and delivery notes. This may create suspicion that government's much needed funds have been misappropriated. The Accountant General should ensure that all payments made out of the Consolidated Fund are supported by appropriate documentation and in accordance with the PFM Act of 2016.

### **1.13. EXTERNAL PUBLIC DEBT**

Section 24 (q) of the Public Debt Management Act of 2011 requires to store all original loan contracts and debt administration records in a safe place. However, based on our selected samples, we noted that there were loan agreements with an outstanding debt balance of Le798 billion disclosed in the disbursed outstanding debts which were not submitted to the auditors.

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## **MAIN POINTS**

### **What We Examined**

In fulfillment of the Auditor-General's mandates, as stated in section 119 (2) of the 1991 Constitution of Sierra Leone and section 11(1&2) of the Audit Service Act of 2014, we conducted audits of Ministries, Department and Agencies (MDAs).

We conduct risk-based compliance and financial audits of MDAs, and focus on high risk areas. For a selected function or area within an MDA, we examine, on a test basis, a sample of transactions in a given 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. 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 of the selected MDAs.

We looked at financial record keeping, physical custody of monies and other assets including stores as well as banking procedures, procurement procedures, payroll and personnel management and the independent verification of bank balances.

### **Why It is Important**

Every year, Parliament passes budget into law which requires governments to collect revenue and make expenditure as authorised by an Act of Parliament. The passage of the budget into law is and must remain supreme and any expenditure made for a purpose other than that intended by Parliament is contrary to the law.

A breach in this law erodes the confidence of stakeholders; especially civil societies and donor partners. This will also have an adverse effect on the integrity of government.

### **What We Found**

The total cash losses and irregularities noted during the period under review amounted to Le56.2billion. These cash losses which cut across MDAs were mainly attributable to the following:

- Unsupported payments and other funds not accounted for
- Revenue not banked and other revenue related issues
- Irregularities in payment of salaries to staff
- Statutory deductions not paid to the appropriate authorities
- Irregularities in payment for travels, DSAs & other allowances
- Unexplained expenditures, payment without approval & expenditure returns not submitted
- Fuel not accounted for
- Imprest not retired
- Stores and fixed assets irregularities

The main composition and analysis of these losses are summarised in **Table 2.1** below:

Table 2.1 Analysis of Irregularities on the Activities of MDAs	
Details	Amount (Le)
Irregularities in payment of salaries	4,384,950,940
Irregularities in payment for travels, DSAs & other allowances	1,528,298,810
Unsupported payments & other funds not accounted for	18,708,699,304
Unexplained expenditures, payment without approval & expenditure returns not submitted	22,267,935,226
Imprest not retired	1,113,548,001
Fuel not accounted for	2,704,734,000
Revenue not banked and other revenue related issues	2,414,447,492
Statutory deductions not paid to the relevant authorities	2,946,619,395
Stores and fixed assets irregularities	107,000,000
<b>Total Irregularities</b>	<b>56,176,233,168</b>

In addition to the above cash losses, we found out that the payments for goods, works and services, amounting to **Le2.5billion** were not receipted for. This means that some of the requested supporting documents in respect of these payments were not submitted for our reviews. **Table 2.2** gives analysis of unreceipted payments for the period under review.

Table 2.2 Unreceipted Payments		
MDA	Details	Amount (Le)
<b>Ministry of Defence</b>	Unreceipted payments-2016	202,598,661.00
	Unreceipted payments-2017	1,404,836,150.00
<b>Provincial Secretary's Office, North-East-2018</b>	Unreceipted payments	400,000,000.00
<b>Ola During Children's Hospital- 2016-2017</b>	Unreceipted payments	105,695,678.00
<b>Judiciary of Sierra Leone-2018</b>	Unreceipted payments	178,231,695.00
	Unreceipted payments(UNDP Project)	143,650,000.00
<b>Office of Administrator and Registrar General(OARG) HQ- 2018</b>	Unreceipted payments	33,750,000.00
<b>Total</b>		<b>2,468,762,184.00</b>

We also observed several significant lapses in the procurement procedures due to lack of commitment on the part of MDAs to ensure compliance with rules and legislations governing the procurement process. Procurement and contract irregularities identified amounted to **Le257.1billion**. **Appendix 11**, identifies MDAs and details of non-compliance with procurement laws and regulations.

## Conclusion

In spite of the above anomalies, we noted that during 2018, MDAs are taking effective action to address the basic problems of lack of monitoring and supervision, and non-adherence to legislation, due to outright disregard for established order in the conduct of public financial business.

The Ministry of Finance which is responsible for the administration of the public purse, should ensure that MDAs comply with the Public Financial Management Acts and Regulations, the Public Procurement Act and Regulations, the Income Tax Act, as well as the Audit Service Act, to address lapses and recommendations contained in the Auditor-General's reports to Parliament.

## **2.1. MINISTRY OF FINANCE - 2018**

### **2.1.1. Payroll Management**

#### *Amendments to the Payroll*

Section 111(4) of the Public Financial Management Regulation of 2018 requires that amendment to the payroll shall be by the employing authority of the affected employee.

We noted that salaries totalling Le743,101,906.00, in respect of additional staff on the payroll, were not supported by the relevant documentary evidence such as appointment letter. In addition, no evidence was submitted to justify monthly increases of employees' basic salaries of Le218,227,294.00 for the period under review.

We recommended that the Deputy Financial Secretary Administration in collaboration with the Human Resources Management Office should ensure that the relevant documents in respect of the additions and monthly increases are made available for verification.

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

*The Deputy Financial Secretary (DFS) stated: "The amendments to the payroll are certified by the vote controller and adequate supporting documents are ready for your verification".*

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

None of the documents mentioned in the management's response were submitted for verification. Therefore, the issue remains unresolved.

#### *Salary Stoppages or Deletions*

We observed that the names of 21 staff were deleted from the payroll during 2018. We also identified instabilities in the monthly payroll in which three staff were removed and later added into the payroll. However, in all these circumstances, no evidence such as transfers letters, promotion or demotion letters, and correspondences of authorisation were made available to justify such deletions and additions.

We recommended that the Deputy Financial Secretary Administration in collaboration with the Human Resource Management Office should provide an explanation on why staff were either deleted entirely from the payroll or deleted and later added to same without any form of evidence.

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

*The DFS stated: "The documents are ready for verification".*

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

None of the documents mentioned in the management's response were submitted for verification. Therefore, the issue remains unresolved.

### *Services of Contract Staff*

Rule 2.12 of the Civil Service Code requires that candidates appointed to establish posts in the Civil Service on contract terms, must sign a contract with the Director-General.

A review of contract staff files revealed that a total of three contract staff were without contract or evidence to imply renewal or extension of contracts for the period under review. Furthermore, 38 contract staff were without personal files. As a result, we were unable to ascertain whether they signed contracts with the Ministry.

The Deputy Financial Secretary in collaboration with the Human Resources Management Office should ensure that all the relevant documents in respect of contract personnel are submitted for verification.

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

*The DFS stated: "The documents are ready for verification".*

### **Auditor's Comment**

None of the documents mentioned in the management's response were submitted for verification. Therefore, the issue remains unresolved.

### **2.1.2. Expenditure Management and Control**

#### *Travel and Subsistence Expenses*

Daily Subsistence Allowances (DSA) which totalled Le794,318,083.00 were paid to staff during the period under review. However, the relevant supporting documents were not attached to the payment vouchers to justify such allowances. In addition, we noted that the number of days approved for travel purposes was greater than the number of days requested for by staff members. As a result, the sum of Le69,451,987.00 was paid in excess of the required DSA.

The Deputy Financial Secretary in collaboration with the Principal Accountant should ensure that explanation together with the relevant documentary evidence in respect of the Le794,318,083.00 and Le69,451,987.00 are submitted for verification; failing which, the amounts should be recovered and paid back into the Consolidated Fund.

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

*The DFS stated: "We do meet the criteria set by the Government and that the documents are now awaiting audit verification".*

### **Auditor's Comment**

None of the documents mentioned in the management's response were submitted for verification. Therefore, the issue remains unresolved.

### **2.1.3. Procurement and Contract Irregularities**

#### *Contracts not Advertised*

Section 37 of the Public Procurement Act of 2016 stipulates that public procurement shall be undertaken by means of advertised open bid processes, to which equal access shall be provided to all

eligible and qualified bidders without discrimination, subject only to the exceptions provided in sections 38, 39, 40 and 41.

Evidence showing the advertisement of procurement of furniture and ICT equipment for which payment of Le300,000,000.00 was made during the period under review was not made available for audit.

We recommended that the Procurement Officer should submit evidence of advertisement for verification.

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

*The DFS stated: "All contracts were advertised by the nature and amount of the contract".*

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

No evidence of advertisement was submitted for verification. Therefore, this issue remains unresolved.

#### *Splitting of Procurement Activities*

Section 37 (2) of the Public Procurement Act of 2016 stipulates that procurement shall not be divided artificially with the intention of avoiding the monetary thresholds established under this Act or regulations made under it.

Procurement activities were split for the procurement of goods and services during 2018. Procurement activities on the plan did not include the Request for Quotation (RFQ) method but, procurement activities valued Le1,533,475,000.00 were undertaken using the RFQ method.

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

*The DFS stated: "There was no splitting of procurement activities. Requests are processed as and when they are received by the units or departments and the documents are ready for verification".*

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

None of the documents mentioned in the management's response was submitted for verification. Therefore, the issue remains unresolved.

#### *Procurement Activities not in Procurement Plan*

The Ministry's procurement actions were not in accordance with its procurement plan. The sum of Le4,455,370,000.00 was spent on the procurement activities for which the total of Le3,330,000,000.00 was in the procurement plan for those activities. As a result, the sum of Le1,125,370,000.00 was spent in excess of the plan. The table below gives an analysis of overspending of procurement activities.

Item Description	Amount as Per IFMIS (Le)	Amount as Per Procurement Plan (Le)	Difference (Le)
Cleaning services	650,000,000	630,000,000	20,000,000
Computers	1,137,018,000	800,000,000	337,018,000
Fuel -petrol/diesel	2,218,352,000	1,500,000,000	718,352,000
Maintenance - air conditioners	450,000,000	400,000,000	50,000,000
<b>Total</b>	<b>4,455,370,000</b>	<b>3,330,000,000</b>	<b>1,125,370,000</b>

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

The DFS stated: "The contract activities are in accordance with the procurement plan, unless otherwise".

### **Auditor's Comment**

No evidence was submitted to justify why contract activities undertaken were not in accordance with the Ministry's procurement plan.

#### **2.1.4. Assets and Stores Management**

Section 171 (1) of the Public Financial Management Regulation of 2018 enjoins the vote controller to keep records of all documents related to its holding of national assets at the office of the budgetary agency in order to make them available to the Auditor-General, the National Assets and Government Property Commission, and the Board of Survey.

During 2018, we observed that assets purchased were recorded in an assets register, but the register did not include details of assets acquired before 2018. This exposes those assets to loss or misuse. Also, the Ministry lacked a storage facility for acquired goods. Items purchased were directly distributed to end users by the Procurement Unit and records to justify how these items were distributed or used were not made available for inspection.

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

The DFS stated: "Assets purchased are recorded in the Ministry fixed assets register and it is ready for verification".

### **Auditor's Comment**

The fixed assets register mentioned in the management's response was not submitted for verification. Also, there was no evidence to confirm whether actions have been taken to address the store issues. Therefore, the issue remains unresolved.

#### **2.1.5. Budgets and Budgetary Control**

A comparison between the budgeted and actual expenditure (as per the expense analysis system - IFMIS), figures revealed that actual expenditure for four expenditure heads increased by approximately 74% from Le9,877,547,350.00 to Le17,140,142,585.00 without any form of evidence to justify same. As a result, actual expenditure is excess of the budget for those four expenditure heads stood at Le7,262,595,235. The table below gives an analysis of the overspending.

Unexplained Overspending of Expenditure			
Other Recurrent Expenditures	Budget (Le)	Actual (Le)	Overspending (Le)
Overseas travel	5,709,197,000	5,951,587,030	242,390,030
Supply of high quality office equipment and furniture	516,582,000	2,528,103,000	2,011,521,000
Support to IPAU	1,000,000,000	3,357,910,000	2,357,910,000
Provision of utilities, fuel and ensuring maintenance, cleaning and securing buildings and equipment	2,651,768,350	5,302,542,555	2,650,774,205
<b>Total</b>	<b>9,877,547,350</b>	<b>17,140,142,585</b>	<b>7,262,595,235</b>

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

The FS stated: "This was caused by understated figures and inflation of which the value of the Leones was depreciating".

### **Auditor's Comment**

No evidence was submitted to justify the management response. Therefore, this issue remains unresolved.

## **2.2. MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION (MFAIC)-2016-2018**

### **2.2.1. Overseas Travel Administration**

#### *Airfare to the United Nations General Assembly (UNGA)*

As part of the United Nations (UN) support to least developed countries (LDCs), the UN provides financial support to representatives of LDCs to attend the annual session of the General Assembly. This financial support is related to air travels for five representatives for each LDC. Review of the Ministry's expense analysis and payment vouchers revealed that the Ministry paid Le90,613,000.00 in FY2016 for air tickets for representatives to the UNGA, even though this support might have been already provided by the UN. Payment vouchers for air tickets processed and payment to attend the UNGA in 2017 and 2018, were not submitted for audit inspection.

The Ministry might have made payments for ineligible purposes, thereby resulting in loss of government's much-needed funds.

We therefore recommended that monies paid for air tickets in FY2016 be recovered and paid into the Consolidated Fund, and payment vouchers for financial years 2017 and 2018 in respect of air tickets to attend the UNGA are submitted for verification.

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

The Director General(DG) stated: "These payments were made as a result of the approval from State House through an executive clearance requesting and approving the said payments. Copies of the executive clearances are available for audit inspection. Additionally, this Ministry is yet to receive any official correspondence indicating the United Nations offering to buy air tickets for the participation of the Sierra Leone delegation to the United Nations General Assembly".

### **Auditor's Comment**

Management's comment is noted. However, evidence of recouping the air ticket payments was not made available for inspection. Additionally, the payment voucher for FY 2017 and 2018 UNGA was not submitted for inspection. Therefore, the issue remains unresolved.

#### *Overpayment of Per Diems for Sponsored International Travel*

Contrary to Rule 7.3 of the Civil Service Code, Regulations and Rules which stipulates that there shall be no duplication of travel and subsistence benefits paid by government and external sources for approved official travel. The Ministry paid full per diems which totalled Le59,821,440.00 in FY2018 to staff for trips sponsored by inviting institutions. There is a risk that per diems might have been

overpaid, resulting in loss of government funds. This overpayment should therefore be recovered and paid into the Consolidated Fund.

We recommended that the Director of Finance and Administration should recover the overpayments from the concerned personnel, and evidence of payment into the Consolidated Fund submitted for verification.

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

*The DG stated: "The respective trips were not sponsored by the inviting institutions and therefore, required payment of full per diems to the said officials".*

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

We do not agree with management on this issue as documents that were attached to support the payments indicated that these were sponsored trips and so do not require full payment of per diems as stipulated in Rule 7.3 of the Civil Service Code, Regulations and Rules. Therefore, this issue remains unresolved.

#### **2.2.2. Human Resources Management**

##### *Ineligible Payments of Children and Education Allowances*

Contrary to the provisions in Rule 9.21 of the Civil Service Code, Regulations and Rules, the sum of US\$50,850.00 was paid to five mission staff as children and education allowances, even though the birth certificates of the children show that they were above 18 years. Similarly, four foreign mission staff benefitted from children and education allowances with totalled US\$31,500.00 and £3,396.78 with no evidence of the existence of children in their personal file.

We recommended that the Director of Finance and Administration through the Head of Chanceries (HOCs) should recoup these monies from the concerned staff and pay them back into the CF

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

*The DG stated: "Staff to whom these payments were made will be informed accordingly and the necessary deductions would be made from their monthly salaries. Evidence of all deductions will be forwarded for audit inspection. Also the respective missions' payroll will be updated accordingly.*

*The four foreign mission staff that benefitted from children and education allowances with no evidence of the existence of their children in their personal files have been contacted to provide requested evidence for audit inspection. If they are not made available, the required deductions will also be made from their monthly salaries".*

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

Evidences in the form of letters that were written to the Heads of Chancery and the beneficiary staff requesting a refund of US\$50,850.00 was submitted. However, evidence of refunds to justify actual deductions and repayment of the said amount was not submitted for our reviews. Therefore, this issue remains unresolved.

Out of the total sum of US\$31,500.00 and £3,396.78 paid as children and education allowances to four foreign mission staff, evidence of the existence of children in the personal file of two staff, who received US\$24,300 as children and education allowances was verified. No evidence of the existence

of children in the personal file of remaining two staff, who received the remaining balance of US\$7,200 and £3,396.78 was submitted for our reviews. The issue was partly resolved.

#### *Foreign Mission Cadre Salaries Paid to a Recalled Staff*

A staff who was recalled from foreign mission since 2017 and for whom Le178,143,300.00 was paid out as repatriation cost, was again granted study leave with pay after the recall, and without due regards to the instruction of reporting to the Ministry's headquarters in Freetown. In addition, this staff continues to receive salaries as a foreign mission posted staff, and a total salary of US\$18,820.89 has been paid to the said staff after the recall.

We recommended that the Director of Finance and Administration should remove the name of the staff in question from the mission's payroll and recoup the excess salaries paid to the staff. The appropriate local salaries should be paid to the staff in question.

#### *Official's Response*

*The DG stated: "There is a letter from the Human Resources Management Office (HRMO) extending Fatmata Dao's tour of duty. Her stay was extended as result of being granted study leave with pay".*

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

Management's response is noted. We received correspondence from the Director General of MFAIC informing the Director General of HRMO that the staff has completed her tour of duty and subsequently recalled to headquarters prior to the study leave approval. It is therefore our view that the said staff should have been paid local staff salary instead of foreign mission posted staff salary. Therefore, the issue remains unresolved.

#### **2.2.3. Non-payment of Statutory Obligations**

A review of payments made revealed that withholding taxes which totalled Le246,870,820.63 were deducted from payments to various suppliers, vendors and contractors during 2018. However, evidence of payments to the National Revenue Authority (NRA) were not submitted for inspection, which is contrary to section 130 (1) of the Income Tax Act of 2000.

We recommended that the Principal Accountant should ensure that the withholding taxes are paid to the NRA.

#### *Official's Response*

*The DG stated: "The withholding tax has been paid to the National Revenue Authority and the bank statement is available to confirm the said payment".*

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

There was no evidence of payment of the withholding taxes. Therefore, the issue remains unresolved.

#### **2.2.4. Un-receipted Payments**

In contravention of section 81 (1) of the Financial Management Regulations of 2007, payments which totalled Le3,758,197,529.00, Le343,871,680.00 and Le2,705,047,032.00 in FY2016, FY2017 and FY2018 respectively, were not backed by adequate supporting documents such as invitation

letters, travelling itinerary, receipts, invoices and boarding passes. We also noted that payments which totalled Le428,051,304.00 were also made by the Ministry for overseas travelling in FY2018. There was however no evidence of executive clearance justifying these payments.

We recommended that the Principal Accountant should liaise with the Accountant General's Department for the submission of the supporting documents in respect of these payments.

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

*The DG stated: "The required supporting documents are now available for audit inspection. However, going forward, management will ensure that the required supporting documents are attached for all payments and are readily for your verification".*

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

The relevant supporting documents were not made available for inspection. Therefore, the issue remains unresolved.

#### **2.2.5. Unsupported Payments**

We observed the following:

- Contrary to the provision in section 73(1) of the Financial Management Regulations of 2007, bank withdrawals from the Ministry' bank account, which totalled Le118,000,000.00, Le579,235,000.00 and Le533,355,423.00 in FY2016, FY2017 and FY2018 respectively, were without payment vouchers and supporting documents.
- Bank statements from 1st January to 31st December, 2016 on the account held at the Sierra Leone Commercial Bank (SLCB) was submitted for inspection. Upon review, we observed that this bank statement was incomplete because transactions that took place from 25th November to 7th December, 2016 were omitted. The bank balance on 25th November, 2016 was Le202,038,666.05, while the bank balance on 7th December, 2016 was Le145,786,516.68. This resulted in the net cash withdrawals of Le56,252,149.37 that was not accounted for.

The DG should ensure the submission of the following for inspection:

- Payment vouchers and the relevant supporting documents in respect of the queried payments
- Outstanding bank statements, cheque stubs and supporting documents to account for Le56,252,149.37

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

*The DG stated:*

- (i) *"For FY2016, the withdrawals were in respect of the Chinese Residual money donated to the Ministry to be used as administrative and operational expenditure due to budgetary constraints faced by the Ministry and the untimely release of allocations.*
- (ii) *Supporting documents for the three years under review are and the complete bank statement for FY2018 are also available for audit inspections".*

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

The requested documents were not submitted for our reviews. Therefore, the issues remain unresolved

## **2.2.6. Fuel Management**

The Ministry's fuel management system is used to maintain, control and monitor fuel consumption and reconcile with the fuel dealer. As part of the control measures, the Ministry is supposed to maintain a fuel register into which fuel records (quantities of fuel paid for, issuance of fuel and running balances are recorded), and periodic reconciliation with the fuel dealer done to rectify differences (if any). We however observed that fuel expenses which totalled Le1,984,350,000.00 was not accounted for by the Ministry for the periods under review as the officer(s)-in-charge of fuel management did not submit supporting documents such as fuel chits, fuel statement and fuel distribution list to justify the use of fuel. The table below shows analysis of fuel not accounted for.

<b>Year</b>	<b>Payment for Fuel (Le) A</b>	<b>Fuel Accounted for (Le) B</b>	<b>Fuel not Accounted for (Le) C=A-B</b>
2016	720,000,000	179,358,000	540,642,000
2017	1,050,000,000	432,660,000	617,340,000
2018	1,157,488,000	331,120,000	826,368,000
<b>Total</b>	<b>2,927,488,000</b>	<b>943,138,000</b>	<b>1,984,350,000</b>

There is a risk that fuel might have been misappropriated, resulting in loss of government's much-needed resources.

We recommended that the Director of Finance and Administration should ensure that the officer(s)-in-charge of fuel management should submit the supporting documents to account for these expenses, otherwise, the full amount should be refunded into the Consolidated Fund.

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

*The DG stated: "The requested fuel chits, fuel reconciliation, and distribution lists are available for audit inspection".*

### **Auditor's Comment**

The relevant supporting documents such as fuel chit, fuel reconciliation and distributions were not submitted for audit inspection. Therefore, the issue remains unresolved.

## **2.2.7. Procurement Irregularities**

In the procurement process leading to the procurement of two elevators, the Ministry failed to follow the recommendation of the National Procurement Authority(NPPA) to comply with section 42 of the Public Procurement Act of 2016. It was further observed that minutes of the Procurement Committee meeting was not submitted for audit review. The invitation letters for the restricted bidding was sent to four different bidders instead of the minimum five bidders, which is contrary to section 42(2) of the Procurement Act of 2016. Spare parts that were to be supplied with the two new elevators were not presented for verification.

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

*The Director General stated:*

- (i) "The requested minutes of the Procurement Committee meeting is available for verification.*
- (ii) Five bidders were not sought because there were only four readily available bidders who met the requirements.*

*(iii) The contractor has submitted the bill of lading in respect of the spare parts and the said wares are on the high seas as the Ministry awaits their delivery. Copy of the said bill of lading is available for verification".*

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

Management's comment is noted. We however observed the following:

- The minutes of the Procurement Committee meeting was submitted and verified.
- There was no evidence that invitation letters for the restricted bidding was sent to a minimum of five bidders, which is contrary to section 42(2) of the Procurement Act of 2016.
- The bill of lading in respect of the spare parts was not submitted, therefore, we cannot ascertain whether these items were on the high seas awaiting delivery to the Ministry.

Therefore, these issues are partly resolved.

#### **2.2.8. Fixed Assets Management**

In FY2016, the Ministry purchased five motorbikes for a total cost of Le57,500,000.00, but these motorbikes were neither recorded in the inventory register, nor were they presented for physical verification. We also observed that during the periods under review, the Chinese and South Korean Governments donated 120 desktop computers, office furniture and equipment. The parking lists or correspondences to the Ministry showed the list of items donated, but this was not submitted for inspection. In addition, the office furniture, equipment and the 120 desktop computers were not made available for physical inspections.

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

*The DG stated: "The five motorbikes, 120 desktop computers, office furniture and equipment, are available for verification".*

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

Only two motorbikes, 86 desktop computers and office furniture and equipment were made available for physical verification. The remaining three motorbikes, valued at Le34,500,000.00 and 34 desktop computers were unverified. Therefore, this issue is partly resolved.

### **2.3. SIERRA LEONE HIGH COMMISSION IN THE UNITED KINGDOM-2013-2018**

#### **2.3.1. Visa Stickers Issued to Las Palmas, Spain**

An amount of €620 in respect of four visas issued on SL201201-SL201204 was reported as paid into the High Commission's account on 20th July, 2016. This was upon request made by the High Commissioner for submission of a statement of returns. No other returns had been made since, neither had there been any report submitted on the remaining 196 visa stickers. The revenue generated from these stickers could range from at least £21,364 to £31,164, if issued at the lowest rate single entry of £109 or at the highest rate of £159 for a one-year multiple entry visa respectively.

We recommended that the Consul in Spain should be immediately contacted to submit returns in respect of the 196 visa stickers still unaccounted for. The Consul must also be admonished to adhere to the reporting requirements, failing which, a recommendation should be made for her replacement.

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

The Head of Chancery (HoC) stated: “*Consul General in Las Palmas de Gran Canarias has been contacted to submit returns, and has on 16th October, 2018 remitted into the Mission’s Consular account, the sum of £2,165 in respect of 23 stickers issued into our accounts*”.

#### **2.3.2. Review of Banking Operations**

Our review of the High Commission’s banking operations revealed the following:

- Bank balances as at 31st May, 2018 for the Salary, Other Charges, Operational and Consular accounts were £100,280; £ 20,161 and £45,221 respectively.
- All remittances paid to the Mission from the CF are channeled through the Salaries Account.
- No payment in respect of the 2018 Other Charges has been remitted from the CF.
- Payments in respect of major repairs to premises are charged to the Consular account as direct payments to the contractor.
- Transfers are made from the Consular account to the Other Charges account to meet standing order.
- A one-off payment of £75,000 was made to the Salary account on 14th December, 2016 to act as a buffer to ensure timely payment of salaries.
- Some cheque payments in respect of Other Charges expenditure were charged to the Consular account.
- Unauthorised Direct Debits to the tune of £5,000 had been charged to the Consular account over the period. The bank has not been effective in fully resolving the matter, even though several correspondences had been exchanged. The HoC has decided to take up the matter with the Financial Ombudsman.
- A total of £520, 000 out of £1,181,064 generated as consular fees, was transferred to the CF

We recommended the following:

- There should be coordinated efforts on the part of the MFAIC, the Accountant General’s Department and the High Commission, to ensure payments of Other Charges are remitted into the Mission’s accounts on time. This is to forestall the use of consular fees to meet payment of salaries and recurrent expenditure. This will ensure proper accountability and management of revenue generated in respect of consular fees.
- The HoC must engage the Financial Ombudsman with immediate effect to resolve the issue of unauthorised direct debits from the Consular account.

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

The HoC stated: “*The recommendations to ensure timely remittance of other charges in order to forestall the use of consular fees is well noted, especially when the Mission is perennially underfunded and unable to meet with its expenditure profile which includes high maintenance cost of eight properties in London.*

*The recommendation to engage the Financial Ombudsman is well noted. Upon the Mission’s further enquires in this regard, we have learnt that it is a prerequisite to receive a final response from the financial institution with which one has a dispute before the matter is taken up with the Financial Ombudsman. The HoC has again contacted the bank in a final attempt to resolve the issue or receive a final response. It must be noted that in October 2016, the bank refunded £554.00 and sent a letter confirming this refund. The next steps of taking up the matter with the Financial Ombudsman will be determined by the response of the bank*”.

### **2.3.3. Inadequate Supply of Visa Stickers**

The High Commission last received visa stickers in February 2016. Since then, no visa stickers had been received even though several correspondences were sent to Ministry of Foreign Affairs and International Cooperation (MFAIC) in this regard.

We recommended that the Immigration Department should ensure that visa stickers are supplied in a timely manner and in adequate quantities to avoid the situation of reverting to the use of stamps in issuing visas. This will improve accountability and enhance control over management of consular fees.

### **2.3.4. Clarification of Roles**

We observed that the Assistant Finance Officer undertook the role of secretary, even though her role was clearly defined in the document.

We therefore recommended that:

- Rather than being person specific, the duties should be role-specific so that it could be applicable to anyone holding the position and not just the current holder. This will eliminate the need for updating the document every time a new staff is assigned.
- The Assistant Finance Officer must be allowed to undertake her primary role as prescribed in the schedule of duties, which provides much needed support to the Financial Attaché.

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

*The HoC stated: "The schedule of duties has been amended as recommended to be more job-specific, and it is now role-specific, rather than being person-specific.*

*The Mission is in the process of recruiting a Secretary to the High Commissioner and the Finance Assistant, who is currently acting in that capacity, will revert to her designated role as soon as this is done".*

## **2.4. SIERRA LEONE EMBASSY-WASHINGTON DC - 2014-2018**

### **2.4.1. Consular Funds Collected but not Transferred into the Consolidated Fund Accounts**

From a total of US\$2,951,580 collected, only US\$335,000 was transferred into the CF, and there was only one instance where permission was granted by the Ministry of Finance and Economic Development (MOFED) to transfer US\$7,000 to the Permanent Mission in New York. A comparison of the Embassy's yearly budgets for running cost and the actual subvention received confirmed that the Embassy only received minimal funding, which was inadequate to fund the operating cost of the Embassy.

We recommended that MOFED in collaboration with the MFAIC must ensure the following:

- Adequate mechanisms are in place to safeguard revenue generated.
- That the Embassy is adequately resourced to prevent the recurring problem of the use of proceeds from consular fees for operational activities.
- The budget of the Embassy must be appropriately scrutinised to ensure that it is reasonable.

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

*The Head of Chancery (HoC) stated: "The Embassy has statutory bills to pay and if these bills are not paid, the Embassy will be faced with serious consequences such as disconnection of services and legal actions. The Embassy is therefore calling on the Ministry of Finance to transmit other charges on time and meet the required expenditure".*

### **Auditor's Comment**

We verified the responses from the Permanent Secretary and noted that this matter has been outstanding over the years, and we urge all parties concerned to work together to ensure that the Embassy is well resourced, and that all consular fees are paid into the Consolidated Fund on timely basis.

#### **2.4.2. Sale of Passport Forms**

We observed the following concerning the sale of passport forms:

- The internal controls for the recording, reporting and banking of proceeds obtained from the sale of passport forms were weak.
- Evidence of the number of forms supplied by the Immigration Department was not made available for review.
- The proceeds were not immediately banked but were cumulated before being banked.
- There were instances where the secretary to the Ambassador privately sold forms she obtained from Freetown. In a couple of instances, forms were paid for by money order. These money orders were deposited into the Mission's Operational account and refunded to the Secretary. Total withdrawals in favour of the Secretary was US\$1,260.
- In two instances, a total of US\$4,000 was withdrawn from the Operational account for the purchase of passport forms. There was no evidence that these forms were delivered to the Mission. The proceeds of the sales of these passports were also not seen in the accounts.

We recommended the following:

- All visa stickers allocated to the Embassy must be channelled through the MFAIC for onward transmission to the Mission.
- The Immigration Department in collaboration with the MFAIC should maintain adequate records of stickers supplied to the MFAIC.
- The Mission should also record all visa stickers received in the accountable document registered.
- Discrepancy of booklets must be investigated and regularised.

### **Official's Response**

The HoC stated: “The recommendations will be implemented. Regarding the second trench of \$2,000 withdrawn on the instruction of the Head of Chancery who was going to Freetown, the passport forms which were purchased and left in Freetown due to excess luggage were later sent to the Mission and all the passport forms were recorded and accounted for”.

### **Auditor's Comment**

Evidence of records showing that the passport forms were bought was not provided for verification. This issue remains unresolved.

#### **2.4.3. Authority to Utilise the Ebola Funds**

Our review of the main account cashbook and other supporting documents revealed that the sum of US\$19,739 was donated towards the fight against Ebola. We also noted that the MFAIC granted permission for these monies to be deposited into the main account of the Mission.

On two instances, monies to the tune of US\$10,200 were withdrawn to be deposited into the main Ebola Fund account maintained in Freetown. However, there was no evidence in file to confirm that these monies were paid into the Ebola Fund Account maintained in Freetown. The remaining money was used to defray other Ebola related costs, such as the shipment of goods and equipment donated, store rental for goods and equipment donated and registration of a Task Force as a non-profitable organisation. However, we were not clear whether the Mission sought approval from the MFAIC and the Ebola Task Force in Freetown before using the funds to defray these costs.

We recommended that the HoC must provide documentary evidence to prove that the funds were indeed deposited into the Ebola Funds Account maintained in Freetown. We also recommended the approval letter granted by the MFAIC and the Ebola Task Force to use the rest of the funds to defray the Ebola related activities should be provided.

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

*The HoC stated: "Monies were withdrawn for the shipment of essential drugs and equipment donated by Sierra Leoneans and Friends of Sierra Leone. Regarding the funds withdrawn, the then Director General, Mr Andrew Bangali who was on a visit to the United States was requested to take the money to Freetown for presentation to the President".*

### **Auditor's Comment**

The required evidence to show that approval was granted by the MFAIC and that the money was deposited into the Ebola Funds account maintained in Freetown were not made available. Therefore, the issue remains unresolved.

#### **2.4.4. Procurement Irregularities**

*Non-adherence to the procurement procedures for the acquisition of goods and services*

The procurement of goods and services were mostly done without the consideration of competition. Some specific procurement activities that flouted the procurement rules are as follows:

- A Toyota Sequoia procured in 2014 for US\$70,378 and a Toyota Sienna procured in 2015 for US\$25,900 were acquired through hire purchase agreements, which fell into the category of sole sourcing. We however observed that the Mission did not prepare a written description of their needs, and any special requirements as to their quality, quantity, terms and time of delivery. The mission shall request submission of a bid or proposal in writing or both and shall be free to negotiate with the sole bidder.
- From our review, we observed that the chancery basement was renovated and this contract was awarded to Continental Construction, LLC for a contract value of US\$49,413. In the minutes, it was agreed to award the contract to Continental Construction, LLC after evaluating proposals from three companies. However, the minutes of the meeting, the evaluation report and the proposals of the other two companies were not attached. Despite repeated requests, these documents were not made available for audit review. We also observed that the contractor was paid an advance of 50% of the contract value, which is in violation of the procurement laws which stipulate that *'The total amount of advanced payment shall not exceed thirty percent of the total contract price'*. Furthermore, an advanced payment guarantee was not obtained from the contractor as stipulated by the procurement laws.
- Treatment of window curtains was procured for the offices of the Ambassador, Deputy Chief of Mission, Head of Chancery and conference room, without following the due

processes stipulated by the procurement laws. This contract was awarded for a contract fee of US\$24,266 to D.P. Interior who was the only vendor contacted to supply the window curtains and blinds.

- From the review of the cashbook, we noted that the printing of ETC 24 booklets costing US\$21,000 was contracted to Base Camp Inc. However, the procurement process that resulted in the award of the contract to Base Camp Inc. was not transparent. We further noted that the quantities of ETC booklets printed were not indicated on the invoices issued by Base Camp Inc.

#### *Procurement Committee not Constituted*

Even though the Embassy procured goods and services within the reviewed period, a Procurement Committee was not established. We recommended that a Procurement Committee is constituted as required by the Public Procurement Act of 2016.

#### *Non-preparation of a Procurement Plan*

We observed that the Embassy did not prepare procurement plans, even though it prepared budgets for those periods. We therefore recommended that the Mission should ensure that an annual procurement plan is developed every year from its budget, clearly stating the activities, value and method of procurement.

#### *Non-adherence to the Procurement Rules Relating to the Disposal of Stores and Equipment*

We observed that some equipment and furniture were disposed of without the convening of a Board of Survey which should comprise representatives of departments. We therefore recommended that the rules and regulations relating to the disposal of stores and equipment be adhered to at all times.

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

The HoC stated: “Regarding the purchase of the two vehicles, the Mission received the monies from Freetown in tranches, and had no option but to buy the vehicles through hire purchase. The vehicles were purchased at Dakars, and were pre-financed by Toyota Financial Company.”

*Regarding the procurement of ETC, the Embassy deemed this process as highly classified and therefore, all security measures must be put in place to protect the confidentiality of the source of the said document. Management therefore decided to classify the process. Base Camp Inc. was vetted, and awarded the contract to produce ETC booklets. Each booklet contains 50 sheets. Each ETC sheet cost US\$100. All transactions relating to ETCs are recorded on the consular book at the front desk, and monies collected are transferred to the Embassy’s Consular account”.*

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

Management's comment is well noted. In accordance with the Public Procurement Act of 2006, it is only the Procurement Committee that is mandated to make the decision to sole source (with justification). During the period under review, there was no evidence that a procurement committee was instituted. Therefore, this issue remains unresolved.

#### **2.4.5. Unreceipted Payments and Special Imprest not Retired**

We observed that disbursement which totalled US\$129,215 was not supported with the necessary documentation such as invoices, receipts, copies of air tickets etc. We also noted that special imprest which totalled US\$6,500 given to staff for various activities, was not adequately retired.

We therefore recommended that the HoC should ensure that special imprests were properly retired, or the sums recovered from the officer to whom these monies were entrusted. Officers should ensure they retire special imprests promptly, failing which, subsequent imprests should not be given to them until the previous one was fully retired.

We recommended that the HoC or the staff who received these refunds produce the relevant supporting documentation.

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

The HoC stated: ‘Regarding the presentation of air tickets, all tickets issued now are e-tickets and therefore individuals are only required to present passports at the ticket gate.

As mentioned in the audit report, reimbursements were made to officers for the purchase of air tickets for home leave for officers and their dependants as prescribed by the Civil Service Code on Foreign Service. Due to the unavailability of funds, officers were advised to pay on their own to buy their tickets and reimbursement was made in three tranches’.

#### **Auditor’s Comment**

Management’s comment is noted. However, evidence of e-ticket purchased were not submitted for our review. Therefore, the issue remains unresolved.

#### **2.4.6. Possible Double-dipping by Government Officials for Hotel Accommodation**

We observed the following:

- An amount which totalled US\$23,040.84 was paid to a hotel for accommodation of the presidential team who attended the US-African Leaders’ Summit from 3<sup>rd</sup> to 7th August, 2014. The Mission makes a booking fee on behalf of their delegates with the expectation to recover these amounts from their delegates upon arrival. However, the initial deposit was not recovered, and the Mission went on to complete the payment, and also paid for an additional room.
- An amount which totalled US\$3,500 was paid to another hotel as reservation fees for an upcoming presidential visit that took place from 16th to 19th April 2015. This amount was also not recovered.
- Per diem for the MFAIC for the US-African Summit, from 4th to 7th August, 2014 was paid to him by the Mission, and it was indicated that this amount should be refunded by the MFAIC. However, there was no evidence showing that this amount was refunded.

It was therefore recommended that the MFAIC in collaboration with the Accountant General's Department should investigate this matter, and if these officials had received their DSAs before travelling, these monies should be recovered from them.

#### **Auditor’s Comment**

This issue remains unresolved as no management response was received.

#### **2.4.7. Payments irregularities**

In reviewing some of the payments made by the Embassy, we observed some possible irregular payments, which are detailed below:

- An amount which totalled US\$6,000 was paid to the Information Attaché in two tranches as DSA for attending an official workshop in Freetown from 9th to 23rd January while on leave. The request purports that all Information Attachés on leave in Freetown were required

to attend the workshop. This emanated from the Ministry of Information and Communications to the MFAIC. However, we could not find any letter from the MFAIC responding to this letter and giving permission to the Information Attachés to attend the workshop.

- The Mission on behalf of the Information Attachés paid for parking violation. The eligibility for this payment is therefore questioned.
- We noted in the request letter for repairs to be done on a second-hand Toyota Sienna acquired on hire purchase in order to upgrade it to an almost new status. However, we observed that a repair was done on a Toyota Sequoia Model 2005 which totalled US\$8,070 instead of the second-hand Toyota Sienna.
- Payment for the shipment of an x-ray machine and other donated materials to Freetown was done in the name of an individual, rather than in the business name indicated on the invoice.
- We noted that a maintenance cost of US\$6,5000 was done on a vehicle; indicating that the vehicle was involved in an accident. However, the request for repairs did not indicate such and there was no police report attached to the payment voucher. Insurance was also not claimed, even though the vehicle had an insurance coverage.

We recommended that the HoC must explain the authenticity of these transactions and if they are not valid payments, these amounts should be recovered and paid back into the Mission's Account.

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

No management response was received for this finding. Therefore, this matter remains unresolved.

#### **2.4.8. Possible Duplication of Leave Allowance Paid to the Head of Chancery**

From the review of the payroll voucher and the cashbook, we observed that two cheques which amounted to US\$7,191 and US\$7,191, dated February and June 2018 respectively, were issued to the HoC as leave allowances.

We recommended that the MFAIC in collaboration with the Accountants General's Department should investigate this discrepancy (whether the HoC was paid twice) and if it happened that the HoC received her leave allowance twice, her salary should be deducted to recover the amount.

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

No management's response was received for this finding. Therefore, the matter remains unresolved.

#### **2.4.9. Lack of Procedure in Disposing of Unserviceable or Damaged Assets**

We noted that there was no standard procedure for the disposal of worn out or damaged furniture and equipment. It was evidenced that in some instances the worn out or damaged furniture at the residences are trashed without given prior notice to the Office Manager. We also observed that there were a lot of unserviceable equipment kept at the Chancery in various rooms, and they were not properly stacked.

We recommended that the HoC should be notified at all times before assets are disposed of.

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

No management response was received for this finding. Therefore, the matter remains unresolved.

#### **2.4.10. Lack of Policy on Furnishing of Rented Apartments of Diplomatic Staff**

We observed the following:

- A review of the payment vouchers and the payroll cost revealed that all diplomats except for the Chief of Mission and his deputy, were paid rent allowances instead of being provided with furnished accommodation. It was however not clear, whether these monthly rent allowances were meant to secure furnished or unfurnished apartments.
- There was still no clear policy guiding the furnishing of the apartments of diplomatic staff to show whether diplomatic staff are entitled to it, and also whether these furniture can be replaced and at what intervals.
- Some of the diplomatic staff have recently been recalled or their services terminated, but the Chancery has not taken possession of the assets purchased for these staff while serving at the Mission.
- Storage of these assets may also be of concern as the Mission does not have a storage facility for these furniture.

We recommended that the MFAIC in collaboration with the Accountants General's Department should guide whether the rent allowances were for furnished apartments or otherwise.

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

No management response was received for this finding. Therefore, the matter remains unresolved.

### **2.5. SIERRA LEONE'S PERMANENT MISSION TO THE UN (NEW YORK) - 2014-2018**

#### **2.5.1. Payment of Rent Allowance**

We observed the following:

- Rent allowance was paid into the Mission's account for the former Permanent Representative (PR), even though he was residing at the Government residence.
- Investigations revealed that the former PR, presented his credentials to the UN Secretary General as the Sierra Leone PR to the UN on 18th September, 2013. He occupied the Sierra Leone Government residence at 84 Pine Brook Road, New Rochelle New York from 18th September, 2013 to 31st July, 2015. We noted that the Government of Sierra Leone paid monthly rent allowance to the tune of US\$5000 into the Mission's salary account from 1st January, 2014 to 30th July, 2015. However, there was no evidence to indicate that the former Ambassador signed for such rent allowance neither was there any evidence that the money was paid for another accommodation elsewhere. The total sum paid as rent allowance during this period amounted to US\$95,000.
- An interview with the Finance Attaché revealed that authority was granted by the MFAIC for the money to be used to service a mortgage contract and for the renovation of the PR's residence. However, the authority granted for the rent to be used to service the mortgage contract and for the renovation of the PR's residence was not made available for inspection. There was also no correspondence between the MoF and MFAIC for the Mission to use such funds. Further investigations revealed that the mortgage servicing of the PR's residence and the fund spent on the PR's relocation amounted to US\$34,241, leaving a difference of US\$60,758 which was not remitted back into the CF.

We recommended that the HoC should ensure that the remaining US\$60,758 is paid back into the CF and evidence of payment made available to the ASSL for verification. In future, the Accountant General should ensure that rent allowance is paid only to diplomatic staff members who are not residing in government quarters.

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

*The HoC said: "After the final payment of the principal and interest on the mortgage of the PR's residence at 84 Pine Brook Road, New Rochelle New York, it was concluded at a senior management meeting to inform Capital and request for funds for renovation of the two official residences.*

*It should be noted that for several years preceding the liquidation of the mortgage of the PR's residence, the Mission was obliged to top up the PR's rent allowance in the monthly servicing of the mortgage loan. At the same meeting, the former HoC informed senior management about the deplorable condition of his residence at 21 Lyncroft Road, New Rochelle, New York. The meeting requested the Budget and Procurement Committees to inspect and report on the condition of the said residence. The report validated the HoC's concerns and recommended urgent action to remedy the inconveniences of the tenants and avert the potential risks to the property.*

*In August 2015, the RRR Management was contracted to do urgent minor repair works on some targeted areas of the residence of the HoC at 21 Lyncroft Road New Rochelle, New York. On 25th August 2015, the Mission made a down payment/ deposit of US\$17,500 and the final payment of US\$18,475 made on 17th September 2015, both from the Building account as an urgent measure to partially address the deplorable conditions in some areas that had the potential to cause more damage to the property. It was from the same Account that the US\$38,393 deducted by the Bank Sierra Leone(BSL) was sourced to make for the shortfall in the November 2014 salary remittance".*

### **Auditor's Comment**

The response has been noted and will be verified during the next audit of the Mission.

#### **2.5.2. Consular Fees Collected not Remitted into the CF**

Section 46 (a) of the Public Financial Management Act of 2016 states: "*Pursuant to section 111 of the Constitution of Sierra Leone, the Consolidated Fund shall consist of all revenues or other moneys raised or received for the purpose of, or on behalf of, the Government".*

A review of financial records such as bank statements, cashbook, and receipt books revealed that US\$836,725 was generated from the issuance of visa stickers and sale of other travelling documents for the period between January 2014 and May 2018. However, this amount was not remitted into the CF account at the BSL.

We recommended that:

- The HoC should ensure that the payment of US\$836,725 into the CF account at the BSL is made from the Mission's allocations in accordance with the MFAIC's memo dated 16th March, 2017.
- In future, the Financial Secretary at the MoF should put adequate mechanisms in place to safeguard the revenue generated from consular fees and other travelling sources. In addition, the Mission should be resourced on timely basis to prevent the recurring problem of the use of proceeds from consular fees and other forms of revenue.

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

The HoC stated: “The Mission is confronted with myriad of financial challenges that often require urgent payment which the remittances from the MoF are insufficient to offset. This is exacerbated by the environment within which the Mission operates. In particular, funds remitted as Other Charges are often too little and comes too late either at the end of each quarter or half-yearly. Such funds when remitted have often not matched the actual basic needs of the Mission, especially recurrent expenditure including utilities, vehicle maintenance and running cost, office supplies and sundry, medical co-pay and other related expenditure. The perennial delay and low/insufficient remittances usually leave no option to ensure the smooth running of the Mission, which compels the Mission to resort to the use of Consular takings. The alternative would be not to do anything which would lead to serious consequences and embarrassment to the Mission/Government.

*The Mission utilises Consular takings to ensure the smooth running of the Mission. It should be noted that the Mission is not a Consular Post and the number of visa applications processed is also very small. A good number of applications during normal seasons are often official applications that are issued gratis”.*

### **Auditor’s Comment**

From the management response, the audit recommendation has not been implemented.

#### **2.5.3. Donations for Survivors of Mudslide and Flood Victims not Brought to Account**

We observed the following:

- Contributions in cash which amounted to US\$89,780 were made to the Mission by member states, staff members and well-meaning Sierra Leoneans to help the flood and mudslide victims. Out of this amount, the sum of US\$50,000 was remitted into the Disaster Relief Fund account of the Office of National Security (ONS), and US\$7,506 was spent on shipment of relief items for the flood and mudslide victims, leaving the sum of US\$32,274 which was not brought to account.
- Contributions were made in kind for the flood and mudslide victims, and these were shipped to the beneficiaries in Sierra Leone through the MFAIC. However, the register showing the details of those who donated (e.g. name and contact details) and items donated were not made available for verification. As a result, we could not ascertain whether all the donated items were delivered to the beneficiaries.

We recommended as follows:

- The HoC should ensure that the US\$32,274 is remitted into the Disaster Relief Fund account of the Office of National Security (ONS) for onward disbursement to the flood and evidence of disbursement made available to the ASSL for verification; otherwise, the relevant authority will be informed for necessary action to be taken.
- In future, contributions made in cash to help meet the cost of eventualities should be immediately remitted to the relevant authority’s account and the evidence retained for audit and reference purposes. In addition, the details of contributions made in kind should be recorded in a register and this must be updated as and when contributions are made.

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

The HoC stated: “The Mission was confronted with myriad of financial challenges/needs that required urgent/prompt payments. At the time, the remittances from the MoF were insufficient to offset such payments. As a result, the

*previous administration used this cash to settle the pressing issues at hand. We have now drawn up a payment plan and will remit such cash whenever funds are available.*

*According to the previous administration, it was very difficult for the Mission to record the details of donations in kind. This was because donations were not made in one location. The Mission however, made sure that all the items were shipped to the beneficiaries in Sierra Leone. In future, we will try to establish a system of control in relation to your recommendation”.*

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

We have taken note of management's response in respect of the contributions that were made in kind and will verify the control system during subsequent audit engagements of the Mission. The Mission has however not remitted the US\$32,274 into the Disaster Relief Fund account of the Office of National Security (ONS). Therefore, this matter remains unresolved.

#### **2.5.4. Government of Sierra Leone's Contribution Towards a Cholera Epidemic in Haiti Not Brought to Account**

From the review of the Mission's cashbook and bank statements, we noted that the GoSL remitted the sum of US\$50,000 into the Mission's account on 29th January 2018, being payment in respect of the Government of Sierra Leone's contribution towards a cholera epidemic in Haiti. However, we observed that the contribution was not paid to the Government of Haiti. Our greatest concern was the fact that the Mission's account into which this money was remitted on 29th January, 2018 showed a balance of \$2,606 on 30th May, 2018.

We therefore recommended that the HoC should ensure that the US\$50,000 is remitted back into the CF, since the cholera epidemic is long gone and the Mission has advertently failed to pay the Government of Sierra Leone's (GoSL's) contribution to the Government of Haiti. We also recommended that evidence of this document should be made available to the ASSL for verification; otherwise, this issue will be considered a suspected act of corruption and the relevant authorities will be informed to take the necessary action.

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

*The HoC said: “The Government of Sierra Leone made a donation of US\$50,000 to the UNDP basket fund through the Mission to fight the cholera epidemic in Haiti. The donation was remitted at a time when the Mission was faced with serious financial constraints to meet the demand of recurrent expenditure, especially payment of utility bills and related operational cost. In order to avoid disruption of services which would have led to multiple challenges and embarrassment, the funds were utilised to settle those immediate urgent needs with the hope that the funds will be recovered when Other Charges were remitted. This was however, not the case as the Mission continued to be confronted with myriads of financial challenges”.*

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

The US\$50,000 has not been remitted back into the CF. Therefore, this issue remains unresolved.

#### **2.5.5. Final Payment of Mortgage for the Permanent Representative's Residence not Properly Accounted for**

Investigations revealed that an amount requested and remitted to the Mission to settle the final mortgage payment of the PR's residence was not properly brought to account. On 7th April 2014, the former HoC requested the final payment of the balance on the bank mortgage loan from the

MFAIC. We further observed that he acknowledged receipts upon receiving the amount of US\$166,033. He also reported that the funds in question had been utilised to honour the total outstanding obligation of the Government, which is a payoff of the final payment, on the above mentioned Government property that was acquired on mortgage since January 2005. However, a review of the cashbook and bank statement revealed that US\$152,926 was paid by the Mission to the mortgage company, instead of the requested US\$166,033 leaving a balance of US\$13,107 which was neither refunded into the CF nor brought to account.

We therefore recommended that the HoC should ensure that the US\$13,107 is recovered and paid back into the CF and evidence of refund made available to the ASSL for verification; otherwise, this issue will be forwarded to the relevant authorities for necessary action.

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

The HoC stated: "Mortgage banks, as profit making institutions, take advantage when clients default in payment. With clarification after a few negotiation rounds of conference phone calls, the bank agreed for the Mission to pay off the balance principal amount in full but to settle the balance interest due in the scheduled monthly payments. Therefore, the US\$ 152,926.49 was paid as the full balance of the Principal on the loan while the US\$ 13,107.17 was the interest on the loan, paid at monthly rate of US\$3,297.60".

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

We have taken note of the management response and will verify the documentary evidence in support of it during the next audit of the Mission".

#### **2.5.6. Duplication of Payment for Mortgage Servicing of the Permanent Representative's Residence**

The payment for mortgage servicing of the PR's residence was duplicated in March, 2014. An amount of US\$3,297 was supposed to have been paid instead of the US\$6,595 that was paid.

We therefore recommended that the HoC should ensure that the US\$3,297 is recovered and paid back into the Mission's account and evidence of payment forwarded for verification.

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

The HoC stated: "The payment of mortgage service under reference was not duplication. The US\$6,592 was for February and March 2014 and the US\$3,297 was an outstanding payment for December 2013 but was paid in March 2014".

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

The management response will be verified during the next audit of the Mission.

#### **2.5.7. Refunds for Out of Pocket Expenditure**

We observed the following:

- A total of 29% of the Mission's expenditure was incurred before being approved for refund by the relevant authority. This was attributed to the fact that diplomatic staff members had to use their own finances to settle expenditure that should have been settled by the Mission.
- Payments through refunds by the Mission were only made based on receipts submission by staff, and not on the physical verification of procurement related items. For instance, several household items which were claimed to have been purchased by staff were not physically

verified before refunds for these payments were made. For the period between January 2014 and May 2018, the total sum of US\$465,046 has been refunded by the Mission to staff members for out of pocket expenditure. The outstanding debts still owed to diplomatic staff of the Mission as at the date of conclusion of the audit (i.e. 12th August, 2018) amounted to US\$115,118.

We therefore recommended the following:

- The MoF should ensure that the Mission is adequately resourced to prevent the recurring problem of out of pocket expenditure by diplomatic staff members.
- The HoC should discourage the use of out of pocket expenditure by staff members and ensure that the outstanding debt owed by the Mission is settled within the shortest possible time.
- In future, the HoC should ensure that the limited resources given to upkeep the Mission's operations are wisely and economically utilised and this must be in accordance with the approved Mission's budget.

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

The HoC stated: “All payments through refunds by the Mission were physically verified. All physical assets of the Mission are labeled with identification numbers. The MFAIC directed the Mission to provide for refunds to staff from remittances for Other Charges. This has proved to be very difficult due to the very low and late remittances of Other Charges that are not realistic to match the financial needs of the Mission. The mission is embroiled in myriads of financial challenges and struggles to meet its operational cost including the payment of utility bills.

Measures have however been put in place to avoid the accumulation of huge debts of the Mission to staff. In order to settle the more than nearly ten years of accumulated debt owed to staff, and free the Mission from this embarrassment, it is recommended that the GoSL remit funds to settle the long outstanding debt owed to the staff”.

### **Auditor's Comment**

We have taken note of the management response and will verify the measures that have been put in place to avoid the accumulation of debts during the next audit of the Mission.

#### **2.5.8. Renovation and Reconstruction of the Chancery Building**

A contract which amounted to US\$3,102,000 was awarded to Fairfield Construction Associate, LL Con. 9th December, 2016 for the renovation and reconstruction of the Chancery Building, revealed the following:

- There was no evidence that advertisement for International Competitive Bidding method was carried out in a widely read newspaper or other medium in New York that could have given eligible contractors the opportunity to compete.
- The Mission had paid over US\$1.2 million (i.e. over 39% of the total project cost) to the contractor without any form of monitoring, no form of valuation of work done and evaluation of the progress made. We found it difficult to link the amount of money that had been paid to the contractor to the work that had been done.
- There has been no management consultant to ensure that the renovation and construction work has been executed in compliance with agreed drawings, bills of quantities and other technical requirements.

- The steel staircase and elevator paid by the Mission to the contractor costing US\$223,250 on 10th April, 2017 were not delivered up to the end of the audit execution which was on the 12th August, 2018.

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

*The HoC stated: "We were not able to advertise the contract in a widely read newspaper in New York because of the cost implication. We instead used our website to advertise the contract which gave contractors all around the world the opportunity to bid instead of just those in New York.*

*The selected contractor has been very reasonable with the Mission. Even though we have breached the payment terms with the contractor on many occasions (due to late and limited transfer of funds from headquarters), he has shown great understanding with us. It is very difficult or perhaps impossible to hire a contractor in this part of the world without meeting the payment terms and conditions on time.*

*In terms of monitoring and evaluation, the Mission has a committee that is responsible for looking at the work of the contractor before making any progress payment. The committee comprises a civil engineer and other technical personalities that are knowledgeable in the required field.*

*The steel staircase and elevator have been delivered and installed. The building is open for verification".*

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

We shall follow up on this issue in subsequent audits.

#### **2.5.9. Procurement of Common Use Goods and Services**

Section 45 (1) of the Public Procurement Act of 2016 requires that quotations should be requested in writing from as many bidders as practicable, but at least from three bidders.

From a sample of 50% of the Mission's transactions in the Operations account, we noted that common use goods and services such as stationery, office supplies, catering, repairs and maintenance etc. which amounted to US\$44,099 were procured without any evidence of quotations. We therefore recommended that the HoC should ensure that the GoSL's public procurement rules and regulations in respect of common use goods and services were strictly adhered to.

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

*The HoC said: "Due to the perennial lack of adequate funds, the Mission took good advantage of the credit facility in the market system of the host country. Therefore, many common use goods and services were procured by a standing negotiated credit facility, mainly with STAPLES, which offered the Mission the ease of an interrupted supply of common use goods and services with deferred payments in convenient monthly installments".*

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

We shall follow up on this issue in subsequent audits.

#### **2.5.10. Deplorable State and Condition of Government Residential Quarters**

The state and condition of the two government residential quarters, residences of the HoC and the PR was far from being pleasant. From the physical verification of these residential quarters, typical among the various unpleasant conditions include the following:

- Running water pipes were blocked to an extent that flooding has become the order of the day at the basement of the two residential quarters.
- The boiler, laundry machine, and electrical heating system at the residence of the HoC were damaged beyond repairs.
- The central air conditioners in both residential quarters were not functioning, thereby, exposing occupants to health hazards.
- The ceilings in both residential quarters were leaking, and that caused discomfort to the habitants.
- The kitchen in the PR's residence was in a dilapidated state, and almost all the electrical equipment including the microwave, freezer, oven, etc. were not in working order.
- The carpet in the PR's residence was worn out.
- The windows at the PR's residence were broken and stuffed with pieces paper and cardboards to prevent the occupants from the cold winter.
- The floor and wall tiles in the toilets and other interior parts of both residential quarters were damaged.
- The staircases and walls in both residential quarters were cracked.
- The garages in both residential quarters were filthy, smelly, and full of disposable government assets and other irreparable tangible items.
- The state and condition of these two government property had been previously reported by the ASSL but no action had been taken to bring these property to a habitable state.

We therefore recommended that the MoF should ensure they remit funds immediately for the renovation and rehabilitation of these property. Otherwise, their continued deterioration and deplorable state will alert the New York City Council to intervene and sell the two property on behalf of government that was done previously to a dilapidated government property at Mount Vernon many.

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

*The HoC stated: "We have brought this issue to the attention of headquarters on many occasions. However, the insufficient allocation of funds to the Mission has not permitted us to remedy the situation. We will continue to notify the relevant authorities about the effect of doing nothing and hope our requests will be heeded to".*

### **Auditor's Comment**

We shall follow up on this issue in subsequent audits.

#### **2.5.11. Payment Due to the Regular Budget of the United Nations and Other International Organisations**

The GoSL owes to the regular budget of the UN and other international organisations. Several letters had been sent to the MFAIC for necessary actions to be taken by the MoF in settling Sierra Leone's outstanding contributions. On 21st June 2018, a letter was sent to the Director General & Ambassador-at-Large of the MFAIC informing him of Sierra Leone's accumulated total amounts owed to the UN and other bodies in US Dollars and Euros which amounted to US\$227,738 and €6,108, respectively.

It was recommended that the MoF should ensure that immediate action is taken to clear the back-log arrears owed to the UN and other international organisations to save Sierra Leone from the imposition of sanctions and other facilities enjoyed by both the country and Sierra Leonean nationals working or intending to work for these organisations. This effort will go a long way to minimise The Government Sierra Leone's embarrassment to the outside world.

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

*The HoC stated: ‘We have sent several letters to headquarters for necessary action to be taken in settling Sierra Leone’s outstanding contributions. We are expecting the full commitment of the Ministry of Finance in clearing the back log of arrears owed’.*

### **Auditor’s Comment**

We shall follow up on this issue in subsequent audits.

#### **2.5.12. Peace Keeping Operations/Deployment of an Infantry Battalion and Police Units to UN Peace Keeping Operations**

Sierra Leone’s participation in the United Nations Peacekeeping Operations remains part of the GoSL’s foreign policy initiative i.e., the promotion of the country’s national interests. The operational deployment of the Republic of Sierra Leone Armed Force (RSLAF), Sierra Leone Police (SLP) and personnel of the Correctional Services are therefore used as political instrument of statecraft in promoting Sierra Leone’s foreign policy objectives as espoused in defence missions and military tasks.

At the Peacekeeping Leadership Summit on 28th September 2015, the GoSL pledged the deployment of an Infantry Battalion of 850 personnel and two Formed Sierra Leone Police Units to the UN Peacekeeping Operations. This pledge was reaffirmed by the Permanent Mission of Sierra Leone to the UN in 2016 and 2017, respectively. The pledge is consistently being quarterly reaffirmed as required by the Peacekeeping Capability Readiness System. The reaffirmation and confirmation of pledge for the deployment of the Formed Sierra Leone Police Units and the Infantry Battalion were also obliged by the Security Council which calls upon member states to honour their commitments, in view of resolution 2295 (June 2016).

Whilst Sierra Leone’s peacekeeping contingents were assessed by the UN Department of Peacekeeping Operations during the Assessment and Advisory visit to Sierra Leone from 11th to 13th April, 2016 as fit and ready, its commitment as pledged to deploy one battalion force-size is yet to be operational due to logistical shortfalls. Delivery on the contract for the procurement and supply of peacekeeping operations equipment signed by the Ministry of Defence (GoSL) and Poly Technologies Inc. China on 15th June 2016, to deploy on the UN Peacekeeping Operations remains uncertain. There have been reminders by the UN Special Committee on Peacekeeping Operations (C34) on when Sierra Leone will deploy its Formed Sierra Leone Police Units (RSLAF Infantry Battalion and Formed Police Units of the SLP) but nothing has been done since 28th September, 2015 when the pledge was made by the GoSL.

We recommended as follows:

- Given the GoSL’s pronouncement in deploying troops on the UN Operations at the Peacekeeping Leadership Summit on 28th September 2015, the MFAIC should immediately liaise with the relevant authorities in ensuring that Sierra Leone’s pledge be honoured.

- In future, the GoSL should ensure that its commitments and pledges to the UN and other international bodies are honoured on a timely basis.

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

*The HoC said: "We have taken note of the audit recommendations and will continue to liaise with the relevant authorities for necessary actions to be taken in honouring the GoSL's pledges to the UN and other international bodies".*

### **Auditor's Comment**

We shall follow up on this issue in subsequent audits.

#### **2.5.13. Repatriation Allowance for Cancelled Cross Posting Arrangement not Paid Back into the CF**

As part of our audit engagement, we followed up on an issue in 2013, in respect of a cancelled cross posting arrangement by the MFAIC. The outcome of the follow-up investigation indicated that repatriation allowance which amounted to US\$23,000 and remitted into the Mission's account by the MOF, and latter transferred into the Director General's account at the MFAIC by the Mission due to the cancellation of the cross posting arrangement was not paid back into the CF.

Initial investigations revealed that a staff was informed by the MFAIC in a letter dated 14th May 2013, that approval has been granted for him to be cross-posted from the Permanent Mission of the Republic of Sierra Leone in New York to the Permanent Mission of the Republic of Sierra Leone in Geneva as Counsellor/Head of Chancery. The HoC at the Permanent Mission in New York was then told to provide cost estimate for the staff and family from New York, United States of America to Geneva in Switzerland. On 20th June 2013, the HoC sent an estimate (repatriation cost) to the MFAIC for staff and family to be repatriated to the Sierra Leone Permanent Mission in Geneva, Switzerland. The repatriation allowance to the tune of US\$23,000 was then remitted into the Mission's account on 11th September, 2013 for the staff and family to travel to Geneva, Switzerland and assume the role of HoC at the Sierra Leone's Permanent Mission in Geneva.

On 14th May 2013, a letter referenced 14601/2 was sent by the MFAIC to the HoC informing him that the cross-posting of the staff from the Permanent Mission of Sierra Leone in New York to the Permanent Mission in Geneva has been reversed on the directives of the Honourable Minister of Foreign Affairs and International Cooperation.

In line with the above, the HoC was instructed by the MFAIC to pay back the stated repatriation allowance into the CF through the Director-General's current account held at the Sierra Leone Commercial Bank, Siaka Stevens Street, Freetown, Sierra Leone. The HoC was also instructed that the payment should be made with a banker's cheque in the name of the Director-General, MFAIC. On 24th October 2013, the Finance Attaché at the Sierra Leone Permanent Mission to New York then issued a banker's cheque (Citibank) as per the directives of the Director General MFAIC. However, the evidence to indicate that this amount was paid into the CF by the MFAIC was not made available for inspection.

We recommended that the Director General of the MFAIC should ensure the following:

- The US\$23,000 should be recovered and paid back into the CF and evidence of payment forwarded to the ASSL for verification.

- In future, repatriation allowance in respect of cancelled cross-posting arrangement should not be paid into the Director General's account, rather, it should be immediately paid back into the CF and evidence retained for audit and reference purposes.

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

The HoC said: “*The Mission was instructed by the MFAIC to pay back the stated cancelled repatriation allowance into the CF through the Director General's Current Account (Account no. 114616) held at the Sierra Leone Commercial Bank, Siaka Stevens Street, Freetown, Sierra Leone. We have informed the Ministry accordingly and hope to make the evidence available once it is received*”.

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

The evidence to indicate that the US\$23,000 had been recovered and paid into the CF remains uncertain. This issue will be followed up during the next audit of the Mission.

## **2.6. SIERRA LEONE EMBASSY IN BEIJING, CHINA-2012-2018**

### **2.6.1. Official Receipts not Issued in Respect of Visa Fees**

A review of the Consular Operations in the Embassy revealed that official receipts were not issued to applicants for payment of visa fees. Cash received in respect of consular fees are determined by the payments made directly into the bank account by applicants, and from cash collected from applicants and paid into the bank account. There were no supplementary records maintained to determine the number of applications processed and fees received.

We recommended that the HoC should ensure the following:

- With immediate effect, the HoC should initiate the process of acquiring/printing receipt books for use by the Consular Officer.
- Customised receipt books bearing the Embassy's letter head are prepared in triplicates.
- Receipt books are recorded in a ledger by serial number and maintained by a responsible officer separate from the officer issuing receipts to visa applicants.
- All receipt books issued are signed for and can only be replenished when the previous one is completed and retired to the custodian of the receipt books.
- All applicants are issued receipts for payments made; whether directly to the bank or paid in cash.
- Copies of receipts must be attached to the processed applications.
- All receipts are recorded in a ledger maintained for that purpose, with all relevant details such as receipt number, amount, payee, date, application number etc.
- The accountant must reconcile the receipts issued to the receipts ledger and the bank on a regular basis (weekly at least).

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

The HoC stated: “*There was a regulation from headquarters that requested all overseas missions to put a system in place that will enable applicants for visas to Sierra Leone to make direct payment to the bank. The Sierra Leone Mission in Beijing adopted that system of payment for visas, and only received bank payment slips from the visa applicants. However, the new Finance Attaché has requested the printing of official receipts which would be used in accordance with the recommendations of the Draft Management Letter on the Audit of the Sierra Leone Embassy in Beijing on all consular payments*”.

### **Auditor's Comment**

We shall follow up on this issue in subsequent audits.

#### **2.6.2. Withdrawal from Consular Account without Authorisation**

Withdrawals made from the Consular Account that amounted to Y454,590 or US\$72,734 for the period under review were without authorisation from the Ministry of Finance. We recommended that the HOC should submit for verification, the authorisation from the Ministry of Finance; failing which, the amount involved should be refunded into the Consular Account.

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

The HoC stated: “*All the withdrawals from the Consular Account are made either on authority received from headquarters or based on urgent necessity as could be seen under the following activities in the enclosed documents.*

- *Payment in respect of air tickets and per diem for Ambassador Foh and two officers to travel to Vietnam for the presentation of credentials, September 2014. Authority from headquarters is enclosed.*
- *Payment in respect of air tickets and per diem for Ambassador Foh to travel to Sierra Leone on official assignment, January 2015. Authority from headquarters is enclosed.*
- *Payment in respect of air tickets and per diem for the Minister Counsellor/Head of Chancery to travel to Sierra Leone for promotional examination, February 2015. Authority from headquarters is enclosed.*
- *Payment in respect of air tickets and per diem for the Deputy Head of Mission, Madam Kumba Alice Momoh to travel to South Africa on official assignment, November 2015. Authority from headquarters is enclosed.*
- *Payment in respect of air tickets and per diem for the erstwhile Second Secretary, Robert Koroma to travel to Sierra Leone for promotional examination, June 2016. Authority from headquarters is enclosed.*
- *The travel expenses of Ambassador Alimamy Philip Koroma to witness the funeral ceremony of his colleague, Ambassador Ibrahim Kamara, February 2017.*
- *Four months' rent in respect of newly posted Second Secretary, Mrs. Josephine Bangura. The rent of apartments at the Diplomatic Residence Compounds (DRCs) in Beijing required an advanced payment of three months as caution fees for any damage and one month rent, April, 2018. Receipts of payment are enclosed.*
- *The insurance premiums for the Embassy vehicles that expired and there were no funds available, so we had to resort to using consular funds to renew the insurance premiums as they were time bound with no other charges remitted at the time. May, 2018. Copies of the receipts and insurance premiums are enclosed.*
- *The eleven-year old Mercedes Benz S300 which is the official vehicle of the Deputy Head of Mission broke down and needed urgent repairs, so we had to resort to using consular funds in the process, for which receipts are enclosed. June, 2018.*
- *The furniture in the residence of the Ambassador and the offices of both the Ambassador and the Deputy Head of Mission were bought in 1999 and had become very old which required immediate replacement. We resorted to the use of consular funds so as to save the face of the Embassy. Receipts of the purchase are enclosed”.*

### **Auditor's Comment**

We shall follow up on this issue in subsequent audits.

### **2.6.3. Delay in Payment or Transfer of Funds into the CF or Government Designated Treasury Account**

From August 2012 to July 2018, the Embassy in accordance with the provision in section 49(11) of the PFMA of 2016, was estimated to have made 72 monthly transfer to the treasury main account or other designated treasury accounts. It was however observed that, a total of four remittances or transfers were made by the Embassy into the treasury main account or CF during the period under review.

We recommended that the vote controller together with the Head of Mission should ensure that this matter is immediately addressed by fully complying with the provisions in section 49(11) of the PFMA of 2016.

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

*The HoC stated: "There were indeed defaults in the transfer of consular funds into the CF, but on the advice of the assigned Auditor for the period under review, regular transfers of consular funds will now be made to the CF".*

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

We shall follow up on this issue in subsequent audits.

### **2.6.4. Payment of Remittances into Private Bank Account Instead of the Embassy's Account**

Section 49 (7) of the PFMA of 2016 requires that no state revenue or other public monies shall be held or paid into a private bank account. We observed that the Ministry of Defence failed to remit funds/monies in respect of the establishment and operations of the Defence Attaché/Unit into the Embassy's accounts in Beijing; instead, payments were directly made into the personal account of the Defence Attaché. In addition, supporting documents to justify the use of such funds were not submitted for audit inspection.

We therefore recommended that the HoC should ensure that this matter is brought to the attention of both the MoFED and the MFAIC to ensure full compliance with the provision in section 49 (7) of the PFMA of 2016. In addition, supporting documents to justify the use of such funds should be submitted for audit verification.

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

*The HoC said: "On the assumption of duty of the Defence Attaché, the Embassy opened a separate account for the operations of the Office of the Defence Attaché and transmitted the details of the account to the Ministry of Defence through the Ministry of Foreign Affairs and International Cooperation. Since then, no remittances have been made into that account".*

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

We shall follow up on this issue in subsequent audits.

### **2.6.5. Weaknesses in the Payment of Grants-in-Aid or Allowances to Students**

An interview with Sierra Leonean students in the Republic of China revealed the following shortcomings:

- Lack of students' progress reports from the relevant institutions.

- Lack of a comprehensive database of students studying in China.
- Payment of allowances to students were made using photocopies of their passports instead of their student identification cards.

We recommended that the HoC together with the vote controller should ensure that proper procedures are put in place for the identification, status and progress of all students benefiting from the payment of Grants-in-Aid and other allowances. We also recommended that the HoC, in collaboration with the Ministry of Technical and Higher Education and MFAIC should establish detailed and comprehensive information of Sierra Leonean students in China. This information should be monitored and updated on a yearly basis.

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

*The HoC stated: ‘The Embassy in collaboration with the Ministry of Technical and Higher Education and the Sierra Leone Students Union in China have put together a comprehensive list of all students currently holding Grants-in-Aid and other allowances, and also a comprehensive list of all Sierra Leonean students in China. These lists are updated annually to incorporate new students and delete those students that would have graduated’.*

#### **Auditor’s Comment**

We shall follow up on this issue in subsequent audits.

#### **2.6.6. Inconsistency in the Payment of Child and Education Allowances**

A review of the salary vouchers of the Embassy disclosed that the Press Attaché was being paid child allowance in respect of one child, and education allowance to the same officer in respect of three children. This resulted in the overpayment of child allowances amounting to US\$31,500.

We recommended that the former Press Attaché should refund the amount of US\$31,500 into the CF and evidence of payment submitted to the ASSL for verification, or the relevant authorities will be informed for necessary action.

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

*The HoC stated: ‘Allowances for children of Diplomats are normally determined and paid from headquarters, depending on the number of children’s documents presented. The inconsistency in the payment of children’s education allowances for the erstwhile Press Attaché’ is from headquarters. They should be able to provide information on that’.*

#### **Auditor’s Comment**

We shall follow up on this issue in subsequent audits.

#### **2.6.7. Non-submission of Complete Salary Payment Vouchers**

In spite of repeated request by the audit team, a complete set of salary vouchers were not submitted for the period under review.

We recommended that the Finance Attaché in collaboration with the Head of Chancery and the Director General, MOFAIC, should ensure that a complete set of the requested salary vouchers are submitted to the ASSL for verification.

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

*The HoC said: "There are complete sets of salary vouchers for the entire period during my tenure in the period under review. If not for the bulkiness of the files, we would have transported them".*

### **Auditor's Comment**

We shall follow up on this issue in subsequent audits.

#### **2.6.8. Payments of Overtime to Drivers**

A total of US\$31,453 was paid to drivers in respect of overtime. However, vehicle logbooks were not in operation at the Embassy to assist the auditor ascertain work done by these drivers that resulted in such payment.

We recommended that the HoC should introduce the use of logbooks for all official vehicles of the Embassy with immediate effect. We also recommended that overtime should only be paid to drivers based on information contained or recorded in the vehicle logbooks indicating the time the driver was actually with the vehicle and for what purpose.

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

*The HoC said: "The labour laws of China require the payment of overtime to workers after the stipulated working hours of 900 hours to 1900 hours. The colossal amount paid to them is as result of cumulated hours of overtime worked. However, the Embassy has now adopted the use of vehicle/fuel logbooks as recommended by the audit team".*

### **Auditor's Comment**

We shall follow up on this issue in subsequent audits.

## **2.7. SIERRA LEONE EMBASSY TO THE KINGDOM OF BELGIUM AND THE EUROPEAN UNION - 2014-2018**

#### **2.7.1. Management of Consular Section**

Although the application process has improved over the years, there is still need for improvement. For instance, some of the details required on the form are not usually provided, and the official section of the form is almost never completed, and the form doesn't state the method of payment.

For the period under review, the Embassy collected visa fees both through a recently installed bank terminal and as well as in cash. However, the Embassy failed to deposit intact and used some of these funds to cover the cost of running the Embassy, thereby failing to account for €22,885.

We recommended that the HoC should ensure the following:

- With immediate effect, develop a fees chart for every category of attestation service and ensure that all payments for same are processed through the bank terminal at the Embassy.
- Retire the sum of €22,885 or the same be surcharged.
- Completed application forms are to be processed from now on.

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

*The HoC stated:*

- *"The Embassy has stopped with immediate effect the use of self-made visa stickers and has again sent another memorandum to the Ministry of Foreign Affairs and International Cooperation requesting visa stickers for the above purpose.*

- While waiting for the visa stickers to be supplied by the Immigration Office, the Embassy has gone back to its fall-back position, i.e. using visa stamps for the time being.
- A fees chat already exists, and is displayed on the reception door. Regular monitoring and completion of the forms is now in place.
- 2018 Petty Cash receipts were not produced during the audit process. From €7,290.00 fees not banked or expended in 2018, the Mission can account for €6,641.90. The outstanding balance will be carry forwarded in 2019 and accounted for in Q1/2019. Finance will make sure this expenditure is included in Q1/2019 Financial Returns as a proof”.

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

The Embassy's unverified response is noted and will be kept in view at the next audit. However, the HoC have failed to:

- completely account for the sum €8,953 of the visa fees and €14,630 of the attestation fees;
- provide an action plan on the future collection and accounting for attestation fees and
- proper management of completed visa forms.

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

We shall follow up on this issue in subsequent audits.

#### **2.7.2. Funding of the Embassy**

The following were observed:

- Funding of the Embassy was grossly inadequate and consistently delayed, except for salaries, which were paid every month with some delays there too.
- During 2018, the running costs of the Embassy were paid exclusively from visa fees generated and as a result, there were no transfers of same to the Bank of Sierra Leone as required by the Public Financial Management Act of 2016.
- The Embassy had outstanding debts of €49,360 due to various suppliers, with €19,811 being over six months old. There are letters to the Embassy from legal representatives of suppliers threatening to report the Embassy to the host nation's Foreign Ministry. There is sufficient evidence that the Embassy on its part has made several attempts to call for the intervention of both the MFAIC, including a letter that was issued on the 17th of September 2018.

We recommended that the HoC should take immediate action to ensure that the finances of the Embassy are looked into by both the MFAIC.

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

The HoC said: “The Embassy has started analysing the management accounts to compare expenditure year to date with actual remittances received. However, the approved budget is not with the Embassy and will be requested from MFAIC by 22nd February, 2019”.

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

The unverified efforts of management are noted, and shall be kept in view for subsequent audits.

## **2.8. MINISTRY OF DEFENCE - 2017-2018**

### **2.8.1. Procurement Irregularities**

#### *Requirement for Annual Procurement Planning not Met*

The approved procurement plan for FY2018 was submitted for our review. We however observed that this procurement plan was not revised and updated as appropriated, in consultation with the Ministry of Finance and the NPPA, as stipulated in section 27(3) of the Procurement Regulations of 2006. Because of this, the Ministry undertook procurements worth Le2,685,149,000.00 that were not in the plan.

Continuation of this practice may lead to procurement of unwanted goods, works and services. This may also distort the budgetary process and may also put the Government undue pressure in making payment for these unplanned procurement activities.

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

*The Director General (DG) stated: "These are transactions that were executed after the procurement plan had been endorsed. Therefore, it was an oversight to modify the plan. However, all these activities were approved by the requisite authorities before execution. Hence, we note the recommendations and commit ourselves to future compliance".*

#### **Auditor's comment**

Management's response is noted. However, the revised and updated procurement plan done in consultation with the Ministry of Finance and the NPPA was not submitted. Therefore, the issue is still remains unresolved.

#### *Notification of Unsuccessful Bidders*

During our review of the International Competitive Bidding (ICB) procurement documents for the construction of 18 accommodation blocks at Gondama Barracks Phase II and the Infantry-size Battalion Barracks at Kambia, we noted that notifications were not sent informing the unsuccessful bidder(s) of the reason for which their respective bids were unsuccessful. This was contrary to the provision in section 27 of the Public Procurement Act of 2016 which requires that the procuring entity shall soon after a successful bidder has been identified, inform the unsuccessful bidder(s) of the reason for which their respective bids were unsuccessful.

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

*The DG stated: "It may have been an oversight that the notifications for the sampled procurements were not submitted for your review. Our practice had been notifying all unsuccessful bidders and communicating reasons for their rejection. We however note your recommendations and will continue to be in full compliance with appropriate provisions of procurement laws and regulations. These documents will be appropriately filed for ease of reference".*

#### **Auditor's comment**

Evidence of notifications to unsuccessful bidders was not submitted for audit verification. Therefore, this issue remains unresolved.

#### *Incomplete Contracts*

Section 30 of the Public Procurement Act of 2016 enjoins procuring entity to be responsible for the administration of contracts into which it enters, as well as the monitoring of the performance of such contracts.

Interview with key personnel and review of contract status update revealed that four contracts were still ongoing even when the contracts period had elapsed. These were the construction of the Gondama Barracks Phase II, construction of the Kambia Infantry Military-size Barracks, procurement of assorted roofing materials and the peace support operations equipment. There was no evidence of further action taken by the Ministry against the defaulting contractors considering the fact that the performance bond and advanced payment guarantee had since been expired.

Procurement activities carried out might not achieve the desired result, leading to loss of public funds.

We recommended that the Procurement Committee should take necessary action against the contractors to ensure full compliance with the terms of the contract. Otherwise, the Ministry should embark on a robust recovery action on amount paid plus interest from the contractors.

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

*The DG stated: "There are instances where we, as a Ministry default in executing contracts. These are mainly due to unavailability of funds to pay the contractors as stipulated in the contract. Even though the Ministry is budget constrained, we are assessing ongoing projects so as to submit a realistic budget in ensuring that adequate funds are provided for their completion. In addition, we are also engaging the contractors for a possible remedy to this situation. We will keep your office updated on progress made with regard to outstanding projects".*

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

The contracts have still not been completed. Therefore, the issue remains unresolved.

#### *Artificial Splitting of Procurement Activities*

We examined a sample of procurement activities to determine whether appropriate procurement methods were used in the procurement process. We however observed that Requests for Quotation (RFQ) procurement method was used to undertake procurements valued at Le317,230,000.00 and Le4,453,333,500. These values were above the RFQ threshold, and therefore the NCB procurement method should have been the most appropriate method of procurement. The Ministry was therefore in total violation of section 37 (2) of the Public Procurement Act of 2016 which stipulates that procurement shall not be divided artificially with the intention of avoiding the monetary thresholds established under to this Act or regulations made under it.

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

*The DG stated: "These items were not in the initial procurement plan, and it was management's decision to upgrade the office on a bit by bit basis. Therefore, these were done in piece meal based on the availability of funds. However, we note the auditor's comment, and in future, we will be committed to compliance".*

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

The justification given by management is not in accordance with the Public Procurement Act of 2016 or the Public Procurement Regulation of 2006. We therefore recommend for the use of a framework contract as a possible measure in addressing this issue. The issue is still unresolved.

#### *Signing of Local Purchase Order*

The standard Local Purchase Order (LPO) issued by the NPPA requires that the LPO should be authorised by the Director General (DG). We however observed that LPOs amounting to

Le5,200,518,732.00 were authorised by the Senior Procurement Officer even though there was no evidence of delegation from the DG.

***Official's Response:***

*The DG stated: "We noted the auditor's comment, and in future we will be committed to compliance by ensuring that Local Purchase Orders above the threshold are signed by the appropriate authorities".*

**Auditor's Comment**

Management's response is noted. However, evidence of delegation of duty from the DG, was not submitted for verification. Therefore, this issue remains unresolved.

**2.8.2. Unsupported and Unreceipted Payments**

We reviewed a sample of payments and observed that during 2018, payments for goods, works and services, which totalled Le1,641,012,500.00, were without payment vouchers and supporting documents.

Similarly, we also examined payments during 2017 and 2018 and observed that payments which totalled Le2,823,746,793.00 and Le1,404,836,150.00 respectively, were without adequate supporting documents such as delivery notes, invoices, receipts, back to office report, beneficiaries' list, copy of passports etc. to substantiate the use of funds.

***Official's Response:***

*The DG stated that:*

*"As at the time of audit, our records management system was upgraded and most of our financial records were moved from one location to another. Upon receipt of the audit queries, we realised that some of the files were not among those submitted for audit reviews. We immediately assembled them and all PVs and their supporting documents in respect of transactions totaling Le1,641,012,500 for 2018 are available for inspection".*

*Also, files containing receipts, invoices, delivery notes, back-to-office report, beneficiaries' list, copy of passports etc. to substantiate the use of Le2,836,746,793 and Le1,404,836,150 for 2017 and 2018 respectively, are also available for inspection".*

**Auditor's Comment**

During 2018, out of a total of Le1,641,012,500.00, payment vouchers and supporting documents were submitted for payments which totalled Le100,000,000.00 leaving a balance of Le1,541,012,500. Therefore, this issue is partly resolved.

Also, during 2017 and 2018, out of a total unreceipted payments of Le4,228,582,943.00, adequate supporting documents were submitted for payments which totalled Le2,621,148,132.00, leaving a balance of Le1,607,434,811.00 without adequate supporting documents. Details are given in the table below. This issue is partly resolved.

Year	Unreceipted Payments (Le)	Unreceipted Payments Verified (Le)	Unreceipted Payments Unverified (Le)
2017	2,823,746,793.	2,621,148,132	202,598,661
2018	1,404,836,150	-	1,404,836,150
<b>Total</b>	<b>4,228,582,943</b>	<b>2,621,148,132</b>	<b>1,607,434,811</b>

### **2.8.3. Payment of Statutory Deductions**

During 2017, we observed that withholding taxes, which totalled Le2,387,253,135.00 were deducted from suppliers' payments for which evidence in the form of NRA receipts were only submitted for withholding taxes which totalled Le505,335,865.00 leaving a balance of Le1,881,917,270.00 without NRA receipts as evidence of payments. Also, there was no evidence of NRA receipt for withholding taxes, which totalled Le712,316,443.00 deducted from suppliers' payments in 2018.

Non-compliance with this provision attracts penalties that may eventually affect the implementation of the activities since the penalty was not budgeted for. This may also lead to the loss of government's much needed revenue.

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

*The DG stated:*

*"Your observation is correct. These deductions should have been paid to the NRA within fifteen days of the end of the month in which it was withheld. However, as a result of the fact that certain critical/non-discretionary requirements have to be met, and no allocation was received for the said period, the withholding tax element was not paid to the NRA".*

*In future, the Ministry will endeavour to comply fully with section 130 (1) of the Income Tax Act of 2000. Such withheld amounts will in the future be paid over to the NRA based on our internal payment plan devised which will also be contingent on the availability of funds."*

#### **Auditor's Comments**

There was no evidence in the form of NRA receipts to support payment of withholding taxes of Le1,881,917,270.00 in 2017 and Le712,316,443.00 in 2018. The issue is still unresolved.

### **2.8.4. Payroll Administration**

The staff list for civilian personnel of the Ministry was submitted for our review. We requested for a physical verification exercise to establish the existence of those whose names were on the staff list and were paid salaries on monthly basis. But in spite of repeated request, we observed that 115 civilian personnel of the Ministry were not available for physical verification.

We further requested for the submission and examination of the personnel files to confirm the current status of these absentee personnel. As at the time of issuing the management report, their personnel files were not presented for inspection.

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

*The DG stated:*

*"The 115 concerned staff that did not present themselves to be verified during the audit process that are stationed in the MoD headquarters, Tower Hill, JMU, 3BDE, 4BDE, JLU/SSS, Camp Station, Maritime, TPT, Army Engineer, 1BN, AFTC, AFPC, AFEC, Mil War Grave, Cockerill, F/Workshop, Chaplain are now available to be physically verified.*

*The personnel files with respect to the 115 concerned staff are available for audit inspection".*

#### **Auditor's Comments**

Of the 115 civilian personnel that were not available for physical verification, only 23 staff availed themselves for verification, leaving a balance of 92 staff unverified.

## **2.8.5. Operational Effectiveness of Various Units**

### **2.8.6. Joint Medical Unit**

#### *Assessment of the Store and Kitchen*

The management of the storage of drugs and consumables was not adequate. This was evidenced during our inspection of the store as there were no air conditioners to ensure that drugs are kept at an ideal temperature to enhance their potency.

Furthermore, we observed that, there were no fire extinguishers to prevent the store in an event of any fire incident. In the event of fire accident, it will be difficult to put out the fire.

The store lacks proper shelving system to ensure that the store is well packed and orderly. This may lead to the damage of drugs and other medical items and will lead to the loss of public resources.

A conducted tour on the 34 Military Hospital's environment confirmed that its kitchen was in a very dilapidated state. We observed that the facility was in a state of disrepair and there was no evidence of efforts made by management for its rehabilitation. This will affect the quality of food prepared in the kitchen and may pose a threat to the wellbeing of the patients.

#### *X-Ray Machine and Oxygen Concentrators*

Physical observation and interview conducted with personnel at the X-Ray Unit confirmed that the biochemistry analyser and X-ray machine at the hospital were faulty. There was no evidence of actions taken by management to repair or replace these equipment.

The oxygen concentrators used to resuscitate critically ill patients were in short supply. Interview conducted with the Matron at the hospital revealed that the hospital needs a minimum of 31 oxygen concentrators. Out of 12 oxygen concentrators available at the hospital, only seven were functional. It was most disturbing to note that in the event of power outage, they cannot work as there is no automatic changeover stand-by generator that will power the oxygen concentrators during power outage which will automatically lead to the death of the patient.

#### ***Official's Responses***

*The DG stated: ‘Management has noted these lapses and appreciates the external auditors for simultaneously picking them up. However, the provision of these items is contingent on fund. Therefore, with the aid of this report, we are hopeful that this situation would be ameliorated. As an interim and emergency measure, we will liaise with the Ministry of Health and Sanitation, Connaught Hospital and other Tertiary Hospitals to discuss possible remedy for the situation at the JMU’.*

#### **Auditor's Comments**

- There are still no air conditioners and fire extinguishers at the drug store. Therefore, this issue remains unresolved.
- The X-Ray machine is still faulty and the oxygen concentrators are still short in supply, and no evidence of an automatic changeover stand-by generator were seen. Therefore, issue remains unresolved.
- The kitchen at the 34 Military Hospitals has not been rehabilitated. Therefore, the issue remains unresolved.

### **2.8.7. Joint Logistics Unit**

We observed the following during our assessment of the stores at the Joint Logistics Unit (JLU).

- There was no evidence in the form of stores inspection reports, that the stores at JLU were being inspected regularly.
- We also noted that cases of loss, shortage, leakage, damage, waste or deterioration of stores items were not reported. This is premised on the fact that assorted hardwood timbers that were procured for the renovation of barracks and front patrol bases valued at Le203,132,500 has been damaged and not fit for use. The remaining wood preservatives at the store valued at Le209,712,500 has started deteriorating; some of the containers leaked and have been damaged.
- Regular fumigation was also not carried out at the rice store as verification of the rice store revealed that 120 bags of rice were damaged by rodents.
- The store records were not regularly updated as there were differences between the physical stock balances and the figure on the stock cards. Review of the records at the rice store at the Joint Logistic Unit revealed that the current balance of rice bag is 22,234. However, upon physical verification as at 3rd September 2019, the actual balance of rice bag was 2,538. The store keeper attributed the delays in updating the store records to other emergencies that were addressed.

#### ***Official's Responses***

*The DG stated:*

- (i) *"We note the auditor's comment and in future we will be committed to compliance by ensuring that the stores will be inspected periodically and inspection reports maintained. Regarding the issues surrounding the damaged timbers and wood preservatives,*
- (ii) *We are seeking funding to ensure that regular fumigation is carried out on a monthly or quarterly basis.*
- (iii) *We note the auditors comment and in future, we will be committed to compliance in ensuring stock cards are updated as receipts and issues are done. Moreover, the stock records that were not updated gave rise to these differences have been updated and are now available for audit inspection".*

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

There was no justification for the loss of the hardwood timber for the renovation of barracks and front patrol bases valued at Le203,132,500.00 and the deteriorating states of the remaining wood preservative valued at Le209,712,500. Therefore, this issue remains unresolved.

### **2.8.8. Information, Communication and Technology (ICT) Unit**

There was no business continuity and disaster recovery plan in operation to identify, reduce and manage risks from significant IT breakdowns. We also noted that the Ministry did not have a back-up system to secure its information in case of an outbreak of fire or any eventuality. And in the event of disaster or critical disruption, the Ministry may not be able to deliver on its mandate which may lead to security lapses.

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

*The DG stated:*

- (i) *"There is an existing back-up system for IT services within the Ministry of Defence, and these services are:*
- (ii) *IFMIS- there is seamless and offsite back-up system for the IFMIS server. All work within the IFMIS platform automatically stored in the remote site.*

*(iii) Domain Controller- users and computers login data are frequently backed-up onsite through external backup device”.*

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

There is still no business continuity and disaster recovery plan in operation. Therefore, this issue remains unresolved.

### **2.9. MINISTRY OF DEFENCE, SOUTHERN REGION - 5<sup>TH</sup> INFANTRY BRIGADE - 2017-2018**

#### **2.9.1. Cash and Bank**

There was inadequate control over cash receipts by the Ministry of Defence, South (5<sup>th</sup> Infantry Brigade). Ration cash allowances and monthly running cost were received in cash from the Joint Force Command (JFC) instead of being paid by cheques or to open bank account for the Brigade into which all monies are remitted. The total of Le546,696,979.00 was paid to the brigade as ration cash allowances and monthly running cost for the period under review.

We recommended that the Brigade Commander in collaboration with the Commanding Officer Joint Force Command (JFC), Chief of Defence Staff (CDS) and the Director General (DG) of the Ministry of Defence should liaise with the Accountant General and the Financial Secretary to open a bank account for the 5<sup>th</sup> Infantry Brigade to prevent the risk of theft and misappropriation of funds allocated to the Brigade. In the interim, the DG and Commanding Officer of the JFC should ensure that cheques are issued to the 5<sup>th</sup> Infantry Brigade whenever they want to remit cash to the brigade.

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

*The Brigade Commander (BC) stated: “The headquarters of the 5<sup>th</sup> Infantry Brigade Administration or senior management do hereby inform you that the Commander of the 5<sup>th</sup> Infantry Brigade will discuss this issue with senior management of the headquarters of JFC and the MoD as the responsibility to establish a bank account in the name of the headquarters of the 5<sup>th</sup> Infantry Brigade is above him. He has planned to do this soonest as this message is released to Freetown”.*

#### **Auditor Comment**

There was no evidence that a bank account exists for the 5<sup>th</sup> Infantry Brigade or that cheques, instead of cash are being paid to the Brigade when remitting ration cash allowances and monthly running cost. Therefore, this issue remains unresolved.

#### **2.9.2. Equipment and Other Resources**

The 5<sup>th</sup> Infantry Brigade headquarters and the 14<sup>th</sup> Battalion based in Pujehun District are constrained with vehicles and motorbikes to enhance effective operations of the RSLAF in the area of responsibility. A number of vehicles and motorbikes had not been roadworthy for over a year now, and there was no evidence that the Brigade headquarters had taken actions to either repair them or dispose of them. Similarly, spare parts were not supplied within a reasonable time from the date the request is sent to the Joint Logistic Unit (JLU) headquarters in Freetown.

Office and communication equipment were not sufficient to enhance the effectiveness of the personnel at the Brigade.

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

The Brigade Commander (BC) stated: “The senior management at the 5<sup>th</sup> Infantry Brigade headquarters has planned to meet the senior management at the MoD and the JFC headquarters to deliberate on the issue of assets disposals and allocation for the 5<sup>th</sup> Infantry Brigade headquarters”.

### ***Auditor Comment***

We noted that efforts were made by the Brigade to repair some of the vehicles and motorbikes. These are now in full operation. However, there was no evidence that spare parts, office and communication equipment were supplied to the Brigade and that vehicles that were not roadworthy have been disposed of. Therefore, this issue is partly resolved.

#### **2.9.3. Accommodation**

The following were observed:

- Some of the accommodations at the 5<sup>th</sup> Infantry Brigade headquarters and the 14<sup>th</sup> Battalion based in Pujehun were in a deplorable condition. For instance, the roofs of some of the quarters had serious leakages.
- The toilet facilities were observed to be in a very poor condition. For instance, we observed that the walls had cracks and the toilets were not properly kept.



**Toilet Facility at the 5<sup>th</sup> Infantry Brigade Headquarters (Front View)**

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

The BC stated: “The Senior Management Planning Committee at the 5th Infantry Brigade headquarters has set up a date for the Commander of the 5th Infantry Brigade to travel to Freetown to address the issue of accommodation regarding the barracks project which is yet to be completed. Meanwhile, there are plans to construct new deep trench latrine at the headquarters of the 5th Infantry Brigades and the 14th Battalion locations to replace the dilapidated ones”.

### ***Auditor Comment***

The construction of a new latrine was in progress. The leakages in the roofs of some of the quarters were yet to be addressed. Therefore, these issues are partly resolved.

#### **2.9.4. Medicare (Medical Services)**

We observed the following:

- The medical units in Gondama and Pujehun had inadequate quantity of essential medical equipment such as beds, tables, delivery sets and mattresses to carry out basic and major health services. Some beds were also damaged and they were no longer used by the personnel. Drugs and other medical consumables such as gloves, soap and sanitisers were in short supply as compared to the number of cases and ill patients that visited those facilities.
- Physical verification of the medical units in Gondama revealed that the building had cracks on the walls and the windows were damaged. Similarly, the ceiling of the buildings housing the medical unit in Pujehun District was damage and there was no evidence to show that rehabilitation works were done for the years under review.



**Medical Unit at the 5<sup>th</sup> Infantry Brigade Headquarters**

The Brigade Medical Officer and the Regimental Medical Officer should liaise with the BC and other authorities to ensure that the necessary drugs and medical equipment are provided to enhance the work of the medical staff and the rehabilitation and refurbishment of the medical units in Gondama and Pujehun units.

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

*The BC stated: "The senior management at the 5<sup>th</sup> Infantry Brigade has prepared an overall report on the status of the Medical Inspection Room of both HQ the 5<sup>th</sup> Infantry Brigade headquarters and 14<sup>th</sup> Battalion, presenting challenges regarding medical equipment, consumable medical materials, drug supplies and the physical condition of the MI Rooms".*

#### **Auditor Comment**

There was no evidence that essential medical equipment, drugs and other medical consumables were supplied to the Medical Inspection Rooms at Gondama and Pujehun. This issue remains unresolved. A status report on the Medical Inspection Room at the 5<sup>th</sup> Infantry Brigade headquarters was submitted and verified. In addition, rehabilitation work on the Medical Inspection Room at the 14thBattalion in Pujehun has commenced. Therefore, this issue is partly resolved.

## **2.10. MINISTRY OF DEFENCE -4<sup>TH</sup> INFANTRY BRIGADE - 2018**

### **2.10.1. Fixed Assets Management**

Upon physical verification of the assets within the barracks, we observed that two schools were constructed within the barracks for which written agreement between the Republic of Sierra Leone Armed Forces (RSLAF) 4th Infantry Brigade and the owners of the schools (The Catholic Mission) was not made available for audit inspection.

We recommended that the Brigade Commander (BC) should ensure that a formal agreement between the owners of the schools and the RSLAF in respect of the schools is made available for audit inspection.

#### **Auditor Comment**

There was no document, in the form of agreement, between the Catholic Mission and the RSLAF for the two schools constructed in the barracks. Therefore, this issue remains unresolved.

### **2.10.2. Operational Effectiveness**

- We observed the following at the Medical Inspection Room (MI Room):
  - (i) The MI Room did not submit the drugs receipt vouchers for five months (August to December, 2018) for inspection. In addition, drugs were supplied late to the Unit. For instance, drugs for 2018 were only received by the Unit in 2019.
  - (ii) There were insufficient benches and chairs in the Unit.
  - (iii) There was no water facility within and around the clinic and the toilet facility was poor
  - (iv) A stand-by generator was not available in case of power outage.
- We also observed that the undermentioned challenges affecting the operations of the Unit:
  - (i) Lack of adequate vehicles and non-maintenance of the existing ones.
  - (ii) Lack of maintenance of the RSLAF quarters.
  - (iii) RSLAF land not properly fenced.
  - (iv) The toilet facilities are in a bad state.
- There was no imprest to run the Forward Support Group (FSG)-North. Office equipment such as computers and photocopiers were not available in the Unit. The rice store is also in a deplorable condition as it has leakages which cause storage problems. Also, the delivery trucks used to supply rice to the different battalions were also without serviceable canopies to prevent water from reaching the rice in case it rains.

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

*The BC stated that:*

- *'In response to your findings at the Brigade Medical Inspection Room, the Brigade Medical Officer wants to make the following clarifications:*
- *At the time of the audit, only January to July 2018 drugs were received at the MI Room. The time and duration of drug supply to the Brigade is determined by JLU/SSS. However, our formation manages the supplies available.*
- *There are chairs and benches at the MI Room, although some are old and weakened.*
- *The MI Room is facilitated with two water sources, but difficult to supply water during the dry season.*
- *The MI Room has a satisfactory toilet facility although it needs improvement and minor repairs.*

- *The MI Room has a stand-by generator which is used for emergency purposes, but it is currently held at the Brigade headquarters due to inadequate storage facility at the MI Room”.*

#### **Auditor Comment**

Much has been done in addressing the issues raised with the exception of the following:

- The sitting accommodation for nurses and the water supply are still inadequate for the MI Room
- no responses were proffered for the lack of maintenance of RSLAF vehicles and personnel quarters, poor fencing of the barracks and the poor toilet facility in the quarters.

### **2.11. MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT - 2018**

#### **2.11.1. Procurement Irregularities**

##### *Artificial splitting of Procurement Activities*

Section 37 (2) of the Public Procurement Act of 2016 stipulates that procurement shall not be divided artificially with the intention of avoiding the monetary thresholds established under this Act or regulations made under it.

A review of procurement documents and related payment vouchers for 1st January to 31st December, 2018 revealed that between September and November 2018, the Ministry procured furniture at a contract price of Le211,460,000. The appropriate procurement method to have employed for this transaction as per the First Schedule of the Public Procurement Act of 2016 was the National Competitive Bidding (NCB) method. However, we observed that the Ministry split the procurement of the furniture into six lots, and then used the Requests for Quotation (RFQ) method instead of the NCB. The procurement might not have been transparent and competitive.

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

*The Permanent Secretary (FS) stated: ‘The procurement of the said furniture items were not deliberately split into six lots as opined by the ASSL. However, the Ministry does procurement based on the allocation disbursed by the Ministry of Finance which were then categorised and segmented as and when required. Candidly, the cost related to the procurement activity under reference was within the threshold of the Request for Quotation (RFQ) method as at date of receipt of quarterly allocation of funds from the MoF. This was the reason for the use of the RFQ procurement method instead of the NCB method as articulated in the first schedule of the Public Procurement Act of 2016. This is not a deliberate deviation though. Going forward, the Ministry will endeavour to have a framework contract in place for the procurement of various consumables, goods and services’.*

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

We noted management’s response on this matter, and maintained our position that the procurement was split as all the six procurement occurred in 18 days of the same month. A framework contract would have been an appropriate method to have been employed by the Ministry to enhance a healthy procurement. Therefore, this issue remains unresolved.

#### **2.11.2. Supply of Special Staff and Medals and Storage Facilities**

- On 30th November 2017, the Ministry entered into an agreement with a foreign-based company for the supply of special staff and medals for the President, Ministers and Paramount Chiefs. On the basis of urgency, approval was granted by the National Public Procurement Authority (NPPA) for the use of the sole-source procurement method to

acquire these items. A review of payments history to the contractor as at 31st December 2018, revealed that the total sum of Le2,237,080,467.00 (UK£207,020.00) was the full payment made by the Ministry for the items.

- Even though the staff and medals were delivered to the Ministry since 7th September 2018, we observed during the physical verification exercise that 85 staff and 33 medals were yet to be distributed to the intended beneficiaries' some 12 months after delivery. Similarly, distribution list for five staff and 28 medals were not submitted for verification.
- There was no evidence in the form of stores inspection reports, that the Ministry's store was inspected regularly.
- We also noted that cases of loss, shortage, leakage, damage, wastage or deterioration of stores items were not reported.
- In spite of repeated requests, officials in the Ministry were unable to provide reasons for the non-distribution of the staff and medals.

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

*The PS stated:*

- “*The procurement process was conducted in anticipation that the de-amalgamation process for various chiefdom headquarters and townships where these staff and medals were intended to be distributed should have been completed in time. However, as at date of arrival of the goods, the administrative process for the de-amalgamated chiefdoms was still on course. This led to the delay for the distribution. There are still some existing vacancies which needed to be filled before the remaining staffs are distributed to the intended Paramount Chiefs.*
- *The Director of Local Government was in charge of the distribution of the five staffs and twenty-eight medals. Unfortunately, the said Director is on leave out of the country. Efforts are being made by the Ministry to contact him for his response on the above. The Ministry will communicate same to the ASSL in due course”.*

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

- Management's comments are noted. We further recommended that in future, the Ministry should carry out a proper needs assessment for all procurement activities.
- Distribution list for the five staff and 28 medals were not submitted for verification. Therefore, this issue remains unresolved.

#### **2.11.3. Special Imprest not Retired**

Section 124. (1&2) of the Public Financial Management Regulations of 2018 states:

- (1) “*All standing and special imprest funds shall be fully retired at the end of a financial year, and any remaining balance shall be refunded to the Consolidated Fund by January 31st of the following financial year*”.
- (2) “*When failing to retire and refund an imprest fund under sub-regulation (1), the amount failed to be retired and refunded shall be deducted from salaries of the imprest-holder*”.

The Ministry disbursed a total of Le681,578,000.00 as special imprest for various activities for which retirement details were not submitted for audit inspection. In addition, there was no evidence that this amount was refunded to the Consolidated Fund.

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

*The PS stated: "The required documentary evidence is now available and ready for inspection by the ASSL".*

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

Out of Le681,578,000.00 retirement details were submitted for Le202,014,000.00, leaving a balance of Le479,564,000.00 without any retirement details. Therefore, this issue is partly resolved.

#### **2.11.4. Unsupported Payments**

A review of the imprest account bank statement held at the Bank of Sierra Leone revealed that withdrawals which totalled Le1,446,227,755.00 were without payment vouchers and the relevant supporting documents. This was contrary to the provision in section 100(1) of the Financial Management Regulations (FMR) of 2018 which requires that no payment from the CF or a donor or special fund shall be made without a payment voucher.

Similarly, we also observed that a total of Le1,338,950,000.00 disbursed for various transactions, as recorded in the Accountant General's IFMIS printout, were without retirement details.

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

*The PS stated: "The required documentary evidence was now available and ready for inspection by the ASSL".*

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

- Out of Le1,446,227,755.00, payment vouchers and supporting documents for payments which totalled Le1,094,637,755.00 were submitted, leaving a balance of Le351,590,000.00 without payment vouchers and supporting documents. Therefore, the issue is partly resolved.
- In spite of repeated requests, expenditure returns for payments made to the Permanent and Provincial Secretaries' Offices for the coordination of the presidential visit, which amounted to Le1,338,950,000.00 were not submitted. The issue remains unresolved.

#### **2.11.5. Safeguard of Public Property/Assets**

Rule 13.12 (6) of the Civil Service Code, Regulations and Rules of 2011 enjoins civil servants to safeguard public property/assets entrusted to them and to ensure that no wilful damage, loss or misappropriation occurs in the process of their procurement, storage, utilisation and disposal.

During 2018, the Ministry procured various assets for the Deputy Minister and Deputy Secretaries I and II. Upon physical verifications of the said assets in the offices of the respective personnel, we noted that two desktop computers costing Le16million claimed to be allocated to the Deputy Secretary I were not seen for verification. Similarly, 16 out of a total of 38-yard carpet costing Le11,200,000.00, were also not provided for physical inspection.

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

*The PS stated: "The missing assets are now available and ready for inspection".*

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

The two desktop computers costing Le16,000,000.00 and the outstanding 16-yard carpet costing Le11,200,000.00, were not provided for physical inspection. Therefore, this issue remains unresolved.

## **2.12. MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT - 2015-2017**

### **2.12.1. Monitoring Activities without Adequate Supporting Documents**

We observed with grave concern that during the period between 2nd August to 9th September 2015, the Ministry embarked on a monitoring exercise of chiefdoms and local councils in the Northern, Southern and Eastern provinces, with an estimated total amount of Le100,365,000.00 used to pay daily subsistence allowances (DSAs) to various participants. Expenditure returns from the monitoring exercise revealed that the names of most of the Ministry's staff were included as beneficiaries of the DSAs in question. During our review of the Ministry's daily staff attendance register, together with the DSA payment records, it was observed that the same staff who received DSAs for the monitoring exercises in the provinces, also signed the Ministry's daily staff attendance register in Freetown for the days they had received DSAs to do monitoring exercises in the provinces. A monitoring report in respect of the above activity was not submitted for inspection.

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

*The PS stated: "The concerns raised in respect of the amount spent on monitoring exercises in chiefdoms and local councils throughout the country between 2nd August and 9th September, 2015 have been communicated to the relevant authorities for appropriate and satisfactory action. All relevant supporting documents and information in relation to these transactions will be submitted for audit review immediately they are received from the responsible officers".*

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

A satisfactory explanation or documents was not submitted in respect of Le100,365,000.00 spent on monitoring exercises in chiefdoms and local councils throughout the country between 2nd August and 9th September, 2015. Therefore, this issue remains unresolved.

### **2.12.2. Unsupported Payments**

Bank withdrawals from the Ministry's imprest accounts to the tune of Le134,475,000.00, and Le116,478,000.00 from the Government micro account were not backed by the relevant supporting documents such as payment vouchers, invoices, transfer letters, receipts etc.

We attributed these incidences, in most cases, to management's failure to be guided by and observe the stated regulations in executing financial transactions with public funds. Furthermore, there was failure on the part of the Internal Audit Unit to properly scrutinise payment vouchers before approving them for payment, as well as the Accountant not insisting on the provision of relevant supporting documents by payee(s) before releasing their cheques for payment.

We recommended that management should submit the supporting documents, otherwise, the full amount should be recovered and paid back into the CF.

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

*The PS stated: "We had problem of properly filing the accounting records, this made it difficult for the audit team to easily reference some of the payment vouchers to the respective supporting documents. However, payment vouchers and the relevant supporting documents for transactions relating to payments of Le134,475,000.00 from the Ministry's imprest accounts and Le116,478,000.00 from the Government micro account have been compiled with accordingly. In future, payment vouchers and all supporting documents will be properly attached and filed for internal and reference purposes.*

### **Auditor's Comment**

We verified the official response from the Permanent Secretary and noted that bank withdrawals to the tune of Le134,475,000.00 from the Ministry's Imprest accounts were without supporting documents. However, relevant documents in respect of Le116,478,000.00 from the Government Micro account were submitted and verified. This issue is therefore partly resolved.

#### **2.12.3. Procurement Irregularities**

##### *Procurement Activities not recorded in the Procurement Plan*

Section 29 (1,2,4&6) of the Public Procurement Act of (PPA) 2016 requires procuring entities to produce an approved procurement plan, review and update such plans as and when necessary, but they should ensure that the Ministry is notified of any such intended review. However, we observed that the Ministry did not submit an approved/updated procurement plan for the period under review. We were therefore unable to ascertain whether expenditure relating to procurement activities during this period were planned for and executed according to the plans.

##### *Fabrication of Staff and Emblems for the President, Ministers and Paramount Chiefs*

Section 47(2) of the Public Procurement Act of 2016 requires that publication in the Gazette, a widely circulated newspaper and, where feasible on the internet of a notice to the public that a sole source procurement is adopted because the estimated value of the procurement exceeds the threshold set in 'First Schedule'. Similarly, Section 1(a) of the 'First Schedule' requires that contract awards shall be published when the estimated value of the contract is above Le300 million in the case of contracts for the procurement of goods.

During our review of records submitted by the Ministry for the production of staff and emblems for the President, Ministers and Paramount Chiefs, we observed that in as much as approval was granted by the National Public Procurement Authority (NPPA) for the sole-source procurement method that was adopted, there was no evidence of publication of the process in the media, even though the Le1 billion estimated value of the contract was above the threshold of Le300 million as required for in the 'First Schedule'. Additionally, we observed a variance in the amount quoted by the Procurement Committee and the amount disclosed in the contract. The Committee's estimated cost was Le1 billion whereas £201,810.00 was quoted as the total contract price in the contract.

##### *Consultancy Service*

Section 59 (1-4) of the Public Procurement Act (PPA) of 2016 outlines the procurement methods that procuring entities should use for procuring consultancy services. In a letter dated 30th October, 2017 from the Chief Executive of the NPPA, it was recommended that the Ministry should use the open competitive method, with reduced advertisement timelines for the services of a local consultant. It was however observed that the Ministry did not follow procurement procedures in the award of contracts valued at Le439 million for consultancy services for the de-amalgamation process.

We recommended that management should provide the approved and updated procurement plan for review, and proffer substantial evidence why procurement rules were breached for the production of staff and emblems for the President, Ministers and Paramount Chiefs, and consultancy services for the de-amalgamation process; failing which, the matter will be forwarded to the relevant authorities for necessary action.

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

*The Permanent Secretary stated:*

- (i) *'Procurement Activities Not in Procurement Plan-The absence of the Procurement Officer during some part of the audit session was largely responsible for the non-submission of the approved/undated procurement plan for the period under review. The Unit has been informed about the audit issues, and the approved/updated procurement plan will be submitted as per audit request.*
- (ii) *Fabrication of Staffs and Emblems for President, Ministers and Paramount Chiefs -There was no evidence of publication, even though the estimated Le1 billion value of the contract, was above the threshold of Le300 million as indicated in the 'First Schedule' because of the timely demand of the items. It was considered by the Procurement Committee that time was not on the side of the Ministry at the time NPPA gave approval for the sole sourcing for them to have placed an advert. The initial budget was quoted at Le1 billion. However, after looking at the nature of the items and where they were produced, it was agreed that the bid be quoted as shown in the contract, i.e., £201,810.00, which became binding on the parties to the contract.*
- (iii) *Consultancy Service-Considering the urgency and pressure of the de-amalgamation process, we considered hiring the services of a former (retired) employee who had vast knowledge in the operations of the Ministry and who was an expert in de-amalgamation processes. This was not aimed at violating the provisions in the NPPA or going against the instructions of the NPPA in having an advert with a reduced timeframe. In the Ministry's view, we had value for money in hiring this staff as the local consultant for the de-amalgamation process".*

## **Auditor's Comment**

We verified the responses from the Permanent Secretary and noted the following:

- (i) The Ministry did not submit the approved and updated procurement plan for the period under review. Therefore, this issue remains unresolved.
- (ii) On procedures for the production of staff and emblems for the President, Ministers and Paramount Chiefs, there was no evidence of publication in the media and gazettes. Therefore, this issue is partly resolved.
- (iii) On consultancy services, there was no evidence that the Ministry followed procurement procedures in awarding contracts for consultancy services for the de-amalgamation process for a contract value of Le439 million. Therefore, this issue remains unresolved.

### **2.12.4. Human Resources Management**

#### *Payroll Anomalies*

An examination of the Ministry's staff attendance register, updated staff list and the payroll voucher revealed that the payroll voucher was full of names of staff that were not on the updated staff list. The names of 68 staff on the Ministry's payroll were not found on the updated staff list submitted for inspection. The sum of Le616,203,096.00 was paid to these staff for the period under review.

We recommended that the Senior Human Resource Officer should collaborate with the Human Resources Management Office for necessary action to be taken in cleaning up the Ministry's payroll.

#### *Existence of Vacant Positions*

During a review of the Ministry's human resource planning documents, 99 vacant positions were discovered in the Ministry and there was no evidence of action taken to address this situation. Of an established 45 positions in the administrative wing and 75 positions in the professional wing, only 18 positions in the administrative wing and three in the professional wing had been filled. Some of the positions had only been filled for a long period by staff in acting capacities.

We recommended that the Senior Human Resource Officer should ensure that the issue of vacant positions at the Ministry is communicated to the Human Resources Management Office (HRMO) for necessary action.

### **Official's Response**

*The PS stated:*

*"Payroll Anomalies-The Ministry's staff list is being updated. We however noticed from the queried staff whose names were not on the staff list but in the Ministry's salary vouchers that these were staff who once served in the Ministry but were now transferred to other ministries. The Accountant General will be informed on this for appropriate action and transfer of those names to the correct and respective location of the staff."*

*Vacancies-The Ministry is embarking on strategic human resource issues such as the man-power planning needs, the recruitment of staff, staff leave and staff rotation".*

### **Auditor's Comment**

We acknowledge management's responses on the issues raised but the payroll anomalies are yet to be resolved.

#### **2.12.5. Information, Communication and Technology (ICT)**

Our review at the Information, Communication and Technology (ICT) Unit of the Ministry revealed that there were no documented policies or procedures for disaster recovery and backup. Best practice in information technology (IT) governance also demands that every organisation depending on IT for their operations should have disaster recovery plans which are documented.

We also observed that the official website of the Ministry is not functional.

We were of the view that failure to establish an effective data recovery mechanism could result in loss of important data which might have the potential to undermine the Ministry's ability to operate in the event of disaster such as fire or hard disk failure. The nonexistence of an official website may also limit the easy access of information to intended users. We recommended that management should establish effective backup procedures and data recovery mechanism to forestall any loss of important data. We also recommended that the ICT Manager should ensure that the Ministry's website is functional and updated.

### **Official's Response**

*The Permanent Secretary, in his response stated:*

- (i) *"The ICT Manager is ensuring that plans are put in place for the development of an ICT policy that will guide in the ICT functions in terms of security management, physical access control and environmental control"*
- (ii) *"The ICT Manager is now working on plans to ensure that the Ministry's website is updated and functional".*

### **Auditor's Comment**

We acknowledge management's responses on the issues raised but these issues are still outstanding.

#### **2.12.6. Management of Project Funds by the Ministry**

In spite of repeated requests, the Ministry failed to submit a memorandum of understanding (MoU) which spells out the terms of reference in the agreement between the Ministry and two projects

operating within the Ministry. In 2016, a total of Le702,679,694.00 was given as support to one of the projects for which a review of payment vouchers and other documents revealed that Le57,860,000.00 was expended without adequate supporting documents such as monitoring report, activity report, training report, list of trainees, tenancy agreement etc.

We recommended that management should submit the MoU in respect of the two projects for our reviews and that the accountant for the beneficiary project should also submit the supporting documents in respect of the expended amount of Le57,860,000. Otherwise, the entire amount should be refunded to the CF.

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

*The project documents for the two projects: Japanese Technical Cooperation Agency (JICA) and GoBifo are available for review. In addition, the management of GoBifo Project has been asked to submit the outstanding supporting documents for the expended Le57,860,000. These documents will be available for audit reviews upon receipt.*

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

We acknowledge management's response on this issue and maintain that the Accountant for the beneficiary project failed to submit the necessary supporting documents in respect of the expended amount of Le57,860,000. Therefore, this issue remains unresolved.

### **2.13. PROVINCIAL SECRETARY'S OFFICE, NORTH-EAST - 2018**

#### **2.13.1. Unsupported and Unreceipted Payments**

Payments which totalled Le746,075,000.00 were made without adequate supporting documents such as receipts, invoices, etc. From a review of the payments vouchers, we realised that out of the Le746,075,000.00, payments of Le200 million each was made to the Deputy Minister of Public and Political Affairs, and the Minister of Public and Political Affairs for HE's visit to Koinadugu and Falaba and Tonkolili Districts respectively. Even though letters of undertaking were signed by the ministers in question, retirement details were not submitted to substantiate the use of funds.

We recommended that the relevant supporting documents are submitted for verification; otherwise, the amount in question should be refunded to the CF and evidence of payment forwarded to the ASSL for verification. In future, all payments should be supported by relevant documentation.

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

*The PS stated: "There were adequate supporting documents for all disbursed monies and these are available for verification.*

#### ***Auditor Comment***

Supporting documents for outstanding amounts which totalled Le400 million in respect of HE's visit to Koinadugu, Falaba and Tonkolili Districts respectively were not submitted for verification. Therefore, this issue remains partly resolved.

#### **2.13.2. No Reconciliation to Confirm Fuel Paid for, Received and Issued**

We observed that there were differences between the fuel paid for by the Ministry of Finance and the fuel received by the fuel dealer. A review of documents (such as LPOs, expenditure ledger, payment

vouchers, invoices etc.) revealed that Le933,075,000.00 worth of fuel and lubricant was paid for by the Ministry of Finance in respect of the PS Office and district offices in the North-East. However, records maintained by the fuel dealer showed that only Le596 million worth of fuel was received by the PS Office during 2018. This resulted in a difference of Le337,275,000.00 not accounted for.

In the same vein, we realised that of the Le596 million, received by the fuel dealer, only Le217,944,000.00 was distributed to the various district offices and the PS Office, leaving a balance of Le187,280,000.00 unaccounted for.

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

The PS stated: ‘*The use of the expense analysis by the auditors to calculate the amount of fuel and lubricants paid for is justified. However, it is not in all cases that payments as indicated in the expense analysis are made to suppliers. We have tried to engage the fuel dealer to ascertain fuel and lubricants actually received by them. The fuel dealer’s current manager is making frantic efforts to get the previous manager in order to provide the necessary explanation and evidence where necessary*’.

#### **Auditor Comment**

Management’s response is noted. However, no reconciliations were carried out and supporting documents provided in order to gain comfort that fuel paid for was actually used for their intended purposes. Therefore, this issue remains, unresolved.

#### **2.13.3. Fixed Assets Management**

We observed the following:

- The PS Office did not prepare and maintain a register of lands and buildings, which is in contravention of section 230(1) of the FMR of 2007.
- Physical verification of the administrative buildings of the Provincial Secretary’s Office revealed that the Office was not proactive in preventing damage to public property. The conference hall was seriously leaking resulting in a material damage to the conference hall’s centre table worth millions of Leones.
- Other senior staff quarters were observed to be in a deplorable and inhabitable state.
- Some quarters were occupied by personnel outside the PS Office. We were however not provided with adequate documentation justifying the occupation of these quarters.

We recommended that the Provincial Secretary, North-East should ensure that a register of lands and buildings is prepared for the PS Office and the 4 district offices in accordance with section 230(1) of the FMR of 2007. Also, the Provincial Secretary should provide adequate documentation justifying the occupation of the aforementioned quarters.

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

The PS stated:

‘*This query still remains to be an issue, despite several reports made to the head office by the regional office. The illegal occupants are retired government officials still occupying the buildings.*

*The maintenance and repairs of the dilapidated structures should be done by the Ministry of Works, Housing and Infrastructure. However, the Provincial Secretary’s Office North is still in contact with the Ministry to take necessary action. Your office will be informed accordingly, if there is any development on this issue*’.

### **Auditor Comment**

Management's response is noted. This issue remains unresolved.

#### **2.13.4. Effective Operational Irregularities**

The North-East Provincial Secretary's Office encounters various challenges and irregularities which affect its operations in achieving some key results. These challenges are given below:

- End-user departments did not raise the request for the procurement of tonners and cartridges costing Le24,500,000. Upon investigation, we found out that these tonners and cartridges were not utilised as the end users did not have the printers that use such tonners and cartridges.
- There were insufficient vehicles to carry out the operations of the Provincial Secretary's Office. The Provincial Secretary is using his private vehicle to run official errands.

We recommended the following:

- The PS should ensure that a proper needs assessment is done before procurement activities are initiated. In addition, the PS should provide reasonable explanation to substantiate the procurement of tonners and cartridges for printers that were not used by the Offices.
- The PS should liaise with the relevant stakeholders to provide the Office with vehicles to enhance the smooth running of the Office.

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

*The PS state: "The operations of the Provincial Secretary's Office, North-East were effective throughout the year under review, though there is some shortage of vehicles, yet we did our level best to see that we operate smoothly".*

### **Auditor Comment**

The response proffered did not clearly indicate how management intends to address the issues raised in the report.

## **2.14. PROVINCIAL SECRETARY'S OFFICE-EAST- 2017**

#### **2.14.1. Ineffective Management of Government Property**

We observed that government quarters are in dilapidated condition and no maintenance was carried out on them during the period under review. Our discussion with the Provincial Secretary and the Estate Officer disclosed that government-owned lands are being encroached upon and grabbed by members of the public.

We recommended that the Provincial Secretary should ensure that both occupied and unoccupied quarters in dilapidated conditions are repaired and maintained to habitable standards. A mechanism should also be instituted to ward off all encroachers and land grabbers away from government-owned land.

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

*The PS stated: "We note that these issues are currently being addressed".*

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

There was no plan as to how the issues will be addressed by the PS Office. Therefore, these issues remain unresolved.

## **2.15. MINISTRY OF HEALTH AND SANITATION (HEADQUARTERS)-2017**

### **2.15.1. Health Financing and Financial Management**

*The Abuja Declaration of 2001 not Met*

The health sector is financed by the Government through the budgetary allocations and supports from development partners (both budgetary and extra-budgetary supports).

The Government of Sierra Leone has signed up to the Abuja Declaration of 2001 in which heads of state of the African Union countries met and pledged to set a target of allocating at least 15% of their annual budget to improve their health sectors. It was observed that during the year under review, less than 6% of the actual national expenditure was allocated to the health sector. This is far below the agreed benchmark. Therefore, it was one of the reasons responsible for the numerous challenges and under performance of the health sector.

The Government should ensure that adequate budgetary provision is made for the health sector in order to keep to its commitment of the Abuja Declaration in the 2019 budget and onwards.

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

*The PS stated: “The main objective of the Ministry of Health and Sanitation is to ensure that healthcare is affordable to all and this can only be achieved when government adequately funds the operations of the health sector. In a bid to achieve this objective, the Government of Sierra Leone signed up to the Abuja Declaration of 2001 in which at least 15% of government’s annual budget was to have been allocated to the health sector. This was not adhered to as less than 6% budgetary allocation was supported to the health sector which caused the numerous challenges experienced by the Ministry.*

*However, government has made tremendous improvement in the budgetary allocation to the health sector as 10.6% was allocated to the Ministry that is now fuelling great achievements in the health sector. For the Ministry to attain affordable healthcare delivery to all, we therefore request government to fulfil the 15% budgetary allocation to the health sector in 2020 in a bid to achieve universal health coverage for all; a challenge the Ministry is ready to fight and achieve”.*

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

The management's response is noted. However, government has still not met the Abuja Declaration of 2001 by allocating at least 15% of the annual budget to improve the health sector. The issue is therefore unresolved.

#### ***Unsupported Payments***

Payment for overseas medical treatment for 10 patients and overseas travelling expenses which amounted to Le1,142,782,257.00 were not supported with relevant documents. This is in contravention of section 73(1) of the Financial Management Regulations of 2007. The details are as follows:

Type of Transactions	Amount (Le)	Missing Documents	Responsible Officer
Overseas medical treatment for 10 patients	706,570,968.00	Invoices, admission cards, discharge cards and receipts	Chief Medical Officer
DSA payment for overseas travelling	118,425,020.00	Back-to-office report, letters of invitation from the organisers (host), boarding passes, receipts for air tickets bought	Permanent Secretary
Overseas travelling	317, 786,269.00		Permanent Secretary
	<b>1,142,782,257.00</b>		

The lapse was due to laxity on the part of the Permanent Secretary and Chief Medical Officer, and this could provide a leeway for the misappropriation of funds.

We recommended that the Permanent Secretary and Chief Medical Officer should ensure that the amount is accounted for, and then review the expenditure control system for overseas expenses to ensure that such lapse was not repeated.

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

*The PS responded as follows:*

##### **2.15.2. Overseas Medical Treatment for 10 Patients**

- (i) "The function of the office of the Chief Medical Officer on the overseas treatment is to send to the Sierra Leone Medical Board, report from a qualified medical doctor in respect of a particular patient and request the Medical Board to convene a meeting to further carry out subtle diagnostic procedures and to submit a report that will include a cost estimate for the said treatment.
- (ii) The report from the Medical Board is received and forwarded to the Permanent Secretary who liaises with the Ministry of Health and Sanitation, Office of the President and Ministry of Finance and Economic Development for the approval of the medical report and facilitate the travelling of patients whose medical reports were approved.
- (iii) The Ministry of Health and Sanitation has no policy with regard to overseas medical treatment vis-à-vis the submission of the aforementioned documents by beneficiaries upon their return from overseas treatments.
- (iv) Henceforth, the office of the Chief Medical Officer will liaise with the office of the Permanent Secretary to ensure the development of a policy on overseas treatment and put in place mechanisms for the submission of the said documents to the Permanent Secretary's office.

##### **2.15.3. DSA Payment for Overseas Travelling**

*The Ministry of Health and Sanitation has always been complying with financial regulations involved in requesting for DSA payments for overseas travelling, especially assembling relevant documents such as invitation letters, executive clearance from the President and approvals from the Ministry of Finance. It is evident that the Ministry of Finance does not grant approval for payment of DSA without submission of proper documentation. However, the Ministry will ensure to make available documents such as back-to-office report, boarding passes, receipts for air tickets bought in subsequent overseas travelling to ascertain that any payment made for any overseas travelling will be in the interest of the Ministry.*

#### **2.15.4. Overseas Travelling without Back-to-Office Reports**

- (i) *Overseas travelling was mostly undertaken by senior officials of the Ministry without administrative officers accompanying such officials, and this normally results in failure to submit back-to-office reports by most senior officials. Accompanying officials are normally required to prepare back-to-office reports.*
- (ii) *The office of the Permanent Secretary will encourage the inclusion of administrative officers in overseas travelling and advise officials that will not be privileged to travel with administrative officers to be taking jottings during deliberations at conferences, meetings etc. and upon arrival, reports will be developed by any assigned administrative officer".*

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

The Ministry did not submit the missing documents for the overseas medical treatment for 10 patients and DSA payments for overseas travelling. The issue is therefore unresolved.

#### **2.15.5. Health Infrastructure and Development**

##### *Vehicles, Motorbikes, Bicycles and Tricycles not Available for Verification*

Of the 354 vehicles in the Western Area, 319 were not made available for physical verification. We also observed that the list of motorbikes, bicycles and tricycles was not submitted for verification after several requests. We could therefore not carry out physical verification on these motorbikes, bicycles and tricycles.

We therefore recommended that the Transport Manager should ensure that the vehicles, motorbikes, bicycles and tricycles are made available for verification.

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

*The PS stated: "The Transport Manager, Mr. Yusif Dumbuya who was in post could not be reached on his phone to provide answers to these questions. He retired from the civil service since September 2018 and this information was not provided in the handing over note. However, the Directorate of Support Services has submitted a budget to the PS for his approval so that the Ministry can undertake on-the-spot check and physical verification of MoHS fleet which will help to address this concern. This activity is yet to commence since the budget has not been approved by the Permanent Secretary".*

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

From a total of 319 vehicles, only 25 were verified, leaving a balance of 294 unverified. The list of motorbikes, bicycles and tricycles was not submitted, nor were the motorbikes, bicycles and tricycles submitted for verification. Therefore, the issue remains unresolved.

##### *Information and Communication Technology (ICT)*

Our review of the Information and Communication Technology Unit of the Ministry revealed that there were no formally documented policies or procedures for disaster recovery and backup. Best practice in information technology (IT) governance also demands that every organisation depending on IT for its operations should have disaster recovery plans which are documented. From an interview conducted with the IT personnel and the physical verification conducted, it was revealed that a total of 60 computers verified in the Ministry were without antivirus software installed on them.

We are of the view that failure to establish an effective data recovery mechanism could result in loss of important data which might have the potential to undermine the Ministry's ability to operate in the event of disaster such fire or hard disk failure.

We recommended that management should establish effective backup procedures and data recovery mechanism to forestall any loss of important data.

We also recommended that adequate funds are provided for the procurement and installation of antivirus on all computers in the Ministry.

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

*The PS stated:*

- (i) ***Lack of Business Continuity /Disaster Recovery Plan-*** "The ICT office currently houses the server room which hosts multiple applications utilised by various directorates of the Ministry of Health and Sanitation. There are a number of servers for which off-site backup is currently unavailable. Securing an off-site backup requires additional resources in the form of a server room with necessary equipment and communication link outside the Ministry's headquarters. This has huge time and budget implications. An alternative is to utilise an approach which leverages the use of storage drives (High Capacity USB Hard Drives) and appropriate software to manage backups.
- (ii) ***The Absence of Appropriate IT Security Policy Document and Dissemination to all Relevant Personnel-*** There is no policy document on computer usage and security and this is a vital component of maintaining digital access to the internet and software applications are password protected and only made available to unauthorised personnel. To meet the recommendations, a set of guidelines will be drafted to guide the use of computing resources in the Ministry. However, the development of a policy governing ICT and data use will have to be developed by enlisting the services of a consultant governing ICT and data use.
- (iii) ***No Database for Ministry Owned Computers-*** A list of assets is maintained by the Directorate of Support Services. However, a digital database is unavailable. It is recommended that a database system for tracking assets is secured as it would prove an efficient way to track assets and avoid loss.
- (iv) ***The Absence of Antivirus on Ministry Computers-*** Several computers in the Ministry are without protection from virus. The purchase of antivirus is currently decentralised with directorates procuring their own. However, to ensure effective management of antivirus deployment and updates, it is recommended that a server-based antivirus is obtained and deployed on a central server that will manage the security for all computers on the Ministry's network.

*These are necessary actions to address the issues raised by the audit and they bear cost implications to implement.*

### **Auditor's Comment**

We acknowledge management's responses on the issues raised but these issues are still outstanding.

#### *Insufficient Equipment in the Hospitals*

During our review of selected hospitals, and upon inspection of wards and interviews conducted with key personnel, we observed the following:

- At the Ola During Children's Hospital, we observed that the hospital did not have functioning oxygen generating plant that could effectively help resuscitate critically ill patients (children). Instead, the hospital depended on oxygen concentrators (OC) which suffer from frequent breakdowns due to over use. For instance, the emergency ward and the intensive care unit each had at least 12 beds and these beds are usually fully occupied and in most cases, two or more patients are connected to one OC meant to be used by one patient at a time.
- There were not enough suction aspiration machines that could be used to remove mucus and other bodily fluids from patients.

- There were only five Continuous Positive Airway Rescue (CPAR) devices in the Intensive Care Unit (ICU) serving 12 or more patients at a time. CPAR is used to regulate breathing and aid oxygen intake of patients.
- At the Princess Christian Maternity Hospital, only three of the five operating theatres were functioning. This was mainly due to lack of adequate and proper equipment. The available equipment such as artery forceps, scissors, retractors were outdated and they could not work properly.
- The Computed Tomography scanner (CT scanner) in the Radiology Department was faulty and non-functional since August 2016, and no appropriate measures were taken to remedy the situation.
- An automated biochemistry and haematology analysers for conducting liver, kidney cardiac enzymes and full blood count test were not available at the Laboratory Unit. This has resulted in these tests been done 100% manually with the aid of spectrophotometer.
- The Physiotherapy Department is not rehabilitated and lacked essential basic modern equipment such as infrared lamps, electrotherapy machine, diathermy machine etc. It had only few and often out-dated equipment. Some of these machines are currently not being used by patients for fear of causing bodily harm.
- Of the required 37 oxygen concentrators needed in the 11 wards, only 17 were available. In addition, of these 17 available, six oxygen concentrators were faulty.
- At the Connaught Hospital, only three of the five operating theatres in the hospital were functioning. This was mainly due to lack of adequate and proper equipment. The available equipment such as artery forceps, scissors and retractors are obsolete and do not work properly.
- The computed tomography scanner (CT scanner) in the Radiology Department is faulty and non-functional since August 2016, and no appropriate measures have been taken to remedy the situation.
- Automated biochemistry and haematology analysers for conducting liver, kidney cardiac enzymes and full blood count test were not available at the Laboratory Unit. This has resulted in these tests been done manually with the aid of spectrophotometer.
- The Physiotherapy Department and rehabilitation lacks essential basic modern equipment such as infrared lamps, electrotherapy machine, diathermy machine etc. It has only few and often outdated equipment. Some of these machines are currently not being used by patients for fear of causing bodily harm.

We recommended that the Medical Superintendents at both hospitals should collaborate with the Chief Medical Officer to ensure that the appropriate number of medical equipment are provided for these hospitals, so as to match with the growing number of patients visiting these hospitals in order to enhance a sustainable quality healthcare delivery service.

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

There was no management response, therefore the issue is unresolved.

#### **2.15.6. Procurement and Supply Chain Management, Medical Products and Technology**

*Central Medical Stores and Centrally Located Government Medical Stores in Freetown*

- The 2004 Guidelines for the donation of medicines, medical supplies and equipment to Sierra Leone states: '*All donated medicines and medical supplies should have a minimum shelf life of one*

*year at the time of arrival in Sierra Leone, except when medicines are manufactured with a shelf life of less than two years, due to the properties of the active substance or unless, in special circumstances, exemption has been duly obtained from the Ministry of Health and Sanitation'.*

We however observed that most of the donated drugs have either expired or were very close to expiration.

- During our inspection of the stores, it was observed that most of the stores did not have store personnel; most of the stores were supervised by a pharmacist. There was no segregation of duties in the receiving, dispatching and recording of store items. Having one staff to carry out different functions in the stores may not only render him/her ineffective, but it will also create room for manipulation of the records and/or misappropriation of the store items without such is being easily detected.
- The thermometers which are used to measure the temperature of the stores were not functional and there was no evidence that fumigations were carried out at the stores. We also observed that the Central Medical Stores did not have store manual to guide its operations.

We recommended that the Director of Drugs and Medical Supplies and Store Manager should always ensure full compliance with the Guidelines for the donation of medicines, medical supplies and equipment to Sierra Leone. They should ensure that there is complete segregation of duties in the store to enable effective internal controls and proper safeguard for the drugs and maintenance of the records.

We also recommended for the provision of functional thermometers which are used to measure the temperature of the stores and for the regular cleaning and fumigation of the stores.

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

*The PS stated:*

- (i) *"The 2004 guidelines for the donation of medicines, medical supplies, and equipment to Sierra Leone, is in use and donors are required to adhere to the regulations stated herewith for the donation of drugs, medical supplies, and equipment to Sierra Leone. However, we may wish to state that in 2014 Sierra Leone was targeted by the Ebola epidemic, and because the country was unprepared for the spontaneous viral attack, donor countries had to chip in to complement the government's effort in piling up drugs and medical supplies to deal with the disaster. The Government was a bit flexible in some legislature so as to woo donor support to curb the outbreak. A lot of drugs and medical supplies flooded the medical supply chain. Most of the donated medical supplies were not in the Essential Medicines List of Sierra Leone; but these commodities were useful for the management of the Ebola epidemic. The leftovers of the donated medical supplies which were not consumed eventually expired in 2017-the period under review. DDMS in collaboration with the relevant stakeholders (Pharmacy Board, Office of National Security, Accountant General's Office, etc.) have safely disposed of all the expired and unserviceable medical supplies.*
- (ii) *The Central Medical Stores is constrained at the moment in the area of store personnel. Over the years, the Government has not been engaged in any form of recruitment of store personnel.*

*The Directorate of Drugs and Medical Supplies in collaboration with the Directorate of Support Services and Human Resource Office of the Ministry of Health and Sanitation decided to post pharmacy technicians who have received training on stock management and logistics management information systems to manage the affairs of the centrally located stores as a stop gap approach.*

- (iii) Management is in the process of ensuring that thermometers are available and maintained at all of the warehouses to measure the temperature of the storage areas in the warehouses.
- (iv) Management is in the process of ensuring that fumigation is done routinely in all the Central Medical Stores.
- (v) The DDMS is in the process of developing an SOP for the receipt, storage, information sharing, reporting, distribution of all commodities received at the Central Medical Stores".

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

We further recommended that in future, the management should ensure that the provision in the guidelines for the donation of medicines, medical supplies and equipment are complied with and that enough staff are provided to manage the stores.

We also observed that there was no evidence that fumigation was carried out in the stores, and thermometers maintained at all the warehouses. Therefore, this issue is partly resolved.

#### **2.15.7. Operations of Other Programmes and Units**

##### *Integrated Health Project Administration Unit (IHPAU)*

A review of the Joint Fund Manual 2016 revealed that the IHPAU Coordinating Committee should meet once every quarter to ensure that linkage between IHPAU and the functions of the various units are maintained, and that skills transfer occurs as planned. However, there was no evidence of IHPAU Coordinating Committee meetings in the year under review.

We recommended that the Fund Management Specialist or Team Lead should submit minutes of meetings held in the year under review.

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

*The PS stated: "The Executive Management Committee comprising the Minister of Health and Sanitation, the Chief Medical Officer and the Permanent Secretary met on numerous occasions during the period under review. Attached are minutes of such meetings".*

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

The IHPAU Coordinating Committee meeting minutes were not submitted for verification. Therefore, the issue remains unresolved.

##### *Directorate of Non-Communicable Diseases and Mental Health*

As part of its work plan for 2017, the Directorate was to execute some activities which were to be funded by the World Health Organisation(WHO). In July 2017, funds were made available for the implementation of these activities. It was however strange to note that some of these activities were not implemented within the stated timeframe. The WHO has requested the Ministry to refund the unutilised amount totalling Le545,436,000.

We recommended that the Director of Non-Communicable Diseases and Mental Health should provide justifiable explanations why these activities were not implemented within the estimated timeframe.

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

*The Director stated:*

- (i) *"December 2017 was the end of the WHO bi-annual budget. I assumed duty barely seven months towards the end of that period (posted to NCD/MH in 2017).*

- (ii) *I was only able to, based on the timeframe for the implementation of activities, carry out the activities already carried out during this period.*
- (iii) *The District Health Management Teams (DHMTs) were also having liquidation issues, as the submission of district reports (both financial and narrative) of implemented activities were delayed, and that also slowed down disbursement of WHO funds to these districts, consequently leading to some activities not being carried out.*
- (iv) *Given the above, the cause for refunding the unused funds to WHO Country Office, with the opportunity given to the NCD/MH Directorate to re-plan and request for the activities that were not carried out. The funds were still within the Country Office.*
- (v) *Those activities were re-planned for 2018, budgeted for and implemented".*

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

There was no evidence that these activities were implemented in 2018. Therefore, this issue remains unresolved.

#### *West African Health Organisation*

We observed the following:

- Bank withdrawals which totalled US\$53,514 were undertaken by the West African Health Organisation for which supporting documents were not submitted to fully substantiate the payments concern.
- There was no NRA receipt to confirm the payment of withholding taxes which amounted to US\$1,650.
- Payments which totalled US\$42,885 were made without the expressed approval of the Permanent Secretary in respect of the training of Ethics Committee and Pharmacy Board members.
- There was no evidence in the form of requests for quotations to justify that procurement of goods, works and services amounting to US\$50,455 were conducted in accordance with section 45 (1) and the 'First Schedule' of the Public Procurement Act of 2016.

We recommended that the Coordinator should ensure that the amounts are properly accounted for by the Accountant and he should review the expenditure control system to eliminate the weaknesses which brought about the lapse.

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

*The PS stated:*

- (i) *"There were three signatories to the West African Health Organisation Account: Yayah Conteh-Former Projector Coordinator; David W.S. Banya-Former Permanent Secretary and Alusine Kargbo-Former Director of Financial Resources.*
- (ii) *After the Permanent Secretary and the Director of Financial Resources had approved the request for payment, any two of these signatories could sign the payment voucher to give effect to it; either David W.S Banya (Permanent Secretary) and Mr. Yayah Conteh (Project Coordinator) or Mr. Alusine Kargbo (Director of Financial Resources) and Mr. Yayah Conteh (Project Coordinator).*
- (iii) *Please find attached documentation from the NPPU for withholding taxes".*

**Auditor's Comment**

- There was no evidence of the Permanent Secretary's approval for payment which totalled US\$42,885 in respect of training of Ethics Committee and Pharmacy Board members.
- Requests for quotations for payments which totalled US\$50,455 were not submitted, and there was no evidence of NRA receipt for withholding taxes which totalled US\$1,650.

Therefore, these issues remain unresolved.

*National Pharmaceutical Procurement Unit*

Section 73(1) of the FMR of 2007 requires all disbursements of public monies to be supported by an appropriate payment voucher and other relevant documents. Disbursements which totalled Le47,150,000.00 were undertaken for which supporting documents were not submitted for audit inspection.

We recommended that the Coordinator should ensure that the supporting documents are submitted for audit reviews, failing which the amounts involved will be recovered from them and paid into the Directorate's account. 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.

**Auditor's Comment**

There was no official response from management, and supporting documents for disbursements which totalled Le47,150,000.00 were not made available for inspection. Therefore, this issue remains unresolved.

*Sierra Leone Medical Aid*

The terms of reference between the MOHS and the Nigerian Health Technical Aid Corps (TAC) were not submitted to fully support payments which totalled USD\$2,361.

We recommended that the Coordinator and Finance Officer should ensure that the supporting documents are submitted for reviews, failing which, the amounts involved will be recovered from them and paid into the Directorate's account. 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.

**Auditor's Comment**

There was no official response from management and supporting documents for disbursements which totalled USD\$2,361 were not made available for inspection. Therefore, this issue remains unresolved.

*Department of Births and Deaths*

The following was observed:

- From a total of 93 staff, 50 were volunteer staff who came in as interns. These volunteers formed a substantial number of the auxiliary staff in the Department; and there was no evidence to substantiate whether the Government through the Human Resources Management Office (HRMO) or Public Service Commission (PSC) was aware of the existence of these volunteers in the Department. The letters presented by some of these

individuals from their institutions indicated that the internship period was for at most three months. However, evidence revealed that most of them have exceeded their internship period over one year. From the 50 interns/volunteers, only two letters of recommendations for internship from their various institutions were submitted, the two letters indicated that one internship started in 2014 and the other in 2017. It was however observed that the interns/volunteers in question were still working as at the time of issuing the management report.

- The Births and Deaths Department is responsible to record and maintain information relating to the number of births and deaths in the country. This information is useful for national forecast as well as planning for economic development including the provision for health care services, etc. We observed that records management at the Department was very poor. For instance, the records were very old and can be easily damaged. The office space was inadequate to store up the records in secured rooms. We further observed that there was no computerised processing of data to store very large volume of information for longer period.
- We observed that 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.

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

There was no management response or action taken to address the issues raised. Therefore, these issues remain unresolved.

### **2.16. OLA DURING CHILDREN'S HOSPITAL - 2016-2017**

#### ***2.16.1. Non-Submission of Accountable Documents***

Contrary to the provision in Section 36(1a) of the Audit Service Act of 2014 and in spite of repeated requests, bank statements (Sierra Leone Commercial Bank), cashbook and bank reconciliation statements for 2016 and 2017 were not submitted for audit.

We recommended that the Finance Officer should ensure that these documents are made available to the audit team immediately; otherwise, the issues will be forwarded to the appropriate authorities for necessary action.

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

*The Medical Superintendent (MS) stated: "I have contacted my predecessor, the former Finance Officer on this matter and she is yet to respond".*

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

Bank statements were submitted. However, cashbook and bank reconciliation statements were not submitted for our reviews. During our review of the bank statements submitted, we observed that supporting documents for bank withdrawals which totalled Le2,438,223,850.00 were not submitted for inspection. Therefore, this issue is partly resolved.

### **2.16.2. Unsupported and Unreceipted Payments**

Bank withdrawals to the tune of Le2,008,122,440.00 from the Hospital's account were not backed by the relevant supporting documents such as requests, payment vouchers, invoices, receipts etc.

We attributed these incidences, in most cases, to management's failure to be guided by and observe the stated regulations in executing financial transactions with public funds. Further, there was failure on the part of the Internal Audit Unit to properly scrutinise payment vouchers before approving them for payment, as well as Accountant not insisting on the provision of relevant supporting documents by payee(s) before releasing their cheques for payment.

In addition, it is also good financial management practice to support all payments with relevant and adequate documentation such as invoices, delivery notes and receipts. Contrary to this, we observed that payments which totalled Le105,695,678.00 were not backed by adequate supporting documents such as, delivery notes, activity plan, attendance lists, signed lists of beneficiaries and receipts for the period under review. The lapse was due to negligence on the part of the Accountant and could provide a leeway for the misappropriation of funds.

We recommended that management should submit the supporting documents for Le2,008,122,440.00, otherwise, the full amount should be recovered and paid back into the CF. We also recommended that the Accountant should ensure that the remaining supporting documents for Le105,695,678.00 are submitted for audit inspection and then review the expenditure control system to ensure that such lapse is not repeated.

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

*The MS stated: "Bank reconciliation statement and cashbook for the SLCB account are available for inspection. I had liaised with the former Finance Officer so that supporting documents relating to payments which were not presently in his custody will be forwarded for inspection and that documents are available for inspection".*

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

- (i) From a total bank withdrawal of Le2,008,122,440.00, supporting documents were only submitted for Le1,305,125,475.00, leaving a balance of Le702,996,965.00 without supporting documents. Therefore, this issue is partly resolved.
- (ii) Payments made to various suppliers, which amounted to Le105,695,678.00 were still without adequate supporting documents. Therefore, this issue remains unresolved.

### **2.16.3. Payment of Statutory Deductions**

Withholding taxes of Le121,840,096.00 were deducted from payments for goods and services, but were not paid to the National Revenue Authority as specified by section 117(4) of the Income Tax Act of 2000.

We recommended that the Finance Officer should ensure that the amount deducted as withholding tax is paid to the NRA with immediate effect and evidence of payment submitted for audit inspection. The Finance Officer should also ensure that in future, withholding taxes are deducted from payments and paid over to the NRA.

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

The MS stated: "Withholding tax is not charged on the face value of imprest, therefore the hospital cannot account for the amount stated. Withholding taxes which totalled Le41,100,470 were deducted from the payment of suppliers and paid to the NRA, and evidence of payment is available for your inspection".

### **Auditor's Comment**

From a total of Le121,840,096.00, withholding taxes deducted from various suppliers amounting to Le95,624,831.00 were submitted for inspection leaving a balance of Le21,925,265.00 to be submitted. Therefore, this issue is partly resolved.

#### **2.16.4. Lack of Controls over the Receipt and Issuance of Therapeutic Feeding Items**

The internal control systems for the receipt and issuance of store items were very weak. The following were observed:

- (i) In 2017, even though the Recipient Managers of the ODCH signed for 3,024 (F75) sachets, 864 (BP100) and 13,172 (Plumpy Nuts) sachets at the DHMT, there were no records to indicate that these items were delivered to the Hospital.
- (ii) Hawanatu Sento Kargbo received 90 cartons of F100 therapeutic milk on 29<sup>th</sup> August, 2017 and Abie Nyanda received 100 cartons of Resomal on 20th September, 2017 respectively on behalf of the Hospital. However, the names of these two people were not on the HR staff list for 2017.
- (iii) The officer-in-charge may send any person to represent her to collect supplies from the DHMT. For instance, on three occasions, Sheku A. Kanu, a volunteer, collected supplies on her behalf.
- (iv) There was no evidence that supplies brought to the Hospital were taken on ledger charge or were taken to the store in the presence of three senior officers. The officer-in-charge was acting as the storekeeper, distributor and records keeper.
- (v) It is required that a gate-pass is obtained every time supplies are taken out of the DHMT gate. From 25 occasions for which supplies were received from the DHMT, only 3 gate passes were submitted for audit, the remaining 22 gate passes were not submitted.

We recommended that management should institute adequate internal control systems for the receipt and issuance of store items.

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

The MS stated:

- (i) "The Unit received supplies from the suppliers using three types of documentations.
  - Invoice channel health supply management system (weigh bill) – used when the DHMT delivers the therapeutic products to the unit with the name of the supplier, the recipient and the number of sachet to be delivered, signed by supplier and the recipient, three copies, one for the DHMT store, one delivered at the gate and the other for the unit.
  - RRIV gate-pass – used when there is stock out of supplies, the unit have to send a representative to DHMT to collect therapeutic product using the hospital vehicle, the unit with the name of the supplier, the recipient and the number of cartons received, signed by supplier and the recipient. Three copies, one for the DHMT store, one delivered at the gate and the other for the unit.
  - Requisition form – the requisition was used when the central medical store was having the push system, the name and signature of the individual that requisite the amount and approved by the District Logistic

*Officer (DLO), three copies are also made available, one for the DHMT store, one delivered at the gate and the other for the unit. However, the unit have enough evidence to prove to auditors that these products picked up by the names with attached appendix dated 13th June, 2017 and 31st October 2017 were utilised by the beneficiaries, the multi-chart used at the unit to document therapeutic feeds and the monthly report on the number of patient admitted can prove the statement, as every child entering the facility screened and admitted at the in-patient facility according to the protocol should benefit by using all the therapeutic products (Acute phase F75; for 2-3 days transition, F100: 1-2 days and recovery: 5-10 days or more) using the look up table and weight for distributions with 6 to 8 feeds daily. Note that this product is not only used for in-patient, the Plumpy Nut".*

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

- (i) On the issue of 3,024 (F75) sachets, 864 (BP100) and 13,172 (Plumpy Nuts), we cannot ascertain whether the supplies in question were ever delivered to the Hospital. Multi-charts cards were submitted. However, they did not show evidence of receipt of supplies from the DHMT in the specified dates, amounts and signatures of recipient manager and supply manager. They are only used for distribution of supplies to individual patients but cannot track the specific stock and dates of utilisation. Some of the stock cards submitted were half completed and makes the tracking of supplies very difficult; a recipe for misuse. Therefore, this issue remains unresolved.
- (ii) There was no evidence to show that Hawanatu Sento Kargbo and Abie Nyanda delivered the stock to the hospital, or are indeed workers of Action Against Hunger (AAH). Therefore, this issue remains unresolved.
- (iii) There was no management response concerning the use of volunteers and other personnel instead of pin-coded nurses to collect supplies from the DHMT. Therefore, this issue remains unresolved.
- (iv) The explanation of the Nutritionist-in-charge shows evidence of resistant to change. There was no evidence of willingness by the Nutritionist-in-charge to receive supplies in the presence of three senior staff of the hospital and record them in a ledger, a critical condition for accountability. Therefore, this issue remains unresolved.
- (v) No information was submitted on the outstanding 22 gate passes for recording of supplies to the hospital. Therefore, this issue remains unresolved.

#### **2.16.5. Donated Therapeutic Items Missing from the Store**

The stock of 132 cartons of ready-to-use therapeutic food supplies donated by the Aberdeen Women Centre (AWC) on 8th August, 2018 to the therapeutic feeding centre was not seen in the store. There was also no evidence to show how these supplies were distributed to beneficiaries.

We recommended that the Nutritionist should provide explanation and documentary evidence on behalf of the hospital to support how the supplies donated were utilised; failing which the said items should be refunded to the hospital immediately.

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

*The Nutritionist-in-charge stated: "In respect of the stock of 132 cartons of ready to use therapeutic food donated by Aberdeen Women Centre meant for the outpatient therapeutic programme, 132 were delivered to the unit in the absence of the Nutritionist in-charge who was on annual leave. It was taken to the unit by the storekeeper, since it has an expiration date of February, 2019. As a unit, a decision was taken to be extended to the patient at both the IPF an OTP admission card and the IPF multi chart".*

### **Auditor's Comment**

We cannot ascertain how the supplies donated by the Aberdeen Women Centre were utilised. Multi-charts cards were submitted. However, they did not show how these supplies were utilised alongside other supplies from the DHMT. They were only used for distribution of supplies to individual patients; they cannot track the specific stock and dates of utilisation. Some of the stock cards submitted were half completed and makes the tracking of supplies very difficult; making it a recipe for misuse. Therefore, this issue remains unresolved.

#### **2.16.6. Therapeutic Feeding Items Pilfered from the Store**

We compared supplies received and utilised in respect of F75 therapeutic food by the Therapeutic Feeding Centre (TFC) of the hospital (from DHMT). We noted that the balance stock for the last supply in 2018 was intact in the store; however, upon checking the contents of the boxes, we discovered that eight boxes of 20 were empty, and two were half full.

We recommended that the Medical Superintendent must ensure that items pilfered from the TFC store are replaced in like sum by the Nutritionist and the officer-in-charge immediately, and replacement details submitted for audit inspection. In future, all supplies donated to the hospital must be recorded in the store ledger by the storekeeper and in the presence of three senior staff of the hospital (like the Matron, the Hospital Secretary, and the M&E Officer) before taken to the TFC store. All records relating to donations made to the hospital are kept intact.

### **Official's Response**

*The Medical Superintendent stated: "The empty boxes in question F75, were not F75 but RUTF (Plumpy Nut, MANA) empty boxes, eight of those empty boxes were the ones emptied on that day by the OTP staff-in-charge, the day schedule for OTP, the reason it was kept in the store was because the auditing team were concerned about the utilisation of the product, the nurse-in-charge asked the PTP in-charge to save the boxes as an evidence, it was an unfortunate circumstance that it was placed among the filled boxes. The two incomplete boxes found were those distributed at the IPF for daily consumption".*

### **Auditor's Comment**

There was no evidence to show that items pilfered from the TFC store were replaced in like sum by the Nutritionist-In-Charge. Therefore, this issue remains unresolved.

### **2.17. PRINCESS CHRISTIAN MATERNITY HOSPITAL - 2016-2017**

#### **2.17.1. Night Shift Absenteeism**

A spot check carried out by the audit team at 12:30am on 1st October, 2017 revealed that 12 nurses assigned to the night shift did not report for duty as they failed to make themselves available for physical verification.

We recommended that management should provide reasonable explanation why the 12 staff did not report for duty on 29<sup>th</sup> September, 2017. In addition, effective monitoring and supervision of staff attendance should be carried out on regular basis and appropriate actions taken against staff who fail to report for duty.

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

*The Medical Superintendent stated: "Thank you for your findings during the on-the-spot check. As an administration, we have given hospital policy documents to every staff, we therefore expect everyone to abide by those policies. The hospital secretary has given all those concerned, a query to explain why they were absent. The hospital disciplinary committee will invite them to explain, as necessary action will be taken".*

### **Auditor's Comment**

Management's response is noted. However, no document was submitted to the team to substantiate actions instituted against defaulting nurses. Therefore, this issue remains unresolved.

## **2.18. PRIMARY HEALTH CARE TONKOLILI DISTRICT-2017**

### **2.18.1. Unsupported Payments**

A review of the disbursement records of the Primary Health Care (PHC), Tonkolili District revealed that, from a total of Le4,035,754,300.00 disbursed during the period, transactions amounting to Le731,679,000.00 were without supporting documents such as invoices, receipts, delivery notes, minutes, attendance lists, reports, signature lists of beneficiaries etc.

We recommended that the District Medical Officer (DMO) should ensure that the required supporting documents are made available for verification, otherwise, the full sum should be refunded.

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

*The DMO stated: "The supporting documents for the transaction amounting to Le731,679,000, which were not revealed at the time of the audit, are now discovered and they will be made available during your audit verification. Moreover, at the time of the audit, most of these documents were not in order according to activities and budget breakdown which made it very difficult to reconcile. Some of these documents discovered are with the NRA receipts which will be submitted together with available supporting documents. However, the required supporting documents for the said amount will be made available in order of activities and budget during your verification".*

### **Auditor's Comment**

The documents provided during the verification were the same documents presented during the audit field work. Documents relating to the Le731,679,000.00 queried were not provided for verification. Therefore, this issue remains unresolved.

### **2.18.2. Poor Management of Fuel**

The controls over fuel management by the Primary Health Care (PHC) Tonkolili were not adequate. This was evidenced by the following:

- (i) The PHC Tonkolili did not maintain an appropriate fuel register for the period under review. The fuel register maintained by the PHC did not show fuel purchased, value of fuel issued and balance of fuel expected at the depot. It was therefore difficult to do any reconciliation between the fuel dealer and the PHC.
- (ii) A comparison between the fuel chits issued and the fuel procured for the PHC Tonkolili during the period under review revealed a difference of Le48,286,000.00 (8,047.67 litres) which was not be accounted for.

We recommended that the DMO should ensure that the necessary fuel chits are made available for verification, otherwise, the full sum should be refunded and evidence of refund made available for verification.

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

The appropriate fuel register was not provided for verification. However, evidence for the use of 2,144 litres of fuel, which cost Le12,864,000.00 was provided and verified by the audit team, leaving a balance of 5,388 litres worth Le35,422,000.00, unaccounted for. This issue therefore is partly resolved.

#### **2.18.3. Essential Drugs Procured by Council for PHC**

A review of the disbursement records maintained by the Tonkolili District Council on behalf of the PHC Tonkolili District, revealed that essential drugs procured by the Council for PHC to the tune of Le30,000,000.00, were not accounted for. Interview with key personnel of the PHC revealed that the said drugs were not received by the District Storekeeper and delivery notes for the drugs were not submitted for inspection.

We recommended that the DMO should ensure that the delivery notes, stores receipt vouchers and stores issue vouchers for the said drugs are made available for verification, otherwise, the full sum should be refunded and evidence of refund made available to for verification.

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

*The DMO stated: "The new management was still investigating the said amount for the essential drugs not accounted for in 2017. However, based on few staff interviewed both in the DHMT and in Tonkolili District Council, we learnt that the past administration from the Tonkolili District Council did not procure the said drugs for DHMT. However, the investigation was still ongoing by the new council administration; findings of which will be made known to us on our verification".*

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

Evidence for the delivery of the essential drugs costing Le30,000,000.00 was not provided during the audit verification exercise. The audit team was unable to confirm the purchase and delivery of these drugs to the PHC even though the bank statement and cheque stub indicated that the said amount was withdrawn on 19th May, 2017. Therefore, this issue remains unresolved.

#### **2.18.4. Staff not on Government Payroll**

Our physical verification of the PHC staff revealed that there were 26 volunteer staff at the PHC and up to 75% of the total staff across the district were volunteers.

We recommended that the DMO should liaise with the Human Resources Office in the Ministry of Health and Sanitation (MoHS) for adequate staffing to the PHC.

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

There was no management response and our recommendation was not implemented. Therefore, this issue remains unresolved.

## **2.19. MAGBURAKA GOVERNMENT HOSPITAL, TONKOLILI DISTRICT-2017**

### **2.19.1. Payment of Statutory Deductions**

Analysis of the supporting documents for various payments made during the period revealed that withholding taxes not deducted and paid to the NRA amounted to Le1,431,265.

We recommended that the MS should ensure that the Finance Officer pays the withholding taxes into the NRA's account and submit NRA receipt for verification. In future, a 5.5% withholding tax should be deducted from all payments for goods and services above Le500,000 and paid into the NRA's account.

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

*The MS stated: "Management accepted the fact that withholding taxes were not paid to NRA. Management has instructed the Finance Officer to make such payment immediately".*

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

The NRA receipt was not made available for verification. Therefore, this issue remains unresolved.

## **2.20. MINISTRY OF BASIC AND SENIOR SECONDARY EDUCATION-2018**

### **2.20.1. Procurement Irregularities**

#### ***Requirement for Annual Procurement Planning not Met***

Contrary to Section 27(3) of the Public Procurement Regulations (PPR) of 2006 which enjoins procuring entities to revise and update their procurement plans as appropriate in consultation with the Ministry of Finance and the NPPA, during the course of each fiscal year, we observed that this procurement plan was not revised and updated during 2018. Because of this, the Ministry procured core textbooks worth Le32,698,940,000.00 and US\$15,365,979.18 and teaching and learning materials worth Le45,394,765,000.00 not planned for.

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

*The PS stated: "The procurement plan was detailed and addressed all the requirement for procurement of these items. Item 4 under the procurement items and item 5 under the plan".*

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

The procurement plan submitted for inspection was detailed, but was not updated to capture the procurement of core textbooks, teaching and learning materials and diet for boarding schools. The only teaching and learning materials captured in the procurement plan was the one for the handicap. Therefore, this issue remains unresolved.

#### ***Artificial Splitting of Procurement Activities and Value for Money not Exercised***

Section 37 (2) of the Public Procurement Act of 2016 stipulates that procurement shall not be divided artificially with the intention of avoiding the monetary thresholds established under this Act or regulations made under it. Also, the general principles governing sound financial management and the conduct of public officials (propriety) - requires value for money in the procurement of goods, works and services.

Procurement documents, payment vouchers and their supporting documents were examined to confirm whether the procurement yielded value for money. The sampled procurement documents examined revealed that in 2018 three procurement activities exceeded the Request for Quotation (RFQ) threshold of Le60,000,000. Contrary to Section 37(2) of the Public Procurement Act of 2016 of the Ministry artificially split these procurement activities into smaller amounts, used RFQ rather than the National Competitive Bidding procurement method and awarded the contracts to various contractors. The items procured were not available for physical verification and there was no evidence that they were received by the Ministry. Details of the procurements are given below:

No	Details	Amount (Le)
1	Procurement of furniture and fittings, and office equipment	619,010,000
2	Procurement of office equipment	536,080,000
3	Procurement of designing and printing of T-Shirt	90,000,000
4	Supply of school materials from Sulaimatu Enterprises	283,600,000
	<b>Total</b>	<b>1,528,690,000</b>

We further noted that there was material variance between unit prices quoted by different suppliers and that quoted in the National Public Procurement Price Norm. During a comparison of prices quoted by the different suppliers, to that of the National Public Procurement Price Norm, we observed a possible overpricing for items by the suppliers to the tune of Le52,000,000.

We recommended that in future, the Procurement Committee should establish a framework contract for these frequently used goods. We also recommended that the Assistant Director or Head of Procurement should ensure the prices above the NPPA price norm are paid back into the CF.

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

The PS stated: “The Procurement Unit has never split procurement activities. These are lower value contracts that can only be done through RFQ as stated in section 69 of the second schedule of the Procurement Act. It clearly states the various methods of procurement and the limit of each threshold to execute a procurement activity. There is no section in the Procurement Acts that says one supplier should not be awarded to two or more contracts when they have rightfully been awarded – following all the due process for the award of contract.”

### **Auditor’s Comment**

- We disagree with management on the issue of splitting of procurement activities. The Ministry should consider the use of a framework contract to address this situation. This issue is therefore unresolved.
- The assets bought have still not been made available for audit verification. Therefore, this issue remains unresolved.
- The issue relating to possible overpricing for items by the suppliers to the tune of Le52,000,000.00 was not addressed and therefore remains unresolved.

### ***Late Supplies of Teaching and Learning Materials***

The Ministry contracted three suppliers on 30th November, 2018 for the supply of teaching and learning materials to the 22 local councils for a contract sum of Le31,792,265,000. The suppliers were expected to deliver the goods to the 22 local councils within two months from the date of signing the contract. During our review of delivery notes and in our interviews with key stakeholders

on 18th September 2019, we observed that these books were yet to be delivered to the 22 local councils.

We recommended that the Permanent Secretary should engage these suppliers for immediate delivery of the goods to the councils.

***Official's Response:***

The PS stated: ‘The Ministry issued out warning letters to the various contractors about the delay, reminding them about their contractual obligations as stated in Clause 22.1. I am to inform you that at a point when the supplies came in, the Ministry decided to keep them for the 2019/2020 school year, because the supplies came in at a time when schools were closing and lack storage facilities at the councils’.

**Auditor’s Comment:**

Management response is noted. Copies of warning letters issued to suppliers were submitted for inspection, but evidence of delivery to the councils were not submitted for inspection. Therefore, this issue is partly resolved.

*Procurement Procedures Not Followed*

The following were observed:

- The Ministry in August 2018, contracted a service provider to provide entertainment services for the launch of the Free Quality Education Programme worth Le191,000,000. Another service provider was also contracted to provide catering services worth Le22,700,000.00 without due regard to any procurement process and procedures.
- The Assistant Director or Head of Procurement requested for payment of Le90,000,000.00 to the Coordinator of the Free Quality Education Programme to transport exercise books to the 22 local councils with no evidence of procurement process undertaken.

***Official's Response***

The PS stated:

- “The Procurement Unit was not involved in this activity. And as such, cannot provide any documents on this matter. The launching of the Free Quality Education Programme was handled by a committee and it was not the responsibility of the Procurement Unit.
- The money was to pay for fuel and per diem to soldiers and police officers that were contacted to assist in the distribution of these books to various local councils. This was not a procurement activity. See documents attached for ease of reference”.

**Auditor’s Comment**

- Management's comment about the non-involvement of the Procurement Unit in the procurement of entertainment and catering services valued at Le191,000,000.00 and Le22,700,000.00 respectively is noted. Evidence of procurement procedures that were followed was not submitted for verification and the issue remains unresolved.
- Retirement documents to support the payment of Le90,000,000.00, to the Coordinator of the Free Quality Education Programme to transport exercise books to the 22 local councils were not submitted for inspection.

**2.20.2. Expenditure Management and Control**

*Unsupported Payments*

- We observed poor records keeping by the Account Unit for expenditures incurred during 2018. In some instances, the returns submitted by the Account Unit were not referenced to the cash withdrawals from the bank statements and some were photocopies rather than originals. We also observed that the Acting Principal Accountant failed to submit comprehensive bank statements for the Imprest account for audit purpose.

- During 2018, bank withdrawals of Le3,690,257,109.00 from the Ministry's bank accounts held at the Bank of Sierra Leone were not supported by payment vouchers and relevant supporting documents such as invoices, signed list of recipients, receipts, etc.
- The Ministry paid Le708,289,750.00 as monthly honorariums to consultants but contract for these consultants were not submitted for audit inspection. Additionally, evidence of deduction of tax from the earnings of these consultants were not submitted for audit.

***Official's Response:***

The PS stated:

- “Documents are now available for verification. Regarding photocopies, originals were submitted but can't be traced. However, duplicates kept by implementers were submitted.”
- “Contract agreements for consultants are now available for inspection.”
- “Copy of comprehensive bank statement is now being re-submitted for inspection”.

**Auditor's Comment:**

- Out of a total of Le3,690,257,109.00, payment vouchers and the relevant supporting documents such as receipts, signed list of beneficiaries for DSAs, incentives and activity reports were submitted for transactions which totalled Le1,818,385,268.00 leaving an outstanding amount of Le1,871,871,841.00 without supporting documents. This issue is partly resolved.
- Photocopy contract agreements were submitted for only five out of eight consultants. In addition, evidence of deduction of tax from the earnings of these consultants were not available for verification. Therefore, this issue is partially resolved.

*Payments of Statutory Deductions to NRA*

In the review of payment returns for goods, works and services, we observed that withholding taxes totalling Le40,334,525.00 were deducted from various payments but NRA receipts as evidence of payments were not submitted for inspection.

Additionally, withholding taxes totalling Le30,057,115.00 were not deducted from payments made to various suppliers and service providers and paid over to the NRA.

***Official's Response***

The PS stated: "Receipts are now available for inspection".

**Auditor's Comment**

- NRA receipts were submitted for payments totalling Le37,115,650.00 out of Le40,334,525.00 leaving a balance of Le3,218,875.00 without receipt. This issue is partly resolved.
- Additionally, withholding taxes which totalled Le24,000,000.00 were deducted and paid to NRA out of a total of Le30,057,115.00 leaving a balance of Le6,057,115.00 without evidence of deductions and payment to the NRA. Therefore, this issue is partly resolved.

## **2.21. MINISTRY OF BASIC AND SENIOR SECONDARY EDUCATION, BO DISTRICT - 2018**

### **2.21.1. Stores Management**

We observed the following during our review of the stores management of the Ministry:

- Teaching and learning materials were not properly stored. There were no shelves and pallets for storage purposes. This caused teaching and learning materials to be placed on the bare floor of the store.
- The Storekeeper has no training and qualification in stores management storekeeper. This is a contributing factor for the storekeeper not to maintain the relevant stores records as

mentioned above. It was further observed that the storekeeper is a volunteer to the ministry and he is a teacher in one of the schools in Bo. We also observed that there was no support staff in the store to assist the storekeeper to pack and lift up bulky boxes.

- There was no gate at the main entrance of the store compound and no security personnel was attached to the store. This may create easy access into the store by theft and valuable education materials may be stolen away.

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

The DEO stated:

- (i) “The proper storage of the teaching and learning materials still remains a challenge. As a result of the introduction of the Free Quality Education programme now in progress, teaching and learning Materials that are being sent to all District Education offices, (Bo inclusive) are ten or more times greater in quantity for the available storage facilities.
- (ii) This problem can only be solved if Government constructs an adequately equipped store at District Education Offices for this purpose. As I write, 80% of these materials are now stored at the Red Cross Store since our own stores are grossly inadequate. Management will however report your recommendations to headquarters.
- (iii) Most of the District Education Office Stores, (Bo District being no exception) are manned by people with no formal store keeping background. To be specific, the Bo District Education Store is manned by a trained and qualified teacher, though not trained as a store keeper. The good news is that Ministry Headquarters have promised to advertise for the recruitment of trained Store Keepers. This, I am sure will be the best solution to this problem.
- (iv) Management really does not have authority to recruit personnel like Security and other Support Staff. Management will however remind human resource manager of the Ministry headquarters for recruitment of more support staff including store hands and security.
- (v) Management is aware of this problem and has discussed it with a partner for support. However, Management will also include the estimated cost of that Gate into its 2020 annual budget”.

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

We observed the following during our verification exercises:

- Shelves and pallets are yet to be provided to pack store items including teaching and learning materials. Therefore, this issue remains unresolved.
- The position of the current storekeeper is yet to be regularised. Therefore, this issue remains unresolved.
- The gate at the main entrance of the store compound is yet to be erected. Therefore, this issue remains unresolved.
- There were no security personnel attached to the store. Therefore, this issue remains unresolved.

### **2.21.2. Monitoring and Supervision of Schools**

One key responsibility of the Ministry is to provide regular inspection and supervision of schools. Review of inspection and supervision reports revealed that there were 1,020 schools in Bo District and the Ministry only has two inspectors of schools who are supported by three teachers to cover the entire District. This indicated that there was inadequate number of supervisor and inspectors of schools in the District. There is high likelihood that these schools may not comply with the Education Policy and Act without it being detected.

We also observed that the Ministry is constrained with vehicles and motorbikes to enhance effective operations. For instance, there is no motorbike for the Inspection Unit.

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

The DEO stated: “Taking into consideration the number of institutions (1,014) under the management of the District Education Office, the staff is indeed inadequate both from quantitative and qualitative points of view. As I write this response, the District Education Office has only two (2) substantive inspectors of schools. It also has

*only (5) five teachers attached to the office for the purpose of supportive supervision of schools and teachers. This is known to the Human Resource Department of the Ministry headquarters. The good news however is that as a result of this situation in almost all District Education Offices, the Human Resources Management Office of Government, through the Public Service Commission is currently advertising for the recruitment of inspectors of schools. Bo District Education Office is sure of benefiting from the eventual deployment of inspectors and other education officers that will be recruited.”*

***Auditor’s Comment***

Adequate number of inspectors and supervisors to ensure effective monitoring and supervision of schools are yet to be recruited. However, copies of advert for the recruitment of these personnel were submitted for our reviews. Therefore, this issue remains unresolved.

## **2.22. MINISTRY OF BASIC AND SENIOR SECONDARY EDUCATION, BOMBALI DISTRICT-2018**

### **2.22.1. Monitoring and Supervision of Schools**

One key responsibility of the Ministry in the District is to provide regular inspection and supervision of schools. Review of the organogram of the Ministry revealed that several key positions such as school supervisors, school inspectors and Finance Officer, were vacant which suggests that the Ministry is grossly understaffed. Additionally, the Ministry most times uses inexperienced staff from various schools to do supervision and monitoring of schools with no evidence of training for these staff.

We recommended that the Ministry in collaboration with the Public Service Commission should ensure that all key positions are filled and adequate trainings are provided for volunteer staff who are currently acting in the capacities of supervisors, inspectors and finance officers in order to build on their capacity.

***Auditor’s Comment***

There was no official response provided by the Deputy Director of Education. Therefore, this issue remains unresolved.

### **2.22.2. Payment of School Fees Subsidy**

Section 45(1) of the Education Act of 2004 stipulates that the prescribed fees shall at the discretion of the Minister, be paid by financial quarter to the Head Teacher or such other person as the Minister may specify in the case of primary schools. In the case of secondary schools, any grants-in-aid payable thereto, shall be paid in advance to the head of the institution or to such other person as the Minister may specify in writing.

During our inspection of payments made to schools for 2018/2019 academic year in respect of the Free and Quality Education fee subsidies, we observed that 111 approved schools (Government and Government Assisted schools) within the District, were not paid subsidies for the number of pupils enrolled for the academic year.

We recommended that the Ministry in collaboration with the Ministry of Finance should ensure that all modalities are put in place to effect the immediate payments of subsidies to these affected schools to enable them carry out the smooth running of the schools. Evidence of payments should be provided for verification.

***Auditor’s Comment***

There was no official response provided by the Deputy Director of Education. Therefore, this issue remains unresolved.

## **2.23. MINISTRY OF AGRICULTURE AND FORESTRY (HEADQUARTERS) - 2018**

### **2.23.1. Unsupported Payments**

We observed the following:

- Between 1st January and 30th April 2018, and before the closure of the Forestry Development Account, the sum of Le3,434,003,294.00 was withdrawn without payment vouchers and other relevant supporting documents in respect of those withdrawals.
- A total of Le1,135,000,000.00 was also withdrawn from the Forestry Development Account and alleged to have been transferred to Farmer-Based Organisations (FBOs) under the Cash Transfer Programme. It was however observed that minutes of Cash Transfer Committee meetings and recommendations from the district offices and other cash transfer related documents were not submitted for audit review.
- We observed that from 1st January to 30th November 2018, withdrawals from the Imprest account which amounted to Le989,180,424.00 were without payment vouchers and other relevant supporting documents in respect of those withdrawals.

We attributed these incidences, in most cases, to management's failure to be guided by and observe the stated regulations in executing financial transactions with public funds. Further, there was failure on the part of the Internal Audit Unit to properly scrutinise payment vouchers before approving them for payment, as well as Accountant not insisting on the provision of relevant supporting documents by payee(s) before releasing their cheques for payment.

We therefore recommended that the Permanent Secretary (PS) in collaboration with the Chief Accountant and the Chief Agriculture Officer, should ensure that the supporting documents are ready for verification; otherwise, the full amount should be refunded.

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

*The PS stated: "All relevant supporting documentations are available for audit verification".*

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

- (i) Out of the total of Le3,434,003,294.00, payment vouchers and other relevant supporting documents were submitted for Le1,284,632,000.00 leaving a balance of Le2,149,371,294.00 without supporting documents.
- (ii) From a total of Le1,135,000,000.00, we verified documents relating to transactions which amounted to Le245,000,000.00. An evaluation report was produced, but it was however observed that other relevant cash transfer related documents such as application letters, concept notes, recommendations from district offices, cash transfer Committee meeting minutes and other relevant documents were not submitted for verification in respect of the outstanding transactions amounting to Le890,000,000.
- (iii) From the total of Le989,180,424.00, payment vouchers and other relevant supporting documents were submitted only for Le83,190,280.00, leaving a balance of Le905,990,144.00 without supporting documents.

### **2.23.2. Agro-Tourism, Consultative Conference and the National Tree Planting Campaign**

Financial Management Regulations were not fully observed in the management of funds from the Imprest account for the implementation of Agro-Tourism, Consultative Conference and the National Tree Planting Campaign during the period under review. Our review of documents submitted for use of funds in executing the activities revealed the following:

#### ***Agro-Tourism Festival***

- A special imprest of Le1,731,100,000.00 was allocated to the Ministry to undertake agro-tourism activities in two districts (Bonthe and Koinadugu) in December 2018. Retirement details were provided for Le558,802,000.00, leaving a balance of Le1,172,298,000.00 without

supporting documents; and there was no evidence that it was paid back into the CF as stipulated by section 124 (2) of the Public Financial Management Regulations of 2017.

- The sum of Le6 million was spent on procurement of 30 mattresses for cultural groups for which no procurement process was followed, nor was there any evidence how the mattresses were distributed or accounted for by the Ministry.

#### *Consultative Conference*

- Even though the sum of Le124,970,000.00 was approved as a special imprest for hosting a consultative conference. The sum of Le142,485,000.00 was expended on the entire exercise. There was no evidence to show how the excess Le17,515,000.00 was sourced by the Ministry.
- The Ministry hired the services of four technical consultants to support the Ministry in several technical areas. It was however observed that even though there were consultants, the sum of Le12,000,000.00 was paid to two local consultants for the coordination, facilitation, and compilation of a 14-page report on the consultative conference.

#### *National Tree Planting Campaign*

The sum of Le2,297,000,000.00 was withdrawn for the National Tree Planting Campaign. Supporting documents were only submitted for Le1,740,455,000, leaving an outstanding amount of Le556,545,000.00 without any supporting documents. There was however no evidence that it was paid back into the Consolidated Fund as stipulated in Section 124(2) of the Public Financial Management Regulations of 2017.

A review of the documents submitted for the Le1,740,455,000.00 further revealed that:

- Procurement activities, such as printing, purchase of rain gears, stationery, etc. worth Le320,000,000.00 were undertaken for which the required procurement procedures were not followed.
- Withholding tax of Le32,142,550.00 was not withheld and paid over to the NRA from payments made to suppliers, in contravention of section 117 and Part II of the second schedule of the Income Tax Act of 2000.
- A total of Le114,000,000.00 was spent on rain gears and uniforms for which a distribution list was not submitted for inspection.
- A total of Le23,250,000.00 was spent on oversight and supervision for 10 districts for which the names of the supervisors, as indicated on the payment voucher, were names of labourers within the Ministry. There was no monitoring/supervision report.
- An amount of Le25,000,000.00 was spent on the procurement of newspapers for which copies of the newspapers were not submitted for inspection.

In addition to the specific findings, our general observations on implementation of the Agro-Tourism, Consultative conference and the National Tree Planting Campaign are as follows:

- Funds were withdrawn in the name of consultants who were at the forefront of implementation.
- Unnecessary segregation of exercises to increase labour cost such as hole digging and filing, and planting were done separately and on diverse dates.
- Retirement documents like payment vouchers were duplicated and receipts were having conflicting and incomplete information.
- The same staff was making payments for two different districts that are quite geographically apart (Kerena and Moyamba districts) on the same date.

The lapses were due to negligence on the part of the Accountant, and this could provide a leeway for the misappropriation of funds.

We recommended that the PS should take the necessary steps to ensure that officers who were in charge of these activities adequately address the issues raised; otherwise, the matter will be reported to the appropriate authorities for necessary action. In future, the PS should ensure that adequate controls are in place for the use of public resources.

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

The PS stated: "All relevant supporting documentation are available for verification".

### **Auditor's Comment**

The following were observed during our verification exercise:

#### *Agro-Tourism Festival*

During a review of the retirement details provided for the utilisation of the outstanding Le1,172,298,000.00 we observed the following:

- An unsigned and undated receipt, with a London business address, was attached to support budgeted payment of Le200,000,000.00 for the hiring of stage light and truss. However, details in the receipt indicated that payment was for the purchase and not hiring of the stage light and truss. No procurement procedure was followed and the stage light and truss were not produced for verification.
- The sum of Le 505,800,000.00 was utilised for various procurement activities such as services of performers, hiring of vehicles, refreshments etc. for which due procurement processes were not followed. In addition, authentic receipts were not attached to support the payments.
- There was no evidence that procurement procedures were followed for the sum of Le6 million spent on procuring 30 mattresses for cultural groups. Neither a distribution list, nor the mattresses were available for physical verification.

#### *Consultative Conference*

- No evidence was submitted in respect of the excess Le17,515,000.00 expended by the Ministry.
- There was no further explanation from the Ministry regarding the payment of Le12,000,000.00 to two local consultants for the coordination, facilitation and compilation of a 14-page report on the consultative conference.

#### *National Tree Planting Campaign*

- Supporting documents for the outstanding Le556,545,000.00 were not submitted and there was no evidence that the amount was paid back into the CF as stipulated in section 124(2) of the Public Financial Management Regulation of 2017.
- There was no evidence that procurement procedures were followed for payments totalling Le320,000,000 for printing, purchase of rain gears, stationery, etc.
- NRA receipts were not available as evidence of payments of withholding taxes amounting to Le32,142,550.
- Distribution list was not submitted to support payment of Le114,000,000.00 for rain gears and uniforms.
- There was no further explanation on the inclusion of names of labourers in the Ministry as district supervisors. In addition, monitoring and supervision report was not submitted to support payment of Le23,250,000.00 on oversight and supervision for 10 districts.
- Copies of newspapers, as evidence of delivery, were not seen to support payment of Le25,000,000.

#### *General Observations*

There were no further management's comments on our general observations on the implementation of the agro-tourism, consultative conference and the National Tree Planting Campaign.

### **2.23.3. Revenue Paid into the Imprest Account Instead of the Consolidated Fund**

Between May and December 2018, a total of Le127,782,082.00 in respect of transport permit/forest product revenue was deposited into the imprest account, instead of the CF. This was contrary to the provisions in the Executive Order 1 of 9th April, 2018.

We recommended that the Permanent Secretary (PS) should provide appropriate evidence why the executive order was flouted; otherwise, the matter will be reported to the appropriate authority for necessary action.

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

The PS stated: "*As a result of the closing of the Forestry Development Account, forestry officials who collected transport permit/forest products revenue were constrained as to which account they should pay these moneys. As a temporary measure they were advised to deposit their collections into the Imprest account. However, henceforth, all revenues collected will be paid into the CF.*

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

Our recommendation was not acted upon. In addition, there was no evidence that revenue collected was being deposited into the CF. Therefore, this issue remains unresolved.

### **2.23.4. Human Resources and Payroll Management**

In an attempt to conduct physical verification on the Ministry's staff, we were unable to physically verify 33 personnel, as they did not make themselves available for verification.

We recommended that the Senior Human Resource Officer in the Ministry should ensure that all unverified personnel are made available for verification; otherwise, the matter would be reported to the Human Resource Management Office (HRMO) for subsequent removal of their names from the payroll.

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

The PS stated: "*The team requested to verify staff in the Western Area. Western Area comprises headquarters (staff assigned at Youyi Building), State House, New England, Water Quay, and Kissy Workshop (Dock Yard). The other locations like Lumley, Adonkia, Ogoo Farm and Newton are under Western Rural District. She emphasised that this was explained before the exercise and that nevertheless, minutes have been circulated to Directors requesting them to inform their staff whose names are in the list that are assigned in Western Area to make themselves available for verification".*

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

Twenty-four of the 33 personnel did not make themselves available for verification. Therefore, this issue is partly resolved.

### **2.23.5. Procurement Irregularities**

#### ***Consultancy Services***

A review of documents relating to the procurement of the services of four individual consultants, for a contract worth US\$ 46,200 {equivalent to Le387,127,818.00} per consultant, for the period under review revealed the following:

- Contrary to the provision on price quotation in the Executive Order No. 2 of 25th April 2018, the Ministry signed a contract with four individual consultants and quoted payment terms in US\$ instead of Leones.
- According to the contract, payments to the consultants were to be based on signed timesheets that were to be received by the Permanent Secretary on monthly basis. Timesheets were prepared for six months. However, there was no indication of the preparer, verifier or an approval from the Permanent Secretary.

- The contract terms required all four contractors to be paid through their different bank accounts, but evidence of bank payments was not available for inspection.
- Monthly reports were to be presented to the Minister through the Chief Agriculture Officer but evidence of such reports was not submitted for auditing, nor was there any confirmation for the preparation of monthly reports from the Chief Agriculture Officer.

#### *Procurement of Rain Gears*

A review of procurement documents for rain gears revealed the following:

- Procurement worth Le193,400,000.00 in respect of rain coats and boots were not in the approved 2018 Procurement Plan which contravenes section 28(a) of the Public Procurement Regulations of 2006.
- The procurement was split into smaller tranches in a bid to evade the national competitive bidding (NCB) procurement method. As a result of the splitting, the Ministry in June and July 2018, used request for quotations (RFQ) instead of the NCB method of procurement to procure rain coats and boots at a total contract price of Le193,400,000.00, which is contrary to the provisions of the First Schedule of the Public Procurement Act of 2016.

#### *Official's Response*

The PS stated: "We submitted the following responses:

#### *Consultancy Services*

- The Request for Proposal (RFP) was ideally the correct method used to request for proposals from the individual consultants, as the procurement was for services (43, 2016 Amendment Act).
- The Second Schedule (s 49) of the National Public Procurement Act, 2016 (as amended) permits the use of the RFP method for small contracts below Le 300m and the same method for contracts, which individual values exceed Le 300m.
- The procurement included individual consultants for the provision of individual consultancies that are distinctive in scope, background, deliverables, etc. and considering the then circumstances envisaged, the Ministry reasonably deemed it fit to expedite these processes.
- Notwithstanding the above, procedural due processes were ensured which saw the awardees emerge as the most responsive, compliant and lowest evaluated individual consultants.
- Timesheets were approved for all the consultants (from June-November 2018) by the Office of the Minister. Copies for all four consultants have been enclosed accordingly. The four consultants are part of a Technical Advisory Team reporting to the Office of the Minister, through the CAO. Their timesheets were therefore approved and signed by the Minister, as indicated in copies.
- The payment was processed in December 2018 and was paid (lump sum) into MAF's designated account. The four consultants were each paid in Leones by individual cheque, the total amount for the six months (June-November 2018). The payments were drawn from the Ministry's designated Account at the Central Bank via cheque issued by the MAF's Accountant after deduction of the relevant taxes. Encashment of all four cheques was done at the Bank of Sierra Leone.

#### *Procurement of Rain Gears*

- MAF's activities are seasonally oriented and time bound. Owing to this, the varied activities cut across both the rainy and dry seasons. For the safety and punctuality of its numerous staff, both at headquarters and the forested areas in the provinces, especially in the midst of such heavy downpours that occasionally tend to prevent workers from coming to work, MAF had to proactively, out of necessity, undertake the procurement for the supply and delivery of rain gears, rain boots, etc. for its staff on an ad hoc basis. This, in the estimation of the Ministry, justifies the circumstantial nature of the procurement as it needed not to be planned for before execution. What about the safety and punctuality of the staff, particularly those deployed in the forested regions of the country?
- The figure (Le193,400, 000) for the acquisition was hived from various budgets lines, including but not limited to Forestry, Administration, Crops, etc. that are tied and coded only for particular activities to be undertaken. It is but prudent to note that, these end-user Divisions/ Units (as aforementioned) have budget

*lines with codes respectively, and as such, the IFMIS system of payment at the Accountant General's Department does not countenance any payment either less or more than the figure committed in the system. As intermittent and separate requests from the various needy departments/ units, these had to be dealt with by the Procurement Unit as and when approved by the office of the Permanent Secretary.*

- *Applying the NCB procurement method, which lead time spans over 4-5 months before completion, would not only have defeated the purpose, but also would have rendered the IFMIS payment processes at the Accountant General's Department very cumbersome, if not impossible, as the total figure (as above) is a culmination of different votes.*
- *By provision of the Public Procurement Act, 2016 (as amended) the use of NCB procurement method for the activity in question, would have meant protracting the process to an extent that delivery would have become timely impossible, as getting the necessary approvals from the NPPA, Law Officers' Department and consequently MoFED, would have handicapped the target of timely delivery.*
- *Notwithstanding the use of RFQ, due diligence was ensured in that, quotations were floated to at least three competitors, returned and evaluated on the basis of Least Cost Selection (LCS), as a mandated method for evaluating RFQs (as per the Act, 2016) - which saw these businesses, as the most compliant, responsive and lowest evaluated bidders, therefore, the award of contracts (ref. evaluation reports submitted to the Audit Service team).*
- *The issue of deduction of withholding tax, at this level of payment is materially, a case for the Account Unit and not the Procurement Unit.*

*In conclusion, though, the Ministry takes notes and assures the Audit Service of taking proactive steps to curb the re-occurrence of such situations in the future.*

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

There were no supporting documents to ascertain that the Ministry was in compliant with the procurement laws and regulations relating to the procurement of consultancy services and rain gears. Therefore, these issues remain unresolved.

#### **2.23.6. Stores Management**

In spite of repeated requests, documents in respect of the fertiliser distribution and recovery were not submitted for audit inspection. Verification of the Ministry's store at Kissy revealed that store items (agricultural tools, farm and inputs machineries) were not taken on ledger charge even though a stock taking was conducted by the stock verifier from the Accountant General's Department and list of items submitted to the Ministry for them to be taken on charge.

We recommended that the Chief Agriculture Officer (CAO) should ensure that a detailed fertiliser distribution and recovery list are submitted; otherwise, the matter will be reported to the appropriate authorities for necessary action. The Chief Storekeeper should also ensure that the store ledgers are immediately updated by taking all stores item on ledger charge.

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

*The PS in her response stated:*

- (i) *"All relevant supporting documentation are available for audit verification*
- (ii) *The process of taking those items on charge is on and when completed the ASSL will be duly notified".*

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

Documents were not presented on fertiliser recovery and there was no evidence that the store ledgers were updated by taking all stores item on ledger charge. The issues are therefore unresolved.

#### **2.23.7. Vehicles and Motorbikes not Available for Physical Verification**

Four vehicles that were part of the 2017 Ministry's vehicle list were not included in the 2018 list submitted and there was no explanation about their location or status. Similarly, nine motorbikes were not available for physical verification.

We recommended that the missing vehicles and motorbikes should be made available for physical verification; otherwise the matter will be reported to the appropriate authorities for necessary action.

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

*The PS stated: "The updated 2018 vehicle listing (including the four mentioned vehicles) was submitted to the ASSL. However, a copy is still available for audit verification. Furthermore, the nine motorbikes are available for audit verification".*

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

The 2018 vehicle list was updated but the nine motorbikes were not made available for physical verification. The issue is therefore partly resolved.

### **2.24. MINISTRY OF AGRICULTURE AND FORESTRY - BOMBALI DISTRICT - 2018**

#### **2.24.1. Fertilisers Issue but not Confirmed by Beneficiaries**

We observed that 1,400 bags of fertiliser of different brand were issued to nine Farmer-Based Organisations (FBOs). During the review process, we noted that some of the FBOs were not registered with the Ministry, whilst the mobile numbers of the contact persons for six FBOs were incorrect. We could therefore not confirm whether they received the said fertilisers or not. Furthermore, the mobile numbers as indicated on the distribution list were different from those on the Ministry's list of registered FBOs.

We recommended that the acting storekeeper should liaise with the FBOs concern to ensure that the Fertilisers are verified.

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

*The District Agriculture Officer (DAO) stated: "The relevant FBOs concerned have been contacted to meet with the audit team to confirm the said fertilisers".*

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

We were not able to confirm whether the fertilisers were issued to the rightful beneficiaries or not, as the FBOs in question were not available for verification.

### **2.25. MINISTRY OF AGRICULTURE AND FORESTRY TONKOLILI DISTRICT-2018**

#### **2.25.1. Inadequate Controls Over Revenue & Receipts**

A review of the Ministry's bank statements revealed that revenue collected from the registration of farmer based organisations which amounted to Le6,100,000.00 were without supporting documents.

We recommended that management should submit the supporting documents, otherwise the full amount should be recovered and paid back into the Consolidated Fund.

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

*The DAO stated: "A review of the payment status for the registration of Farmer-Based Organisations has been done. Henceforth, all payments for the registration of farmer based organisations are done in the Ministry's account and receipt of payment submitted to MAF Admin office before issuance of the certificates as the case may be".*

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

Management's response did not address the issue raised by the auditors. The issue therefore is unresolved.

### **2.25.2. Non-existence of Loan Agreement for Fertiliser Supplied**

Physical verification of stores revealed that over 250 bags (50kgs) of seed rice were in the main store of MAF Tonkolili. Enquiries about the source of the 250 bags of seed rice from the storekeeper and the DAO revealed that the said seed rice was a loan repayment by the Deputy Minister of Agriculture. However, the DAO said the fertiliser was supplied to the Minister from Freetown but could not justify the actual quantity of bags of fertiliser loaned to the Deputy Minister. There is a risk that the repayment could be less than the quantity loaned to the Minister.

We recommended that the DAO in collaboration with headquarters should provide the fertiliser loan agreement.

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

*The DAO stated: "These supplies were issued to the Minister from MAF at headquarters level. Details of such transaction can be accessed from the MAF stores at HQ level".*

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

Loans agreement to justify the fertiliser supplied to the Deputy Minister of Agriculture were not available for verification. Therefore, this issue remains unresolved.

### **2.25.3. Fertiliser Supplied to Unregistered Farmers**

From a review of stores issue vouchers (SIVs) of fertiliser supplied direct to farmers from Freetown, the team of auditors observed that a total of 16,370 bags of fertiliser including urea 46% and NPK 15:15:15 were supplied to Farmer Based Organisations (FBOs) and Sierra Akker Company Project Ltd. Upon comparing the list of registered FBOs for 2018 to the FBOs that benefited from Freetown, the auditors also observed that the latter FBOs were not registered with MAF Tonkolili District. Due to the lack of comprehensive information (such as addresses of the FBOs etc.) on the SIVs, the team also could not confirm the above supply of fertiliser.

We recommended that the DAO in collaboration with headquarters should provide explanations backed by evidence report on the bases used to supply fertiliser to unregistered Farmer-Based Organisations.

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

*The DAO stated: "The consignment that the auditing team claimed to have been given to Sierra Akker Company was supported by the stores at headquarters, in Freetown. The Tonkolili management could not account for the said consignment due to the fact that, the fertiliser in question was not within the domain of the Magburaka Management. Further clarifications towards the issuance and management of the aforesaid consignment can be accessed from Freetown".*

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

Management response did not address the issue raised. Therefore, this issue remains unresolved.

## **2.26. MINISTRY OF AGRICULTURE AND FORESTRY, KENEMA DISTRICT - 2018**

### **2.26.1. Seed Rice and Fertiliser Recovery**

There were inadequate controls over the issue and recovery of the seed rice and fertiliser that were distributed by the District Agriculture Officer (DAO) to farmers and farmer based organisations. We observed that there was no evidence to confirm that recoveries have been made for seed rice and fertilisers distributed on loan and there was no evidence of actions taken against defaulters.

An analysis of distribution during the period is given below:

Seed Rice and Fertilisers Distributed	
Farming Input	Quantity Issued (Bags)
Seed Rice	784
Fertilisers	5,061

Moreover, the district office has no policy or an agreement signed by farmers before receiving farming seed rice and fertiliser on loan.

Failing to recover seed rice distributed may deprive other potential farmers from benefiting in the next planting season and this may negatively impact on the farming outputs in the district.

We recommended that the DAO, Permanent Secretary of the Ministry of Agriculture and Forestry in collaboration with other staff should ensure that a policy is developed for the distribution and recovery of seed rice and fertiliser to farmers. In future, the DAO should ensure that all transactions from inception to completion should be supported by the relevant documentary evidence which must be retained for audit and reference purposes.

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

*The District Agriculture Officer (DAO) stated:*

- (i) “The list of beneficiaries was submitted to you at the time of the audit, the ministry did not supply fertilizers to farmers or farmer base organizations (FBO) for the period under review. Notwithstanding that, the list of beneficiaries for the seed rice will be made available again to you for verification.
- (ii) At the time of the audit, the Ministry was in preparation for the procurement of empty bags where those recoveries will be placed, we are on good footing, we have recovered more than 30% of seed rice, the document are there for your verification.
- (iii) A comprehensive policy agreement is now in place for subsequent supply of seed rice, this also will be made available to you during verification”.

### **Auditor's Comment**

We note management's response and actions taken to address weaknesses in the distribution and recovery of fertilisers and seed rice to farmers. Fertiliser recovery and outstanding are given below:

Farming Input	Distribution details(bags)	Recovery details(bags)	Outstanding details(bags)
Seed Rice	784	189	595
Fertilisers	5,061	0	5,061

Therefore, this issue is partly resolved.

### **2.26.2. Loans not Recovered**

A review of records showed that the outgoing District Agricultural Officer (DAO) of the Ministry of Agriculture and Forestry-Kenema obtained a loan amounting to Le80,920,000.00 which the auditors could not confirm its legibility and there was no evidence to attest that such amounts have been verified neither was it approved by the Minister of Finance.

We recommended that DAO, Permanent Secretary and the Principal Accountant should immediately carry out all procedures involved to verify the legality of the said amount and documentary evidence forwarded to audit service regional office for verification.

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

*The District Agriculture Officer (DAO) stated: "I have personally informed the out gone DAO in writing about the loan amounting to Le80,920,000.00, I have not got any response from him yet. The copy of the letter will be made available to you"*

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

Our recommendation was not implemented. Effort was made by the Ministry to write the outgoing DAO on the above issue. However, there was no response to the aforementioned letter. As at the time of verification, there was no evidence or indicator to show the loan amount in question is recoverable. Therefore, this issue remains unresolved.

### **2.27. MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY - BO DISTRICT - 2018**

#### **2.27.1. Fuel Management**

We observed that total fuel cost recorded in the Ministry's fuel register was Le38,096,000. However, review of the Bo District and the Bo City Councils' cashbooks revealed that the total cost of fuel disbursed to the ministry was Le95,596,000. This resulted in a difference totalled Le57,500,000.

We recommended that the DAO and the Acting Finance Officer should collaborate with the Finance Officers of the two councils to reconcile the difference between the cost of fuel recorded in the councils' cash book and the register maintain by the ministry. This reconciliation should be documented providing satisfactory reasons for the difference, otherwise, the matter will be forwarded for further investigation.

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

*The DAO stated: "With regard to the different between the fuel record of Council and MAF, the DAO have informed the Finance Officer to reconcile the records".*

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

Fuel reconciliations was not provided. Therefore, this issue is unresolved.

#### **2.27.2. Inadequate Control Over Revenue and Receipts**

We observed the following:

- The ministry did not submit evidence such as bank pay-in-slips or NRA receipt to confirm that total revenues of Le5,055,000.00 in respect of Farmers-Based Organisations (FBO) registration fees and hall rental fees were deposited into bank account for onward remittance into the single treasury account.
- Revenue totalling Le15,055,000.00 was collected by the Forestry Division of the Ministry. However, duplicates of the receipts issued to the payers were not provided for verification. It was difficult to ascertain the accuracy of the amount reported as revenue collected. We further noted that the total collected was not recorded in the cashbook.

- There was no letter of request to indicate the number of receipt books needed and there was no delivery note and receipt vouchers to indicate the number of receipt books delivered to and/received by the Ministry for revenue collection. It will be impossible for the auditors to ascertain the accuracy of the receipt books submitted. Lack of these vital accountable documents may create opportunity for revenue collected to be diverted for personal benefit without it being detected.

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

*The District Officer (DO) stated: "Duplicate receipts books are available for your inspection and I have provided a ledger for the recording of revenue".*

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

- Duplicate receipts and revenue cashbook were not submitted to the team. Therefore, this issue remains unresolved.
- This finding on revenue not banked was not addressed by management. In addition, documents such as deposit slips and bank statements were not made available to confirm that revenue collected are banked. Therefore, this issue remains unresolved.
- Duplicate receipts and revenue cashbook were not submitted. Therefore, this issue remains unresolved.
- Letters of request for procuring of receipt books, delivery notes, accountable document register to show the quantity of receipts books received and utilised were not made available. Therefore, this issue remains unresolved.

#### **2.27.3. Stores Management**

We observed the following:

- Review of store documents revealed that store issue vouchers were not prepared for store items valued at Le15,300,000.
- The Store Keeper did not maintain bin or tally card at the Ministry's stores.
- There was no reconciliation report to confirm that systematic checks were done twice a year and to compare the stores ledger balances with the physical stores item balances.
- Stock certificates in respect of stock counts carried out were not submitted.

We recommended the following:

- The Store Keeper should provide the relevant documents to the audit team to account for the items issued out of store.
- The Store Keeper should start maintaining bin cards or tally cards with immediate effect.
- That Store Keeper should carry out reconciliations on a regular basis as stated in the regulations.
- Stock certificates should be provided for verification.

#### **Auditor's Conclusion**

There was no management's response on the issues and no evidence that they have been addressed by the Ministry. Therefore, these issues remain unresolved.

## **2.28. MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY - TONKOLILI DISTRICT - 2017**

### **2.28.1. Stores Management**

#### *Poor Seed Rice and Fertiliser Recovery*

Clause 1 of the signed loan agreements between the Ministry and Farmer-Based Organisations (FBOs) requires that each FBO should pay back two bushels (50kg) of certified seed rice or its cash equivalent based on the prevailing cost of certified seed rice per bushel (25kg) at the end of the 2017 cropping season for each 50kg of fertiliser given to them as loan. We however observed that of the 8,861 bags of fertiliser supplied to FBOs during the year under review, only 1,319 (14%) bags of rice were recovered, leaving 7,542 (86%) bags of rice not recovered from FBOs. Moreover, we also noted discrepancies in records of defaulters, distribution lists and recovery summary submitted. As a result, we were unable to place reliance on the information provided by the Block Extension Service (BES) officers.

We recommended that the BES officers in collaboration with the District Extension Officer (DEO) and District Agriculture Officer (DAO) ensure that the outstanding rice is recovered from the defaulting farmers as soon as possible. We also recommended that further supplies of fertiliser to defaulting farmers are stopped until all outstanding obligations have been met. In the same vein, the DAO should ensure that he monitors the supply and recovery of fertiliser from farmers in order to provide the requisite oversight needed to ensure the sustainability of the scheme.

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

*The DAO stated:*

*"To address the issue of defaulters, a comprehensive list of those concerned has been compiled and submitted to the management of the Tonkolili District Council, the local chiefdom administration, the police and MAF directorate at headquarters. Similarly, frequent field visits are being made by the top management of MAF. Radio panel discussions have been held and a lot of jingles generated. Farmers are still reluctant to pay, as they claim that their harvests have been hampered by weather variations, rodents and disease attack and flooding of IVS sites. However, tremendous efforts have been put in place to ensure farmers' compliance to the recovery process. A total of 7.1 metric tons have been recovered over the period under review. Find attached defaulters' list and recoveries for FY 2018".*

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

Management's response in resolving this perennial issue is noted. However, records to justify the recovery of 7.1 metric tonnes and defaulters list were not made available to the audit team for verification. Therefore, this issue remains unresolved.

#### *Urea 46% Fertiliser not Accounted for*

A review of the allocated store ledger and issue vouchers revealed that 160 bags of Urea 46% fertiliser were issued to MAFFS staff. We were however not provided with any justification for the issuance of fertiliser to staff. Moreover, details of how the fertilisers were to be recovered were also not provided.

A comparison between records of Urea 46% fertiliser received and issued revealed that 15 bags could not be accounted for. Moreover, we could not physically verify the 15 bags of fertiliser in the Ministry's store. In the same vein, 88 bags of 15:15:15 fertiliser that were supposed to have been the

remaining fertiliser in store for the Linking Farmers to the Market (LFM) Project were not accounted for.

We recommended that the storekeepers in collaboration with the DAO should provide explanations justifying the loan fertiliser given to MAFFS staff. The DAO should submit evidence of recovery; otherwise, the monetary value of the 160 bags of fertiliser should be paid back to the Consolidated Fund.

We also recommended that the storekeeper should provide the necessary documentation and/or explanation to account for the missing fertiliser. Otherwise, the monetary value of the 103 bags off fertiliser should be paid back into the CF and evidence of payment forwarded to the audit office for verification.

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

*The DAO stated:*

*"One of the mandates of the Agric Extension and Service Delivery Division is the conduct and dissemination of agricultural research trials and information to farmers for adoption to increase the level of production and productivity of crops and livestock. It is against this backdrop that the Block Extension Supervisors were supplied with limited amounts of fertiliser to aid in the establishment of demonstration plots as dictated by the various experimental designs they would want to undertake for subsequent adoption by the project participants. The fertiliser in question was not issued on the basis of loan repayment after harvest, but was given to aid the establishment of trial plots for the subsequent generation of knowledge, for its absorption by the project participants Other BES's (Mohamed Turay - BES3), utilised his for the establishment of vegetable gardens. The harvests were successful and the proceeds generated from these harvests were utilised by the members of the groups to address some household chores. Other BES's reported completion of their rice experimental designs and the general conclusion was that for improved rice optimal yield of 3 to 4 metric tons per hectare, the recommended fertiliser doses be adopted by farmers in due course. Therefore, farmers should adopt the optimum utilisation of fertiliser, provided they have the requisite fertiliser needed to reach such status. For block one, the BES in question, utilised his quota for the cultivation of maize. Unfortunately, this plot was infested by army worms, which case were reported nationwide."*

*The storekeeper has proved that the 103 bags that could not be accounted for, was a miscalculation between ledger balances to that of physical stock. The former shows more totals than the physical. So in effect there is no misappropriation 15 bags urea 46% and 88 bag of NP15:15:15. It was just an error in calculating physical balances by the storekeeper and nothing less. However, the store ledger books can be further verified to authenticate this finding."*

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

- We were not provided with any documentation to justify the issuance of the fertiliser in question for research purposes. The issue still remains unresolved.
- We were also not provided with evidence showing how the miscalculation occurred and the reconciliation thereafter. Therefore, this issue remains unresolved.

### ***Seed Rice not Accounted***

An examination of documents revealed that 35 bags of seed rice were issued to an officer of a project for onward distribution to farmers. However, there was no evidence in the form of distribution list showing the farmers to which the rice was issued.

We recommended that the storekeeper in collaboration with the project provides the necessary documentation to account for the seed rice. Otherwise, the monetary value should be paid back into the CF and evidence of payment forwarded for verification.

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

*The DAO stated: "Documentation is provided and submitted to the Audit Service for verification".*

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

Documents to justify issuance of fertiliser were not submitted for verification. Therefore, this issue remains unresolved.

#### *Duplication of Fertiliser Supplied*

An examination of documents submitted showed that 383 bags and 200 bags of fertiliser were supplied to the Mapakie Agricultural Business Centre (ABC) by the Ministry and the LFM project respectively, even though 63 bags of fertilisers had already been issued to the four ABCs that makeup the Mapakie ABC. Of utmost importance is the fact that the 63 bags of fertiliser were issued to 69 members representing the four FBOs that makeup the ABC, whereas the 383 bags were said to have been issued to 280 members of the Mapakie ABC. It is therefore our considered view that the 300 bags issued to the Mapakie ABC were duplicated as each of the FBOs making up the ABC had already been issued with fertiliser.

We recommended that the BESs in charge of Block 3 in collaboration with the District Extension Officer should provide adequate explanations justifying the double supply of fertiliser to Mapakie ABC and FBOs. The DAO should ensure that the activities of the Non-Governmental Organisations are clearly monitored and coordinated.

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

*The DAO stated: "Please note that the distribution in question was not double. The LFM project targeted other farmers who were not members of the ABC, but are residing within the community and the section as a whole (Mapakie Section). Their respective farms do not overhaul in the center stores. Targeting criteria are quite different between the two supporting institutions. LFM has its own targeting criteria which are completely different from that of MAF, thus two different reporting channels. The beneficiaries that benefited from the MAF support have accounted in the attached beneficiary/distribution list submitted by BES".*

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

The document submitted to justify management's response indicated that the fertiliser was issued to the contact person for Mapaki ABC. However, in the absence of the beneficiary list, we are unable to confirm management's assertion that the fertiliser was issued to different beneficiaries. Therefore, the issue remains unresolved.

#### **2.28.2. Management of Fixed Assets**

Fixed assets valued at Le29,670,000.00 procured during the period under review were not recorded in the Ministry's fixed assets register.

We recommended that the DAO should ensure that the details in respect of the fixed assets are recorded in the Ministry's fixed asset register. The updated fixed assets register should be forwarded to our office for verification.

### **Official's Response**

The DAO stated: "The three assets, motorbikes AJA Boxer 125, TVS motorcycle new model and laptop computer and accessories in the three divisions crops, extension and M & E that were not captured in the fixed assets register in 2017 audit quarry, are now available in the 2018 fixed assets register and it was verified by the current audit team. However, please note that the deep freezer in question, encountered mechanical problems that led to its complete damage beyond repairs. The skeleton was however written off from the assets register. However, find attached the 2018 fixed assets register for verification".

### **Auditor's Comment**

We could not trace the said assets on the 2018 assets register. The issue still remains unresolved.

## **2.29. MINISTRY OF TRANSPORT AND AVIATION - 2014-2018**

### **2.29.1. Unreceipted Payments**

Section 73 (1) of the Financial Management Regulations of 2007 stipulates that all disbursements of public monies shall be properly supported by payment vouchers. In addition, it is also a good financial management practice to support all payments with relevant and adequate documentation such as invoices, delivery notes and receipts.

Contrary to the above, we observed that payments totalling Le160,802,498.00 from figures in the Expense Analysis from the Accountant General's Department (AGD) were not backed by adequate supporting documents such as, delivery notes, activity plan, attendance lists, signed lists of beneficiaries and receipts for the period under review. The lapse was due to negligence on the part of the Accountant, and this could provide a leeway for the misappropriation of funds.

We recommended that the Accountant should ensure that all supporting documents are submitted for audit inspection and then review the expenditure control system to ensure that such lapse was not repeated.

### **Official's Response**

The PS stated: "Management noted your findings and want to state that all relevant supporting documents relating to the Imprest Account and details of Expenses from the Expense Analysis from AGD are now available for your verification".

### **Auditor's Comment**

We also observed that adequate supporting documents were still not submitted for payments of Le160,802,498.00 from figures in the Expense Analysis Printouts from the Accountant General's Department. Therefore, this issue remains unresolved.

### **2.29.2. Use of Selling instead of Buying Exchange Rates**

During a review of payment vouchers and other supporting documents, we observed that there were over payments to vendors due to use of an unfair exchange rates. The Bank of Sierra Leone US Dollar selling rates were used by the Ministry in the computation and payment to contractors and consultants, instead of the commonly used mid-rate. This resulted in further cost of Le401,813,821.22.

We recommended that the Accountant, in collaboration with the Permanent Secretary, should proffer substantial evidence for the use of an unfair exchange rate; otherwise, the excess payment should be refunded with interest into the CF and evidence of payment be forwarded for verification.

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

*"Management reviewed the description of findings, risks and recommended action to be taken. The contractors involved were contacted to effect repayment of the refunds, unfortunately, no evidence of repayment of the refunds was sent to this Ministry.*

*The head of the Procurement Unit for the period capturing the over payment was contacted to make an explanation in the use of the Bank of Sierra Leone's selling rate instead of the mid-rate. He explained as follows:*

- (i) "The Bank of Sierra Leone selling rate at the dates of bid opening were used to convert all bids quoted in foreign currency to Sierra Leone Leones.*
- (ii) The selling rates were used because payments for the transactions were made in Leones and bidders are expected to buy the US\$ from the Bank of Sierra Leone to facilitate the transactions.*
- (iii) That considering the fact that payment for the goods by the Government of Sierra Leone are made in Leones, whilst payment to the manufacturers are to be made in the foreign currency (US\$), the Bank of Sierra Leone selling rates were used to enable suppliers get the necessary foreign currencies to facilitate deliveries.*
- (iv) That for subsequent procurement processes, the Procurement Unit will use the mid rates instead of the selling rates".*

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

We note the response from management on the use of an unfair exchange rates in the procurement of goods and services. However, the sum of Le401,813,821.22 was not recovered from the said vendors and paid into the CF. Therefore, this issue remains unresolved.

#### **2.29.3. Procurement Irregularities**

##### *Procurement Documents and Items Procured not Submitted*

A review of the Ministry's Vote Service Ledger (VSL) and the IFMIS 2014 printout from the Accountant General revealed that an amount of US\$115,562.84 was paid to a contractor, ERA services for the supply of two Limousine vehicles to the Office of the President. Procurement documents such as relevant files on minutes of procurement committee meetings, signed contracts and delivery note(s) to support the payment to contractor were not submitted for audit inspection. In addition, in spite of repeated request, the vehicles were not made available for physical verification.

We recommended that the Permanent Secretary, in collaboration with the Senior Procurement Officer and Accountant, should submit the relevant procurement records and documents; otherwise, the issue will be reported to the appropriate authorities for necessary actions to be taken.

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

*The PS stated:*

- (i) "The provision of two Chrysler Limousines by Era Services emanated from a request from the Office of the President to the Ministry of Transport and Aviation dated 29th December, 2014. Prior to this date, ERA Services and Company provided two Chrysler Limousines for use during the inauguration of President E.B. Koroma in February 2013. At that material time, there was no discussion about any intention to sell them to government.*

- (ii) In August 2013, ERA Services & Company requested for payment for the two vehicles with a total cost of US\$130,000. The Office of the President referred the matter to the MTA for a compromise.
- (iii) The MTA at its Procurement Committee meeting concluded that, the 'sole source' method be used to purchase the vehicles from ERA Services and Company for the fact that the Government of Sierra Leone has taken possession of the two Limousines for a long time with no evidence provided to show the vehicles were supplied free-of-cost.
- (iv) A 'no-objection' was sought from the NPPA, a valuation report from the Sierra Leone Road Safety Authority (SLRSA) and a request for His Excellency's Executive Clearance sought for the Ministry of Finance and Economic Development to make the necessary provision in the Ministry's budget to accommodate the payment for the two vehicles".

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

We note the response from management on the supply of two Chrysler Limousine vehicles to the Office of the President. There was however no evidence that procurement procedures were followed in the acquisition of the vehicles. The issue is unresolved.

#### **2.29.4. Procurement of 232 Vehicles**

We observed that on 2nd February 2018, the Ministry entered into a contract with a supplier, Mirakle Enterprise, for the supply of 232 vehicles for paramount chiefs, newly appointed judges and other government functionaries for a contract sum of Le146,009,916,000 (US\$19,044,192). A 30% advanced payment of Le43,802,974,800 was supposed to have been paid to the contractor. However, we realised that only Le2,017,203,500 (US\$263,105) was actually, paid leaving a balance of Le41,785,771,300 which is yet to be paid to the supplier.

Further reviews of documents revealed that in a letter dated 22nd May 2018, from the Financial Secretary (FS) stated that the Permanent Secretary (PS) was advised to seek Executive Clearance for the payment of the remaining balance of the advanced payment to enable the supplier proceed with the delivery of the vehicles to the Ministry.

As at the time of the audit, there was no evidence that the advice of the FS was acted upon by the PS. The delivery date as per the contract has elapsed and the advanced payment guarantee has also expired since 2nd April, 2018.

We recommended that the Permanent Secretary, in collaboration with the Senior Procurement Officer, should take the necessary action on the contractor to ensure full compliance with the terms of the contract. Otherwise, the Ministry should embark on a robust recovery action on amount paid plus interest from the contractor; otherwise, the issue will be reported to the appropriate authorities for necessary actions to be taken.

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

The PS stated: "As stated above, the Ministry of Transport and Aviation entered into a contract with Mirakle Enterprise for the supply of 232 vehicles for paramount chiefs and other government functionaries in February 2018 which was amended upon receipt of an Executive Clearance from the Office of the President on 25th May 2018. A request was made for the advanced payment of 30% to the Ministry of Finance on that same day. However, prior to this amendment, of a total of advanced payment of Le41.35 billion sent to the Bank of Sierra Leone in March 2018, only a part payment of Le2 billion was made to the supplier as evidence in a letter sent to the Ministry from the Financial Secretary's desk. (See attached). And since that date, there has been no evidence of further payment to the

*supplier due to the issuance of Executive Order No.2 that placed a ban on the purchase of government vehicles. However, this Ministry has officially taken step to contact all parties involved including the Ministry of Finance and the Solicitor General's Office to either revive the contract or terminate it and demand refunds from the supplier".*

### **Auditor's Comment**

The executive clearance was sought from the Office of the President but there was no evidence of further actions taken by the Ministry in executing this contract. Therefore, this issue remains unresolved.

#### **2.29.5. Procurement of 40 Vehicles for Law Officers Department**

Section 135(3) of the Public Procurement Regulations of 2006 stated that the total amount of advanced payment shall not exceed 30% of the total contract price. This requirement was not followed when the Ministry entered into contract with Platinum & Co. Limited on 13th November, 2015 for the supply of 40 vehicles for a contract sum of US\$2,621,800. A 50% advanced payment was included in the contract agreement and an amount of US\$1,310,900 {Le7,094,613,586} was paid to the supplier as the 50% advanced payment. Only 15 of the 40 vehicles have been supplied; and the Performance Bond and Advance Payment Guarantee expired since June 2015. There was also no evidence of action taken by the Ministry to recover the advanced payment in the event of non-performance by the supplier.

We recommended that the Permanent Secretary, in collaboration with the Senior Procurement Officer, should take the necessary action on the contractor to ensure full compliance with the terms of the contract. Otherwise, the Ministry should embark on a robust recovery action for the amount paid, plus interest from the contractor; otherwise, the issue will be reported to the appropriate authorities for necessary actions to be taken.

### **Official's Response**

*The PS stated:*

- (i) *'Following an urgent request for the procurement of 40 vehicles for the Law Officers Department, the Procurement Committee at its meeting held on Tuesday, 26th March 2015, resolved that 50% of the contract price must be paid in order to expedite delivery of the vehicles within the shortest possible time. The contract was awarded to Platinum and Co. Limited with a total contract price of US\$ 3,037,408).*
- (ii) *The contract was signed after receipt of a "no-objection" from the NPPA, approval of draft contract by the Law Officers' Department and Certificate of Approval from the Ministry of Finance and Economic Development. An advanced payment guarantee representing 50% of the contract price was issued by the supplier and the Ministry in turn paid the equivalent 50% to the supplier. On 29th October 2015, the supplier requested that the MTA grants permission for the vehicles to be cleared on permit.*
- (iii) *From the vehicles originally meant for the Law Officers' Department, those meeting the specifications on another contract for the supply of 40 vehicles to Statistics Sierra Leone (SSL) for the 2015 National Population and Housing Census were delivered to the SSL for the conduct of the census. Two vehicles were delivered to the Law Officers Department, and the supplier consented to supply the remaining vehicles.*
- (iv) *The Ministry through exchange of letters with the supplier received a total of 15 vehicles which were in turn handed over to the Law Officers Department'.*

### **Auditor's Comment**

We are yet to receive evidence of supply of the remaining 25 vehicles or action taken by the Ministry to recover the advanced payment in the event of non-performance. The issue is therefore unresolved.

#### **2.29.6. Inadequate Personnel Management System**

We observed that salaries totalling Le448,389,012.00 were paid to 58 individuals whose names were not on the Ministry's staff list and there was no evidence submitted to show that these individuals were staff of the Ministry. Completed annual performance appraisals for staff of the Ministry for the period under audit were also not submitted for inspection. During a review of the Ministry's human resource planning documents for the year under review, it was noted that 35 vacant positions existed at the Ministry and there was no evidence of action taken to address this situation.

We recommended that the Senior Human Resource Officer should collaborate with the Human Resources Management Office for necessary action to be taken in cleaning up the Ministry's payroll and filling vacant positions. In addition, the Permanent Secretary should ensure that payments to non-existing staff are immediately investigated and a report submitted for our review. The Senior Human Resource Officer should also ensure that staff performance systems are enforced to instill sanity in the Ministry's operations.

### **Official's Response**

*The PS stated: "Management note your findings and wish to bring to your attention that staff mentioned in the schedule for the period under review are employees of the Sierra Leone Metrological Agency and mainstream Civil Servants who were working for the Ministry but were later transferred to other MDAs without deleting their details from the Ministry's payroll. Your recommendation in this regard will be fully implemented".*

### **Auditor's Comment**

There was no evidence of action taken by the Ministry to address the issues raised. The issue is therefore unresolved.

#### **2.29.7. Information and Communication Technology (ICT)**

Our review of the Information and Communication Technology Unit of the Ministry revealed that there were no formal documented policies or procedures for disaster recovery and security management, physical access control and environmental control back-up. Best practice in Information Technology (IT) governance demands that every organisation which depends on ICT for its operations should have a documented disaster recovery plan.

We were of the view that failure to establish an effective data recovery mechanism could result in loss of important data which might have the potential to undermine the Ministry's ability to operate in the event of disaster such as fire or hard disk failure. The non-existence of an official website may limit the easy access of information to intended users. We recommended that Management should establish effective backup procedures and data recovery mechanism to forestall any loss of important data. We also recommend that the ICT Manager should ensure that the Ministry's website is made functional and updated.

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

The PS stated: "Management note your findings and welcomes your recommendation. We are ready and willing to implement your recommendation by preparing an ICT policy."

### **Auditor's Comment**

The Ministry is yet to develop an ICT policy. A business continuity disaster recovery plans is not in existence. This issue is unresolved.

### **2.29.8. Freetown International Airport Project (Mamamah Project): Management of the Mamamah Project**

Section 119 (2) of the Constitution of Sierra Leone states: *'The public accounts of Sierra Leone and all public offices, including the Courts, the accounts of the central and local government administrations, of the Universities and public institutions of like nature, any statutory corporation, company or other body or 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 on by or on behalf of the Auditor-General, and for that purpose the Auditor-General shall have access to all books, records, returns and other documents relating or relevant to those accounts'*.

In spite of repeated requests made to the Permanent Secretary, key personnel of the Mamamah Airport Project did not avail themselves for audit interview processes. As such, it was not possible for the audit team to have a detailed understanding of how this project operated during the period under review.

During our review of the Accountant General's IFMIS Printouts 2014-2018, we observed that Le14,699,018,440.00 was allocated to the Freetown International Airport Project (Mamamah Project) by the Government of Sierra Leone. Expenditure returns in respect of this amount was not submitted for inspection.

We also observed during our review of available records that a contract was amended between the Ministry of Transport and Aviation on behalf of the Government of Sierra Leone and the China Railway International Limited on 22nd May 2013 for a concessional loan totalling ¥17,773,471,160. On 8th February 2018, there was a concessional loan agreement between the Government of Sierra Leone and the Export-Import Bank of China totalling ¥1,240,000,000. However, the status of these were not clarified to the audit team and there were no reference documents submitted.

We recommended that the Permanent Secretary should ensure that key personnel and relevant documents or clarifications on the management of the Mamamah Airport Project are available for our audit processes.

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

The PS stated: "The Ministry presented its internal audit report on the FLAP/Mamamah Project with attached supporting documents from the period 2014 to 2017. This report was titled 'Audit of Revenue and Expenditure' – FLAP/Mamamah Project. We strongly believe that this report included issues raised in your management letter. However, these documents will, again, be made available for your verification".

### **Auditor's Comment**

Key personnel of the Mamamah Airport Project did not avail themselves for interviews and clarifications. In addition, documents on the receipt and use of funds were not submitted for audit reviews. This issue remains unresolved.

## **2.30. MINISTRY OF INFORMATION AND COMMUNICATION – 2016 - 2018**

### **2.30.1. Human Resource Issues**

The salaries of 125 ICT staff of the Ministry of Information and Communications (MIC) were increased by 17% in February 2016 and 27% in December 2016 resulting to additional salary totalling Le6,332,827,048.00 paid to a set of staff during the period under review. The auditors were not provided with any documentary evidence to justify these increments.

Similarly, the Ministry recruited 12 outreach officers and paid them total salaries of Le396,613,626.00 for August and September 2018 without prior approval from the Office of the President as mandated by the Executive Order No. 2 of 25th April, 2018.

We recommended that the Permanent Secretary must ensure that documentary authorisation justifying the reason why the salaries of the ICT staff of the Ministry were increased twice during 2016; otherwise the matter will be reported to the relevant authorities for appropriate actions. We further recommended that the Permanent Secretary should provide an explanation in writing with supporting evidence, justifying the reason why the Ministry of Information and Communications recruited 12 outreach officers in 2018 prior to approval from the Office of the President; otherwise, the Le396,613,626 backlog salaries paid should be recovered from the outreach officers and paid back into the CF and evidence of such payment forwarded to the ASSL for verification.

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

*The PS stated: "The MIC does not generate the payroll and by extension does not fix salaries for personnel, therefore this matter falls within the remit of the HRMO and the Ministry of Finance respectively.*

*The PS also stated that the recruitment of the 12 outreach officers at MIC was cleared with the Office of the President and the Ministry of Finance".*

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

- (i) Justification for the 17% and 27% increment in salaries for the ICT staff in February 2016 and December 2016 respectively was not available for verification. The issue therefore remains unresolved.
- (ii) Even though management's response was noted, there was no evidence to substantiate that the recruitment process for 12 outreach officers was competitive and transparent. Furthermore, justification for payment of salaries totalling Le396,613,626 to the 12 Outreach Officers, for August and September 2018 was not submitted for verification. Therefore, the issue remains unresolved.

### **2.30.2. Unsupported Payments**

In violation of section 81(1a & b) of the Financial Management Regulations of 2007 and section 100(1) of the Public Financial Management Regulations of 2017, the Ministry failed to make available to our team, the payment vouchers and their supporting documents for withdrawals totalling US\$375,429 and Le3,202,651,681.00 from the Ministry's Fibre Optic Backbone Project Accounts. Furthermore, in spite of repeated requests, the Ministry failed to submit the bank reconciliation statements and cashbooks in respect of those bank accounts.

We attributed these incidents, in most cases, to management's failure to be guided by and observe the stated regulations in executing financial transactions with public funds. Further, there was failure on the part of the Internal Audit Unit to properly scrutinise payment vouchers before approving them for payment, as well as Accountant not insisting on the provision of relevant supporting documents by payee(s) before releasing their cheques for payment.

We recommended that management should submit the supporting documents, otherwise, the full amount should be recovered and paid back into the Consolidated Fund.

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

*The PS stated: "The period of audit which spans between 2016 and 2018 covers the tenure of three Permanent Secretaries and two Senior Accountants. The amount involved was disaggregated to reflect this reality; at the start of the audit exercise, the sitting accountant Mr. Sorieba Kamara was indicted by the Anti-Corruption Commission and convicted for three years. This impeded access to accounting documents critical to the audit exercise as he had allegedly relocated them to a dungeon to facilitate the rehabilitation of his office. Strenuous efforts have been made with the collaboration of the erstwhile officers to retrieve some of the documents which are available for verification".*

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

Out of a total of US\$375,429.00 and Le3,202,651,681.00, supporting documents were submitted for transactions amounting to US\$246,20 and Le2,559,956,144.00 leaving balances of US\$114,129.00 (2017 = US\$80,059 and 2018 = US\$34,070) and Le642,695,537.00 respectively; without supporting documents. Therefore, this issue is partly resolved.

#### **2.30.3. Special Imprest not Retired**

During the period between 1st January, 2016 and 31st December, 2018 the Ministry disbursed a total of Le905,000,000.00 as special imprest to undertake various activities for which retirement details were not submitted for audit inspection.

The lapse was due to negligence on the part of the Accountant, and this could provide a leeway for the misappropriation of funds.

We recommended that the Accountant submit the relevant supporting documents for audit review; otherwise, the entire amounts would be disallowed and surcharged. In future, the Accountant should ensure that all payments from initiation to completion are supported by the relevant documents; and these should be properly recorded and filed for reference and audit purpose.

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

*The PS stated: "The period of audit which spans between 2016 and 2018 covers the tenure of three Permanent Secretaries and two Senior Accountants. The amount involved was disaggregated to reflect this reality; at the start of the audit exercise, the sitting accountant Mr. Sorieba Kamara was indicted by the Anti-Corruption Commission and convicted for three years. This impeded access to accounting documents critical to the audit exercise as he had allegedly relocated them to a dungeon to facilitate the rehabilitation of his office. Strenuous efforts have been made with the collaboration of the erstwhile officers to retrieve some of the documents which are available for verification".*

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

Of the Le905,000,000.00, supporting documents were only submitted for transactions amounting to Le455,000,000.00, leaving a balance of Le450,000,000.00 without supporting documents. Therefore, this issue is partly resolved.

#### **2.30.4. Internal Audit Issues**

A review of internal audit reports and other relevant internal audit documents relating to the period under audit, revealed that the Ministry did not respond to the internal audit on Imprest and Other Charges 2017, which is contrary to the provision in section 151(1) of the Public Financial Management Regulations of 2017 which requires auditees to respond within 10 working days after an internal auditor has issued a draft audit report in writing.

We recommended that in future, the Permanent Secretary should ensure that responses are provided to all internal audit draft reports as required in section 151(1) of the Public Financial Management Regulations of 2017. The Permanent Secretary should ensure that the units/divisions concerned provide the necessary responses to the said internal audit reports; otherwise the matter will be reported to the relevant authorities for appropriate actions.

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

*The PS stated: "We note the recommendation to respond to internal audit quarries and report as enunciated in section 151(1) from the Public Financial Management Regulations of 2017. He said that he was unable to obtain responses from the relevant authorities affected by the internal audit report as some of them have been reassigned to other ministries whilst the Senior Accountant who was in post at the time of the quarries is in prison".*

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

Our recommendations were not implemented. Therefore, this issue remains unresolved.

### **2.31. LOCAL GOVERNMENT SERVICE COMMISSION (LGSC) - 2015-2018**

Based on the materiality and the potential impact on the Local Government Service Commission (LGSC) for non-compliance areas we observed, it was concluded that the LGSC during the period January 2015 to 31st December 2018, was materially not complying with the Local Government Act of 2004; the Public Financial Management Act of 2016; the Public Financial Management Regulations of 2017; the Income Tax Act of 2008 and the Finance Act of 2017.

We also noted that in spite of several efforts by our team and the Executive Secretary at the LGSC, the former vote controllers of the Commission failed to submit responses for the issues raised during the course of our audit engagement.

The following are our audit findings:

#### **2.31.1. Ineffective Operations of the Commission**

Section 36 (1) of the Local Government Act of 2004 states: *'The Commission shall consist of a Chairman and seven commissioners to govern the functions of the local councils, and the quorum at a meeting of the Commission shall be five members'.*

Section 42 (4 b) of the Local Government Act of 2004 states: *'The Secretary shall be the head of the Secretariat and shall be responsible to the Commission for the recording and keeping of minutes of meetings of the Commission'.*

A review of documents and interview conducted with key personnel revealed that the Commission did not have the required number of commissioners during 2018, and this is yet to be done as at the time of issuing the management report. Furthermore, in spite of several requests from the

management of the LGSC, the auditors were provided with only two of the 12 minutes of meetings of the Commission for the period January 2015 to 31st December, 2018. Even though Le9,185,000 was withdrawn from the LGSC's account to cover the cost (including sitting fees) of the second quarter meeting of the commissioners for 2016, there was evidence of meetings held during the second quarter of 2016.

### **2.31.2. Lack of Adequate Staff at the Local Government Service Commission**

Section 42 (2) of the Local Government Act of 2004 requires that the secretariat of the LGSC shall consist of a Secretary and such other staff as may be required for the efficient discharge of the functions of the Commission.

A review of the organogram and manpower plans of the LGSC for January 2015 to 31st December, 2018 revealed that the LGSC was grossly understaffed. From an expected staff capacity of nine, only two substantive staff; the Executive Secretary and a first grade clerk were in post as at 31st December 2018, and there was no evidence of a change of this position as at the time of issuing the management report.

### **2.31.3. Non-submission of Recruitment Documents**

There were no documents submitted to the auditors to substantiate whether the recruitment process in March 2018 for 14 core staff of Port Loko City, Karene District and Falaba District councils was competitive and transparent. During a review of records from the Ministry of Local Government and Rural Development (MLGRD-the supervisory Ministry of the LGSC), it was revealed that appointment letters to these staff were signed by the Permanent Secretary of the MLGRD instead of the Chief Administrators of the respective councils which is contrary to the provisions in paragraph 2.24 of the revised Human Resource Management Guidelines for Local Government.

### **2.31.4. Non-preparation and Submission of Financial Statements**

Section 86(1) of Public Financial Management Act of 2016 states: '*Within three months after the accounts of a financial year are closed at the end of a complementary period mentioned in section 44, the vote controller of every entity in subsection (3) of section 86 shall submit to the Auditor -General annual financial statements of the entity for the financial year!*'.

The LGSC failed to prepare and submit its financial statements for 2015, 2016, 2017 and 2018 for the attention and use of its stakeholders. This anomaly could engender uninformed decision making and any financial impropriety that may not be disclosed to its stakeholders.

### **2.31.5. Statutory Deductions not Paid**

A total of Le28,954,072.00 deducted as 5.5% statutory withholding taxes on the supply of goods and services was not paid to the NRA, which is in violation of the provisions in section 117 and part II of the second schedule of the Income Tax Act of 2000 and section 36 of the Finance Act, 2017.

### **2.31.6. Unsupported Payments**

Bank withdrawals amounting to Le185,138,000.00 were without supporting documents. Similarly, bank withdrawals amounting to Le100,735,000.00 were without adequate supporting documents such as back-to-office reports, invoices, beneficiaries' list etc.

### **2.31.7. Special Imprest not Retired**

Section 124 (1) of the Public Financial Management Regulations, 2017 states: '*All standing and special imprest funds shall be fully retired at the end of a financial year, and any remaining balance shall be refunded to the CF by January 31 of the following financial year*'.

During 2018, special imprests amounting to Le181,104,000.00 were without retirement details, and there was evidence that the amount was refunded to the CF. There is a risk that the amount might not have been used for its intended purpose.

### **2.31.8. Fuel not Brought to Account**

Section 13 (1) of the Public Financial Management Act of 2016 requires the vote controller of a budgetary agency to be responsible for prudent, effective, efficient and transparent use of the resources of the budgetary agency.

The LGSC failed to submit fuel register, fuel chits and vehicle log books to account for the utilisation of 12,863 litres of fuel amounting to Le102,907,000. This restricted the auditors from verifying whether the correct procedures were used for the utilisation of this fuel and whether the fuel was used for its intended purposes.

## **2.32. JUDICIARY OF SIERRA LEONE - 2018**

### **2.32.1. Revenue Collected but not Recorded in the Cashbook and Bank Statements**

Revenue collected to the tune of Le10,308,850.00 in respect of probate fees were not traced in the cashbook and the bank statement. Similarly, an amount of Le28,230,787.00 was not traced in the transit accounts at the SLCB and the bank statement of the CF.

We recommended that evidence of cashbook and bank statement recordings of the amounts should be provided for inspection.

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

*The Acting Master and Registrar stated: "The 2018 Audit Report on revenue management at the Sierra Leone Judiciary headquarters was forwarded to the Commissioner, Non-tax Department for response. He however noted that management had not received any response from the National Revenue Authority (NRA)".*

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

The letter requesting the Commissioner, Non-tax Department for their response was submitted for our reviews. However, the NRA did not respond to the queries raised. Therefore, the issue remains unresolved.

### **2.32.2. Payments not Made to the NRA**

We reviewed some sample execution files at the Undersheriff Unit, and observed that evidence of the 1% pay-in-slips from the Filing Section together with receipts of payments to the NRA amounting to Le109,509,044.22 were not attached to show deductions and payments on the execution files for audit inspection.

We therefore recommended that management should ensure that all pay-in-slips and NRA receipts of 1% deduction must be attached to the execution files of the undersheriff matters; otherwise, the said fund should be paid to the CF.

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

*The Acting Master and Registrar stated: "The only official stamp from the Master and Registrar's office, on the execution files indicates evidence of payment into the Master and Registrar's deposit account. The undersheriff's office enforces the execution on those bases. All other deductions from the client's amount are not within the undersheriff mandate".*

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

Our recommendation was not followed. Therefore, this issue remains unresolved.

#### **2.32.3. Non-submission of Contract Document**

Contrary to the provisions in section 119(2) of the 1991 Constitution of Sierra Leone and section 36(1a) of the Audit Service Act of 2014, the contract for the cleaning of the building of the Judiciary of Sierra Leone and its environs for a contract price of Le300,000,000.00 was not submitted for verification.

We recommended that management should provide the contract for inspection.

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

*The Acting Master and Registrar stated: "The existing contracts for the cleaning of the various courts are available for verification".*

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

The contract was not made available for inspection. Therefore, this issue remains unresolved.

#### **2.32.4. Fixed Assets Management**

The Judiciary did not have an internal assets management policy to provide guidance on the maintenance and use of assets. In addition, an inventory register was not maintained by the Department to record its assets.

Five vehicles procured by the department were not available for physical verification. In addition, the vehicles were not recorded in a register, and vehicle records and life cards were also not submitted to confirm the specifications and ownership as stipulated in the contract.

We recommended that management should develop an inventory register and assets management policy. We also recommended that the vehicles and their ownership records should be provided for inspection.

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

*The Acting Master and Registrar stated: "The inventory register is now updated with the vehicle procured in the store ledger for audit verification, the life cards for the five vehicles assigned to the Judiciary of Sierra Leone were expected to be in the custody of the then Master and Registrar. He further said that details of the vehicles assigned to various Judges are available for audit verification".*

### **Auditor's Comment**

An inventory register and assets management policy were not in existence. Also, a list of assigned vehicles to various Judges was submitted but the vehicles were not available for physical verification. Additionally, vehicle records and life cards were also not submitted. The issues therefore remain unresolved.

#### **2.32.5. Unreceipted Payments**

Payment vouchers raised for amounts totalling Le178,231,695.00 were without adequate supporting documents such as receipts, invoices and recipients signature to confirm completeness of payments.

We also noted, during the examination of internally generated payment vouchers that expenditure on activities relating to UNDP projects amounting Le143,650,000.00 were without adequate supporting documents to ascertain the completeness of these transactions.

We recommended that management should present those supporting documents for inspection; otherwise, the said fund should be refunded into the CF.

### **Official's Response**

*The Acting Master and Registrar stated: "Payments for electricity including other utility allowances to Judges is due to them as stated in the Conditions of Service Act (No.12 of 1983). He added that all other relevant supporting documents are now available for audit verification."*

*Also, original documents for the UNDP project were submitted to the donor as required. He further mentioned that copies of all relevant supporting documents related to the project are available for audit verification".*

### **Auditor's Comment**

Our recommendation was not followed as supporting documents were not submitted for verification. Therefore, this issue remains unresolved.

#### **2.32.6. Cash and Bank Management**

##### *Unpresented Documents*

Contrary to the provisions in section 119(2) of the 1991 Constitution of Sierra Leone and section 36(1a) of the Audit Service Act of 2014, and in spite of repeated requests, bank statements for the financial year 2018, receipts, sub-treasury maintenance cashbook and bank statements in respect of court orders amounting to Le52,243,718.00 were not submitted for inspection.

### **Official's Response**

*The Acting Master and Registrar stated: "The office of the Sub-Treasury was closed by the Anti-Corruption Commission (ACC) due to ongoing investigations and had no access to the maintenance cashbook from the sub-treasury office".*

### **Auditor's Comment**

A letter written to the Bank of Sierra Leone requesting bank statements was submitted for our information. However, the bank statements and other documents relating to the issues raised were not presented for verification. Therefore, the issues remain unresolved.

### **2.32.7. Inadequate Documentation Relating to Cash Maintenance Allowance**

We selected and examined a sample of 40 cases of maintenance allowance and observed the following:

- Thirty-five cases amounting to Le12,520,000.00 were deposited into and paid out of the said account but were without Court Orders/Ruling (confirming the sums deposited), request letters, approval for payments and ID cards of recipients for the said payments.
- Five cases amounting to Le2,350,000.00 are yet to be withdrawn from the said account and as such, evidence of monthly, quarterly or yearly reconciliations of the maintenance allowance administration was not submitted for audit inspection.
- A review of the suitor's cash payments slips revealed that withdrawals for some of the payments amounting to Le264,187,000.00 were without request letters, authorisations, and copies of ID cards of recipients of such payments.

We therefore recommended that the Acting Master and Registrar should provide explanations and present adequate supporting documents including bank statements, sub-treasury maintenance cashbook and bank reconciliation statements in respect of this account.

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

*The Acting Master and Registrar stated: "Staff who were signatories to the Master and Registrar's account were under ACC investigation. He added that the bank statements from the Bank of Sierra Leone relating to the Master and Registrar Deposit Account will be available for inspection as the change of signature had been completed and bank statement requested from the Bank of Sierra Leone. He concluded that those statements will be available to the audit team and other supporting documents".*

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

The requested documents were not presented for verification. Therefore, these issues remain unresolved.

### **2.32.8. Payroll Management**

#### ***Salaries Paid to Ineligible Staff***

A review of the payroll vouchers and the nominal rolls submitted for inspection revealed that 71 personnel received salaries which amounted to Le1,118,957,759. However, we noted that the names of those personnel were not traced in the approved staff list submitted by the Judiciary.

#### ***Physical Verification of Staff***

We noted that the personnel responsible for staff matters had not been reconciling staff records as against the payroll. Moreover, we were unable to physically verify 32 support staff personnel at different locations of the office in the Western Area, and the names of 17 staff that we physically verified were not in the staff list and nominal roll submitted by the Judiciary.

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

*The Acting Master and Registrar stated:*

- *"The Judiciary personnel were located in different locations as per their conditions of service. Some Judges were entitled to cleaners and drivers.*
- *The recent nationwide verification exercise captured all personnel of the Judiciary.*
- *The staff list had been updated and ready for audit verification.*

- *The personnel responsible for staff matters had been informed to reconcile the payroll data with the staff list on a regular basis and will be available for the audit team".*

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

The updated and approved staff list, evidence of the names of outstanding staff on the payroll vouchers and the 32 staff, were all not submitted for verification. Therefore, these issues remain unresolved.

### **2.33. JUDICIARY OF SIERRA LEONE, EAST- 2018**

#### **2.33.1. Non-submission of Documents**

Contrary to the provisions in section 119(2) of the 1991 Constitution of Sierra Leone and section 36(1a) of the Audit Service Act of 2014, and in spite of repeated requests, a data base of magistrate and high court cases, magistrate returns to headquarters and complete magistrate warrants for all cases, were not submitted for inspection.

We therefore recommended that the Deputy Master and Registrar should ensure that a systematic filing system be established for the safe custody of all accountable documents and the requested documents submitted for inspection.

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

*The Deputy Master Registrar stated:*

- *"All documents requested were in their possession and were made available to the audit team.*
- *Magistrate monthly returns were sent to headquarters on monthly basis.*
- *Data base of the Magistrate and High Courts were available for verification.*
- *All documents of the Judiciary in the Eastern region were properly kept and there had not been any report of missing document(s) since he took over in 2017".*

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

Our recommendations were not implemented. Therefore, these issues remain unresolved.

#### **2.33.2. Management of Court Operations**

We observed, during a review of the management of the court operations that there was no imprest for the running of the Judiciary's administration in the region. In addition, an official vehicle was not assigned to the regional office. Furthermore, the Judiciary's operational assets were non-functional.

We therefore recommended that the Deputy Master and Registrar should collaborate with officials at headquarters to ensure that monthly or quarterly imprests are received from headquarters, and an official vehicle is assigned to the institution. We also recommended that proper maintenance should be structured, put in place to ensure that the Court's operational assets are functioning to aid the daily activities of the court administration.

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

*The Deputy Master and Registrar stated: "We had adhered to the audit recommendations".*

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

The recommendations were not implemented. Therefore, these issues remain unresolved.

## **2.34. NATIONAL FIRE FORCE HEADQUARTERS – 2018**

### **2.34.1. Inadequate Fire fighting Equipment**

We observed the following:

- There were only three functional hydrants in the city which led to fire fighters sourcing spring water from Macdonald and Grafton villages.
- There were nine fire engines in the entire Western Area. Five were located at headquarters, one at Aberdeen, two at Kissy and one at the training school.
- There were no Very High Frequency (VHF) radio communication equipment for easy transmission of vital information during fire operations.
- Essential fire fighting chemicals like foam solution were inadequate, thereby making water the only available method to fight fire.
- There were limited number of fire hoses and protective clothing at the stations.
- Equipment such as printers, scanners, photocopiers, and air conditioners were lacking at the Aberdeen, Kissy, and Training School stations.

We therefore recommended that the Chief Fire Officer in collaboration with the Minister of Internal Affairs should ensure that the above observations are addressed in order to enhance the smooth running of the operations of the National Fire Force.

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

*The Chief Fire Officer stated:*

- *The Government of Sierra Leone through the Ministry of Internal Affairs has engaged the Guma Valley Water Company on several occasions on the issue of hydrant.*
- *The National Fire Force will re-inform the Ministry of Internal Affairs about the hydrant problem and the auditor's concern.*
- *Ten years before now, Freetown used to enjoy a total of 298 hydrants in the city, but with the passage of time, these hydrants have been closed without even referring to the National Fire Force. Hydrant issue is one that requires real immediate government intervention so that an alarming catastrophe may be prevented. All available hands must be put together to solve this disastrous issue.*
- *The Auditor's observations in respect to Fire engines and other equipment are true.*

*The present government has however noted similar observation and has made some commitment as follows: On page 60 of the Sierra Leone's Peoples Party manifesto titled. "The New Direction", it is noted: The National Fire Force has been the most neglected security sector component, lacking in institutional and man power capacity, equipment and specialised machinery such as fire engines and vehicles. It is highly centralised in Freetown and the three provincial cities of Bo, Kenema and Makeni and Lungi, which hosts the country's only international airport. In his address to parliament on Thursday 10th May 2018, President Julius Maada Bio noted on paragraph 131 (vii) as follows: 'Develop an updated fire policy with attendant regulations and guidelines for the Fire Force'.*

*The Government Transition Team Report published on 4th July, 2018 noted the following on page 85: 'The Fire Force Service in Sierra Leone is not generally seen as a security outfit except during emergencies or when the need arises'. In his statement on the state opening of the second session of the Fifth Parliament of the Second Republic of Sierra Leone held on Thursday 2nd May 2019, His Excellency stated on paragraph 236. Regarding the Fire Force, government commended the construction of four (4) fire stations, in Western Rural, Kailahun, Pujehun and Kabala, initiated the process of acquiring additional fire engines, and recruited additional staff. Cabinet has also endorsed the Fire Safety Bill and will soon submit to the House for enactment.*

*We are therefore hopeful that in the not too distant future, most of the burning issues in the National Fire Force would be things of the past".*

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

Our recommendations were not followed. Therefore, these issues remain unresolved.

### **2.35. NATIONAL FIRE FORCE – EAST - 2018**

#### **2.35.1. Hydrant not in Good Working Order**

The water hydrant in the township of Kenema was dysfunctional and therefore a major setback to fighting fire outbreaks in the city and its environs.

We recommended that the Regional Commander should ensure that they monitor and supervise all the fire hydrants and water supplies within the region to ensure they are safe. It was further recommended that management should liaise with the Sierra Leone Water Company (SALWACO) for water supplies in the event of fire outbreak.

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

*The Regional Commander stated: "Fire hydrant is one of our major constraints during fire fighting. This issue had been flagged by SALWACO, the institution in charge of the hydrants. The problem had not been resolved, although senior officers at their headquarter station in Freetown were making every effort to erect static water tank in order to resolve the issue".*

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

Our recommendation was not implemented. Therefore, this issue remains unresolved.

### **2.36. SIERRA LEONE POLICE - SOUTH - 2018**

#### **2.36.1. No Electricity Supply at the Police Clinic in Bo**

There was no electricity connection from the Electricity Distribution Supply Authority (EDSA) grid to the Police Clinic in Bo. Investigations revealed that the clinic did not have an EDSA metre, and generally there was a serious electricity challenge in Bo City. The only generator the clinic was using also had a major challenge, as its battery was faulty. In this regard, the refrigerator, air conditioner and other electrical equipment could not be used to preserve the store items, especially drugs. This posed the risk of store items being damaged or deteriorated.

We recommended that the Assistant Inspector General (AIG) and the Community Health Officer (CHO) should liaise with other authorities to ensure the following:

- A reliable electricity supply is provided to keep the store items under the required temperature.
- A new battery is acquired with immediate effect.
- The clinic is provided with a metre from the EDSA

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

*The Regional Commander stated: "Efforts had been made to procure a battery for the generator, as the request had been submitted to the Director, Support Services for necessary action. A copy of the requisition is available for inspection. EDSA has already done a survey for the provision of a separate metre for the Police Clinic".*

### **Auditor's Comment**

Our recommendation was not followed. Therefore, this issue remains unresolved.

#### **2.36.2. Lack of Essential Equipment, Furniture and Other Facilities**

The following were observed:

- There was insufficient essential equipment such as beds, tables, delivery sets, mattresses at the police clinic to carry out major and basic health services.
- Medical equipment were either insufficient or faulty.
- The general medical consumable materials such as gloves, mattresses, aprons, and soap supporting the effectiveness of health care facilities were in short supply.
- The ambulance at the police clinic was faulty and needed urgent repairs.
- The clinic was in a deplorable condition with damaged ceilings and no evidence of rehabilitation during 2018.
- There was no placenta pit and the incinerator at the clinic was not functioning.
- The hospital compound is not fenced and therefore people use the compound as access route; thereby creating opportunities for thieves to intrude into the compound especially at night.

We recommended that the CHO should liaise with the AIG South and other authorities to ensure the following:

- The necessary equipment are provided to enhance the work of medical staff of the police clinic.
- Medical consumables needed by various units of the hospital are made available to enhance effective health care services.
- Urgent repairs are done to the faulty ambulance so that it can be roadworthy to convey patients in critical medical condition and in emergency cases.
- Rehabilitation and refurbishing of the hospital building and provision of a placenta pit as well as incinerator for proper disposal of medical waste should be done.
- A perimeter fence should be constructed at the hospital compound to prevent intruders and other unauthorised persons especially at night.

### **Official's Response**

The Regional Commander stated:

- “The Director, of Medical Services who has just been appointed has promised to ensure that the consumable materials are provided to enhance the work of the medical staff at the various units of the hospital.
- The faulty ambulance SLP 197 in question has been diagnosed and request for spare parts has been forwarded to the Director, Support Services for action. A copy of the request is available.
- The incoming Director of Medical Services has just concluded a nationwide tour, and the issue of rehabilitation and refurbishing of the hospital building and the provision of placenta pit and incinerator for proper disposal of medical waste was brought to his attention and he promised to take necessary action as soon as possible.
- A perimeter fence to prevent intruders and other unauthorised persons at night was also brought to his attention and he immediately called the Police Estate Department who are presently working to ensure that the fence is erected”.

### **Auditor's Comment**

The issues raised have still not been addressed therefore they remain unresolved.

### **2.36.3. Other Operational Challenges**

The following were observed:

- Adequate office space for the Regional Headquarters staff was not available. Therefore, various offices were combined and allocated a single room tentatively for office work. There was no office space for the Regional OSD Coordinator, Regional Operations Officer, Interpol/TOCU, Estate and a host of others for effective administration.
- The cells at the Bo West Division could not accommodate large number of suspects under detention for investigations. This facility was built with three cells and no additional cell had since been provided.
- The seven divisions within the region lacked computers, printers, and photocopiers to help in the execution of police duties, and therefore most of the office work was done at public computer cafes posing the risk of sensitive security information being easily compromised.

We recommended that additional cells for various police divisions should be provided as the number of crime cases is on the increase; and the AIG in collaboration with headquarters should ensure that the office is provided with the relevant equipment and support required to carry out its functions efficiently and effectively.

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

*The Regional Commander stated: "Land has already been provided for the construction of the Southern Regional Headquarters. Drawings and bid of quantity (BQ) are being prepared by the Estate Department as it is part of the SLP budget for this fiscal year.*

*The ICT Department and Communication Department are working assiduously to bring up and run all ICT and Communication system in the SLP in order for the system to be effective country wide. A bid has been opened and contract is in the process to be awarded to the most responsive bidders, in order to establish an effective Communication system in the SLP".*

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

Efforts had not been made to ensure adherence to our recommendations. Therefore, these issues remain unresolved.

## **2.37. SIERRA LEONE POLICE-NORTH-EAST- 2018**

### **2.37.1. No Use of Logbooks**

There were no records in the form of a log book/operating records for the use, servicing and repairs of motor vehicles and plants. We therefore recommended that the AIG, North-East should ensure that log books to record details of the use of motor vehicles and plants are maintained and regularly updated.

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

*The AIG-North stated: "Most SLP vehicles/motorbikes which were bought for a long time now were without effective/working speedometers. The deplorable road network had led the non-use of logbooks since drivers/riders could not record distance covered through the speedometers. However, few vehicles/motorbikes that are with effective speedometers will be made available to the Audit Team for verification".*

### **Auditor's Comment**

Our recommendation was not followed. Therefore, this issue remains unresolved.

## **2.38. SIERRA LEONE POLICE EAST - 2018**

### **2.38.1. Revenue Arrears**

It is a general practice that revenue is generated for the services of armed guard personnel assigned to institutions. We could however not ascertain whether revenue in arrears amounting to Le1,915,200,000.00 were paid in respect of police armed guards assigned to commercial banks and institutions located under the command of Kenema, Motema, Tankoro, Tongo and Kailahun divisions. Even though letters requesting evidence of payments were sent to institutions and enquiry visits were made by the auditors, OSD commanders' responses in some command divisions were not received.

We therefore recommended that the Inspector General of Police should ensure that necessary actions are taken to obtain evidence of payments from all clients that owe the SLP.

### **Auditor's Comment**

We did not receive any response from the SLP on the issue raised. Therefore, the issue remains unresolved.

### **2.38.2. Stores Management**

There was poor management of store records relating to rice distribution. A review of store records revealed variance of 129 bags of rice between quantity received and quantity issued for the various divisions and units within the eastern region. In addition, a review of stores records revealed that 2,618 bags of rice were received by the Tankoro Division for which distribution lists were not made available to ascertain recipients of the rice supplied.

We therefore recommended that the AIG and the Local Unit Commanders (LUC) should provide explanations supported by documentary evidence for rice supplied and distributed by the SLP.

### **Official's Response**

*The AIG-East stated: "The supply of the 129 bags of rice was returned to Police main store at Kingtom, Freetown as a left over for 2018. The distribution lists were available for verification. The receipt of the 129 bags of rice received by the Force store supply Officer Kingtom Freetown were available for inspection".*

### **Auditor's Comment**

Written documents were provided in respect of the variance of 129 bags of rice left over, within the eastern region and signed by the Store Keeper at Kingtom, main store and the Regionals Store Keeper at the eastern region. However, signature of the AIG-East in charge of the divisions and units within the eastern region was not appended on the documents for his attention or approval to justify that the 129 bags of rice left over in 2018 were actually returned to the Kingtom Police main store in Freetown. Distribution lists were not produced for 2,618 bags of rice by the Tankoro Division. Therefore, the issues remain unresolved.

### **2.38.3. Poor Conditions at the Detention Centres**

The following were observed:

- There were no special cells for juvenile who were in custody.
- The police cells were outdated with poor toilet facilities, limited space and poor ventilation.
- A multipurpose building and detention facility was incomplete.

We therefore recommended that the AIG and the LUC should ensure the Inspector General of Police and other stakeholders are informed and appropriate actions are taken to address these issues.

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

There was no management response to the issues raised and action taken to address them. Therefore, this issue remains unresolved.

### **2.39. OFFICE OF ADMINISTRATOR AND REGISTRAR GENERAL (OARG) HEADQUARTERS - 2018**

#### **2.39.1. Revenue Collected but not Banked**

The sum of Le2,723,000.00 was transferred from the transit account operated by the Sierra Leone Commercial Bank for onward remittance into the CF. However, the said amount could not be traced in the CF.

We therefore recommended that the Commissioner General of NRA in collaboration with officials of the Sierra Leone Commercial Bank should provide evidence of payment of the amount in question into the CF; otherwise, the appropriate authorities will be advised.

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

*The Administrator and Registrar General stated: "The transit account is controlled and operated by the NRA and therefore this query should be referred to the NRA".*

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

Evidence of payment of the revenue collected into the CF was not provided, therefore the issue remains unresolved.

#### **2.39.2. Unreceipted Payments**

Payments to the tune of Le33,750,000.00 in respect of printing of document and utilities was made by the OARG but adequate supporting documents like receipt and delivery notes were not attached to the payment vouchers.

We recommended that the Senior Accountant provides all relevant documents, otherwise, the said amount should be refunded to the CF.

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

*The Administrator and Registrar General stated: "The said payment of Le33,750,000 was made out of our first half allocation to the Government Printing Department (GPD) for the printing of marriage certificates and other official documents for the year under review. The office has prepared the requisite vouchers and forwarded to the Accountant General's Department for payment to the Government Printing Department (GPD). The said payment has been sent*

*by the Accountant General's Department to the Bank of Sierra Leone for onward payment to the GPD. However, the said payment has not been remitted into the account of the GPD. The receipt, delivery note and all other relevant documents will be provided once the payment is received by the GPD".*

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

Our recommendation was not followed. Therefore, this issue remains unresolved.

### **2.40. OFFICE OF THE ADMINISTRATOR AND REGISTRAR GENERAL - SOUTH - 2018**

#### **2.40.1. Operational Effectiveness**

There were no mechanisms in place at the OARG regional office to track down unregistered businesses in the southern region due to the lack of motor vehicles at the regional office to visit other districts in the region. In addition, the registration database was not accessible in the regional office and therefore inputting of registration data was not done. Instead, the information was normally forwarded to Freetown for inputting into the system. Furthermore, there was no internet facility in the regional office to enhance easy search of business before new businesses are registered.

We therefore recommended the following:

- The Registration Officer should liaise with the Administrator and Registrar General to ensure that adequate resources are allocated to the regional office.
- The database should be installed in the regional office to enhance easy and timely inputting of data into the system.
- Internet facility is provided at the regional office.

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

*The Registration Officer-South stated: "The lack of motor vehicle and the fact that no mandate was given to us to track down unregistered businesses in the regional headquarter (Bo) and not to talk about the three other districts; Bonthe, Moyamba and Pujehun. The gadgets were removed and taken to Freetown and there was no internet facility".*

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

No evidence was submitted to suggest that the recommendations were implemented. Therefore, these issues remain unresolved.

#### **2.40.2. Poor Records Management**

Out of a total of 232 files of registered businesses examined, it was revealed that 110 files with a total value of Le11,860,000.00 were without adequate documentation such as application forms, NRA receipts, business registration certificates, business name registration certificates and business incorporation certificates. In addition, seven files were without adequate documentation such as application forms, NRA receipts, and marriage registration certificates.

We therefore recommended that the Registration Officer (RO) must ensure that in future, all registrations of businesses and marriages should be supported by the relevant documentary evidence which must be retained for audit and reference purposes.

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

*The Registration Officer stated: "The total number of bank slips were four. Two were taken by the bank while the other two were taken by the NRA. The missing files in question all had NRA receipts and other documents like business registration certificate, business name certificate and registration forms are now in the files. The missing marriage documents have been found and are ready for verification".*

### **Auditor's Comment**

The complete set of documents in respect to business registration and marriages were not submitted. Therefore, the issue remained partly resolved.

#### **2.40.3. Non-submission of Documents**

Contrary to the provisions in section 119(2) of the 1991 Constitution of Sierra Leone and section 36(1a) of the Audit Service Act of 2014, and in spite of repeated requests, tenancy agreement for the office building occupied by the OARG South (Bo City) and the receipt in respect of rents paid for the year under review, were not submitted for audit inspection.

We recommended that the Registration Officer should liaise with the OARG headquarters to ensure that the tenancy agreement and receipt for rent payment are submitted for inspection.

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

*The Registration Officer stated: "I have contacted the head office but nothing has been done. The Landlord collected rents directly from head office and do not know the actual cost for the rent".*

### **Auditor's Comment**

Our recommendation was not followed. Therefore, this issue remains unresolved.

## **2.41. SIERRA LEONE CORRECTIONAL SERVICE HEADQUARTERS - 2018**

#### **2.41.1. Procurement Irregularities**

##### *Procurement Documents not Presented for Audit Inspection*

Contrary to the provision in section 32(1) of the Public Procurement Act of 2016, the following procurement documents were not submitted for inspection:

- Purchase requisitions for a total amount of Le557,672,500.00 in respect of store items
- Business documents, such as business registration certificate, NRA tax clearance certificate and NASSIT clearance certificate in respect of procurement activities worth Le442,540,000.

We therefore recommended that management should provide the missing documents for audit inspection.

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

*The Director General stated: "Due to the large number of payment vouchers, some of the requisitions were misplaced whilst being arranged. The missing documents are available for audit verification".*

### **Auditor's Comment**

- Out of the 10 purchase requisitions, seven valued at Le402,885,000.00 are presented for verification. The three purchase requisitions valued at Le154,787,500.00 were yet to be presented for verification. Therefore, the issue remains partly unresolved.

- During the verification exercise, the business registration certificate, NRA tax clearance and NASSIT clearance certificate were presented in respect to procurement valued at Le356,090,000 leaving a balance of Le86,450,000. Therefore, this issue remains partly unresolved.

#### **2.41.2. Proceeds of the Sale of Bid not Properly Accounted for**

Proceeds totalling Le47,250,000.00 from the sale of bids were not accounted for since the supporting documents and the bid register were not presented for audit inspections.

We therefore recommended that management should present the necessary supporting documents; otherwise, the said fund should be refunded into the CF.

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

*The Director General stated: "Proceeds on the sale of bid documents and evidence on how the proceeds were expended are ready for audit verification".*

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

Retirement details in support of Le39,650,000.00 were presented and verified leaving a balance of Le7,600,000 unaccounted for.

### **2.42. SIERRA LEONE CORRECTIONAL SERVICE-SOUTH- 2018**

#### **2.42.1. Management of the Prison Cells**

Inmates in the Bo Male Correctional Centre were overcrowded as the cells held 10 or more inmates. An interview conducted with the Regional Commander-South revealed that 14 cells were built at the Bo Male Correctional Centre to occupy 80 inmates. However, during physical verification of the cells, it was noted that there were 280 inmates within the Bo Male Correctional Centre instead of the 80 initially catered for.

We also observed that there were two inmates with mental ailment who were not separated from normal inmates.

We therefore recommended that the Regional Commander-South should:

- collaborate with Head Office in Freetown and other stakeholders to institute measures to combat overcrowding in the male correctional centre.
- consider to expand the current male correctional centre facilities in Bo to accommodate the rising number of inmates in future.
- ensure that inmates with mental illness were separated from others and transferred to a mental hospital.

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

*The Regional Commander stated: "We have noted the concern raised with regard to overcrowding of inmates. As management, we would definitely continue to contact the necessary authorities concerned including the Director General at our headquarters for these challenges to be looked at although we cannot entirely address them at this level.*

*The Regional Commander -South stated that we are aware of the issue of the two unwell inmates and have made necessary communication to the authorities concerned to ensure that these inmates are transferred to a mental health care. However, we still have difficulties in ensuring their transfers".*

#### **Auditor's Comments**

Our recommendations were not implemented. Therefore, these issues remain unresolved.

### **2.43. SIERRA LEONE CORRECTIONAL SERVICE NORTH - EAST - 2018**

#### **2.43.1. Management of the Prison Cells**

There was lack of adequate rooms and uniforms for inmates. We additionally observed the following:

- The prison had five rooms that accommodated more than 200 inmates daily. As such, the rationing of rooms to inmates was in a ratio of 40:1.
- The health office in the centre had no cabinet for filing and safekeeping of accountable documents.
- Drugs were misused due to lack of a conducive and secured environment.
- A standby generator was lacking.

We therefore recommended that the Regional Commander-North should ensure the following:

- Collaborate with Head Office in Freetown and other stakeholders to institute measures in combating overcrowding in the male correctional centre
- Facilities such as fire proof cabinets are provided for the health department of the SLCS
- Examination beds are provided for the inmates.
- Air conditioners are provided for the preservation of drugs.
- The different categories of inmates should be provided with uniforms to differentiate categories (tried, on remand, civil, criminal, etc.) of inmates.

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

*On the adequacy of uniforms for inmates, the Regional Commander stated: "Uniforms have been supplied to inmates according to their category - Remand (blue); convicted, (fawn/brown) trial (green) condemned (black).*

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

- There was no management response on the lack of adequate rooms in the cells and our recommendations were not followed. Therefore, the issues is partly resolved.
- Delivery note was not provided to ascertain the supply of uniforms for inmates. The issue therefore is partly resolved.

### **2.44. CIVIL SERVICE TRAINING COLLEGE - 2018**

#### **2.44.1. Operational Effectiveness**

An Accounting Officer is yet to be assigned or employed to manage the finances of the college.

In addition, there was no evidence that the college had collaborated with the HRMO to develop an induction training manual to ensure the timely conduct of induction sessions for newly recruited civil servants.

### **Auditor's comment**

There was no response to the issues raised and no evidence that they have been addressed. Therefore, these issues remain unresolved.

## **2.45. SIERRA LEONE METEOROLOGICAL AGENCY-2017**

### **2.45.1. Operational Effectiveness**

We observed the following:

- The inventory register was not updated. This was evidenced by the fact that the newly donated assets by the UNDP were not recorded in the register. In addition, purchase costs and date of acquisition of the assets were not included in the inventory register. Also, there was no policy for the use and maintenance of the Agency's assets for the year under review. Furthermore, there was no evidence that the Agency had contracted the services of a security agency/firm for the protection of the property of the Agency.
- There was no accounting manual to serve as a guide for the processing of accounting transactions of the Agency.

The following were recommended:

- In future, the cost and date of acquisition of assets should be included in the fixed assets register to ascertain the economy, efficiency and effectiveness of operation.
- The Director General should provide a written explanation supported by documentary evidence why the Agency failed to develop an accounting manual and an assets policy that will guide the operations of the Agency, and also, why they failed to contract the services of a security firm for the protection of the property of the Agency.
- The Director General should also ensure that policies are developed and implemented for proper operations and security of the Agency's property.

### **Official's Response**

*The Director General stated: "After the rehabilitation of the Agency's head office, the UNDP donated furniture for the effective functioning of the Agency. The furniture were supplied during the audit process. All these items are coded, and the assets register updated which is available for inspection.*

*The Director General in his response said: "The Agency has been using the normal Accountant General's procedures for preparing vouchers for the payment and reporting for the year under review since the Agency was a department under the Ministry of Transport and Aviation. The Agency has written to the Inspector General of Police to assign security personnel to our property, the correspondence is available for inspection."*

### **Auditor's Comment**

- Our recommendation on the proper maintenance of the fixed assets register was not implemented. This issue is therefore unresolved.
- A request for a night guard at the Sierra Leone Meteorological Agency to the Sierra Leone Police was submitted and verified. However, the request was not honoured by the Sierra Leone Police on the grounds that the Sierra Leone Police was resource constrained. The Agency is on the verge of hiring a security agency and the proposal on the effort made so far was submitted and verified. Therefore, this issue is partly resolved.

## **2.46. OFFICE OF THE VICE PRESIDENT - 2018**

There was a request from the Office of the Vice President, and a subsequent approval from the Office of the President for the Vice President's team to travel to Addis Ababa in Ethiopia, to attend the African Union Conference via Conakry, Guinea; where they were expected to conduct some official business.

As a result of the approval from the Office of the President, a total Daily Subsistence Allowances (DSAs) of US\$9,600 was paid to officers who were to accompany the Vice President on the Freetown to Conakry and back, leg of his journey. In addition, an imprest of Le2,880,000.99 was allocated for the purchase of fuel for the vehicles on that leg of the journey.

However, according to records presented for audit inspection, the Vice President and few of the officers who were scheduled to accompany him to Addis Ababa flew from Lungi International Airport to Accra, and then to Addis Ababa, instead of driving to Conakry and flying from there to Addis Ababa as proposed.

This meant that those officers who had been given DSAs for their visit to Conakry did not actually travel to Conakry at all. Furthermore, it meant that the amount allocated for fuel was not utilised either.

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

*Management stated: "It was indeed true that the Vice President's team did not travel to Addis through Conakry as you had observed.*

*That was an oversight. Management did not recover the DSAs of US\$9,600 and the fuel imprest of Le2,880,000.99 from the concerned officers; and we will however deduct these funds from the future travel entitlements of the same officers".*

### **Auditor's Comment**

We note the response by management. However, we are not aware of any financial management regulation that supports this proposal from management.

We therefore request that the funds should be repaid into the Consolidated Fund, or the Accountant General should recover the funds from the four officers in accordance with section 124(2) of the Public Financial Management Regulations of 2018.

## **2.47. HUMAN RESOURCES MANAGEMENT OFFICE - 2018**

### **2.47.1. Poor Payroll Management**

An examination of the staff attendance register(s) revealed that a staff had not been signing the attendance register over time to confirm regularity at work, even though the name of the staff continued to be on the office payroll. During our review of records in the personal file of the staff in question, we noted that the staff was included in the Civil Service Rightsising in February 2017 for early retirement on medical grounds and received monthly upfront salaries till the age of 60 years amounting to Le14,858,272.00 effective 1st March, 2017 which was paid.

We therefore recommended that the Director of Payroll Administration should provide explanation in writing, supported by documentary evidence, the reason why a staff that had been right-sized was still in the HRMO payroll. Otherwise, the said amount should be refunded to the CF and evidence of payment forwarded to the Audit Service for verification.

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

*The Director General said: "Mrs. Cassandra Marvella Davies is due retirement on 6th November, 2019. However, she was given early retirement on medical grounds on 31st July, 2014 and was appropriately deleted from the payroll. On 6th February 2017, the Director, Management Services formally wrote to the Director General requesting for her reinstatement in order to benefit from the Civil Service right-sizing. The DG approved and recommended her reinstatement which was actioned by the Director of Payroll Administration. Soon after the payment of her benefits, she was to be deleted effective 1st March, 2017. Unfortunately, her name was only deleted on the payroll in February, 2019. All the correspondences relating to this finding are available for your verification. However, management is taking the necessary action to ascertain the Le14,617,895 paid to her during this period."*

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

There was no documentary evidence explaining why a staff who had been right-sized was still in the HRMO payroll neither was evidence provided for the refund of Le14,858,272 as recommended. The issue therefore remains unresolved.

### **2.48. GOVERNMENT PRINTING DEPARTMENT - 2018**

#### **2.48.1. Revenue Collected but not Banked**

An amount of Le63,705,750.00 was recorded in the revenue cashbook but was not reflected in the bank statement of the CF. Furthermore, there were no evidence of reconciliation between the CF records and NRA records to confirm the accuracy of the above amount collected in respect of monies received by the Department for the year under review.

We recommended that the NRA Revenue Officer should collaborate and reconcile with the Bank of Sierra Leone and evidence provided for verification.

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

*The Acting Government Printer stated: "I have noted the recommendation and the National Revenue Authority has been notified for appropriate response".*

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

During the verification exercise, the bank statement received from the Accountant revealed the payment of Le55,555,750.00 into the CF. However, an outstanding amount of Le8,150,000.00 was not traced to the bank statement at the BSL. Therefore, this issue remains partly resolved.

### **2.49. POLITICAL PARTIES REGISTRATION COMMISSION(PPRC) – 2016 - 2017**

#### **2.49.1. Overpayment of Salaries to Staff**

A review of personnel files of the Commission revealed that two staff members who had resigned and retired from the Commission effective 31<sup>st</sup> July, 2017 and 31<sup>st</sup> October, 2017 respectively continued

to receive salaries totalling Le38,624,640.00 and Le8,930,713.00 respectively until January 2018 even though they were no longer employees of the Commission during the period under review.

We recommended that the Finance Manager should ensure that the Accountant General is informed of the illegal payments and the personnel involved are made to refund the monies and evidence of such payments made available for verification.

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

*The Acting Registrar stated: "Management notes the audit team's findings. The PPRC informed the Accountant General's Office of the resignation and retirement of the aforementioned staff.*

*The Finance Manager received Nancy Kabba's resignation letter from the Acting Administrative and Human Resources Manager two months after her resignation. The office deducted two months' salary (i.e. August and September, 2017) from her end of service benefit and paid such to the Accountant General's Department but unfortunately, no further action was taken against the offending officer.*

*The Commission upon receipt of notification of Angela Bengeh's retirement also informed the Accountant General's Department in writing. Attached are documentary evidence of such action".*

### **Auditor's Comment**

During the audit verification, evidence of a letter informing the Accountant General of the illegal over payments of salaries and a request for information on which account the monies should be paid into were submitted. However, evidence of payment was not submitted. Therefore, the issue remains unresolved.

## **2.50. IMMIGRATION DEPARTMENT HEADQUARTERS – 2017 - 2018**

### **2.50.1. Payroll and Human Resource Management**

A comparison between the staff list as at the start of 2017, the staff list as at the end of 2018, and the payroll during 2017/2018, reveals that 16 staff were on the staff list at the start of the audit year, and were also paid a total gross salary of Le118, 048,143.00 during 2017/2018, but their salaries were withheld pathway during the period 2017/2018. Later, their names were also removed from the staff list at the end of 2018. However, their personnel files were not presented for audit inspection, and we were unable to confirm whether salaries were not continued to be paid to individuals who have left the Department, and whether the Accountant General's Department had complied with Regulation 12.1 of the Civil Service Code, Regulations and Rules, and whether Section 112 (2) and 115 (1) of the Public Financial Management Regulations were complied with.

In addition, the payrolls during the period were compared with the staff list at the end of 2018. The comparison reveals that 29 individuals were paid a total gross salary of Le528,567,854.00 during 2017/2018, but their names were not on the staff list at the end of 2018. These staff had received salaries up to 31st December, 2018. However, the Director of Administration has not been reconciling his personnel records as against the payroll, and their personnel files were not presented for audit inspection. We therefore could not confirm whether the Accountant General's Department had complied with Regulation 12.1 of the Civil Service Code, Regulations and Rules and Section 112 (2) of the Public Financial Management Regulations.

We therefore recommended that personnel files should be presented for audit inspection and the Director of Administration should reconcile the payroll data with their staff list quarterly. Otherwise the said fund should be refunded to the CF.

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

*The Chief Immigration Officer (CIO) stated: "A number of personnel files were missing at the Department when he joined the Department in November 2018. According to staff of the HR Unit, those missing files were part of the entire personnel files requested and taken up to the Audit Service Office at Tower Hill for personnel audit exercise. When the exercise was completed, a number of files were allegedly not returned and there were even claims that some documents in some personnel files returned were missing. Currently, the filing system is organised. Staff at the HR Unit have been requested to take inventory of all file contents.*

*Internal staff verification has been completed and the data is being analysed to have a comprehensive and updated nominal roll for 2020. Further measures are being put in place to protect personnel files. Missing personnel files will be replaced soon when funds are available. The personnel files available will be presented to the auditors soonest.*

*The discrepancy identified is correct, but I could not have ordered personnel names to be deleted from the payroll if no personnel verification is carried out to authenticate the actual personnel whose names should be deleted. Following the verification, staff list and payroll will be reconciled for 2019. Internal staff verification has been completed. The data is being analysed for reporting".*

### **Auditor's Comment**

Personnel files were not received for verification. On the issue of the 29 individuals who had received salaries up to the end of 2018, but whose names were not on the staff list maintained for that year-end, our recommendations were not followed. The issue therefore remains unresolved.

### **2.50.2. Follow-up on Management and Functional Review Report**

The recommendations in the management and functional review report were not implemented by the institution. The statutory instrument that provides the legal framework for the Department has not been reviewed as recommended in the management and functional review report done by the Public Sector Reform Unit with the intention of updating and consolidating them into a concise composite law. The Department has also not developed a comprehensive policy on immigration matters which provides guidance for the institutional arrangements.

We therefore recommended that the management of the Department should provide sufficient and appropriate explanation as to why they failed to implement the recommendations in the Management and Functional Review Report.

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

*The CIO stated: "It is fact that the statutory instruments providing the legal basis of the operations of the Department are fragmented and difficult to comprehend particularly for those new officers. The various legislations are being currently drafted and should be ready to be presented to Cabinet in the next few months".*

### **Auditor's Comment**

Our recommendation was not implemented. Therefore, the issue remains unresolved.

### **2.50.3. Procurement Irregularities**

Section 37 (2) of the Public Procurement Act of 2016 stipulates that procurement shall not be divided artificially with the intention of avoiding the monetary thresholds established under this Act or regulations made under it.

During FY2017, four procurement activities were carried out for the supply of stationery by one supplier at a total procurement value of Le159,631,580. Similarly, two procurement activities were carried out for ICT equipment at a total procurement value of Le80,994,500. In each of these procurement activities, Request for Quotations (RFQ) method was used instead of the required National Competitive Bidding (NCB) method since the activity had been split into phases. We also noted that in FY2018, three procurement activities were carried out in respect of office equipment at a total procurement value of Le168,668,250. However, in each case, RFQ method was used instead of the required NCB method since the activity had been split into phases.

We therefore recommended that the management of the Department should provide sufficient and appropriate explanation why the procurement processes were split into bits in order to avoid the use of NCB.

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

*The CIO stated: "Management is aware of the fact that procurement splitting is against the Procurement Act and will not derive value for money. However, the splitting was not done intentionally but to actualise the decentralisation drive of the Department. Kamakwie, is a new district headquarter town and considering the mass movement of people within and around the District to our neighbouring country (Guinea), pushed for the establishment of the District Immigration office. This warranted the procurement of additional furniture and stationery. Management will endeavour to follow all laws bordering on procurement".*

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

Our recommendation was not implemented. Therefore, this issue remains unresolved.

### **2.50.4. Revenue and Receipt**

#### ***Non-submission of Accountable Documents***

Total revenue collection as per the NRA revenue cashbook amounted to Le3,148,384,385.00 and Le3,519,738,017.00 for 2017 and 2018 respectively. However, we could not confirm the completeness and accuracy of this record because the used receipt books were not presented for inspection.

We therefore recommended that the management of NRA should present the used receipts books for audit inspection.

#### ***Official Response***

*The Commissioner General of NRA stated: "The used receipt books mentioned in the report are with the Anti-Corruption Commission".*

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

Our recommendation was not implemented as the receipt books in question were not available for our review. Therefore, the issue remains unresolved.

### **2.50.5. Non-reconciliation between the NRA and Immigration Records**

There was no evidence that regulation reconciliations were carried out between the NRA records and those of the Immigration Department. The table below shows revenue streams and the variances between the NRA and Immigration Department that were not reconciled.

Revenue Streams	Year	NRA Records	Immigration Department Records	Differences not Reconciled (Le)
Emergency Travel Certificate (ETC)	2017	52, 400,000	75, 000,000	22, 600,000
Emergency Travel Certificate (ETC)	2018	146,400,000	165, 000,000	18, 600,000
Passport Forms	2017	333, 485,000	130, 780,000	202, 705,000
Passport Forms	2018	387, 270,000	121, 361,000	265, 909,000
Residential Permits	2017	2, 521,686,620	2, 163,255,187	358, 431,433
Residential Permits	2018	2,520,097,566	2, 535,593,680	15, 496,114
Landing Visas	2017	237, 015,233	No record	237, 015,233
Landing Visas	2018	465, 870,451	No Record	465, 870,451

We recommended that the NRA revenue collector should reconcile the NRA record as against Immigration record and the reconciliation statements forwarded for audit inspection.

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

*The Commissioner General, NRA stated: "The reconciliation process has now been rectified and a new system has been established by the new administration".*

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

Our recommendation was not implemented as a reconciliation statements was not submitted for verification. Therefore, this issue remains unresolved.

### **2.50.6. Amount not Banked**

Payments amounting to Le212,939,033.00 and Le28,088,060.00 in 2017 and 2018 respectively were not traced into the CF.

We therefore recommended that the NRA officer should provide documentary evidence to confirm that the said amount was paid into the CF, otherwise, the amount should be refunded.

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

*The Commissioner stated: "There are very strong controls for recording of revenue collected. First of all, every transaction is supported by an order-to-pay. Secondly, payment details of transaction paid into designated bank account and further in the cashbook. See evidence of the Le28, 088,060 for 2018.*

*Work is currently underway at the Bank of Sierra Leone to locate similar cheques not reflecting in 2017 data base".*

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

Our recommendation was not implemented as evidence of banking was not submitted for verification. The issue therefore remains unresolved.

## **2.51. IMMIGRATION DEPARTMENT, EAST - 2018**

### **2.51.1. Revenue not Banked**

A total amount of Le42,000,000.00 was collected as residential permit from non-citizens in Kono District, but no documentary evidence was submitted to confirm that the said fund was paid to the NRA.

We recommended that the Acting Regional Immigration Officer should ensure that supporting documents confirming payments to the CF are made available for verification.

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

There was no management response to the issue raised and no evidence that it was addressed. The issue is therefore unresolved.

### **2.51.2. Controls over Receipt Books and no Use of Service Charter**

The controls over the printing and custody of general receipt books were inadequate as there were no evidence to indicate that receipt books used in Kono for the collection of payment from non-citizens were printed by the Government Printing Department. We also observed that a service charter, was not display in a conspicuous place within the office environment.

We therefore recommended that:

- The Acting Regional Immigration Officer should ensure that there is proper control over the printing and custody of general receipt books.
- The Acting Regional Immigration Officer should ensure that a service charter is immediately displayed in a conspicuous place in the offices in the region for the benefit of the public and for accountability and transparency purposes.

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

There was no management response to the issue raised and no evidence that it was addressed. Therefore, this issue is unresolved.

### **2.51.3. Payroll Administration**

The following issues were identified:

- There was no comprehensive database of the non-citizens in the region.
- The crossing points in the eastern region were porous in the absence of immigration staff.
- Personnel files were not maintained in the regional office.

We therefore recommended that the Acting Regional Officer should ensure the following:

- All non citizens in the region are registered and a comprehensive database is maintained.
- All the borders in the region are been manned by approved Immigration officers.
- Staff files are maintained at regional level.

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

There was no management response to the issue raised and no evidence that it was addressed. The issue is therefore unresolved.

## **2.52. PARLIAMENTARY SERVICE COMMISSION - 2016-2017**

### **2.52.1. Procurement Irregularities**

Examination of the procurement documents in respect of building maintenance, capital and related items, entertainment, and miscellaneous items which were awarded to different suppliers and service providers revealed payments made amounting to Le182,695,500.00 and Le169,656,000.00, in 2016 and 2017 respectively. However, the complete procurement documents such as three pro-forma invoices, business registration certificate, NRA tax clearance certificate and NASSIT clearance certificate, local purchase order were not attached to the payment vouchers.

We also observed, during examination of payment vouchers and supporting documents that a total of £8,800 was paid to consultants in respect of consultancy work for Westminster Foundation for Democracy. However, the procurement documents and contracts were not presented for audit inspection

We recommended that the vote controller should ensure that the necessary procurement documents are presented for inspection.

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

*The Clerk of Parliament stated: "The Parliamentary Commission Service will take action to address the issues raised as per the provisions of the Procurement Laws. Fortunately, the Parliamentary Service Commission has established a Procurement Directorate and advised that qualified personnel be recruited for the position of Director. We are please to inform you also that necessary documents as per your observations are now available for audit inspection".*

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

During the verification, we verified Le146,205,500.00 out of Le182,695,500.00 in 2016 with the necessary documents leaving an amount of Le36,490,000.00 for which pro-forma invoices were not submitted. We also verified Le103,902,500.00 out of Le169,656,000.00 in 2017 leaving an amount of Le65,753,500.00 for which three pro-forma invoices were not provided. Therefore, the issue remains partly resolved.

The requested documents in respect of consultancy work for Westminster Foundation for Democracy were not made available for verification. The issues therefore remain unresolved.

## APPENDIX 11

<b>Appendix 11 Procurement and Contract Irregularities in Ministries, Department and Agencies</b>		
<b>MDAs</b>	<b>Details</b>	<b>Le</b>
<b>Ministry of Finance</b>	Contracts not advertised	300,000,000
	Procurement splitting resulting in use of wrong procurement method	1,533,475,000
	Procurement Not in Procurement Plan	1,125,370,000
<b>Ministry of Defence 2017-2018</b>	Procurement Not in Procurement Plan -2018	2,685,149,000
	Procurement splitting resulting in use of wrong procurement method -2017	317,230,000
	Procurement splitting resulting in use of wrong procurement method -2018	4,453,333,500
	Unauthorised signing of LPOs	5,200,518,732
<b>Ministry of Local Government &amp; Rural Development 2018</b>		
	Procurement splitting resulting in use of wrong procurement method	211,460,000
<b>Ministry of Local Government &amp; Rural Development 2017</b>	Procurement for the production of staff and emblems not advertised(US\$201,810@£9,090.91)	1,431,016,547
	Procurement procedure not followed in the procurement for consultancy service	439,000,000
<b>Ministry of Health and Sanitation 2017(West African Health Organisation)</b>		
	RFQs not submitted (US\$50,455@ Le7,142.86)	360,393,001
<b>Ministry of Basic and Senior Secondary Education-2018</b>	Procurements of core text books not in Procurement Plan	32,698,940,000
	Procurements of core text books not in Procurement Plan (US\$15,365,979.18@Le7,692.31)	118,199,875,306
	Procurements of teaching & learning materials not in Procurement Plan	45,394,765,000
	Procurement splitting resulting in use of wrong procurement method	1,528,690,000
	Overpricing for items by suppliers	52,000,000
	Late delivery of teaching and learning materials to the 22 local councils	31,792,265,000
	Procurement procedures not followed in the procurement of entertainment services	191,000,000
	Procurement procedures not followed in the procurement of catering services	22,700,000
	Procurement procedures not followed in the procurement to transport exercise books to the 22 local councils	90,000,000
<b>Ministry of Agriculture and Forestry 2018</b>	Procurement procedure not followed for various procurement activities such as services of performers, hiring of vehicles, refreshments etc -Agro-Tourism Festival	505,800,000
	Procurement procedure not followed in the purchase of 30 mattresses -Agro-Tourism Festival	6,000,000
	Procurement procedure not followed for the hiring of stage light and truss -Agro-Tourism Festival	200,000,000
	Procurement procedure not followed for printing, purchase of rain gears, stationery, etc.-National Tree Planting	320,000,000

Appendix 11 Procurement and Contract Irregularities in Ministries, Department and Agencies		
MDAs	Details	Le
<b>Ministry of Transport and Aviation: 2014-2018</b>	Campaign	
	Contract terms not met in the procurement of the service of four(4) consultants(Le387,127,818.00*4)	1,548,511,272
	Procurement procedure not followed in the procurement of rain gears	193,400,000
<b>Judiciary of Sierra Leone: 2018</b>	Procurement documents for two Limousine vehicles to the Office of the President-2014(US\$115,562.84@Le4,262.585)	492,596,428
	Procurement of 232 Vehicles- A percentage of the contracted advanced payments made but no evidence of execution of contract	2,017,203,500
	Procurement of 40 Vehicles for Law Officers Department -50% advanced payments made but no evidence of execution of contract for 25 vehicles	7,094,613,586
<b>Sierra Leone Correctional Service HQ -2018</b>	Contract Documents not submitted	300,000,000
<b>Immigration Department HQ: 2017-2018</b>	Proceeds from sale of bid documents not accounted for	7,600,000
	Procurement purchase requisitions not submitted	154,787,500
	Business documents, such as business registration certificate, NRA tax clearance certificate and NASSIT clearance certificate in respect of procurement activities not submitted	86,450,000
<b>Parliamentary Service Commission: 2016-2017</b>	Use of wrong procurement method in the procurement of stationery and ICT equipment in 2017 (Le159,631,580+ Le80,994,500)	240,626,080
	Use of wrong procurement method in the procurement of office equipment in 2018	168,668,250
<b>TOTAL</b>		<b>257,071,277,254</b>

### **CHAPTER III – PUBLIC ENTERPRISES, COMMISSIONS AND DONOR FUNDED PROJECTS**

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## **MAIN POINTS**

### **What We Examined**

These were audits of the annual financial statements of state-owned public enterprises and commissions.

The audit included a formalised risk-based audit planning process, a review of internal control systems and procedures, physical examination of assets, substantive verification of samples of transactions to supporting documentation and such other tests as may be necessary in the circumstances. The focus was 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 was true and fair, the criteria used were 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 the recognised accounting standard bodies and to some extent in the law. Generally, public enterprises and commissions, each has distinct enabling legislation with which they must comply. Our audit examination includes a review for compliance with such legislation.

Auditors examined the underlying accounting records, ‘the books’, from which the financial statements were prepared, as well as the system of internal controls in place to ensure the accuracy and overall integrity of how the business was conducted. The examination was 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 issued to shareholders, a short-form report called ‘an opinion’. In this case generally, the Board of Directors set up by government, also issued a management letter focusing on matters of importance to be addressed by management.

### **Why is it 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 falling within its ambit.

Public enterprises and commissions fall within the GoSL’s ambit. They are created for various 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. By their legal nature, they are more arms-length from government than MDAs, and as such, they are more remote from the scrutiny of Parliament. It is this remoteness, combined with the fact that, they both earn and expend public funds, which makes scrutiny by an independent external auditor, on an annual basis, a must.

In Sierra Leone, public enterprises and commissions carry out a broad range of functions. They are in the critical sectors of water and power supply, road construction, tertiary education, narcotic control, banking, sea transportation, telecommunications, mineral resources etc. As such, they represent a significant amount of economic activities 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

The total cash losses and irregularities noted during the period under review amounted to Le66.3 billion. These cash losses which cut across PEs were mainly attributable to the following:

- Unsupported payment
- Revenue not banked
- Irregularities in payment of salaries and other benefits to staff
- Statutory deductions not paid to the appropriate authorities
- Unexplained/ineligible/excess expenditure

The main composition and analysis of these losses are summarised in **Table 3.1** below:

Table 3.1 Analysis of Irregularities on the Activities of PE	
Details	Amount (Le)
Irregularities in payment of salaries & other benefits	1,095,407,869
Unsupported payments & other funds not accounted for	39,885,862,560
Unexplained/ineligible/excess expenditures	1,598,804,031
Revenue not banked and other revenue related issues	16,283,954,000
Statutory deductions not paid to the relevant authorities	7,434,359,850
<b>Total Irregularities</b>	<b>66,298,388,310</b>

There were also instances of poor file management system, inadequate personnel records, payroll and internal audit issues.

In addition to the above cash losses, we found out that the payments for goods, works and services, amounting to Le33.2 billion were not receipted for. This means that some of the requested supporting documents in respect of these payments were not submitted for our reviews.

**Table 3.2** gives analysis of unreceipted payments for the period under review.

Table 3.2 Unreceipted Payments		
Name of Institution	Description	Amount Le
National Telecommunications Commission (NATCOM) – 2016	Payment without adequate supporting documents	1,148,567,896
Electricity Generation and Transmission Company- 2015	Approved board minutes not submitted to justify that meetings were held	33,025,000
	Payment without adequate supporting documents	444,780,450
	Payment in respect of fuel without adequate supporting documents	24,260,353,780
Electricity Generation and Transmission Company-2017	Unreceipted 'questionable transactions'	10,000,000
Sierra Leone Road Safety Authority - 2016	Payment in respect of fuel without adequate supporting documents	3,236,793,920
Decentralised Service Delivery Project 2 – 2018	Payment without adequate supporting documents	13,891,500
Kimbima Hotel Limited – 2016	Payment without adequate supporting documents	377,207,303
Produce Monitoring Board – 2017	Payment without adequate supporting documents	272,569,200
Sierra Leone Roads Safety Authority-2017	Payment without adequate supporting documents	3,143,915,009

**Table 3.2  
Unreceipted Payments**

Name of Institution	Description	Amount Le
<b>Institute of Public Administration and Management 2015</b>	Payment without adequate supporting documents (Security Services- Le53,440,000, Repairs and Maintenance Premises – Le14,505,750 and Stationery Supplies – Le42,773,900)	110,719,650
<b>National Electoral Commission - 2017</b>	Payment without adequate supporting documents	36,936,250
<b>Sierra Block Concrete Product Limited - 2016</b>	Payment without adequate supporting documents	62,520,000.00
<b>Total</b>		<b>33,151,279,958</b>

We also observed that procurement activities valued at Le19.9 billion were not open, competitive and transparent. This could be attributed to the lack of commitment on the part of managements to ensure compliance with rules and legislation governing procurement processes. As a result, the Government of Sierra Leone (GoSL) may not have achieved maximum value for public expenditure. **Appendix 12** to this report gives detail of procurement irregularities identified during the audit.

## **DETAILED FINDINGS AND RECOMMENDATIONS**

### **Accounts not Submitted**

As at 31st March 2019, the following public enterprises and commissions had not submitted their accounts for the 2018 financial year:

**Table 3.3 - Accounts not Submitted**

Institution	Financial Year
Sierra Leone Maritime Administration	2018
Guma Valley Water Company	2018
Human Rights Commission of Sierra Leone	2018
Sierra Blocks Concrete Product Limited	2018
Sierra Estate Management Company	2018
Corporate Affairs Commission	2018
Sierra Leone Produce Monitoring Board	2018
Pharmacy Board of Sierra Leone	2018
Independent Media Commission	2018
Sierra Leone Commission for Small Arms	2018
National Commission for Persons with Disability	2018
Sierra Leone Produce Marketing Company	2018
Sierra Leone Postal Services (SALPOST)	2015 - 2018
National Protection Area Authority	2016 - 2018
Sierra Leone Roads Authority	2016 - 2018
Nuclear Safety Radiation Authority	2016 - 2018
Sierra Leone Telecommunications Company (SIERRATEL)	2017 - 2018
Sierra Leone Broadcasting Corporation	2017 - 2018
Right to Access Information Commission	2017 - 2018
Western Area Hospital Board	Since formation
National Drugs Control Agency	Since formation

**Table 3.3 - Accounts not Submitted**

Institution	Financial Year
National Assets Commission	Since formation
National Pharmaceutical and Procurement Unit	Since formation
Local Government Service Commission	Since formation

**Late Submission of Accounts**

A total of 26 public enterprises and commissions submitted their accounts after the stipulated date of 31st March, 2018.

**Table 3.4 - Late Submission of Accounts**

Institution	Financial Year	Date of Submission
Sierra Leone National Commission on Small Arms	2017	8th April, 2019
Statistics Sierra Leone	2017	29th March, 2019
Milton Margai College of Education	2018	15th April, 2019
Electricity Generation and Transmission Company	2018	6th June, 2019
Sierra Leone Roads Safety Authority	2018	7th May, 2019
Sierra Leone Airports Authority	2018	29th May, 2019
Sierra Leone Housing Corporation	2018	29th May, 2019
Sierra Leone National Shipping Company Ltd.	2018	5th April, 2019
Sierra Leone Road Transport Corporation	2018	8th April, 2019
Bank of Sierra Leone	2018	2nd August, 2019
National Electoral Commission	2018	14th May, 219
National Youth Commission	2018	14th May, 2019
Medical and Dental Council of Sierra Leone	2018	20th May, 2019
National Public Procurement Authority	2018	4th April, 2019
Office of the Ombudsman	2018	2nd April, 2018
University of Sierra Leone	2018	8th July, 2019
National Tourist Board	2018	12th June, 2019
National Revenue Authority	2018	12th November, 2019
Sierra Leone Health Service Commission	2013 – 2017	4th May, 2019
Guma Valley Water Company	2015 – 2017	22nd March, 2019
Independent Media Commission	2016 – 2017	2nd April and 2nd August, 2019
Teaching Service Commission	2017 – 2018	24th April, 2019
National Social Security and Insurance Trust	2017 – 2018	29th March, 2019
Independent Police Complaints Board	2017 – 2018	20th June, 2019
Freetown Teachers College	2017 – 2018	30th May, 2019
National Commission for Children	2017 – 2018	22nd May, 2019
West African Regional Communication Infrastructure Project (WARCIP)	2017 – 2018	26th October, 2019
Sierra Leone Civil Aviation Authority	2017 - 2018	26th November, 2019

### **3.1. ROKEL COMMERCIAL BANK SIERRA LEONE LIMITED - 2017**

#### **3.1.1. Board Resolution**

Companies were required to present a board resolution granting the company's management permission to take up credit facility from the bank. During our review, we noted that the bank renewed a facility for a company without any board resolution.

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

*The MD stated: "We advise that the board resolutions be obtained from companies requesting credit facility. Steps have been taken to ensure that all requests from companies are supported with the necessary board resolutions".*

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

The bank had not obtained the board resolution from the company as at the date of verification (1st July, 2019). Therefore, the issue remains unresolved

#### **3.1.2. Non-submission of Audited Financial Statements**

The bank policy requires the bank to obtain audited financial statements from customers who apply for credit facility above Le200 million. During our review, we noted some facilities above Le200 million were granted credited facility without the customer's audited financial statements. See details below for such customers.

A/c No.	Customer	Facility	Amount (Le)
05-011072204-01	Olimod School Outfitters	Loan	500,000,000
05-125501262-01	City Garden Clinic	Loan	400,000,000
05-011072219-01	Guma Valley Water Company	Loan	500,000,000

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

*The MD stated: "We note your comments and advise that these customers were unable to provide the bank with audited financial statements. Our review of their credit capability was based mainly on the quantum of business being channelled through the RC Bank, quantum of stock held, viability of the business etc. Meanwhile, going forward, we would ensure compliance with our credit policy".*

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

The audited financial statements, in respect of the bank. However, we noted that City Garden Clinic and Guma Valley Water Company had fully paid their debts and the bank was not exposed to any default risks. The amounts loaned to the City Garden and Guma Valley Water Company were fully paid on 2nd May and 2nd July, 2018 respectively.

In respect of Olimod School Outfitters, we noted that the reported circumstance remains unresolved. Subsequently, the bank did not obtain any audited financial statement from the customer.

#### **3.1.3. No Collateral Security**

The bank granted credit facility of Le150 million to the Planned Parenthood Association of Sierra Leone. During our review of the customer's file, we noted that the loan was granted without any collateral security. This practice was inconsistent with the bank's policy.

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

The MD stated: “Credit facility granted to the Planned Parenthood Association of Sierra Leone was to enable the customer purchase a property (land/building) which was to be submitted to the bank after registration at the Master and Registrar’s Office. These were long standing customers with good track record. Meanwhile, by the time the registration process was completed, the loan had been fully repaid”.

### **Auditor’s Comment**

The reported issue remains unresolved as at the date of verification. However, we reviewed the bank statement and noted that as at 2nd May 2018, the Planned Parenthood Association had fully repaid the amount loaned, and there was no risk exposure on the bank.

#### **3.1.4. Letter of Undertaking**

According to the bank’s policy, individuals requesting facilities from the bank should provide a letter of undertaking from their institution of employment, assuring the bank of the employee’s status and also employee’s end-of-service benefit stated therein.

However, we were unable to see a letter of undertaking in respect of a customer with a loan facility of Le130,000,000

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

The MD stated: “We note the comments and advise that measures have been put in place to ensure that credit requests from salary earners are supported with the necessary letter of undertaking from customer’s employers”.

### **Auditor’s Comment**

The reported issue remains unresolved. The bank did not obtain any letter of undertaking from the borrower. However, we reviewed the current bank statement of the borrower and noted that as at 28th June 2019, the borrower had reduced its outstanding balance to Le45,069,871.

#### **3.1.5. Incomplete Fixed Assets Register**

During our verification of fixed assets, we noted that assets amounted to Le162,320,000.00 in the assets register had no location.

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

The MD stated: “We are on the verge of updating the bank’s fixed assets register. We expect to complete this exercise by the end of 2018. We would ensure all assets are captured to enable physical verification”.

### **Auditor’s Comment**

The reported issue remains unresolved. The bank is currently updating its fixed assets register.

#### **3.1.6. Expired Cash Security**

During our review of cash security, we noted that a total of Le451 million for 15 customers has expired, but the bank was still maintaining it in its books. We also noted that some of these issues were raised during the previous audit but the bank did not act on our recommendations.

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

The MD stated: “We note the comments and advise that steps are taken to reverse the cash security held in the suspense account. Going forward, measures will be put in place to ensure that each security is reversed upon expiration and reversal of the contingent liability, expired bonds and guarantees”.

### **Auditor's Comment**

The reported issue has not been resolved. As at the date of verification (1st July 2019), we obtained the list of outstanding contingent liabilities from the bank. We reviewed the list to ensure names highlighted in the external auditors' earlier report have been reversed. However, we noted that S.V. Electricals and Davis & Dann Ltd. with cash security of Le9,500,000 and Le160,000,000 respectively, have not been reversed.

### **3.1.7. Disaster Recovery Process**

We noted that RCBank has developed a business resumption plan detailing procedures to follow in order to resume business operation in an event of system breakdown.

However, during our review of the business resumption plan files, we noted that no full implementation or test drill of the plan was performed for the period.

### **Official's Response**

*The MD stated: "We advise that the business resumption plan which encompasses the disaster recovery process be revised and updated as at 1st August, 2018. This now meets current procedures, operations and actions relating to the business resumption plan against occurrences such as loss of access to premises, or loss of computer/telecommunications systems at any time due to war, strike, riot, flood etc. The business resumption plan is being circulated to staff to read and understand its content, after which, a test will be done as per OPM 48.2".*

### **Auditor's Comment**

The management of the RCBank through its IT Department had identified and proposed a disaster recovery location. We reviewed an advert on the proposed outsource of the project in the near future. We noted that the plan (BCP/DRP) and site remain a work in progress. No drills or incident simulation test were done or documented as at the time of verification. Therefore, the reported issue remains unresolved.

### **3.1.8. Savings Overdrawn Accounts**

We observed that there were accumulated savings overdrawn balances throughout the period listed in the table below:

Period	Trial Balance (A) (Le)	UnivBank Bal Overdraft (B) (Le)	Difference (A-B) (Le)
January	318,774,408,762.47	318,740,981,504.08	33,427,258.39
February	320,335,419,262.30	320,369,992,609.44	-34,573,347.14
June	338,281,398,877.93	338,321,768,672.66	-40,369,794.73
July	347,300,868,324.04	347,326,966,639.96	-26,098,315.92
November	363,027,094,378.54	363,051,735,780.45	-24,641,401.91
December	365,994,301,939.01	366,028,896,493.91	-34,594,554.90

Based on the data analysis for the period under review, we observed and noted instances where customer savings accounts were overdrawn i.e., their account balances were in the negative.

A sample of such customers is shown in the table below.

<b>January</b>	<b>ACCOUNT_NUMBER</b>	<b>ACCOUNT_TYPE</b>	<b>BALANCE</b>
	18-026146787-01	SA	-11,097,443.28
	18-116960267-01	SA	-3,236,710.23
	18-136136753-01	SA	-1,694,695.60
	18-016000970-01	SA	-1,499,438.03
	18-016104019-01	SA	-1,483,116.13
<b>June</b>	<b>ACCOUNT_NUMBER</b>	<b>ACCOUNT_TYPE</b>	<b>BALANCE</b>
	18-136121637-01	SA	-7,009,950.46
	18-116960267-01	SA	-3,236,710.23
	18-016504570-01	SA	-3,223,883.01
	18-036018229-01	SA	-2,124,767.05
	18-136136753-01	SA	-1,694,695.60
<b>December</b>	<b>ACCOUNT_NUMBER</b>	<b>ACCOUNT_TYPE</b>	<b>BALANCE</b>
	18-116960267-01	SA	-3,236,710.23
	18-096132117-01	SA	-1,989,623.33
	18-136136753-01	SA	-1,694,695.60
	18-016104019-01	SA	-1,483,116.13
	18-077131131-01	SA	-959,012.18

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

The MD stated: “The reason(s) for the overdrawn savings accounts would be looked into. We note your comments and advise that measures will be put in place to prevent future recurrence”.

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

We were informed by the Senior IT Officer and the Data Administrator that the problems cited in the recommendation have triggered the ongoing upgrade of the IT structure to improve the capacity of management processes. We reviewed extract of 30 customers' savings accounts as at 2nd July, 2019 checking for any negative exceptions. Additionally, we reviewed the above listed accounts with negative balances noting that they are currently in the positive. Presently, we noted that the bank's ongoing system upgrade is aimed at resolving or minimising the issues. Measures such as the UnivBank monitoring system are aimed at reducing possibilities for customers' savings overdrawn balances across branches. However, network failure and downtime in UnivBank gateway monitoring system could yet trigger savings account overdrawn balances when less monitored. Therefore, the reported issue has not been resolved.

#### **3.1.9. Commission Received Ledger Fees**

As per our audit procedures, we obtained customers' monthly transaction history charged with the Commission on Turnover (COT). Using the Computer Assisted Audit Techniques (CAAT) analysis, we recomputed the accuracy and completeness of the final income realisable for COT as indicated in the trial balance for the period under review. We however noted significant differences between our computation and that of the UnivBank application.

Consequently, we verified the monthly COT interest generated by UnivBank application against the monthly COT posted in the trial balances, applying these parameters to ensure the exact COT computed; (TRANS\_CODE = 02) AND (DESCRIPTION <> BEING COT CHARGES FOR THE MONTH).

Using this parameter, we noted significant differences between the system COT computed and the trial balance COT figures for the months of January, May, July and December respectively.

**Commission Received Ledger Fees**

Month	UnivBank (Le)	Trial Balance (Le)	Difference (Le)
January	680,095,362.41	662,759,000.00	17,336,362.41
May	811,134,688.46	683,942,000.00	127,192,688.46
July	756,729,884.63	715,721,000.00	41,008,884.63
December	930,376,372.16	805,833,000.00	124,543,372.16
<b>Total</b>			<b>310,081,307.66</b>

***Official's Response***

The MD stated: “We have checked and noted that the computation of the COT is correct and there has not been any change”.

**Auditor’s Comment**

From our review and interview, we noted that COT rate and concession continue to be a negotiable baseline for bank profitability and customer loyalty. This amounted to the complexity in commission received ledger fees computation, including that of the human error, during system rate impute. On verification of the above, we noted that the situation remains unresolved as at 2nd July, 2019.

### **3.2. ROKEL COMMERCIAL BANK - 2018**

#### **3.2.1. No Insurance Cover for Fixed Assets**

With the exception of motor vehicles which are insured on the general third party insurance, other assets of the bank are not insured against the risk of fire, theft, damage or any natural or man-made disaster. We recommended that all fixed assets, owned by the bank must be adequately insured, at a value equivalent to, or more than the total carrying values (i.e. cost less accumulated depreciation and impairment losses) of the assets.

***Official's Response***

The Managing Director (MD) stated: “Most of the vehicles in our fleet are covered by comprehensive insurance policies. All assets including buildings are adequately insured”.

#### **3.2.2. Revaluation of Head Office Building**

Management last revalued head office building in 2008. According to best practice and prudent financial guidance, management should consider revaluing the head office building once every three to five years. We recommended that going forward, management should ensure that the head office building is revalued as and when required in order to augment the true and fair market value of the head office building.

***Official's Response***

The MD stated: “The process of revaluing our buildings is in progress. We have already written a letter to National Public Procurement Authority for a ‘No Objection’ to use the sole source procurement procedure”.

### **3.2.3. Non-compliance with the National Public Procurement Act on the Procurement of Property, Plant and Equipment**

According to section 44 of the Public Procurement Act of 2016, request for quotation shall be used when the estimated value of the procurement is below Le60 million in the case of contracts for the procurement of goods and services. It also states that the National Competitive Bidding (NCB) method shall be used when the estimated value of the procurement is below Le600 million in the case of contracts for the procurement of goods.

However, we noted that adequate procurement processes were not followed in purchasing of assets amount to Le673,529,495.

We recommended that going forward, the management of the bank should ensure compliance with all regulatory requirements.

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

*The MD stated: "Management agrees with your recommendation made in the report. An action plan has been put in place to address the issue".*

### **3.2.4. Long Outstanding Balances**

Long outstanding assets and liabilities made in 2015 had not been cleared as at 31st December, 2018. Stated below are samples of these long outstanding issues.

<b>Account/Sub-account</b>	<b>Description</b>	<b>Amount (Le)</b>
12-013400863-00	J Mattar/Sierra Cons	(42,346,215)
12-013403439-00	Fuel Suspense-Total	(41,001,161)
12-013405237-00	Suppression of Funds Re: Kadiatu Kamara	69,000,000
12-013403064-00	Treasury Bearer Bond	100,000,000
12-013402718-00	Ramadan Hamper	6,009,000
12-013405814-00	Leave Allowance for Management Staff	13,907,349
<b>Total</b>		<b>105,568,974</b>

We recommended that management should ensure all long outstanding balances should be written off to correctly show the true position of the financial statements.

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

*The MD stated: "We note your comments and want to assure you that long outstanding items will be cleared by the end of this year".*

### **3.2.5. No Premier Loan Account Schedule**

We were not provided with the account schedule for premier loan with a balance of Le155,668,000. We recommended that going forward, management should ensure all schedules be provided for review by the auditors.

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

*The MD stated: "We advise that we do not maintain any account under the premier loan scheme. Our investigations revealed that branches mistakenly post into the control account of this premier loan, therefore, the reason for the outstanding balance seen under premier loan. Our IT Department is working on it".*

### **3.2.6. Review of Customers' Loans**

The following customers were issued loans without obtaining recent audited financial statements to determine whether the customers have a good financial standing, instead the bank issued unaudited financial statements:

<b>Customer Account number</b>	<b>Date issued</b>	<b>Approved Amount (Le)</b>	<b>Balance as at 31st December, 2018 (Le)</b>
02-111046828-01	19th November, 2018	500,000,000	454,318,639
02-011141402-01	15th November, 2017	4,000,000,000	272,369,371
05-011071110-01	18th May, 2015	704,000,000	595,814,633

We recommended that management should ensure due process and all the relevant requirements such as audited financial statements are available for all corporate customers before issuing loans in order to safeguard the bank from bad loans which in turn will result in liquidity issues.

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

The MD stated:

- “Modern Elementary School –customer was unable to provide the bank with audited financial statements. Our review of their credit capability was based mainly on the quantum of business being channelled through the RCBank, analysis of the school’s income and expenditure, the viability of the school etc.
- Fawaz Produce – Fawaz operates as a group (i.e. Fawaz Building and Fawaz Produce), and we hold on file of financial statements for Fawaz Building. We normally use the financial statement of Fawaz Building to assess the group.
- Betrays Business Agency- customer’s overdraft was last renewed in 2015, we note your comment”.

### **3.2.7. Inappropriate Customer Analysis**

During our review of loan and advances, we noted the following issues with regards a loan issued to a customer as listed below in contravention of the bank’s loan criteria.

- Applicant opened the account in April 2018 but there was no movement in the account up to 31st December, 2018 when the loan of Le126,000,000 was issued for 24 months.
- Letter of undertaking from the Ministry of Information and Communications stated that he has been in employment of the Ministry for a period of one year contrary to his employment letter dated 25th September, 2018 and on an employment contract commencing 1st August 2018, on a one year contract renewable based on performance.
- Letter of undertaking states that his terminal benefits of Le240,000,000 would be paid into his account in the event of separation to offset the loan contrary to the customer’s employment letter which states that he would only be entitled to fifteen (15%) ex-gratia of his annual gross salary.

We recommended that management should ensure due process and all the relevant requirements are met before issuing facilities to customers in order to safeguard the bank from bad loans which in turn will result in liquidity issues.

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

The MD stated: “We note the comment and advise that, that particular customer has been operating the account by making deposits and withdrawals from the account including backlog of salary payments of Le58.5million deposited

*into the account on 30th October, 2018. We also note continuity of salary payment of Le18.5 million on 4th December, 2018. This is contrary to your claim that there was no movement in the account up to when a loan of Le126 million was granted in December, 2018.*

*We however take into good part the other concerns raised and we are monitoring the monthly repayment which is going on as scheduled”.*

### **3.2.8. Exceeding Insurance Coverage on Cash at Vault**

During our review of cash at vault and cash insurance policy, we noted several instances where the bank exceeds its daily limits. There was a difference of Le57,502,024,159 between cash at vault and cash insurance at vault during the period 15th January to 20th December 2018.

We recommended that going forward, management should ensure that cash limit insured is not exceeded.

#### ***Official’s Response***

*The MD stated: “We refer to the above and advise that arrangements are made to increase the respective branches’ cash holding limits to a reasonable level in order to avoid the frequent excesses”.*

### **3.2.9. Movement of Dormant Accounts**

Dormant accounts shall be allowed to receive credit deposit or inflow but no debit transaction shall be allowed until the account has been reactivated. However, we noted based on the samples selected, that two savings accounts (18-036196966-01 and 18-057160034-01) have debit transactions during the period amounting to Le46,339,073.80.

We recommended that management should ensure that dormant accounts are monitored frequently and before any transactions, they should be reactivated and authorised.

#### ***Official’s Response***

*The MD stated: “We refer to the above and advise that the debits in question as reflected in both savings accounts above relate to amounts transferred from the said dormant accounts to unclaimed category and were not unauthorised debits”.*

### **3.2.10. Non-reconciliation of Clearing Balances**

During our review of clearing account held with the Bank of Sierra Leone, we noted that a number of reconciling items from prior years as far back as 2013 are yet to be cleared. A sample of 73 transactions with a total outstanding balance of Le3,970,516,329.54 is yet to be cleared.

We recommended that going forward, management should ensure that the statements are reconciled on a monthly basis in order to show the true and fair position of the year-end balance.

#### ***Official’s Response***

*The MD stated: “We note your comments and want to assure you that long outstanding items will be cleared by the end of this year”.*

### **3.2.11. Server Room Physical Controls**

Physical access has been given due consideration according to the Information Security Policy. Management has put in place controls to ensure that access to the bank's data centre is restricted to unauthorised personnel and requires appropriate identification and authentication. The purpose of the policy is to provide guidelines for the RCBank and its IT staff to ensure the appropriate administration of and access to critical systems and confidential data.

However, we noted that the space in the server room is no longer enough for servers and other equipment. This makes the data centre congested with limited space for passage and ventilation.

We recommended that a reasonably spacious server room should be maintained by management to ensure proper ventilation, thereby keeping the atmosphere conducive for equipment as per required specification.

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

*The MD stated: "Work has commenced to create space in the server room to ensure the right atmosphere for the equipment as per required specification. This was scheduled to be completed by 21st June, 2019".*

### **3.2.12. Identification and Authentication**

Our review of the Information Security Policy revealed that passwords must be used to access systems and the network. The application should provide for user authentication and access right control, by integrating to active directory for authentication. However, there is no policy relating to generic and duplicate users on the bank's system.

We performed a duplicate check of user IDs on the UnivBank banking application and noted that the user IDs were unique. However, our review of users who are profiled on the banking application revealed the existence of duplicate users on the banking application and IDs.

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

*The MD stated: "All duplicate and generic user IDs have been deleted. Users have unique identifiers that link them to their user activities".*

### **3.2.13. IT Steering Committee**

The IT Steering Committee (or its equivalent) is supposed to meet regularly to deliberate on IT related issues, directives and implementation of the Board and senior management initiatives. However, minutes of such meetings were not available for the period under review.

We recommended that IT Steering Committee forms the basis of a strong IT governance structure and administers the security standards employed by the bank. Meetings of the Steering Committee should be established to serve as platforms in which the different arms from other departments can share views on other subjects. And therefore, should be having bi-weekly meetings.

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

*The MD stated: "We normally discuss IT issues at equivalent committee levels. Meetings of such discourse will henceforth be provided".*

### **3.2.14. Follow-up on Prior Years' Recommendations**

During the audit exercise, we followed-up on all recommendations made in prior years. A summary of the status of these recommendations is given below.

- Reconciliation of the property, plant and equipment register with the general ledger has not been done during the period under review.
- During our verification of fixed assets, we noted that the undermentioned assets in the assets register have no locations.
- We observed that users are not aware of the risk and exposure of their PCs when their computers are outdated or not automatically updating with the latest antivirus software through the central antivirus server. Accordingly, we reviewed a sample of workstations noting that even though they had the antivirus application installed, some of them were not updated with the latest versions on the antivirus server. We observed that there were accumulated savings overdrawn balances throughout the period.
- As per our audit procedures, we obtained monthly transaction history of customers charged with commission on turnover. Using Computer Assisted Audit Techniques (CAAT) analysis, we recomputed the accuracy and completeness of final income realisable for commission on turnover as indicated in the trial balance for the period under review; noting significant differences between our computation and that of the UnivBank application. Consequently, we verified the monthly commission on turnover interest generated by UnivBank application against the monthly commission on turnover posted in the trial balances, applying these parameters to ensure the exact commission on turnover computed; (trans code "02°) and (description <>being cot charges for the month). Using these parameters, we noted significant differences between the system commission on turnover computed and the trial balance commission on turnover figures for the months of January, May, July and December respectively.
- The staff loan awarded at interest rate below the bank's lending rate for similar facilities should be at fair value as at the time the loan was awarded, and the difference between the fair value and the loan amortised over the period of the facility. During our review, we noted that the bank does not have fair value credit facilities awarded to its staff, even though the facilities were awarded below its lending and investment rates.

## **3.3. NATIONAL SOCIAL SECURITY AND INSURANCE TRUST - 2016**

### **3.3.1. Lack of Procurement Records**

Our review of the procurement relating to the supply and construction of metal shelves and installation of solar equipment in 2016 revealed lapses in the procurement process.

- Procurement records such as procurement committee minutes, evaluation committee minutes, performance bond, advanced payment guarantee, supplier's business documents and evaluation reports were not submitted. These were required to justify the awarding of contracts for the supply and construction of the metal shelves, and the installation of solar equipment to Hassan Tarawali. The value of the contracts value awarded on 22nd and 29th December 2016, were Le150 million and Le134 million respectively.
- Sections 40 and 44, and the First Schedule of the Public Procurement Act, 2016 provide clear guidelines on the threshold which determines the type of procurement method to be used. However, during the review of records/documents submitted for this procurement, we observed that local purchase orders were attached to the payment voucher submitted for audit. It is therefore our understanding that shopping method was used instead of the National Competitive Bidding method which should have been used in this case; as Le150 million and Le134 million exceeded the threshold for shopping.

- Further review revealed that these amounts were not included in the budget and procurement plan, and no evidence of the Board's approval of these amounts was submitted for audit review.

We recommended that the Procurement Manager should ensure that:

- evidence to justify the basis used in the selection of the supplier is submitted to the Audit Service for verification;
- documentary evidence and appropriate explanation indicating the procurement method used is provided to the Audit Service for verification and
- the Board's approval, budget and procurement plan in support of these procurement activities are submitted to the Audit Service for verification.

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

*The DG stated:*

- “*The documents referred to were submitted for review.*
- *As consistent with the First Schedule of the Public Procurement Act of 2016, Le150 million qualifies for shopping under works category. The initial Le150 million for the assignment was within the approved threshold. Shopping method was therefore instituted as a result of the analysis of the scope and justification made for the installation which qualifies as small works.*
- *Notwithstanding the above, the cost to deliver on the assignment also falls within small works as consistent with the First Schedule of the Act. The additional cost of Le150 million was captured as expenditure for the same assignment. However, it was rolled over to 2017 to carry out the assignment. This is done to enhance the performance of the already installed equipment that was done in December, 2016. This was to ensure its functionality as the desired goal.*
- *The said amount was an alternative to the fuel cost for the said location. It was observed that the installation of the solar will minimise the consumption of fuel, thereby creating some savings for the Trust.*
- *However, management notes the concerns of the auditors, and is willing to resubmit the documents referred to for further review”.*

### **Auditor's Comment**

- The relevant procurement documents to enable us determine the bases used in the selection of these suppliers were not submitted for audit. Our recommendation was not implemented. Therefore, the issue remains unresolved.
- The relevant supporting documents to enable us determine the contents for such procurement to qualify as shopping method for works were not submitted for audit review. Therefore, management's response cannot be verified. Notwithstanding, the First Schedule of the Public Procurement Act of 2016, clearly indicates that shopping method can only be used for small works, if the cost is below Le150 million. It is therefore our view that management was in violation of sections 40 and 44, and the First Schedule of the Public Procurement Act, 2016. The issue therefore remains unresolved.
- The Board's approval, budget and procurement plan in support of these procurement activities were not submitted for audit. Our recommendation was not implemented. Therefore, the issue remains unresolved.

### **3.3.2. Procurement of Station Wagon and Water Bowser**

Management failed to submit the pre and post technical inspection reports to confirm that the delivered station wagon and water bowser were consistent with the technical specifications as contained in the agreement.

We recommended that pre and post technical inspection reports are submitted to the Audit Service for verification.

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

*The DG stated: "Section 135(3-4) of the Public Procurement Regulations of 2006 stated:*

*'(3) The total amount of an advance payment shall not exceed thirty percent of the total contract price.*

*(4) Unless otherwise specified in the contract, any advance payment shall only be made against the provision by the supplier of an advance payment guarantee, covering the full amount of the advance payment...?'*

*Notwithstanding the above, the supplier provided an advanced payment guarantee of 70% for the said contract. The items were delivered, verified and confirmed that they met the specifications as requested.*

*However, management notes the observation of the auditors, but wishes to state that this 70% advanced payment was guaranteed with an Advanced Payment Guarantee by the supplier".*

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

Pre and post technical inspection reports were not submitted for audit. Our recommendation was not implemented. Therefore, the issue remains unresolved.

### **3.3.3. Ineffective Management of Cash and Bank Transactions**

A review of the Trust's management of cash and bank transactions revealed the following:

- Total stale cheques of Le4,776,446,686.23 were still in the Trust's books of account.
- Different exchange rates were used to translate account balances denominated in foreign currencies as at the end of the year. In addition, supporting documents in the form of official rates from bank to confirm the accuracy and correctness of the rate used was not submitted for audit.

We recommended that the Director of Finance should ensure the following: The stale cheques are investigated and reversed (if required), necessary adjustments made to the books of accounts and revised financial statements submitted to the Audit Service for verification.

- Supporting documents in the form of official rates from banks are submitted and balances denominated in foreign currencies translated using a uniform exchange rate at the end of the year, and the adjusted balances and financial statements submitted to the Audit Service for verification.

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

*The DG stated: "Management notes the concerns raised by the auditors. The transactions denominated in foreign currencies are reflected in the books using the prevailing central bank exchange rate".*

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

- Management's comments on the stale cheques and long outstanding items were noted. However, no appropriate action has been taken to resolve this issue. The issue still stands, as our recommendation was not implemented.

- Supporting documents in the form of official rates from the bank to confirm the accuracy and correctness of the rate used were not submitted during the verification exercise. The issue still stands, as our recommendation was not implemented.

### **3.4. NATIONAL TELECOMMUNICATIONS COMMISSION (NATCOM) - 2016**

#### **3.4.1. Unreceipted Payments**

Our review showed that payments totalling Le3,839,708,319 were made without adequate supporting documents. We recommended that the Director of Finance should provide all relevant documents for audit verification.

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

*The DG stated: ‘Most of the receipts and delivery notes for payment have been attached to the various payment vouchers for further verification by the auditors, and that the finance team will provide more of the required documents’.*

##### **Auditor’s Comment**

During the verification exercise, the adequate supporting documents were provided for a total amount of Le2,691,140,423. Leaving a remaining amount of Le1,148,567,896 without adequate supporting documents. Therefore, the issue remains partially resolved.

#### **3.4.2. Unsupported Payments**

Payments totalling Le12,675,119,352 made for goods and services were without supporting documents. We recommended that the Director of Finance should provide all relevant documents for audit verification.

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

*The DG stated:*

- *‘The necessary documents will be made available to the auditors for further verification.*
- *‘The documents relating to 40% international gateway payment to the Ministry of Finance amounting to Le8,278,506,016 are available with schedules for verification.*
- *‘Commissioner’s monthly stipend of Le869,400,000 is the total monthly salaries for Commissioners of Le72,400,000 by twelve months. This is included in the monthly payroll.*
- *‘Telephone expenses booked in staff allowances: A journal will be passed for correction’.*

##### **Auditor’s Comment**

The relevant supporting documents were provided for an amount totalling Le1,869,700,726. However, there were no supporting documents for the balance of Le10,805,418,626. Therefore, the issue remains partially resolved.

#### **3.4.3. Terminal Benefit Payment to Board Members**

A total of Le216,500,000 was paid as severance benefits to three outgoing board members and the Chairman. However, the basis for making terminal benefits payment to outgoing board members was not provided to the audit team. Normally, terminal benefits are paid to permanent staff of government entities, and this is provided for in the conditions of service of NATCOM. We therefore recommended that the Commission should provide supporting evidence to justify the payment of severance benefits to the board members; otherwise the full payment should be refunded.

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

The DG stated: "The auditor's findings are correct; that commissioners are not permanent staff and therefore must not be given severance benefit. However, as noted by the auditors, this was just a token of appreciation for the services rendered by past commissioners which was approved by the current commissioners. This falls under the authority of the Board to provide support and assistance where they deem it necessary".

### **Auditor's Comment**

Management's comments are noted. However, section 6 of the Telecommunications Act of 2006 states: '*The Chairman and the other members shall be paid such remuneration and allowances as the President may determine and shall be reimbursed by the Commission, for the expenses incurred in connection with the discharge of their functions*'. Therefore, token of appreciation or any other form of allowances must be indicated in the approved conditions of service for commissioners, for it to be a legitimate transaction. The issue remains unresolved.

#### **3.4.4. No Updated Antivirus Programme**

Inspection of the Commission's servers revealed that there was no updated antivirus software installed to prevent data loss within the servers and computers used for the system. The head of IT should ensure that updated antivirus software is installed on all the computers and this should be monitored to ensure that they are efficiently utilised.

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

*Response was not provided.*

### **Auditor's Comment**

There was no management response to the issue raised and our recommendation was not implemented.

#### **3.4.5. Irregularities Observed in the Procurement for the Supply of Furniture**

Section 37(2) of the Public Procurement Act of 2016 states: '*Procurement shall not be divided artificially with the intention of avoiding the monetary thresholds established under this Act or regulations made under it*'.

We observed that two contracts worth Le57,165,000 and Le56,925,000 in respect of supply of furniture to the Commission were awarded to KAK Enterprise on 25th April and 16th May, 2016. These contracts were split to evade the National Competitive Bidding threshold.

We also observed that even though GST was included in the contract price, KAK Enterprise's GST registration certificate was not among the documents submitted for audit. Moreover, the consulting firm did not use the NRA GST invoice for GST totalling Le14,940,000 when making claims for the full payments of the contract price.

We recommended that the DG should ensure the following:

- The Procurement Manager should provide reasonable explanation why the procurement was split, which is in contravention of the Public Procurement Act of 2016.
- In future, the Procurement Manager should ensure that the Procurement Act of 2016 is adhered to in all procurement activities.
- The GST registration certificate justifying that KAK Enterprise was GST registered, is submitted to the Audit Service for verification.

- In future, the Commission must honour payments to suppliers for GST supplies upon the submission of NRA GST invoice, which is in compliance with section 31 of the GST Act of 2009.

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

*The DG stated:*

- “*The initial procurement venture was initiated using a request for quotation (RFQ) procedure.*
- *Three quotations were sought.*
- *An evaluation committee was set up.*
- *An evaluation session was conducted.*
- *Minutes were generated.*
- *An award of contract was issued.*
- *A contract was signed by the Commission.*
- *Payments were made based on contractual terms”.*

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

Management's comment is noted. The issue of the splitting was not addressed in the management's response, nor was the GST registered certificate submitted during the verification to justify that KAK Enterprise was GST registered. The issue remains unresolved.

#### **3.4.6. Procurement of Vehicles and Consultancy for the Capacity Building of the Commission's Administration**

The following were observed in the procurement for the supply of vehicles, and the restructuring of the Commission's administration undertaken in 2016 at contract price of US\$352,000 and US\$110,000:

- Procurement documentation for these contracts to justify the basis upon which suppliers were selected were not submitted for audit inspection.
- The Public Procurement Act of 2016 provides clear guidelines on the threshold for the various procurement methods to be used. During the review of records/documents submitted for this procurement, we observed that the LPOs were attached to the payment voucher submitted for audit. It is therefore, our understanding that the requests for quotations method was used instead of the National Competitive Bidding method, as the values of the contracts (US\$352,000 and US\$110,000) exceeded the threshold for shopping.
- In addition, initial advanced payment of US\$176,000 representing 50% of the contract price was made to Dad's Car Centre, which is in contravention of section 135 of the Public Procurement Regulations of 2006, which stipulates that advanced payment must not exceed 30% of the contract price.

We recommended that the DG should ensure that appropriate explanations and documentary evidence in support of the supply of vehicles and restructuring are submitted to the Audit Service for verification. In future, advanced payment made should represent 30% of the contract price in compliance with section 135 of the Public Procurement Regulations of 2006.

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

*The DG stated:*

- “*The procurement of vehicles was done using an international competitive bidding procedure.*

- *The venture went through all stages.*
- *Advertisement for about six weeks was done on local print media and the Commission’s website.*
- *The content of the adverts was also vetted and approved by the NPPA before it was published.*
- *The bidding document was vetted by the NPPA before respective bidders accessed them at the Commission’s finance department.*
- *An evaluation committee was set up by the Commission’s Procurement Committee.*
- *A joint evaluation session was conducted.*
- *SPF 4 forms were used during the evaluation session.*
- *After the process, the evaluation session was then sent to the NPPA for review, and the seeking of a ‘No Objection’.*
- *A ‘No Objection’ was issued by the NPPA.*
- *A contract was done by the Legal Department.*
- *The issue of 50% agreement between the contractor and the Commission should be better responded to by the Legal Department, the responsible department and the drafters of the contract.*
- *The use of an LPO during payment was a genuine oversight by the Procurement Unit, but payments were made based on contractual agreement signed by both parties.*
- *Documents/correspondence shared between the Procurement Unit, the then Director General and the Head of Monitoring and Evaluation, NPPA attached for your attention”.*

#### **Auditor’s Comment**

- The relevant procurement documents to enable us determine the bases used in the selection of these suppliers were not submitted for audit.
- The relevant supporting documents to enable us determine the contents for such procurement to qualify as shopping were not submitted for audit review. Notwithstanding, the First Schedule of the Public Procurement Act of 2016 clearly indicates that shopping method can only be used for small works if the cost is below Le150 million, and goods and services below Le60 million. Therefore, it is our view that management was in violation of sections 40 and 44, and the First Schedule of the Public Procurement Act of 2016. Therefore, the issue remains unresolved.

#### **3.4.7. Inadequate Recruitment Process**

Three personnel were recruited during the period under review. However, we were not provided with documents such as advertisement and interview reports to confirm that the recruitment process was transparent, fair and credible. We therefore recommended that the Human Resource Director should ensure the following:

- Recruitment documents justifying that the process was transparent, fair and credible are submitted to the Audit Service for verification.
- In future, the Commission should ensure that all records relating to recruitment and selection exercises for successful applicants should be retained for audit or reference purposes.

#### **Official’s Response**

*The DG stated: “Documents are available and ready for inspection”.*

#### **Auditor’s Comment**

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

### **3.4.8. Irregularities in the Management and Control of Cash and Bank Transactions**

A review of the Commission's management and control of cash and bank transactions revealed the following:

- Every month, various amounts totaling Le878,907,869 were identified in the bank reconciliation statement as reconciling items for bank account number: 1015000 held at the Sierra Leone Commercial Bank (SLCB). This amount is described as an overstatement of salary for which no reasonable explanation or documentary evidence was provided by the Commission.
- It is normal for banks to consider cheques as stale after six months. During the audit, we observed that stale cheques (unpresented cheques) to the value of Le40,598,200 and Le518,296,499 (uncredited) were still in the Commission's books of account and no appropriate action was taken to rectify the situation.
- Bank reconciliation processes were neither done properly, nor supervised as evidence of review and approved signature of senior personnel were not seen on reconciliation submitted for audit.

We recommended that the Director of Finance should ensure that:

- the salary overstatement of Le878,907,869 is investigated, an appropriate explanation supported with documentary evidence is submitted, and the Commission's accounting records adjusted appropriately based on the outcome of the investigation;
- the stale cheques are investigated and reversed (if required), necessary adjustments made to the books of accounts and revised financial statements submitted to the Audit Service for verification and
- the reconciliation of bank balances is carried out regularly by the Accountant, reviewed by a senior officer and approved by the Director of Finance with their signatures to justify supervision of the process.

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

*The DG stated:*

- “Salary overstatements in bank reconciliation have been reviewed, and the amount drastically reduced.
- However, further review is ongoing and the final difference will be communicated to the bank for investigation for possible reversals.
- All credits in the bank statement not in the cashbook will be thoroughly examined for corrective actions to be taken to normalise the accounts. These were mostly transfers from other banks to the SLCB.
- In future, we will ensure that all reconciliations are properly reviewed.
- We will make necessary reversal of all stale cheques.
- Adjustments have been done by opening journals to correct the aged debtors list.
- Documents are available and ready for inspection.
- The recommendations given are going to be implemented”.

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

Management's comment is noted. No supported explanation or adjusted accounting records based on any outcome of investigation for the possible reason of the overstated salary was submitted for audit inspection. With regard the stale cheques, there was no evidence of action by management to implement our recommendation was submitted. Therefore, the issue remains unresolved.

### **3.4.9. Lack of Comprehensive Aged Account Receivable Schedule**

The following were observed:

- It was not comprehensive as it did not include the due date, posting date/invoice date, period length, detailed entries with total balance for each customer.
- The balances included in the aged receivable account were presented in foreign currency (United States Dollars), and the relevant exchange rate used to translate these balances into the functional currency were not provided for audit verification. This makes it difficult to reconcile the receivable ledgers with the receivable balance disclosed in the 2016 financial statements.

We recommended that management should initiate action for the updating of the aged receivable register that should be periodically reconciled and reviewed by a senior officer.

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

*The DG stated: "The auditors' recommendations are noted, and we shall ensure that receivable list is comprehensive to include, due dates, posting dates, invoice date, period length and detailed entries with totals for each customer.*

*As noted by the auditors, invoices are denominated in United States Dollars. The reconciliation of aged receivables will be submitted for review.*

*The amount of Le8,009,077,000 is a 10% provision made in the account for bad debt. However, the accounts will be adjusted to give the full value of the receivables".*

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

There was no comprehensive aged account receivable submitted during the verification exercise. Therefore, the issue remains unresolved.

### **3.4.10. Follow-up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below.*

- *The Commission's Financial Accounting Manual is in a draft form and did not actually reflect its current practices. The manual provided little guidance material and instructions in respect of payroll and assets in order to provide direction to those processing transactions.*
- *We observed that the Commission did not have a policy for amounts disbursed as support to national development.*
- *A fixed assets policy approved by the Board that guides the use, maintenance and disposal of the Commission's non-current assets was not provided for audit inspection.*
- *The Commission did not have a comprehensive fixed assets register details, such as location and identification marks. These were not included in the fixed assets register.*
- *Receivables amounting to Le13,583,960,000 were either bad or doubtful, as these debtors either closed operations, liquidated or their licenses cancelled by the Commission. We also observed that even with the court judgement, the Commission did not hold lien over the assets of these debtors, and as such, the recoverability of these amounts seems highly unlikely.*
- *There was no evidence of an approved information technology policy in operational at the Commission.*
- *There was no evidence of an approved business continuity and disaster recovery plan.*
- *The Internal Audit Unit did not have an approved audit manual and charter.*
- *We observed that there were no formal debtor policies governing the management of debts. The receivable balance of Le72,573,598,000 should have been better managed and controlled if there were a proper policy in*

*place for the management of debts. The NATCOM invoice states: ‘This invoice is to be settled in full within thirty days of receipt. Any payment not made within thirty days of the receipt will attract interest as follows: 5% interest on any sum paid within fifteen days after that ten percent interest on any sum paid within thirty days’.*

### **3.5. NATIONAL TELECOMMUNICATIONS COMMISSION (NATCOM), 2014-2015**

#### **3.5.1. Irregularities Observed in the Procurement for the Supply of Two Toyota Land Cruisers**

During the review of disbursement documents, the following issues were noted:

- Two Toyota Land Cruiser Prado SUVs were purchased from Khadija Enterprises for which procurement documents were not provided for audit scrutiny.
- A local purchase order was attached to the payment voucher which in our view indicated that the shopping method was used even though the value of the contract was above Le600 million. However, this is in contravention of the Procurement Act of 2004 which requires for International Competitive Bidding (ICB) method to be used for contracts within this threshold.
- The vehicles were bought as a result of an executive order from the Office of the President requesting the purchase of a vehicle for SALPOST. Even though we requested for a copy of the executive order, it was not submitted for audit review.
- It was clear that one of the vehicles was purchased for SALPOST, but we could not determine for whom the other vehicle was purchased, as we were not provided with any document in this regard.
- An advanced payment of Le307,164,375 which is more than 30% of the contract sum was made to the supplier, contrary to section 135(3) of the Public Procurement Regulations of 2006 which states:  
*“The total amount of an advance payment shall not exceed 30% of the total contract price”.*
- Payment for the clearing of the Toyota Land Cruisers was made directly in the name of the proprietor instead of the clearing and forwarding company (Kolenten Shipping Services). Moreover, customs documentation (assessment) and other documents to facilitate the clearing of the vehicles for a total fee of Le80, 244,106 were not submitted for review.

The following were recommended:

- All procurement documents including the executive clearance in relation to the acquisition of the two Toyota vehicles are submitted for audit verification.
- A reasonable explanation supported by documentary evidence, why advanced payment of more than 30% was made, contrary to section 135 of the Public Procurement Regulations of 2006 should be provided.
- Customs documentation including the customs duty assessment to substantiate the payment of Le80, 244,106 should be provided for verification.

#### ***Official’s Response:***

*The DG stated:*

- *“The venture was done using the National Competitive Bidding procedure.*

- *The cost eventually rose to the ICB level when the committee by then noticed a calculation error and the bid price was recalculated, which eventually changed the price from its initial Le527,220,000 to Le637,794,500.*
- *After the corrections were done on Khadija Enterprises' bid document, it still remained the least cost bid and most technically and financially responsive bidder.*
- *All documents are enclosed for your attention and confirmation.*
- *The use of LPO was wrong as LPOs are used for shopping and RFQ respectively.*
- *Fifty percent payment was made to the contractor based on the contract signed with Khadija Enterprises. The vehicles were urgently needed sequel to the appointment of a new chairman and also the appointment of a new SALPOST Director. An executive order was issued to procure a new vehicle for SALPOST.*
- *Sequel to a letter of authority from the clearing and forwarding agency, payments for clearing and forwarding services was recommended to be made to Felix Kabia.*
- *The authorisation letter and other related documents are attached for your attention”.*

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

Management's comments are noted. Executive order from State House instructing the purchase of the vehicle was not provided. Further, document to determine for whom the other vehicle was purchased was not provided. Procurement documents were provided during the verification exercise and examined. However, the procurement procedure should have been done using the ICB instead of NCB, and the 50% advanced payment was in contravention of the Procurement Regulations of 2006. The issue remains unresolved.

#### **3.5.2. Amounts not Transferred to the Consolidated Fund**

Section 11A (f) of the Telecommunications Act of 2009 (as amended) requires that of the money accruing to the Commission should be collected by the National Revenue Authority and paid into the Consolidated Fund.

However, based on our computation, we observed differences of Le5,751,085,000 and Le10,532,869,000 between the amount actually transferred, and the one to be transferred into the Consolidated Fund for 2014 and 2015 respectively. Management should provide appropriate explanation why these funds were not remitted to the CF. In addition, the two amounts of Le5,751,085,000 and Le10,532,869,000 involved are paid into the CF, and evidence submitted for verification.

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

*The DG stated: "We have noted your recommendations. The revenue recognised in the income statements for 2014 and 2015 financial years were on accrual basis. These revenues were not received in cash as the telecommunications operators were billed, rather than being settled in cash. This resulted in late payment of the one-third of the revenue deposited into the Consolidated Fund".*

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

Management's comment is noted. However, we based our computation on the revenue recognised after deducting the increases in receivable, and the net amount represents revenue received in cash. There was no evidence submitted to support the late payment of the remaining balance in the consolidated account. Therefore, the issue remains unresolved.

### **3.5.3. Follow-up on Prior Years' recommendation**

During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below.

- The Commission did not have a policy for amounts disbursed as support to national development.
- It was observed that withholding taxes which amounted to Le12,317,155 and US\$7,111.99 were not deducted and paid to the National Revenue Authority.
- A Fixed Assets Policy approved by the Board that guides the use, maintenance and disposal of the Commission's non-current assets was not provided for audit inspection.
- Receivables amounting to Le13,583,960,000 were either bad or doubtful as these debtors either closed operations, liquidated or their licenses cancelled by the Commission. It was also observed that even with the court judgement, the Commission did not hold lien over the assets of these debtors, and as such, the recoverability of these amounts seems highly unlikely.
- There was no evidence of an approved information technology policy being operational at the Commission.
- Evidence of an approved business continuity and disaster recovery plan was not submitted.
- The Internal Audit Unit did not have an approved audit manual and charter.
- No formal debtor policies governing the management of debtors. The receivable balance of Le12,712,195,000 should have been better managed and controlled, if there were proper policy in place for the management of debtors.

## **3.6. ELECTRICITY GENERATION AND TRANSMISSION COMPANY - 2015**

### **3.6.1. Poor Controls over the Collection and Recording of Revenue**

An approved power purchase agreement between the Electricity Generation and Transmission Company (EGTC) and its sole customer the Electricity Distribution and Supply Authority (EDSA) was not submitted for audit purposes. This is in contravention of section 35 of the Electricity Act of 2011 which stipulates for a power purchase agreement to be drafted and signed by both parties. We recommended that the power purchase agreement justifying conformity with section 35 of the Electricity Act of 2011 is submitted to the Audit Service for verification.

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

The DG stated: 'In 2014, prior to the unbundling, a consultant working with the Ministry of Energy and the finance team of the NPA was charged with the responsibility of developing a Power Purchase Price (PPP) between the EGTC and EDSA based on the 2013 actual figures of the National Power Authority. They came up with a Power Purchase Price (PPP) of US\$0.156 per kWh.'

When the EGTC submitted its January 2015 invoice to EDSA which amounted to Le16,899,488,030 on 23rd February 2015, EDSA in a letter dated 28th February, 2015 rejected the invoice; raising several issues, one of which was that the US\$0.156 per kWh was too high. The EGTC continued to send its invoices to EDSA for the period January to March based on the above tariff. In April 2015, a meeting was held at the Strategic Policy Unit (SPU) at the Office of the then Chief of Staff, State House, regarding the disputed invoices. It was agreed that, EGTC should start to invoice EDSA based on a pass-through model that was developed by a consultant at the Ministry of Energy in which the total operational cost of EGTC, plus a mark-up of 10% should be the invoiced amount to EDSA until an agreed tariff is established'.

### **Auditor's Comment**

The approved power purchase agreement was neither submitted for audit verification, nor was the minutes of the meeting held at the Office of the then Chief of Staff's justifying the agreed billing format of cost, plus a mark-up of 10%, submitted. This issue remains unresolved.

### **3.6.2. Ineffective Management of Payroll and Other Payroll Related Activities**

A review of the Company's payroll revealed the following:

- Rent allowances given to staff were incorrectly taxed in accordance with section 120 (1) of the Income Tax Act of 2000 instead as an allowance that should have been taxed under PAYE as stipulated in section 23(i) of the Income Tax Act of 2000, and section 9 of the Finance Act of 2014. This led to a tax loss of Le382,634,174.
- Our computation of rent allowance indicated that it should have been Le1,384,976,667 whilst records found in the general ledger/financial statements submitted for audit, disclosed an amount of Le1,259,349,173, resulting in an understatement of Le125,627,493.

The following recommendations were made:

- Rent allowance is taxed in accordance with section 23(i) of the Income Tax Act of 2000, section 9 of the Finance Act of 2014 and the tax loss of Le382,634,174 is recouped, paid to the NRA and evidence submitted to the Audit Service for verification.
- The Financial Controller investigates these discrepancies, adjust and submit revised financial statements to the Audit Service for verification.

### **Official's Response**

*The Director General stated: "NRA conducted a tax audit in late 2016 and the discrepancies were noted. Management has agreed to make payment. Net figures posted to general ledger instead of the gross figures. Journal voucher already raised to correct the error".*

### **Auditor's Comment**

The journal adjustment has been made for rent allowance. However, evidence of payments of additional tax to the NRA was not seen. Therefore, the issue has been partly resolved.

### **3.6.3. Inadequate Control of the General Processing of Payment Vouchers**

The following issues were noted on the disbursement of funds by the Company:

- Board sitting fees which amounted to Le33,025,000 were paid to board members in respect of meetings held. However, minutes to justify that meetings were held, were not submitted for audit inspection.
- In violation of section 73(1) of the Financial Management Regulations (FMR) of 2007, payments totalling Le554,763,950 were made for which adequate supporting documents such as payment vouchers, receipts, delivery notes and back-to-office reports were not seen/submitted.
- We observed that payments totalling Le24,908,503,780 were made in respect of fuel without adequate supporting documents such as delivery notes, requests and fuel reconciliation reports.

We therefore recommended that the Director General in collaboration with the Finance Controller should ensure that all public funds are properly accounted for in accordance with section 73(1) of the

Financial Management Regulations of 2007. The relevant evidence in respect of Le554,763,950 and Le24,908,503,780 are forwarded to the Audit Service for verification.

### **Official's Response**

The DG stated: "These reports were submitted by management to the auditors, but were rejected on the basis that, they were not finalised since they were not signed. These were oversights due to the transition period with skeleton staff. At that time, the Company Secretary and other critical staff were yet to be recruited by the Company."

*Due to the year that had lapsed and coupled with our movement from Electricity House to Kingtom Power Station, it is possible that some parts of the supporting documents were missing but due procedures were followed. In relation to GST, our Company registered for GST in November 2016. Back-to-office reports were not requested for by the finance office for the year under review. Going forward, these reports will be attached on 2018 transactions. Some completed documentation are available.*

*As indicated earlier, EGTC was in a transition period in 2015 with very limited staff. A fuel consultant was employed in June, 2015 who worked directly with the station heads, stores personnel and management. He monitored fuel levels and reported to management for replenishment. As most of EGTC's stations are outside Freetown where the head office is located, they used various forms of communication such as telephone calls, WhatsApp and emails. In most cases, the initial request from head of stations which normally entails the fuel reconciliation and details of fuel usage and receipts, were not received on time to facilitate payments. However, some of the reconciliations have been obtained from the station heads and are available for review".*

### **Auditor's Comment**

- Approved board minutes were not submitted for verification. Therefore, the issue remains unresolved.
- Supporting documents for three payments which amounted to Le109,983,500 were submitted during verification. However, payments totalling Le444,780,450 were not submitted for verification. Therefore, the issue remains unresolved.
- Supporting documents for payments in respect of fuel were partially submitted during verification. Delivery notes were submitted, but the audit team was unable to match them to the payment. Therefore, the issue with delivery notes is still unresolved. This amount which was not supported has now been reduced to Le24,260,353,780.

#### **3.6.4. Procurement Procedures Not Followed**

A review of the Company's procurement processes and activities revealed the following:

- Section 29 (1) of the Public Procurement Act of 2004 requires that all procuring entities shall undertake procurement planning, with a view to achieving maximum value for public expenditure and the other objects of this Act. However, in violation of this section of the Act, a procurement plan justifying that appropriate procurement planning was undertaken for the period under review was not submitted for audit purposes.
- Procurement activities which amounted to Le363,749,000 were undertaken for the period under review without three requests for quotations.
- We were unable to verify the basis upon which suppliers were selected, whether they were qualified and have the capacity to execute contracts worth Le2,344,860,674 as adequate procurement documents such as standard bidding documents, evidence of advertisement to the general public, technical evaluation reports etc. were not submitted for review.

- Spare parts for the Goma Hydro Power Station valued at Le1,148,762,475 were procured from the China National Electric Engineering Company based in China. However, procurement documents to confirm that an open, transparent and competitive process was carried out were not submitted for audit.
- The Public Procurement Act of 2004 states that National Competitive Bidding (NCB) procedures shall be used when the estimated value of the procurement of goods and services is above Le60 million. However, in violation of this section of the Act, it was observed that request for quotation procedure was used to procure goods and services whose values were above the stipulated amount of Le60 million.

We recommended that the Director General should ensure the following:

- The procurement head submits the 2015 procurement plan, and in future, an annual procurement plan is developed, approved by the Company's Procurement Committee and duly followed for all procurement activities undertaken by the Company.
- The procurement head submits documents pertaining to procurement activities undertaken for verification.
- That procurement is undertaken in accordance with the appropriate procurement methods as per the monetary threshold in the First Schedule of the Public Procurement Act of 2004.

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

*The DG stated:*

*"It is stipulated in the National Public Procurement Act of 2004 and its amended 2016 Act, that procuring entities shall prepare a procurement plan for each fiscal year with the view of achieving maximum value for money, while utilising public funds.*

*The unbundling of the National Power Authority (NPA) into two entities; the Electricity Generation and Transmission Company (EGTC) and the Electricity Distribution and Supply Authority (EDSA) took effect in January 2015, making it difficult for the Electricity Generation and Transmission Company to prepare a procurement plan for 2015 fiscal year as the staff split between the two entities. This led EDSA to have the previous Procurement Officer, leaving EGTC with less proficient personnel to handle procurement activities. In addition, procurement plans are prepared in advance to cover the incoming year. Therefore, at the time EGTC became operational as an entity, the year under review had already started and advanced, thereby making it practically impossible to prepare a procurement plan as required by law or statute.*

*The report indicates that procurement activities worth Le363,749,000 were undertaken for 2015, without securing three quotations. As part of adherence to the provisions of the Procurement Act and its related regulations, the Company has always requested three quotations or pro-forma invoices from suppliers as a compliance requirement when buying. All the procurement activities were undertaken by obtaining three quotations from our potential suppliers as this forms the basis on which the Finance Department can approve suppliers' payment requests. However, during the process of transferring from the previous office location at Electricity House, Siaka Stevens Street, to Kingtom Power Station, documents went astray. However, some of the abovementioned documents are available for review.*

*It was stated that there were procurement activities of Le2,344,860,674 without adequate procurement documents such as bidding document, evidence of advertisement and technical evaluation reports.*

*Please note that the Company requested from the National Public Procurement Authority for a 'No Objection' for the rehabilitation of the Kingtom Power Station and procurement of furniture in which letter, management explained the prevailing circumstances bordering on issues of incapacity to undertake advertisement for the procurement of furniture and electrical appliances (goods). This request was granted by the NPPA on 4th August, 2015. The NPPA correspondence is available for review. In addition, the Procurement Committee met and a request for quotation from eligible suppliers was sent out on 7th August, 2015. Minutes of the Procurement Committee meeting held on Tuesday 22nd September, was also in support of the procurement of furniture and ICT software. The committee evaluated the quotations and a decision was made. Similarly, when the request for transfer of funds to urgently rehabilitate the Kingtom office building was done, and its subsequent approval by the Ministry of Energy on 3rd March 2015, a contract was entered into among EGTC, Sella Construction Trading and ECHO Construction Enterprises. Documents are available for review. These were the basis on which the procurement undertakings were done.*

*It was said that wrong procurement procedures were applied in buying office equipment worth Le229,770,000. However, kindly note that the said procurement activities form part of the request for the 'No Objection' submitted by the EGTC to the NPPA for which approval was granted by the NPPA. This is inclusive of the office equipment procured from Value Point Enterprises. A correspondence from the NPPA is available for review. On the procurement of the two transformers for Makeni and Kingtom Power Stations, due to the urgency of the need, the Procurement Committee met and unanimously agreed on the process for the procurement, and later awarded the contracts to the Global Trading Group and the Integrated Power and Control Solutions following the outcome of the evaluation committee meeting".*

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

We note management's comments and hereby make the following clarifications:

- A procurement plan was not submitted and the reason proffered for not producing it is deemed considerate.
- With regard to the mislaying of procurement documentation worth Le363,749,000, no supporting documents were provided during the verification exercise Therefor, the issue remains unresolved.
- In respect of the procurement activities worth Le2,344,860,674, the 'No Objection' issued by the NPPA only covered the procurement of office furniture estimated at Le317,227,550. In fact, some of the procurement activities predate the 'No Objection' mentioned in the management's response.
- Similarly, the activities are not covered by the 'No Objection' issued by the NPPA, since these items are equipment, and not furniture.

#### **3.6.5. Ineffective Internal Audit Unit**

Control lapses were identified in the work of the Internal Audit Department as a result of the following:

- The internal audit plan though submitted was not approved by the Internal Audit Committee or any other supervisory body.
- There was no evidence of management response to audit queries raised by the internal audit and there were no follow-up activities conducted by the Internal Audit Department regarding queries raised.
- Internal audit working papers detailing how audit tests were performed and conclusions arrived at, was not submitted for audit inspection.

- There was no evidence to confirm that the Company has set up an Internal Audit Committee charged with the responsibility of ensuring that all internal audit issues raised by the internal auditors are addressed by management.
- We observed that the internal auditors were involved in the daily operational activities of the organisation as approvals were required from the Internal Audit Unit before transactions are carried out (pre auditing), even though there is no provision in the internal audit charter for the unit to be engaged in such activity.

We therefore recommended that the Director General in consultation with management and the Board of Directors should ensure the following:

- On an annual basis, the Internal Audit Plan is submitted to the Internal Audit Committee for approval, or if a committee is not yet established, that one charged with this responsibility is established.
- That all queries issued by the internal audit are responded to/acted upon by management or disciplinary actions instituted against defaulting departments.
- Working papers in support of work carried out are submitted to the Audit Service for verification.
- The Internal Audit Department must not be involved in the day-to-day operations of the Company but rather conduct regular post audits.

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

*The DG stated: "Management will present the recommendation to the Board for its consideration and adoption. Disciplinary actions instituted against staff of the central stores at Blackhall Road Power Station for shortage of drums of lubricating oil. The matter is at the High Court of Sierra Leone. Recommendations noted. We will provide all working papers in subsequent years' audit".*

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

Our recommendations were not implemented, as issues reported relating to the ineffectiveness of the internal audit unit were not resolved.

#### **3.6.6. Inadequate Controls over the Management of ICT Related Issues**

The following issues with IT governance risks were noted:

- The Company did not have an ICT strategy and there was no steering committee addressing ICT issues at a strategic level.
- An approved ICT policy governing information security, access controls, network access, etc. for the year under review was not submitted for audit.
- The server room and close circuit television monitoring room were not properly secured as they lack steel doors and access to these sections was not restricted.
- There were no IT back-up related procedures in place during the year under review. Back-up registers were not submitted for audit and the Company has not set up an offsite backup system.
- The Company did not have any form of disaster recovery plan in place for the year under review.

We recommended that the Director General in consultation with the Board of Directors and the head of IT should ensure the following:

- That an ICT strategy is developed and an ICT steering committee set up to deal with ICT related issues at a strategic level.
- That an approved ICT policy/policies covering key areas highlighted above is developed and measures instituted to ensure staff adherence to the policy is effectively monitored.
- The server room must be secured with a steel door and additional restrictive measures put in place to ensure limited access and that all staff accessing the server room are identified through a registration process.
- The Company must set up a disaster recovery plan to help the company retrieve data in the event of any loss or damage, and that the Company's activities are not affected during this process.

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

The DG stated:

- “*After the unbundling of NPA in 2015, we were trying to set-up the ICT Department while working with the Programme Manager as the key person to handle all ICT matters. There was no steering committee to address ICT strategic matters.*
- *After the unbundling of the NPA in 2015, we developed an ICT policy for EGTC but it was not approved by the Board of Directors and management. A soft copy of the ICT policy was made available to the auditors.*
- *There is no steel door to the server room from 2015 to date, but management has already approved the procurement of a steel door with biometric login to ensure proper security to the server room.*
- *The backup register was not available but a backup drive was made available to the auditors for the year under review. Management has approved the process for the setup of the disaster recovery plan and an offsite backup system for the Company*”.

### **Auditor's Comment**

Our recommendations were not implemented, as issues reported relating to inadequate controls over the management of ICT were not resolved.

#### **3.6.7. Withholding Tax not Deducted and Paid to the NRA**

Section 110 (2) of the Constitution of Sierra Leone states: *'Where an Act enacted pursuant to subsection (1) confers a power on any person or authority to waive or vary a tax (otherwise than by reduction) imposed by that Act, the exercise of the power of waiver or variation in favour of any person or authority shall be subject to the prior approval of Parliament by resolution passed in that behalf'.*

Section 9.18 paragraph two of the contract signed in October 2009 between the Ministry of Energy and Salini Costructtori S.P.A states: *'GoSL confirms hereby that the operator shall be exempted from the payment of all duties and taxes and any other charges and fees that may be levied, in accordance with current and future laws and regulations effective in the republic of Sierra Leone, on any materials, plant, equipment, vehicles, fuel, lubricants, spare parts and supplies purchased and imported, in the name of the operator, for the purpose of carrying out this agreement'*.

Withholding taxes totalling Le1,083,167,880 were not deducted and paid to the NRA for payments made to Salini for the operation and maintenance of the Bumbuna Hydro Power Station based on the contract signed. A parliamentary approval exempting Salini from the payment of these taxes was not submitted in contravention of section 110(2) of the Constitution of Sierra Leone.

We therefore recommended that the Director General through consultation with the Finance Controller and head of procurement should provide the parliamentary approval exempting Salini from the payment of all statutory taxes; otherwise, the amount should be recovered immediately and paid to the NRA, and evidence of such payment forwarded to the ASSL for verification.

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

*The DG stated: ‘The operations and maintenance contract was signed in October 2009 during the NPA era between the Ministry of Energy (representing the Government of Sierra Leone) and Salini Costruttori S.P.A.*

*This contract being signed by a Minister and witnessed by the Permanent Secretary was deemed to have gone through all the necessary procedures. Furthermore, the defunct NPA was paying Salini in accordance with section 9.18 of the above mentioned contract exempting them from all taxes. The defunct NPA was audited by the Audit Service Sierra Leone, but this issue was never raised. However, we have contacted the Ministry of Energy to assist us in verifying that all necessary procedures were followed’.*

#### **Auditor’s Comment**

Our recommendation was not implemented, as parliamentary approval exempting Salini from the payment of all statutory taxes was not submitted during the verification exercise. Therefore, this issue remains unresolved.

#### **3.6.8. Fuel Supply Statement**

On 16th January 2015, Le1,215,000,000 was directly transferred from the EGTC fuel supply account no. G0079 to account no. G0195 for which adequate documents in the form of approval letters from the EGTC instructing the transfer was not submitted for audit. Supporting documents such as delivery notes, goods received note and stock records justifying receipt of fuel for the above amount were not submitted.

We therefore recommended that the Finance Controller should ensure that the above transaction is investigated; details of the account to which the amount was transferred revealed; and all supporting documents submitted to the audit team for verification.

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

*The DG stated: ‘Prior to the unbundling of the NPA, the Government of Sierra Leone made commitment to purchase fuel for the then NPA. Part of these purchases was done in 2014. On January 6 2015, Le1.4 billion was paid by the GoSL to the NP (SL) Limited on that commitment. Documents are available for review.*

*However, Le1.2 billion of the said amount was allocated to Kono. The Le1.2 billion was mistakenly transferred from EGTC’s account no. G0079 to EGTC Lungi account no. G0195, but was later correctly transferred to EGTC (Koidu) account no. G0198. Documents are available for review’.*

#### **Auditor’s Comment**

The said amount was transferred into the Kono EGTC A/. no. G0198. We were able to track the transfer from the EGTC account to the Lungi account, and eventually into the Kono account. However, we were unable to verify the delivery and utilisation of fuel supplied to the Kono Division as supporting documents such as transfer letters, invoices, delivery notes, stores receipts and issue vouchers were not seen/ submitted. Therefore, this issue remains unresolved.

### **3.7. SIERRA LEONE ELECTRICITY AND WATER REGULATORY COMMISSION- 2017**

#### **3.7.1. Supervision**

The following were observed:

- Posting of transactions to the Commission's financial management system were not checked by supervising officers in the Finance Department to ensure that the entries here true and correct.
- Significant amount of mispostings and errors.

We recommended that senior officers of the Finance Department should ensure that transactions are true and correct, and should properly review postings of transactions to the Commission's financial management system.

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

*The DG stated: "There were mispostings during the training phase of the Finance and Administration Assistant, but all mispostings have been resolved and there is adequate supervision in place to ensure that postings are true and correct".*

#### **3.7.2. Annual Levy**

Section 25 (e) of Sierra Leone Electricity and Water Regulatory Commission Act of 2011 provides that the Commission should be financed by funds consisting of annual levy not exceeding one percent of the gross operating revenue of regulated supplier who supply regulated services.

We observed that the Commission applied 1% annual levy in 2017 as opposed to 0.7% in 2016 in respect of EDSA. Our concern was that the Commission was not consistent, and changes were not approved by the Board of Directors.

We recommended that the Commission should ratify the increase of the levy charges to EDSA from 0.7% to 1%.

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

*The DG stated: "We had reported earlier that in view of the financial situation of the utilities, we were going to apply incremental percentage up to 1%. In 2015, we applied 0.5% and was increased to 0.7% in 2016. The maximum value of 1% was applied in 2017. This approach was communicated to the Board. However, we shall ensure that going forward, anything less than 1% would have to be expressly approved by the Commission".*

#### **3.7.3. Questioned Transactions**

We have questioned the below mentioned transactions because of reasons stated therein.

##### *Administrative expenses – Outreach Activity*

Date	Customer cheque No.	Amount(Le)	Issue
03/11/2017	32585	10,000,000	Documentation to support this transaction was not available for verification

*Payments to Commissioners*

Date	Details	Cheque No.	Amount (Le)	Issue
25th January 2017	Payment of fuel allowance for January 2017	N/A	4,500,000	Payment vouchers and supporting documentation were not available for verification.
Several	Sitting fees paid to commissioners	N/A	45,750,000	Seventeen minutes of Commission's meetings were made available for our verification, but the Commission paid commissioners for twenty seven sittings. Sitting fees for ten meetings were not verified.
1st March, 2017	Sitting fees paid to commissioners	N/A	1,050,000	Payment was made on 1st March, 2017 in respect of commissioners' sitting fees for a meeting purportedly held on 14th December, 2016. It is difficult to understand why the fees were paid three months after the said meeting.
13th December, 2017	Sitting fees to Director General	N/A	5,250,000	The payment represents sitting fees to the Director General for meetings held during the year 2016 up to 14th March, 2017. Our concern is that the payment was not approved by the board of directors.
	<b>Total</b>		<b>56,550,000</b>	

We recommended that documentation, information and explanations should be provided to enable us verify this transaction.

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

*The DG stated: "Documents relating to the cheque of Le10 million under outreach activity was verified by Bertin and Bertin. Document is available for further verification".*

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

A payment voucher for a cheque of Le10 million was only made available for inspection. Other supporting documents were not available for verification.

#### **3.7.4. Terms and Conditions of Service of Members of the Commission**

Section (7) of Sierra Leone Electricity and Water Regulatory Commission Act of 2011 provides: *'The Chairman and the other members shall be paid such remuneration, fees and allowances and shall be reimbursed by the Commission for any expenses incurred in connection with the discharge of their functions as the Commission may*

*determine’.*

In line with this provision, several payments were made to directors apart from their monthly salaries and sitting fees, which in our opinion were excessive.

Below are details of these payments:

Details	Amounts (Le)
✓ 13th month salary	40,000,000
✓ Telephone allowance	146,105,000
✓ DSTV subscription	45,456,237
✓ Ramadan allowance	21,500,000
<b>Total</b>	<b>253,061,237</b>
Fuel (inclusive of staff)	<u>146,105,000</u>

The following were recommended:

- Members of the Commission should consider economy, efficiency and effectiveness in dealing with the Commission’s funds.
- Section 7 of the Sierra Leone Electricity and Water Regulatory Commission Act of 2011 should be amended to take cognisance of transparency and accountability.

#### ***Official’s Response***

*The DG stated: “We note your comments and shall forward them to the incoming members for consideration and engagement with the relevant authorities”.*

### **3.8. SIERRA LEONE ROADS AUTHORITY - 2015**

#### **3.8.1. Liabilities and Provisions not Recognised**

IAS 37- Provisions, Contingent Liabilities and Contingent assets dictate that contingent liability should be disclosed depending on whether some uncertain future event occurs. The Authority faces litigation from Cymain Ghana Ltd. for Le3,025,000,000, and this was not disclosed in the Authority’s draft financial statement.

We recommended that the Finance Director should ensure that the necessary journal entries are posted in the books of accounts of the Authority, and a revised financial statement must be submitted for verification.

#### ***Official’s Response***

*The Director General stated: “Liabilities and provisions not recognised (litigation and legal fees not disclosed). We accept that liabilities arising from litigation were not disclosed in the account. These are post balance sheet events, and provision could only be made for known liabilities for the related accounting period. It is, however, worthy to note that some of the verdicts were made in 2016”.*

#### **Auditor’s Comment**

Management’s response regarding the litigation from Cymain Ghana Ltd. for Le3,025,000,000 was not provided, and there was no indication that management had agreed to disclose this amount in the

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

### **3.8.2. Rent Allowance not Taxed**

Rent allowance given to staff was not taxed as stated in section 23, sub-section 1a of the Income Tax Act of 2000, and section 9 of the Finance Act of 2014. This resulted in non-deduction of tax for the period which amounted to Le290,100,000.

We recommended the following:

- The Finance Director and head of Human Resource should ensure that rent allowance is taxed in accordance with section 9 of the Finance Act of 2014.
- In addition, the tax of Le290,100,000 is recouped from staff, paid to the NRA and evidence submitted to the ASSL for verification.

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

*The DG stated: ‘We appreciate your effort to ensure that relevant regulations are adhered to. We accept your observation. The error was addressed in the following year by ensuring that all tax related to rent allowances were deducted during the year from all staff on equal installments over 11 months as specified in the documents’.*

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

Management's response is noted. However, the issue still stands as the recommendations stated in the report were not addressed for the period under review by the Authority.

### **3.8.3. Training Expenses**

The Authority did not conduct staff training during the period under review. There were no supporting documents or evidence such as a list of participants, attendance register, course outline, training/back-to-office reports to justify incurred training expenses which totalled Le127,452,500.

We recommended that the Human Resource Manager should ensure the relevant documents are submitted to the Audit Service for verification.

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

*The DG stated: ‘It is the policy of the Authority to provide training of continuous professional development to enhance staff capacity. He added that the Authority conducts various forms of training, in the form of workshops, conferences, local and overseas training. There are available evidence and documents for all the training conducted during the period under review, including receipts of payments made and certificates earned by the beneficiaries’.*

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

Relevant supporting documents listed in the reports were submitted and verified for all staff members that benefitted from the training. However, relevant supporting documents for payments made as tuition fees for two members of staff to the University of Salford and Roehampton University which amounted to Le32,560,000 and Le56,650,000 respectively, were not provided. Therefore, the issue is partly resolved.

### **3.8.4. Unsupported Payments**

Supporting documents in respect of a reduction in other receivables of Le95,902,143 were not submitted for audit inspection. We also noted long outstanding receivable balances in the books of the Authority and movement in these accounts had not taken place for more than six years.

We recommended that the Finance Director must ensure that all long outstanding receivables should be investigated and transactions must reflect their actual substance and not form. All outstanding receivables should be recovered if possible, or management should consider seeking the Board's approval for a possible write-off of such debts.

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

*The DG stated:*

- “In 2014, the balance to other debtors amounted to Le83,341,000. The total of the other debtors does not relate to utility debtors alone, but includes other components as scheduled below:
  - ❖ Utility debtors (Guma, NPA, Telecommunications etc.) billed for excavation Le707,438,857.  
Cash advances to staff (expenses when acquitted), Le86,843,181
  - ❖ Insurance suspense (Amortised as consumed) Le8,970,962
  - ❖ Sundry Debtors – WP5A, Le88,000
- The difference of Le95 million is between utility debtors of Le707.4 million and the total for other debtors of Le803.8 million (Le803,841,000 - Le707,438,857). This difference therefore, is as a result of the movement in cash advances and insurance suspense in 2015.
- We accept your observation about long outstanding debtors. The figures for utility debtors and that for Hillside Bye-Pass Road have both changed in the financial statements on yearly basis as noted.
- The Hillside debtors relate to compensation payments amounting to Le714 million to property affected persons. Due to the change in the initial road alignment, the property were not affected. The Law Officers Department and the Anti-Corruption Commission (ACC) are trying to recover the money.
- The case for utility debtors has been a very long problem. The SLRA billed all excavations discovered along the road and sent the bills to the utility companies. However, some of the debts were disputed by the utility companies.  
*The reason is that some of the excavations were carried out illegally by personnel of these companies. Despite the many efforts made by the SLRA to collect these monies, it has not been successful. This is dated as far back as 2008 and beyond. The recoverability therefore, is highly unlikely.*
- We may have to seek the Board's advice based on our collective decision to conclude this matter”.

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

Management's response is noted. However, recommendations were not implemented as documentary evidence in the form of appropriate actions taken in support of the receivables was not submitted for verification. The issue is therefore unresolved.

### **3.8.5. Procurement Procedures not Followed**

A review of the Authority's procurement processes revealed the following:

- Contrary to sections 44 (a) and 45 (1-4); and the First Schedule of the Public Procurement Act of 2016, evidence in the form of requests for quotations and local purchase order raised, were not submitted to justify that procurement of goods from several suppliers to the tune of to Le64,275,000, were conducted in an open, transparent and competitive manner.

- Minutes of meetings held to justify approval from the Authority's procurement committee to proceed with restrictive bidding procedures for the procurement of large and small works were not submitted.
- Correspondence sent to NPPA requesting for restrictive bidding, bid opening minutes, bid documents/submission sheets for unsuccessful bidder, bid evaluation report, advanced payment guarantee etc. relating to procurement of small and large works related activities were not submitted. This submission was to justify that procurement of works from several contractors worth Le5,129,806,052 were conducted in accordance with sections 41, 42, 44 (a) and 45 (1-4) and the First Schedule of the Public Procurement Act, of 2016.

We recommended that the Head of Procurement should provide the relevant procurement documents as mentioned above in respect of the procurement of goods and works worth Le64,275,000 and Le5129,806,052 respectively.

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

*The DG stated:*

#### ***"Works and Committee Document***

*We extremely respect your opinion. However, most of the documents mentioned in the report are available as follows:*

#### ***Construction of a 21m Long Bridge on the Mambolo Rokel Road in Kambia District***

*The relevant documents and correspondence from the National Public Procurement Authority (NPPA) are available for verification.*

#### ***Rehabilitation of a 33m Span Weima Bridge and 40km Feeder Roads in Kenema District***

*This project was initiated by the then Ministry of Works and Technical Maintenance and a waiver from the NPPA. Based on the request from the Ministry of Works, restrictive bidding was approved by the NPPA.*

#### ***Construction of Culverts in Tonkolili District Lot 1-5***

*The amounts involved were below the threshold in each lot, so a request for quotation method was used when the threshold was Le 1to149 million, and the national competitive bidding was used when the amount was within Le150 to 900million.*

*All the bid evaluation reports and submission sheet for unsuccessful bidders are available for verification.*

#### ***Construction of Box Culverts in Boboli District Lot 1-5***

*The amounts involved were below the threshold in each lot, so RFQ was used and the bid evaluation reports are available for verification".*

### **Auditor's Comment**

#### ***Works and Committee Document***

- The team was not provided with the bid evaluation for the construction of a 21m Long Bridge on the Mambolo Rokel Road in Kambia District. This issue still stands.
- The said documents were submitted and verified for the rehabilitation of 33m Span Weima Bridge and 40km Feeder Roads in Kenema District. This issue is therefore unresolved.
- The team was not provided with the bid documents/submission sheet for the construction of Culverts in Tonkolili District, Lot 1-5. This issue is therefore unresolved.
- The team was not provided with the advanced payment guarantee for inspection for the for the construction of Box Culverts in Boboli District, Lot 1-5. This issue is unresolved.

### **3.8.6. Lack of an IT Policy**

The Authority was yet to develop and implement formal IT policies and procedures guiding the creation, modification and management of user profiles on Microsoft GP Dynamics. These were still outsourced to PCL International, outside the control of the Authority.

We recommended that the Head of IT should ensure that detailed procedures in the form of IT policy must be established to provide guidance on the management of user profiles on the business applications and the network.

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

*The DG stated: "There is an IT policy which is yet to be approved by the Board of Directors".*

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

Management's response is noted. However, our recommendation was not implemented. This issue therefore remains unresolved.

### **3.8.7. Data Protection**

The following were observed:

- Enquiries from the IT Department and through observations of computers revealed that there was no updated licensed antivirus software in existence to prevent data loss within the server and computers used by the Authority.
- Inspection of the server room revealed that the server was not in operation. This was because the current UPS which was an alternative source to the servers in case of power cut was not functioning.

We recommended that the Head of IT should ensure the following:

- An operational licensed antivirus software is installed on all computers and server equipment.
- A functional UPS is provided to protect IT equipment during power outage.
- An offsite automated back-up of the software applications should be instituted.

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

*The DG stated: "We do accept that the antivirus had expired and no licensed antivirus was procured due to lack of funding. However, a new Uninterrupted Power Supply (UPS) has been installed in the server room. Request to install licensed antivirus had been made as management waits for funding to complete the process. Supporting documents for the two transactions are available for verification".*

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

Management's response is noted. However, our recommendations were not implemented. The issues therefore remain unresolved.

### **3.8.8. Follow-up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- *Assets in the form of campsites received/transferred from completed roads project especially from Lungi, Mange, Bo and Mile 91 have not been properly secured by the Authority, as most of the furniture and equipment in these campsites were stolen, damaged and worn out.*

- There were discrepancies between the fixed assets register and the amount stated in the trial balance for cost and depreciation as stated below. This discrepancy arose as the trial balance was not a summary of the general ledger, because there was no regular reconciliation of the fixed assets register during the year.
- Assets stated as furniture, office equipment clearing and motor vehicle clearing in the trial balance worth Le192,383,750.00 and Le7,125,000 respectively, relate to assets that are held under the suspense account awaiting transfer into the assets register. However, these assets had been transferred from the clearing account to the assets register, but the relevant account still contains the above amount on the clearing account.

### **3.9. SIERRA LEONE ROADS AUTHORITY THE MANO RIVER UNION REHABILITATION OF THE BO - BANDAJUMA ROAD PROJECT - 2016, 2017 AND 2018**

#### **3.9.1. Improve Controls over Transferable Project Fixed Assets**

As stated in the contract, the contractor was to transfer the following assets: building, lab equipment, survey equipment and motor vehicle acquired during the execution of the project to the SLRA. However, we noted that no fixed assets register had been maintained by the project management to keep track of the assets acquired by the contractor, which were to be transferred at the end of the project. We also noted that, the fixed assets register that was maintained at the project site by the contractor was incomplete as the costs of the assets were not included in the register.

We recommended that an updated fixed assets register should be maintained by the project management for all assets purchased and unique codes tagged on these assets. Physical verification should be performed at least once a year and the result should be properly documented, reviewed and approved by an authorised person.

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

*The DG stated: ‘We accept your observation, but the assets in question are currently used by the contractor and have full control over those assets. The SLRA has confirmed the acquisition of those assets as stated in the bill of quantities and will monitor their use.*

*The Authority has limited access to the assets during the execution of the project. Those assets meant to be transferred to the Sierra Leone Roads Authority will be verified as recommended and final verification will be carried out at the end of the project. When the assets are transferred at the end of the project to the SLRA, the Authority then takes full control and include them in its assets register’.*

#### **3.9.2. Delay in Processing Withdrawal Applications**

We noted significant timing differences in the processing of withdrawal applications for which the contractor had long submitted all relevant supporting documents with regard to the payments.

We recommended that there should be timely processing of withdrawal applications in line with ADB timeframe, in order to ensure a timely execution of project deliverables, avert any delay in meeting project timeline and avoid any interest charge by contractor for overdue invoice(s).

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

*The DG stated: ‘We are aware of the delay but it is due to the bureaucratic system and various processes involved before the payment to the contractor.*

*The IPC from the contractors is first sent to the SLRA Director General (DG) for verification, he then forwards the IPC to the Director of Development (DD) who in turn sends it to the Project Manager (PM). After the verification by the PM, it is sent back to the DD and finally to the DG for approval. After the approval by the DG, it is sent to the Director of Finance (DF) before processing for payment.*

*From the SLRA, it is sent to the Ministry of Works (MoW) with the invoice, withdrawal application and letter of request. From the MoW, it is sent to MoF for further verification and finally to the Accountant General before it is sent back to the Ministry of Finance. From the Ministry of Finance, it is sent back to the SLRA for onward submission to the ADB for payment. Considering all these processes, there is bound to be some delay. However, the Ministry of Finance is trying to curtail some of these processes to minimise unnecessary delay.*

*We also had issues with the authorised Sierra Leone's signatory to DFID. The ADB also had to reset their system which caused some delay".*

### **3.9.3. Dilapidated Infrastructure at Hastings**

A physical verification conducted by the auditors together with a senior management team revealed a host of issues regarding the poor condition of facilities at the Hastings Airfield. Amongst the issues noted were:

- Damaged Control Tower - the furniture and communication device were in extreme poor conditions to depict an operational aviation work station, making it difficult for the operator to discharge his functions.
- Poor Communication Signal - the team learnt that the potency of the communication signal between the Hastings, Lungi Airport and the approaching flights fluctuated, and therefore a severe threat to safe operations.
- No electricity supply - this situation had left the Hastings terminal and administrative office a non-conducive work environment, as computers, communication equipment and other electrical items could be used by staff to perform their duties.
- No water supply - the team also learnt that the only hydrant from which the terminal/administrative building and fire fighting vehicles use to source water was damaged by the China Railway Seventh Group Construction Company. This situation is adversely affecting the health and safety conditions at the station.

We recommended that the Head of Operations should further evaluate the physical characteristics/conditions of the Airfield and proffer appropriate recommendations that will enhance the Airfield to meet the standards of Part 14 of the MOAS.

### **Official's Response**

*The GM stated the following:*

- *"The audit query has been noted and the evaluation of the work to be done is in progress: The Senior Civil Engineer has been instructed to assess the extent of work to be undertaken on the structures.*
- *We have serviced the communication equipment and they are now serviceable.*
- *Power is being provided by the generator and batteries.*
- *We are also in the process of connecting to the national grid for continuous power supply.*
- *We are putting together a proposal for a borehole which will provide sustainable water supply.*
- *The SLRA to upgrade the runway in exchange for parcel of land being occupied by the China Railway Seventh Group which is managing the Wellington - Masiaka Highway Toll Gate".*

### **Auditor's Comment**

Some work has commenced in accordance with the auditors' recommendations. However until the aerodrome becomes fully operational or decisions reached by the Authority with the Ministry of Transport and Aviation, the issue remains unresolved.

#### **3.9.4. Follow-up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in previous years. A review of the age receivable schedule revealed that US\$341,843.29 (Le1,796,386,488.95) in respect of monies owed by airlines, agencies and others for landing, passenger service charge and infrastructural development charge was included as part of the total amount disclosed as short term receivable in the financial statements. This amount had been outstanding for more than two years. No evidence was submitted as to the recoverability of this amount. These long outstanding debts would have been better managed and controlled if there was a policy in place for the management of debts.*

### **3.10. SIERRA LEONE ROAD SAFETY AUTHORITY - 2016**

#### **3.10.1. Cash and Bank Management not Effective**

A review of the Authority's cash management process revealed the following:

- Four of the Authority's cashbook had a total negative balance of Le929,890,118.42 depicting that expenditure was greater than revenue recorded for the period under review.
- Bank statement and related reconciliation statement for five of the Authority's bank accounts were not submitted for audit, thereby restricting the auditors from verifying the completeness, existence and accuracy of closing balances reported in the financial statement for the period under review.
- Account opening mandate confirming that appropriate Board's approval was sought for the opening of an Ecobank account at the Waterloo branch was not submitted for audit.

We recommended that the Director of Finance should ensure the following:

- Going forward, cash management process and bank accounts are regularly monitored to prevent expenditures incurred by the Authority from being financed from an overdrawn position.
- The negative cash balance of Le929,890,118.42 is investigated and resolved, and the revised cashbook submitted for audit verification.
- Bank statements and their related reconciliation statements for the five bank accounts are submitted to the ASSL for verification.
- The account opening mandate be submitted to the ASSL for verification.

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

*The ED stated: "The three accounts were overdrawn as a result of the deduction of charges before the accounts were funded. Going forward, the Authority would ensure that the accounts are funded on time.*

*Five bank statements highlighted were provided to the audit team to ascertain the closing balance and completeness of the reconciliation. However, the said accounts will be available for audit inspection.*

*Account opening mandate relating to Ecobank will be available for audit inspection.*

*With respect to account held at the RCBank, I can authoritatively confirm to the audit team that the Authority has one account held at the RCBank. It is also important to note that some accounts have different account codes and locations but that does not mean a different account. However, management will be interested in the evidence".*

### **Auditor's Comment**

Management's response is noted. The negative account balances will be monitored in subsequent audits to confirm their trend and status whether they comply with the policies of the Authority.

An account opening mandate was submitted for verification. Upon review of the mandate, it was noted that, it does not relate to the account that was questioned during the audit, as it was confirmed to be related to an account that was opened in 2018 rather than 2016. Therefore, this issue remains unresolved.

### **3.10.2. Statutory Deductions (PAYE and NASSIT) Incorrectly Computed**

Recalculation of PAYE Tax and NASSIT deductions by the auditors for May, June and November revealed over and under deductions of Le93,487,252.86 and Le10,417,745 respectively with computations made by the Authority. This was as a result of the non-application of the revised PAYE rates prescribed in section 15 of the Finance Act of 2016. The revised PAYE rates were to take effect since April 2016. However, the team noted that the Authority continued to apply the old rates contrary to the requirements of section 15 of the Finance Act of 2016. In addition, 5% NASSIT contribution was under deducted by Le3,391,752 for May, June and November.

The following recommendations were made:

- Computation of PAYE tax is done in line with section 15 of the Finance Act of 2016.
- The over deducted amount of Le93,487,252.86 should be refunded to all staff affected and evidence of refunds submitted to the ASSL for verification.
- The under deducted amounts of Le10,417,745.00 and Le3,391,752.00 relating to PAYE and NASSIT respectively should be recovered from all staff affected, and evidence of recovery submitted to the ASSL for verification.
- The PAYE record is adjusted to reflect the new tax rates, and a revised financial statement submitted to the ASSL for verification.

### **Official's Response**

*The Executive Director stated: "The 15% increase in salary announced by the Government was not effected into the payroll. Therefore, the old rate was used by the former Head of finance. Management has however noted your comments with respect to PAYE and NASSIT, appropriate actions in the form of refunds and payments will be taken accordingly".*

### **Auditor's Comment**

We have noted management's comment, but our recommendation for management to recover and refund amounts to the NRA was not implemented. Similarly, our recommendation with respect to the under deduction of NASSIT contribution to the tune of Le3,391,752 was not implemented. Therefore, the issues remain unresolved.

### **3.10.3. Medical and Housing Allowances Excluded from Income Tax Charge**

The conditions of service listed the following as non-taxable allowances (housing, transport and medical). Section 23 (1&1d) of the Income Tax Act of 2000 states: *'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, sustenance, rent, medical, entertainment or travel allowance'.*

However, in violation of this section of the Act, we noted that regulatory provisions were not followed with respect to deduction of tax on medical and housing allowances resulting in a loss of revenue to the NRA.

We therefore recommended that the Finance Director should ensure the following:

- Medical and housing allowances due to all employees of the Authority are taxed in accordance with section 23(1&1d) of the Income Tax Act of 2000.
- Taxes due on medical and housing allowances are computed, payment made to the NRA and evidence submitted to the ASSL for verification.
- Appropriate adjustment in respect of taxes on medical and housing allowances is made in the Authority's financial records and a revised financial statement submitted to the ASSL for verification.

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

The ED stated: '*Management has noted your comments. Going forward, the Authority will ensure that all deductions are paid as specified in the Act. The Authority has made payments with respect to rent allowance which will be available for audit inspection*'.

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

A bank statement that revealed a transfer of Le432,594,117.72 was provided during the verification exercise as evidence of payment in respect of tax due on medical and housing allowances. Whilst noting the payment made, the team was not provided with documentation detailing how this amount was computed. In addition, receipts from the National Revenue Authority, acknowledging payment made was also not provided. Therefore, the issue is partially resolved.

#### **3.10.4. Schedule of Incomplete Jobs Relating to Customer Deposits not Submitted**

An amount of Le6,836,176,590 was recorded in the Authority's books of account and disclosed in the financial statements as customer deposits for the period ended 31st December, 2016. Investigations revealed that these were sums of money paid by customers for either vehicle registration and/or licences whose services were to be completed by the end of the financial year. However, a schedule of incomplete jobs relating to the amount mentioned above was not submitted for audit review. This however restricted the auditors from ascertaining the completeness, existence and accuracy of this balance.

We therefore recommended that the Finance Director should ensure that a schedule detailing incomplete jobs is forwarded to the Audit Service for verification.

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

The ED stated: '*The amounts disclosed in the customer deposit accounts as rightly stated, is as a result of the timing in the process cycle where customers do pay into the bank before services are rendered. This balance in the account is normally associated with services of new registration of vehicles and drivers licenses especially for those at the outstations. The provision of these services is centralised at the head office only. As a result, customers at the outstation do deposit their monies into our banks, provision of their services will take some time at the outstations before they are transferred to Freetown. When these jobs are of a reasonable quantity, it is then sent to head office for processing. This delay in time between deposit and service in respect of these jobs, gave rise to the balance in the customer deposit account.*

*To resolve this problem, the SLRSA needs a robust ICT platform interlinking our various banks to our system. Even though it is highly capital intensive, management is working on it to ensure that we reach that platform*".

### **Auditor's Comment**

Whilst noting management's response to this issue, the matter remains unresolved. The schedule detailing incomplete jobs in support of the amounts disclosed was not provided for audit verification.

#### **3.10.5. Delay in Payment of Statutory Obligations**

A review of the payables listing/general ledger revealed that Le767,794,630.00, Le896,797,100.00 and Le672,391,990 relate to outstanding payments of withholding tax, PAYE and NASSIT contributions due to the National Revenue Authority and the NASSIT respectively for the year ended 31st December, 2016. These are deductions made for and on behalf of the National Revenue Authority and the National Social Security and Insurance Trust, which should have been paid on or before the 15th day following the end of the month in which deductions were made in compliance with sections 105(1) and 25(3) of the Income Tax Act of 2000, and the NASSIT Act of 2001 respectively.

We recommended that the Finance Director should ensure the following:

- NASSIT contributions, PAYE and withholding taxes are paid promptly in accordance with the relevant sections of the NASSIT and Income Tax Acts, in order to avoid penalty and possible payment of fines.
- The amounts of Le767,794,630.00, Le896,797,100.00 and Le672,391,990 in respect of withholding taxes, PAYE and NASSIT contributions respectively are paid to the relevant authorities and evidence submitted to the Audit Service for verification.

### **Official's Response**

*The ED stated: "We note the anomalies and wish to state that management has taken steps to comply with the said recommendations of the auditors and that the receipts of payments of taxes are available for audit inspections.*

*We noted the observation and as management, we have put mechanisms in place to ensure that we comply with the Income Tax Act. Henceforth, all payments made to suppliers above the threshold will attract the relevant withholding tax deductions. However, the amounts stated in the financial statements are accrued from 2014 and 2015 financial years for which the former Head of Finance never presented a schedule for us to effect payments.*

*The Board members would be informed of the law and going forward, taxes would be deducted from their allowances".*

### **Auditor's Comment**

The Authority has not paid the outstanding amounts to the relevant statutory bodies. Therefore, the issue is unresolved.

#### **3.10.6. Transit Account**

Receivables totalling Le2,653,210,340.00 described as transit in the 2016 financial statements could not be substantiated, as no supporting evidence was provided to the audit team to enhance thorough analysis of the account. In addition, most of the transactions in the general ledger are vaguely described as internal transfers.

We recommended that the Finance Director should provide supporting evidence to substantiate the amount of Le2,653,210,340 to the audit team for verification. Otherwise the amount will be deemed fictitious and the Authority's advice derecognised in its financial records.

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

*The ED stated: ‘During the preparation of the accounts, I, Joseph H. Momoh observed that some documents were not provided for postings into the accounts. The then Head of Finance unceremoniously left the office without doing any handing over to comply with the Finance Act of 2000, which clearly states that accounts are to be presented on or before 31st March after the completion of the financial year.*

*However, from a review of bank statements, efforts have been made to locate some payments made for two trucks, and payment made to the Road Maintenance Fund Administration will be available for audit inspection. Some payments need further clarifications from the then Expenditure Accountant and the former Head of Finance’.*

### **Auditor's Comment**

The schedule and the supporting documents were not provided during the verification exercise. Therefore, this issue remains unresolved.

#### **3.10.7. Inadequate Disclosure of Revenue Generated by the Authority**

During a review of the financial statements and general ledger submitted for audit, the team noted that the Authority was reporting revenue in totality by stations rather than being classified and reported separately as per specific revenue streams. The non-submission of a detailed breakdown of revenue generated by specific revenue heads (i.e. driver’s licences both new and renewal, vehicle licences both new and renewal, miscellaneous and its individual totals etc.) makes it very difficult for the team to ascertain the actual revenue generated by revenue streams in each and every station manned by the Authority.

The team further attempted to analyse information generated by the MIS in order to establish the revenue generated by the Authority via the vehicle registration system. It proved to be very much difficult, as information submitted to us from the system could not give a detailed breakdown of revenue generated by specific revenue streams for all stations of the Authority.

We recommended that the Finance Director should ensure that revenues are segmented by revenue streams as per the Authority chart of account, to enhance thorough analysis of total revenue collection and to aid informed decision making.

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

*The ED stated: ‘Management has noted your comments and the breakdown of the revenue stream line will be available for audit inspection.*

*The unpaid fines of Le290 million will be disclosed as notes in the financial statements which will be presented to the team for audit inspection.*

*With regard to supporting documents for revenue collected, the Director of Licence has assured management that the documents will be available for audit inspection’.*

### **Auditor's Comment**

The Finance Director stated that actions are ongoing to segment the revenue into the various revenue streams maintained by the Authority in order to enhance detailed analyses of collections. He mentioned that transactions are currently being recorded and maintained in a way to facilitate the splitting of revenues by revenue streams. Follow-up made on the audit of the 2017 financial statements revealed that revenue of the Authority were not segmented by revenue stream. Our recommendation was not implemented. Therefore, this issue remains unresolved.

### **3.10.8. Non-Disclosure of Unpaid Fines in the Financial Statements**

A review of the Management Information System of Vehicle Registration, revealed that Le290,160,000 relating to unpaid fines for the period ended 31st December 2016, was neither recorded in the books of account, nor disclosed in the financial statements as receivables, or as a note, contrary to the requirements of the International Accounting Standards (IAS) 1.

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

Management did not respond to the issue raised. Therefore, this issue remains unresolved.

### **3.10.9. Ineffective Management of Procurement Processes**

A review of the Authority's procurement processes revealed the following:

- Procurement documents justifying that an open and transparent procurement process that is in line with the above regulation for the procurement of consultancy services totalling Le356,367,268.00 were not submitted for audit.
- Procurement documents such as; newspaper advert confirming that contracts for various works undertaken were advertised in at least three widely circulated newspapers, bid register, bid opening minutes, evaluation report, award letter to successful bidders, letters of regret to unsuccessful bidders, contract etc. were not submitted for audit inspection for a contract awarded to Constrata for the construction of an office building at Kissy. This restricted us from ascertaining the contract amount. However, it was noted that an amounts totalling Le4,570,175,220.00 was paid, and the basis upon which this payment was made could not be determined.
- Evidence in the form of three requests for quotations and local purchase order raised were not submitted to justify that procurement of goods from several suppliers amounting to Le1,306,263,784.00 were conducted.

We therefore recommended that the Executive Director in consultation with the Finance Director should ensure the following:

- The Head of Procurement should submit documents pertaining the procurement undertaken in bullets (i), (ii), (iii), and (iv) for verification, otherwise, such procurement will be regarded as fictitious and the Executive Director, Finance Director and the Head of Procurement should refund the sums that were expended.
- In future, procurement should be undertaken in line with the Procurement Act and Regulations.

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

The ED stated: "According to the Procurement Manager, the undermentioned documents will be made available to the team for audit inspection. It has been categorised as indicated below:

- Submission of procurement plan – Plan available for submission.
- Documents for consultancy – A clear and transparent process was observed in line with given thresholds.
- Documents for the award of contract to Constrata – All relevant documents, evaluation and newspaper adverts are available for submission.
- Three requests for quotations and LPOs for these activities were prepared and received They are ready for submission.

- *Payments without supporting documents. A very high percentage of these payments are in respect of licence plates, with which the Authority had a long-standing contract. However, documents for other payments not found in these categories are ready for submission.*
- *Procurement documents for the purchase of towing and recovery trucks – These documents are available for submission.*
- *Procurement documents for licence stickers and security seals- Relevant documents are available for submission.*
- *Procurement of consultancies – Relevant procedures were adhered to. Documents will be submitted”.*

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

The following were noted during the verification of management responses:

- The Procurement Manager submitted procurement plan during verification. It was however noted that the Board did not approve it. The issue is partly resolved.
- Documents justifying that procurement of consultancy services went through the due process were not provided for verification. Therefore, the matter remains unresolved.
- Procurement documents in relation to the construction of a modern office by Constrata Limited were provided during the verification exercise. A review of the documents revealed that Alumed International Limited who initially won the evaluation process was not granted the contract because Alumed failed to submit the necessary bonds and could not fulfil the requirements embodied in the letter of offer.
- However, supporting documents in the form of an interim payment certificate to justify payment made to Constrata were not provided for audit review.
- Three requests for quotation in support of procurement activities undertaken totalling Le1,306,263,784.00 were not submitted for verification. Therefore, the issue remains unresolved.

#### **3.10.10. Unreceipted Payments**

- Payments of amounts totalling Le4,299,741,920.00 for 2016 financial year were without adequate supporting documents such as requisition, activity budget plan, receipt, activity report, contract, beneficiary list, back-to-office report etc.
- Recording of transaction entries in the nominal ledgers for cash and bank, fixed assets and disbursements totalling Le15,305,470,263.45, Le22,095,106,059.89 and Le5,397,548,810.98 respectively were reversed during the year under review through journal entries. However, journals justifying that such reversals were approved, authorised and processed in accordance with the Authority's accounting manual were not provided for verification.

We recommended that the Finance Director should ensure that the required supporting documents are provided for verification.

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

*The ED stated: “Sixty to seventy percent of payments indicated in the audit query were payments made to licence plate companies for which contract will be available for audit inspection”.*

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

- Management's response in relation to the inadequacy of supporting document is noted. The contract documents mentioned were reviewed during the audit exercise. Payment

request to the tune of Le1,062,948,000 was submitted and reviewed. However, there is no indication that the payment request forwarded by the licence plate companies went through proper scrutiny before payments were made. We recommended that these requests should be verified and endorsed by the Transport Department before they are being processed by the Accounting Department. This will reduce the possibility of recycling payment request.

- Relevant supporting documents for the remaining amount of Le3,236,793,920 were not submitted for verification. The issue remains unresolved.
- Approved journals in respect of reversals made were not submitted for verification. Our recommendation was not implemented. The issue remains unresolved.

### **3.10.11. Ineligible Expenditure**

Section 19(2) of the Sierra Leone Roads Transport Authority Act states: *'The Authority shall use the road fund to meet (a) the administrative expenses of the Road Transport Authority established by the Road Transport Authority Act 1996 in the collection and payment of vehicle licensing and registration fees into the road fund; and (b) the expenses incurred by it in routine, periodic and emergency maintenance of roads'*. However, the audit team noted an expenditure of Le281,209,000.00 in respect of a market relocation project at Markiteh, which is contrary to section 19(2) of the SLRTA Act of 1996 above.

We recommended that the appropriate approval and explanation for the funding of the market relocation project at Markiteh should be provided to the Audit Service. Otherwise, the amount of Le281,209,000 will be deemed ineligible, disallowed and surcharged in accordance with section 93(1) of the Public Financial Management Act of 2016.

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

The ED stated: *'With respect to payment made for the Makiteh project, the Public Relations Officer of the SLRSA has assured management that document with respect to the plan of the site will be available for audit inspection'*.

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

The payment of such expenditure is contrary to law. Therefore, the issue remains unresolved.

### **3.10.12. Ineffective Management of Property, Plant and Equipment**

A review of the Authority's asset management process revealed the following:

- The difference of Le362,081,070 was noted between depreciation charge as per the Authority's general ledger and the auditors' calculations.
- The fixed assets register submitted was not updated, as the columns for locations and the identification codes of assets especially additions made, during the year were not completed. This made it difficult to determine the existence of assets owned and controlled by the Authority, and the completeness and accuracy of the fixed assets register submitted.
- Seven tow trucks valued at Le10,553,830,424.98 were purchased during the period under review. The Authority obtained a letter of credit to procure the trucks for which the Board's approval, the letter of credit and other supporting documents were not submitted for audit inspection.

We therefore recommended that the Executive Director should ensure the following:

- The Finance Director should investigate the difference relating to depreciation charge adjusted and submit the revised financial statements to the Audit Service for verification.
- The fixed assets register should be updated regularly with the required information.

- The Board's approval, letter of credit and other supporting documents in support of the seven tow trucks acquired are submitted to the audit team for verification

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

*The ED stated: "The Le362,081,070 relating to fixed assets have been adjusted into the accounts, and the compilation of fixed assets register will be available for audit inspection".*

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

- The Journal in relation to the adjustment is yet to be provided for confirmation. This issue remains unresolved.
- Evidence in the form of a comprehensive breakdown of the acquisition cost of the tow trucks capitalised in the fixed assets register, Board's approval, letter of credit and other relevant documents were not provided for audit verification.
- A portion of the capitalised vehicle cost Le2.4 billion for customs duty. The audit team conducted further verification at the National Revenue Authority to confirm the correctness of this amount. The verification revealed that the assessment made and the amount paid to NRA as customs duties for the clearing of the tow trucks was Le1.3 billion. Of utmost concern was the fact that the payment for the clearing of the tow trucks was made through a clearing agent. The clearing agent was Centrum Clearing and Forwarding. This clearing agent and members of the Authority may have defrauded the Authority of resources worth Le1.1 billion. Since it was not accounted for. The issue therefore remains unresolved.

#### **3.10.13. Information Technology Governance**

A review of the Authority's information system governance structure enabled the auditors to establish the following: there was no IT strategic committee; there was no IT strategic plan, and no steering committee to ensure that organisational governance structure was adhered to.

We recommended that the Head of IT should develop and implement an information technology policy that will guide the organisation's information technology system.

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

*The ED stated: "According to MIS analyst, the Unit has developed an information policy that will guide the organisation's Information Technology System which will be made available for audit inspection".*

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

A draft copy of the Information and Technology Policy was submitted during the verification exercise. We observed that this document had been approved. Therefore, this issue remains unresolved.

#### **3.10.14. Physical Access Controls**

Despite several requests, the team was not provided with any policy that covered physical access to its IT environments. We however observed that access to IT rooms was not duly restricted to unauthorised persons. We recommended that the Head of IT should develop and implement business continuity and disaster recovery plan that will ensure that its information technology infrastructure supports the recovery of its operational process in the event of disaster.

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

*The ED stated: "According to MIS analyst, the Unit has developed an information policy that will guide the organisation's Information Technology System which will be made available for audit inspection".*

### **Auditor's Comment**

A draft copy of the Information Technology Policy was submitted during the verification exercise. We observed that the document has not been approved. Therefore, this issue remains unresolved.

#### **3.10.15. Internal Audit**

The following documents were yet to be made available by the Head of the Internal Audit Unit despite several requests for them to be made available to the audit team:

- Internal Audit Work Plan for the period under review
- Second, Third and Fourth Quarter Internal Audit Report
- Audit Working Paper File for the period under review

We recommended that the Head of Internal Audit should ensure that the internal audit work plan, quarterly report and working papers in support of work carried out are submitted to the audit team for verification.

### ***Official Response***

*The ED stated that the Audit Manager has assured management that the documents were available for inspection.*

### **Auditor's Comment**

Audit work plan and working papers for the year under review were not provided for audit verification. Therefore, the issue remains unresolved.

#### **3.10.16. Controls over Stock Management**

During the verification exercise at the provincial offices of Makeni and Kambia, the team observed weak controls over the management of inventory of licence stickers and circularisation permits. The records could not clearly track the issuance of the said documents in a serial order and the incomplete capturing of issued permits and licences prevented the team from ascertaining the closing stock balances at those stations. We recommended that regular reconciliation of provincial stocks should be done and reviewed by a senior officer.

The Director of Finance should also explain the poor controls over the issuance of licence stickers and circularisation permits at provincial stations.

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

*The ED stated: "Management has noted your comments, and appropriate measures will be taken accordingly".*

### **Auditor's Comment**

Evidence in the form of stock reconciliation between stock released by head office, and that received/utilised by outstations was not provided for audit verification. Therefore, the issue remains unresolved.

### **3.10.17. Auction of Impounded Vehicles and Motorbikes**

Section 90, subsection 1 of the Road Traffic Regulations of 2011 states: “If the driver or owner of a vehicle fails to reclaim the vehicle within 6 months of its detention, the Authority or any other appropriate authority may apply to the court for an order of forfeiture of the vehicle to the Authority or any other appropriate Authority which may thereafter dispose of the vehicle by public auction and pay the proceeds into the Authority’s account”.

Contrary to the above-specified provision, the Authority did not provide any record of public auction of forfeited vehicles/motorbikes nor did the Authority recognise and/or disclose within its financial statements proceeds of an auction for the period under review. In addition, the team observed that the impound yards of the Authority were filled with vehicles/motorbikes which had far exceeded the six months threshold stated in the provision above, and for which no records were provided.

We recommended that Management should provide plausible explanations with supporting documents for not implementing the provisions of section 90(1) of the Road Traffic Regulations of 2011. In future, management should promptly implement the full provisions of section 90(1) of the Road Traffic Regulations, 2011.

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

*The ED stated: ‘No auction process took place in 2016; this was mainly the decision of the former Executive Director. The auction list was prepared accordingly, submitted to the PRO who in turn passed it on to the ED for approval to be sent to the court; it took over two months before the approval was given. The PRO sent the list of vehicles slated for auction; the list was then sent to the court for clarification; this usually takes two to three months. The auction list was later returned to the SLRSA; the PRO published it in about three to four media outlets for three publications. During this process, the ED will appoint a licensed auctioneer as agreed. The auction list will be given to him or her to set a date for the public auction.*

*The proceeds from the auction vehicles will be paid into the SLRSA’s account at the Ecobank.*

*The auctioneer keeps all payment receipts until the day he/ she finishes the auction process. He/ she is supposed to hand over all payment receipts with the total amount sold to the accounting department and copy the ED. The auctioneer will then request for his/ her commission to be paid as agreed by the ED before the auction.*

*No auction process took place in 2015 -2016 to the best of my knowledge”.*

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

Whilst the team notes the explanation proffered, management is yet to provide any evidence to support the fact that they have commenced implementation of the full provisions of section 90(1) of the Road Traffic Regulations, 2011. Supporting documents and evidence of actions taken were not provided during the follow-up on previous year's issues during the 2017 audit. The issue remains unresolved

### **3.10.18. Follow-up on Prior Years' Recommendation**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- *During the audit exercise, we noted that balances classified as customer deposits totalling Le1,753,161,570 and Le2,112,859,670 for the 2014 and 2015 financial years respectively, were not reconciled on a regular*

*basis, and we were not provided with a breakdown of the amounts or any other supporting document to explain the figures in the financial statements.*

- *The audit team observed that several assets were written off for the period under review. There was no evidence of the Board's approval for the write-off of the said assets.*
- *In our review of the 2014 and 2015 accounts, we observed that Le1,467,977,260 and Le3,437,123,010 were disclosed as capital grants for the respective years. Further investigation revealed that these amounts were set aside by management for future capital expenditure. The way the capital grants amounts were determined, was not submitted for audit review. For instance, we would have expected management to have a capital budget to justify the amount reserved.*
- *The amount disclosed in the financial statements as accumulated funds and retained earnings have remained constant over the years.*
- *During the audit, we compared records of vehicle licences issued from stores, against the statistical records of vehicles registered from the licences office and discovered a discrepancy of 2,776 units between the two records. The stores records showed that total licences issued was 64,078 units, whilst the statistics of vehicles registered revealed 61,302 units for 2015. The team compared the records from stores with that of the statistics of drivers' licences security seal issued and discovered a discrepancy of 1,457 units of drivers' licences security seal. Whilst the stores records relating to licences issued amounted to 24,000, the statistics of drivers' licence amounted to 25,457 units for 2015. The difference above implies that more drivers' licences were issued than the available licences from store.*
- *Statistical records for the financial year 2014 with respect to new and renewal of drivers' licences and vehicles registered were not submitted for audit inspection.*
- *Upon reviewing the financial statements, we observed that PAYE of Le620,819,370 and Le1,081,765,890 withholding taxes of Le668,996,720 and Le453,207,370, NASSIT of Le136,948,857 and Le382,397,513 were reported as outstanding liabilities in the 2014 and 2015 financial statements respectively. These outstanding liabilities related to statutory deductions not paid to the relevant authorities on a timely basis as stipulated in the respective acts mentioned above.*
- *Withholding taxes of Le32,852,575 (5% x 657,051,500) and Le28,340,584 (5% x 566,811,680) for 2014 and 2015 respectively were not deducted from the monthly allowance paid to board members, contrary to section 117(3) of the Income Tax Act, 2000 which states that: "Payments to contractor including any charge or fee paid for the provision of management services other than under an employment contract shall attract 5% withholding tax".*
- *Withholding taxes of Le113,388,257 and Le139,612,425.000 for 2014 and 2015 respectively were not deducted from payments made to various suppliers.*
- *The audit team noted that the Authority did not make any provision for terminal benefits payable to staff of the Authority, contrary to international accounting standards.*
- *A review of payroll expenses for the period under review revealed that, Le40 million was paid as a retirement benefit package to a former member of the Board. However, in our view, this is contrary to the conditions of services of the institution and the laws of Sierra Leone.*
- *We noted that personnel costs totalling Le365,098,258.76 and Le15,127,125.00 were reversed during 2014 and 2015 respectively. The journal print-outs signed off by the staff passing the journals and the senior officer verifying were however not provided for audit inspection; thus making it difficult to trace the original reversed entries.*
- *Procurement documents such as bid documents, bid opening minutes, evaluation reports, notification of award and contract agreements relating to the procurement of fire tow trucks were not made available for audit review. In the absence of these documents, it would be impossible to ascertain whether or not procurement procedures were actually followed.*

- During the course of the audit, we realised that the Authority had an ongoing contract for the printing of licence stickers and security seal. The contract documents were however not submitted to the audit team for review and we could not therefore ascertain the basis upon which payments of Le196,251.74 and US\$298,400 for 2014 and 2015 respectively were made.
- Our review of the expense analysis submitted for audit revealed that procurement activities worth Le525 million and Le1,607,320,516.00, undertaken in 2014 and 2015 respectively, were neither captured in the procurement plan, nor were procurement documents such as adverts, bid documents, evaluation reports, award letter and contracts submitted for review. In addition, evidence of approval from the Board authorising the procurement activities in question were not submitted for review.
- The Authority did not maintain a bid register which makes it difficult for the audit team to establish the number of actual number of bids received for each contract awarded through national and international competitive bidding methods.
- A sample of transactions relating to consultancies was reviewed during the course of the audit. We observed the following:
  - ❖ Procurement procedures in relation to the procurement of consultancies were not followed. The team observed that instead of using the request for proposal method prescribed by the NPPA Act of 2014, request for quotation was done.
  - ❖ Some of the consultants to whom the requests for quotation were issued did not have any registration documents, tax clearance and NASSITI clearance.
  - ❖ Supporting documents for some of the consultancy transactions amounting to Le842,859,304 and Le611,976,315 for 2014 and 2015 respectively were not made available for audit inspection.
  - ❖ A review of some of the reports also showed that some of them were not well written as the information provided in the reports were mostly academic and would not serve the purpose of guiding staff to perform their duties.
  - ❖ The need for some of these reports/procedure manuals was also questionable. For instance, a manual was written to guide management to conduct institutional and departmental meetings.
- Payments of Le1,867,195,895.07 and Le1,560,282,006.58 in 2014 and 2015 respectively were made without supporting documents such as payment vouchers, requisition, invoice, receipt, activity report, training report, contract, beneficiary list and back-to-office report.
- Payments of Le2,284,013,701 and Le1,650,739,937 in 2014 and 2015 were without adequate supporting documents such as requisition, invoice, receipt, activity report, training report, contract agreement, beneficiary list, back-to-office report etc.
- The following were observed:
  - ❖ That fuel was issued out to a board member on a weekly basis and others for every board sitting. We were however not provided with the relevant documentation or policy that authorised the issuance of fuel to board members.
  - ❖ Allocation of fuel per staff was not consistent, as we noticed instances of different quantities being issued to the same staff. Relevant documents were not provided to justify the inconsistencies.
  - ❖ There was no log book for the distribution and tracking of fuel issued to generators and pool vehicles. As a result, we could not verify whether the fuel was used for official purpose.
- The following were observed:
  - ❖ Loans were given to staff but the deductions/repayments were made on an ad-hoc basis without specifying the repayment amounts, duration and start date of repayment.
  - ❖ Payment vouchers and supporting documents relating to loans and advances which amounted to Le43million and Le70 million for 2014 and 2015 respectively, were not submitted for audit inspection.

*In addition, a loan of Le55 million was given to a staff in 2015 without the approval of the Board as stipulated in the terms and conditions of the Authority.*

- *From a total of Le3,714,584,471.51 circularised for 2014, bank confirmations were received for amounts totalling Le2,375,060,612.89 which accounted for only six of a total of 28 accounts.*
- *For 2015, bank confirmations were circularised for Le3,657,688,287.53 but responses were received for amounts totalling Le782,927,568.30 which accounted for four of a total of 28 accounts.*
- *During a review of the trial balance and other related documents, we observed that seven accounts with amounts totalling Le418,787,498.55 were overdrawn as at 31st December 2014; and four accounts with amounts totalling Le8,878,437.09 were also overdrawn as at 31st December 2015, contrary to section 15.3.1 of the Financial Management Manual which states: “Bank account balances must always remain in credit. Overdrafts are not allowed”.*
- *The team observed that the vehicle registration system implemented at the head office and rolled out to various outstations of the Authority was not integrated. During 2015, several issues were identified that hindered the successful operation of the Authority’s IT system. Key among them was the lack of integration which resulted in the processing of multiple licences for a single vehicle within the same year.*
- *Inventories were procured in 2014 and 2015 for different unit prices. However, it was observed that the Authority recorded the same unit price for both years. The audit team was not provided with the method of valuation of inventories in order to ascertain the correctness of inventory values disclosed in the financial statements.*
- *During the verification exercise at the provincial offices of Bo, Kenema, Kono, Makeni and Kambia, the team observed that the closing inventory reported in the financial statements did not capture the closing balances of the provincial stations. Therefore, the inventory figures reported in the financial statements were understated.*
- *Due to the absence of fraud controls, the Authority during the course of the period under review was faced with serious fraudulent malpractices including but not limited to the suppression of revenues through the use of a single deposit slip to process multiple transactions. The action was possible because the Authority’s vehicle registration system was not designed to identify duplicated entries and there was inadequate supervision and control over the processing of licences. The Authority has however taken steps to redesign its vehicle registration system to identify duplicated entries; and disciplinary actions were taken against the personnel involved in the fraudulent malpractices.*
- *During our review of the systems and processes in place to identify and respond to fraud, we observed that the Authority did not carry out and document periodic control risk assessments over the activities of collecting, accounting for, and disbursing of funds. In addition, business risk and periodic fraud risk assessments were not carried out and there was no established action plans to implement and monitor fraud controls.*

### **3.11. SIERRA LEONE ROAD SAFETY AUTHORITY - 2017**

#### **3.11.1. Fraudulent Financial Payment Relating to Custom Duties**

On 12th July and 1st September 2017, payments totalling Le262,391,646.71 and Le1,105,851,808.46 were made to Kabs Clearing and Forwarding Agency and Centrum Clearing and Forwarding Agency respectively, in respect of customs duty on licence stickers imported by the Authority. A review of these payments revealed the following:

- *The above payments should have been made directly to the National Revenue Authority instead of these clearing agencies.*
- *Payment receipts from the NRA to confirm that the amount paid by the Authority to the clearing agency remitted to the Revenue Authority were not provided during the audit exercise.*

- Further verification done by the audit team at the National Revenue Authority revealed that the amount paid by the Authority for the clearing of the stickers was much higher than the assessed amount which was subsequently paid by the clearing agency. A difference/excess payment of Le1,317,595,031.59 was noted. This can be viewed as a possible fraud.

We recommended that the Executive Director should ensure the following:

- Receipts from the NRA justifying payments made are submitted to the Audit Service for verification.
- Excess payment of Le1,317,595,031.59 is recovered by the Authority from the clearing agencies, paid into the Authority's bank account and evidence submitted to the Audit Service for verification. Otherwise, the former Executive Director and the Finance Director should refund the amount involved.
- In future, all payments of statutory taxes should be directed to the NRA and receipts kept for reference purpose.

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

*The Executive Director stated: "The vehicle licence is a securitised item in which the Sierra Leone Roads Safety Authority deemed it fit to enter into an agreement with Kabs Clearing and Forwarding Agency and Centrum Clearing Forwarding Agency dated 2nd January, 2016. Disbursements were made based on invoices presented to the Authority and payments made into the accounts of the agencies for the clearance of vehicle licences.*

*However, contract of the above agreement and receipts submitted by the agencies will be available for audit verification".*

### **Auditor's Comment**

Evidence in the form of receipts, deposit slips, transfer letters and bank statements justifying that the Authority has recovered the excess payment of Le1,317,595,031.59 was not submitted for verification.

A receipt for Le262,391,646.71 from the NRA as evidence of payments made by Kabs Clearing and Forwarding Agency on behalf of the Authority was submitted for verification. However, we were unable to verify the authenticity of this receipt. Due to the fraudulent nature of the transactions, we were compelled to report the matter to the Anti-Corruption Commission.

### **3.11.2. Non-Payment of Statutory Taxes and Duties**

In relation to the deduction and payment of statutory taxes, the following issues were noted:

- Pay as You Earn (PAYE) tax amounting to Le115,471,750 was not deducted from the monthly allowance paid to board members, contrary to section 23(1) of the Income Tax Act of 2000.
- Payments of Le9,563,052,178.90 were made to suppliers and contractors without deducting withholding tax of 5.5% which resulted in a tax loss of Le528,164,755.08.
- Wardrobe allowance of Le117 million was paid to management staff without deducting PAYE taxes which amounted to Le40,950,000.

We recommended that the Executive Director should ensure the following:

- The Finance Director should ensure that PAYE taxes are deducted from the monthly allowances paid to board members, as per the provision of the Income Tax Act of 2000.

- The Finance Director should ensure that amounts of Le528,164,755.08 and Le40,950,000 are recovered from the suppliers and management staff respectively, pay same to the NRA, and evidence of payment forwarded to the Audit Service for verification.
- The Head of Finance should ensure that withholding taxes are deducted from all payments above Le500,000 to contractors.

***Official's Response:***

The Executive Director stated: “We have noted the anomalies and wish to state that management has taken steps to comply with the said recommendations and noted the observation. As management, we have put mechanisms in place to ensure that we comply with the Income Tax Act. Going forward, all payments made to suppliers above the threshold will attract the relevant withholding tax deduction”.

**Auditor’s Comment**

- Evidence of payment of PAYE tax on Board allowance was not provided during the verification exercise. Therefore, this issue remains unresolved.
- Evidence of payment of withholding taxes totalling Le41,533,417.29 was provided. Receipts to justify payment for Le486,631,337.79 was not provided. Therefore, this issue is partially resolved.
- Evidence of payment of PAYE tax on clothing allowances was not provided. Therefore, this issue remains unresolved.

**3.11.3. Inadequate Controls over the Management of Payroll Related Issues**

A review of the Authority’s payroll revealed the following:

- A human resource policy that provides clear communication and guidelines between the Authority and its employees regarding their condition of service and a training and development plan, though developed, were yet to be approved by the Board.
- Rent allowances given to staff were not taxed as stated in section 23(1) of the Income Tax Act of 2000 and section 9 of the Finance Act, 2014 for the period under review. This resulted in possible tax loss amounting to Le389,970,000 not deducted and paid to the NRA.

We recommended that the Executive Director should ensure the following:

- Human resource policy is submitted to the Board for approval, communicated to all staff and a copy maintained for reference purpose.
- Rent allowance is taxed in accordance with the above section of the Act, and the tax loss of Le389,970,000 is recouped, paid to the NRA and evidence of payment submitted to the Audit Service for verification.

***Official's Response:***

The Executive Director stated: “Provision for end-of-service benefit has been adjusted in the revised financial statements which will be forwarded for our perusal and that the Director of Human Resources and Administration has consented to make the documents available during the audit verification.

He also stated that the rented property, management has noted our comments and the Director Human Resources and Administration will make the documents available during the audit verification and that management will also ensure that records relating to staff will be made available for audit inspection”.

### **Auditor's Comment**

- The approved policy was not provided for verification. In addition, evidence of rent allowance taxed and paid to the NRA was also provided during the verification. Our recommendations were therefore not implemented. The issue remains unresolved.

#### **3.11.4. Inadequate Controls over the Management of Payables**

A review of payable records revealed the following:

- Deposit by customers was understated by Le13,027,900,000 in the Authority's general ledger and financial statements.
- Total payment of Le2,273,496,770 was made in respect of PAYE and NASSIT from the payable account without adequate supporting documents like NRA assessments, NASSIT assessments, payment voucher, and the necessary receipts.

We recommended that the Finance Director should ensure the following:

- The discrepancies noted in customer deposit and safe account general ledger are investigated, adjustments made and revised general ledger and financial statements submitted to the Audit Service for verification.
- The NRA and NASSIT assessments, payment voucher and receipt in support of Le2,273,496,770 made in respect of NRA and NASSIT deductions are submitted to the Audit Service for verification. Otherwise, the former Executive Director and the Finance Director should refund this amount.

### **Official's Response**

*The Finance Director stated: "Customer deposits have been adjusted and revised in the financial statements and will be forwarded for audit inspection.*

*With regard to payment made in respect of NASSIT, withholding tax and PAYE, the Authority has made full payments for the period under review. NASSIT has provided receipts and the Authority's statement. The credit advice note will be forwarded to the NRA in order to get the receipts for the said payments, and that will be forwarded for audit inspection.*

*However, the amounts stated in the financial statements for PAYE and withholding taxes are amount accrued from 2013 to 2015 financial years in which the former Head of Finance never presented schedules for us to effect payments. Payments made in respect of salaries, other expenses and customer deposits have been adjusted in the revised financial statements and now ready for audit inspection".*

### **Auditor's Comment**

- The necessary adjustments have been effected. However, an amount of Le6,836,176,000 relating to deposits made in 2016 that was brought forward in 2017 was included in the deposit figure of Le7,948,322,000 as at 31st December 2017 for deposits by customers. Due to the fact that sufficient and appropriate audit evidence was not provided to substantiate this amount, this impact the opinion issued on the 2016 financial statements. During a follow-up made in 2017, the Authority failed to provide documents to substantiate this amount. Therefore, this issue is partially resolved.
- Evidence of payment made to the relevant statutory authorities was not provided during the verification exercise, therefore the issue remains unresolved.

### **3.11.5. Inadequate Controls over the Management of Receivables**

A review of the Authority's receivables revealed the following:

- A schedule of unpaid fines at the end of the year was submitted for audit. We however noted that it lacked opening balance and did not indicate payments made by defaulters during the period. The team was unable to verify the accuracy and completeness of unpaid fines because of the incompleteness of the schedule.
- A clearly defined policy indicating the basis for the issuance of loans and advances to staff which amounted to Le303,516,216.25 was not submitted for audit.

We recommended that the Executive Director should ensure that the following measures are taken:

- A schedule in the appropriate format with details of defaulters, fines levied, payments made and unpaid outstanding balance is prepared by the responsible department in consultation with the finance department. This must be regularly reconciled and serve as the basis for records to be made in the books of the Authority.
- The policy indicating the basis upon which the loans and advances which were given to staff, should be submitted to the ASSL for verification.

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

*The Executive Director stated: "The schedule of unpaid fines will be adjusted in the accounts. Loan policy has now been drafted and will be available for audit inspection, and difference in the receivable balance will be adjusted in the revised financial statements and schedules of it are available for audit inspection".*

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

Our recommendation regarding the schedule of unpaid fines was not implemented, as the schedule submitted still lacked opening balance and did not indicate payments made by defaulters during the period.

In addition, though a loan policy was provided, it was noted that it was not approved. The issues therefore remain unresolved.

### **3.11.6. Inadequate Disclosure of Revenue Generated by the Authority**

A review of the Authority's management, recording and disclosure of revenue revealed the following:

- Revenue generated in support of personalised vehicles registration could not be verified as supporting schedules/general ledger was not submitted for audit.
- The vehicle licence records from the Authority's MIS department submitted for audit contained series of licences with duplicated serial numbers as the same licences serial numbers were issued to different registration numbers.

We recommended that the Finance Director should ensure the following:

- That detailed schedules and documents in support of international drivers permit are submitted to the Audit Service for verification.
- The licensing department is properly supervised and regular reconciliations carried out to ensure that licence stickers are sequentially issued, and records made serially to avoid duplication.

### **Official's Response**

The Finance Director stated: ‘Revenue classification by stations was just a continuation of what has been happening in the past in the preparation of accounts. Going forward, the Authority will ensure that these revenues are classified into revenue streams.

The former Director of Licence and MIS analyst have also submitted the following as indicated below:

On the vehicle licence duplication related issues, the MIS analyst being the principal person in charge of managing the Authority’s database has committed himself to providing explanation with evidential supporting materials on the circumstance that led to such happenings.

During the response of the MIS analyst, he stated that, vehicle licences are printed when the system verifies a valid payment. The unique receipt number generated by the system needs to be typed in against the job, before a valid physical licence can be printed. Therefore, this has no financial implication on the Authority. Nonetheless, this has to be eradicated in order to maintain the integrity of the database”.

### **Auditor’s Comment**

Schedule for personalised vehicle registrations were not provided.

Supporting documents to the claims made by the head of MIS for duplicate licence were also not provided during the verification exercise. Therefore, the issues remain unresolved.

#### **3.11.7. Ineffective Procurement Management Process**

A review of the Authority’s procurement activities revealed the following:

- A signed and approved procurement plan justifying that appropriate procurement planning was undertaken for the period under review was not submitted for audit purposes.
- A review of the list of members, attendance register and minutes of procurement committee deliberations indicated that the Executive Director was not a member of the committee in violation of Section 18(2 & 9) of the Procurement Act of 2016.
- Procurement activities amounting to Le1,626,763,500 were undertaken for the period under review without three requests for quotations.
- We were unable to verify the basis upon which suppliers were selected and whether they were qualified and have the capacity to execute contracts awarded to the tune of Le1,906,316,432 because adequate procurement documents such as standard bidding documents, evidence of advertisement, technical evaluation reports, bank guarantees, and contract agreements were not submitted for review.
- Payments amounting to Le1,262,511,765 were made in respect of consultancies. However, procurement documents detailing how the services of these consultants were acquired were not submitted for audit.

We recommended that the Executive Director in consultation with the Finance Director should ensure the following:

- The Head of Procurement submits procurement plan and documents pertaining to procurement undertaken in point (i), (iii), (iv) and (v) for audit verification. Otherwise, such procurement will be regarded as fictitious and the Executive Director, Finance Director and the head of procurement refund sums that were expended.
- In future, procurement should be managed and undertaken in line with the Procurement Act and Regulations.

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

#### ***Payments without three RFQs and Procurement Undertaken for Which Documents Were not Submitted***

The Executive Director stated: “All documents submitted to the Finance Department have all relevant supporting documents and are available for inspection.

### ***Consultancy Services***

The Executive Director stated: “Consultancies mentioned are not procurement related. These are payments for consultant staff which were hired by the Human Resource Department”.

### **Auditor's Comment**

RFQs amounting to Le351,283,500 were submitted during the verification exercise with a remaining amount of Le1,275,480,000 for which RFQs were not submitted during the verification exercise.

All the documents were seen, except for two, which amounted to Le124,917,500.

A review of the document submitted during the verification exercise revealed that a procurement splitting was done which led to the wrong procurement method. RFQs method was used instead of NCB method.

Procurement documents relating to consultant services were not submitted for audit. The issues therefore remain unresolved during the verification stage.

#### **3.11.8. Unreceipted Payments**

A review of the Authority's management and disbursement of funds revealed the following:

- Payment totalling Le4,372,377,601 was made without the necessary supporting documents like receipts, delivery notes, payment vouchers and back-to-office reports in contravention of section 73(1) of the FMR, 2007.
- We observed that the Executive Director was paid monthly board allowances to the tune of Le50,630,400 even though she was not entitled to receive such allowances as she also received her monthly salary as Executive Director.
- Receipt and contract related documents for two years rent which amounted to Le372,400,000 (US\$ 49,000) were not submitted for audit. These were in respect of a residence for the Executive Director In addition, minute(s) of board meetings to substantiate that this amount was approved by the Board was not submitted for audit.
- An amount totalling Le159,320,287.07 was paid as rent for five months by the Authority in respect of a building rented for some expert staff at College Road. However, a receipt justifying and acknowledging payment made and a rent agreement were not provided to the audit team for audit inspection.
- Adjustment, back out or reversal transactions in the general ledgers were made for the period under review. However, journals justifying that such reversals were approved, authorised and processed in accordance with the Authority's accounting manual were not provided for audit inspection.

We recommended that the Finance Director should ensure the following:

- Supporting documents are provided for audit verification.
- Basis upon which sitting fee allowances were paid to the Executive Director is submitted to the Audit Service for verification.

- Agreements and minutes of board meetings in support of the rent payments made on behalf of the Executive Director are submitted to the Audit Service for verification Otherwise, the amount of Le372,400,000 must be recouped from the Executive Director, paid into the Consolidated Fund and evidence of payment submitted.

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

*The Finance Director stated: ‘Receipts from payments of licence plates, delivery notes and back-to-office report prepared by some staff have been submitted which will be available for audit inspection. The Board Secretary has also submitted minutes of board meetings for your attention.’*

### **Auditor's Comment**

The audit verification revealed the followings:

- Official receipts were provided for payment made for licence plates. However, other supporting documents such as delivery notes, payment vouchers were not provided for Le3,143,915,008.62. Therefore, the issue is partially resolved.
- Board allowances paid to the former Executive Director are yet to be recovered. Therefore, the issue remains unresolved.
- Receipt was provided but contract agreement and board approval for two years rent in respect of a residence for the former Executive Director was not provided during the verification exercise. Therefore, the issue is partially resolved.
- Rent agreement and receipt for five months' rents paid by the Authority in respect of a building rented for some expert staff at College Road was not provided. Therefore, the issue remains unresolved.
- Journals for adjustment, back out, reversal transactions in the general ledgers were provided but evidence of approval was not seen on journals provided. Therefore, the issue remains unresolved.

### **3.11.9. Ineffective Management of Property, Plant and Equipment**

A review of non-current asset records revealed the following:

- A policy that regulates the use and management of assets owned and controlled by the Authority was not submitted for audit.
- There was no policy on capitalisation threshold.
- An assets register that provides appropriate information on the description, date of purchase, location, depreciation charged, cost, net book value and status of all non-current assets owned and controlled by the Authority was not submitted for audit. As such, we were unable to confirm whether non-current asset totalling Le39,992,461,223.91 were appropriately recorded in the register or whether the register was reconciled to the general ledger.

We recommended that the Executive Director in consultation with the Finance Director should ensure the following:

- An assets policy with particular emphasis on capitalisation threshold with the sole purpose of guiding the management of non-current assets should be developed.
- An assets register with the information as detailed in point (iv) is prepared for non-current asset owned and controlled by the Authority and this must be submitted to the Audit Service for verification.

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

*The Finance Director stated: "A policy that regulates the use and management of assets owned and controlled by the Authority has now been developed in which it entails asset capitalisation threshold".*

### **Auditor's Comment**

- The asset provided was not approved and an updated asset register was not submitted. Therefore, the issues remain unresolved.

### **3.11.10. Ineffective Controls over the Management of Inventory**

A review of inventory records revealed the following:

- Stock-take certificate confirming that the quantity and value of stocks at the year-end were physically counted and verified by an independent verifier was not submitted for audit.
- As per the Authority's standard store procedures, before the issuance of licences stocks, all outstations are required to submit stock usage reports attached with requisitions. However, this control requirement was consistently violated by the head office's licences department for the entire period under review.

We recommended that the Executive Director through the Finance Director should ensure the following:

- Section 188 of the FMR, 2007 should be adhered to by maintaining the store records documented/listed in point (i) and that stores items purchased are firstly taken on ledger charge before issues are made.
- That stock certificate in respect of the stock balance at the end of the year is submitted to the Audit Service for verification.

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

*The Finance Director stated: "Items once received by stores from suppliers are taken on charge in the system. The store ledger is being imputed directly into the system. The store issue vouchers and bin cards were not in use when I took over, the goods received notes was introduced in early 2012/2013 financial year when I started working. My supervisor at that time failed to sign them, so I stopped writing them.*

*In respect of the items received by stores, I submitted soft and hard copies of the stock balance report to your team during the time of audit and copy of the stock for the period under review will be available for audit verification".*

### **Auditor's Comment**

Stock take certificate was not provided. In addition, stock usage reports for head office were not provided. Therefore, the issues remain unresolved.

### **3.11.11. Follow-up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- *Four of the Authority's cashbooks have a total negative balance of Le929,890,118.42, depicting that expenditure was greater than revenue recorded for the period under review.*
- *Bank statement and related reconciliation statement for five of the Authority's bank accounts were not submitted for audit, thereby restricting us from verifying the completeness, existence and accuracy of closing balances reported in the financial statements for the period under review.*

- *Account opening mandate confirming that appropriate board approval was sought for the opening of an Ecobank account no. 00-0120113 at the Waterloo branch was not submitted for audit.*
- *An account number. 02-011024767 with a balance of Le7,756,857.33, operated with the RCBank was confirmed as balance as at 31st December, 2016. A review of the Authority's general ledger revealed that appropriate nominal ledger was not created for this account neither was the balance recorded and disclosed in the financial statements.*
- *A review of the Authority's information system governance structure enabled the team to establish that there is no IT strategic committee, no IT strategic plan to support business requirements and ensure that IT spending remains within plans, and no steering committee to ensure that organisational governance structures are adhered to.*

### **3.12. SIERRA LEONE WATER COMPANY (SALWACO) THREE TOWNS WATER SUPPLY AND SANITATION PROJECT (TTWSSP) - 2018**

#### **3.12.1. Service Agreement**

There was no maintenance or service agreement between SALWACO and the service provider for all project vehicles and motorbikes. The management of the Project did not have an agreement with the supplier (Euro Car Centre) who was not part of the approved suppliers.

It was revealed that management took this decision on the grounds that the organisation already had a list of suppliers for maintenance services. Although the basis for this decision seemed reasonable, there was neither a documentary evidence to support it, nor was there any evidence that the Project had sought prior approval for this.

We recommended that the project management should ensure that appropriate procedures are followed when hiring suppliers, or any derogation from a project's approved procedures should be approved.

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

*The MD stated: "Management had an agreement with Euro Car Centre to service all SALWACO's vehicles which include project vehicles. A formal procurement is currently been done to get a separate contract with service providers for the servicing of project vehicles".*

#### **3.12.2. Approval of Budget**

There was no evidence that a budget was approved for the period under review. Even though the budget was made available to the auditors, there was no indication that the budget was approved.

We recommended that all budgets must be formally approved by the donor which may serve as evidence that all cost included in the budget is eligible and in line with the donor requirement.

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

*The MD stated: "The project prepares its annual work plan and budget annually. In all cases, the Task Team Leader assists in the preparation of this work. We do not normally receive formal approval as this is undertaken by all parties in the implementation of the Project".*

### **3.13. SIERRA LEONE BROADCASTING CORPORATION - 2016**

#### **3.13.1. No Property Title Deed**

The title deed for the head office building at New England Ville was not made available for inspection.

We recommended that management should ensure that the title deed for the building is obtained as soon as possible and made this available to the audit team for inspection.

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

*The Director General (DG) stated: "After series of attempts for the past seven years from the Ministry of Information and Communications, management is yet unable to receive the title deed for the head office building at New England Ville".*

#### **3.13.2. No Fixed Assets Register**

The Sierra Leone Broadcasting Corporation does not maintain an assets register to record all non-current assets owned by the Corporation.

We recommended that an assets register be prepared. This register should record all non-current assets held by the Corporation. It should be updated regularly and a regular physical verification should be performed to ensure that it is accurate.

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

*The DG stated: 'Management is aware of the fact that the Asset Supervisor is not well and is unable to meet management's requirement period under review. However, attempts were made to recruit a trained and qualified Assets Supervisor immediately after austerity measures'.*

#### **3.13.3. Improper Cashbook**

The description of income and expenditure in the cashbook is not detailed.

We recommended that every expenditure made should be adequately described in the cashbook.

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

*The DG stated: 'The responsible authorities are aware that income and expenditure were not in detailed form during the time of audit. The reason was due to the late arrival of some documents being held by the Anti-Corruption Commission (ACC), but submitted to us shortly after the audit. They are not well detailed and can be verified'.*

#### **3.13.4. Incomplete Bank Reconciliation Statement**

Bank reconciliation statements for the FIBank, Sierra Leone Commercial Bank and the Bank of Sierra Leone were not prepared for the year under review.

We recommended that bank reconciliation is done on a monthly basis and evidence submitted to ensure that it is checked by the appropriate authority.

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

*The DG stated: that Bank reconciliation statements were prepared for the FIB, SLBC and BSL respectively. Again they have been done in a monthly basis and ready for inspection.*

### **3.13.5. Revenue**

The following were observed:

- Although the Marketing Department presented daily revenue returns to the tune of Le1,505,548,342, we however did not receive a daily revenue returns from the Finance Department for June and October to agree with the figures presented in the financial statement.
- We attempted to reconcile the daily revenue summary and invoices from the Marketing Department with the receipt books. In doing so, we noticed that some payments in the receipt books were not captured in the daily revenue summary from the Marketing Department.
- The co-locators' lists and corresponding agreements of how their various payments were made was not presented for audit review. As a result, we could not agree with the figures presented in the financial statements for revenue during our audit exercise.

The following were recommended:

- Management should ensure that the daily revenue returns are made available for June & October for audit review.
- The Finance Department should always reconcile revenue received with the Marketing Department on a daily basis with proper supervision.
- The list of co-locators together with their various agreements, and how the payments were made should be made available for verification.

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

*The Director General in his reply stated:*

- *"Management is aware of the unavailability of revenue returns for June and October. This was due to the breakdown on the system that contains the transaction. However, management has retrieved the two months outstanding through the IT officers and they are now agreed and ready for verification."*
- *"We observed that there were payments made through the corporation bank account that did not pass through the Commercial Department, and receipts were issued to clients making such payments. The two departments have now agreed to reconcile on a daily basis with proper supervision."*
- *"There were issues on the co-locators' list such as Orange, Commium and Smart Mobile companies that were co-locating with us, as they were aiming of being independent while occupying our premises. However, that issue has been rectified as lease agreement and mode of payment are now prepared and ready for inspection".*

### **3.13.6. No Receipt and Invoices**

Some payment vouchers do not have receipts and invoices. The payment vouchers were not filed serially.

We recommended that third party documentation as evidence of payment should be made available for inspection by the audit team.

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

*The DG stated: "Management acknowledged misplacement of some payment vouchers, receipts and invoices. However, these vouchers have been traced with receipts and invoices now attached awaiting verification".*

### **3.13.7. No Strategic Plan**

There was no strategic plan for 2016.

We recommended that management should take action to develop a strategic plan for the upcoming years and should be printed and signed by authorised official.

### **3.13.8. Delay of Fuel Log Book**

Fuel log book was not made available to us during the audit.

We recommended that management should ensure that the log book is presented for our review.

### **3.13.9. Follow up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- *We noted that payment vouchers do not have receipts and pro-forma invoices attached.*
- *Bank reconciliation statement was not prepared, reviewed, approved and filed by the appropriate authority and cashbook was not signed, reviewed and approved.*
- *Despite previous recommendations, we were unable to verify fixed assets as there was no fixed assets register for the period under review. This is due to the fact that the officer-in-charge lacks basic understanding of what to do and what is classified as fixed assets.*
- *Despite previous recommendations, we were unable to verify fixed assets, as there was no fixed assets register for the period under review. This is however due to the fact that the officer-in-charge lacks basic understanding of what to do and what is classified as fixed assets.*
- *We visited the transmission site at Leicester Peak during our field work. As mentioned during the exit meeting, we saw new air conditioners installed to cool the machines. However, we were also concerned about the fact that continued maintenance are not carried out on the building, the main gate and the equipment, leading to further dilapidation of equipment.*

## **3.14. SIERRA LEONE STATE LOTTERY - 2018**

### **3.14.1. Insurance of Assets**

Apart from the Lotto Building, the Company did not have insurance coverage for all of its property. We also noted that the Company did not have insurance for other risks such as cash in transit, cash at hand etc.

We recommended that the Company's assets should be insured to safeguard them and management must pay particular attention to sections 39(1) and 39(2) of the Sierra Leone Insurance Act of 2016.

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

*The MD stated: "The Company had a policy but however payments were not made on time thereby exposing the Company to the risk of non-payment of premium for any eventuality. Therefore, your points are noted and management will be paying promptly going forward".*

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

The issue remains unresolved.

### **3.14.2. Encroachment of Land at Lakka**

From a review of minutes of board meetings, we noted that there was an encroachment of the land at Lakka owned by the Company.

We recommended that the issue of this encroachment of the land at Lakka be settled once and for all.

***Official's Response***

*The MD stated: "Management will follow up with our legal retainer so that the matter will be put to rest as it has been long overdue".*

**Auditor's Comment:**

This issue remains unresolved.

**3.14.3. Revenue Drop**

We realised that there was a drop in sales from 2017 to 2018 whilst costs remained relatively constant.

A reduction of Le6 billion in revenue, with an increase in gross profit margin of 3% compared to 2017 resulted in a negative comprehensive trading result.

We recommended that the Company should introduce profitable games and better strategies to improve profitability.

***Official's Response***

*The MD stated: "The National Commission for Privatisation (NCP) is spearheading the process of partnering with a business partner that is financially strong and technically competent in the lottery industry".*

**Auditor's Comment**

This issue remains unresolved.

**3.14.4. Internal Audit**

We realised that there was no Internal Audit Committee to review the work of the Internal Auditor.

We recommended that the Internal Audit Committee should be set up and action points agreed to be implemented by the Internal Audit Unit.

***Official's Response***

*The MD stated: "There was an Internal Audit Committee (IAC) set up by the previous Board but the Board was dissolved in May 2018; since then, only the Board's Chairman has been appointed. As soon as the full Board is constituted, the IAC will be re-established".*

**Auditor's Comment**

This issue remains unresolved.

**3.14.5. Accounting Manual**

We were not provided with the Accounting Manual which we believe should be updated to incorporate current accounting issues relating to good practice, especially the moving from manual to automated system of drawings.

We therefore recommended for a review and an update of the existing Accounting Manual of the Sierra Leone State Lottery Company Limited.

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

The MD stated: "The existing Accounting Manual of the SLSLC is forwarded for your perusal. It needs to be reviewed and updated to include current accounting issues. Moreover, the Company complies with rules and regulations of all necessary institutions like the National Public Procurement Authority".

### **Auditor's Comment**

This issue remains unresolved.

## **3.15. SIERRA LEONE STOCK EXCHANGE COMPANY LTD. (SLSE) - 2017**

### **3.15.1. Treasury Bearer Bonds - Income from Investment**

We observed that documentation were not provided for verification of the bearer bonds.

We recommended that adequate documentation be maintained for all income that are stated in the financial statements.

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

The Executive Director (ED) stated: "That the previous Business Development and the Director General at the time made this investment on behalf of the Exchange. He added that, there are physical evidence on files to substantiate this. We have relied on the debit charged in respect of this investment as recorded in the Bank of Sierra Leone statement".

### **Auditor's Comment**

The documents were still not presented. Therefore, this issue remains unresolved.

### **3.15.2. Staff Salaries - PAYE**

The following observations were made in respect of staff salaries:

- PAYE calculations were not correct as the old tax rates were used.
- The figure representing PAYE was understated in the financial statements.
- The net salaries were overstated for some employees and understated for others because of the above understatement.
- The Director General was paid salaries for ten months (January – October) and PAYE was deducted right through the period except for April, and no reason was given for this.
- Documentations were not seen for the Director General's absence. We therefore could not ascertain whether it was as a result of dismissal or resignation. No employment letter was seen for the Director General.
- In August, the payment voucher had a total PAYE of Le13,319,459.00 and the NRA payment slip had a total of Le14,666,176.99.
- The Director General's driver was paid salary in January 2017, and the amount was traced through the cashbook and bank statement, but was not included on the payroll for the month and no documents were seen for this payment.

Differences were noted between the financial statements and the cashbook for the following:

- Communication;
- Administrative expenses; and
- Office costs

We recommended that the current rates of NRA tax be applied in calculating staff PAYE and the necessary journals be passed to correct the understatement and to make a provision in the financial statements to effect this.

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

The ED stated:

- ‘We note your comments. Tax rates no longer in use were applied but the office Accountant has since effected the current tax rates into the computations of staff salaries.
- The understatement and overstatement of the net salaries of employees have been computed and the relevant refunds are made on a monthly basis.
- The Director General (DG) was out of the jurisdiction for April 2017. On his return, he was paid for April and May, and PAYE recovered for the two months, as reflected in the financial records.
- On the advice of the Central Bank, the services of the DG were no longer required after October 2017. No formal engagement letter was issued to the DG as the Central Bank had endorsed his temporary appointment.
- We note the audit observation. The reason for the difference is as a result of interest charged by the NRA for late submission of the April PAYE cheque issued by the Exchange.
- The Director General's driver was not a full-time member of staff of the Exchange and accordingly, not included on the payroll. However, the Governing Council approved that a token of six months' salary be paid to him for services he had provided to the DG. This approval is reflected in the minutes.
- We have provided an analysis of the basis of the apportionment of the above expenses captured in the draft financials. We are of the view that this basis should be appropriate to support the apportionment.

#### **3.15.3. Intangible Assets – Website**

During the audit of the financial statements of the Sierra Leone Stock Exchange, the following observations were noted in respect of intangible assets:

- Wrong classification and treatment – intangible assets was wrongly classified and treated as expenses.
- The payment was for internet connectivity, but were treated as intangible assets and amortised up to the year ended 31st December, 2017.

We recommended that the necessary journals be passed to correct the mistreatment of the account balance.

It has to be reversed and expensed and the financial statements redrafted to take into account the correction.

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

The ED stated: “Please effect a journal entry to reflect your own interpretation of the classification and treatment of this expense”.

#### **3.15.4. Receivables**

During the audit of the financial statements of the Sierra Leone Stock Exchange, the following observations were made in respect of receivables:

- Staff Loan balance brought forward was Le2,362,000. This amount had been written off but we did not see the posting in the cashbook.

- There was no movement in GST balance during the year as the same balance of Le26,070,000 was reported in 2016 & 2017. However, GST was charged and paid on invoices from suppliers. In addition, schedules for GST were not available for inspection.

We recommended that the necessary journals be passed to correct the misstatement.

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

*The ED stated: "The staff who had received this loan is no longer with the Exchange.*

*We confirm that the outstanding loan balance was recovered from her final entitlements. The balance brought forward should now be written off in the 2017 financials.*

*In the 2016 cashbook, a payment of Le117,630,000 was effected and comprised the following:*

Furniture & fittings	Le45,675,000
Equipment	Le44,985,000
GST	Le26,070,000

#### **3.15.5. Payables**

During the audit of the financial statements of the Sierra Leone Stock Exchange, the following observations were made in respect of payables:

- Audit Fees – this was paid to the Audit Service Sierra Leone (ASSL) for 2015 audit (Le14,933,576), but was not provided for in the 2016 financial statements.
- The balance brought forward on audit fees (Le13,800,000) is still part of the balance at the end of the year.
- Interest on Long Term Loan – schedules were not provided for verification.

We recommended that the necessary journals be passed to correct the misstatement.

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

*The ED stated: "The provisions regarding the audit fees for 2015 and 2016 are to be discussed with the office accountant and the appropriate journal entry be effected.*

*In accordance with the terms of the agreement, the Exchange received a loan of Le1 billion from the Bank of Sierra Leone, at an annual interest charge of 6%; the relevant charge of Le60 million has been captured in the financials".*

#### **3.15.6. Follow Up on Previous Year's Recommendations**

During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:

- The filing system of the Exchange is very poor as documentation are not filed properly.
- We observed that the Sierra Leone Stock Exchange is not using any accounting system presently as the records are kept using ordinary Microsoft Excel worksheets leading to the preparation of the financial statements of the Exchange
- We observed that there is no comprehensive fixed assets register that includes:
  - Costs
  - Depreciation
  - Net book value
  - Identification marks
  - Location and condition

- There is no fixed assets policy in place at the organisation
- The costs of the new assets bought is understated in the financial statements  
*Invoice amount - Le105,800,000*  
*Ledger amount - Le90,660,000*  
**Difference - Le15,140,000**
- The depreciation charge is not consistent with standard rates:

**Furniture and Fittings**

Costs -	Le45,675,000
Depreciation 10% -	Le4,567,500
Amount Charged	Le736,000
<b>Difference -</b>	<b>Le3,838,500</b>

**Office Equipment**

Costs -	Le44,985,000
Depreciation 20% -	Le8,997,000
Amount charged -	Le1,030,000
<b>Difference -</b>	<b>Le7,966,000</b>

- The bank reconciliations were prepared on a monthly basis, but the review was not done effectively as there are issues with the reconciliation statements which are highlighted below:
  - ❖ Cheques not presented since 2012 appeared on the reconciliations for both January and February and were only reversed in March, 2016.
  - ❖ The dates on the cheques not presented were not indicated on the reconciliations.
- Staff employment letters were not seen for the following staff members:
  - ❖ Mr. Jacob Kanu – Director General
  - ❖ Mr. Gibrill Sesay – Business Development Officer
  - ❖ Miss. Sophia Clarke – Confidential Secretary
- We observed that there are differences between the payroll amounts and the amount stated in the financial statements

### 3.16. SIERRA LEONE NATIONAL SHIPPING COMPANY LIMITED - 2017

#### 3.16.1. NASSIT Contribution

We observed that for NASSIT contribution arrears there was an opening balance of Le127,037,629.00 as at 1st January 2017 and a closing balance of Le103,930,171.00, as at 31st December 2017; and a difference of Le23,107,458. This indicated that some liabilities were paid during the period under review.

We recommended that the indebted figure be agreed with NASSIT immediately when salaries are paid. The NASSIT and NRA payments should also be done simultaneously to complete the salary process.

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

The MD stated: ‘Payments were made for retired employees during the period under review thereby reducing the liability. Furthermore, full payments for the period 2006 to 2014 being outstanding contributions for all staff currently

*engaged with the SLNSC have been made. With reference to the outstanding balance, we are working with NASSIT to ascertain the balance as at 31st December, 2017”.*

#### **Auditor’s Comment**

The outstanding balance was still to be agreed with NASSIT. This issue therefore remains unresolved.

#### **3.16.2. Inadequate Supporting Source Documents**

We discovered that for account IDs 7057 Facilitation (Administration) and 7172 (Business Promotions), names of staff of the Sierra Leone National Shipping Company (SLNSC) were used as the payees on the cheques even though the cheques were meant for third parties. As such, these staff names were indicated on the ledgers, the expense forms and payment vouchers. When the staff were interviewed, they could not tell the purpose for which they were used to withdraw the money, save that, they were instructed to go and cash the cheques.

We recommended that all source documents be kept for verification by third parties. The cheques that were paid out should not be in the names of staff of the SLNSC. They should be to the appropriate payees' names and should be properly coded.

#### **Official’s Response**

*The MD stated: “Management notes your recommendations and will comply fully in the future”.*

#### **3.16.3. Advance Corporation Tax Computation**

Advance corporation tax was not computed for the year under review.

We recommended that the SLNSC complete the self-assessment forms issued by the NRA, by making their projections of income and expenditure for the year, and estimating the tax and pay quarterly to the NRA.

#### **Official’s Response**

*The MD stated: “Management notes your recommendations and will comply fully in the future”.*

#### **Auditor’s Comment**

Steps were taken to regularise the situation. This issue is therefore unresolved.

#### **3.16.4. Shares in Nectar Sierra Leone Bulk Terminal**

We observed that the SLNSC was receiving management fees from the Nectar Sierra Leone Bulk Terminal (NSBT) which was reflective of a 20% shareholding in the NSBT. However, this was not reflected in the financial statement as minority interest and no shares had been issued to the SLNSC to date; be it a Sweat capital or subscribed capital for over two years of its operations.

The following were recommended:

- The SLNSC should quantify all pre-incorporation activities and hosting cost, and charge to the NSBT accordingly.
- The Board of the SLNSC considers the most likely option that they will be required to make subscription for the shares.

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

The MD stated: "Payment for 1,000 shares being 20% shareholding was paid for Le50 million. The SLNSC is still waiting for the shares certificate from the NSBT. The SLNSC will also contact its legal retainer to properly guide us to quantify the pre-incorporation expenses".

### **Auditor's Comment**

The share certificate was still outstanding and this is still to be effected in the financial report. This issue is therefore unresolved.

#### **3.16.5. Composition of the Audit Committee**

We observed that the Board of Directors also acts as members of the Audit Committee. This must be two separate bodies, as the Board cannot report to itself and must be composed of technical independent individuals to enable the Company benefit from their expertise.

We recommended that separate competent and experienced prominent individuals be appointed to serve as Audit Committee members.

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

The MD stated: "Management notes your recommendation, and will communicate this with the new Board of Directors".

### **Auditor's Comment**

The situation is still the same.

#### **3.16.6. Offsite Backup and Recovery System**

While it was observed that backup was done on a regular basis, we noted that all the back-up were subsequently kept within the same location. There is no designated offsite backup and recovery system for the office.

We recommended that a simple safe deposit can be taken out on any of the banks to regularly store backup data, with restricted access to staff.

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

The MD stated: "Management notes your recommendation. A Disaster Recovery Plan will be drawn and consideration will be given either to have a bank deposit of back-up files or have some computers in a secured off-site location where regular updates will be done".

### **Auditor's Comment**

The situation is still the same.

### **3.17. SIERRA BLOCK CONCRETE PRODUCT LIMITED - 2016**

#### **3.17.1. Ineffective Management of Procurement Activities**

The following issues were noted with regard to procurement activities undertaken:

- In violation of section 29(1) of the Public Procurement Act of 2016, a procurement plan justifying that appropriate procurement planning was undertaken for the period under review, but was not submitted for audit purposes.

- The sum of Le916,828,355.22 was spent on the procurement of goods, works and services. Procurement documents such as, three requests for quotations (RFQ), evaluation report of the RFQ, adverts, bids, bid register, bid opening minutes, bid evaluation reports and contract were not submitted for audit.
- Spares for production equipment costing Le108,900,000.00 were acquired through sole sourcing procurement method. However, prior approval from the Company's Procurement Committee mandating the use of sole sourcing method was not submitted for audit. In addition, justification for the Company to utilise the sole sourcing method for the procurement of spares, in compliance with section 41(1a–e) of the Public Procurement Act of 2016 was not submitted for audit.

We recommended the following:

- The Head of Procurement should submit the 2016 procurement plan for verification. In future, an annual procurement plan should be developed, approved by the Company's Procurement Committee and duly followed for all procurement activities undertaken by the Company.
- The Head of Procurement should submit for verification, documents pertaining to procurement activities undertaken.
- The approval from the Company's Procurement Committee should be submitted by the Head of Procurement for verification.
- Ensure that in future, procurement of goods, works or services are procured in accordance with the Public Procurement Act of 2016.

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

The GM stated: “*Sierra Block Concrete Limited was registered under the Company's Act since 2006. He added that previous audits were conducted by the BDO an international audit firm in Sierra Leone. The Board of Directors of the Company was approving the annual budget for any financial year as the basis of the plans and programmes to be implemented by management. The Audit Service Sierra Leone conducted the 2016 audit for the first time. Most of these procurement procedures and guidelines based on the Public Procurement Act of 2016, and its relevant sections were not applied by the Company in its procurement activities. We will endeavour to adopt this guideline in our future applications*”.

### **Auditor's Comment**

Our recommendations were not implemented as documents in support of issues raised were not provided. Therefore, this issue remains unresolved.

#### **3.17.2. Lack of Fixed Assets Register**

A fixed assets register in the required format detailing the date of acquisition, asset type, cost depreciation, rate and amount, accumulated depreciation, net book value, asset code, location and status for assets owned and controlled by the Company was not prepared and maintained.

We recommended that the General Manager in collaboration with the Company's Accountant should ensure that a fixed assets register be prepared and maintained for all assets owned and controlled by the Company, and must include the following information:

- Date of acquisition
- Description
- Cost

- Depreciation rate
- Depreciation charge
- Net book value
- Identification code
- Location
- Status

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

Our recommendations were not implemented as documents in support of issues raised were not provided. The issue is unresolved.

#### **3.17.3. Inadequate Insurance Coverage - Property, Plant and Equipment**

We observed that the Company did not maintain insurance coverage for its property, plant and equipment (including office furniture, fittings, computer equipment and office buildings) during the period under review. Only motor vehicles were insured. We recommended that the Managing Director must ensure that the Company's property, plants and equipment are adequately insured to mitigate any eventual risk of financial losses occurring.

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

Our recommendations were not implemented as documents in support of issues raised were not provided. Therefore, the issue remains unresolved.

#### **3.17.4. Unreceipted Payments**

In violation of section 73(1) of the Financial Management Regulations of 2007, adequate supporting documents in the form of receipts, pro-forma invoice and delivery notes were not submitted to justify the total amount of Le62,520,000.00 that was utilised.

We recommended the following:

- All public funds should be properly accounted for in accordance with the above regulation.
- All transactions should be supported by the relevant documentation and these must be numbered and cross referenced, so that in a case where they go missing, they can be easily traced.
- Relevant evidence in respect of the sum of Le62,520,000.00 must be submitted for verification.

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

*The GM stated: "We have forwarded these supporting documents to the audit team both during the audit and at the exit meeting".*

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

Our recommendations were not implemented as documents in support of issues raised were not provided. Therefore, this issue remains unresolved.

#### **3.17.5. Bank Reconciliation Not Submitted**

Bank reconciliation statements to justify that the Company's cashbook balances were appropriately reconciled to bank balances of four accounts operated at the RC Bank, Standard Chartered Bank and

the Guaranty Trust Bank (SL) Limited were not submitted for audit. We recommended that the General Manager through the Company Accountant should ensure that bank reconciliation statements in respect of the four bank accounts are submitted for verification.

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

*The GM stated: "Bank statement for the Guaranty Trust Bank was given to you. The rest of the accounts are dormant and the bank did not honour our request by printing the statement for us".*

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

Bank reconciliation statements in respect of the four bank accounts were not submitted, therefore the issue remains unresolved.

#### **3.17.6. Debtor's List Not Regularly Monitored**

In the course of our review of debtors' balances, we noted that management was not reviewing the Company's debtors' profile regularly. This exercise would enable management identify debtors that were not meeting the repayment terms on a timely basis and take corrective and informed decisions on such debts.

We recommended that the Company should put in place adequate debt monitoring procedure like debtors age analysis. In addition, mechanism should be instituted to ensure the recoverability of long outstanding debts.

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

*The GM stated: "The company is constantly reviewing these balances; both management and board level. We have even engaged our lawyers to pursue those defaulters on a very aggressive basis".*

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

The Company's response is noted. However, until evidence of regular monitoring of debtors is provided, this issue remains unresolved.

#### **3.17.7. PAYE Tax Paid in Excess**

Recalculation of PAYE tax and NASSIT deductions by the Audit Team revealed excess payment of PAYE totalling Le4,002,473.99 for 2016 with deductions made by the Company. This was as a result of the non-application of the revised PAYE rates prescribed in section 15 of the Finance Act of 2016.

The revised PAYE rates were due to take effect in April 2016. However, the team noted that the Company continued to apply the old rates, contrary to the requirements of section 15 of the Finance Act of 2016.

We recommended that the Accountant should ensure the following:

- Computation of PAYE tax is done in line with section 15 of the Finance Act of 2016.
- Over deducted amount of Le4,002,473.99 should be refunded to all staff affected and evidence of refunds submitted for verification.
- PAYE record is adjusted to reflect the new tax rates and a revised financial statement must be submitted for verification.

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

*The GM stated: "You were informed during the exit meeting that based on findings, we have started implementing the correct tax rate".*

### **Auditor's Comment**

There was no evidence of refund of the said amount to staff. In addition, evidence of the PAYE record adjusted was not submitted for audit review. Therefore, this issue remains unresolved.

## **3.18. THE NATIONAL ELECTORAL COMMISSION - 2017**

### **3.18.1. Unsupported Payments**

We were not provided with payment vouchers and supporting documents for disbursements amounting to Le582,699,382.

We recommended that the Executive Secretary should ensure the following:

- The Finance Director should submit payment vouchers and documents in support of Le582,699,382 to the Audit Service for verification.
- In future, all transactions from inception to completion should be supported by payment vouchers and the relevant documentary evidence must be retained for audit and reference purposes.

### ***Official's response***

*The Executive Secretary stated: "The payment vouchers and supporting documents for disbursements totalling Le582,699,382 have been found and ready for inspection".*

### **Auditor's Comment**

Supporting documents relating to payments totalling Le545,763,132 were submitted during the verification exercise. However, supporting documents for payments totalling Le36,936,250 were not presented during the verification exercise. Our recommendations were partially implemented.

### **3.18.2. Procurement Documents not Submitted for Review**

A review of the Commission's management of procurement activities undertaken revealed the following:

- Procurement of goods and services totalling Le9,933,781,250.00 were done through the International Competitive Bidding method. However, evidence of advert made in the national gazette and print media with wide circulation as stipulated in section 48(1) of the Public Procurement Act of 2016 and section 52(1&2) of the Public Procurement Regulations of 2006 was not made available for inspection.
- Procurement activities worth Le66,439,000.00 were undertaken without three requests for quotations.
- Procurement of additional stationery materials valued at Le846,135,500.00 was undertaken from Office World during the period under review. A review of related documents revealed that an advanced payment of Le350 million was made to Office World in violation of section 135 (3) of the Public Procurement Regulations of 2006 which stipulates that advanced payment must not exceed 30% of the contract price. A 42% advanced payment of the total contract sum was made.

We recommended that the Executive Secretary should ensure that the head of procurement should provide evidence of advertisements made in the gazette, internet or any other widely known medium justifying that the procurement process was open, transparent and competitive.

#### ***Official's response***

*The Executive Secretary stated: "The procurement method used for the procurement of additional voter education materials and forms was recommended by the Procurement Committee based on the following considerations: UNDP had initially agreed to buy all the materials but later informed NEC that the funds at hand were not enough to cover all the cost, therefore NEC should buy the remaining materials from the GoSL funds".*

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

Procurement documents and correspondence with UNDP to enable us determine the bases used in the selection of the procurement method were not submitted for audit. Therefore, the issue remains unresolved.

#### **3.18.3. Follow up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- *A review of the Human Resources Information Systems (HRIS) application revealed that no offsite backup option to third party was created to enable the system and server to be reloaded with the latest data in the event of a disaster or system crash.*
- *A disaster recovery plan is a plan which enables the Commission to resume operations if there are disruptive events such as information technology crash or natural disasters. There was no evidence of an approved disaster recovery plan being operational in the Commission.*
- *We noted that the HRIS software for which a huge amount of money was spent to procure was not in use, even though staff were trained to use the software.*

### **3.19. NATIONAL TOURIST BOARD - 2017**

#### **3.19.1. Non-compliance with the National Public Procurement Act**

During our review of contracts entered into by the National Tourist Board and other entities including

Mr. Klin, we noted two different contracts entered into with Mr. Klin as shown below. They did not follow section 39 of the National Public Procurement Act of 2016, which stipulates that the National Competitive Bidding (NCB) shall be used when the estimated value of the procurement is below Le600 million in the case of contracts for the procurement of services.

<b>Service</b>	<b>Contract amount</b>	<b>Contract period</b>
Beach cleaning	Le192,000,000	1st April, 2017 to 1st April, 2018
Seaweed cleaning	Le180,000,000	1st July, 2017 to 31st October, 2017

Additionally, the beach cleaning services rendered by Mr. Klin even commenced before the contract was signed on 12th July, 2017.

We recommended that going forward, the management of the National Tourist Board should ensure compliance with all regulatory requirements.

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

The GM stated: "The observation is legitimate and well noted. However, it is worth knowing that, the contract was a continuation of the previous contract that expired; but because the Board did not get the GoSL subvention on time to salvage the situation, management had to engage Mr. Klin to continue providing their cleaning services. We paid them on a monthly basis in order to keep the Lumley beach clean and accessible to the public until the GoSL subvention was received. The Lumley beach was in a very filthy state and it was becoming an eye sore, couple with the public outcry, there was urgent need to remedy the situation. Nonetheless, we have instituted measures such as the establishment of a Procurement Unit, with an assigned Procurement Officer to the Unit amongst others."

#### **3.19.2. Non-existence of an Invoicing System**

During our review of revenue, we noted that there were no invoicing systems in place for the period under review.

We recommended that going forward, management should ensure that there is a centralised invoicing system done by the Finance Department.

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

GM stated: "The observation is correct for the period under review. However, The National Tourist Board has instituted an effective and efficient invoicing system for its customers in August 2019. Currently, the Board prepares and issues invoices to customers at the beginning of the year. However, there are threats to the sustainability of the newly instituted invoicing system. The eminent threat is that, the Government through the Ministry of Finance has decided to migrate its accounting system from accrual basis of reporting to cash basis system of reporting financial transactions".

#### **3.19.3. Omission of Government Subvention**

During our review of government subventions for the period under review, we noted that management did not capture or record the subventions received from the Government amounting to Le4,246,581,776.

We recommended that management should ensure all transactions for and on behalf of the Board are booked and journalised into the QuickBooks.

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

The GM stated: "The comment is well noted, and going forward the Board will make the necessary provision and adjustment to record all salary grant paid by the Government of Sierra Leone to the NTB workers in the draft financial statements as non-cash transactions".

#### **3.19.4. Non-deduction of Staff Loan**

We noted that a total of Le18,420,000.00 was outstanding as staff loan due for repayment in 2017. We therefore recommended that going forward, management should ensure all loans and advances given to staff are duly deducted as and when due.

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

The GM stated: "The observation is well noted and management has taken the necessary steps to inform these staff to settle their overdue staff loans and advances with the Board. Management has informed defaulters that, failure to

*comply with the forgoing instructions will leave management with no option, but to take disciplinary actions against defaulters. Some of these defaulting staff have started repaying their loans and salary advances”.*

### **3.19.5. No Insurance Cover for Fixed Assets**

With the exception of vehicles which are insured on the general third party insurance, the Board’s assets are not insured against the risk of fire, theft, damage or any natural or man-made disaster.

We recommended that all fixed assets, owned by the Board must be adequately insured, at a value equivalent to, or more than the total carrying values (i.e. cost less accumulated depreciation and impairment losses) of the assets.

#### ***Official’s Response***

*The GM stated: “The observation is noted and management is taking all necessary precautions to prevent against fire and any other financial losses, which the NTB might suffer in the event of damage, or loss of assets from an event that could have been mitigated by an insurance claim.”*

*In light of the foregoing, management will institute measures such as policies, procedures and practices within the entity that will prevent and safeguard the assets of the NTB against unnecessary damages, or losses.”*

### **3.19.6. Inadequate Provision of End-of-Service Benefit**

During our review of terminal benefit computation, we noted that there was an inadequate provision of terminal benefits by the client as shown below:

Details	Client computation	MSSL re-computation	Difference
End-of-service benefit	Le1,207,979,004	Le1,644,868,502	(Le436,889,498)

We recommended that going forward, management should ensure that end-of-service benefit computations are done accurately in order to reflect actual end-of-service benefit liability of the Board.

#### ***Official’s Response***

*The GM said: “The observation is correct, during the audit; this issue was brought to our attention and we realised that, we submitted the wrong excel file on terminal benefit computation. We later submitted the correct Excel work sheet on terminal benefit computation to the auditors for verification”.*

### **3.19.7. Failure to Maintain Copies of License Certificate**

Based on our review of license and land development fees, we noted that management did not maintain copies of certificates issued to establishments for both license and land development fees.

We recommended that management should ensure that all certificates (new as well as renewals) issued to and in favour of establishments must be properly reported and copies maintained for audit and reference purposes.

#### ***Official’s Response***

*The GM stated: “The observation that the NTB is not retaining copies of license certificates is true, but should be considered as an oversight, and is well noted. Going forward, management will maintain copies of all annual certificates*

*issued to tourist establishments in their personal files at the NTB office. Besides, this is not a requirement in the Tourism Development Act of 1990. However, this observation is well noted and the Board will put mechanisms in place to ensure that it maintains copies in the files for each and every tourist establishment that operates in the tourism development areas under the lease agreement. This file will capture their application letter for the lease, all correspondences between the NTB and tourist establishments, invoices and receipts for every tourist establishments, site plans, etc.”.*

### **3.19.8. Unapproved Human Resources Manual**

The management of the Board has tried to develop a draft manual over the period. However, the draft manual has not been approved officially by the Board of Directors for it to become a working tool for the institution.

We recommended that the Draft Human Resource Manual should be approved for it to be fully operational.

#### ***Official’s Response***

*The GM stated: “The observation is well noted. As you are aware, the Draft Human Resources Manual was developed in 2015 and submitted to the erstwhile General Manager. Since then, we did not get any feedback from him whether the manual was approved or not. As it is now, we do not have a Board of Directors, but we have made the HRM Manual and other key priority documents available for the attention of the new Board that will be constituted for the National Tourist Board”.*

### **3.19.9. Unapproved Financial Management Manual**

The management of the Board has tried to develop a draft manual over the period. However, the draft manual has not been approved officially by the Board of Directors for it to become a working tool for the institution.

We recommended that the Draft Financial Management Manual should be approved for it to be fully operational.

#### ***Official’s Response***

*The GM stated: “The observation is well noted. As you are aware, the Financial Management Manual was developed in 2015 and submitted to the erstwhile General Manager. Since then, we did not get any feedback from him whether the manual was approved or not. As it is now, we do not have a Board of Directors, but we have made the Financial Management Manual and other key priority documents available for the attention of the new Board that will be constituted for the National Tourist Board”.*

### **3.19.10. Unapproved Price List for License and Classification Fees**

Based on our review of the controls surrounding license and classification fees, we noted that there was no approved license and classification fees list detailing which fee relates to the various establishments regulated by the National Tourist Board.

We recommended that management should ensure that there is an approved license and classification fee list prepared and approved by the Board of Directors or the Ministry of Tourism for the various categories of fees for all establishments.

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

*The GM stated: "The observation is correct and noted. Management will do all within its powers to engage the relevant stakeholders in order to agree on a suitable price list for the Tourism and Hospitality Sectors".*

#### **3.19.11. Cash Payment Made to Beach Marshals**

During our review of payments made to beach marshals (contractors), we noted that monthly salaries were paid to them over the counter rather than through their various bank accounts.

We recommended that management should ensure all beach marshals are paid through their respective bank accounts.

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

*The GM stated: "The beach marshals are casual and daily workers and most of them do not have bank accounts. In short, they are not employees of the NTB, but their services are very relevant in keeping the Lumley Beach safe and secure for public use. We understand there are better models of handling the beach marshals. Nonetheless, we are committed to design a better model for the beach marshals, hopefully, by January 2020".*

### **3.20. OFFICE OF NATIONAL SECURITY - 2016 - 2017**

#### **3.20.1. Internal Audit Control Lapses**

During our review of the Internal Audit functions, the following control weaknesses were observed:

- Internal Audit working papers detailing how audit tests were performed and conclusions arrived at were not submitted for audit inspection for the period under review.
- There was no evidence to confirm that the Office had set up an Internal Audit Committee, charged with the responsibility of ensuring that all internal audit issues raised by the Internal Auditor are addressed by management.

We recommended that the National Security Coordinator in consultation with management should ensure the following:

- Working papers in support of work carried out are submitted to the audit team for verification.
- An Internal Audit Committee should be established and charged with the responsibilities to look at Internal Audit related issues raised.

### **Auditor's Comment**

Our recommendations were not implemented. The issue therefore remains unresolved.

#### **3.20.2. Follow-up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below.*

- *Imprests to the tune of £158,152,000 and £56,177,000 for 2014 and 2015 respectively were not retired.*
- *Three vehicles and 30 motorbikes were donated to the Unit in 2014 and 2015 respectively. We however observed that these items were not capitalised and recognised in the financial statements.*

## **3.21. LAW REFORM COMMISSION – 2018**

### **3.21.1. Fixed Assets Register Not Updated**

We noticed that the status was not included in the fixed assets register.

We recommended that the assets register should be updated.

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

*The Executive Secretary stated: “The assets register is a work in progress so that it will be updated before the next audit exercise.*

### **3.21.2. Regular Physical Verification**

Regular physical verification of assets was not performed on the assets register.

We recommended that regular physical verification should be performed to ensure that assets exist and status ascertained.

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

*The Executive Secretary stated that, the Commission will engage on a regular physical verification of assets before the next audit exercise.*

### **3.21.3. Follow-up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- *The fixed assets register is not updated with the status and physical verification of fixed assets is not performed regularly.*
- *The Administration Officer of the Commission is doing the work of both the Procurement Officer and the Storekeeper.*

## **3.22. PETROLEUM DIRECTORATE - 2017**

### **3.22.1. Ineffective Revenue Management**

A review of the GRAV MAG data sales report from TGS -NOPEC indicated data sales relating to 2D Infill amounted to US\$74,160. However, evidence in the form of invoice and bank statement that would serve as proof of payment by TGS-NOPEC was not submitted for audit review and neither was this amount recognised in the Directorate's general ledger nor was it disclosed in the financial statements submitted for audit.

We recommended that the Director-General in collaboration with the management Accountant should ensure that evidence in the form of invoice and bank statement substantiating transfer US\$74,160 from TGS-NOPEC together with a revised general ledger and financial statements must be submitted for verification.

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

*The DG stated: “Please note that the GRAW MAG data sales by TGS amounting to US\$74,160 to which the PD was entitled 15% (US\$11,124) is captured in the US\$230,000 (50% of US\$437m161,29 2D PSTM + 15% of US\$74,160 2D Infill) remittance made to the PD by TGS. The calculation is readily available for the review of the audit team”.*

### **Auditor's Comment**

A report detailing the amount of data sales due to PD from TGS-NOPEC was submitted, but evidence in the form of invoice and bank statement were not submitted for audit verification. Therefore, the issue remains unresolved.

#### **3.22.2. Inadequate Controls over the Processing of Disbursement**

A review of a sampled expenditure made by the Directorate revealed the following:

The sum of Le37,500,000 was paid as sitting fees to members of the Building Project Committee in respect of the ongoing construction of the Directorate's headquarters at Kington. The audit team however noted with concern that all members of the Committee were staff of the Directorate and that they were involved in an activity that was directly related to the Directorate.

We recommended that the Accounting Manager should exercise adequate supervision over the preparation and documentation of the Directorate's transactions and through the Accountant, should ensure that the sum of Le37,500,000 paid to staff of the Building Project Committee is recouped and paid into the Directorate's bank account. The evidence of such deposit must be submitted for verification. Otherwise, the amount will be disallowed and charged against the personal emoluments of the parties involved.

### **Official's Response**

*The DG stated: 'Management will like to inform you that even though most of the Building Project Committee members are staff of the Directorate, the activities carried outside the scope of their respective duties such as visits at old house and weekends to the site and so on. In due regard, as a means of giving incentive to the Committee members, a taken honorarium was thought fit to be given to them'.*

### **Auditor's Comment**

Evidence was not submitted for repayment of the Le37,500,000 paid as sitting fees to staff of the Directorate who served as members of the Building Project Committee in respect of the ongoing construction of the Directorate's headquarters at Kington for audit verification. Therefore, the issue remains unresolved.

#### **3.22.3. Ineffective Management of Public Funds – Loan to the Government of Sierra Leone**

The Directorate granted a loan of US\$3,000,000 to the Ministry of Finance and Economic Development (MoFED) on 21st February, 2017. A review of the loan agreement revealed the following:

- Approval from Parliament to substantiate that the loan was approved in compliance with section 118(1&3) of the Constitution of Sierra Leone was not submitted for audit.
- Clause(i) of the agreement recommends that: "MoFED shall seek the approval of His Excellency the President authorising PD to enter into an interest-free loan agreement with MoFED." However, in violation of this recommendation, evidence in the form of an executive clearance from His Excellency the President authorising PD to enter into an interest-free loan agreement with MoFED was not submitted for audit.
- Clause (iv) states that: "MoFED shall pay the sum of US\$3 million to PD in equal quarterly installments of US\$750,000 effective January 2018. However, evidence of deposits in the form of bank statements and letters of transfers for the 1st and 2nd quarterly installment

payments of US\$1,500,000 by MoFED to PD were not seen or submitted for audit, which is in contravention of this part of the agreement.

- We noted that the loan agreement insists that PD should transfer funds directly to the supplier instead of the CF, for onward payment by MoFED. However, evidence of receipt of funds by the supplier (SMART Co. Ltd.) was not submitted for audit.
- The original copy of the loan agreement signed between MoFED and PD was also not submitted for audit.

We recommended that the Accounting Manager should ensure the following:

- Approval from Parliament in support of the loan must be submitted for verification.
- The executive clearance from HE the President authorising and approving the loan of US\$3 million is submitted for verification.
- The original and true copy of the loan agreement, bank statements and deposit slips substantiating repayments made by MoFED in compliance with the loan agreement are submitted to the audit team for verification.
- The evidence of the receipt of the funds by SMART Co. Ltd. is submitted for verification; otherwise, the sum of US\$3 million should be refunded by the parties involved.

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

*The DG stated:*

- *"We note this finding and wish to inform you that a memo from the Minister of Finance to His Excellency the President requesting authorisation to enter into an interest-free loan with PD was submitted to the audit team.*
- In this said memo, His Excellency the President clearly gave his approval by even appending his signature to the memo. The memo is always available for inspection and clarification.*
- *We note this observation and subscribe that this provision of the agreement was indeed violated by MoFED.*
- *As rightly stated in your finding, the agreement clearly stated that payment be made directly to the supplier, and the supplier's bank account details were duly communicated to the PD by the Accountant General.*
- *We note this observation and wish to draw your attention to the fact that the transaction was captured on the bank statement and a swift copy of this was presented to you for audit inspection.*
- *The PD begs to differ on this finding as the PD's copy of the agreement was presented to the audit team for inspection. However, we will make it available again for inspection and clarification".*

### **Auditor's Comment**

No evidence was submitted to justify that our recommendation in respect of the loan granted to the Ministry of Finance and Economic Development was implemented. Therefore, the issue remains unresolved.

## **3.23. PRODUCE MONITORING BOARD - 2017**

### **3.23.1. Unreceipted Payments**

We observed that payments which amounted to Le272,569,200 were not supported with adequate documents such as invoice, receipts, recipients' signatory, tenancy agreement, and no approval of the transaction by an appropriate management personnel.

We recommended that the Accountant should provide the necessary supporting documents for audit review, and ensure that adequate supporting documents are maintained at all times for payments made.

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

The ED stated: “*To the best of our ability, we make sure that requests are well documented before payment is made. The accounts department has speedily addressed this. Steps have been taken to identify and ensure that all supporting documents are available and submitted to the auditors for verification*”.

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

Despite the fact that this issue was raised, management has still failed to provide us with supporting documents to the effect.

#### **3.23.2. Withholding Tax**

We observed that the 5.5% withholding taxes which amounted to Le9,067,302 were not deducted; some were deducted but not paid to the National Revenue Authority.

We recommended that the Accountant should ensure that the said sum is paid to the NRA and the receipt presented for verification.

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

The ED stated: “*The Accounts Department would address this. In most cases, the 5.5% withholding taxes are paid half-yearly or quarterly*”.

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

The Accounts Department did not provide us with evidence of payment made to the NRA. This issue remains unresolved.

#### **3.23.3. Follow up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in previous years. A summary of the status of these recommendations is given below:*

- *The filing system of the accounting records of the Produce Monitoring Board is somehow not in order. This has resulted in certain vouchers and other documents missing; which were not filed in their correct date order.*
- *We observed that there has been no Board meeting for the past two years.*
- *We observed that NASSIT and PAYE were not paid on time.*
- *We observed that some employees' files were not up to date. Some of the employees' pictures were not attached to their documents. And also, there were few staff whose documents did not match what we saw on their CV.*

### **3.24. NATIONAL INSURANCE COMPANY - 2017**

#### **3.24.1. Compliance with the Insurance Act, 2016**

Sections 39(1) and (2) of the Insurance Act of 2016 states that: ‘*No insurer shall allow credit on the premium payable on an annual policy*’ and ‘*the receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance*’. We however established that the Company recognised its revenue without having received premium from customers. This gives rise to receivables as at the year end.

We recommended that management should institute measures to ensure full compliance with the Insurance Act of 2016.

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

The MD stated: “Our system software is designed in such a way that a debit advice is generated as soon as new business is discussed and agreed. However, premiums are only recognised when payment in the form of cash, cheque or bank transfer is received. In some instances, the actual premium received may fall a little short of the debit note that might have been generated. In such instances, only the actual premium received is recognised as revenue. We will request our systems developers to work out a way by which these original debit notes can be revised to reflect the actual premium paid by the clients”.

#### **3.24.2. Property, Plant and Equipment**

The following were observed:

- We conducted a physical verification exercise of assets bought during the year to confirm the existence of assets and validity of the transactions. During the process, we observed that the assets are not labelled with unique identification codes.
- In order to confirm the accuracy of the amount reported for depreciation charged during the year, we re-computed and noted a difference as indicated below:

Details	Audit Computation (Le)	NIC Computation (Le)	Difference (Le)
Depreciation Charged	239,491,0777.83	209,095,68.91	14,313,804.92

The following were recommended:

- The assets should be coded, and fixed assets listings updated with these codes to assist in their identification.
- We advise that management should take prompt and necessary action to ensure that these anomalies are regularised.

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

The MD stated: “An overhaul of assets has been carried out and all assets have now been labelled with unique identification codes. We note the difference which might have been as a result of some omission or error as these computations are done manually”.

#### **3.24.3. Receivables**

During our review of receivables, debtors age analysis was requested but was not made available. We recommended that management must ensure that age analysis of receivables is done regularly to facilitate impairment review.

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

The MD stated: “Our system software does not generate receivables or payables. We normally have to request the system developers to generate these listings, which are later exported to Excel and sorted to provide age analysis. The request from the auditors had to go through this tedious process and by the time the analysis was ready, the audit field work had been concluded”.

#### **3.24.4. Review of the Internal Audit Unit**

We reviewed the internal controls, and assessed the impact of the Internal Audit on financial and operational controls, by assessing the coverage and timely implementation of the internal audit programmes. We observed that the internal audit programmes implemented during the year was far less than the Internal Audit work programmes designed for 2017.

We recommended that the Internal Audit Unit must ensure that the entire operations of the Company are covered so that the risk of management overriding of controls and non-compliance will not go undetected.

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

*The MD stated: "The Internal Audit Unit has developed an audit recommendation implementation plan to assist with the implementation status of all audit recommendations to ensure they are implemented in a timely manner".*

#### *Follow-up on Prior Years' Recommendations*

*During the audit exercise, we followed up on all recommendations made in prior years. We conducted physical verification of assets bought during the year to confirm the existence and validity of the transactions. During the process we observed that the assets had no identification codes to facilitate physical control and reduce the risk possibility of theft or conversion.*

### **3.25. NATIONAL COMMISSION FOR DEMOCRACY (NCD) - 2017**

#### **3.25.1. Authorisation Control**

We observed that the National Commission for Democracy's (NCD) payment authorisation requires the signatures of the Chairman and any one of the four commissioners only, even though none of them has finance expertise as our field engagement revealed. Further, we observed that only one commissioner (the Commissioner, Northern Region) was consistently used as the co-signatory to all the cheques issued during the year, irrespective of the fact that the Western Area Commissioner was the most easily accessible by proximity. Additionally, there was an office space created for Commissioner North specifically in the head office.

The following were recommended:

- At least one finance expert with audit background be appointed as commissioner with an oversight responsibility for administration and finance as this will ensure that management and the Board are well informed about technical ramifications of the approving payments.
- This is to prevent possible collusion and conspiracy, The commissioners should be rotated on a quarterly basis for signing cheques. Or, wherein a commissioner has been appointed with finance and audit background, and given an oversight responsibility for administration and finance, he becomes the main signatory with any other commissioner. The second commissioner who is not a finance expert should ideally be the one whose domain the expenditure relates to. This sort of approach to governance will undoubtedly ensure transparency, and therefore, a greater sense of responsibility.

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

*The Chairman in his response stated:*

- *"Before the death of our Executive Secretary in July 2016, the signatories to our bank accounts were the Chairman and the Executive Secretary, and in cases where one of them was absent, the Commissioner North*

*who is the most senior of all the four commissioners and who was based in Freetown as the Commission’s Project Focal Person and the person in charge of the Project Tracking Table Coordinating Team attached to State House came in. However, after the demise of our Executive Secretary, the Commission decided that the Chairman should be signing with the Commissioner North, since he is the most senior commissioner among the four of them, and above all, he is based in Freetown. We further agreed that in the absence of any one of them, the Commissioner West should come in. It was as a result of this development that a new signatory list was sent to the Bank of Sierra Leone with all the Commissioners as signatories, even though only one of them was based in the head office (Commissioner North). Just recently, when the Chairman was away on medical leave, the commissioners in the North and West were the sole signatories to our accounts. If one of them would have absented themselves unavoidably, either the Commissioner South or East would have been called upon to sign.*

- *In the case of the Commission having at least one appointee with financial and audit background at all times, the appointments are done by HE the President and not the Commission. He uses his wisdom to appoint people whom he feels are up to the tasks to handle governance and democratic issues in the country. For us, if those appointed do have finance and audit idea as an added advantage, then it will be fine for us. However, in the case wherein it is the other way round, we are left with no option but to work together for the good of the country. Let me hasten to note that even though our commissioners are having no idea in the areas of finance and audit as you stated, they do make sure that the necessary and relevant processes and procedures are followed before appending their signatures”.*

### **3.25.2. Segregation of Duties**

We observed that finance officers’ roles were clearly usurped within the Commission, even though the Finance Department is seriously understaffed. For example, the petty cash disbursements and custody is solely handled by the commissioners themselves and none of them is financially inclined.

The three finance officers who are deployed to the four regions are apparently severely underutilised even though they are been paid salary. A clear proof of the low status of these junior finance personnel is the fact that the Finance Manager had to accompany the auditors on their trip to the provinces even though this was not their first audit. It emerged during that site visit that the regional staff had very little vital information about the financial affairs of the Commission.

We recommended strongly that the finance officers be allowed to function according to their prescribed duties as per the Commission’s policy, and also according to the convention of best financial practices. For example, they should be in charge of petty cash operations at least.

#### ***Official’s Response***

*The Chairman stated: “It is true that petty cash should be handled by the finance assistants in the regions and not the commissioners. The Commission will take the necessary action and make sure that finance assistants handle petty cash and that all financial issues in the regions are handled by them.*

*With regards the recommendation for additional training for the Finance Manager, the Commission welcome such idea. In fact, training is something that we would like for all our finance staff”.*

### **3.25.3. Monitoring of Controls**

The NCD appears to have very good policies in the areas of Financial Reporting, Human Resources Management etc., according to their various policy documents in those areas. However, the conspicuous absence of an internal audit function is seen as one of the biggest gaps between the text

of those documents and what actually obtains within the Commission. This is a serious weakness because it has negative impacts.

We recommended that the Commission should recruit an Internal Auditor who will be charged with the responsibility of monitoring controls by auditing the application of those provisions in the various policy manuals. This will also ensure that the manuals are kept up-to-date.

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

*The Chairman stated: "The Commission welcomes the idea of having an Internal Auditor as this will help sanitise the Finance Department and the work of the Commission.*

*In the area of discrepancy in the registration of two vehicles and not three when the records of HR Department and that of the Finance Department were compared, the Commission has taken action on this and all necessary corrections have been made".*

### **3.26. NATIONAL COMMISSION FOR SOCIAL ACTION (NaCSA) THE SOCIAL SAFETY NET PROJECT - 2018**

#### **3.26.1. Posting Errors**

As per review, we noted that there were two postings that did not match the Bank Payment Instruction (BPI) reference numbers.

We recommended that the project management should strengthen controls over the posting of transactions into the cashbook in order to reduce errors as well as to improve the efficiency. This control can be placed through the frequent and thorough review of work to be posted.

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

*The Commissioner stated: "This was not a misclassification but a misnumbering of payment instruction as the expenditure in question were correctly charged".*

#### **3.26.2. Recording of Prior Years' Transactions into Current Year**

The reporting period of this Project starts from 1st January, 2018 and ends on 31st December, 2018. We however noted that transactions were posted that do not fall within this reporting period.

We recommended that all expenses incurred are recorded in their correct period and should not be included with transactions that do not fall within the period under review.

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

*The Commissioner stated: "The recommendation is noted and will be corrected and reflected in the 2019 Financial Statements".*

#### **3.26.3. Non-approval of Per Diem Allowance Forms**

During our review, we noted that some per diem allowance forms were signed and approved by management, whilst some forms were not signed by the appropriate personnel.

We recommended that management should implement a control whereby each per diem allowance form and its supporting documentation are manually reviewed and approved. Per diem allowances should be correctly prepared, supported by sufficient documentation, reviewed for completeness and accuracy and approved by the appropriate personnel.

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

The Commissioner stated: "We acknowledge the observation that per diem allowance forms were not approved, but there was approval for the activity which the per diem allowances were prepared by management with the World Bank 'No Objection'. This area will be improved upon".

#### **3.26.4. Expenditure on Non-Project Purpose (Ineligible expenditure)**

We noted that payment made in respect of participation in funeral services was included in the expenditure but did not relate to the Project or included in the budget.

Transaction Date	Transaction Reference	Description	Transaction Amount (US\$)
7th November, 2018	SSN 11/08	Being payment for fuel iro participation in funeral service for CBS, Kailahun	191.45

We recommended that the management of the Project should ensure that only expenditure that has been made for an approved or intended purpose of the Project, and included in the budget forms part of the expenditure. If the Project management considers that the objectives of the Project would be better served by making payment not within the budget, this should only be done with the prior written approval by the appropriate people.

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

The Commissioner stated: "The fuel was for staff to travel for the funeral of a former project staff (CBS Kailahun) who died in active service and the cost was charged under recurrent expenditure".

#### **3.26.5. Accounting Records not Maintained in the Prescribed Software Package**

During the time of our review, we noted that the Project had an accounting package (Sun System) which had been installed to facilitate the application of the financial and accounting records. However, the Finance Unit could not generate report which rendered the system unusable. As a result, the accounting records were maintained in an ordinary spread sheets with linking cells.

We recommended that the Project management should consult with IT experts to resolve the issues with the accounting software. Training regarding changes in the software should be carried out and the stated accounting package be implemented.

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

The Commissioner stated: "Accounting data is maintained in Sun System, but had difficulty in generating report due to the configuration problem. The issue is currently being looked into by management.

### **3.27. UNIVERSITY OF SIERRA LEONE UNIVERSITY OF SIERRA LEONE SECRETARIAT - 2016**

#### **3.27.1. Accounting System**

We observed that Microsoft Excel system was in use up to the time of audit, therefore no useful accounting software package was installed. As a result of this, account ledgers were not available for both the income and expenditure totals, and also for the balance sheet account balances.

We recommended that a proper accounting system be put in place, preferably SAGE accounting software and adequate training be conducted for staff in the Accounts Department on the operations of the proposed system.

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

The VC stated: "The University of Sierra Leone operates a Microsoft Excel system to manage our finances, but currently we have installed an accounting software (SAGE) which will address all the issues raised".

#### **3.27.2. Account Balances that have no Movement During the Year**

We observed that for the following account balances, no movement took place since the last financial year, some of these balances had been in the books for so long without movements. Documentation were not provided for verification.

- Excess deficit for the year – Le8,374,752,833
- Revaluation reserve - Le4,120,443,000
- Provision for accounting fees - Le20,625,000
- Control accounts – Le1,283,697,625
- Superannuation – Le4,529,850
- Debtors – (Le83,257,777.31)
- Standard Bank London – Le299,526,550
- NIC housing – Le222,394
- NIC car loan – Le122,454

We recommended that the University Secretariat put in place corrective measures to address the above anomalies affecting the financial statements, as they are not reflecting the true position of the University. The necessary journals should be passed to either reverse or take them off the records.

### ***Official's response***

The VC stated: "We note your observations and management is taking action to investigate and where necessary take actions to correct non-moveable figures in the account".

#### **3.27.3. Debtors and Prepayments**

The following observations were noted in respect of debtors:

- Delphe projects: Le 193,170,780 - Documents were not provided for verification.
- Debtors balance: Le 84,583,527 - Negative since last year and no movement in the figures.
- Imprest balance: Le188,158,025- Documents were not provided for verification.
- Staff loan: Le 677,483,403- Documents were not provided for verification.
- ACAS project loan: Le 3,167,000- Documents were not provided for verification.
- Suspense balance included with the debtor's figure: Le5,380,257,492 - No documents provided for verification.

We recommended that all relevant supporting documents in respect of these account balances be made available for audit inspection and verification.

### ***Official's response***

The VC stated: "The Delphe projects account documents are available and can be verified at any time. The debtors balance of Le84, 583,527 has been in the account for a very long time. Management is investigating the issue and will take necessary action to correct it. The imprest balance and staff loans have built up over time and management is investigating the issues and will take necessary actions to correct them. Document is available for the ACAS Project loan which can be verified. The suspense balance was a long standing issue wherein the accounts were not audited for 10

*years, this created a situation in which documents were missing and that led to a huge suspense figure. Management will investigate and take corrective actions".*

### **3.27.4. Cash and Bank Balances**

The following observations were noted in respect of cash and bank balances for the year ended 31st December, 2016:

#### *Sierra Leone Commercial Bank - Current Account*

- The cashbook ledger had not been maintained properly as there were separate cashbooks; one for income and one for expenditure, it was difficult to trace the opening and closing balances.
- The bank reconciliations were prepared for the year, but it had so many issues that are affecting the balances as at the year end. Some of the issues were highlighted below:
  - ❖ The Finance Director reviewed the reconciliation but they were not dated.
  - ❖ February 2016 reconciliation – cashbook balance is not correct and it does not correspond with the opening balance for March, 2016.
  - ❖ Debits in bank statements not in cashbook – Unable to trace the figures to the bank statement as most of these figures are dated as far back as 2014 and 2015, whilst others were without dates.
  - ❖ Credit in bank statements not in cashbook – Transactions since 2013 to 2015 still appearing on the reconciliations up to the year ended 31st December, 2016.
  - ❖ Debits in cashbook not on bank statements (cheques not presented) – Transactions since 2014 and 2015 still appearing on the reconciliations.
  - ❖ Credits in cashbook not on bank statements (cheques not credited) – Transactions appearing on the reconciliations after six months.

#### *Sierra Leone Commercial Bank – Savings Account*

- The cashbooks are separated for both income and expenditure.
- The bank reconciliation has so many issues given below:
  - ❖ Credit in bank statements not in cashbook – transactions since 2011 still appearing on the reconciliations up to December, 2016.
  - ❖ Debits in bank statements not in cashbook since February, 2015 still appearing on the reconciliations up to December, 2016.
  - ❖ Debit in cashbook not on bank statements since 2011 still appearing on the reconciliations up to December, 2016.
  - ❖ The bank reconciliations were not reviewed as evidence to that effect was not seen.

#### *Zenith Bank*

- The cashbook - cashbooks are separated between income and expenditure.
- Unable to verify opening and closing balances monthly.
- Cheques not presented– transactions since January, 2015 still appearing on the reconciliations.
- Debits in cashbook not in bank statements (cheques not credited) – transactions since January, 2014 up to 2015 still appearing on the reconciliations.
- Credits in bank statements not in cashbook (direct credits) – transactions from November 2013, 2014 and 2015 still appearing on the reconciliations for 2016.

#### *Standard Bank London*

This balance (Le299,526,550) has been in the account for so long now and no documentation were provided for verification.

#### *Funds Transfer*

Funds transfer (Le499,449,960), - this figure is deducted from the bank balance, we cannot ascertain the reasons.

We therefore recommended that monthly bank reconciliations be done and reviewed properly on time to identify and follow-up on all reconciling items as they fall due. Management's decision has to be taken to clear all outstanding issues affecting the bank reconciliation statements and therefore the bank balance.

#### ***Official's response***

The VC stated: "Some of the issues raised have been addressed, whilst the ones relating to the balances not reconciled since 2011 to 2016, will be investigated and corrective actions will be taken".

#### **3.27.5. Unsupported Payments**

Supporting documents were not provided for the following accounts which are stated in the financial statements. As a result, we were unable to verify the figures.

- College loan – IPAM – Le7,502,000,000
- College loan – FBC – Le1,000,000,000
- Ex-gratia payments – Le5,558,117,292.17
- Contract gratuities – Le1,039,054,270.69
- Leave allowances – Le9,661,065,678.73
- Imprest – Le188,158,025
- Funds transfer – Le499,449,960
- Admission – Le161,137,700
- Investment certificates – Le56,650,000
- Miscellaneous income – Le95,607,917

We recommended that the USL Secretariat should make available all necessary supporting documentation in respect of the above transactions for audit inspection and verification.

### **3.28. FOURAH BAY COLLEGE (FBC) - 2015**

#### **3.28.1. Income**

During our review process of income, the following observations were made:

- Poor filing system of source documents, such as receipts and bank pay-in slips were put together with rubber bands in a big cartoon without any label.
- Furthermore, no supporting documents were found to substantiate the total amount of Le237,896,500.00 for miscellaneous income.
- Incorrect treatment of account ledger entries. For instance, income should maintain a credit balance in the trial balance, but we observed that a named consultancy fee (income) with a total of Le12,650,000.00 was posted into the debit side of the trial balance.

We recommended that the necessary actions should be taken by management to resolve and correct all these issues raised above before the next audit period.

***Official's Response***

*The VC stated: "As you are aware, renovation was on-going at the time of audit. However, action has been taken to correct some of the issues raised, we will make sure your recommendation is noted and necessary action will be taken.*

**Auditor's comment**

No evidence was seen to back up management's response. The situation was still the same in the following year.

**3.28.2. Expenditure**

**3.28.3. Payroll Expense – Unsupported Payments**

No payment vouchers were seen in the file in relation to payment of senior and junior staff for the period under review, and no supporting documents seen to trace these amounts.

Accounts	Amounts (Le)	Comments
Senior support staff	2,839,813,904.00	No payroll schedule seen
Junior support staff	2,827,580,592.00	Payroll schedule seen
<b>Total</b>	<b>5,667,394,496.00</b>	

**3.28.4. NASSIT Payments Not Posted into the System for the Period**

We observed that payment made as NASSIT contribution, amounting to Le622,874,754.20 were not posted into the system for the period.

We recommended that the necessary action should be taken by management to resolve and correct all these issues raised above before going forward to the next audit period.

***Official's Response***

*The VC stated: "Corrections have been done on some of the issues raised, the corrected trial balance has been forwarded".*

**3.28.5. Investments Schedules and Certificates Not Provided**

During our review process on investments, we observed that no adequate supporting documents were made available to the audit team during the field work.

No investment certificates were provided to substantiate the amounts stated on the trial balance for the year ended 31st December, 2015. Therefore, this limited our scope of work during the time of the audit. See the table below for details and analysis:

Account Code	Account Name	Amounts (Le)
122 (Treasury Bearer Bonds)	Investments	47,705,354.18
124 (FDHL)	Investments	49,100,000.00
126 (HSBC)	Investments	1,744,619,000.00
127 (CDH)	Investments	1,276,145,530.10
		<b>3,117,569,884.28</b>

We recommended that all supporting documents that relate to investments should be made available during the next audit period.

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

The VC stated: "Banks no longer give certificate for investment, it is shown on the bank statements".

### **Auditor's comment**

No evidence was seen to back up management's response. Therefore, this issue remains unresolved.

#### **3.28.6. Unsupported Payments for Trade Receivables**

During our review process on trade receivables, we observed that no adequate supporting documents were made available to the audit team during the field work. No listing or schedules were provided to substantiate the amounts stated on the trial balance as trade receivables for the year ended 31st December, 2016. However, some work was done on trade receivables during the audit field work. See the table below for details and analysis:

<b>Account Codes</b>	<b>Account Name</b>	<b>Amounts Le</b>	<b>Audit Comments</b>
141 (Rec -SL Grant-In-Aid)	Trade Receivables	669,127,069.00	No schedule and supporting documents seen
142 (Rec -Private Student)	Trade Receivables	9,569,288,511.93	No schedule and supporting documents seen
143 (Rec -Ministry of Education)	Trade Receivables	6,221,674,381.00	No schedule and supporting documents seen
144 (Rec -Sundry Customers)	Trade Receivables	1,241,580,659.05	No schedule and supporting documents seen
145 (Rec -Sterling)	Trade Receivables	1,420,000.00	No schedule and supporting documents seen
147 (Rec -Euro Account)	Trade Receivables	1,133,000.00	No schedule and supporting documents seen
148 (Rec -Debtors Control)	Trade Receivables	222,176,261.10	No schedule and supporting documents seen
149 (Rec - Loan)	Trade Receivables	2,509,208,486.50	No schedule and supporting documents seen
	<b>Total Le</b>	<b>20,435,608,368.58</b>	

We recommended that with immediate effect, management needs to provide the necessary supporting documents and schedules for these transactions listed above for the auditors to perform their work.

### ***Official's response***

The VC stated: "Supporting documents were found and are awaiting further inspections".

### **Auditor's Comment**

No evidence was seen to back up management's response. Therefore, this issue remains unresolved.

#### **3.28.7. Bank Reconciliation was Done but not Correct for Bank Accounts Maintained by the College for the Period**

During the course of our audit, the following observations were made:

- The bank reconciliation statements sighted for the SLCB was not correct, because in the reconciliation, reconciling items from 2010 to date form part of the current year reconciliation.
- No schedules were seen for cheques not presented, and credit items stated on the bank statements for the reconciliation.
- Some of the bank statements were not made available to the auditors during the audit.

We recommended that management should ensure that all bank accounts maintained by the College should be reconciled to date, and all other supporting documents such as the correct cashbook, bank statements and schedules for items not presented and credited must be made available for verification by management.

### ***Official's response***

*The VC stated: "All reconciliations have been done".*

### **Auditor's comment**

No evidence was seen to back up management's response. Therefore, this issue remains unresolved.

#### **3.29. FOURAH BAY COLLEGE (FBC) - 2016**

##### **3.29.1. Income with Debit Balances**

During our review of the trial balance, we observed income with debit balances of Le3,112,000.

The following were recommended:

- With immediate effect, all income received during the period that are debited should be reversed and posted correctly to their various accounting codes as stated in the trial balance.
- Management needs to provide proper oversight and review of the postings by the staff. Further training should be provided for the finance staff in the area of posting financial records into the Sage accounting package used to generate their financial reports.

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

*The VC stated: "The necessary action has been taken. Corrections and necessary reversal have been also done".*

##### **3.29.2. No Expenditure Ledger Seen for Students Orientation Expenses**

During the review of expenditure, we observed that payments were made for the students' orientation expenses; however, they were not posted into the Sage accounting software for the whole period under review.

We recommended that orientation expenses incurred during the period should be captured and posted into the system with immediate effect to correct the financial statement.

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

*The VC stated: "Noted, action has been taken to include orientation into the chat of accounts"*

#### **3.29.3. Unreceipted Payments**

During our review, we observed that payments totalling Le240,403,540.00 were without adequate supporting documents such as receipts that were attached to the payment vouchers.

We recommended that adequate supporting documentation should be maintained and made available to the auditors for every financial transaction undertaken by the FBC and copies should be kept in the file for easy retrieval.

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

*The VC stated: "Noted, however, the recipients are neither companies, partnership, nor formal institutions. All cheques issued, their vouchers are signed by the individuals as receipts. Individual receipt cannot be sorted out for these transactions".*

#### **3.29.4. Unsupported Payments for Staff Training**

During our review of expenses on transactions, we noted that no supporting documents were seen for payments totalling Le997,630,250.00 for staff training and development for the whole ledger presented to the audit team.

We recommended that adequate supporting documentation should be maintained and made available to the auditors for every financial transaction undertaken by the FBC and copies should be kept in the file for easy retrieval.

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

*The VC stated: "All transactions in question have been sorted out and necessary action was taken in correcting the errors of miss-postings. However, there are still few we are working towards correcting."*

#### **3.29.5. Unsupported Payments for Miscellaneous Expense**

During our review of expenses on transactions, we noted that no supporting documents were seen for payments totalling Le249,128,500.00 for miscellaneous expenses.

We recommended that adequate supporting documentation should be available for these expenses in order to be posted to their correct expenditure lines to clear the miscellaneous expense on the trial balance.

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

*The VC stated: "Efforts are on-going to make available the supporting documents and to ensure they are properly filled".*

#### **3.29.6. Incorrect Posting of NASSIT Expenses**

During our review of payroll expenses, we observed that NASSIT expenses have been posted incorrectly because of miss-posting of the amount to the liability code on the trial balance. As a result of this, the total amount (Le 34,710,365) stated on the trial balance for NASSIT expenses is not correct.

We recommended that the college management should put structures in place to organise a training programme for their staff in the Finance Department. This training should focus on the area of double entries and the manner in which these staff could be able to post transactions correctly into the Sage Accounting System which is used by the College to produce their reports.

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

*The VC stated: "The necessary action has been taken to correct these errors".*

#### **3.29.7. Expenses Ledgers for PAYE and Withholding Tax not submitted**

During our review of payroll expenses, we observed that no ledgers or listings were seen for PAYE, and withholding tax expenses and they are not stated on the trial balance given to the audit team during the audit. This implies that transactions undertaken for these expenditures were not included into the financial statements presented to us.

We recommended that with immediate effect, management should make sure that all these abnormalities are corrected so that we may be able to form an opinion on their audited financial statements which is prepared for the year ended 31st December, 2016.

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

*The VC stated: "The gross salaries were posted. However, since PAYE and Employee's NASSIT contributions are part of the gross salaries, it was deemed that it would be double postings. Action will be taken to separate them in future".*

#### **3.29.8. Senior and Junior Staff Salaries not Posted Correctly**

During our review of payroll expenses, we observed that the ledgers given to us for salaries for senior and junior staff, the amounts posted to the ledgers are not correct. We were able to sight these differences due to our analytical risk assessment performed by comparing previous year figures to the current year amounts. See the table below for detailed analysis:

Account Codes	Dates	Details	Amounts Le	Amount Le 2017	Audit Differences
502/50/5	31/12/2016	Salaries -Senior Support Staff	834,519,340.00	2,839,813,904.00	(2,005,294,564.00)
503/50/5	31/12/2016	Salaries -Junior Support Staff	915,194,417.00	2,827,590,592.00	(1,912,396,175.00)
<b>Total Le</b>			<b>1,749,713,757.00</b>	<b>5,667,404,496.00</b>	<b>(3,917,690,739.00)</b>

We recommended that with immediate effect, management should make sure that all the abnormalities are corrected so that we may be able to form an opinion on their audited financial statements which is prepared for the year ended 31st December, 2016.

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

*The VC stated: "Noted, action has been taken to correct this situation".*

#### **3.29.9. Unsupported Payments for Inventories for the Period**

During our review of inventories, we were not provided with supporting documents and schedules, totalling Le376,683,864.00 for selected inventory ledgers stated on the trial balance. These items were not written off during the year to the income statement upon usage.

We recommended that with immediate effect, action is taken to write off these stocks to the income statement.

***Official's Response***

*The VC stated: "The necessary action has been taken to correct these".*

**3.29.10. Inventories with Credit Balance Seen on the Trial Balance**

During our review of inventories, we observed that some inventories balances stated on the trial balance for the period were seen on the credit side instead of being on the debit side of the trial balance. See the table below for detailed analysis:

Account Codes	Dates	Details	Amounts (Le)	Observations
133/13/1	31st December, 2016	Inventories – Medical	16,421,960.00	Posted as liability
135/13/1	31st December, 2016	Inventories - Cleaning materials	14,806,443.00	Posted as liability
136/13/1	31st December, 2016	Inventories - Uniforms and rain gears	1,025,000.00	Posted as liability
137/13/1	31st December, 2016	Inventories –Other	251,703,241.00	Posted as liability
138/13/1	31st December, 2016	Inventories - Stationery and printing	11,621,290.00	Posted as liability
<b>Total</b>			<b>295,577,934.00</b>	

We recommended that with immediate effect, management should re-classify items for stocks or inventory transactions stated on the trial balance on the credit side, and should be reversed and posted correctly.

***Official's Response***

*The VC stated: "Corrective measures are been taken to reclassify these items".*

**3.29.11. Unsupported Payments for Trade Receivables**

During our review process on trade receivables, we observed that no supporting documents were sighted or made available to the audit team for a total of Le4,422,960,227. No listing or schedules were provided to substantiate the amounts stated on the trial balance as trade receivables for the year ended 31<sup>st</sup> December, 2016. However, no trade receivables work was done during the audit.

We recommended that with immediate effect, management should provide the necessary supporting documents and schedules for these transactions listed above for the auditors to perform their work.

***Official's Response***

*The VC stated: "The Registry and other department involved have been asked to come up with the supporting documents including pass list".*

### **3.29.12. CDH –Investments Prior Year Closing Balances Not Brought Forward to the Current Year**

During the course of the audit, we observed that the closing balances of the prior year audited accounts (31st December 2015) were not brought forward to the current year. The table below highlights areas of major differences in accounts and their balances:

Dates	Details	Previous Year Amount (Le)	Current Year Amount (Le)	Audit Difference (Le)
31st December, 2016	CDH -Investments	79,046,000.00	1,276,145,530.10	1,197,099,530.10)
		<b>79,046,000.00</b>	<b>1,276,145,530.10</b>	<b>(1,197,099,530.10)</b>

We recommended that the opening balance for CDH account for the current year must be consistent with closing balance of the prior year, as stated in the audited financial statements. This needs to be reinstated immediately.

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

*The VC stated: "This has been corrected".*

### **3.29.13.No Bank Reconciliation was Done for Bank Accounts Maintained by the College for the Year**

During the course of our audit, the following observations were made:

- The bank reconciliation statements sighted for the SLCB was not correct.
- No schedules were seen for cheques not presented and credit items stated on the bank statements for the reconciliation.
- No bank statement was sighted for the bank accounts maintained by the College for the period under review.

We recommended that management must ensure that all bank accounts maintained by the College should be reconciled to date and all other supporting documents such as the correct cashbook, bank statements and schedules for items not presented and credited must be made available by management for audit verification.

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

*The VC stated: "Bank reconciliations were all done, see some copies attached".*

## **3.30. INSTITUTE OF PUBLIC ADMINISTRATION AND MANAGEMENT (IPAM)-USL- 2015**

### **3.30.1. Income**

During our audit at the Institute of Public Administration and Management (IPAM) for the period under review, the following findings were identified.

- We could not confirm the income received for the year as no class list of registered students was made available to us for the year under review. This list was needed to reconcile with the bank accounts, fees paid by students and to establish debtors.
- No bank statements were made available to verify the student fees paid at the bank for the period.

- We were also unable to reconcile the income stated in the trial balance for academic fees and support grants to their respective source documents during the time of the audit.
- Most of the bank pay-in slips sighted for income were difficult to match with their respective receipts presented to the auditors during the audit.

We recommended that an up-to-date categorised registered student list must be established on a semester basis and should be at the start of every semester. This must be categorised by faculty and also based on the type of student; current year of student, repeaters, re-joiners etc. We further recommended that incomes received which are stated in the trial balance should be supported by the required documentation to show the actual amount in the financial statements for the period under review.

#### ***Official's response***

*The VC stated: that they had been able to put together class lists and pay-in slips, which were ready for verification.*

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

Upon verification, these lists were still not available to validate the integrity of the above assertion.

#### **3.30.2. Unreceipted Payments**

During our audit, we observed payments made in respect of security services, totalling Le53,440,000 had no receipts.

#### **3.30.3. Repair and Maintenance of Premises Expenses - 5028**

During our audit, we observed that the following payments made in respect of repairs and maintenance had no receipts attached to the other supporting documents sighted for the following transactions:

Date	Details	Code	Cheque Number	Amount (Le)
9th March, 2015	Repair of window glass	5028	2468945	1,160,000.00
4th May, 2015	Repair of premises	5028	2469295	9,895,750.00
7th July, 2015	Repair of premises	5028	2609794	3,450,000.00
	<b>Total</b>			<b>14, 505,750</b>

#### **3.30.4. Stationery Supplies - 5040**

During our audit, we observed that the following payments made in respect of stationery supplies had no receipts attached to the other supporting documents sighted for the following transactions:

Date	Details	Code	Cheque Number	Amount (Le)
9th February, 2015	Stationery items	5040	24688929	1,552,000.00
31st March, 2015	Stationery items	5040	2469004	7,259,950.00
31st March, 2015	Stationery items	5040	2469080	7,360,000.00
31st March, 2015	Stationery items	5040	2469081	160,000.00
31st December, 2015	Stationery items	5040	2608177	21,841,950.00
31st December, 2015	Stationery items	5040	2608210	4,600,000
			<b>Total</b>	<b>42,773,900.00</b>

We recommended that they secure receipts and attach them to the transaction documentation. We further recommended that all payments made to suppliers by the Finance Office of the College should be evidenced by receipts from suppliers, and be attached to other related supporting documents before filling.

#### ***Official's response***

The VC state: "The management of IPAM has been able to put together some of the above documents claimed to be missing".

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

This assertion was not found to be true upon verification and the specific receipts referred to were not made available.

#### **3.30.5. Expenses with Credit Balances**

During our audit, we noticed that the following expense transactions in the trial balance have credit balances, which implies that the expenditure have been misstated in the financial statements for the period. See table below:

Name	Code	Amounts (Le)
Staff costs USL	5002	264,000.00
Legal fees	5063	7,385,000.00
Leave allowances	5081	321,313,669.00
<b>Total</b>		<b>328,962,669.00</b>

We recommended that the following payments with credit balances should be reversed and corrected to show the true and fair view of the financial statements for the period.

#### ***Official's response***

The VC state: "IPAM's management has carefully looked at these transactions and has agreed to correct them".

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

The correction was still not done at the time of the verification. Therefore, this issue remains unresolved.

#### **3.30.6. Payables**

During the audit, we observed that the following payable transactions in the trial balance have debit balances, which implies that the payables have been misstated in the financial statements for the period. See table below:

Name	Code	Amounts (Le)
NASSIT – payables	2007	292,224,118.00
Utility – payables	2010	740,965,000.00
PAYE – payables	2011	1,136,548,410.38
Account - payables main	2200	454,082,802.44
<b>Total</b>		<b>2,623,820,330.82</b>

However, no supporting documents were made available for payables stated in the trial balance for the period. No schedule was also made available for payables to confirm the payments made during the year, and the balances in the financial statements for the period.

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

*Management has agreed to reverse the wrong postings.*

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

No such reversal has been done at the time of this verification.

#### **3.30.7. Receivables**

The following observations were noted for receivables:

- During the audit, we observed that the following receivable transactions in the trial balance, totalling Le4,039,018,963.40 have credit balances, which implies that the receivables have been grossly misstated in the financial statements for the period.
- No supporting documents were made available for receivables stated in the trial balance for the period.
- No schedule was made available for receivables to confirm the payment made during the year, and the balances that remain which are in the financial statements for the period.

We recommended that the following receivables with credit balances should be reversed and corrected to show the true and fair view of the financial statements for the period.

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

*The VC stated: "As recommended, appropriate reversals will be done".*

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

No such reversals were done as at the time of verification.

#### **3.30.8. No Fixed Assets Register**

Primarily, the absence of a non-current assets register implies that we are unable to express an opinion on the values reported for non-current assets. For the sake of completion however, we attempted to recalculate depreciation charge and our findings are found below.

We recommended that a non-current assets register be set up and updated regularly. Such updates must be reviewed by a senior finance personnel to confirm controls and authorisation, and that depreciation charges are done properly and correctly.

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

*The VC stated: "The setting up of a non-current asset register is in progress".*

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

There was no non-current assets register available at the time of verification.

#### **3.30.9. Poor Filling of Supporting Documents**

During our review, we observed that important supporting documents were not properly filed in the Finance Office of the College. It was recommended that the College should institute a proper filling

system within the Accounts Section, which would allow easy access to and retrieval of important supporting documents. We recommended that a short training programme be conducted in the area of filing by the College management.

***Official's Response***

*The VC stated: "As it is now, all our documents are properly filed".*

**Auditor's Comment**

Upon verification, no evidence of proper filing was found, and the above assertion is therefore not true. Therefore, this issue remains unresolved.

**3.31. INSTITUTE OF PUBLIC ADMINISTRATION AND MANAGEMENT (IPAM) - USL - 2016**

**3.31.1. No Fixed Assets Register**

Primarily, the absence of a non-current assets register implies that we are unable to express an opinion on the values reported for non-current assets. For the sake of completion however, we attempted to recalculate depreciation charge and our findings are found below.

We recommended that a non-current assets register be set up and updated regularly. Such updates must be reviewed by a senior finance personnel to confirm authorisation control, and depreciation charges should be done properly and correctly.

***Official's Response***

*The VC stated: "We are currently working on the fixed assets register".*

**Auditor's Comment**

No fixed assets register was made available even during the verification period, regardless of the promise made by the College to do so. Therefore, this issue remains unresolved.

**3.31.2. Difference in Depreciation Charge**

During the course of our audit, we observed that land and buildings were joined together and depreciation is charged on them at 2%. This goes against the accounting manual of the College which states that land should be a stand-alone asset, and no depreciation should be charged on it. There was also no depreciation charged on vehicles for the year under review. Recalculation of depreciation was done and we noticed that charges were understated by a significant figure of Le831,234,855.38.

We recommended that a non-current assets register be set up and updated regularly. Such updates must be reviewed by a senior finance personnel to confirm that authorisation control is working, and that depreciation charges are done properly and accurately.

***Official's Response***

*The VC stated: "Your suggested remedial consideration will be followed up in due course".*

**Auditor's Comment**

As at the date of verification, no action has been taken to fix this problem, and the depreciation charges will need to be updated anytime the assets register is prepared.

### **3.31.3. Receivables & Payables**

During our audit, ledgers for both receivables and payables were not made available. We recommended that ledgers are kept in order to show that these transactions occurred and reflect the figures stated in the financial statements.

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

*The VC stated: "Payables and receivables for the said period are now available".*

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

These ledgers have still not been provided at the time of verification. Therefore, the issue remains unresolved.

### **3.31.4. Payroll**

During our audit, documents relating to payroll computations were not made available. We recommended that schedules and documentation with respect to these ledgers are prepared, reconciled and kept in order to show that these transactions occurred and reflect the figures stated in the financial statements.

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

*The VC stated: "Payroll documents for the said period are now available".*

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

No such documents have been made available at the time of verification. Therefore, this issue remains unresolved.

### **3.31.5. Lack of Supporting Documents**

During our audit, it came to our notice that receipts were missing for the following transactions relating to the NRA and NASSIT and in some cases the transactions were not seen in the ledgers provided as listed below:

Date	Payment Voucher Number	Organisation	Observation	Amount (Le)
26th May, 2016	PV 005624	NASSIT	No receipt	11,149,745.00
23rd March, 2016	PV 015308	NRA	No receipt	24,866,577.00
<b>Total</b>				<b>36,016,322.00</b>

We therefore recommended that secured receipts should be attached to transaction documentation.

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

*The VC stated: "All these receipts are available".*

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

Receipts are still unavailable for verification.

### **3.31.6. No Accounting Standard Applied**

We observed that the financial statements not prepared without professional accounting standard. We recommended that the University must employ finance personnel who are sufficiently and properly trained, qualified and experienced; as this will guarantee full compliance with IAS and GAAP.

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

*The VC stated: "This is noted with concern".*

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

No action has been taken to rectify this problem.

### **3.31.7. Research and Development Cost**

Another key observation we made was that the financial statements did not report on research and development cost which should be the hallmark of the college, especially where research is the cornerstone of academia. We recommended that the college should employ trained, qualified and experienced finance personnel to prepare their financial statements and meet the overall reporting requirements.

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

*The VC stated: "Noted".*

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

No action has been taken to fix this problem, and the college continues to suffer from severe capacity problem in this area.

### **3.31.8. Income**

We could not confirm the income received for the year, as no class list of registered students was made available for the year under review. This list was needed to reconcile with the bank accounts for fees paid by students and to establish debtors. We recommended that an up-to-date categorised and registered students list must be established on semester basis, and should be done at the start of every semester. This must be categorised by faculty, and also based on the status of student, i.e., continuing students, repeaters, re-joiners etc.

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

*No management comments on this issue.*

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

No satisfactory action has been taken on this matter and the required lists are still pending. Therefore this issue is unresolved.

### **3.31.9. Bank Reconciliation**

We were only provided with an incomplete bank statement from the Sierra Leone Commercial Bank, and no bank reconciliation for all the other banks. We recommended that reconciliation on bank statements should be done and reviewed monthly in order to maintain an up-to-date movement in bank transactions.

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

The VC stated: "We referred this matter to the former Senior Assistant Finance Officer (SAFO) and he promised to work on them".

### **Auditor's Comment**

Nothing has been done to fix this problem, and IPAM has still not commenced bank reconciliations. Therefore, this issue remains unresolved.

## **3.32. COLLEGE OF MEDICINE AND ALLIED HEALTH SCIENCES (COMAHS - USL) – 2015 AND 2016**

### **3.32.1. Wrong Treatment Method of Stock and no Documentation Seen for the Balances Stated on the Trial Balance**

We observed that the stock value has been constant over the past years. During the verification, we requested for the undermentioned documents from the Storekeeper to review inventories, but the documents were not made available.

- End-of-year stock take report
- Inventory records
- Samples of stock bin cards
- Stock valuation method used to value stock figures in the account

We recommended that these stock values be written down to reflect stock held to date. At the end of the year, there should be a physical stock take, and that the process should be witnessed and certified by independent persons.

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

**Bin Cards not in Use** -The VC stated; "Management accepts your recommendation, and will put measures in place to ensure that bin cards are used in the store.

**No Physical Stock Take** - *Physical stock take was not done for the period under review because there were no stock available in the store at that time. Nevertheless, management takes note of your recommendation and will ensure that periodic stocktaking is done as long as there are items in the store*".

### **Auditor's Comment**

As stated in the management's response, the situation is still the same. There was no evidence of during the post audit verification. Therefore, this issue remains unresolved.

### **3.32.2. Staff Training not Done during the Periods Under Review**

During the audit, we observed that staff within the Finance Department lacked adequate knowledge in the use of Microsoft Excel spreadsheet, or any accounting software package which is used by the College to generate their financial reports. No adequate training programme was organised for staff in the Finance Department during the years, for them to improve their knowledge and efficiency on the job.

We recommended that appropriate training be conducted for staff of the Finance Department in order to improve their capacity and make them more effective in performing their duties.

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

*The VC stated: "Management will take action on your recommendation by implementing a training programme for mostly accounting staff who are employed by the College to make their work easier and efficient".*

### **Auditor's Comment**

According to the Finance Assistant, a training programme was organised for staff in the Finance Department, but no such evidence or supporting documents relating to the training was provided during the post audit verification.

#### **3.32.3. The Finance and Accounting Manual not Updated**

During our review, we observed that the Finance and Accounting Manual used by the College was not up-to-date to be responsive to the relevant IASs or IFRSs which the College must apply.

We recommended that management should take immediate action to ensure that the Finance and Accounting Manual of the College is updated.

### ***Official's response***

*The VC stated: "The Finance and Accounting Manual of the University has been reviewed and is yet to be implemented".*

### **Auditor's Comment**

Contrary to the above assertion in the management's response, no draft copy of the reviewed Finance and Accounting Manual was made available to the auditors during verification. Therefore, this issue remains unresolved.

#### **3.32.4. Outstanding Loan Receivable to the University of Sierra Leone**

During our review, we observed that loans which amounted to Le1.024 billion was given to the University of Sierra Leone (USL). This was classified as receivable. It has been outstanding for over two years. Items should only be classified under receivable if they will be recovered within one year of the reporting date. No records were made available to us. The procedures followed are not documented, and this might lead to inconsistencies in reporting.

We recommended that management should take immediate action to ensure such intra constituency loans are adequately documented with specific timelines for repayment.

### ***Official's response***

*The VC stated: "Management has agreed to your recommendation and immediate action will be taken before the next audit".*

### **Auditor's Comment**

The situation for long outstanding loan receivables from the USL is still the same as stated in the auditors' observation above. Therefore, the issue remains unresolved.

### **3.33. NATIONAL COUNCIL FOR TECHNICAL VOCATIONAL AND OTHER ACADEMIC AWARDS (NCTVA) - 2015**

#### **3.33.1. Period of Audit**

The financial statements were not audited within the timeframe required for subvented institutions as stated in section 119(2) of the Constitution of Sierra Leone and the provisions in the NCTVA Act of

2001. The presentation of the 2015 Financial Statements for audit in 2017 is not in line with the relevant legislation of Sierra Leone which states that such audits must be conducted three months after the end of the period to which they refer.

We recommended that action be taken in future to respect the provisions of the relevant legislation. We also recommended that management should ensure that steps are taken to secure all supporting documents relevant to the audit, attach them to the payment vouchers and retain them for audit purposes.

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

*The Director stated: "Since 2012, the Council has been relying wholly on internally generated revenue. The sudden 100% reliance on internally generated revenue certainly destabilised the Council Secretariat financially and operation wise and the emerging dynamics may have contributed to our late submission of the financial statements. However, the Council will ensure that steps are taken for future financial statements to be submitted on timely basis".*

#### **3.33.2. Statutory Deductions of Withholding Tax**

We observed that the NCTVA did not deduct which amounted to Le10,844,850, and paid to the NRA.

We recommended that NCTVA should take appropriate measures to rectify this lapse. The withholding taxes which should have been deducted for the period, should be retrieved from the contractors in question, and paid to the NRA.

All payments to suppliers above the threshold Le500,000 automatically attract 5% withholding tax

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

*The Director stated: "The dynamics generated as a result of the sudden drop of the subvention in 2012 have led to the inadvertent action of us not complying with the withholding tax regulation. However, management would ensure effective monitoring to prevent the contravention of section 129 of the Income Tax Act of 2000".*

#### **3.33.3. Supporting Documents**

We observed that payments amounting to Le99,432,000 were without adequate supporting documents such as, pro-forma invoice, or delivery note. We recommended that when payments are made on behalf of the NCTVA, all payment vouchers must be supported by third party documents, and that missing supporting documents should be located and produced for verification. This would ensure effective internal control procedure for all payments made on behalf of the Council.

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

*The Director stated: "Management realised that some of the supporting documents such as invoices, receipts, delivery notes etc. were filed separately and in the course of refiling, some were damaged or misplaced and could not be found during the course of the audit. However, management would continue the practice that all supporting documents on any expenditure are attached on that particular payment voucher in order to avoid any further discrepancy of payments made".*

### **3.34. NATIONAL COUNCIL FOR TECHNICAL VOCATIONAL AND OTHERS ACADEMIC AWARDS - 2016**

#### **3.34.1. Statutory Deductions of Withholding Tax**

We observed that the NCTVA did not deduct withholding taxes which amounted to Le4,071,815 and paid to the NRA.

We strongly recommended that the NCTVA should take appropriate measures to rectify this lapse by ensuring that the withholding taxes, which should have been deducted for the period, are retrieved from the contractors in question, and paid to the NRA.

All payments to suppliers above the threshold of Le500,000 automatically attract 5.5% withholding tax.

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

*The Director stated: "The dynamics generated as a result of the sudden stoppage of the subvention have led to the inadvertent action of us not complying with the withholding tax regulation. However, management would ensure the effective deduction of withholding tax from suppliers to prevent the contravention of section 129 of the Income Tax Act of 2000".*

### **3.35. NATIONAL COUNCIL FOR TECHNICAL VOCATIONAL AND OTHERS ACADEMIC AWARDS (NCTVA) - 2017**

#### **3.35.1. Government Subvention**

During the course of our audit, we noticed that the Council has still not been receiving subvention from the Government. This subvention is normally given by the Government to the Council as stipulated in the NCTVA Act of 2001 to help the Council carry out its activities in an efficient and effective manner.

We recommended that the Council should step-up efforts to submit their claims to the Ministry of Technical and Higher Education in order to ensure that subventions are paid as required.

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

*The Director stated: "Council submits subvention claims to the then Ministry of Education, Science and Technology (MEST). However, Council stopped receiving subvention since FY2012. Council would continue to submit subvention claims to the Ministry".*

#### **3.35.2. Statutory Deductions of Withholding Tax**

We observed that the NCTVA did not deduct withholding taxes amounting to Le753,500 and paid over to NRA. being the statutory withholding tax of 5% from eligible payments.

We strongly recommended that the NCTVA should take appropriate measures to rectify this lapse by ensuring that the withholding taxes, which should have been deducted for the period, are retrieved from the contractors in question, and paid to the National Revenue Authority.

All payments to suppliers above the threshold of Le500,000 automatically attract 5.5% withholding tax.

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

*The Director stated: "The dynamics generated as a result of the sudden stoppage of the subvention have led to the inadvertent action of us not complying with the withholding tax regulation. However, management would ensure the effective deduction of withholding tax from suppliers to prevent the contravention of section 129 of the Income Tax Act of 2000".*

## **3.36. TERTIARY EDUCATION COMMISSION - 2017**

### **3.36.1. Insufficient Supporting Documentation**

Transactions totalling Le13,350,000 had insufficient supporting documentation such as pro-forma invoice or receipts attached to them.

We recommended that when payments are made on behalf of the Commission, all payment vouchers must be supported by third party documents and that missing supporting documents should be located and produced for verification.

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

*The Chairman stated: "Management notes the above observations and will take necessary action to correct them. We will ensure that all necessary supporting documents are available before and after a transaction are processed".*

## **3.37. FINANCIAL INTELLIGENCE UNIT - 2017**

### **3.37.1. Procurement**

The following were observed:

- The assessment under this performance area covered the quality and efficiency in implementing the procurement plan. The Unit has a procurement plan. However, we observed that it was not updated periodically to include some of the transactions reviewed, contrary to section 29(6) of the Public Procurement Act of 2016.
- We reviewed some procurement activities undertaken during the period under review to ascertain whether the Public Procurement Act of 2016 was strictly followed. However, we noted the following:

One quotation instead of three was sourced in the procurement of external hard drive contrary to the Procurement Act of 2016. The sourced quotation was not evaluated on the criteria (business license and NASSIT clearance certificates) set in the request for quotation issued, and no evaluation process was conducted for the sourced quotation, contravening Regulation iii of the Public Procurement Regulations of 2006.

We also observed that one quotation instead of three was sourced in the procurement of computer maintenance toolkit and board cleaner contrary to the Procurement Act of 2016.

### **3.37.2. Procurement for the upgrading of Financial Intelligence Unit Website**

The documents audited revealed the following:

- The procurement method – request for quotation was applied instead of national competitive bidding. An offered discount of 10% was not read out in the bid opening meeting, flouting Regulation 66(6) of the Procurement Regulations of 2006. The selected

consultant did not price two key components in the scope of service (60%) of the contract sum which was released to the contractor without an advanced payment guarantee. Final payment was made to the contractor in the absence of a signed completion certificate contrary to the Procurement Act of 2016.

- **Procurement of consulting services for public perception survey on Money Laundering and Terrorism Financing in Sierra Leone; Procurement Number FIU/PPS/NCB/20017/001**

Documents were reviewed and the following noted:

- ❖ The signed contract document could not be located
- ❖ Advanced payment of (70%) of the contract sum was released to the contractor without an advanced payment guarantee
- ❖ Final payment was made to the contractor in the absence of a signed completion certificate contrary to the Procurement Act of 2016 and its Regulations

We recommended that the procurement plan be updated continuously at every stage of the procurement cycle, ensuring that decision makers are furnished with accurate information and also the Public Procurement Act of 2016 is strictly followed.

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

*The Director stated:*

#### ***Procurement of External Drive***

*"The Unit has always carried out procurement process as dictated by the National Public Procurement Regulations. Procurement for goods below Le60 million threshold are done through Request for Quotations (RFQs) from at least three vendors. For this procurement item, three Requests for Quotations were sent out but only one responded and we noted that the law is not clear as to whether in such circumstance we should nullify the process for the absence of a competitive bid. The file copies of all relevant documents were made available to the team during the audit, and since it has been noted as an exceptional audit item, we would be grateful if a third party confirmation is done. In the area of evaluation which you noted, as stated earlier that only vendor responded.*

#### ***Procurement of Computer Maintenance Toolkit and Board Cleaner***

*For this procurement, three Request for Quotations were sent out, but only one responded and the law is not clear whether in such circumstance we should nullify the process, because only one vendor responded. The file copies of all relevant documents were made available to you during the audit, and since it has been noted as an exceptional audit item, we therefore kindly request that you confirm the receipt of the other two RFQs from the vendors.*

#### ***Procurement for the Upgrading of the Financial Intelligence Unit Website***

*The fund in respect of this activity was provided by GLABA, and they requested we follow the ECOWAS Tender Code.*

*This activity under the ECOWAS Tender Code falls under RFQ. This issue was clearly noted in the minutes of the procurement meeting which was made available to you during the audit, and also the Tender Code was sent to the email of the Audit Manager. On the issue of bid security, we have noted your concern and appropriate action will be taken by the Unit in similar activities in future. On the issue of completion certificate, although a completion certificate was not issued to the vendor, the Unit requested the IT Officer after two months of completion of the work, to give a completion report which detailed the quality of work done and advise the Unit whether to pay the balance amount due to the*

*vendor. It was only after this process that the final payment was made. The said report was made available to the team during the audit. Notwithstanding the details given, we will ensure that for future activity of this nature and in addition to any technical report, issue a completion certificate".*

***Procurement of Consulting Services for Public Perception Survey on Money Laundering and Terrorism Financing in Sierra Leone; Procurement Number FIU/PPS/NCB/20017/001***

*The contract document was among the documents made available to you during the audit. We have attached copy for ease of reference. On the issue of bid security, we have noted your concern and action will be taken by the Unit in similar activities in the future".*

### **3.37.3. Governance**

The following were observed:

- Section 4(1) of the Anti-Money Laundering and Combating of Financing Terrorism Act of 2012 states that: 'The Inter-Ministerial Committee shall meet for dispatch of business at the time and place the Chairman may decide but shall meet at least once a month.' Section 6(a) of the same Act states that: 'The Technical Committee shall meet regularly, but not less than two times a year'. During the course of the audit, we were provided with only one minutes for both the Inter-Ministerial Committee and Technical Committee for the period under review.
- Section 53(2) states the action to be taken by the Unit where a reporting entity fails to fully comply with the directives from the Unit. We however noted that no action was taken on reporting entities that did not comply.

We recommended that the Director should ensure that the dictates of sections 4(1), 6(a) and 52 are complied with for effective performance of the Unit.

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

*The Director stated: "The conveying of an Inter-Ministerial Committee (IMC) meetings is outside the purview of the Director. However, your concern will be communicated to the Chairman of the IMC.*

*On the issue concerning action not taking against reporting entities, the Unit has always taken action against defaulting report entities by issuing written warning, order to comply with instructions and an order to provide regular reports on corrective action taken, as provided in section 53(2) (a, b and c)".*

### **3.37.4. Follow-up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- Maintenance of external back-up not implemented.
- Internal Audit function not established.

## **3.38. ENVIRONMENT PROTECTION AGENCY (EPA) SL - 2017**

### **3.38.1. Approved Payment Letter and Third Schedule**

We noted that some Environment Impact Assessment fees (EIA) invoices prepared by the Finance Department were not accompanied with an approved payment letter from the Executive Chairperson and third schedule before they are issued to clients.

We recommended that management should ensure that all approved invoices issued should be accompanied with payment letters from the Executive Chairperson and third schedule before it is issued to clients.

***Official's Response***

*The Executive Chairperson(EC) stated: "Your observation is noted, and management will ensure this is strictly adhered to, going forward".*

**3.38.2. Project Agreements**

We observed that the Finance Department does not have access to, or copies of majority of the agreements covering on-going projects. We recommended that every department should give a copy of all signed agreements of on-going projects.

***Official's Response***

*The EC stated: "Even though we noted your observation regarding the above, yet the Finance Department was able to adequately and accurately track all funds received from donors and also able to obtain all relevant copies of project agreements and filed appropriately. At the moment, all project agreements and other relevant documents are intact and available for further inspection".*

**3.38.3. IT Policy**

There is no IT Policy. We recommended that an IT Policy should be developed and approved by the necessary authority.

***Official's Response***

*The EC stated: "Noted, management will ensure that an IT Policy is developed and made available by the end of the first quarter of 2019".*

**3.38.4. Signing off by the Financial Controller**

There is a process stated in the Accounting and Financial Procedures Manual under income specifically; Environment Impact Assessment Fees (9.2) which states that: '*Upon confirmation that funds have been deposited, the FC should sign off on the documents sent by the OIC and forward to the designated OIC for posting of the payment into the accounting records*'.

We noted that this was not done. The final process in this area is a receipt being issued to the proponent after the designated OIC has received a credit advice/deposit slip/copy of bank instruction saying that the said funds have been received.

We recommended that management should ensure that control procedures in the Financial Manual are followed.

***Official's Response***

*The EC stated: "Management will look into this as noted above. However, we are of the view that the current practice of using signed and stamped payment slips from the bank should serve as confirmation or proof of payments made by proponents into the Agency's revenue collection account which can be used as source document for entries into the accounting records, and signing of ELA licence document by the Executive Chairperson. This, we consider as much*

*more robust than the current practice stated in the Manual described above. Moreover, management will review that portion of the Manual and take appropriate action accordingly".*

### **3.38.5. Inadequate Monitoring of Receivables**

We noted that some clients have discontinued their operation after being invoiced. This has increased the receivable balances for the Agency. The Field Operations and Extension Department should be in the position to communicate this to Finance and Compliance when such happens as they are responsible for monitoring these proponents.

We recommended that receivable ageing report should be prepared and reviewed by an appropriate level of management on a timely basis. This reporting tool will assist in the early identification of problem debtors.

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

*The EC stated: "The new management under the leadership of the new Executive Chairperson already reinvigorated its monitoring strategies through effective communication and frequent discussions within and across every department in order to enhance sound monitoring and information sharing processes. Key in this process is the Field Operations and Extension Department followed by both the GIS and Compliance Units through the use of the Environmental Cadastral Administrative System (ECAS). This system now effectively tracks all proponents in terms of their status and reports same to all relevant authorities for decisive action(s). Management will continue to ensure that the above processes are effectively and adequately monitored going forward".*

### **3.38.6. Ageing Analysis**

We noted that no receivables ageing report was produced at the year end to enable management identify potential problems or doubtful debts.

We recommended that debtors' ageing report should be prepared and reviewed by an appropriate level of management on a timely basis. This reporting tool will assist in the early identification of problem debtors.

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

*The EC stated: "We noted your observation and management will ensure to review the current accounting software (QuickBooks) in order to ensure monthly age analysis is accurately captured; otherwise, a replacement of the said software would be made with more appropriate one (SAGE) that will address this issue as soon as practicable".*

### **3.38.7. Implementation of Allowance for Doubtful Debts Policy**

The Agency did not have a formal allowance for doubtful debt policy to ensure the adequacy of allowance for doubtful debts and bad debts written off.

We recommended that management has to decide on a set of procedures to assess the creditworthiness and the amount of credit to grant each customer. After the preliminary assessment, management should also lay down a set of procedures to monitor the payment pattern of each customer to assess if the policy should be amended.

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

*The EC stated: "Management will assess the possibility of making provision for doubtful debt policy after further analyses of existing receivables".*

### **3.38.8. Fixed Assets Tagging**

We noted that some fixed assets are not tagged for identification and control purposes. We recommended that the fixed assets should be tagged with individual identification codes and these codes be reflected in the fixed assets register. This will assist in identifying, monitoring and locating fixed assets. Furthermore, proper controls can be maintained over fixed assets movements.

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

*The EC stated: "These assets relate to those acquired post FY2017 which have been fully included in the updated fixed assets register but are yet to be tagged accordingly. However, steps are already underway to ensure they are appropriately tagged before the end of the first quarter of 2019.*

## **3.39. KIMBIMA HOTEL LIMITED - 2016**

### **3.39.1. Procurement Procedures not Followed**

- Section 29 of the Public Procurement Act of 2016 stipulates that all procuring entities shall undertake procurement planning with a view to achieve maximum value for public expenditure. However, there was no evidence in the form of a procurement plan to justify that procurement planning was carried out by the Company in violation of this section of the Act.
- Goods, works and services worth Le2.5 billion were procured by the Hotel. However, minutes of procurement meeting, adverts, bids, technical evaluation reports, requests for quotations, local purchase order, contracts, etc. to justify that an open, transparent and competitive procurement process was carried out, were not submitted for audit.
- Towels and linens worth Le326 million were procured from an international supplier. Though the values of such procurement activities undertaken were below the threshold for international procurement, this is in violation of section 40 of the Public Procurement Act of 2016. As indicated above, the necessary supporting documents to determine the nature of the procurement was not submitted for audit review.

We recommended that the General Manager should ensure that:

- The head of procurement submit the 2016 procurement plan to the Audit Service for verification. In future, an annual procurement plan is developed, approved and duly followed by the Company's Procurement Committee for all procurement activities undertaken by the Hotel.
- The procurement head submit documents pertaining to procurement undertaken to the Audit Service for verification.
- In future, procurement of goods, works or services are in accordance with section 40 of the Public Procurement Act of 2016.

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

*The General Manager stated: "All necessary documents are enclosed!".*

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

Our recommendations were not implemented as documents in support of procurement activities undertaken were not submitted. The procurement plan in support of procurement activities undertaken was also not submitted for audit verification. The issue remains unresolved.

### **3.39.2. Ineffective Management of Bank Accounts Maintained by the Company**

The following issues were noted:

- Two accounts maintained at the Sierra Leone Commercial Bank with nil ledger balances were disclosed in the Company's general ledger. Bank reconciliation statements and bank statements were not submitted.
- Bank reconciliation statement (to confirm that a United States Dollar account with an over drawn balance of Le2,885,921 maintained at the Union Trust Bank appropriately reconciled) was not submitted for audit inspection.
- We did not receive confirmation for four bank accounts operated at various commercial banks with total ledger balance of Le336,322,145.48, even though confirmation letters were sent to the banks.

We therefore recommended that the General Manager through the Financial Controller should ensure the following:

- The bank reconciliation statements and the bank statements for issues noted in points (i) and (ii) are submitted to the Audit Service for verification.
- Management should follow up with the banks on unconfirmed balances so that the confirmations are sent to the Audit Service for confirmation.

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

*The General Manager stated: "The SLCB's operational account for Golden Tulip was opened in August 2017 and therefore should not be included in the GL of 2016.*

*ESCROW US\$ account at the UTB belongs to NASSIT. There is a difference between the Golden Tulip operations and the Kimbima Hotel Limited which is a NASSIT investment. NASSIT's authority did not permit us to work with the bank accounts.*

*We have requested from various banks to forward their confirmations. We shall make personal follow-up on this to ensure that it is done".*

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

Bank reconciliation statements were not submitted with regard to issues noted in points (i) and (ii). The issue remains unresolved.

Bank confirmations were not received for the following accounts: Kimbima Hotel Account – UBA; SLCB Escrow Account; Golden Tulip Essential Kimbima Hotel (UTB) – US Dollar and Escrow Account - UTB.

### **3.39.3. Ineffective Payroll Management**

A review of the Company's payroll revealed the following:

- There was no staff grading system for proper employee classification.
- End-of-year appraisal to justify that employees were appraised for the period under review were not submitted or seen in personnel files.
- A good number of the Company's employees were not paid according to their terms and conditions of service. From samples selected, allowances were different from what was stated in the staff handbook, resulting in differences in their gross salaries. Advert for recruitment, minutes and score sheets for interviews conducted, justifying that employees'

selection and appointment were carried out in an open, transparent and competitive manner, were not submitted for audit.

- A total difference of Le4,450,457 was noted between PAYE as per payroll and monthly returns of payment to the NRA. In addition, for the months of April through August 2016, though returns to the NRA in respect of PAYE were submitted, receipts confirming payments made totalling Le109,689,829 were not attached to returns submitted for audit.
- PAYE and NASSIT contributions totalling Le48,120,995 and Le10,966,711 respectively for December 2016 were not recorded in the Company's general ledger as both expenses and liabilities.
- Total payroll cost computed by the auditors was Le1,302,687,186 whilst the payroll cost as per the Company's general ledger was Le1,379,609,537, resulting in an overstatement of Le76,922,351.

We recommended that the General Manager should ensure the following:

- The Human Resource Manager should design a grading system and implement an annual appraisal.
- The Company's employees are paid in accordance with their terms and conditions of service, and approval and promotion letters authorising pay rise are submitted to the Audit Service for verification.
- The Human Resource Manager should submit to the Audit Service for verification, advert, minutes and score sheets for interviews conducted. In future, appropriate documentation with regard to the recruitment of staff should be filed for reference purposes.
- Receipts for payments made to the NRA totalling Le109,689,829 are submitted to the Audit Service for verification.
- The Financial Controller and the Human Resource Manager should investigate these discrepancies, adjust and submit revised payroll and financial statements to the Audit Service for verification.

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

*The General Manager stated: "Employment of staff was effected on 16th April, 2016. The salary paid in April was half salary. In April, the following additions and subtractions were made in May".*

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

Management's response provided does not address the issue raised. Therefore, the issue remains unresolved. However, PAYE returns and receipts from the NRA amounting to Le74,183,452 were received for May through July 2016. The sum of Le34,996,579 in respect of PAYE returns for August, and Le509,798 for April 2018 were not received. The issue is partly resolved.

#### **3.39.4. Unreceipted Payments**

In violation of section 73(1) of the Financial Management Regulations of 2007, which stipulates for payment vouchers to be adequately supported, it was observed that payments totalling Le513,867,355 disbursed from the Company's accounts were made without adequate supporting documents such as receipts, invoice, delivery notes, certificate of job completion etc.

We recommended that the Financial Controller should exercise adequate supervision over the preparation and documentation of the Company's transactions. The Accountant should ensure the following:

- That all public funds are properly accounted for in accordance with the above regulation
- That all transactions are supported by the relevant documentation and these must be numbered and cross referenced, so that in a case where they go missing, they can be easily traced.
- That the relevant evidence in respect of Le513,867,355 is forwarded to the Audit Service for verification.

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

*The General Manager stated: "Photocopies of all necessary documents are attached for verification".*

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

Our recommendations were partially implemented. Supporting documents relating to payments amounting to Le136,660,052 were submitted and verified. However, supporting documents for payments totalling Le377,207,303 were not presented during the verification exercise.

#### **3.39.5. Unreceipted Payables**

A review of the payables disclosed in the Company's financial records for 2016 revealed the following:

- As at 1st January 2016, construction payables brought forward was Le204,186,000, and as at 31st December 2016, Le80,925,000 was disclosed as construction payables in the draft financial statements submitted for audit. This resulted in a net change of Le123,261,000 for which appropriate records in the form of general ledger was not submitted for audit to justify records being made by the Company.
- As at 31st December 2016, a loan from NASSIT with an accrued interest in the books of the Company at Le46,511,793,938. Interest expense recognised and disclosed in the Company's financial statements was Le4,335,145,000, whilst our computation showed that the interest expense should have been Le4,234,509,064.75, thereby indicating an overstatement of Le100,635,935.25.

We recommended that the General Manager should ensure the following:

- That the explanation and documentary evidence resulting in the change of Le123,261,000 in construction payables is submitted for verification.
- That the Financial Controller should investigate the difference of Le100,635,935.25 in NASSIT loan interest, adjust and submit revised financial statements to the Audit Service for verification.

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

*The General Manager stated: "Management notes the difference of Le100,635,935.25 overstatement in interest calculation and therefore accepts this as adjusting journal".*

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

- Appropriate records in the form of general ledger/schedule justifying records being made by the Company in respect of the net change of Le123,261,000 in construction payables was not submitted for audit. Therefore, the issues remained unresolved.

- Management notes our recommendations with regard to audit journals and agreed to effect audit journals once the revised financial statements are submitted.

### **3.39.6. Inefficient Inventory Management**

A review of the client system relating to the control and management of inventory revealed the following:

- Evidence in the form of stores record cards, stores ledger and goods received notes to justify that linens and guest supplies, food, drinks and laundry supplies purchased for Le1,622,879,634 were appropriately taken on ledger charge before being utilised, were not submitted for audit.
- We noted that the Company did not prepare stores ledger reconciliation as a control tool.
- Stock take certificate, list and schedules to confirm the completeness, existence and accuracy of closing inventory balance totalling Le507,799,000 were not submitted for audit.

We recommended that the Financial Controller should ensure the following:

- That store record cards, ledgers and goods received notes in support of linens, food and drinks etc. are submitted to the Audit Service for verification.
- Detailed schedules, list of inventories and stock take certificate in support of inventory balances disclosed in the Company's financial statements are submitted for audit verification.
- In future, appropriate stores records to maintain effective and efficient stores management are maintained at all times and record files for reference purposes.
- Management must ensure that store ledger reconciliation is done on a monthly basis and differences resolved on a timely basis.

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

*The General Manager stated: "Management currently ensures that whatever is brought to the Hotel as stock item is recorded on the stock card and the movement so monitored".*

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

No store record cards, ledgers and goods received notes in support of linens, food and drinks etc. as well as detailed list of inventories and stock take certificate in support of inventory balances disclosed in the Company's financial statements were provided for verification. Our recommendation was not implemented. The issue therefore remains unresolved.

### **3.39.7. Ineffective Management of Property, Plant and Equipment**

A review of the Company's non-current assets revealed the following:

- Closing balance from the 2015 signed audited financial statements was not appropriately brought forward in the 2016 general ledger for building improvement as a difference of Le204,189,000 was noted.
- A policy that regulates the use and management of non-current assets owned and controlled by the Company was not submitted for audit. In addition, an assets register that provides appropriate information with regard to the description, date of purchase, location, cost, depreciation rates and charge, net book value and status was not submitted for audit. As such, we were unable to confirm whether additions totalling Le2,252,913,000 were appropriately recorded.
- Verification of property, plant and equipment revealed that they were not coded.

- Vehicles and motorbikes which cost Le235,789,500 were purchased by the Company. Life-cards justifying ownership and insurance policy confirming that they were adequately insured were not submitted for audit. In addition, a refund of Le20 million was identified as paid by a car dealer to the Company for which supporting documents in the form of receipts and certification, and bank deposit slips were not submitted for audit.
- We also noted that the Company's property, plant and equipment such as office furniture, fittings, computer equipment and office buildings were not insured.
- Adequate supporting documents in the form of payment vouchers, invoices, receipts and delivery notes in support of a sample of additions capitalised, totalling Le287,225,615 were not submitted for audit.
- For non-current assets capitalised during the period, a difference of Le38,021,980 was noted between invoice value and amount capitalised.
- Differences were noted between depreciation charged as per the Company's general ledger and the Audit Service Sierra Leone's computation.
- The agreement between Kimbima Hotel and Golden Tulip Essential for the use of the brand name (Golden Tulip) for a contract sum of Le244 million was not submitted for audit. This restricted us in ascertaining the useful economic life of this brand.
- The OPERA software used by the Company as a Point of Sales (POS) system was capitalised at a cost of Le610 million. Service level agreement with the vendor and operating manual justifying ownership were not provided for audit. In addition, we were unable to determine the useful life of this software as documentation to substantiate this information was not provided.

We recommended that the General Manager should ensure the following:

- The Financial Controller should investigate the difference relating to opening balance, depreciation charge and invoice values, adjust and submit revised financial statements to the Audit Service for verification.
- A policy that regulates the use and management of non-current assets and assets register in the required format are developed and put into immediate use. These must be submitted for audit verification.
- All property, plant and equipment owned and controlled by the Company are coded, appropriate records made in the assets register and kept for reference purposes.
- Life-cards and insurance policy in support of vehicles and motorbikes are submitted for verification immediately.
- Supporting documents in favour of the refund and additions of Le20 million and Le287,225,615 respectively are submitted to the auditors for verification.
- Insurance policies justifying that all property, plant and equipment owned and controlled by the Company were duly insured are submitted. In the event that this was not done, going forward, the Company must ensure that this is done for major classes of assets.
- Service level agreements in support of the Golden Tulip brand name and use of the OPERA software are submitted to the auditors for verification.

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

*The General Manager stated: "The difference of Le204,189,000 in the draft financial statements as to that of the opening balance in the audited account is due to the fact that the opening balances used to prepare the draft account was*

*derived from the draft audited account and does not reflect adjustments which were made to the final and signed audited account. We therefore accept this difference as audit journal.*

*The difference is due to the withholding tax from the various payments. The addition of this figure is accepted as audit journal.*

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

A policy that regulates the use and management of non-current assets was not submitted for audit. An assets register in the required format was also not provided for verification. Therefore, the issues remain unresolved. However, life-cards and insurance policy in support of vehicles and motorbikes, service level agreements in support of the Golden Tulip brand name and use of the OPERA software were submitted for verification. Supporting documents were not provided in support of additions totalling Le287,225,615.

Management notes our recommendations with regard to audit journals, and agreed to effect audit journals once the revised financial statement is submitted. Our recommendations were partly implemented.

### **3.40. DECENTRALISED SERVICE DELIVERY PROJECT 2 - 2018**

#### **3.40.1. Unreceipted Payments**

Total payments of Le78,234,562.5 were made without adequate supporting documents in the form of signed distribution list.

We recommended that the Team Lead in collaboration with the Financial Management Specialist should ensure the following:

- All transactions are supported by the relevant documentation and these must be numbered and cross referenced, so that in cases of missing documents, they are easily traced.
- That the relevant evidence in respect of the Le78,234,562.5 are submitted for verification.

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

*The Project Team Lead (PTL) stated: "The documents are available for inspection by the auditors".*

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

Supporting documents in the form of signed distribution list relating to payments amounting to Le64,343,062.50 were submitted during the verification exercise. However, supporting documents for payment totalling Le13,891,500 were not presented during the verification exercise. Our recommendations were partially implemented.

#### **3.40.2. Non Deduction and Payment of Statutory Tax**

Section 3(1) of the Income Tax Act of 2000 and section 15 of the Finance Act of 2016 stipulate for income tax to be imposed on every person who has chargeable income for the period of assessment.

However, the project failed to deduct income tax totaling Le47,775,000 from payments made to contract staff, which is in violation of these acts.

We recommended that the Team Lead in consultation with the Financial Management Specialist must ensure the following:

- Income tax is deducted as stipulated in the Income Tax Act of 2000 and the Finance Act of 2016.
- Income tax totalling Le47,775,000 is deducted from contract staff, paid to the NRA and evidence submitted to the Audit Service for verification. Otherwise, the NRA will be informed for appropriate action to be taken.

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

*The PTL stated: “Non-deduction of withholding tax on consultancy fees for project staff has been a practice since IRCPB. However after the 2017 audit that was concluded in June this year, the Project started deducting the withholding tax from July 2018 for all projects, but then the DSDP2 had ended. Evidence of these deductions for all projects is available for inspection”.*

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

However, we were able to verify evidence of payment of tax for ongoing project. The issue still remains unresolved.

### **3.41. PUBLIC FINANCIAL MANAGEMENT IMPROVEMENT AND CONSOLIDATION PROJECT (PFMICP) - 2018**

#### **3.41.1. Non-Submission of Internal Audit Report**

The following were observed:

- One report was submitted as justification of review carried out by the Internal Audit Department of the Ministry of Finance contrary to Annex 6(12) and 3(10) of the Project Implementation Manual (PIM) which requires that two reports should be submitted annually.
- Internal Audit Plan relating to the review of project activities for the period under review was not made available for audit. This made it difficult for the audit team to understand how the work of the Internal Auditor was actually planned and executed.

We recommended the following:

- In future, the Project Manager in consonance with the Internal Auditor should ensure that internal audit reviews are done and reports submitted in line with the PIM requirement.
- The Project Manager in collaboration with the Internal Audit Unit at the MoF should ensure that regular reviews are conducted in accordance with Annex 6(12) and 3(10) of the PIM and copies of report and plan file for reference purposes.

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

*The Project Manager stated: “The Internal Audit Department of the Ministry of Finance performed review of the PFMICP designated accounts covering the period 1st July, 2017 to 30th June, 2018. The PMU requested an audit review for six months starting from 1st July, 2018 to 30th December, 2018 and IAD responded to our correspondence, but the team is yet to initiate the audit. Meanwhile, the PMU has engaged the Director Internal Audit to avail one of his staff to be responding to PFMICP concerns including taking lead to facilitate review of PFMICP activities including producing Internal Audit Plan”.*

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

Management's response is noted. However, the issue remains unresolved.

### **3.41.2. Follow-up on Prior Year's Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- Pay-As-You-Earn (PAYE) taxes on staff salaries amounting to Le964,042,250 (US\$128,539.10) was not deducted and paid to the National Revenue Authority (NRA) for the period under review. This was in contravention of section 3 (1&2) of the Income Tax Act of 2000. This issue was reported in previous audits but the Project Management Team has not acted on the audit recommendation.
- Withholding tax to be deducted from supplier's payments was calculated at 5% of invoiced price instead of the 5.5% that was supposed to have been deducted from payments made. This was an under deduction and subsequently the amount of US\$5,551.58 paid to the NRA was under paid by 0.5%.
- Our review of the annual work plan and budget revealed that the total budget for the period under review was approximately US\$19 million. However, the actual disbursement was approximately US\$2 million which amounts to only 11% of the budget. A similar review was done last year and we noted that out of a budget of US\$17 million, only US\$4 million was disbursed. It is likely that the budgets are either too ambitious or there were impediments in the way of the implementation of the annual work plan activities.

## **3.42. RURAL FINANCE AND COMMUNITY IMPROVEMENT PROGRAMME PHASE II - 2018**

### **3.42.1. Loan to SCP-GAFSP**

A loan of US\$270,528 to Smallholder Commercialisation Programme (SCP-GAFSP) has been outstanding for over three years with no realistic recovery or settlement agreement between the two projects in place.

Additionally, the Smallholder Commercialisation Programme Project may close in September 2019 casting further doubts whether the Project may recover this amount from SCP-GAFSP.

We recommended that the Financial Controller should submit evidence of recovery, prior to the closure of SCP-GAFSP, otherwise the amount should be written off.

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

*The Programme Coordinator (PC) stated: "We note the issues raised by the auditors, the relevant supporting documents are available for verification. This issue has been discussed and letters of requests were submitted to the SCP-GAFSP, as all the expenses were related to the MoU signed for the establishment of CBs and FSAs on behalf of the SCP-GAFSP project. All the related documents are available".*

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

The ASSL notes the management response. However, evidence of recovery of the loan was not submitted for audit verification. Therefore, the issue is unresolved.

### **3.42.2. Inconsistencies in Requests for Quotations Issued to Suppliers**

Requirements for qualification of bidders are stated in bidding documents which are normally standardised, especially for commonly used goods.

Review of procurement documents in respect of procurement of goods revealed inconsistencies in the requirements stated in the requests for quotations (RFQs) for similar goods procured in separate

instances. For instance, in one RFQ, the minimum requirements may include the National Revenue Authority's (NRA) tax clearance, the National Social Security and Insurance Trusts (NASSIT) Clearance certificate, etc. whilst in another procurement, these requirements were not included.

The following were recommended:

- The Procurement Officer should provide appropriate reason(s) why there were inconsistencies in the minimum requirements in the requests for quotations.
- In future, the Procurement Officer should ensure that the minimum requirement in the requests for quotations are consistent in all RFQs issued for the same commonly used goods.

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

The PC stated: ‘Management notes the issue raised by the auditor. The procurement was not meant to be skewed towards a particular supplier. As all the bidders to this contract had the same requirements. In future management will ensure that the requests for quotations (RFQs) are consistent in all RFQs’.

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

ASSL notes management’s response, however the response was not adequate to justify the inconsistencies in the minimum requirement for RFQs. The issue is therefore unresolved.

#### **3.42.3. Follow-up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. A summary of the status of these recommendations is given below:*

- *Government's contributions in respect of 'in-kind' contributions have been estimated and disclosed in the financial statements of the Project. However, supporting documents in respect of these estimates were not submitted for audit inspection. Therefore, the issue is partly implemented.*
- *On the rent of the Programme's current office accommodation, the following were observed:*
  - ❖ *The Programme prior to moving to its new office location at 48 Hill Station, Wilberforce, the National Programme Coordination Unit (NPCU) had already paid US\$ 40,000 for its 18A Mudge Farm, Off Sir Samuel Lewis Road, office accommodation on 22nd June, 2015 for two years (US\$20,000 per year).*  
*This rent expired in June 2018. IFAD granted a conditional 'No Objection' to move into the premises the Project is currently occupying. One of the conditions of the 'No Objection' required the NPCU to submit documentation pertaining the negotiations with the previous landlord that was aimed at terminating the lease and saving the Programme ensuing costs. We however, observed that the Project did not terminate the lease and still paid rent for the new premises in breach of one of the 'No Objection' conditions. Evidence of negotiation or actions taken to negotiate with the previous landlord was not submitted for audit. The Project still holds tenancy to this property.*
  - ❖ *Evidence of action taken by the Project management to ensure its bankers respond to the Audit Service bank confirmations was not submitted for audit. Bank confirmation sent for 2017 audit have not been responded by the Project bankers. Therefore, our audit recommendation has not been implemented.*

### **3.43. WEST AFRICA REGIONAL FISHERIES PROJECT - 2018**

#### **3.43.1. Follow up on Prior Years' Recommendations**

*During the audit exercise, we followed up on all recommendations made in prior years. We observed that there had been no statutory deduction for Pay As You Earn (PAYE) tax during the period under review.*

## APPENDIX II

<b>Appendix II Public Enterprises, Commissions and Donor Funded Projects Procurement and Contract Irregularities</b>		
<b>Name of Institution</b>	<b>Description</b>	<b>Amount Le</b>
Rokel Commercial Bank- 2018	Non-compliance with the National Public Procurement Act on the Procurement of Property, Plant and Equipment	673,529,495
NASSIT	Lack of procurement records and use of wrong procurement method	284,000,000
	Contracts splitting	114,090,000
	Used of wrong procurement method (US\$462,000*Le6,289.90)	2,905,933,800
National Telecommunications Commission NATCOM) - 2016	Excess advanced payment (50% instead of 30%) {US\$ 176,000*Le6,289.90}	1,107,022,400
National Telecommunications Commission NATCOM) - 2014-2015	Excess advanced payment(50% instead of 30%)	307,164,375
Electricity Generation and Transmission Company-2015	Three requests for quotations not maintained	363,749,000
	Procurement activities not covered by the 'No Objection' issued by NPPA	2,344,860,674
Sierra Leone Roads Authority 2015	Requests for Quotations and local purchase order not submitted	64,275,000
	Minutes of Procurement Committee meetings and other relevant procurement documents not submitted	5,129,806,052
Sierra Leone Road Safety Authority – 2016	Procurement documents not submitted in order to justify the transparency of the procurement process	356,367,268
	Three requests for quotations not maintained	1,306,263,784
Sierra Leone Road Safety Authority – 2017	Three requests for quotations not maintained	1,275,480,000
Sierra Block Concrete Product Limited-2016	Procurement documents not submitted in order to justify the transparency of the procurement process	916,828,355
Kimbima Hotel Limited- 2016	Procurement documents not submitted in order to justify the transparency of the procurement process	2,500,000,000
	Used of wrong procurement method	326,000,000
<b>Total Amount</b>		<b>19,975,370,203</b>

## **CHAPTER III - EXTRACTIVE INDUSTRIES REVENUE AUDIT**

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## **MAIN POINTS**

### **What We Examined**

A compliance audit on management of the issuance of exploration mining licences of the National Minerals Agency (NMA) for the period 1st January to 31st December 2017 was conducted in fulfillment of the Auditor-General's mandates, as stated in section 119 (2) of the 1991 Constitution of Sierra Leone, and section 11(1&2) of the Audit Service Act, 2014.

The audit was carried out in accordance with the new Compliance Audit Manual of the African Organisation of English-Speaking Supreme Audit Institutions (AFROSAI-E) which is based on the International Standards of Supreme Audit Institutions – ISSAIs 100, 400 and 4000 for Compliance Audits.

In as much as the ASSL had previously issued reports on the audit of the extractive industries, the audit of the management of the issuance of exploration mining licences is a new engagement, which can add value to the governance of the mining sector. This engagement is also expected to confirm the integrity of the mining licence database maintained in the Mining Cadastre System (MCAS), and establish whether revenues attributed to mining licences are properly accounted for.

We reviewed documents based on the licence issuance processes as described in sections 26, 69 & 70 of the Mines and Minerals Act of 2009. This was to obtain a reasonable assurance on whether the Agency's licence issuance processes were free from material non-compliance with the Mines and Minerals Act and related regulations. And whether it was due to fraud or error, to issue an auditor's report that includes a conclusion on whether the Mines and Minerals Act and underlying regulations were complied with.

### **Why it is Important**

Analysis of data retrieved from MCAS enabled the team to establish that 62 mining licences with a total revenue collection of US\$1,621,296.81 were issued by the NMA in 2017. Of those 62 mining licences, 60 were exploration licences; one was small-scale licence and one a large-scale licence, with associated revenues of US\$1,041,776.81, US\$4,520 & US\$575,000 respectively. Exploration licences formed 97% of the total licences issued, and 64% of the revenues collected from mining licences in 2017. Therefore, the 'Management of the Issuance of Exploration Mining Licences' was identified as the subject matter for the compliance audit of the National Minerals Agency.

### **What We Found**

The issuance of exploration mining licenses in Sierra Leone is regulated by the Mines and Minerals Act of 2009 and the National Minerals Agency Act of 2012. Other criteria such as the Finance Act of 2017 and the Mines and Mineral Regulations of 2009 were also relevant in the audit. These were the authorities from which specific sections were selected as criteria for the evaluation of each exploration mining licence issued. Some criteria were grouped under audit questions.

The team examined records of exploration mining licences issued in 2017. However, in order to determine whether anniversary payments were done with respect to such licences, the team extended their analysis to 31st December, 2018.

The issuance process of exploration mining licences by the National Mineral Agency was materially non-compliant in the following:

- The Agency did not ensure that all annual licence and monitoring fees are paid by mineral right holders, in contravention of the requirements sets out in section 152 (1&2) of the Mines and Minerals Act of 2009.
- The MCAS showed outstanding fees of US\$872,131 for which the Agency did not pursue payments, neither do they correct the MCAS if it is erroneously recording transactions that do not reflect the actual activities of the Agency as required by section 152 (1&2) of the Mines and Minerals Act of 2009.
- The Agency inconsistently levied penalties on offenders for the same infringements in contravention of section 2(5) of the Mines and Mineral Regulations of 2009.

We recommended that the NMA take necessary action to improve this.

## **4.1. DETAILED FINDINGS AND RECOMMENDATIONS**

### **4.1.1. Non-payment of Annual Licence and Monitoring Fees**

A review of the files of exploration licence holders together with the MCAS enabled the team to ascertain that annual licence and monitoring fees totaling US\$1,370.70 and US\$97,987.80 for 2017 and 2018 payment periods respectively were not paid as prescribed in the Mines and Minerals Act of 2009.

### **4.1.2. Outstanding Fees**

Data retrieved from the MCAS revealed that various exploration licence fees totaling US\$872,131.00 remain outstanding from 1st January, 2017 to 31st December 2018, contrary to section 152 of the Mines and Minerals Act of 2009 and Criteria “a” on the Exploration Licence Certificate.

Furthermore, evidence in the form of correspondence sent to the debtors, ageing analysis of outstanding payments, the associated penalty projection schedule and other necessary actions taken to justify efforts made by the Agency to recover the amount stated above, were not submitted for audit inspection. This has made it difficult for the team to determine whether the said amount is actually outstanding, or whether it is the MCAS that is erroneously recording transactions that do not reflect the actual activities of the Agency.

We recommended that the Head of Mines Cadastre Unit should investigate the amount highlighted. If established to be outstanding fees, he should recover it together with the associated penalties and submit evidence justifying recovery actions taken, for audit inspection. Going forward, the Head of Mines Compliance Unit should ensure that prompt actions are taken to prevent delays that result in the cancellation of licences and the loss of revenue.

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

*The Director General, NMA stated that: “Exploration licence fees had remained outstanding from 1st January, 2017 to 31st December, 2018 for the following reasons:*

- (i) *There are those mineral right holders that applied to partially surrender their licence(s) and are yet to receive approval from the Hon. Minister of Mines and Mineral Resources. The Minerals Advisory Board (MAB)*

*has still not convened a meeting to discuss these mineral rights and make recommendation to the Hon. Minister for approval.*

- (ii) *There are others who applied to surrender and received conditional approval for same, but are yet to be issued with the required surrender certificates. This is because the Minerals Advisory Board still needs to confirm that there are no outstanding environmental and financial issues to be addressed before advising the Hon. Minister to grant the Surrender Certificates.*
- (iii) *There are those whose mineral rights are up for renewal and had applied to renew these mineral rights but are yet to receive the required approval from the Hon. Minister of Mines and Mineral Resources. This is because the Minerals Advisory Board (MAB) has still not convened a meeting to discuss these mineral rights and make recommendation to the Hon. Minister for approval.*
- (iv) *There are those whose payments were due and Orders to Pay were sent with accompanying penalty fees for late payments, but have still not complied with the payment instructions. These ones have already been identified for onward transmission to the MAB to be recommended for final cancellation.*

*Since the cadastre system automatically calculates license fees on the due dates and these payments have still not been made by the mineral right holders, they continue to appear as outstanding payment obligations in the system.*

*The above issues are therefore pending until the MAB meets and makes recommendation to the Minister for approval or otherwise of these mineral right applications. The last time the MAB met to recommend applications was on 19th July 2018. and since then the Board was dissolved and new members appointed. There was an inaugural meeting on 17th January but these outstanding issues were not discussed. Another Board meeting was recently held on 22nd May 2019 but only a single application for a large-scale mining licence was discussed and recommended for approval’.*

#### **Auditor's Comments**

- Of the totals of US\$1,370.70 and US\$97,987.80 for 2017 and 2018 payment periods respectively, payment was made for only US\$7,281.00 for 2018, leaving a balance of US\$1,370.70 and US\$90,706.80 unpaid for 2017 and 2018 respectively. This issue is therefore partly resolved.
- There was no evidence that various outstanding exploration license fees totaling US\$872,131.00 from 1st January 2017 to 31st December 2018 had been paid. However, evidence of Order To Pay (OTP) sent to the defaulters with penalties was submitted for audit verification. This issue remains unresolved.
- The ASSL also noted the management’s response regarding the Minerals Advisory Board (MAB) and shall continue to follow-up on the outstanding fees due to be paid by mineral right holders. It is therefore recommended that the NMA continue to communicate to the ASSL the progress being made on the recovery of the outstanding fees.

#### **4.1.3. Inconsistent Implementation of Penalties**

We observed that penalties were not fairly implemented on different exploration mineral right offenders that commit the same offences. Whereby penalties are levied on a particular offender for a particular offence, no penalty would be levied on another offender for the same offence, thereby leading to discrimination and loss of revenue.

In relation to the above, we reviewed the files of exploration right holders together with penalty assessment letters in order to determine the correctness and completeness of penalties levied on non-

compliant license holders. It was however noted that penalties were levied only on eight of 12 mineral right holders for failing to submit their audited financial statements, resulting in a revenue loss of US\$2,000.

#### ***4.1.4. Poor Tracking of Late Payment***

Penalties should be levied on mineral right holders who fail to honour their obligations on time. This is to enhance the cash flow of the Agency and to improve the compliance level of mineral right holders. However, the team observed that late payment of fees and other charges were not tracked by reconciling due dates of payment and actual dates of payment, thereby resulting in poor tracking of late payments.

#### ***4.1.5. Ineffective Minerals Advisory Board (MAB)***

The Minerals Advisory Board (MAB) is responsible for the evaluation and recommendation of licence applications to the Minister of Mines and Mineral Resources for approval and payment of annual license fees. It was however observed that the MAB is not discharging its functions as required.

Section 13 (1) of the Mines and Minerals Act of 2009 states that: “The Minerals Advisory Board shall meet for the dispatch of business at such times and in such places as the Chairman may determine, but shall meet as frequently as necessary to respond to the time limits for dealing with an application for a mineral right and in any event meet at least quarterly”. During 2018, we noted that MAB meeting was only held in July 2018, and MAB was dissolved thereafter. The newly constituted Board met in January 2019 (inaugural meeting) without discussing core issues like application.

The ineffective functioning of the MAB has seriously hindered the revenue collection potential. Several companies have either applied to renew or surrendered (wholly or partially) their licences, but since then, there has not been a board meeting to make recommendations for approval and payment of fees, resulting in outstanding fees. Even for those companies that are interested in maintaining their licence(s), they cannot proceed to pay because they need the Board’s recommendation before approval.

We therefore recommended that:

- The Director of Mines should ensure that penalties are levied on the remaining four defaulters and evidence of collection submitted to the audit team.
- In future, the Director of Mines should ensure that penalties are consistently levied to ensure fairness.
- The Chief Inspector of Mines should ensure payments are properly tracked to ensure that payments are collected as they are due, and are done on time.
- Going forward, the Head of Mines Compliance Unit should ensure that (due dates of payment and actual payment dates) reconciliations are done on a monthly basis in order to enhance proper analysis and penalisation of non-compliant licence holders.
- The Management of the NMA should ensure that this matter is escalated to the Minister of Mines and Mineral Resources in order to expedite the effective operation of the Minerals Advisory Board.

## **Official's Response**

*The following are responses from the Management of the NMA:*

### **4.1.6. Inconsistent Implementation of Penalties**

*Exploration mineral rights offenders highlighted were penalised for committing not necessarily the same offences but one or more of the following offences:*

- i. Failure to pay annual licence and monitoring fees on the due dates*
- ii. Failure to submit six-monthly technical report on exploration activities*
- iii. Failure to submit annual technical report on exploration activities*
- iv. Failure to submit audited financial report for the year immediately preceding*

### **4.1.7. Ineffective Minerals Advisory Board**

*Management notes this concern and equally recognises the responsibility of the Minerals Advisory Board (MAB) in granting of applications, and renewing, suspending, transferring and cancelling of licences as enshrined in the Mines and Minerals Act of 2009. Management also notes that there has been an ineffective MAB due to the transition period (dissolution of the previous Board and later the appointment of a new one) and the suspension that was placed on the processing of mineral rights applications since August, 2018. The MAB last met to discuss matters relating to mineral rights on 19th July, 2018, and was dissolved just afterwards. A new Board was constituted and an inaugural meeting was held on 17th January 2019 (when the ban was lifted) although issues of mineral rights applications were not discussed. Another Board meeting was recently held on 22nd May, 2019 but only a single application for a large-scale mining licence was discussed and recommended for approval. Matters bothering on other mineral right applications were also not discussed.*

*There are plans to restructure the MAB, redefine its roles and responsibilities and align these changes to be reflected in the proposed review of the Mines and Minerals Act of 2009. Whilst these restricting and review processes are ongoing, the NMA is engaging the new Minister of Mines and Mineral Resources by highlighting all the pending issues (especially those relating to the recommendation of outstanding mineral right applications) and also solicit his support for the MAB to convene a meeting even if it is to urgently address these outstanding issues. We are hoping that the MAB will meet soon to address issues of outstanding payments, applications for renewals and surrenders, revenue collection and cancellation of non-compliant mineral rights.*

## **Auditor's Comments**

- Management's response is noted with regard to the levying of penalties on different exploration mineral right offenders that commit the same offences. Of the remaining four mineral right holders, evidence of payments that was made by three mineral right holders was submitted for audit verification, leaving a balance of one mineral right holder. This issue remains partly resolved.
- No management response was given regarding the tracking of late payment by mineral rights holders. Therefore, the issue remains unresolved.
- The ASSL also noted the management's response regarding the Minerals Advisory Board (MAB) and shall continue to follow-up on their activities. It is therefore recommended that the NMA continue to communicate to the ASSL the progress being made on the activities of the MAB.

# PART II

## **CHAPTER V - CITY, DISTRICT AND MUNICIPAL COUNCILS**

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## **MAIN POINTS**

### **Introduction**

A combined audit (financial and compliance audits) was carried out on the 22 Local Councils for 2018.

The financial audit was done with the view of expressing an opinion on the financial statements submitted for the year ended 31st December, 2018. It focused on budgets and budgetary controls mechanism in the councils, cash and bank, revenue and receipts, disbursements, payroll, IT controls and assets management.

The compliance audit covered the period of 1st January to 31st December 2018 and focused on the evaluation of the subject matter against suitable criteria to form a conclusion on the entity's compliance with the criteria.

The objectives of the financial audit were:

- To express an opinion on the 2018 financial statements of the Councils, whether they give a true and fair view of the state of affairs of the Councils, and that they were prepared in accordance with International Public Sector Accounting Standards – Cash Basis and other relevant legislation;
- To form an understanding on whether the financial documents and books of account were a reasonable presentation of the results of the activities for the year; and
- Whether applicable internal control procedures necessary for sound financial management were in place and working effectively in the councils during 2018.

The objective of the compliance audit was to obtain reasonable assurance on whether the Council's procurement activities undertaken in 2018 were free from material non-compliance with the Public Procurement Act of 2016, and the Public Procurement Regulations of 2006, whether arising from fraud or error, and to form a conclusion on whether the procurement laws and regulations were complied with.

### **What We Did**

The financial audit was conducted in accordance with the Audit Service Sierra Leone Manual which is based on the International Standards of Supreme Audit Institutions (ISSAI). These standards state that in the conduct of our work, we carry out risk assessments to focus resources on the areas of greatest audit risk. During this engagement, we held discussions with key members of council staff, reviewed key documents, tested key controls and performed tests on financial transactions on a sample basis.

The compliance audit was a direct engagement, as the subject matter was evaluated against the criteria which were selected by the auditor who produced the subject matter information using the principles of ISSAI 100, 400 & 4000. A risk based audit approach was adopted throughout the process by focusing audit resources on areas of high risks of material non-compliance with the procurement laws and regulations.

Our findings and recommendations from the audits of the Councils were discussed with the key personnel involved, and communicated in individual management letters for their comments and necessary action. Responses received, where deemed appropriate, and have been included in this report.

## **Why it is Important**

One of the good tenets of good governance is decentralisation. It ensures participation and promotes accountability, both of which are vital in sustaining democratic credentials. Local councils are the highest political authority with legislative and executive powers in accordance with the Local Government Act, 2004. The councils are generally responsible for the promotion of the development and welfare of the people in their locality, with such resources and capacities as it can mobilise from the central government and its agencies, national and international organisations and the private sector. Therefore, 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.

## **What We Found**

The annual financial statements for 22 councils were submitted for audit before, or after, the legislative deadline of 31st March, 2019.

Significant matters were identified in the audit examination. These matters revealed a cash loss of Le18.5 billion relating to the following categories:

- Revenue arrears
- Non-payment of statutory obligations
- Unsupported payments
- Over expenditure of budget lines, and unapproved expenditure
- Payment of sitting fees and other allowances to absentee councillors

The main composition and analysis of these losses are summarised in Table 1.4 below:

**Table 1.4**  
**Analysis of Cash Irregularities on Local Councils Activities**

<b>Detail</b>	<b>Amount (Le)</b>
Revenue arrears	15,782,182,623
Statutory deductions not made	585,287,005
Unsupported payments	865,744,736
Unapproved expenditure	826,135,726
Sitting fees and other allowances paid to absentee councillors	460,930,000
<b>Total</b>	<b>18,520,280,090</b>

We noted that transactions relating to goods, works and services, which amounted to Le93.3 billion, were not supported by adequate documentation. We also observed several procurement irregularities to the tune of Le4.1 billion which may have been due to lack of commitment on the part of Chief Administrators to ensure compliance with rules and legislation governing the procurement process.

The audit outcomes are expanded upon in detail below, and in even greater details in the individual councils' reports submitted to Parliament.

## **5.1. DETAILED FINDINGS AND RECOMMENDATIONS**

### **5.1.1. RECENT REFORMS**

#### **5.1.2. Establishment of New Local Councils**

Sierra Leone embarked on a boundary delimitation exercise in 2015 which led to the creation of new chiefdoms, districts, cities and region/province. In the supplement to the Sierra Leone Gazette Vol. CXLVIII, No.34 dated 22nd June, 2017 and signed on 16th June 2017, the Local Government (Amendment) Act, 2017 was passed into law. This was an amendment to the Local Government (Amendment) Act (LGA), 2004 to provide for the addition of new districts under the provinces.

The First Schedule of the LGA, Act No.1 of 2004 was amended for the creation of three new councils: Falaba District, Karene District and Port Loko City Councils. This now increases the number of Local Councils from 19 in 2017 to 22 in 2018.

## **5.2. FINANCIAL REPORTING**

The Councils' management are responsible for the preparation and fair presentation of the financial statements in accordance with the Cash Basis International Public Sector Accounting Standard (Cash Basis IPSAS) and other applicable laws and regulations and legislation, and for such internal controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on those financial statements. Listed below are significant audit findings, including any significant deficiencies in internal controls that we identified during our audit:

### **5.2.1. Revenue Under/Over stated in the Financial Statements**

During our review of own-source revenue collected and recognised in the financial statements by selected councils, we observed that total own-source revenue recorded in receipt books, cashbook or deposited in the bank accounts was Le2,357,475,808.00 and the total own-source revenue reported in the financial statements was Le2,432,651,108. This resulted in a difference of Le62,035,700.00 between the two records. Table 5.1 below shows an analysis of the differences between the receipt books/bank statements total and financial statements.

<b>Table 5.1</b> <b>Analysis of the Differences Between Receipt Books, Cashbook, Bank Statements and Financial Statements</b>			
<b>Name of Council</b>	<b>Amount as per Financial Statements (Le) “A”</b>	<b>Amount as per Receipt Books/Bank Statements (Le) “B”</b>	<b>Variance (Le) “C”=A-B</b>
Karene District	101,568,000	117,780,000	16,212,000
Western Area Rural District	1,760,000	61,180,000	59,420,000
Bo City	1,478,069,956	1,468,972,267	-9,097,689
Koidu New Sembrehun City	851,253,152	846,754,541	-4,498,611
<b>Total</b>	<b>2,432,651,108</b>	<b>2,494,686,808</b>	<b>62,035,700</b>

We recommended a reconciliation between the two records so as to give comfort to stakeholders, create room for correct decision making and also give credibility to the financial statements prepared by the councils.

### **5.2.2. Cash and Bank Management by Councils**

- Contrary to the provision in the Public Financial Management Regulations, two Councils (Karene District and Port Loko City) opened bank accounts for which the Accountant General's authorisation was not obtained. It is recommended that the Chief Administrator should ensure that authorisation from the Accountant General for the opening of bank accounts is always obtained. This will have the benefit of ensuring that the deposit, custody or withdrawal of public monies or other monies are safeguarded from misappropriation.
- Banking procedures normally regard cheques as stale, if they are not presented within six months from the date they are prepared. From a review of the Council's cashbooks and bank reconciliation statements, we observed that in the Port Loko and Western Area Rural District Councils, stale cheques totalling Le151,458,992.00 and Le1,201,750.00 respectively, still reflected in the Council's books of account as at 31st December, 2018.
- The Western Area Rural District Council had seven (7) bank accounts which were not in use during FY2018 and were therefore considered dormant. This may cause the Council to pay unnecessary bank charges which could lead to overdraft. The Chief Administrator should ensure that all dormant accounts are either regularised or closed to avoid payment of unnecessary charges, or being used for ineligible purposes.

### **5.2.3. Non-submission of Documents**

Bank statements for five bank accounts operated by the Kambia District Council were not submitted for review. The Finance Officer revealed that these accounts were dormant; there was however, no documentary evidence submitted to substantiate this statement. We further observed that in spite of repeated requests, these accounts were not confirmed by the bank. This issue was particularly important as Le25 million was transferred from the Rural Water Decentralised Service Delivery Programme (DSDP) account to the Development account which was designated as dormant. It is therefore highly probable that the revenue and expenditure figures in respect of these accounts may have been misstated. As a result, we could not confirm council's actual bank balances as at 31st December 2018, and whether these accounts were utilised for their intended purposes.

Confirmation is a process of seeking outside responses in a bid to ascertain and corroborate information contained in the accounting records of the audited body. Bank confirmations were circularised to all the Port Loko District Council's bankers in a bid to confirm the account balances in the financial statements. However, we did not receive bank confirmations from the Sierra Leone Commercial Bank for bank balances totalling an overdraft of Le31,325,722.

## **5.3. REPORT AND ANALYSIS OF COUNCIL'S PERFORMANCE**

### **5.3.1. Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards for Supreme Audit Institutions, we exercise professional scepticism throughout the audit.

### **5.3.2. Types of Audit Opinion Issued to Councils in 2018**

Twenty councils (91%) 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 and regulations, Public Financial Management Acts and Regulations, Income Tax Act and the Local Government Act.

Two councils (9%), 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.

An adverse opinion or a disclaimer of opinion was not issued on any of the 22 local councils audited during 2018.

### **5.3.3. Councils Performance During 2018**

The three new councils, Karene District, Falaba District and Port Loko City councils all received an unqualified audit opinion.

Of the 19 councils that were in existence prior to the creation of the new councils, three councils (Kenema District, Moyamba District and Bo City) improved in performance. These councils moved from having a qualified audit opinion in 2017 to an unqualified audit opinion in 2018. But the expected target of all councils having 100% unqualified opinions was not met by two of the 19 councils. Kambia District Council dropped in performance by moving from an unqualified audit opinion to a qualified audit opinion, and Bonthe District council failed to improve in performance by maintaining a qualified audit opinion in 2018.

Performance of individual councils during 2018 is given in **Table 5.2**

No.	Name of Council	Type of Audit Opinion	
		2018	2017
1	Bo District	Unqualified	Unqualified
2	Bombali District	Unqualified	Unqualified
3	Bonthe District	Qualified	Qualified
4	Kailahun District	Unqualified	Unqualified
5	Kambia District	Qualified	Unqualified
6	Kenema District	Unqualified	Qualified
7	Falaba District	Unqualified	N/A
8	Koinadugu District	Unqualified	Unqualified
9	Karene District	Unqualified	N/A
10	Kono District	Unqualified	Unqualified
11	Moyamba District	Unqualified	Qualified
12	Port Loko District	Unqualified	Unqualified
13	Pujehun District	Unqualified	Unqualified
14	Tonkolili District	Unqualified	Unqualified
15	Western Area Rural District	Unqualified	Unqualified
16	Bo City	Unqualified	Qualified
17	Bonthe Municipal	Unqualified	Unqualified
18	Kenema City	Unqualified	Unqualified
19	Koidu New Sembbehun City	Unqualified	Unqualified
20	Makeni City	Unqualified	Unqualified
21	Port Loko City	Unqualified	N/A
22	Freetown City	Unqualified	Unqualified

The results reflect positive gradual progress by local councils. This analysis of councils' performance over the years clearly indicates that a good number of them have addressed their weaknesses in internal controls by improving systems and processes, together with the improved leadership oversight and governance.

#### **5.4. INFORMATION TECHNOLOGY (IT) CONTROL**

##### *Underutilisation of the PETRA*

In 2012, councils started to use a financial management information system, known as the PETRA accounting package. It uses the same 27 digits Chart of Accounts structure as the central government. The objective was to improve accountability, transparency and financial management reporting for councils.

In our audit work in 2014, we 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, they run PETRA on stand-alone laptops; and
- manual accounting records continue to be the books of original entry, suggesting that PETRA is at best used in parallel and even then not reconciled with the still dominant manual system.

During 2018, some seven years after the introduction of the implementation of the PETRA, we observed that the issues identified still exist and there had been very little improvement in the system. The Ministry of Finance should therefore ensure that difficulties identified in the implementation of PETRA are immediately addressed if the objective of improving accountability, transparency and financial management reporting by councils are to be a reality.

## **5.5. LOCAL COUNCIL’S REVENUE MOBILISATION**

Part VII – Financial Matters of section 45 of the Local Government Act of 2004, states that: “Local councils shall be financed from (1) their own revenue collections, (2) from central government grants for devolved functions which include (Administration, Health Services, Education Services, Agricultural Services, Solid Waste Management Services, Rural Water Services and Other Services) and the Local Government Development Grant (LGDG) and (3) from transfers for services delegated from government ministries”.

The LGA allows that Local Councils may also receive transfers for services delegated from government ministries, but so far there has been no delegation.

Local Council Grants and Transfer include three broad types of transfers: Administrative Grants, Devolved Functions Grants and the LGDG. The first two are provided for in the LGA2004 and are financed solely from central government. The LGDG is financed by the development partners.

Administrative grants are provided by central government to help defray LCs’ administrative expenses recognising that many of them are recently established councils and are only now building capacity to mobilise local revenue. This grant must only be used for administrative and supervision activities related to performing local council functions and must not be used solely for the allowances of councillors.

Grants for devolved functions are key to LC service delivery. In section 46(2) of the LGA2004, provision is made for transfers in the form of tied grants for each devolved function, in an amount that is necessary to continue the operation and maintenance of the devolved function at its pre-devolution level. In accordance with the Statutory Instruments of November 2004, more functions are being devolved to Local Councils year on. There is a Conditional Grants Policy Framework for Local Government Grant Distribution.

Local Government Development Grant (LGDG) is intended to help councils undertake development projects in their localities. This grant is not specific to any sector and allows discretionary decisions of councils to undertake development projects that meet priority needs of

their localities. The LGDG Operations Manual specifies a range of projects for which this grant is applicable or not.

Local council own-source revenue according to the Local Government Act of 2004 comprises of:

*Taxation Revenue*

- Precepts from local taxes
- Property rates

*Non-Tax Revenue*

- Market dues
- Business registration
- Licences/fees and charges
- Share of mining revenues
- Interests and dividends; and
- Any other revenue due to the Government but assigned to local councils by the Minister responsible for finance by statutory instrument.

### **5.5.1. Ineffective Management of the Cadastre System**

In order to effectively enhance the Council's revenue mobilisation, the cadastre system is pivotal in this regard. The cadastre database was acquired to process data relating to property tax and business licences. We observed the following common issues during our reviews of the cadastre system in the councils:

- Cadastre system was not user-friendly as there was no service level agreement for update, and maintenance of the system should it encounter any malfunction. Once the user roles over into a new fiscal year, there was no way to review the previous year's records which deterred the auditors from ascertaining the accurate amount of revenue arrears for the period under review.
- Regular back-ups of information in the cadastral system were not done to ensure data availability and integrity.
- There was no interface between the Council cadastre system and the PETRA system. Further examination revealed that there was no evidence of revenue reconciliation between the Valuation and the Finance Offices.

As government grants are small and infrequent, it is advised that the councils increase their efforts to maximise the use of the property cadastre system, in order to be able to generate enough resources to fund those critical service delivery areas.

### **5.5.2. Uncollected Own-sourced Revenue**

We analysed the figures for own-source revenue (Tax, Non-Tax and Other Revenues) disclosed in the financial statements submitted by the 22 Local Councils and observed that during 2018, the councils were unable to collect 49% (Le32,512,996,630.00) of the total own-source revenue budgeted amount of Le66,305,882,664. These uncollected revenues comprised mainly of local taxes, property rates and business registration certificates. Most councils generally did not have database to guide collection, and also did not devise effective revenue collection strategies to compel payments.

We however commended efforts made by eight councils in enforcing revenue collection. These councils were able to collect over 50% of their budgeted own-source revenue during 2018. Five of the eight councils were outstanding as they were able to collect over 80% of their budgeted own-source revenue.

**Table 5.3:** Below, shows own-source revenue collection performance of individual councils during 2018.

Name of Council	Total Own-Source Revenue (Tax, Non-Tax & Other Revenue) Collected Le "A"	Budgeted Own-Source Revenue (Tax, Non-Tax & Other Revenue) Le "B"	% Revenue Collected	Uncollected Own-Source Revenue (Tax, Non-Tax & Other Revenue) Le "C"="A"- "B"	% Revenue Uncollected
Bo District	751,052,102.00	1,594,039,116.00	47%	842,987,014.00	53%
Bombali District	700,903,100.00	1,138,972,950.00	62%	438,069,850.00	38%
Bonthe District	490,305,803.00	2,594,490,542.00	19%	2,104,184,739.00	81%
Kailahun District	453,739,729.00	1,032,500,750.00	44%	578,761,021.00	56%
Kambia District	385,093,661.00	991,534,520.00	39%	606,440,859.00	61%
Kenema District	727,701,387.00	1,339,281,043.00	54%	611,579,656.00	46%
Falaba District	29,243,721.00	320,760,000.00	9%	291,516,279.00	91%
Koinadugu District	281,068,760.00	800,928,095.00	35%	519,859,335.00	65%
Karene District	101,568,000.00	120,010,500.00	85%	18,442,500.00	15%
Kono District	729,025,182.00	1,876,963,787.00	39%	1,147,938,605.00	61%
Moyamba District	1,336,454,933.00	2,233,159,355.00	60%	896,704,422.00	40%
Port Loko District	1,035,802,596.00	1,182,605,111.00	88%	146,802,515.00	12%
Pujehun District	985,051,283.00	1,119,767,003.00	88%	134,715,720.00	12%
Tonkolili District	501,529,366.00	1,622,839,718.00	31%	1,121,310,352.00	69%
Western Area Rural District	1,477,561,134.00	12,383,819,298.00	12%	10,906,258,164.00	88%
Bo City	1,478,069,956.00	3,628,521,309.00	41%	2,150,451,353.00	59%
Bonthe Municipal	23,897,000.00	240,120,000.00	10%	216,223,000.00	90%
Kenema City	2,159,498,833.00	7,005,264,139.00	31%	4,845,765,306.00	69%
Koidu New Sembbehun City	851,253,152.00	3,120,317,020.00	27%	2,269,063,868.00	73%
Makeni City	1,776,129,984.00	2,058,790,104.00	86%	282,660,120.00	14%
Port Loko City	56,024,500.00	17,500,000.00	26%	161,475,500.00	74%
Freetown City	17,461,911,852.00	19,683,698,304.00	89%	2,221,786,452.00	11%
<b>Total</b>	<b>33,792,886,034.00</b>	<b>66,305,882,664.00</b>	<b>51%</b>	<b>32,512,996,630.00</b>	<b>49%</b>

This lapse arose as a result of ineffective supervision on the part of the Budget and Finance Committees to perform their functions as required in the Local Government Act of 2004.

We recommended that councils should strengthen monitoring over collection of revenue. We advised that the councils increase their efforts to enhance the own-source revenues, in order to

be able to fund those critical service delivery areas that will increase the wellbeing and livelihood of the localities in which they operate. We further recommended that the councils should engage their Budget and Finance Committees to devise effective strategies to track and collect all revenue from local taxes, property rates, businesses and other potential revenue streams.

### **5.5.3. Revenue Arrears**

Local councils are required to make adequate efforts to collect revenues from their own-sources. The Chief Administrators (CAs), being responsible for the control of, and accounting for the General Fund and all other public funds received, held, and expended for and on behalf of the Council is required to report any case in which they consider after due enquiry that the payment of departmental revenue is falling unduly into arrears. The CAs are also personally responsible for ensuring that adequate safeguards exist and are applied for the assessment, collection of and accounting for such revenues and other public monies relating to their departments or offices. This requirement was not met by some councils during 2018. During our review of revenue generations by selected councils, we observed that revenue arrears for three councils totalled Le15,782,182,623.

**Table 5.4** below gives name of councils and revenue arrears as at 31st December, 2018:

<b>Table 5.4</b> <b>Statement of Revenue Arrears as at 31st December, 2018</b>	
<b>Name of Council</b>	<b>Arrears as at 31 December, 2018 (Le)</b>
Port Loko District	1,383,100,075
Bo City	76,118,000
Freetown City	14,322,964,548
<b>Total</b>	<b>15,782,182,623</b>

We therefore recommended that councils immediately constitute a Committee or a Taskforce to pursue the defaulters for the recovery all amounts in arrears.

## **5.6. STATUTORY TAX IRREGULARITIES**

Contrary to sections 25(1, 2, 3) and 27(1) of the NASSIT Act of 2001, we noted that six councils failed to remit a total amount of Le368,820,879.00 being social security contributions to NASSIT. Failure on the part of the management to immediately transfer these statutory payments to NASSIT was mainly responsible for this anomaly. And the failure to pay the amounts withheld from employees' salaries would adversely affect the processing of their retirement benefits when they are due.

Similarly, we identified that withholding taxes which totalled Le209,122,352.46, and PAYE tax of Le7,343,774.00 were either not deducted, or deducted but not paid to the NRA as specified in the Income Tax Act of 2000. Under section 130 (1) of the Income Tax Act of 2004 as amended in 2008, the councils are obligated to pay any tax that has been withheld or should have been withheld to the NRA within 15 days of the end of the month in which it was or should have been withheld.

**Table 5.5** gives details of non-payment of Statutory Obligations.

Table 5.5 Non-payment of Statutory Obligations				
Name of Council	NASSIT Le	Withholding Taxes Le	PAYE Tax Le	Total statutory deductions Le
Bo District	-	14,194,686.21		14,194,686.21
Port Loko District	24,406,800.00	-	7,343,774.00	31,750,574.00
Kambia District	23,088,675.00	30,799,353.75		53,888,028.75
Western Area Rural District	15,929,500.00	-	-	15,929,500.00
Koidu New Sembbehun City	3,358,724.00	-	-	3,358,724.00
Kenema District	3,712,140.00	5,485,675.50	-	9,197,815.50
Kenema City	51,841,000.00	-	-	51,841,000.00
Bonthe District	3,381,750.00	-	-	3,381,750.00
Bo City	224,892,290.00	-	-	224,892,290.00
Makeni City	-	1,155,000.00	-	1,155,000.00
Freetown City	-	152,943,537.00	-	152,943,537.00
Karene District	-	4,544,100.00	-	4,544,100.00
Tonkolili District Council	18,210,000.00			18,210,000.00
<b>Total</b>	<b>368,820,879.00</b>	<b>209,122,352.46</b>	<b>7,343,774.00</b>	<b>585,287,005.46</b>

We therefore recommended to the management of the six Councils to pay their staff social security contributions to NASSIT, and to be paying future contributions on time to avoid any sanctions or penalties.

The Government of Sierra Leone relies on tax revenue to finance key public services. Failure to pay tax reduces the overall revenue collected by the Government. We recommended that the Councils involved should comply with the relevant laws; and further recommended that the amounts identified during the audits should be recovered and paid over to the appropriate authorities.

## 5.7. PROCUREMENT IRREGULARITIES

### 5.7.1. Non-submission of Annual Procurement Plan to The Ministry of Local Government and Rural Development (MLGRD)

During 2018, we reviewed the Council's procurement plans to ascertain whether the plans were reviewed and approved by the MLGRD. Evidence was not made available to confirm that they were submitted to the MLGRD for review and approval, as provided for in section 29 (5) of the PPA, 2016.

Following the observed non-compliance to section 29(5) of the Public Procurement Act of 2016, we recommend that in future, the Councils should submit their annual procurement plan to the MLGRD, every year for approval before implementation; in accordance with the provisions of section 29(5) of the Public Procurement Act of 2016.

## **5.7.2. Poor Management of Procurement Records**

### *Bonthe Municipal Council*

We observed the following:

- Contrary to section 29(1&2) of the Public Procurement Regulations (PPR) of 2006, the Council failed to submit the approved annual procurement plan for the 2018 financial year.
- Section 138 of the PPR, 2006 requires that the contract document shall require the supplier to submit an original invoice and a copy for each payment requested and shall clearly state the documentary evidence against which payments shall be made. This requirement was not met by the Council as procurement activities valued at Le441,630,000.00 were not supported with original invoices.
- Contracts for the supply of drugs and laptops were awarded to Gemstar Pharmaceutical and Entabuy Agency respectively. However, documents such as business registration certificates, NASSIT certificates and PAYE certificate to make them eligible to participate in the bidding process, were not available for audit. This is contrary to section 106(2b) of the PPR 2006.

### *Myamba District Council*

Section 122 (1) of the PPR 2006 requires that the Procurement Unit shall prepare a written contract, with the assistance of the Law Officers Department using the contract included in the bidding document or request for proposal.

We however observed that contract agreements between the council and three contractors for the construction of a six-bedroom duplet was not made available for inspection.

### *Bo City Council*

Council outsourced the collection of offloading and wholesale revenue generation to the Lion Park and the collection of lorry park fees to the Drivers' Union in Bo city. There was no evidence that the selection and awarding of these contracts were done in a competitive manner. In addition, contract between the Council and the contractors were not submitted for our review.

### *Western Area Rural District Council*

In April 2018, the Council initiated the procurement of works for a contract sum of Le257,889,850. But contrary to section 32 (1) of the Public Procurement Act of 2016, relevant records such as bid register, copies of bid securities, bids for two other contractors, bid opening minutes and bid evaluation report were not submitted for our review.

### *Makeni City Council*

Contrary to the provision in section 106(2) of the Public Procurement Regulations (PPR) 2006, valid certificate of business registration, NASSIT and tax clearances for the successful suppliers at the time of the submission of bids, as well as the award of contracts for the provision of tools and protective gears, hiring of tipper trucks and bulldozers, and supply of fuel for a contract amount of Le75 million were not submitted.

### *Koidu New Sembbehun City Council*

Contrary to the provision in section 106 (2b) of the PPR 2006, procurement activities amounting to Le27 million were awarded to suppliers without appropriate documents necessary to enable bidders

participate in the procurement proceedings, and to submit quotations that are responsive to the needs of the procuring entity.

### **5.7.3. Use of Appropriate Standard Bidding Document**

Section 54 (1) Public Procurement Regulations,2006 requires procuring entities to use the appropriate standard bidding document format issued by the National Public Procurement Authority (NPPA) for drafting individual bidding documents. This requirement was not met by the Koinadugu and Kambia District Councils during 2018.

### **5.7.4. Publication and Notices of Procurement Activities**

#### *Karene District Council*

We observed the following:

- Contrary to the provision in section 26 of the PPA 2016, there was no indication of publication of procurement in the Gazette for the construction of a six-classroom building with office, water well with hand pump, compartment (3x2) VIP latrines and fabrication of furniture and the rehabilitation of a primary school, for a contract sum of Le960,122,732.
- Contrary to the provision in section 56(3) of the PPA 2016, we observed that contracts were signed on the same dates that the notification letters were issued without observing the 14 days interval as stipulated in the Act for procurement worth Le1,080,860,932.

#### *Kambia District Council*

A review of newspaper advertisements and other related documents revealed that the Council's advert for the supply of diet to the Government Hospital Kambia, lasted for only three weeks, before the bid opening date. This may have served as a limitation to other potential bidders, not to bid for the contract. It is therefore apparent that the bidding process for diet was not competitive, due to the lack of sufficient time allowed for national coverage, as only three weeks were allowed for potential bidders to apply, which might have resulted in only one bid received and evaluated. This was contrary to the provisions in section 52(1a-d) of Public Procurement Regulations of 2006.

### **5.7.5. Uncompetitive Procurement**

#### *Karene District Council*

Upon review of the Procurement Committee minutes, we noted that a contractor was particularly selected to sign a Framework Contract for the hiring of tipper and bulldozer, instead of issuing out three requests for quotations (RFQ) to make the process competitive. A total payment of Le120 million was made for the period under review. We also noted that business documents such as NASSIT and tax clearance certificates submitted by the contractor had already expired before the bid submission date.

#### *Makeni City Council*

Contrary to the provision in section 46(1) of the Public Procurement Act of 2016, the Council did not observe the procedures for sole-source selection method for the hire of tipper trucks, bulldozers, and front-end loaders for an amount of Le150 million. Sole-source was used where there were other contractors on the Council's database who could have offered the same service.

#### *Kambia District Council*

Section 45(1) of the Public Procurement Act of 2016, requires procuring entities to request for quotations in writing from as many bidders as practicable, but from at least three bidders. We

however noted that the Council procured goods and services worth Le35 million without alternative quotations from other prospective suppliers or service providers to ensure competitive pricing and value for money.

#### *Falaba District Council*

The Council was materially non-compliant with section 45(1) of the Public Procurement Act of 2016 and section 106(2) of the Public Procurement Regulations of 2006. A closer examination of the RFQs and related documents of suppliers revealed that, the address on the quotations of two of the RFQs submitted for a framework contract, for the provision of refreshment for the Council and devolved sectors related to just one supplier. During the year under review, payments amounting to Le75,450,000.00 were made to this supplier for four different contracts based on the initial evaluation which was not competitive.

#### *Bonthe Municipal Council*

We observed the following irregularities:

- We noted that RFQs submitted by suppliers for three difference contracts were without prices. However, the evaluation reports stated prices which the Procurement Officer used to evaluate the submitted RFQs. The three awarded contracts amounted to Le37,100,000.00. It was surprising to note where the Procurement Officer derived these amounts from, since the RFQs signed and submitted by the three businesses did not quote any price for the supply of the goods required.
- Contrary to the provisions in section 45(4) of the Public Procurement Act of 2016, and section 123(1) of the Procurement Regulations of 2006, Local Purchase Orders were not prepared for contracts awarded to Mike Sam Construction, Catering and General Services for the supply of assorted cleaning materials, tools and equipment valued at Le44,680,000. This indicated that the award was not done on a competitive basis; thereby leading to the loss of public funds as value-for-money may not be achieved in such procurement activity.
- We observed that there was an existing contract for the supply of diets to the Government Hospital in 2017. The Council did not advertise to the public through the NCB or restricted bidding, for the supply of diets to the hospital for 2018. Instead, the Council continued to receive diets for the hospital from the existing supplier without creating competition which should have given the Council greater value-for-money. The total value of the diets supplied for the year under review was Le162,206,000.

#### *Pujehun District Council*

Contrary to the provision in the First Schedule of the Public Procurement Act of 2016, RFQ method instead of the National Competitive Bidding (NCB) method of procurement was used in the procurement process for the rehabilitation of the Chairman's quarters in Pujehun Town for a contract sum of Le163 million.

#### *Freetown City Council*

Section 45(1) of the Public Procurement Act of 2016, requires procuring entities to request for quotations in writing from as many bidders as practicable, but from at least three bidders. Three RFQs were not obtained and submitted for audit reviews for the procurement of goods, works or services, worth Le482,450,000.

## **5.8. EXPENDITURE MANAGEMENT CONTROL**

### **5.8.1. Expenditure Records Poorly Managed**

Proper filing of source documents is still a challenge in most of the councils. The source documents supporting the classes of transactions and account balances were not filed in line with the recognition and disclosure made in the financial statements. This created considerable difficulties and delays in tracing transactions from the financial statements to their respective source documents.

We identified weak supervision over the finance unit by the Finance Officers and Chief Administrators as the major cause of the lapse.

We therefore recommended to the councils for an improved monitoring and supervision over the finance unit to ensure that accounting records are properly kept for ease of reference.

### **5.8.2. Unsupported Payments**

Section 100 (1) of the Public Financial Management Regulations, 2018 stipulates that “No payment from the Consolidated Fund or a donor or special fund shall be made without a payment voucher” and best accounting practice requires that every payment shall be supported by the original of a voucher, which shall contain full particulars of the service for which payment is being made and the head, sub-head and item or account to which is to be charged.

We observed while reviewing payment records, that during 2018, payments made by three councils for various expenses without payment vouchers raised, totalled Le865,744,736.00. In addition, supporting documents for these payments were also not presented for audit inspection.

Details are in Table 5.6 below:

<b>Table 5.6 Unsupported Payments</b>	
<b>Name of Council</b>	<b>Payments without Supporting Documents (Le)</b>
Kambia District	101,589,736.00
Bonthe District	500,000,000.00
Freetown City	264,155,000.00
<b>Total</b>	<b>865,744,736.00</b>

We noted that laxity on the part of the Finance Officers and lack of supervision on the part of the Chief Administrators led to this omission. The situation could undermine effective controls and lead to payment for goods and services not delivered and thereby, misappropriation of public funds.

We recommended for significant improvement to be made in controls over the cash management and payment function of the councils. We further recommended regularisation of the above anomaly and the necessary documentation to be made available for audit scrutiny, failing which the amount of Le865,744,736.00 should be refunded into the councils account by the officers responsible for the payments. We further advised the CAs and the finance officers to desist from the practice of taking

cash from bank without properly prepared payment vouchers, together with the necessary attachments to serve as basis of authority and approval for the payment.

### **5.8.3. Unreceipted Payments**

The Finance Officers of five Local Councils, made payments totalling Le93,327,500.00 for various expenses, but failed to obtain official receipts, invoices and delivery notes to properly acquit the payments. Details are in Table 5.7 below:

<b>Table 5.7 Unreceipted Payments</b>	
<b>Name of Council</b>	<b>Unreceipted Payments (Le)</b>
Port Loko District	7,000,000.00
Kambia District	35,660,000.00
Karene District	9,500,000.00
Koidu New Sembbehun City	37,860,000.00
Moyamba District	3,307,500.00
<b>Total</b>	<b>93,327,500.00</b>

This contravened section 100(1) of the Financial Management Regulations 2018 which requires all transactions to be supported by adequate documentation.

We noted that laxity on the part of the Finance Officers and lack of supervision on the part of the Chief Administrators led to this omission. The situation could undermine effective controls and lead to payment for goods and services not delivered and misappropriation of public funds.

We recommended that the Chief Administrators should ensure that the amount is properly accounted for by the Finance Officers, and the expenditure control system of the councils reviewed to eliminate the weaknesses that resulted in this lapse.

### **5.8.4. Over Expenditure of Budget Lines and Unapproved Expenditure**

A comparison between the revised budget figures and the actual expenditure in the financial statements during 2018 revealed that budgeted expenditure for some of the administrative units for four councils were overspent by Le826,135,726. There was no documentary approval to justify the excess expenditure.

Table 5.8 identifies councils with budget lines overspent

<b>Table 5.8 Budget Lines Over spent</b>	
<b>Name of Council</b>	<b>Amount overspent (Le)</b>
Makeni City	15,330,774
Port Loko District	661,368,872
Moyamba District	142,821,080
Karene District	6,615,000
<b>Total</b>	<b>826,135,726</b>

We recommended that the Finance Officers and Chief Administrators should ensure that in future, all expenditure should fall within budget limit or any overspending should be adequately justified and approved in writing. This will have the benefit of ensuring probity and accountability in the use of public resources.

## **5.9. PAYMENT OF SITTING FEES AND ALLOWANCES TO COUNCILLORS**

Although several recommendations have been made in previous reports on the development of guidelines for the payment of sitting fees and allowances to councillors, the councils still continue to pay sitting fees and allowances to councillors without guidelines. This is contrary to the provision in section 30(2) of the Local Government Act of 2004.

In similar vein, during the year 31st December 2018, Le460,930,000.00 was paid as sitting fees and other allowances to councillors in seven councils, who were absent from the meetings to which these payments are related.

Table 5.9 below, gives detailed amount paid as sitting fees and allowances to absentee councillors during 2018:

<b>Table 5.9 Payment of sitting fees and other allowances to absentee Councillors</b>	
<b>Name of Council</b>	<b>Payment to Absentee Councillors (Le)</b>
Port Loko District	18,880,000.00
Kambia District	33,510,000.00
Kono District	78,120,000.00
Kailahun District	272,540,000.00
Bonthe Municipal	9,440,000.00
Bo City	21,050,000.00
Bo District	27,390,000.00
<b>Total</b>	<b>460,930,000.00</b>

We recommended a refund of these payments into the council's accounts, and that in future, payment should only be made to councillors who attend council meetings as stipulated by the provisions in the Local Government Act of 2004.

## **5.10. HUMAN RESOURCE MANAGEMENT**

The following were observed in the management of personnel of the councils:

### *Letters of Appointment*

There was no evidence to show that the Chief Administrators extended copies of appointment letters for staff appointed in FY2018 to the Local Government Service Commission and staff did not accept the offer in writing contrary to Rule 2.24 – 2.26 of the Revised Human Resource Guidelines for Local Government.

### *Incomplete Staff Records*

During our review of the personnel files in selected councils, documents such as transfer letters, copies of staff's birth certificates and appointment letters were not attached to staff personal files. In addition, there was no evidence that staff were appraised and copies of the appraisal forms placed in their files for reference purposes. The Chief Administrator and Human Resource Officer should ensure that the missing documents are placed in the staff personal files, and that staff are appraised annually in accordance with the Human Resources Guideline for Local Councils.

## **5.11. FIXED ASSETS MANAGEMENT**

### **5.11.1. Poor Control Over Council's Assets**

#### *Port Loko District Council*

Three unregistered motorbikes and a vehicle were not made available for verification. In addition, two of the officers to whom these motorbikes were assigned were later allocated a vehicle and a motorbike, even though the previous motorbikes were not returned or produced for verification.

There is a risk that those assets may have been converted into private property.

The Chief Administrator should ensure that the three motorbikes and vehicle are produced for verification; otherwise, the staff to whom those motorbikes were assigned should pay back the full cost of the motorbikes and evidence of recovery forwarded to the Audit Service for verification. In future, all motorbikes, vehicles and machinery should be duly registered with the appropriate authority and produced for verification upon request. Furthermore, regular physical stocktake of Council's assets should be carried out, in order to safeguard them from misappropriation.

#### *Koinadugu District Council*

We observed the following:

- Seven motor vehicles, two tricycles, eight motorbikes, one DSTV set, two generators, two tractors and a computer were all not recorded in the fixed assets register submitted by the Council.
- During the verification exercise of Council's assets, the audit team was unable to trace the physical assets of the council to the fixed assets register submitted for audit. This was so because the identification marks indicated on the register were not reflected on the physical assets. As a result, assets especially domiciled with the devolved sectors could not be verified.

We recommended that the Finance Officer immediately updates the fixed assets register to include all assets of the Council and its devolved sectors. Assets should be coded and regular stock-take of the Council's assets should be carried out, in order to prevent assets from being misappropriated.

#### *Kenema City Council*

A number of assets acquired by the Council for the period under review were not recorded in the fixed assets register of the Council.

## **5.12. INTERNAL AUDIT FUNCTIONS**

The internal audit function within an organisation measures, evaluates and reports upon the effectiveness of internal controls, both financial and otherwise, as a contribution to the efficient use of resources within the organisation. We however observed that no internal audit activity was carried out in the Bombali and Karene District Councils during 2018, as there was no internal auditor in post. In Pujehun District Council, there was no internal auditor in the Council as at the time of the audit and this position has been vacant since July 2018. Similarly, a review of the Internal Audit (IA) functions in the Koidu New Sembbehun City Council revealed that there was no internal auditor within the Council for the period under review. Further enquiries discovered that the position has not been filled to the time of the current audit and a staff was not appointed to work in the capacity as internal auditor.

The audit committee has a key role in the governance of an organisation that is to monitor internal controls, oversee the internal audit functions and interact with external auditors. We however observed that the audit committee in most councils was not functional throughout the year, as there were no meetings held and no evidence that the committee reviewed the internal audit work plan and internal audit reports.

We also observed instances where internal audit reports were not responded to by the management of the councils.

We recommended that the Chairmen/Mayors and Chief Administrators should engage the Local Government Service Commission (LGSC) for the transfer of an internal auditor to the affected councils, with the aim of ensuring strict adherence to all control procedures introduced to safeguard the assets and records of the councils by continuously reviewing systems and procedures to ensure adequacy, effectiveness and efficiency.

We also recommended that the Chief Administrator should liaise with the Mayor/Chairmen to ensure that the audit committee carries out its functions effectively including but not limited to approving the Internal Audit Unit's work plan; monitoring the implementation of all audit recommendations, etc. At least this committee should meet quarterly to address audit matters.

## **5.13. NATIONAL CLEANING EXERCISE**

In a presidential press release of 9th April 2018, the National Cleaning Day was declared and scheduled for the 1st Saturday of each month, between 7 am – 12 noon. The 1st National Cleaning Day scheduled by the Ministry of Health and Sanitation was Saturday, 5th May, 2018.

The cleaning exercise, as proclaimed by government, is to help minimise the risk of contagious diseases prone to unhealthy environment that are major causes of different health related cases in our society; ranging from cholera, malaria, typhoid, etc.

Every month, the Government of Sierra Leone through the Ministry of Finance disburse funds to Local Councils nationwide for the National Cleaning Day exercise. In addition, the Ministry also disbursed additional funds to the Ministry of Local Government and Rural Development to facilitate the operations of the National Coordinating Committee for the cleaning exercise.

Funds allocated to councils were for the purchase of chemicals, protective gears and tools, provide incentives for the youth, hire of machinery (trucks, bulldozer, front liner, excavator, fire engine, transporting bin. etc.) as well as for supervision and coordination of the activities during the exercise. In as much as there are successful stories around the cleaning exercise since its initiation, we identified during our review of selected councils that:

- (i) Cleaning tools and protective gears were inadequate.
- (ii) It was not clear which youth group was entitled to incentive payment. We interviewed some youth groups on selected cleaning days, and there was no evidence of incentive payments to the youth groups on the day of the cleaning, even though the group participated regularly
- (iii) We also noted, on average, that national cleaning funds were not remitted on time into the council's accounts.
- (iv) There was improper waste disposal due to lack of ideal dumpsites
- (v) Some companies or business entities operating within the locality of the councils provided trucks to collect garbage to identified dumpsites. However, we noted that there was no proper coordination between the councils and the business entities.
- (vi) Provisions on the use of public funds as stipulated in the Public Financial Management (PFM) Rules and Regulations, and the Public Procurement Laws and Regulations, were in most instances not observed in the disbursement of funds allocated for the cleaning exercises. There were instances where items were procured without following the provisions in the procurement laws and regulations, withholding taxes not deducted, store items not taken on ledger and some payments without supporting documentation.

## **CHAPTER VI - PERFORMANCE AUDIT**

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## **MAIN POINTS**

This chapter contains summaries of the performance audit reports tabled in Parliament in 2019. They are categorised as ‘special reports’ under section 66(4) of the Government Budgeting and Accountability Act of 2005. Section 11 (2c) of the Audit Service Act of 2014 mandates the Auditor-General to carry out value for money and other audits to ensure that efficiency and effectiveness are achieved in the use of public funds.

### **What we examined**

During 2019, the following four Performance Audit reports were tabled in the House of Parliament:

- Institutional Framework for Fighting Corruption
- Assessment and Issuance of Building Permit
- Management of Government Vehicles
- Management of Passports and other Travelling Documents

Performance audit refers to an independent examination of a programme, function, operation or the management systems and procedures of a governmental or non-profit entity, to assess whether the entity is achieving economy, efficiency and effectiveness in the use of available resources. The objective therefore is to get MDAs do the right thing, in the best way. The main concepts and techniques in performance auditing are the same as with other forms of audit, but with different subject matter. The subject of a performance audit could be justified if government undertakes an activity either in whole or in part.

### **Why it is important**

Performance audit is entirely concerned with doing the right thing in the right way. This means asking if something has been done with due regard to economy (at the lowest cost), efficiency (in the best way) and effectiveness (achieving intended results). In short, performance audits are said to deal with the 3Es (economy, efficiency, and effectiveness).

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

### **What we found**

#### *Anti-Corruption Commission*

The following were observed:

- The private sector is excluded from the Anti-Corruption Commission’s (ACC) laws, and as such, corruption related crimes committed by the private sector normally go unpunished.
- There were no measures in the Anti-Corruption Act (ACA) of 2008 that prevented unjustified treatment for whistle-blowers.
- An average of 49% compliance rate was noted in asset declaration submissions for the period under review.

- Over 16 cases were pending in the Court of Appeal, and 43 in the high court for indictments made during the period of 2014 to 2017.
- The ACC Act of 2008 did not make provision in its laws for maximum timeframe for the initiation of legal proceedings.
- Eleven highly budgeted MDAs of the 63 MDAs were not responsive to the proposed measures in the 2014/2015 National Anti-Corruption Strategy (NACS) compliance monitoring report released in December, 2015.

#### *Central Medical Stores*

The following were observed:

- A review of store documents and physical inspection exercises revealed control weaknesses in the receipt and distribution of drugs and medical supplies.
- The condition of the Central Medical Stores (CMS) and its subsidiary stores within Freetown was far from being pleasant.
- The storage capacity in each of the stores could not accommodate the regular receipt of drugs and medical supplies.
- Piles of expired drugs occupied the space that was meant for drugs yet to be disposed.
- There were inconsistencies between the quantity of drugs at the CMS (stores 1 and 2), and the Kingtom and Wellington stores.
- We noted that the shortage of drugs had been highlighted in documents including media reports and Institutional Anti-Corruption Policy 2016.

#### **Assessment and Issuance of Building Permit**

The following were observed:

- The Ministry of Lands, Country Planning and the Environment had not devolved functions to the Local Councils since 2007 as required by the Local Government Regulations, 2004.
- The legislative framework does not address the current situation considering the socio-economic changes that have occurred since the enactment of these Acts. There are also limitations in these Acts in terms of their impact, coverage and penalties.
- The Housing Division has not been able to carry out inspection and monitoring of sites and buildings effectively. This has been due to several challenges ranging from lack of manpower and capacity to logistical constraints.
- The Housing Division's assessment method for the payment of building fees by applicants was sometimes in contravention of the Building Fee Act of 1993, and building permits were most times not processed within the required 12 days period.

#### **Management of Government Vehicles**

The following were observed:

- The National Motor Vehicle Policy (NMVP) has still not been finalised since 2016.
- A comprehensive register of government vehicles was neither maintained by the MTA, nor the National Assets and Government Property Commission (NAGPC).
- Several anomalies were noted in the manner in which government vehicles were acquired by the Ministry of Transport and Aviation (MTA) and the Ministry of Defence (MoD).

- The registration process of government vehicles was most times done in contravention of the dictates of the NMVP and the Traffic Act of 2007.
- Several anomalies were observed in the manner in which government vehicles were repaired and maintained.
- The disposal actions by the MTA during the period under review were to a large extent not open, competitive and transparent.

### **Management of Passports and other Travelling Documents**

The following were observed:

- From a review of 100 ordinary passport application records for each year under review, eight passports were issued to persons who did not meet the requirements of the Sierra Leone immigration laws.
- From a review of 500 service passport application records, 28 of same were issued to spouses and dependants of service passport holders, in contravention of the provisions in the 1998 Cabinet Paper [with reference CP (98) 45] on the issuance of service and diplomatic passports. In the same vein, 280 service passports were issued to people who were not in the public service.
- 185 passports were issued to persons who did not meet any of the criteria as stipulated in the 1998 Cabinet Paper [with reference CP (98) 45] on service and diplomatic passports for the period between January 2014 to December 2018.
- A total of 102 naturalisation files were not submitted for inspection after several requests.
- A review of 22 files showed that only five approved applications fulfilled the criteria as stated in the Citizenship Act of 1973 (amended in 2006 and 2017).
- There was no Service Delivery Charter within the premises of SLID's headquarters.
- The official website of SLID did not have an online customer service facility.
- The pattern of recording revenue by streams in SLID's cashbook was not consistent with the payment method into the CF.
- Relevant systems and resources were either inadequate or not available in the management of passports and other travelling documents.

### **6.1. INTRODUCTION**

The practice of performance auditing at the Audit Service Sierra Leone commenced in 2008 as a component of an audit capacity development project. Creating a performance audit capability required strong critical and analytical skills, careful staff selection and training. The ASSL has succeeded in these aspects and therefore performance auditors have been generally drawn from the ranks of financial and regularity auditors, both of which are traditional audit areas that have long been the focus of the ASSL. The ASSL has also recruited staff with backgrounds in the social sciences and other disciplines over the years.

Performance audit has been practiced in various and evolving forms. It has been practiced in mature economies for over 30 years, although relatively new to countries at a similar stage of development as Sierra Leone. Its practice is virtually unique to the public sector, and mostly to Supreme Audit Institutions (SAIs). As a consequence, the professional audit standards that apply to

it have largely been developed under the aegis of the International Association of Supreme Audit Institutions (INTOSAI), in which the ASSL is an active member through AFROSAI-E. The reports of many SAIs are now largely comprised of the outcomes from performance audits, and there is a trend in some jurisdictions to capture all SAI audit activity under a more generic name such as ‘comprehensive auditing’ which in effect, represents the collective practice of financial, regularity and performance audit that frequently uses multi-disciplinary teams of auditors.

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

## **6.2. THE NATURE AND PRACTICE OF PERFORMANCE AUDITING**

Performance auditing carried out by Supreme Audit Institutions (SAIs) is an independent, objective and reliable examination of whether government undertakings, programmes, systems, activities or organisations are performing in accordance with the principles of economy, efficiency and effectiveness, and whether there is room for improvement. Broadly speaking, the principles of economy, efficiency and effectiveness – often referred to as the 3Es -can be approached as follows:

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

Performance auditing promotes *transparency* by affording taxpayers, financiers, ordinary citizens and the media an insight into the management and outcomes of different government activities. It thereby contributes in a direct way by providing useful information to citizens while also serving as a basis for learning and improvements.

## **6.3. SUMMARY OF 2019 PUBLISHED PERFORMANCE AUDIT REPORTS**

### **6.3.1. Institutional Framework for Fighting Corruption**

According to the Anti-Corruption Act of 2008, the Commission has the mandate to fight and eradicate corruption in Sierra Leone. The Anti-Corruption Commission (ACC) has made immense progress over the years in its bid to substantially reduce corrupt practices in all forms. However, even though progress has been made in terms of formulation of anti-corruption strategies, Sierra Leone continues to face major corruption challenges that reflect on the governance structure.

The audit covered the period between 2014 and 2017 with the objective of assessing:

- (i) the effectiveness of the ACC’s institutional framework in preventing corruption at the national level; and

- (ii) whether sectorial mechanisms are effective in the storage and distribution of drugs and medical supplies at the CMS of the MoHS.

The following is a summary of the main findings arising from this audit:

#### *Anti-Corruption Commission*

- The implementation reports of the fifth, sixth and seventh sessions of the United Nations Convention Against Corruption (UNCAC) revealed that the Commission should consider addressing private sector corruption. However, the private sector is excluded from the ACC's laws and as such, crimes committed by the private sector normally go unpunished.
- There were no measures in the Anti-Corruption Act (ACA), 2008 that prevented unjustified treatment for whistleblowers. The ACC's response stated that 47.6% of respondents believed that whistleblowers and informants were well protected from potential harassments.
- An average of 49% compliance rate in asset declaration submissions for the period under review was noted. However, the ACC had not penalised any public officer for non-submission. In addition, there was no evidence suggesting that analysis or investigations had been carried out in relation to asset declarations, which is contrary to one of the functions of the Commission.
- Over 16 cases were pending in the Court of Appeal, and 43 in the high court for indictments made during the period of 2014 to 2017. This could be attributed to a number of challenges faced by the ACC such as limited staff, insufficient case reference materials on intelligence, investigation and prosecution as stated in their annual reports.
- The ACC's Act of 2008 did not make provision in its laws for maximum timeframe for the initiation of legal proceedings; contrary to the recommendations made by the UNCAC for longer statutes of limitations.
- Of the 63 MDAs, 11 highly budgeted MDA's were not responsive to the proposed measures in the 2014/2015 National Anti-Corruption Strategy (NACS) compliance monitoring report released in December 2015. In addition, the ACC did not mete out penalties on the failure to comply with its recommendations and action plans.

#### *Central Medical Stores*

- A review of store documents and physical inspection exercises revealed control weaknesses in the receipt and distribution of drugs and medical supplies. Typical examples include the following:
  - A distribution list developed by the CMS was used with no evidence of vital information as prescribed in the SOPs manual. We could therefore not ascertain whether all the drugs and medical supplies received and issued were accurate and complete for the period under review.
  - Drugs and medical supplies were delivered in the absence of the Receiving Bay Officer and other designated personnel; contrary to Page 55 of the SOPs Manual.
  - No stocktaking was carried out at the CMS and its subsidiaries.
  - There were no labourers at the CMS and its subsidiary stores to help with the receipt and distribution of drugs and medical supplies.

- Donations were made through the stores at Kingtom without the prior knowledge of the Channel System's Operator. As a result, most of the drugs in the stores were not accounted for in the Channel System.
- The condition of the CMS and its subsidiary stores within Freetown was far from being pleasant. We noted that the storage capacity in each of the stores could not accommodate the regular receipt of drugs and medical supplies. It was also observed that piles of expired drugs occupied the space that was meant for drugs yet to be disposed. Furthermore, the stores lacked shelves, lighting, air conditioning facilities, and serviced fire extinguishers.
- A comparison between the quantity of drugs at the CMS (stores 1 and 2), the Kingtom and Wellington stores (as per a physical count of sampled drugs and medical supplies on shelves) and the quantities of drugs and medical supplies recorded on the stock cards revealed inconsistencies. We noted that the stock cards carried higher quantities than the physical balances on the shelves. This could be attributed to the fact that store items were removed from stores, and put into other use without the details been updated on the stock cards. We also noted that the shortage of drugs had been highlighted in the following undermentioned documents:
  - The Institutional Anti-Corruption Policy 2016 on MoHS.
  - Media reports through the 'Pay No Bribe' platform.
  - A memo from the Deputy Chief Pharmacist at the CMS, dated 1st February, 2018 in respect of frequent theft at the CMS.

It was observed that the medical store at Kingtom had no assigned storekeeper in post during the review period.

### **6.3.2. Assessment and Issuance of Building Permits**

The existing regulations in respect of land and housing activities are flouted with impunity across the board and have consequently caused numerous pitfalls, but not limited to situations of houses being erected in an unplanned manner and in disaster prone areas as well as houses erected with inadequate necessities to support human settlements.

Considering the above, and in compliance with the Auditor-General's mandate, as detailed in section 119 (2) of the 1991 Constitution of Sierra Leone, the Audit Service Sierra Leone (ASSL) conducted a performance audit on the assessment and issuance of building permits.

The audit covered the period between 2015 and 2018 with the main objective of assessing whether procedures were effectively followed by the housing division in the assessment and issuance of building permit.

The following is a summary of the key findings:

The Ministry of Lands, Country Planning and the Environment had not devolved functions to the Local Councils since 2007 as required by the Local Government Regulations 2004. The MLHE was in charge of land and building activities in the local communities' activities up to the completion of our fieldwork on 31<sup>st</sup> May, 2019.

The legislative frameworks (Freetown Improvement Act of 1960 amended in 1961; Building Fee Act, 1993; Town and Country Planning Act, Cap 81 of 1946 which was reviewed in 2001) do not address the current situation considering the socio-economic changes that have occurred since the enactment of these acts. Moreover, there are limitations in these acts in terms of their impact, coverage and penalties.

The Housing Division has not been able to carry out inspection and monitoring of sites and buildings effectively. This has been due to the following challenges ranging from lack of manpower and capacity to logistical constraints:

- Handwritten reports that were similar in contents were submitted by the housing division to confirm that building sites were inspected in Freetown. However, it was difficult to corroborate these reports to the disclosures made by senior personnel that the lack of measuring tools, manpower and logistics created a situation where inspection of building sites was hardly conducted.
- In the provincial regions, site visitations were rarely carried out before the issuance of building permits.
- Personnel files were not made available for inspection, despite several requests by the audit team. This made it difficult for the auditors to determine whether staff possessed the required skills and knowledge to perform their roles and responsibilities in respect of inspection and monitoring.
- The number of staff deployed to the division was not proportional to undertake housing activities in the country (with a perimeter space of 71,740 km<sup>2</sup>) and support the administrative workload of the division.
- The process of monitoring building projects after obtaining building permits had not being carried out at the different stages of construction, as there was no evidence in the form of routine monitoring reports in the files reviewed. Several building owners did not obtain permits or consulted the Ministry before embarking on construction projects. Even when ‘Stop Work’ (X) signs were inscribed at building sites, indicating that no construction work should continue until clearance was obtained from the Ministry, building owners persisted with their construction projects.

The Housing Division’s assessment method for the payment of building fees by applicants was sometimes in contravention of the Building Fee Act of 1993, and building permits were most times not processed within the required 12 days period. The main findings are as follows:

- Inspection of 95 building projects in Freetown, Bo and Bombali revealed that all those projects were being constructed without the required building permits. It was also noted that the inscription of ‘Stop Work (X)’ signs by the housing division on building projects did not stop land and building owners from continuing with their building projects. According to senior personnel of the division, the laws did not give them the powers to compel defaulters to stop construction; rather an alternative method was for the Ministry to seek authority from the courts, which they said had to go through a long process.
- In the northern and southern regions, it was observed from their reports that building permits were not issued for construction projects in nine districts.
- Building fees were calculated in contravention of the Building Fee Act of 1993. The funds lost to government due to wrong calculations amounted to Le178,560,579. There were also instances in which payments which amounted to Le65,470,000 were made for building

permits as evidenced in the register of the Housing Division but were not recorded in the cashbook of the National Revenue Authority (NRA). Several structures were not included or categorised in the legislative instruments of the Ministry and therefore, no policy to guide their calculations.

- Analysis of data showed that 48% of the building permits issued for the period under review exceeded the required processing time period of 12 days.

### **6.3.3. Management of Government Vehicles**

The Government of Sierra Leone (GoSL) has spent huge sums of money on the management of its vehicle fleet. Between 2014 and 2017, the Government spent the sum of Le515 billion on acquisition, registration and maintenance of its vehicles. This does not include vehicles procured directly by MDAs. Despite this amount of spending by government, MDAs are still in need of vehicles to carry out their operations. There have also been reported cases of mismanagement and disorderly handling of government vehicles ranging from looting to abandonment in garages, and other undesirable places around the country.

It is against this background and the Auditor-General's mandate, as enshrined in section 119 (2) of the 1991 Constitution of Sierra Leone, that the Audit Service Sierra Leone (ASSL) carried out a performance audit on the management of government vehicles, to assess whether government vehicles were effectively managed by the MTA and SLRSA, between 2014 and 2017.

The following is a summary of the key findings:

#### *General Observations*

In 2016, the MTA designed a National Motor Vehicle Policy (NMVP) as a framework to optimise the management and use of government vehicles for the benefit of MDAs and the nation. This policy aimed at reducing capital, maintenance and running costs and minimising wastage, misuse and abuse of public facilities. Even though this policy has been in use by MDAs since its development, it has still not been finalised. The delay in finalising this document has led to non-compliance by government officers.

A comprehensive register of government vehicles was neither maintained by the MTA nor the National Assets and Government Property Commission (NAGPC). According to the Civil Service Code, Regulations and Rules/Administrative Manual and the NAGPC Act of 1990, these two institutions are supposed to maintain a register of all government vehicles. The failure by these two institutions to properly account for the total number of government vehicles exposes them to loss or misuse.

#### *Acquisition*

- A contract which was signed between the MoD (representing the GoSL) and Poly Technologies on 15th June 2016, for the supply of peace support operations equipment to the Republic of Sierra Leone Armed Forces (RSLAF) was not properly administrated and monitored by the MoD. As a result, the contractor who was supposed to deliver 267 assorted vehicles and other peace support operations equipment within 180 days upon signing the contract has not done so, even though an initial 10% payment of US\$3,939,607 was made to

that contractor on 29th August, 2016. It was also noted that withholding taxes amounting to US\$196,980 was not deducted from this amount and paid through the National Revenue Authority (NRA) into the CF. Aside from the fact that the terms and conditions of the contract have been breached by Poly Technologies, the MoD has not taken any action to terminate the contract and recover the amount paid to the contractor.

- A contract which was signed between the MTA (representing the GoSL) and Platinum & Co on 9th July 2015, for the supply of 40 vehicles to the Ministry of Justice was inadequately administrated and monitored by the MTA. As a result, the contractor has only delivered 10 vehicles, even though 50% of the contract value of US\$3,037,408 was paid to him on 3rd August, 2015. It was also noted that the 50% advanced payment that was made to the contractor was in contravention of section 135 (3) of the Public Procurement Regulations of 2006, which states that "the total amount of an advance payment shall not exceed thirty percent of the total contract price". Of utmost concern was the fact that the extended deadline of 31st January, 2017 which was given to the contractor to supply the remaining 30 vehicles has also been breached by same. Despite this concern, the MTA has not taken any action to terminate the contract and recover the amount paid to the contractor.
- The controls over the payment of custom duties for acquired or ordered government vehicles were not appropriate. On some occasions, the charges for custom duties were included in the contract prices of acquired or ordered vehicles, but were not paid through the NRA into the CF. On other occasions, charges were neither included in the quotations of acquired vehicles, nor paid through the NRA into the CF. The total charges for which evidence of payment through the NRA into the CF was unavailable amounted to US\$1,780,890, and the charges which were not included in the contract quotations and paid through the NRA into the CF also amounted to US\$27,048,723.
- The technical specification of vehicles acquired for ministers and heads of MDAs were in contravention of the 4 cylinder (6 cylinder if approved by MTA) specifications prescribed in section 3.2.1 of the NMVP, 2016. A total of 40 vehicles with 8 cylinder specification were acquired by the MTA for ministers and heads of MDAs at a total cost of US\$2,910,420. As a result of this violation, government might have incurred additional expenditure in the acquisition and upkeep (fuel cost, repairs and maintenance) of those vehicles.
- Vehicles acquired by the MoHS through donations by international partners such as the United Kingdom's Department for International Development (DfID), United Nations Children's Emergency Fund (UNICEF), and United Nations Office for Project Services (UNOPS) were not properly accounted for. Of the 124 vehicles that were donated by these institutions, only 58 were recorded in the inventory register of MoHS. The remaining 66 vehicles were neither recorded in the inventory register nor made available for verification. We were also able to verify the existence of 170 ambulances of the 199 that were transferred to the National Emergency Medical Services (NEMS) by the MoHS (when the Resilient Zero Programme at the MoHS was closed in December 2017). The whereabouts of the remaining 29 is still unknown. The failure to provide an account of these vehicles may indicate that they have either been personalised or put into other use.

#### *Registration*

- Over 1000 government vehicles were registered by the SLRSA as private or commercial. According to the Transport Manager at the SLRSA, most MDAs vehicles were registered

private or commercial for security reasons. As a result, government vehicles might have been personalised or used for inappropriate purposes.

- Vehicles owned and controlled by the MoD/RSLAF were neither registered with SLRSA nor insured by a reputable insurance company. Interviews with senior officers of the MoD revealed that their vehicles carried special registration number plates that were designed and printed by staff of their workshop. According to the Assistant Chief of Defence Staff (ACDS) Support and Logistics, this had been the practice of the MoD from time immemorial. As a result, the MTA and the SLRSA were not able to provide an account of the vehicles owned and controlled by the MoD.
- The transfer of vehicles from one MDA to another was not done appropriately. Section 3.4.4 of the NMVP requires vehicles to be transferred from one MDA to another based on instruction from the MTA. However, 16 vehicles were transferred from Statistics Sierra Leone (SSL) to the Ministry of Finance and Economic Development- MoFED in 2016 without any evidence of instruction from the MTA and confirmation of receipt. This might have exposed those vehicles to loss or conversion into other use.

#### *Repairs and Maintenance*

- Some MoHS vehicles which were in custody of the Office of National Security (ONS) were abandoned in a private garage instead of a police station or other secured location. Investigations revealed that 10 vehicles had been parked in this private garage for more than three years without any form of maintenance or other action. These vehicles were found in a deplorable state, exposed under trees with leaves forming debris on them.
- The number of inspections conducted on government vehicles by the SLRSA for the review period was well below the required number of inspections, taking into consideration the number of registered government vehicles that existed during the period under review. The failure by MDAs to send their vehicles to the SLRSA was noted by senior personnel of the SLRSA as the main cause for the limited number of inspections.
- The MoD/RSLAF vehicles were not sent to the SLRSA before and after their repairs and maintenance. As a result, no pre and post inspections were conducted by the SLRSA to know the type of mechanical fault, and whether repairs and maintenance work were successful.
- The workshop-garage of the MoD/RSLAF which was used for the repairs and maintenance of its vehicles was underutilised. The lack of equipment in the MoD garage was noted by senior military officers as one of the reasons for the use of a private company. This might have resulted in government expenditure being duplicated for the same purpose.

#### *Disposal*

- A total of 101 government vehicles were rendered unserviceable by the MoHS and sent to the SLRSA for technical examination. Upon receipt by the SLRSA, 83 of these vehicles were valued and boarded for amounts totalling Le246,300,000. However, the evidence to indicate that this amount was paid through the NRA into the CF was not made available for verification. The whereabouts of the 18 vehicles which were not valued by the SLRSA remain unknown. There was also no evidence to indicate that disposal procedures such as clearances from the NAGPC, advertisement/tender process, bidding documents and award

letters as stated in the NAGPC Act of 1990, and the Public Procurement Act, 2004 were followed by MTA for both the above and 408 other vehicles.

- A total of 41 vehicles with lifespans of less than five years, were written off as unserviceable without any form of evidence like records showing high maintenance cost or accident reports rendering them unserviceable. It may appear as if serviceable government vehicles were classified as unserviceable and disposed by government officials for personal gains. As a result, government may not have achieved maximum value for public expenditure.
- A total of 14 MoHS's vehicles which were recommended by the SLRSA for repairs (at a reasonable cost) and further verification were not made available for inspection, despite several visits to the Ministry for same. This could mean that those vehicles have either been disposed of for personal gains or converted into other use.
- A total of 104 military vehicles were sold to four private individuals for a total amount of Le96,600,000. Of these four individuals, we physically contacted two who did management representations on 12th July 2019, certifying (and witnessed by their representatives) that they have never bought military vehicles at any point in time during the period under review. The other two individuals, who could only be reached via telephone, outrightly denied having vehicle dealings with any government department during the review period. This could mean that government officers within the MTA falsified the disposal records for them to look as if private individuals were the buyers of those vehicles, when in fact, those vehicles might have been procured by some personnel of the MTA for meagre sums.
- The valuation of unserviceable vehicles by the SLRSA was well below their residual values. It was also observed from an SLRSA's valuation report that the MoHS's vehicles with minor defects like electrical and undercarriage problems were disposed of for as little as Le1,500,000. Many more vehicles with similar defects were disposed of for meagre sums.
- A high risk of connivance was noted in the valuation of government vehicles between the vehicle examiners at the SLRSA and officers at the MTA. This could be based on the premise that when vehicles are valued well below their residual values, officers at the MTA could end up becoming the buyers of those vehicles.

#### **6.3.4. Management of Passports and other Travelling Documents**

The Sierra Leone Immigration Department (SLID) is responsible for the administration and control of the movement and stay of foreign citizens within Sierra Leone's borders. Its administration also includes the printing and issuance of national passports, Emergency Travel Certificates (ETCs), Non-Citizens Registration, and Seaman's Service Books (Seaman's Book).

Despite the mandate of SLID, mismanagement of Sierra Leonean passports and other travelling documents have been issues of concern to many Sierra Leoneans since independence in April, 1961. Sierra Leoneans have accused their governments of poor immigration policies whereby Sierra Leonean passports have found their way into the hands of foreigners, especially people of non-African descent, in contravention of the Passport Act of 1965<sup>1</sup>.

It is against this background that the Audit Service Sierra Leone (ASSL), based on its legal mandate as detailed in section 119 (2) of the 1991 Constitution of Sierra Leone, undertook a performance audit on the Management of Passports and Other Travelling Documents by SLID.

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<sup>1</sup> Standard Times Newspaper, 4th July, 2018

The audit covered the period between January 2014 and May 2018 with the main objective of assessing whether passports and other travelling documents were effectively managed by SLID.

The following is a summary of the main findings, arising from the audit:

### **6.3.5. Compliance with Laws and Regulations**

A review of 100 ordinary passport application records for each year under review revealed that eight passports were issued to persons who did not meet the requirements of the Sierra Leone immigration laws. This consequently led to ineligible persons in possession of Sierra Leonean passports.

From a review of 500 service passport application records, it was revealed that 28 of same were issued to spouses and dependants of service passport holders, in contravention of the provisions in the 1998 Cabinet Paper [with reference CP (98) 45] on the issuance of service and diplomatic passports. This resulted from the fact that service passport applications were approved by the MoFAIC without service records. In the same vein, 280 service passports were issued to people who were not in the public service.

During the period of 1st January 2014 to 31st May 2018, 185 diplomatic passports were issued to persons who did not meet any of the criteria as stipulated in the 1998 Cabinet Paper [with reference CP (98) 45] on service and diplomatic passports. Furthermore, a review of registers and application files on naturalisation showed that 124 persons were naturalised between 2012 and 2014. Upon the request of those application files, only 22 were submitted for audit examination. The whereabouts of the remaining 102 files are still unknown. A review of those 22 files showed that only five approved applications fulfilled the criteria as stated in the Citizenship Act of 1973 (amended in 2006 and 2017). In effect, 17 of the approved naturalised citizens did not satisfy all the requirements in the Act.

### **6.3.6. Provision of Customer Care Services**

There was no Service Delivery Charter within the premises of SLID's headquarters. In addition, the official website of SLID did not have an online customer service facility. Furthermore, customers' concerns were not documented and there was no redress mechanism for those concerns. Instead, the Customer Care Unit (CCU) dealt with customers' verbally. The environment was not conducive for customers who visited the facility. This was evidenced by the absence of clean and hygienic toilet facilities and a conducive waiting room for visitors to the facility.

#### *Accountability of Revenue*

The National Revenue Authority (NRA) generated approximately Le20.7 billion (as per its cashbook) from the sale of passport forms and other travelling documents at headquarters level for the reviewed period. However, the pattern of recording revenue by streams in its cashbook was not consistent with the payment method into the CF. As a result, it was difficult to ascertain whether this amount was accurately and completely paid into the CF by the categories of collections stated in the NRA's cashbook.

It was also noted from the review of documents that NRA ceased to collect and make payment of revenue generated from the sale of Sierra Leone passports into the CF on 31st August, 2015. This was evidenced by a tripartite e-passport contract between the Government of Sierra Leone (GoSL),

De La Rue (DLR) and Netpage on 14th February, 2014, giving DLR the right to print Sierra Leone's e-passports, and Netpage the right to collect proceeds from the sale of same and settle payment with DLR until 18th December, 2023. With such a contract in place, GoSL transferred the risk of ensuring that passports are available at all times to its citizens to DLR and Netpage until 18th December, 2023.

#### *Systems and Resources*

Relevant systems and resources were either inadequate or not available in the management of passports and other travelling documents. Typical among these anomalies were as follows:

- The SLID lacked a back-up system for its operational services.
- Centres which are vital for the operations of SLID especially at border control points were not available for the detention of illegal immigrants across the country.
- The records management system was ineffective and did not meet the requirements of the organisation in handling sensitive biometric data with a high degree of security implication.
- SLID operated a decentralised records management system for passports and other travelling documents.
- Lack of adequate and necessary office tools and equipment such as computers, printers and photocopiers was a major challenge for staff at SLID headquarters in performing their routine functions.
- The staff strength of the organisation was inadequate for its operations as revealed in SLID's Annual Report of 2018.

#### *General Observations*

- The payment terms and conditions for e-passport have not been in accordance with same stated in the contract between the GoSL and the passport service provider, NETPAGE.
- There was no strategic plan that outlined SLID's development objectives and activities as well as the implementation mechanism through which it intends to address immigration services and problems at national and international levels.

A review of copies of passports showed that a good number of immigrants had no landing visas or permits to reside in Sierra Leone, yet the Department did not send these cases to the responsible authorities for public prosecution.

## APPENDICES

### CASH LOSSES IN RESPECT OF MDAs, LCs & PEs FOR THE ANNUAL AUDITOR-GENERAL'S REPORT 2018

INSTITUTION/PROJECT	Detail	Amount (Le)	Ref. Page
<b>Ministries, Department, Agencies &amp; Local Councils</b>			
<b>Ministries, Department, Agencies</b>			
<b>Ministry of Finance-2018</b>	Salaries in respect of additional staff on the payroll not supported by the relevant documentary evidence	743,101,906	63
	Unjustified increment in employees' basic salaries	218,227,294	63
	Excess payment of DSAs	69,451,987	64
	DSAs paid without supporting documents	794,318,083	64
	Unexplained overspending of expenditure for four expenditure heads	7,262,595,235	66
<b>Ministry of Foreign Affairs &amp; International Cooperation- 2016-2018</b>	Extra payment of air tickets for representatives to the United Nations General Assembly -2016	90,613,000	67
	Overpayment of Per Diems for sponsored International Travel-2018	59,821,440	67
	Payment of children and education allowances to two mission staff, with no evidence of the existence of children in their personal files-2017(£3,396.78@Le9,090.91 and US\$7,200 @ Le7,142.86)	82,308,413	68
	Ineligible payment of children education allowances to five mission staff for children above 18 years-2017 (US\$50,850@Le7,142.86)	363,214,431	68
	Payment of salary to staff recalled from foreign mission since 2017(US\$18,820@Le7,142.86)	134,428,625	69
	Withholding taxes not paid over to NRA	246,870,821	69
	Unsupported payments 2016	118,000,000	70
	Unsupported payments 2017	579,235,000	70
	Unsupported payments 2018	533,355,423	70
	Unsupported payments -Net cash withdrawals from in-completed bank statements not accounted for	56,252,149	70
	Fuel not accounted for 2016	540,642,000	71
	Fuel not accounted for 2017	617,340,000	71
	Fuel not accounted for 2018	826,368,000	71
	Three (3) motorbikes not available for verification	34,500,000	72
<b>Ministry of Defence 2017-2018</b>	Withholding taxes not paid over to NRA 2017	1,881,917,270	99
	Withholding taxes not paid over to NRA 2018	712,316,443	99
	Unsupported payments	1,541,012,500	98
<b>Ministry of Local Government &amp; Rural Development 2018</b>	Special Imprest Not Retired	479,564,000	108
	Unsupported payments	351,590,000	108
	Unsupported payments	1,338,950,000	108
	Two desk top computers not available for verification	16,000,000	108
	16 yards' carpet not available for verification	11,200,000	108

INSTITUTION/PROJECT	Detail	Amount (Le)	Ref. Page
<b>Ministries, Department, Agencies &amp; Local Councils</b>			
Ministry of Local Government & Rural Development-2017	Unsupported payments	134,475,000	109
	Salary paid to staff whose names were not on staff list	616,203,096	111
	Unsupported payments -Project fund not accounted for	57,860,000	113
Provincial Secretary's Office, North-East-2018	Expenditure refunds not paid into the CF	400,000,000	113
	Difference between fuel paid for by Ministry of Finance and records of fuel received by the fuel dealer	337,275,000	114
	Fuel received by fuel dealer but not fully account for	187,280,000	114
Ministry of Health and Sanitation (Headquarters)2017	Unsupported payments for goods, works and services	1,142,782,257	116
West African Health Organisation-2017	Payments without the approval of the Permanent Secretary (US\$42,885 @ Le 7,142.86)	306,321,551	123
	Withholding taxes not paid(US\$ 1,650 @ Le7,142.86)	11,785,719	124
National Pharmaceutical Procurement Unit-2017	Unsupported payments	47,150,000	124
Sierra Leone Medical Aid-2017	Unsupported payments(US\$2,361@ Le7,142.86)	16,864,292	124
Ola During Children's Hospital 2016-2017	Unsupported payments	2,438,223,850	125
	Unsupported outstanding payments	702,996,965	126
	Withholding taxes not paid over to NRA	21,925,265	127
Primary Health Care (PHC) Tonkolili-2017	Unsupported payments	731,679,000	130
	Fuel not accounted for	35,422,000	131
	No evidence of delivery of alleged procured essential drugs	30,000,000	131
Magburaka Government Hospital-2017	Withholding taxes not deducted and paid over to NRA	1,431,265	132
Ministry of Basic and Senior Secondary Education-2018	Unsupported payments-Bank withdrawals	1,871,871,841	135
	Withholding taxes deducted but not paid to NRA	3,218,875	135
	Withholding taxes not deducted but not paid to NRA	6,057,115	135
Ministry of Agriculture and Forestry, Headquarters- 2018	Unsupported payments- Bank withdrawals from Forestry Development Account before its closure on 30th April 2018	2,149,371,294	138
	Unsupported payments- Cash transfer from the from Forestry Development Account before its closure on 30th April 2018	890,000,000	138
	Unsupported payments-Bank withdrawals from the Imprest Account	905,990,144	138
	Unsupported payments-National Tree Planting Campaign	556,545,000	139
	Withholding taxes not paid over to NRA-National Tree Planting Campaign	32,142,550	139
Ministry of Agriculture and Forestry, Kenema District- 2018	Unrecovered loans	80,920,000	146

INSTITUTION/PROJECT	Detail	Amount (Le)	Ref. Page
<b>Ministries, Department, Agencies &amp; Local Councils</b>			
<b>Ministry of Agriculture and Forestry, Bo District- 2018</b>	Revenues in respect of Farmers Based Organizations not banked	5,055,000	147
	Fuel not accounted for	57,500,000	147
	Store items issued without Store Issue Vouchers	15,300,000	146
<b>Ministry of Transport and Aviation 2014-2018</b>	Over payments to vendors due to use of an unfair exchange rates	401,813,821	152
	Salaries to 58 individuals whose names were not on staff list	448,389,012	156
	Non-submission of expenditure returns in respect of Freetown International Airport Project (Mamamah Project)	14,699,018,440	157
<b>Ministry of Information and Communications 2016-2018</b>	Salaries paid to 12 outreach officers without prior approval	396,613,626	158
	Unsupported payments	642,695,537	159
	Unsupported payments 2017(US\$80,059@Le7,142.86)	571,850,229	159
	Unsupported payments 2018(US\$34,070@Le7,692.31)	262,077,002	159
	Special imprest not retired	450,000,000	159
<b>Local Government Service Commissions- 2015-2018</b>	Withholding taxes not paid over to NRA	28,954,072	161
	Unsupported payments	185,138,000	161
	Special Imprest Not Retired: 2018	181,104,000	162
	Fuel not accounted for	102,907,000	162
<b>Judiciary of Sierra Leone- 2018</b>	Revenue in respect of probates fees not banked	10,308,850	162
	Revenue not banked	28,230,787	162
	NRA receipts not available to confirm payments in respect of a sample execution files at the Undersheriff Unit	109,509,044	162
	Bank statements, receipts, sub-treasury maintenance cashbook in respect of court orders not submitted to confirm banking of revenue	52,243,718	164
	Salaries Paid to 71 Ineligible Staff	1,118,957,759	165
<b>Sierra Leone Police, East-2018</b>	Revenue arrears	1,915,200,000	171
<b>Office of Administrator &amp; Registrar General-2018</b>	Revenue not banked	2,723,000	172
<b>Office of The Vice President-2017</b>	DSAs not accounted for(US\$9,600* Le7,142.86)	68,571,456	178
	Imprest not accounted for	2,880,001	178
<b>Human Resource Management Office-2018</b>	Payment of salaries to staff after rightsizing	14,858,272	178
<b>Government Printing Department-2018</b>	Revenue not banked	8,150,000	179
<b>Political Parties Registration Commission: 2016-2017</b>	Over payment of salaries to staff (Le38,624,640+Le8,930,713)	47,555,353	179

INSTITUTION/PROJECT	Detail	Amount (Le)	Ref. Page
<b>Ministries, Department, Agencies &amp; Local Councils</b>			
<b>Immigration Department HQ 2017- 2018</b>	Salaries paid to 16 doubtful staff and without personal files	118,048,143	180
	Salaries paid to 29 staff whose names were not on staff list	528,567,854	180
	Revenue not banked 2017	212,939,033	183
	Revenue not banked 2018	28,088,060	183
<b>Immigration Department East - 2018</b>	Revenue not banked	42,000,000	184
<b>Sub Total</b>		<b>56,176,233,168</b>	
<b>Public Enterprises</b>			
<b>Fourah Bay College - 2016</b>	Unsupported payments- staff training and development	997,630,250	288
	Unsupported payments- miscellaneous expenses	249,128,500	288
	Unsupported payments- for trade receivables	4,422,960,227	290
<b>Fourah Bay College - 2015</b>	Unsupported payments- for trade receivables	20,435,608,368	286
<b>Decentralised Service Delivery Project 2 - 2018</b>	Non deduction and payment of statutory tax	47,775,000	313
<b>National Telecommunications Company 2016</b>	Severance benefits to three outgoing board members and the Chairman without any basis	216,500,000	206
	Unsupported payments	10,805,418,626	206
	Salary overstated	878,907,869	210
<b>National Telecommunications Company 2014- 2015</b>	Unsupported payments - Customs documentation including the customs duty assessment to substantiate the payment not submitted	80,244,106	212
	Revenue not paid into the CF (Le5,751,085,000 + Le10,532,869,000)	16,283,954,000	213
<b>Electricity Generation and Transmission Company- 2015</b>	Withholding taxes on rent not deducted and paid to the NRA	382,634,174	215
	Withholding taxes not deducted and paid over to the NRA	1,083,167,880	220
<b>Sierra Leone Electricity and Water Regulatory Commission</b>	Unsupported payments -Questionable transactions	56,550,000	223
<b>Sierra Leone Roads Authority - 2015</b>	Rent allowance not taxed	290,100,000	225
	Unsupported payments -Training expenses for tuition fees for two members of staff (Le32,560,000 +Le56,650,000)	89,210,000	225
	Unsupported payments	95,902,143	226
<b>Sierra Leone Road Safety Authority- 2016</b>	NASSIT contributions under deducted but not recovered and paid over to NASSIT	3,391,752	232
	Outstanding Withholding tax, PAYE and NASSIT contributions not paid over to NRA and NASSIT(Le767,794,630.00 + Le896,797,100.00 + Le672,391,990).	2,336,983,720	234
	Ineligible Expenditure	281,209,000	238
	Unsupported Payments	2,653,210,340	234

INSTITUTION/PROJECT	Detail	Amount (Le)	Ref. Page
<b>Ministries, Department, Agencies &amp; Local Councils</b>			
Sierra Leone Road Safety Authority - 2017	Excess payment for the clearing of stickers	1,317,595,031	245
	Withholding taxes not deducted and paid to the NRA	486,631,337	246
	Tax loss on rent allowance	389,970,000	246
	Statutory dedications not paid to NASSIT and NRA	2,273,496,770	247
	PAYE tax not deducted from the monthly allowance paid to board members	115,471,750	245
Produce Monitoring Board- 2017	Withholding tax not deducted and paid over to the NRA	9,067,302	276
National Council for Technical Vocational and Other Academic Awards 2015	Withholding taxes not deducted and paid to NRA	10,844,850	300
National Council for Technical Vocational and Other Academic Awards 2016	Withholding taxes not deducted and paid to NRA	4,071,815	301
National Council for Technical Vocational and Other Academic Awards 2017	Withholding taxes not deducted and paid to NRA	753,500	301
<b>Sub Total</b>		<b>66,298,388,310</b>	
<b>Local Councils</b>			
Local Councils 2018	Revenue arrears (Port Loko District Council, Bo City Council, and Freetown City Council)	15,782,182,623	335
	Non-payment of statutory obligations (NASSIT, Withholding taxes, and PAYE)	585,287,005	336
	Unsupported payments	865,744,736	340
	Over expenditure of budget lines and unapproved expenditure	826,135,726	341
	Payment of sitting fees and other allowances to absentee councillors	460,930,000	342
<b>Sub total</b>		<b>18,520,280,090</b>	
<b>Grand Total</b>		<b>140,994,901,568</b>	