



PARLIAMENT OF SIERRA LEONE

**CONSOLIDATED REPORT OF THE PUBLIC ACCOUNTS
COMMITTEE**

ON

**THE REPORTS OF THE AUDITOR GENERAL ON THE PUBLIC
ACCOUNTS**

OF LOCAL COUNCILS

FOR

THE FINANCIAL YEARS 2004-2008

INTRODUCTION

Mr. Speaker, Hon. Members, pursuant to Section **(20)** (1) which states; a Local Council shall be the highest political authority in the locality and shall have Legislative and Executive Powers to be exercised in accordance with this Act or any other Enactment, and shall be responsible, generally for promoting the development of the locality and the welfare of the people in the locality with the resources at its disposal and with such resources and capacity as it can mobilize from the central government and its agencies, national and international organisations, and the private sector.

Mr. Speaker, Hon. Members, Section **(2)** further states that without prejudice to the generality of subsection (1), it shall be the function of a local council to:” (a) mobilise the human and material resources necessary for the overall development and welfare of the people of the locality; (b) promote and support productive activity and social development in the locality; (c) initiate and maintain programmes for the development of basic infrastructure and provide works and services in the locality; (d) be responsible for the development, improvement and management of human settlements and the environment in the locality; (e) initiate, draw up and execute development plans for the locality; (f) coordinate and harmonise the execution of programmes and projects promoted or carried out by public corporations, other statutory bodies and non-governmental organisations, in the locality; (g) cooperate with relevant agencies to ensure the security of the locality; (h) oversee Chiefdom Councils in the performance of functions delegated to them by the local council; (i) determine the rates of local tax; (j) approve the annual budgets of Chiefdom Councils and oversee the implementation of such budgets; and (k) perform additionally the functions (i) devolved to it by the Third

Schedule, subject to section 126; (ii) prescribed, if any, in the statutory instrument made under subsection (2) of section 2”.

Mr. Speaker, Hon. Members, the relevant Government Ministry shall, in respect of the devolved functions (a) be responsible for policy matters; (b) provide technical guidance to the local councils; and(c) monitor the performance of the functions by the local councils.

Mr. Speaker, Hon. Members, Section (81) {Account and Audit} under the following subsections states that: “**(1)** every Local Council shall keep proper books of accounts and proper records in relation to the accounts and shall, within the first quarter of the next financial year, prepare a statement of its final accounts in conformity with existing financial regulations. **(2)** The accounts and financial statements of a local council shall be audited by the Auditor-General or an auditor appointed by him within six months after the close of the financial year, and the council shall provide the auditors with all the necessary and appropriate facilities for the examination of the accounts and statements of the council. **(3)** The Auditor-General shall submit a report of the audit to the local council concerned and the Minister. **(4)** The Auditor-General shall draw attention to any irregularities in the accounts in the report. **(5)** The accounts and the Auditor-General’s report thereon shall be public documents and shall be posted in a conspicuous place in the locality for public scrutiny. **(6)** The Chairperson shall lay the annual accounts together with the Auditor-General’s report thereon before the local council within thirty days of receipt of the report. **(7)** The Chairperson shall submit a report to the Minister on actions taken by the local council on the report within sixty days of receipt of the report. **(8)** The Minister shall lay the report of the Auditor- General and a report of actions taken thereon if any, before Parliament”.

Mr. Speaker, Hon. Members, Section (82) {Functions of Local Councils and Councillors} under the following: **(1)** In the performance of his functions under this Act, the Auditor-General shall have power to disallow any item of expenditure which is contrary to this Act and to surcharge (a) the amount of any expenditure disallowed on the person responsible for incurring or authorising that expenditure; (b) any sum which has not been duly brought into account upon the person by whom the sum ought to have been brought into account; or (c) the amount of any loss or deficiency upon the local council, any member of the council or any person by whose negligence or misconduct the loss or deficiency has been incurred, and shall give notice to the person affected. **(2)** In giving notice of any disallowance or surcharge under subsection (1), the Auditor-General shall state in writing the grounds upon which his decision is based. **(3)** A person against whom a disallowance or surcharge was made by the Auditor-General may appeal to the High Court not later than thirty days after the Auditor-General has given notice of the disallowance or surcharge.

(4) Any sum certified by the Auditor-General to be due from any person shall be paid by that person to the local council or other body concerned within thirty days after it has been so certified or, if an appeal with respect to that sum has been made under subsection (3), within thirty days after the appeal is finally disposed of or abandoned or fails by reason of non-prosecution.

(5) The local council shall ensure that all monies surcharged under subsection (1) are collected and paid into the account of the local council.

Mr. Speaker, Hon. Members, the Sierra Leone Government adopted a policy of decentralisation as the cornerstone for improving service delivery and strengthening good governance in

2004. Almost six years later, there is evidence of a weakening decentralisation. Fiscal decentralisation is slowly being rolled back through a system of Government Subvention. Administrative Decentralisation is slowly giving way to Recentralisation of key Local Government Administrative Powers.

Mr. Speaker, Hon. Members, most importantly, there is widespread consensus that the quality of public service delivery at the local level is less than what is desirable or what was originally anticipated. Existing oversight data and information shows that Agricultural Extension Services in enhancing food sufficiency are not reaching farmers. And it is also no longer contested that Education and Health Services in the rural areas have been deteriorating, while key infrastructure such as roads and water works have not improved. This is in spite of the increased financial resources being disbursed to Local governments.

Mr. Speaker, Hon. Members, over the years, government has sought to address the deficiencies in public service delivery at the local level by strengthening central government monitoring programmes. Such oversight is often done through monitoring units such as the Ministry of Local Government and Ministry of Finance through Public Financial Management Reform Unit, the Public Accounts Committee and Finance Committee of Parliament, Non-State Actors, Constitutional and Statutory Accountability Bodies, Local Accountability Committees and other agents of inquiries. Government driven performance monitoring initiatives are complemented by a wide range of initiatives by civil society organisations.

Mr. Speaker, Hon. Members, however, there are at least three major problems identified by the Public Accounts Committee with regards to the 2004-2008 Auditor General's Report on Local

Councils . Firstly, an overwhelming bias towards the supply side of service delivery within the 19 Local and Municipal Councils. In this regard, Local Governments are perceived as mere instruments of service delivery and hence improvements in the delivery of public services can be achieved through a top-down oversight process. Secondly, the tendency is to focus on Local Governments as Corporate Legal Entities rather than looking at specific organs of the Local Government Councils with specific Constitutional and Statutory mandates. Thirdly, traditional oversight initiatives are often not only limited in time and scale, they are also limited to the delivery of goods and services. They largely ignore the important issues of governance and political accountability. Yet, Local Government performance monitoring initiatives that integrate governance indicators are a cornerstone to creating the vertical and horizontal accountability through building effective citizens' demand for quality service delivery and accountability.

Mr. Speaker, Hon. Members, Local Council oversight in Sierra Leone is an important component of institutional checks and balances and is a critical entry point to achieve good Local Governance and effective Public Services. Functioning Local Council oversight relies on the assumption that local elected representatives have more incentives to respond to the needs and preferences of local populations and that they are more downwardly accountable as compared to Central Government.

Mr. Speaker, Hon. Members, this is the principal statute governing the system of Local Government in the country. Local Councils undertake their mandates/powers, functions and responsibilities on a permissive basis (i.e. councils can only do or control that which the Act and other relevant laws permit them to do). It would therefore be expected that the interaction between the political

leaders (who are charged with the responsibility of formulating the necessary local policies and strategies and overseeing their implementation), the appointed officials (who are responsible for implementing these policies and managing service delivery) and the citizens (who are the service recipients and tax payers) would be prescribed in this principal statute. However, this is not the case. The law does not adequately define the respective roles and responsibilities of the Local Councillors, appointed officials and citizens. The Act mainly defines the functions of the Local Authority as a corporate body. The hallmark of good Local Governance is a people centered approach that enhances participatory development and promotes equity, transparency and accountability in the management of resources and service delivery. Such an approach would provide avenues for the citizenry to voice their views, express their interests and preferences with a view to ensuring that council decision-making, with regard to resource allocation and service delivery, is responsive to their needs and priorities. An effective oversight mechanism will require that available channels of interaction between Local Councillors and citizens allow signals and preferences by the citizens to be translated into responsive policies by Local Councillors and plans and actions by the appointed officials in the delivery of services.

Mr. Speaker, Hon. Members, considering an internal control and audit framework as backbone in the Financial Management Principles of the Local Councils which aims at improving financial and administrative management capacity by limiting fiscal behaviours that result in waste, misallocation, and corruption. Whiles, common both in the public and the private sector, these financial management tools have been widely overlooked in the context of decentralisation in developing countries. In this report, the Public Accounts Committee argues that in order to achieve

efficiency and effectiveness at the local governmental level that which is below the central level internal control and audit should be among the key components of a fiscal decentralisation programme.

Mr. Speaker, Hon. Members, in recent years, fiscal decentralisation programs implemented in Sierra Leone have given Local Governments additional service responsibilities and access to more public funding, either in the form of intergovernmental transfers or through the authority to raise taxes from a wider variety of local sources. But expanding their expenditure responsibilities and spending authority without improving public financial management systems have had little impact on service delivery outcomes. The absence of effective public financial management systems at both central and local levels has some-times resulted in fiscal imbalance, weak accountability, political capture, and deterioration in public services. Therefore, a grave need exists to keep local governments' fiscally on track and to hold local government officials accountable for results. A contemporary internal control and audit framework could help to achieve both these objectives.

Mr. Speaker, Hon Members, the report of the Public Accounts Committee is presented to this August House in accordance with Section (93) subsection (6) of the Constitution and Standing Order (70) subsection (6) of the Rules of Procedure of the Parliament of Sierra Leone. The report covers from FY 2004-2008 and Votes which constitutes the Local Government of Sierra Leone. The report is structured in two parts one for the general Observations and Recommendations on prominent policy matters related to Financial Management in the Local Councils.

Mr. Speaker, Hon. Members, the Public Accounts Committee is one of the accountability Committee in Parliament that is mandated to consider and report on the reports of the Auditor General which handles the Local Governments as follows: the District Local Governments and the Municipal Councils.

The Committee has accordingly considered the backlog of work for the FY 2004 to 2008 for the 19 Districts and the Observations and Recommendations are hereby attached. Below is list of the Councils under review;

1. Freetown City Council
2. Makeni City
3. Bo City Council
4. Kenema City Council
5. Bonthe Municipal Council
6. Koindu New Sengbehun Council
7. Western Area Rural District Council
8. Bo District Council
9. Kenema District Council
10. Kailahun District Council
11. Bombali District Council
12. Koinadugu District Council
13. Kambia District Council
14. Port Loko District Council
15. Tonkolili District Council
16. Kono District Council
17. Bonthe District Council
18. Pujehun District Council
19. Moyamba District Council

The Committee mandate is guided by the Local Government Act 2004, The Financial Regulations Act, the Audit Service Sierra Leone Act 1988 and the Government Budgeting and Accountability Act 2005 (as amended) and all other related legislation and regulations which impart on the public finance management and discipline.

MANDATE OF THE COMMITTEE

Mr. Speaker, Hon Members, the Public Account Committee, on behalf of Parliament under Section (70) subsection (6) is mandated “to examine any account or reports of Statutory Corporations and Boards after they have been laid on the Table of the House, and to report thereon from time to time to the House and to sit notwithstanding any adjournment of Parliament”. The Public Accounts Committee also monitors expenditure of all public funds whether transferred from the center or locally generated by the local governments. The Committee assesses and evaluates levels of compliance to the established laws of Sierra Leone, the performance, adherence and compliance to set performance standards and regulations governing public expenditure.

METHODOLOGY

Mr. Speaker, Hon Members, the Committee receives and examines the Auditor General’s reports on Local Governments, submitted under Section 119(4) of the Constitution as laid before Parliament. Technical officers from the Auditor General’s Office and Ministry of Local Government assisted the Committee in handling this report.

In examining the accounts the Committee interfaced with Accounting Officers and their technical teams to respond to the

queries raised in the audit reports and the recommendations of the Auditor General thereto.

Mr. Speaker, Hon. Members in accordance to Standing Order 70 (1), the following Honourable Members served on the Committee of Public Accounts Committee under the period under review:

MEMBERS

1. Hon. Victor Chukuma Johnson - **Chairman**
2. Hon. Komba E. Koedoyoma - **Deputy Chairman**
3. Hon. Mathew Teambo
4. Hon. Mohamed K. Kanu
5. Hon. Augustine B. Torto
6. Hon. Mohamed S. Kargbo
7. Hon. Elizabeth Alpha-Lavalie
8. Hon. Alice Foyah
9. Hon. Albert Mac-Bailey
10. Hon. Hassan B. Sheriff
11. Hon. P.C. Bai Bureh Sallu-Lugbu

Mr. Speaker, Hon. Members, the following staff of the Audit Service provided technical assistance to the Committee during the course of the hearings:

1. *Mrs Lara Taylor-Peace* - *Auditor General*
2. *Mr. Vidal Paul-Coker* - *Deputy Auditor General*
3. *Mr. Abdul Aziz* - *Deputy Auditor General*
4. *Mr. Tamba Momoh* - *Deputy Auditor General*
5. *Mr. Morie Lansana* - *Act. Assistant Auditor General*
6. *Mr. Afred Saffa* - *Senior Auditor*

7. *Mr. Christian Chinsman-Williams* -*Audit Assistant*
8. *Mr. Conneth John* - *Audit Assistant*

OFFICE OF THE AUDITOR GENERAL

Section 119 of the Constitution of Sierra Leone (Act No. 6 of 1991) outlines the establishment and functions of the Auditor General;

- i. 119 (1) “There shall be an Auditor General for Sierra Leone whose office shall be a public office, and who shall be appointed by the President after consultation with the Public Service Commission, and subject to the approval of Parliament”.
- ii. 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 organization established by an Act of Parliament or statutory instrument or otherwise set up partly or wholly out of public funds, shall be audited by and reported on by or on behalf of the Auditor General, for that purpose the Auditor General or any person authorized or appointed in that behalf by the Auditor General shall have access to all books, records, returns and other documents relating or relevant to those accounts.
- iii. The public accounts of Sierra Leone and of all other persons or authorities referred to in subsection (2)

shall be kept in such form as the Auditor General shall approve.

- iv. The Auditor General shall, within twelve months of the end of the month immediately preceding financial year, submit his report to Parliament and shall in that report draw attention to any irregularities in the accounts audited and to any other matter which in his opinion ought to be brought to the notice of Parliament.

ROLE OF PARLIAMENT

- A. Parliament shall debate the report of the Public Accounts Committee and appoint where necessary in the public interest a Committee to deal with any matters arising there-from.
- B. Section 93 subsection (1) (e) established the PAC as one the standing Committees of Parliament to perform the functions specified in subsection (3)
 - i. 93 (3) It shall be the duty of any such Committee as is referred to in subsection (2) to investigate or inquire into the activities or administration or such Ministries or Departments as may be assigned to it, and such investigation or inquiry may extend to proposals for legislation.
 - ii. Section 8 of “The Audit Service Act, 1998” and Section 58 of “The Public Budgeting and Accounting Act (Act. No. 2 of 2005)”, the Auditor

General submitted her published report on the audited accounts of Sierra Leone for the periods 2007 to Parliament for consideration.

SCOPE OF THE AUDIT

- A. Mr. Speaker, Honourable Members, the audit covers (13) District Councils and (6) Municipal Councils during the period under review.
- B. The Audit Reports addressed issues relating to the financial transactions carried out by the 13 District Councils and 6 Municipal Councils highlighted in this Report for the period 2004-2008.
- C. The Reports were considered concurrently on diverse dates. The Committee hearings commenced from 24th March, 2011 and ended on 31st May 2011.

TECHNICAL STATEMENT FROM AUDIT SERVICE SIERRA LEONE

Mr. Speaker, Hon. Members, the Auditor General's Report on Local Councils is considered an essential tool when reporting financial information to users. Since many third-party users prefer, or even require financial information to be certified by an independent external auditor, many auditees rely on the auditor's reports to certify their information in order to attract investors, obtain loans, and improve public appearance. Some have even stated that financial information without an auditor's report is "essentially worthless" for investing purposes.

Mr. Speaker, Hon. Members, it is important to note that auditor's reports on financial statements are neither evaluations nor any other similar determination used to evaluate entities in order to make a decision. The report is only an opinion on whether the information presented is correct and free from material misstatements, whereas all other determinations are left for the user to decide.

Mr. Speaker, Hon. Members, there are four common types of audit reports, each one presenting a different situation encountered during the auditor's work. The four reports are as follows:

Unqualified Opinion

Mr. Speaker, Hon. Members, an opinion is said to be unqualified when the Auditor concludes that the Financial Statements give a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the Financial Statements. An Auditor gives a clean opinion of Unqualified Opinion when he does not have any significant reservation in respect of matters contained in the Financial Statements. The most frequent type of report is referred to as the **Unqualified Opinion**, and is regarded by many as the equivalent of a "clean bill of health" to a patient, which has led many to call it the **Clean Opinion**, but in reality it is not a clean bill of health. This type of report is issued by an auditor when the financial statements presented are free of material misstatements and are represented fairly in accordance with the Generally Accepted Accounting Principles (GAAP), which in other words means that the entities' financial condition, position, and operations are fairly presented in the financial statements. It is the best type of report an auditee may receive from an external auditor.

An Unqualified Opinion indicates the following that:

- (1) the Financial Statements have been prepared using the Generally Accepted Accounting Principles which have been consistently applied;
- (2) the Financial Statements comply with relevant statutory requirements and regulations;
- (3) there is adequate disclosure of all material matters relevant to the proper presentation of the financial information subject to statutory requirements, where applicable;
- (4) any changes in the accounting principles or in the method of their application and the effects thereof have been properly determined and disclosed in the Financial Statements.

Qualified Opinion

Mr. Speaker, Hon. Members, a **Qualified Opinion** report is issued when the auditor encountered one of two types of situations which do not comply with generally accepted accounting principles, however the rest of the financial statements are fairly presented. This type of opinion is very similar to an unqualified or “clean opinion”, but the report states that the financial statements are fairly presented with a certain exception which is otherwise misstated. The two types of situations which would cause an auditor to issue this opinion over the unqualified opinion are:

- Single deviation from GAAP – this type of qualification occurs when one or more areas of the financial statements do not conform with GAAP (e.g. are misstated), but do not affect the

rest of the financial statements from being fairly presented when taken as a whole.

- Limitation of scope - this type of qualification occurs when the auditor could not audit one or more areas of the financial statements, and although they could not be verified, the rest of the financial statements were audited and they conform GAAP.

Adverse Opinion:

Mr. Speaker, Hon. Members, an **Adverse Opinion** is issued when the auditor determines that the financial statements of auditees are materially misstated and, when considered as a whole, do not conform with GAAP. It is considered the opposite of an unqualified or clean opinion, essentially stating that the information contained is materially incorrect, unreliable, and inaccurate in order to assess the auditee's financial position and results of operations. Investors, lending institutions, and governments very rarely accept an auditee's financial statements if the auditor issued an adverse opinion, and usually request the auditees to correct the financial statements and obtain another audit report.

Generally, an adverse opinion is only given if the financial statements pervasively differ from GAAP. An example of such a situation would be failure of a Local Councils to consolidate a material subsidiary.

The wording of the adverse report is similar to the qualified report. The scope paragraph is modified accordingly and an explanatory paragraph is added to explain the reason for the adverse opinion after the scope paragraph but before the opinion

paragraph. However, the most significant change in the adverse report from the qualified report is in the opinion paragraph, where the auditor clearly states that the financial statements are not in accordance with GAAP, which means that they, as a whole, are unreliable, inaccurate, and do not present a fair view of the auditee's position and operations.

Disclaimer of Opinion:

Mr. Speaker, Hon. Members, a **Disclaimer of Opinion**, commonly referred to simply as **Disclaimer**, is issued when the auditor could not form, and consequently refuses to present, an opinion on the financial statements. This type of report is issued when the auditor tried to audit an entity but could not complete the work due to various reasons and does not issue an opinion.

A disclaimer of opinion differs substantially from the rest of the auditor's reports because it provides very little information regarding the audit itself, and includes an explanatory paragraph stating the reasons for the disclaimer. Although the report still contains the letterhead, the auditee's name and address, the auditor's signature and address, and the report's issuance date, every other paragraph is modified extensively, and the scope paragraph is entirely omitted since the auditor is basically stating that an audit could not be realized.

Mr. Speaker, Hon. Members, there was discontent amongst Members about the various types of audit as mentioned by the Deputy Auditor General attached to the Public Accounts Committee. Reason submitted by Members was that the reports were ugly branded qualified and those beautiful were branded unqualified. Finally, the Deputy Auditor General told the Committee that it was a general accepted principle and professional accounting institutions/accountants obliged to follow.

GENERAL OBSERVATIONS

- As a matter of concern some of the Local Government Accounting Officers who appeared before the Committee were not in substantive post for the period under review. The Ministry of Local Government through the Local Government Commission was reshuffling the Account Officers. That had affected the responsibilities of Accounting Officers though they were supposed to inherit liabilities and assets of the office.
- The Committee noted with concern that some Accounting officers were not adequately prepared for the Committee meetings.
- The Committee expressed grave concern that several Accounting Officers continued to entertain inordinate delays in availing documents to Audit Service Sierra Leone for verification at the time of audit.
- In some cases, their written submissions from some Councils were received by (Audit Service Sierra Leone and the Public Accounts Committee) at the beginning of the sessions, instead of the stipulated days before appearance as requested by the Committee.
- The Committee noted that queries on Outstanding Imprests continued to feature in almost all Local Councils. The Committee further noted with concern that officers were transferred to new stations before

clearing outstanding imprests they held. The Committee further abhorred the failure by Accounting Officers to recover funds from imprest holders in forty eight hours after conclusion of business for which the imprest was taken as required.

- On several occasions, the responses were very inadequate, unsatisfactory, and not accompanied by supporting documents, thus delaying and making the work of the Committee difficult. These factors negatively impacted on the performance of the Committee.

- It was also reported that some Accounting Officers had refused to cooperate with in-coming Officers hence the Committee decision to hold the Accounting Officers who generated the query to make good or loss where necessary.

- From the outset the Committee noted numbers of queries have been going down from 2004 to 2008. The case of that is yet to be known. However, on the general trend, Districts Councils have employed competent people especially in Finance, Internal Audit, Procurement to name but a few in the councils.

- The Committee noted that accountability regulations were still not adhered to in most cases. Accountabilities

were not submitted in accordance with the regulations, hence the span into other financial years. That is a major weakness of the Accounting Officers. Suppliers/staff advances should be recovered within the agreed period and the official ones is accounted for within the three months stipulated in the regulations.

- Sitting allowances for Councilors were paid to some councilors who did not attend council meetings and valid excuses were not proffered for that.
- Chairpersons of some Councils were in contravention of the Local Government Act by signing cheques and payment vouchers.
- The Committee however noted that the query on lack of coordination of public corporations, other statutory bodies and non-government organisations that was evident in almost all the Councils.
- On revenue sharing between the Local Councils and chiefdom authorities, the Committee further noted that there was no clear formula on how revenue collected is shared.
- Internal Audit Unit has been established in all 19 Local Councils with staff in post.
- Some Accounting Officers did not properly maintain their cash book and bank statement

- Some Council did not pay the 5% withholding taxes deducted from the supplier to the National Revenue Authority (NRA)
- There was significant delay in the printing of receipt books by Government print for most Councils which affect their revenue collection
- There were cases of outright misappropriations of funds by officers. The Committee noted some were recovered and some not. The culprits were transferred or they abandoned their jobs and Government funds are lost.
- Abused of Financial Regulations; Financial Regulations require Imprests and/or advances to be retired within three months. But on the contrary, the advances and imprests remained unaccounted for by end of the accounting period. The advances are sometimes:
 - Irregularly written off as bad debts without following requisite procedures; or
 - Some staff died, transferred/abandoned the work without accounting for the advances in the stipulated time.
- The situation is further compounded by the lack of appropriate documents such as advances ledgers in most cases are not properly maintained which makes follow up impossible.

- The funds transferred from the Central Government are not forthcoming and has led to major financial challenges faced by the councils.
- It was noted that the practice of illegal fund transfer was common in many District for alleged urgent administrative issues undertakings by the Council including allowances to Councilors.
- There were numerous cases of influence peddling, collusion and conflict of interest in the management of procurement. The bidding process was flouted in many areas especially of maintenance and construction sectors
- It was also noted that there were many cases of goods not taken to charge. This means that the purchases were made but not delivered since there were no Goods Received Notes or store releases. In other cases, no stores at all. The excuse of the lack personnel to manage the stores was a lame one because at least the usage should have been documented.
- The Ministry of Local Government and the Local Government Commission have now trained and recruited qualified staff for the 19 Local Councils.
- Members noted that there were deliberate moves by Accounting Officers to carry out unplanned activities without following financial procedures. Funds spent without authorities were in billions. There were no activity reports; accountability is not available which raises concern. This is compounded by the fact that the

councils sometime approve the unplanned expenditure without due consideration of what was done.

GENERAL RECOMMENDATIONS

- Lack adequate supporting documents: The Committee therefore recommends that in future, such trends will not be tolerated or taken lightly, and that the Committee may proceed to prepare its report without the evidence of those Accounting Officers who will subsequently be named.
- Accounting Officers who failed to avail documents for audit verification at the time of audit without good cause **MUST** be held responsible for the payment of the monetary value attached to such documents.
- Internal Audit Department: an efficient Internal Audit Department **MUST** be established with immediate effect and adequately resourced in compliance with the Local Government Act.
- Poor Records Management: All Chief Administrators are advised to develop a registry for the proper filing and safekeeping of their documents. Full and effective centre storage facility is implemented for storage of council documents and records.
- Staff Appraisal and Performance Evaluation: All Chief Administrators should design a staff appraisal document. They

should institute appraisal method for the entire workforce of the Council and develop policies on rotation of duties and regular annual leave for staff in areas critical to internal control.

- Supervision and Coordination of Public Corporations and other Statutory Bodies and Non-Governmental Organisation:
 - (a) Registration of public corporations and other statutory bodies and a non-governmental organisation is done with immediate effect
 - (b) A mechanism **MUST** be put in place by the Council to monitor the activities of all public corporations, other statutory bodies and NGOs. All such entities must report quarterly to the Council on their respective activities. The Council should explore the prospect of forming partnership with such organisations some may have shared goals with Council and others may assist the Council with funds for the execution of several activities/projects.

- Revenue not posted into the Cash Book: That all Finance Officers must carry out frequent checks on postings made into the cashbook preferably on daily or weekly basis to avoid mismatch in the records.

- Withholding Tax:
 - (a) All Finance Officers **MUST** ensure that the 5% withholding tax is deducted from all payments above Le 500,000 made to suppliers and contractors.

- (b) The Chief Administrators **MUST** recover all withholding taxes withheld for the period under review and proceed with the action to immediately deduct from the suppliers and pay over to the National Revenue Authority (NRA) with receipts kept in file.
- Personnel file not presented:
 - (a) The unavailable files be opened and updated with immediate effect and presented to the audit team for verification purposes.
 - (b) Filing system **MUST** be put in place to ensure that the situation do not persists, and that a responsible officer must be put in charge.
- Unclaimed Salary/Wage not paid back to Council: All subsequent unclaimed salary **MUST** be paid back to the council's bank account and paying in slip maintained and attached to the salary vouchers forwarded to the Audit Service for verification.
- Salary paid to staff that do not sign attendances register/time book: All Chief Administrators **MUST** ensure that the amount be recovered from those who received the money/salary otherwise it will be taken as a charge on their personal emolument.

- Inadequate control over the general processing of payment vouchers:
 - (a) All expenditure MUST be entered correctly and promptly into the cash book as stipulated in the Financial Regulation Act, 2007 and the Government Budgeting Accountability Act, 2005, as amended, and the Finance Officers MUST endeavour to review all postings done into the cashbook on daily basis and
 - (b) The responsible officer of the council who is also in charge of other devolved accounts MUST explain the circumstances surrounding the inadequate processes.
 - (c) In addition, payment vouchers and their supporting documents MUST be numbered and cross-referenced so that in cases of missing documents, such documents can be easily traced and attached for audit purposes;
 - (d) All subsequent payment MUST be supported with an authentic receipt and recipient MUST sign the payment vouchers as proof of acknowledgement of receipts.
 - (a) Also for all subsequent payments, the officers responsible must ensure that complete PETS Form and Activity Plan is attached to the payment vouchers before authorisation and payment.
 - (b) The supporting documents, PETS Forms, Requests and Activity Plans related the payments quoted in question must be made available with immediate effect.

- Fixed Asset Register:
 - (a) The fixed asset register **MUST** be updated immediately to include all the asset of the council;
 - (b) Councils **MUST** make every effort to develop an Asset Policy;
 - (c) Councils **MUST** inscribe identification marks/codes on all its assets immediately;
 - (d) Councils either repair or disposed of asset according to the set policy.

- Payment of allowances made to absentee Councillors: The Committee demanded that an explanation **MUST** be sought from Council Administration with regards to the payment of such allowances to councilors who did not attend council meetings. Otherwise, the whole amount will be charged against the salaries of those who authorised the payment. Subsequent payment to Councilors must not include absentee councilors otherwise the eligibility of councilors for receiving sitting fees and transport allowances in such circumstance may need to be authorised by the Ministry of Local Government and Community Development or else the money should be fully recovered. Also, minutes of councils meetings for every month should be forwarded to the audit office for inspection otherwise a detail explanation **MUST** be given for the non availability of minutes.

CONCLUSION

Mr. Speaker, Hon. Members, the re-introduction of decentralisation in 2004 was a key milestone in Sierra Leone democratization process. The logic of decentralisation implemented through the Local Government System was that creating power centres at the local level would promote good governance and result in the improvement of public service delivery.

Mr. Speaker, Hon. Members, almost six years later, the quality of public services such as health care, education, agriculture, infrastructure and many others have continued to deteriorate. The traditional systems of monitoring premised on a supply-side model where it is presumed that all solutions come from “Freetown” have not addressed the deficiency in public service delivery at the local level. The current system of Local Government assessments that put particular emphasis on the administrative structures of government and in large measures excludes the political leadership especially at the Local Government Level has been challenged.

Mr. Speaker, Hon. Members, this Report has argued that if Sierra Leone is to remain on a positive democratisation and economic growth trajectory where the citizens reap the dividends of that growth, there is need to activate new power centres that can create new checks and balances in the current state configuration in Sierra Leone. The District Councils, councilors and other actors in Local Governments provide such potential force as progressive power centres.

Mr. Speaker, Hon. Members, consequently, the Local Government Councils Audited Report for the period under review indicates for a fundamental shift in the system of assessment of Local Government Performance by focusing on the Local Government Councils and their respective organs. In the Local Government Act, Local Government Councils are considered the major source of balance of power between the Citizens and the National Government. However, because Citizens are not effectively demanding for accountability and performance from their Local Leaders, these Leaders have been co-opted by the national government where major decisions regarding political, legislative and administrative authority are undertaken as transactional arrangements between National and Local Political Leaders. The Local Government Councils audit is proposed as a tool that enhances better understanding of the responsibilities of Local Government Councils and provides empirical data and information on how the councils are undertaking these responsibilities. The underlying theory of change is that by providing local councils' performance related information to the public, citizens will demand for increased accountability on local political leaders hence triggering a vertical spiral of demand for accountability and effective service delivery from the local to the national level.

APPRECIATION

The Committee expresses appreciation to the Audit Service Sierra Leone who was represented at all times of the meetings and assisted in interpreting and explaining the queries raised where necessary and in verification of documents, the Anti-Corruption Commission who diligently handled the assigned duties during the course of meetings.

Mr. Speaker, Hon Members, I would also like to thank members who have been sitting during the outreach programs including during weekends in order to reach this stage of clearing for FY 2004-2008 of the Audit General's Report on District Local Councils.

*Hon. Victor Chukuma Johnson
CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE*

MOTION OF THE PUBLIC ACCOUNTS COMMITTEE

PROPOSER: HON. VICTOR CHUKUMA JOHNSON

SECONDER: HON. KOMBA ERIC KOEDOYOMA

BE IT RESOLVED:

THAT THIS HONOURABLE HOUSE RATIFYS THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF SIERRA LEONE (LOCAL COUNCILS) FOR THE PERIOD 2004-2008 AND THAT THE RECOMMENDATIONS CONTAINED THEREIN ARE FULLY IMPLEMENTED BY THE EXECUTIVE.