



**CONSOLIDATED REPORT OF THE PUBLIC  
ACCOUNTS COMMITTEE ON THE REPORTS OF  
THE AUDITOR GENERAL ON THE ACCOUNTS OF  
MINISTRIES, DEPARTMENTS AND AGENCIES  
AND LOCAL COUNCILS FOR THE FINANCIAL  
YEAR 2018**



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## **LIST OF ACRONYMS**

ASSL - Audit Service Sierra Leone  
AAH – Action Against Hunger  
AWC – Aberdeen Women Centre  
ACC – Anti-Corruption Commission  
AG – Auditor General  
CRF - Consolidated Revenue Fund  
CA – Chief Administrator  
CRA – Credit Recovery Agency  
CIO – Chief Immigration Officer  
COMAHS – College of Medicine and Allied Health Sciences  
DG - Director General  
DSA – Daily Subsistence Allowance  
DODs – Disbursed Outstanding Debts  
DHMT - District Health Management Team  
FO - Finance Officer  
FIU – Financial Intelligence Unit  
FCC – Freetown City Council  
FBC – Fourah Bay College  
HRIS – Human Resource Information Systems  
HRMO – Human Resource Management Office  
IT - Information Technology  
IFRS - International Financial Reporting Standards  
ICT – Information and Communication Technology  
IAs – Internal Auditors  
JMU - Joint Medical Unit  
LPO - Local Purchase Orders  
LGSC – Local Government Service Commission  
MD - Managing Director  
MDAs - Ministries, Departments and Agencies  
MEST - Ministry Of Education, Science and Technology  
MMOs - Mines Monitoring Officers  
MOU - Memorandum of Understanding  
MS - Medical Superintendent  
NPPA - National Public Procurement Authority  
NIC – National Insurance Company  
NEC – National Electoral Commission  
NASSIT – National Social Security and Insurance Trust

NCB - National Competitive Bidding  
NRA - National Revenue Authority  
NATCOM – National Telecommunication Commission  
NCTVA - National Council for Technical and Vocational Awards  
NaCSA – National Commission for Social Action  
NCD – National Commission for Democracy  
ONS – Office of National Security  
PAYE – Pay-As-You-Earn  
PFMRU – Public Financial Management Reform Unit  
PPRC – Political Parties Registration Commission  
PCMH – Princess Christian Maternity Hospital  
PO - Procurement Officer  
PS - Permanent Secretary  
PVs - Payment Vouchers  
SALWACO – Sierra Leone Water Company  
SLCB – Sierra Leone Commercial Bank  
TSA – Treasury Single Account  
TEC – Tertiary Education Commission  
VC – Vice Chancellor

## **BACKGROUND**

Mr Speaker, Honourable Members, in modern democratic dispensation, governments are being defined and judged by the way they manage public resources; i.e., financial, human and material resources. Usually, a country's constitution formally structures a kind of symbiotic relationship between the branches of Government through legislation, oversight and representation. Parliaments are charged with the responsibility of monitoring the Executive branch of governments.

In nearly all democracies, leaders of the Executive branch generally command much of the political power, control financial resources and possess devoted and committed staff to develop policies, implement laws, produce the bulk of legislations, manage government contracts, and administer government programmes. In performing those functions, Government officials are expected to demonstrate a high level of integrity, transparency and accountability in the management of public resources. Lack of the aforementioned administrative virtues by civil servants inhibits sustainable developments, especially in Third World countries of which Sierra Leone is a part.

The central role of Parliament is to hold government accountable for its actions. The Sierra Leone Parliament's key accountability functions are engrained in their legislative, representative and oversight responsibilities. The use of public funds must, therefore, be properly explained to the people's representatives by those who manage them and such persons must be held accountable for the use of the said resources. It has been observed that lack of transparency and accountability on the part of civil servants and other public officials has resulted in deterring continued development in most developing countries like Sierra Leone. Therefore, public resources are 'held in trust for the people' and persons in position of leadership are answerable to the people.

Against this backdrop, Mr Speaker, Honourable Members, the Public Accounts Committee [PAC] of the Sierra Leone Parliament is one of the Standing Committees with the mandate to examine the annual accounts of Sierra Leone, showing the appropriation of funds granted by the House to meet public expenditure, together with special reports of the Auditor-General through evidence taking from Vote Controllers and their Accounting Officers to confirm the comments raised in the Auditor General's Annual Reports. This function by the PAC is meant to ensure public financial accountability in government spending. In doing so, and as per Standing Orders [S.O.] 70 [6], in tandem with Sections 93 [6] and 95 of the Constitution [Act No. 6 of 1991], the Committee usually summons public officials to provide both oral and written evidences in order to form the basis of the PAC Report.

Thus, Parliament, through its oversight of the Executive, is charged with the responsibility of ensuring accountability and openness of government. This is based on the conviction that transparent budgetary practices can ensure that funds raised by the state for public purposes

are spent as promised by the government, while maximising the benefits derived from those expenditure.

## **INTRODUCTION**

The PAC of the Sierra Leone House of Parliament receives the Reports of the Auditor-General and makes recommendations to improve Government's management of public finances. Through its oversight role, the PAC provides an important check on corruption in government and improves the government's management of public resources to promote development more effectively. The Committee has, over the years, highlighted important concerns of financial mismanagement flagged up by the Auditor-General's Reports.

The Committee on Public Accounts has a statutory mandate to examine all reports of the Auditor-General that are presented to Parliament, and present the findings and recommendations to the House for consideration. In reviewing 2018 Audit Report, the Committee considered issues raised in the said report, the significance of audit findings, arguments advanced by audited institutions, and the public interest in the report.

The Auditor General, after a review of the accounts of Local Councils, and Ministries, Departments and Agencies [MDAs] for 2018 financial year, compiled a report that was presented to Parliament at the end of 2019 FY, which formed the basis of PAC's deliberations. The Committee then conducted its hearings on the Audit Report and hereby presents its findings to the House, clearly highlighting the actions to be taken on officials put in charge of managing our country's resources.

The findings and recommendations contained in this report are the outcome of the public hearings conducted by the Committee with Vote Controllers, Accounting and Procurement Officers, Store Clerks, and other core staff of the different Local Councils and MDAs under consideration. This Report, originating from the Report of the Auditor-General, is an attempt to present the Committee's observations and recommendations.

## **MANDATE OF THE COMMITTEE**

The Standing Orders are in effect the rules of procedure governing the work of the Sierra Leone Parliament. This indicates that much of Parliament's work is carried out by various parliamentary Committees. One such Committee is the PAC, which is one of the Standing Committees in the House, with the power to subpoena witnesses and request for documents. This shows that the PAC has the power to generate evidence in the use of public funds.

The Committee draws its legal mandate from Section 93[1] of the 1991 Constitution of Sierra Leone, and Section 70, Sub-section 6 of the Standing Orders of the Sierra Leone Parliament. The PAC is expected to represent Parliament as a whole and not the separate political parties to which individual members belong, and its authority is enhanced by its unanimous decisions.

In Section 119[2] of the 1991 Constitution of Sierra Leone, the Auditor-General is required to audit and submit annual reports on public expenditure to Parliament. The PAC's role is to examine the audited financial statements of all Government entities; i.e., Local Councils and MDAs. The PAC also examines the audited financial statements of entities that are state-owned, like statutory corporations. The PAC's examination of public accounts seeks to ascertain the extent to which expenditure have been incurred in the way Government intended. In consequence, therefore, the Committee uses the Auditor-General's report [as a convenient starting point] to probe into the activities of accounting officers and other persons entrusted with the receipt and utilisation of public funds. At the end of its exercise, the Committee is expected to present a report of its findings and recommendations for the consideration of the House.

The Committee assesses and evaluates levels of compliance with the established laws of Sierra Leone, including adherence and compliance with set performance standards and regulations governing public expenditures. Also, the Committee's mandate is guided by the Financial Management Regulations; the Audit Service Sierra Leone Act; the Public Procurement Act; the Government Budgeting and Accountability Act, 2011 [now known as the Public Financial Management Act, 2015]; the Local Government Act, 2004 and other related legislations and regulations, which impact on public financial management and fiscal discipline.

## **PROCEDURE**

The Committee received and examined the Auditor General's report on the Accounts of Sierra Leone for the year 2018 on Local Councils and MDAs, submitted under Section 119[4] of the 1991 Constitution, as laid before Parliament at the end of 2019. Technical officials from the Auditor General's Office assisted the Committee in its deliberations, which formed the contents of this report.

Mr Speaker, Honourable Members, before the exercise commenced, summon letters on the Auditor General's Report on Local Councils and MDAs for 2018 were sent out to all Vote Controllers, requesting their physical presence and that of past and present core staff; i.e., Permanent Secretaries [PS], Directors General, Executive Secretaries, Chief Administrators [CAs] Finance Officers [FOs], Accountants, Procurement Officers [POs], Internal Auditors [IAs], Stores Clerks [SCs] and other senior officials to respond to queries raised in the Auditor General's Report. The Committee further requested Vote Controllers to state their challenges, if any, and provide explanation on how they have been carrying out their responsibilities.

During the course of examining the queries reported in the 2018 Audit Report, the Committee observed traditionally established parliamentary procedures; for instance, reading the relevant provisions in the Constitution and the Standing Orders to emphasise the Committee's legal standing, and putting auditees on oath to ascertain the authenticity and accuracy of



their submissions to the Committee, as provided for in Section 93, Sub-section 6[a] of the 1991 Constitution of Sierra Leone. Besides, in line with S.O. 73[20], the hearings were open to the public, but the Committee admonished media houses about premature publications of Committee decisions as contained in S.O. 75[1 – 3].

### **ACKNOWLEDGEMENTS**

I wish to thank the Committee Members for the non-partisan spirit demonstrated during the course of the hearings. Special thanks go to the Office of the Clerk for providing the Secretariat for this Committee. I would also like to acknowledge the support of core staff of the various Local Councils and MDAs who took their time to attend the hearings. Their attendance and contributions guided the Committee’s deliberations during the course of reviewing the issues raised by the Auditor General. Profound thanks are equally due the representatives from Audit Service Sierra Leone for their invaluable inputs during the hearings, especially in explaining the queries raised in the Report and verification of documents submitted during the investigations. This acknowledgement would be incomplete without mentioning the staff of the PAC Secretariat that worked tirelessly in documenting the Committee’s findings into this Report.

### **MEMBERSHIP OF THE COMMITTEE**

According to the provisions of Standing Order 70 [1], the Public Accounts Committee comprises the following Members:

Hon. Segepoh S. Thomas	<b>Chairman</b>
Hon. Titus A. Kamara	<b>Deputy Chairman</b>
Hon. Emilia L. Tongi	Member
Hon. Boston Munda	Member
Hon. Francis A. Kaisamba	Member
Hon. Alusine Kanneh	Member
Hon. Peter M. Moigua	Member
Hon. Daniel B. Koroma	Member
Hon. Salieu O. Sesay	Member
Hon. Aaron A. Koroma	Member
Hon. Ibrahim A. Bangura	Member

### **OFFICE OF THE AUDITOR-GENERAL**

The PAC works in collaboration with Audit Service Sierra Leone [ASSL], which provides the technical assistance that enables the Committee to provide effective oversight in relation to the manner in which public resources are utilised by Local Councils and MDAs. Pursuant to Section 119 [1-7] of the Sierra Leone Constitution [Act No.6 of 1991], the Auditor-General

audits public expenditure, and expresses an independent opinion on how MDAs and other public institutions expend financial resources allocated to them.

## **8. SCOPE OF THE EXERCISE**

Mr Speaker, Honourable Members, for the financial year 2018, the hearings were conducted in Parliament and at various District and City Council Halls in the provinces. The exercise covered 22 Local Councils and 32 MDAs. The Report is structured in two parts: Part One deals with Local Councils and Part Two deals with the MDAs for the period under review.

# PART ONE

## LOCAL COUNCILS - 2018

## **GENERAL OBSERVATIONS AND RECOMMENDATIONS**

Mr Speaker, Honourable Members, summaries of the Committee's general observations and recommendations on some of the salient and critical queries raised in the Auditor General's Report on Local Councils for 2018 are indicated below:

[i] The Committee noted from the review of the AG's Report that the regulations of deducting and paying withholding taxes and NASSIT contributions to the National Revenue Authority [NRA] and NASSIT respectively were not strictly adhered to by CAs and Accounting Officers. However, though their failures to deduct and pay same to the NRA and NASSIT has delayed access to such funds, the Committee is delighted to inform this Honourable House that due to its uncompromising stance on the NRA and NASSIT deductions, the sum of **Le 117,031,170** [**Le 72,371,938** withholding taxes and **Le 44,659,232** NASSIT contributions] was retrieved and paid into the CRF and NASSIT respectively.

**The Committee encouraged Finance Officers [FOs] and Accountants to adhere to the requirement of deducting withholding taxes from all payments above Le500,000 made to suppliers and contractors and evidence of such payments are maintained and provided upon request.**

[ii] The Committee observed from its discussions with the CAs and other officials that many Local Councils, especially Port Loko City Council, Falaba District Council and Karene District Council that were established few years ago, were not provided with adequate human and material resources to execute their functions. For instance, these Councils lacked internal auditors, valuers, environmental officers, etc. Thus, understaffing, coupled with inadequate IT infrastructure and administrative policies has seriously undermined service delivery, which is the main object for which Local Councils are established.

**In view of the above, the Committee recommends that the affected Councils liaise with the Local Government Service Commission and the Ministry of Local Government for the provision of human and material resources for effective service delivery.**

[iii] The PAC noted from the review of the AG's Report that Councils lacked consistent and unvarying assets and fuel policies; and as a result, the management of fuel and fixed assets varied from Council to Council.

**In that regard, the Committee recommends that the Ministry of Local Government should develop comprehensive assets and fuel policies that will cover all Local Councils in the country.**

[iv] The Committee observed from its discussions with core staff of Councils that promotions and transfers were done by the Local Government Service Commission and sometimes staff were promoted on transfers without reference to staff appraisal system. The Committee emphasised the relevance of staff appraisal, stating that if staff are appraised, it would give

Management the opportunity to reward employees based on their hard work and competence, instead of political patronage.

**Thus, the Committee recommends that before any promotion is carried out, the Local Government Service Commission should ensure that Councils are provided with appraisal forms to enable them systematically and thoroughly evaluate the performance of employees in order to determine their abilities for further growth and development.**

[v] The Committee observed ineffective management of the Councils' budgets and budgetary processes. The Committee further noted that terms of reference for the Budget and Finance Committees were not submitted for audit verification and there were no pieces of evidence to prove that the budgets were tabled and approved by the Budget and Finance Committees. **The Committee recommends that the Budget and Finance Committees take the lead in budget formulation and implementation.**

[vi] The Committee observed that the PETRA System is still posing serious problems to all Councils; and as a result, these Councils resorted to using the manual system, while others are using stand-alone computers, thereby inhibiting other users of the System such as the Chairmen, Chief Administrators and Internal Auditors from accessing the System.

**In view of the above, the Committee recommends that the PFMRU reviews the entire PETRA System or takes action to replace it with a more user friendly software, so that all authorised users, including CAs, FOs, Internal Auditors, Chairmen and Accountants could get access to the System for transparency and accountability.**

[vii] the Committee observed that the Internal Audit Units in most Local Councils were indecisive in executing their functions. This indecisiveness, the Committee noted, was due to the failure of the CAs to ensure conducive working environments in terms of providing the required documents to aid the work of the Internal Auditors. The Committee was reliably informed that some CAs even quarreled with their Internal Auditors, thereby denying them the opportunity to access information vital to their work. The Committee further noted that the various Audit Committees in the respective Local Councils were not properly functioning in terms of monitoring the work of those Units. The Committee also noted lethargy, inefficiency and ineptness on the part of the Internal Auditors in providing their quarterly reports.

**Contingent upon that, the Committee recommends that:**

**[a] the CAs capacitate the internal auditors, so as to enable them undertake audit exercises consistently and free from harassment, threats or intimidation from superiors;**

**[b] the CAs should provide all documents requested by Internal Auditors, and accept that Internal Auditors are partners in ensuring prudent financial management, transparency and accountability; and**

**[c] The Independent Audit Committees that are charged with the responsibility of approving the Units' Work Plans and monitoring the implementation of all Internal Audit recommendations should be immediately overhauled and reconstituted to effectively aid the work of the Internal Auditors.**

[viii] A review of the AG's Report revealed that the Ministry of Local Government has still not issued out guidelines to the various Local Councils to justify the payment of sitting fees to Councilors and Ward Committee members. Upon that observation, the Committee inferred that that contravened Section 30[2] of the 2004 Local Government Act.

**Therefore, the Ministry of Local Government is to be summoned by the House for disregarding the recommendations of the Committee and Audit Service in respect of providing guidelines for sitting and transport allowances for Councilors.**

[ix] The Committee further noted that some Chief Administrators, Accounting and Procurement Officers, who were in post when most of the transactions took place were found to have been transferred to other Councils during the Audit Service exercise as well as the Committee's oversight visit. Their absence during the period under review affected the work of both the Audit Service and the Committee. Consequently, instead of the stipulated days for the submission of written evidences before their appearance at the Committee's public hearings, the said officials tendered their written answers only during the Committee hearings. The problem was exacerbated when a majority of Council Officials failed to leave handing over notes for their successors.

**In view of the above, the Committee hereby recommends that:**

**[a] the Local Government Service Commission should review its transfer policy in terms of increasing the number of years that core Council staff should serve in a particular Council. This will give them ample time to prepare handing over notes for their successors.**

**[b] the Commission should also ensure that before a particular staff is transferred to another Council, a copy of the handing over notes is sent to the Commission for verification within thirty days; and**

**[c] any Council official who fails to prepare and submit handing over notes prior to his/her transfer within the stipulated number of days should be suspended for two months without salary.**

[x] Another key observation of the Committee was the permissiveness of the Councils in the area of maintaining financial records. That was clearly demonstrated by their failure to

prepare bank reconciliation statements for the institution's accounts and erroneous Cash Book records.

**In that regard, the Committee hereby recommends that the Accounting Departments are strengthened, with a view to ensuring that proper and up to date records are maintained, reconciliations are regularly done, and relevant records adjusted on time.**

[xi] The Committee observed that procurement procedures were not strictly adhered to for a number of transactions undertaken by most Local Councils in respect of public works and goods and services procured during the period under review. The Committee found that to be contrary to the Public Procurement Act, 2004.

**In this regard, the Committee recommends improvements in records management of procurement documents and adherence to the Public Procurement Act of 2004.**

[xii] The Committee observed that the responses of CAs were inadequate and unsatisfactory regarding supporting documents. The delays made the work of the Committee very burdensome. Such attitudes so demonstrated by those CAs were nothing but an acceptance of their non-compliance with the Committee's previous recommendations to act bona fide in the execution of their responsibilities as public officials. The Committee noted the totality of such nonconformist attitudes by people in positions of trust, have impacted on the performance of the Committee.

**The Committee recommends that:**

**[a] CAs endeavour to clear all outstanding audit issues that have not been resolved due to lack of adequate supporting documents; and**

**[b] Council Officials who failed to provide documents for audit verification at the time of audit without valid cause be held accountable for the payment of the monetary value attached to those documents.**

[xiii] The Committee observed that Accounting Officers did not follow financial regulations. This was evidenced by the queries that have repeatedly been flagged up by the Auditor General which include but are not limited to misapplication of funds, misappropriation of revenue, failure to secure accounting documents, unsupported payments and failure to account for stores. The Committee further observed that the recurrence of such noncompliance was due to non-imposition of stiff disciplinary actions against such erring officers.

**Against that back drop, the Committee recommends that in future, the Accounting Officers must ensure that documents are available for verification at the time of audit as required by law. Failure to comply would invoke strong disciplinary actions.**

## SPECIFIC FINDINGS AND RECOMMENDATIONS

### 1. FREETOWN CITY COUNCIL

Mr Speaker, Honourable Members, the core of Freetown City Council [FCC] appeared before the Committee to respond to issues raised in the 2018 AG's Report. The Committee observed from the review of the 2018 AG's Report the following audit queries:

- Payment without Adequate Supporting Documents;
- Human Resource Management;
- Recruitment Procedures and Unverified Staff;
- Asset Policy, Asset Verification and Assets not marked with Identification Codes;
- Procurement of cleaning tools and hiring of trucks;
- Labour;
- Fuel; and
- Procured items not recorded in the store ledger.

#### **Payment without Adequate Supporting Documents**

The Committee observed from the review of the audit report that out of payments totalling **Le2, 671,277,191** and **Le243, 925,000** from own-source revenue account streams and devolved activities, supporting documents were submitted for payments totalling **Le2, 407,122,191** and **Le243, 925,000**, leaving a balance of **Le 264,155,000**.

Questioned why supporting documents were not submitted for audit inspection, the CA presented documents such as invoices, signed lists of recipients, delivery notes, receipts, contracts, etc. in respect of the outstanding amount of **Le 264,155,000**. He disclosed that the documents were misfiled due to the fact they were moved from point to the other.

The Committee accepted the documents, but however faulted the FO for careless handling of accountable documents, stating that payment vouchers without adequate supporting documents to substantiate payment made cannot be accepted as genuine disbursements. The Committee noted control weaknesses, which if not addressed could lead to fraud and other irregularities. The Committee also emphasised that proper filing system forms the most important part of financial accountability and transparency in public financial management.

**In view of the above, the Committee advised Management to ensure the following:**

- **documents regarding transactions undertaken by Council must be properly filed and provided upon request; and**
- **henceforth all payment vouchers be supported with relevant documents, otherwise the amounts be refunded.**

#### **Background Checks on Staff Appointed by Council not done**

From the review of the AG's Report, the Committee observed that out of 48 staff appointed in 2018, background checks on 10 staff were submitted for audit inspection, leaving a total of 38 staff. This, according to the Report, contravenes Rule 2.22 and 2.23 of the revised



Human Resource Guidelines for Local Government, which mandates Council upon appointment, rigorous background screening such as verifying employee's education credentials, requesting references from previous employer[s] and criminal records checks to be done.

Asked to explain why background checks were not conducted on 38 staff, the Human Resource Officer admitted that at the time of audit, that issue had not been addressed because the Local Government Service Commission, which is responsible to employ personnel for all Local Councils, delayed in providing the necessary files of the staff in question to Council. He however assured the Committee that the matter had been addressed.

The Committee noted the relevance of background checks on newly appointed staff, stating that if proper background checks are not conducted on staff, Council might end up accepting personnel with criminal records or personnel without the necessary qualifications and backup experiences required to perform specific functions.

**In view of the above, the Committee advised Management to ensure that in future, the provisions in the Revised Human Resource Guidelines for Local Government are complied with and Council should reject any personnel who is not accompanied with his/her file when posted by the Local Government Service Commission.**

#### **Recruitment Procedures and Unverified Staff**

From the review of the AG's Report, the Committee observed the following:

- appointment letters were given to 48 persons to serve as support staff on a permanent basis without following the instructions stated in the Revised Human Resource Guidelines for Local Government;
- the positions were not advertised [internally or externally] to make the process competitive; and
- fifty [50] staff were not available for verification.

The Committee's discussions with the Human Resource Officer unveiled the following:

- Council had lots of volunteered workers who were engaged in garbage collection and cleaning services for the past five years;
- some volunteered workers were below the supervisory category; and as a result, Council decided to regularise their employment status in tandem with Government's declaration on discouraging volunteered workers in all MDAs; and
- the 50 unverified staff were later verified by the auditors and the HR Officer presented the attendance register to the Committee for inspection.

The Committee agreed with the auditors comment that the staff in question were not engaged in cleaning and garbage collection, but rather they were mainly volunteers who came with

the intention of finding permanent employments. The Committee informed Management that it was not against the idea of employing those people, but employment processes and procedures should be followed as specified in the Revised Human Resource Guidelines for Local Government.

**In that regard, the Committee further cautioned Management to ensure that in future, positions are advertised first, either internally or externally, to make the process competitive before appointments.**

### **Asset Policy, Asset Verification and Assets not marked with Identification Codes**

The Committee observed from the review of the AG's Report the following:

- Council did not have an assets management policy that guides the acquisition, management, maintenance and disposal of assets;
- there was no evidence of physical assets verification carried out in the year under audit;
- Council procured assets during the year under audit for the sum of **Le134, 470,250**, but those assets were not coded with identification marks.

The Committee's engagement with Management revealed that:

- Council is currently working towards developing an assets management policy and would soon be finalised and operationalised;
- Management submitted the assets verification report to the Committee for inspection; and
- the assets register that was submitted to the Committee captured all procured assets during the year under review, but some were found to be unmarked

The Committee reminded the CA that the issue of Assets Management Policy was flagged up in the 2017 PAC Report, which is an indication of Council's nonchalant attitude towards addressing this particular audit query. Thus, the Committee concluded that the nonexistence of an Assets Management Policy resulted in the emergence of assets related issues.

**In that regard, therefore, the Committee instructed Management to exercise urgency in ensuring that all assets are marked with identification codes and an Assets Management Policy is developed and enforced, so as to avoid pilferage of Councils assets.**

### **Procurement of Cleaning Tools and Hiring of Trucks**

The Committee's engagement with the auditors revealed the following:

- there was no evidence that a total of 2,150 spades; 1,004 wheelbarrows; 3,460 shovels; 2,380 head pans and 1,130 pickaxes for May to September were returned to stores after every cleaning exercise as there was no evidence of these tools in stores;
- distribution list into various wards for trucks hired and donated was not submitted for audit review. The auditors disclosed that a total of 120 trucks were at least hired every month, excluding trucks that were donated by other well-meaning agencies; and

- distribution list of donated vehicles was submitted for verification and the auditors revealed that 25 trucks, 2 front loaders and 5 vans were donated monthly from May to December 2018. Based on that list, the auditors did not see it necessary for Council to hire a total of 120 additional trucks.

Asked to respond to those audit queries, the CA explained that:

- the tools were distributed among the various wards and due to the large number of tools involved, the central store hadn't enough space to accommodate all the tools;
- the distribution of donated vehicles was done by the SLRA Engineer to the zonal coordinators and Ward Councillors;
- returning the tools to the central store after and on or before every national cleaning exercise had huge cost implication and time consuming;
- the distribution list that was submitted to the Committee for verification confirmed that the tools were in the custody of zonal coordinators and Ward Councillors; and
- the donated and hired vehicles were not even enough to cover the entire municipality considering the amount of garbage people displayed on the streets of Freetown during cleaning exercise and sometimes the collection of garbage had to be extended to Sundays.

**The Committee noted the CA's explanations, but however urged Management to ensure that in future:**

- **the zonal coordinators and Ward Councillors who are in custody of the tools submit reports on the status of tools in their custody after every cleaning exercise; and**
- **the distribution list should indicate the locations, custodians and quantity of tools for every location.**

### **Labour**

The Committee observed from the review of the AG's Report that lists of payments made to the zonal coordinators and Ward Councillors for labour to the tune of **Le440, 386,000** were submitted, but some of those lists were signed by a single person and not the people that purportedly received the moneys; and

Reacting to the above mentioned audit queries, the FO disclosed that:

- Council paid directly to zonal coordinators and Ward Councillors, and they in turn hired the labourers required. The zonal coordinators and Ward Councillors were expected to ensure that the labourers sign for moneys received;
- Council also paid directly to the heads of the military and the police deployed in the various zones, who were also expected to pay their colleagues as labourers; and
- both the zonal coordinators and Ward Councillors, and military and police submitted lists of payments to Council and those were the lists submitted to the auditors for verification.

The Committee observed from the FO's explanation that Council failed to provide robust leadership and supervision, stating that the disbursement of funds to zonal heads did not

mark the end of Council's supervisory role, such as reviewing accountable documents and providing training on the disbursement of funds.

**In view of the above, the Committee exhorted Management to ensure that in future, those in charge of 'labour funds' are properly trained on how to make payments.**

### **Payments of Fuel**

The Committee observed from the review of the AG's Report that instead of paying for fuel directly to the fuel stations and fuel chits issued to collect fuel, cash was given to the vehicle contractors to purchase fuel on daily basis.

In his response, the FO disclosed that some of the trucks were stationed in the provinces and those trucks needed to be fueled before departure, hence Council was left with no option but to send the money for the purchase of fuel. He concluded that Management only received receipts from the various truck drivers.

The Committee noted the FO's comments, but stated that Management could have made some official arrangements with fuel stations in the provinces for proper internal control and accountability purposes as previously expressed by the auditors.

**The Committee warned that Council Officials would start paying without recourse to Council for nugatory expenditure.**

### **Procured Items not recorded in the Store Ledger**

The AG's Report disclosed that there was no evidence that items procured such as stationery, computer accessories, tools, etc. valued at **Le1,231,038,265** were recorded in the store ledger, nor was there any evidence of their distribution.

The FO mentioned that items purchased from own-source were kept in the FCC stores, while the items purchased by devolved sectors [DHMT, secondary hospitals, agriculture, etc.] were kept in their various stores. The FO presented the Stores Ledger and distribution list to the Committee for inspection.

**The Committee accepted and verified the documents, but however cautioned Management about late submission of documents, pointing out that any document that is not submitted on time is an indication of its nonexistent.**

Further discussions with the auditors revealed that the following audit queries from the previous year's audit were still lingering against Freetown City Council:

- inadequate management of Council's leased/rented buildings and lands;
- ineffective control over printing and delivery of receipt books;
- sitting fees payments to absentee Councillors and for meetings not held;
- payment vouchers with inadequate supporting documents;
- evidence of NASSIT contributions payment not submitted;
- evidence of Pay-As-You-Earn [PAYE] payment not submitted; and

- staff appraisals not done.

The Committee condemned the CA and team for exhibiting nonchalant behaviour towards addressing audit queries. Thus, the Committee warned that if those audit queries are not addressed before the conclusion of the 2019 audit exercise, the Committee would not be blamed for any action it would prescribe against the entire Management team.

## **2. WESTERN AREA RURAL DISTRICT COUNCIL [WARDC]**

Mr Speaker, Honourable Members, core staff of Western Area Rural District Council appeared before the Committee to respond to the following audit queries as flagged up in the 2018 Audit Report:

- Dormant Bank Accounts Maintained by Council;
- Unaccounted Local Tax Receipt Books and Procedure;
- Property Rate Assessment and Billing Software and Database at Risk
- Provision in the HR Guidelines for Local Government not followed;
- Operational Challenges with Internal Audit Activities; and
- National Cleaning Exercise.

### **Dormant Bank Accounts Maintained by Council**

From the review of the AG's Report, the Committee observed that Council had seven [7] bank accounts that were not in use during 2018 and were therefore considered dormant.

Responding to the above mentioned audit query, the CA stated that those bank accounts were World Bank project accounts opened to support the various devolved sectors. The CA presented a letter for the closure of those bank accounts after the cessation of the projects.

**The Committee admonished the auditors to follow up on the issue in their next audit exercise.**

### **Unaccounted Local Tax Receipt Books and Procedure**

From the review of the AG's Report, the Committee observed that:

- Out of 200 local tax receipt books, Council submitted 128 local tax receipt books to the audit team, leaving a balance of 72 local receipt books, with an estimated value of **Le 36, 000,000;** and
- the total revenue generated from the 128 local receipt books amounted to **Le 61,180,000,** but evidence of banking for only **Le 50,805,000,** leaving a balance of **Le 10,375,000.**

Asked to update the Committee on the status of the above mentioned audit queries, the FO disclosed the following:

- the local receipt books were retrieved from the headmen and headwomen who were in custody of the books at the time of audit; and as a result, the auditors were unable to

verify the books. He assured the Committee that the books have been retrieved and would be made available to the auditors for inspection; and

- the FO presented the bank statement in respect of the **Le 10,375,000** that was not banked.

The Committee asked the auditors to verify the bank statement and the local receipt books claimed to have been retrieved from the headmen in their next audit. The Committee emphasised that all revenue collected should be banked before utilisation. The Committee concluded that if those audit queries reappeared in the 2019 AG's Report, the CA and FO would personally pay without recourse to Council.

### **Property Rate Assessment and Billing Software and Database at Risk**

The Committee observed from the review of the AG's Report the following audit queries:

- the laptop computer in which the revenue mobilisation software, Remop, was installed and host the database of properties [from Mongegba to Rokel], including outstanding bills, did not retain power and not protected with antivirus. The Report revealed that the software was not housed on a server to guarantee more safety;
- the rates used to assess and value properties could not be verified in the system. The Valuation Officer and an administrator who is not a staff of Council are the only users to the system; and
- there was no evidence that regular back-up was done.

Asked to react to the audit query, the CA stated that most of the issues mentioned above had been addressed, but however disclosed that the software had still not yet been housed on a server to guarantee safety. However, the Chairman revealed that Management had engaged development partners such as World Bank, so as to resolve the issue. He informed the Committee that Council was still facing challenges in terms of collecting property rates. The CA indicated that revaluation of properties had begun and Council would soon be collecting the required rates from property owners. She added that a back-up system had been put in place and the administrator of the system was a staff of the company responsible to revalue and assess properties. The CA concluded that the rates used to assess and value properties had been shown to the auditors for inspection.

**The Committee urged Management to ensure the following:**

- **that there is a designated off-site location for back-ups, and also start using a log book for the purpose of monitoring the IT Unit's data back-ups record to prevent loss of vital information;**
- **Council should procure and install licensed antivirus on all computers;**
- **Council should exercise urgency and conclude the revaluation of properties within the district, so that property owners will start paying the required amounts; and**

- **Council should continue to cajole World Bank or other donors to intervene, so that the property rate assessment, and billing software and database are risk free.**

### **Provisions in the Revised Human Resource Guidelines for Local Government not followed**

The Committee observed from the review of the audit report that:

- Council did not do background checks on staff appointed in 2018. This, according to the Report, contravened Rule 2.22 and 2.23 of the revised Human Resource Guidelines for Local Government, which mandates Council upon appointment, rigorous background screening such as verifying employee's education credentials, requesting references from previous employer[s] and criminal records checks to be done;
- there was no evidence of job description communicated to staff; and
- staff appraisals were not done for staff of Council in 2018.

Reacting to the audit queries mentioned above, the CA stated that background checks had been done on all staff appointed in 2018. She concluded that staff appraisals and verification of job description evidence had been carried out.

### **The Committee commended Management for the steps taken to address those issues, but gave the following pieces of advice:**

- **Council should formulate a comprehensive staff performance appraisal system to assess the performance of all employees, including top management each year, as a reference point for considering staff promotions, development and training; and**
- **the provisions in the Revised Human Resource Guidelines for Local Government are complied with and Council should reject any personnel who is not accompanied with his/her file when posted by the Local Government Service Commission.**

### **Operational Challenges with Internal Audit Activities**

The Committee noted from the review of the audit report the following issues:

- Management failed to provide resources to the Internal Audit Unit for effective implementation of internal audit activities, even though there was an approved budgetary provision of **Le 40,000,000** for the Unit;
- Management failed to submit documents requested by the Internal Auditor for auditing; and as a result, the Internal Auditor was only able to complete one of seven tasks planned for in 2018; and
- Management failed to respond to issues raised in the Internal Audit Report. The Report that there was no evidence to prove that the Internal Auditor submitted his reports to the Audit Committee for deliberations.

Questioned why she failed to address the above mentioned audit queries, the CA disclosed that the issues as identified by the auditors had been addressed. She assured the Committee that the Internal Audit Unit had been capacitated.

**The Committee underscored the significance of the work of the Internal Audit Unit and the Audit Committee and therefore urged Management to ensure the following:**

- **all internal audit queries are responded to and documents requested by the Internal Auditor are provided on time;**
- **the Internal Audit Unit should make sure that Management responses are filed accordingly and provide updates on issues previously raised; and**
- **all internal audit reports must be submitted to the Audit Committee for proper deliberations.**

### **National Cleaning Exercise**

From the review of the AG's Report, the Committee observed the following:

- Improper wastes disposal due to lack of ideal dumpsites;
  - Youth contractors not supplied with Personal Protective Equipment and clothing;
  - No clear coordination with companies providing trucks to clear garbage during cleaning day. Some companies or business entities operating within the locality of Council provided trucks to collect garbage to identified dumpsites, but there no proper coordination between Council and business entities.
  - centralised fueling of hired trucks and inadequate monitoring mechanisms.
- a. Council district spans along the Peninsular and mountain villages and the district is divided into wards. Trucks are hired and fueled at a filling station at Waterloo for each Ward for garbage collection and disposal, no matter the distance from Waterloo the Ward is.
  - b. Hired trucks did not have Council police and Councillor assigned to them. Therefore, as the movement restriction time ended at 12:00 noon, some of the hired trucks discontinued the garbage collection and disposal work.

In her response, the CA unveiled the following:

- the CA presented a copy of the letter written to the Ministry of Lands for the provision of a piece of land to be used as suitable dumpsites, but negotiations were still ongoing;
- at the initial stage of the cleaning exercise, protective gears were not included, but when the need arose, Council had procured protective gears which are now available;
- Council faced some challenges with the trucks due to the fact that some of the hired trucks were also used for sand mining; and
- Council had now assigned a police officer and a Councillor to each hired truck; and
- Council had begun negotiations with fuel station managers around the district to ensure that trucks in places like Goderich, York, Hamilton, etc. are fueled in those places rather than the fuel station at Waterloo.



**The Committee commended the CA for the strides taken so far, but further exhorted the entire Management team to ensure that:**

- **the Ministry of Lands allocates 10 acres of land [5 acres at Goderich and 5 acres in any other place], to be used as dumpsites for the disposal of refuse;**
- **Council revisits its policy on fuel, so that provision is made for hired trucks to refill their tanks, especially in places like Goderich, York, etc.; and**
- **Council should ensure that all other queries are addressed before the conclusion of the 2019 audit exercise in order to avoid the wrath of the Committee.**

### **3. BOMBALI DISTRICT COUNCIL**

Mr Speaker, Honourable Members, core staff of Bombali District Council appeared before the Committee to answer to the following audit queries as flagged up in the 2018 Audit Report:

- recruitment procedures not followed for three junior staff;
- staff appraisals not performed by Council;
- no updated price list for paid up services of Council;
- precepts in respect of local tax not collected from Chiefdom councils;
- lack of mobility for the Valuation Unit;
- assets of the council not coded with unique identification numbers;
- bank reconciliation statements not presented for audit review;
- no internal audit unit;
- ineffective operations of the PETRA System; and
- requests for quotation procedures.

#### **Recruitment Procedures Not followed for Three Junior staff**

The Committee observed from the review of the AG's Report that there was no documentary evidence to show the recruitment procedures for three junior staff recruited during the period by Council as evidence of adverts, application letters, short listings of applicants, invitation to interview letters and interview assessment reports were not submitted.

Asked to update the Committee on the current status of the above mentioned audit query, the CA presented all documents to the PAC that were not previously submitted to the auditors. The PAC however noted with concern that if recruitment procedures are not strictly adhered to, an inference could be made that the staff in question were handpicked, thereby denying deserving candidates to apply and be recruited based on merit.

**Thus, the Committee advised Management to always ensure that the Local Government Service Commission Human Resource Guidelines of 2014 are strictly complied with and all documents are properly filed for reference purpose.**

#### **Staff Appraisals not performed by the Council**

The Committee noted from the AG's Report that there was no evidence that annual appraisals of staff performance were done by Council for the period under review. The Report further disclosed that performance objectives against which staff should be assessed were not set for staff by the HR and approved by the CA during 2018.

Reacting to the query, the Human Resource Officer mentioned that Council usually conduct appraisal of staff annually. The HR Officer further stated that because of rapid transfer of staff in 2018 by the Local Government Service Commission, which was shrouded with uncertainty, the Unit suspended the appraisal of staff.

The Committee stated that staff appraisal system improves Council's efficiency by ensuring that individuals perform to the best of their ability, develop their potential, and earn appropriate reward.

**In that regard, the Committee exhorted Management to formulate a comprehensive staff performance appraisal system to assess the performance of all employees, including top management on a quarterly basis, as a reference point for considering staff promotions, development and training.**

#### **No Updated Price List for Paid up Services of the Council**

The Committee observed from the review of the AG's Report that Council did not maintain a comprehensive price list for all the services for which payments are made to the Council, which made it extremely difficult for the auditors to ascertain the amount chargeable for some of the services of Council.

Responding to the audit query, the CA explained that Council had a Revenue Charter which was developed in collaboration with ACC; and that Council held discussions with ACC to review the Service Charter to include other revenue sources that were not captured. The CA presented the updated document to the PAC, stating that at the time of audit, ACC was still working on the document.

**The Committee accepted the document, but advised the FO to monitor the revenue collectors to ensure that own source revenue is collected based on the price list approved by the Council.**

#### **Precepts in respect of Local Tax not collected from Chiefdom Councils**

From the review of the AG's Report, the Committee noted that even though a similar issue was raised in previous years' audit reports regarding the non-collection of precepts in respect of local tax precept from Chiefdom Councils within Bombali District, the auditors continued to note that Council was unable to collect revenue from this line of income in 2018 even though **Le 50,198,750** was budgeted as local tax precept.

In his reaction, the FO submitted a receipt to the tune of **Le 24,000,000** in respect of moneys paid to Council as precept for the financial year 2018. The CA added that the payment was made in 2019.

The Committee noted a difference of **Le 26,198,750** not collected as budgeted. The PAC inferred that Council's revenue target from this line of income was either unrealistic or Council displayed lackadaisical attitude towards revenue mobilisation.

**In view of the above, therefore, the Committee advised Management to ensure that:**

- **realistic revenue target based on the prevailing economic conditions is set;**
- **adequate mechanism in the form of negotiation with the Chieftom authorities is put in place for the mobilisation of revenue from the chieftoms within the district; and**
- **revenue mobilisation drive should start early in the year.**

#### **Assets of the Council Not Coded with Unique Identification Numbers**

The Committee observed from the review of the AG's Report that several assets were not coded with unique identification numbers which makes them susceptible to theft.

The PAC emphasised the relevance of coding/marketing fixed assets with unique identification numbers, pointing out that if that is not done, Council's assets could be easily stolen.

**Thus, the Committee ordered Management to strictly comply with its capitalisation policy by ensuring that Council's assets are coded with unique identification numbers and regularly update the assets register as and when necessary.**

#### **Bank Reconciliation Statements Not Presented for Audit Review**

The Committee noted from the AG's Report that despite repeated request for bank reconciliation statements for seven bank accounts operated by Council to be submitted to the auditors for review, they were never provided.

Asked to provide explanation why bank reconciliations were not submitted for audit verification, the FO stated that the seven bank accounts that were dormant have been reconciled and submitted to the auditors. The auditors confirmed that bank reconciliation statements were submitted, but observed that they were inactive and therefore could be classified as dormant.

**The Committee noted the importance of bank reconciliation and therefore advised the FO to prepare monthly bank reconciliations of all their bank accounts. The Committee further advised that Council takes necessary action to either regularise or close those inactive bank accounts.**

#### **Ineffective Operations of the PETRA system**

The Committee observed from the AG's Report that:

- the PETRA System was not networked and therefore it was impossible for other users such as the CA, Internal Auditor and Chairman to access the System in their offices through the network; and
- licensed antivirus software was not installed on the computer hosting the PETRA System.

**The Committee noted the challenges posed by the PETRA System, but advised Management to ensure that:**

- **Letters of reminder are sent to the PFMRU and retain copies for future reference;**
- **manual accounting system be introduced and hard copies of accounting documents are preserved for reference purpose;**
- **a user friendly accounting system be introduced to replace the problematic PETRA System; and**
- **licensed antivirus software is purchased and installed on all official computers before the conclusion of 2019 audit.**

#### **Lack of Mobility for the Valuation Unit**

From the review of the AG's Report, the Committee noted that there was no vehicle or motorbike assigned to the Valuation Unit to enable the Unit to facilitate the assessment and collection of revenue within the 12 chiefdoms covered by the Council.

In his response, the CA disclosed that Council had purchased a brand new motorbike for the Valuation Unit and one additional motorbike would be procured as soon as funds are available.

The Committee discussed the invaluable role played by the Valuation Unit in revenue mobilisation drive, stating that if the Unit is not properly resourced and capacitated, Council would continue to underperform in the collection of own source revenue.

**Contingent upon the above, the Committee advised Management to ensure that the Valuation Unit is adequately resourced and capacitated to enable it contribute meaningfully to the revenue mobilisation of Council.**

#### **No Internal Audit Unit**

The Committee noted from the AG's Report that no internal audit activity was carried out during the period under review, as there was no internal auditor in post for 2018.

In his reaction to the above mentioned audit query, the CA revealed that an Internal Audit Unit had been established and an Internal Auditor had been posted to undertake audit functions.

The Committee underscored the significance of establishing an Internal Audit Unit, asserting that internal audit function within an organisation usually measures, evaluates and reports on the effectiveness of internal controls, both financial and otherwise, as a contribution to the efficient use of resources within the organisation.

**The Committee instructed the Internal Auditor to continuously review systems and procedures to ensure adequacy, effectiveness and efficiency and internal control weaknesses are brought to the attention of Management as and when they are identified. The Committee further advised Management to make sure that the Unit is adequately resourced both human and material resources and internal audit queries are sufficiently responded to.**

### **Requests for Quotation Procedures**

The Committee observed from the AG's Report that Council had a procurement plan, but there was no evidence to indicate that the Plan was submitted to the Ministry of Local Government for review and approval.

Responding to the audit query, the CA revealed that Council, through the Procurement Committee, used to submit its Procurement Plans to the NPPA for vetting and approval, and the approved Plans were sent to the Ministry of Local Government together with Council's budget. He maintained that there had never been a time where Council's Procurement Plans were submitted to the Ministry of Local Government for review and approval. He however affirmed that Management had started complying with Section 29[5] of Public Procurement Act of 2016.

The Committee faulted the CA and the entire team for failing to read Section 29[5] of the Public Procurement Act of 2016, which makes provision for Councils' Procurement Plans to be submitted only to the Ministry of Local Government and not to the NPPA.

**Thus, the Committee counseled Management to always ensure that the Annual Procurement Plan is submitted to the Ministry of Local Government for review and approval as required by Section 29[5] of the Public Procurement Act of 2016, otherwise severe sanctions for noncompliance will be taken against Management.**

Mr Speaker, Honourable Members, further cross examination of the AG's Report revealed four [4] outstanding audit queries against Bombali District Council from the previous year's audit as listed below:

- poor management of and control over receipt books;
- local tax precepts not paid to Council;
- poor management of the Cadastral System; and
- poor budgetary performance.

Asked to update the Committee on the current status of those queries, the CA claimed that those issues had been addressed and would not reappear in the 2019 AG's Report. The Committee noted the CA's claim, but instructed the auditors to follow up on those issues in their next audit exercise.

#### **4. MAKENI CITY COUNCIL**

Mr Speaker, Honourable Members, cross examination of the AG's Report unveiled the following as outstanding issues against Makeni City Council

- incorrect balances brought forward;
- incorrect revenue receipt stated in notes 3 & 4;
- misclassification of expenditure in the PETRA;
- insufficient information on revenue;
- revenue arrears not confirmed;
- payments without supporting documents;
- payments without adequate supporting documents;
- withholding taxes deducted but not paid over to the national revenue authority;
- sitting fees paid twice for May 2018;
- social security contribution not paid to NASSIT;
- normal recruitment procedures not observed;
- budget overspent;
- imbalanced budget;
- assets not physically verified;
- FAR not updated;
- licenses and insurances not renewed;
- life cards not submitted to confirm ownership;
- fraud controls;
- dysfunctional PETRA server; and
- lack of cemetery

The Committee's engagement with the resident auditors in Makeni and Council's core staff revealed that the following audit queries had been cleared:

- incorrect balances brought forward;
- incorrect revenue receipt stated in notes 3 & 4
- misclassification of expenditure in the PETRA;
- licenses and insurances not renewed;
- life cards not submitted to confirm ownership;
- FAR not updated;
- budget overspent;
- imbalanced budget;
- assets not physically verified;
- insufficient information on revenue;
- revenue arrears not confirmed;
- social security contribution not paid to NASSIT;
- payments without supporting documents;

- payments without adequate supporting documents;
- withholding taxes deducted but not paid over to the national revenue authority; and
- sitting fees paid twice for May 2018.

The Committee noted Management's claims, but however discovered that the following audit queries were still standing against Makeni City Council:

- fraud controls;
- dysfunctional PETRA server; and
- lack of cemetery; and
- normal recruitment procedures not observed;

### **Fraud Controls**

The Committee observed from the review of the AG's Report that Council did not carry out and document periodic control risk assessments over the activities of collecting, accounting for, and disbursing of Council's limited resources. The Report disclosed that business risk and periodic fraud risk assessments were not carried out and there were no established action plans to implement and monitor fraud controls.

In his reaction to the audit query mentioned above, the CA said that Council was quite aware of the huge financial implication associated with fraud; and as a remedy, the Internal Audit Unit and Audit Committee had expanded their scope to cover fraud detection and prevention to effectively perform their duties. He maintained that through the Internal Audit Unit, Council had established systems that prevent asset misappropriation, pilferage, wrong recording of financial entries, false expense reimbursement claims and monitoring of vacation balances.

**The Committee applauded Management's robust action in controlling fraud, but further instructed the team to toughen its anti-fraud programme by performing business and periodic control risk assessments, developing and implementing a fraud response plan, requiring periodic fraud risk assessments, and developing action plans to implement and monitor fraud controls.**

### **Dysfunctional PETRA Server**

From the review of the Ag's Report, the Committee noted that Council's PETRA System was a stand-alone computer without a central server. According to the Report, approvals in the PETRA were done by the FO who also inputs the data. The Report concluded that the Mayor, Chief Administrator and Internal Auditor who are supposed to have access to the System using their personal passwords could not access it; and as a result, the Mayor and CA were unable to approve transactions.

In his reaction, the CA presented copies of memos sent on different dates, reminding the PFMRU and ICT Unit of the Ministry of Finance to upgrade System. He however disclosed that despite the several reminders, nothing had been done to address the issue.

**The Committee noted Management's efforts, but advised the CA to ensure that a user friendly accounting system is introduced as a temporal remedy to replace the problematic PETRA System.**

### **Lack of Cemetery**

The Committee observed from the review of the AG's Report that the main cemetery in the city was full to capacity, such that all recent burials were done by removing other remains to make space for new burials.

Reacting to the above mentioned audit query, the CA revealed that Council had been working closely with the Ministry of Health, Chiefdom Council Authorities, Ministry of Lands, EPA, landowning families and other stakeholders for the allocation of a piece of land for that purpose. He assured the Committee that despite the challenges they had been encountering, a piece of land for the new cemetery would be secured soonest.

**The Committee noted the CA's explanation, but spoke about the need to respect the dead and therefore encouraged Management, through the Environmental and Social Officer, to exercise urgency in finding suitable locations for the safe and proper burial of the deceased to avoid environmental hazards and outbreak of disease.**

## **5. PORT LOKO CITY COUNCIL**

Mr Speaker, Honourable Members, core officials of Port Loko City Council appeared before the Committee to respond to audit queries flagged up in the 2018 Auditor General's Report. From the review of AG's Report, the Committee observed a number of audit queries as listed below:

- Inaccurate Recognition of Approved Budget Amounts in the Financial Statements;
- Own Source Revenue Performance;
- Bank Accounts Opened without Accountant-General's Authorisation;
- Under Staffing;
- Ineffective Internal Audit Function;
- Fraud Controls;
- Ineffective Operations of the PETRA Accounting System;
- Lack of Virus Protection;



- Lack of Visibility;
- Lack of Segregation of Duties;
- Requests for Quotation Procedures; and
- Tendering Process.

The Committee noted from its discussions with the CA that eight out of twelve outstanding audit queries had been addressed, leaving the following still unresolved:

- Bank Accounts Opened without Accountant General's Authorisation;
- Under Staffing;
- Fraud Controls; and
- Ineffective Operations of the PETRA Accounting System.

### **Bank Accounts Opened without Accountant-General's Authorisation**

The Committee noted from the review of the AG's Report that Council opened four bank accounts at the Sierra Leone Commercial Bank for which evidence of the Accountant General's authorisation was not submitted for audit inspection. That act of omission, according to the auditors, contravened Section 129 of the Financial Management Regulations of 2007 which states: "No public officer shall, except with the authority of the Accountant General, open a bank account for the deposit, custody or withdrawal of public moneys or other moneys for which he is responsible as a public officer or for the transaction of official banking business."

The Committee's discussions with the CA revealed that:

- a letter was sent to the Accountant General through the Local Government Finance Department, seeking authorisation for the opening of those bank accounts; and
- Management failed to produce written evidence of authorisation from the Accountant General for the opening of those bank accounts.

The Committee noted the relevance of obtaining an official authorisation from the Accountant General and therefore faulted the CA for failing to follow-up on the issue even after the audit query was flagged up one year ago. This, according to the Committee, was a clear show of negligence in addressing audit queries.

**In view of the above, the Committee requested the CA and team to ensure that the authorisation letter from the Accountant General is obtained and properly filed for reference purpose before the conclusion of the 2019 audit exercise; otherwise an hardnosed action would be taken against the team.**

### **Under Staffing**

A systematic review of the AG's Report revealed that from the 14 core staff to be posted to Council, only 8 [**57.1%**] positions were filled leaving 6 [**42.9%**] posts vacant. Notable among the vacant posts were Deputy Chief Administrator, Valuation Officer, Internal Auditor, Engineer, Information Education and Communication Officer and Social and Gender Officer.

Reacting to the query, the CA confirmed that they experienced challenges with regard filling those vacant positions. He stated that the query had been communicated to Local Government Service Commission, which is the appropriate authority to address the issue. He assured the Committee that those vacant positions would be filled soonest.

**In that regard, the Committee recommends that the CA and Council's Chairman continue to liaise with the Local Government Service Commission, so that this issue is addressed without further delay.**

### **Fraud Controls**

The AG's Report revealed that Council did not carry out and document periodic control risk assessments over the activities of collecting, accounting for, and disbursing of council's limited resources. The Report maintained that business risk and periodic fraud risk assessments were not carried out and there was no established action plans to implement and monitor fraud controls.

In his reaction, the CA said that Management had taken steps to ensure that the issue is addressed before the conclusion of the 2019 audit.

The Committee emphasised the importance of strengthening Council's anti-fraud programme by performing business and periodic control risk assessments, developing and implementing a fraud response plan, requiring periodic fraud risk assessments, etc.

**Thus, the Committee heartened the CA to exercise urgency in terms of addressing this query before the conclusion of the 2019 audit exercise; otherwise a stern action would be taken against them.**

### **Ineffective Operations of the PETRA Accounting System**

From the review of the AG's Report, the following were observed:

- the IT system was not networked, as there was no dedicated server for its PETRA accounting system at the time of the audit. Consequently, a number of authorised users such as the Mayor and Chief Administrator who were supposed to approve and review the records in the PETRA, did not access the system during the financial year under review; and
- Council was using a standalone computer operated by the FO to process its transactions. This has therefore resulted in considerable delays in the posting and approval of transactions. And there was no evidence of an official back-up of the records in the Petra Accounting software.

In his response, the CA stated that the installation and maintenance of the PETRA Accounting System was the responsibility of the PFMRU of the Ministry of Finance and that the PFMRU had been engaged through the Local Government Finance Department. He assured the Committee that PFMRU would address the concerns raised within the shortest possible time.

**The Committee noted the CA's presentation, but counseled Management to ensure that:**

- **Letters of reminder are sent to the PFMRU and retain copies for future reference;**
- **manual accounting system be introduced and hard copies of accounting documents should be preserved for reference purpose; and**
- **a user friendly accounting system be introduced to replace the problematic PETRA System.**

Speaking on the issues claimed to have been addressed by Management, the Committee reminded the CA and team about their lackadaisical attitudes exhibited in addressing audit queries. In an unequivocal term, the Committee stated that those issues were indication of control weaknesses, which if not addressed, could lead to fraud and other irregularities. The Committee warned that if those audit queries reappeared in the 2019 AG's Report, the Committee would not be blamed for any action it would take against the entire team.

## **6. KOINADUGU DISTRICT COUNCIL**

Mr Speaker, Honourable Members, core officials of Koinadugu District Council appeared before the Committee to respond to audit queries raised in the 2018 Auditor General's Report. From the review of the AG's Report, the Committee discovered mammoth of audit queries as mentioned below:

- No Reconciliation between the Valuation and the Finance Unit;
- Property Taxes Not Collected from Assessed Towns within the District;
- No Service Level Agreement was Provided for Audit Review between the Council and the Motor Drivers' Union;
- 13 Receipt Books Not Submitted for Audit Inspection;
- Assets Not Marked with Durable Identification Codes;
- Assets Not Included in the Assets Register;
- Unexplained Bank Charges Levied on Devolved Sector Accounts;
- No Internal Audit Unit;
- Ineffective Operations of the PETRA System;
- Poor Condition of the Office;
- No Evidence of Training for Council's Valuator for over Two Years;
- No Disclosure of Revenue from Market Dues;
- Recruitment Procedures Not Followed;
- Non-payment of Core Staff Salary for over Ten Months;
- Withholding Tax Not Paid to the NRA; and
- Tendering Process.

The Committee observed from its discussions with the auditors and the CA that the following audit queries were still outstanding:

- No Reconciliation between the Valuation and the Finance Unit;
- No Service Level Agreement was Provided for Audit Review between the Council and the Motor Drivers' Union;
- Assets Not Marked with Durable Identification Codes;
- 13 Receipt Books Not Submitted for Audit Inspection;
- Ineffective Operations of the PETRA System; and
- No Evidence of Training for Council's Valuator for over Two Years.

### **No Reconciliation between the Valuation and the Finance Unit**

The Committee observed from the review of the AG's Report that Management failed to provide evidence of reconciliation between the Finance Department and the Valuation Unit in respect of demand notices issued during the period under review.

According to the CA, the Valuation Unit used to maintain a comprehensive register of all revenue payments at the bank with evidence of pay-in-slips presented to the Unit before taken to the Finance Department for the issuance of receipt.

**The Committee noted the importance of performing regular reconciliation in modern financial management and therefore advised the FO and the Valuator to ensure that reconciliations are done frequently, so that any outstanding arrear owed by a property owner is identified and hounded.**

### **No Service Level Agreement was provided for Audit Review between the Council and the Motor Drivers' Union**

The Committee observed from the review of the AG's Report that there was no Service Level Agreement between the Council and the Motor Drivers' Union in respect of revenue collected from the Kabala Lorry Park. According to AG's Report, there was gross inconsistency between the amount disclosed in the financial statement and the total amount received from the Motor Drivers' Union.

Asked to update the Committee on the status of the above mentioned audit query, the CA admitted that there was no Service Level Agreement between Council and Motor Drivers Union at the time of audit, but as part of Council's reform process, a meeting between Council and the Motor Drivers' Union was organised. The CA presented the Agreement to the Committee for verification.

Speaking on the issue relating to the inconsistency detected between the amount disclosed in the financial statement and the total amount received from the Motor Drivers' Union, the Committee observed that:

- the Drivers' Union refused to pay because they were not benefiting, but Council reciprocated by constructing a toilet facility for the drivers. According to the CA, that forced Council and the Drivers' Union to renegotiate and review the terms of the Agreement; and
- the drivers used to pay directly to Council and Council in turn issued receipts, but that practice had been discouraged, stating that the drivers are now paying directly to the bank and take the pay-in-slips to Council for the issuance of receipts.

**The Committee applauded the CA and team for the steps taken to address this audit query, but however called on the FO to ensure that reconciliations are done regularly, so that any inconsistency identified is resolved on time.**

### **Assets Not Marked with Durable Identification Codes**

The AG's Report disclosed that the auditors were unable to trace the physical assets of Council to the fixed assets register submitted for audit. According to the Report, it was 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.

Responding to the above mentioned audit query, the CA presented the updated assets register to the Committee for verification. He added that Council assets had been marked with unique identification numbers and reflected in the Fixed Assets Register.

**The Committee emphasised the importance of marking Council's fixed assets, stating that if assets are not properly marked with indelible ink, they could be prone to theft. The Committee concluded that maintaining an assets register would help to prevent and detect fraud, and therefore urged the CA to always ensure that Council's fixed assets register is regularly updated and maintained for future reference.**

### **13 Receipt Books Not Submitted for Audit Inspection**

From the review of the AG's Report, the Committee observed that thirteen [13] receipt books recorded as issued to revenue collectors were not made available for audit inspection.

In his reaction to the above stated audit query, the CA informed the Committee that the receipt books in question were unavailable at the time of audit because they were still in the custody of revenue collectors who stayed in the interior parts of the district. He however disclosed that they could not be reached on phone because there was no mobile coverage. He concluded that the receipt books had been retrieved and were available for inspection.

The Committee dismissed the CA's excuse as deceptive and worrying, stating that if the revenue collectors were hard to reach on phone, a dispatch officer could have been sent to the revenue collectors to ensure that the receipt books were made available to the auditors for verification.

**In view of the above, the Committee issued stern warning against the CA and FO for the nonchalant attitude exhibited in addressing this particular query and ordered the submission of those receipt books to the auditors. The Committee cautioned that if the issue reappeared in the 2019 AG's Report, the CA and the FO would personally pay without recourse to the CRF.**

### **Ineffective Operations of the PETRA System**

From the review of the AG's Report, the Committee observed the following:

- the PETRA System was not networked. This made it impossible for other users, such as the CA, Internal Auditor and Chairman to access the System in their offices through the network;
- even though the licenses paid for every 10 years, only two users [FO and Accountant] had access to the System because the System was installed on a standalone laptop computer, which is used by both the accountant and the FO; and
- licensed antivirus software was not installed in the computer hosting the PETRA system.

Asked to update the Committee on the status of the PETRA System, the CA disclosed that the PFMRU of the Ministry of Finance is responsible to ensure that the PETRA System works properly. The CA presented a letter written to the PFMRU, reminding them about the problems the PETRA System had been posing. He however stated that they had been doing daily back-up using external hard drive.

**The Committee noted the CA's explanation, but counseled Management to ensure that:**

- **manual accounting system is introduced and hard copies of accounting documents are preserved for reference purpose; and**
- **a user friendly accounting system is introduced to replace the problematic PETRA System.**

### **No Evidence of Training for Council's Valuator for over Two Years**

The AG's Report disclosed that the Cadastre System was not operating optimally. Through the interview conducted with the Valuator, whether he had the skills, knowledge and experience to work with the system, the Report revealed that there was no evidence of training for him since his employment and that had greatly affected his proficiency in generating much needed information for management use.

The CA stated that the Ministry of Finance or Local Government is responsible to provide capacity building for Council's core staff. He however stated that since the recruitment of the Valuator, both ministries had not organised any training for Valuation Officers.

**The Committee advised Management to communicate formally to the two ministries, reminding them of the need to provide adequate trainings for the**

**valuator, so as to boost his capacity. The Committee insisted that evidence of communication should be kept for reference purpose.**

### **Requests for Quotation Procedures**

The Committee observed from the review of the AG's Report that Council had a Procurement Plan, but there was no evidence to indicate that the Plan was submitted to the Ministry of Local Government for review and approval.

**The Committee noted the importance of putting in place a Procurement Plan and therefore encouraged Management to exercise urgency in ensuring that the annual Procurement Plan is submitted yearly for review and approval by the Ministry of Local Government, otherwise the Committee would impose sanctions against Management if this issue reappeared in 2019 AG's Report.**

### **Tendering Process**

From the review of the AG's Report, the Committee observed the following:

- Council's advert for the supply of diet to the government hospital in Kabala lasted for only three weeks before the bid opening date, which might have served as a limitation to other potential bidders not to bid for the contract. The Report revealed that the bidding process for diet was not competitive due to the lack of sufficient time for national coverage; and
- the bidding documents for the Construction of the 112 new hand dug wells were submitted for review, but no official standard bidding document issued by NPPA was submitted for audit inspection to confirm with the bidding document of Council.

**Though the CA stated that he did not receive any such query from the auditors, the Committee however exhorted Management to ensure that adequate notice to all prospective bidders is given, so that the procurement process is competitive, fair and transparent.**

## **7. TONKOLILI DISTRICT COUNCIL**

Mr Speaker, Honourable Members, the CA and other core officials of Tonkolili District Council appeared before the Committee to answer to audit queries flagged up in the 2018 Auditor General's Report. From the review of the AG's Report, the Committee observed a number of audit queries as mentioned below:

- lack of formal service level agreement for different revenue streams;
- staff without NASSIT numbers;
- staff appraisals not done;
- ineffective mobilisation strategy to generate own-source revenue to support local development;
- no response to internal audit report;
- fraud controls;

- ineffective operations of the Cadastre System;
- lack of virus protection; and
- lack of segregation of duties.

### **Lack of Formal Service Level Agreement for Different Revenue Streams**

The Committee observed from the review of the AG's Report that Council failed to take advantage of its vast revenue potentials in the district as interviews and previous audit reports revealed that Council had outsourced the collection of market dues and Lorry Park dues to different collectors for which, at the initial stage, there were no formal Service Level Agreements between Council and the Contractors. The auditors however disclosed that the Service Level Agreements for market dues and Lorry Park were submitted for verification, but the terms and conditions of the agreements in respect of market dues revealed that Council was entitled to **20%** of the total revenue collected. The auditors considered this to be grossly inadequate, especially so when it is the responsibility of Council to clean the markets. Furthermore, the auditors were not provided with the basis upon which this sharing ratio was arrived at.

The Committee's engagement with the CA and FO revealed that there was a tussle between Council and the Chiefdom Committee [which is led by paramount chiefs], on who should award the contract in respect of market dues. The CA said that the chiefs claimed to have had the reserved rights to award the contract and that it was the chiefs who apportioned **20%** of revenue collected to Council and **80%** to the chiefdoms. The CA concluded that Council did not take part in the sharing of revenue collected.

**The Committee noted the CA's explanation, but requested the Chairman of the parliamentary Committee on Local Government, who is also a member of the PAC, to look into this issue and report the findings to the PAC during its hearings on the 2019 AG's Report.**

### **Fraud Controls**

The AG's Report disclosed that Council did not carry out and document periodic control risk assessments over the activities of collecting, accounting for, and disbursing of council's limited resources. The Report maintained that business risk and periodic fraud risk assessments were not carried out and there was no established action plan to implement and monitor fraud controls.

Responding to the above mentioned query, the CA admitted that periodic fraud risk assessments were not carried out, but however disclosed that laid down rules had been developed by the Ministry of Finance for all Councils. The CA assured the Committee that effective monitoring of collecting, accounting and disbursing of Council's limited resources had begun and the Internal Auditor had been guiding the processing. He further unveiled that periodic review of receipt books used for collection of revenue and robust reconciliations had



started. He concluded that all payments of business licenses, house rates, etc. are now made directly to the bank and that an action plan had been developed to serve as a guide.

**The Committee took the CA at his words, but cautioned that it would take severe action against him if this query reappeared in the 2019 Audit Report.**

### **Ineffective Operations of the Cadastre System**

The Committee noted from the review of the AG's Report that the property module of the Cadastre System was not operating properly. In fact, it was discovered that the System did not accommodate the inputting of new streets or locations for assessment and collection. In the same vein, the business license module in the Cadastre System was not functioning properly. As a result, the valuations were done arbitrarily. License fees were charged based on the features of the business and room was made for negotiation of the fees to a lesser amount. Moreover, the system did not display the addresses of the businesses on the demand notices.

Reacting to the audit query, the CA disclosed that the Developers had been contacted via phone calls severally, but nothing fruitful had come out of those phone calls. He promised to continue contacting them until an action is taken. He concluded that the System needed proper maintenance.

The Committee acknowledged the efforts being made by the CA, but dispelled the idea of contacting the Developers through phone calls, pointing out that phone calls are not enough evidence because the other party could easily deny having communication with Council.

**Contingent upon the above, the Committee heartened the CA to ensure that in future, evidence of communication between Council and the Developers is maintained and provided upon request for inspection, otherwise the Committee would assume that there was no communication.**

### **Lack of Virus Protection**

The Committee observed from the review of the AG's Report that there were no adequate provisions made for virus protection for computers being used by Council personnel.

The CA stated that Council had hired the services of an IT Officer and adequate provision for antivirus had been made for all Council computers. He concluded that antivirus software had been procured and installed in all the official computers.

**Again, the Committee took the CA at his words, but advised Management to always ensure that licensed anti-virus is purchased and installed in all Council computers, so as to prevent vital information from being destroyed.**

### **Lack of Segregation of Duties**

From the review of AG's Report, the Committee discovered that some Councillors were serving as members of the Valuation Committee that is responsible to monitor the revenue mobilisation and collection process. The Report further disclosed that the same Councillors were directly involved in the collection process.

The CA admitted that there was no segregation of duties, but steps had been taken to clearly separate the various functions in question. He thanked the auditors for including this particular audit query in their Report, stating that sanity on the collection of own source revenue had been restored.

**The Committee acknowledged the CA's appreciation of the auditors, but emphasised the need to ensure that some of the 'elementary issues' bothering on internal controls are addressed immediately before being detected by external auditors.**

### **Requests for Quotation Procedures**

From the review of the AG's Report, the Committee observed that the Procurement Plan was approved by the CA, as head of the Procurement Committee, but evidence was not made available to confirm that it was submitted to the Ministry of Local Government for review and approval as provided for in Section 29[5] of the NPPA, 2016. It was also observed that the Procurement Plan was not updated to capture the hire of vehicles for the distribution of teaching and learning materials amounting to **Le38million**. This contravened Section 29[6] of the Public Procurement Act of 2016.

The Committee's discussions with the CA revealed that:

- Council used to submit the Procurement Plan to the Ministry of Finance and the National Public Procurement Authority, and not the Ministry of Local Government. He added that submitting the Procurement Plan to the Ministry of Local Government is a new phenomenon;
- Council resolved to ensure that Section 29[5] of the NPPA Act 2016 is adhered to by submitting Procurement Plans to the ministries mentioned in the NPPA Act of 2016;
- the Procurement Plan had been updated to capture the **Le 38million** for vehicle hiring for the distribution of teaching and learning materials.

The Committee reminded the CA that the procedure, as contained in Section 29[5] of the NPPA Act of 2016, had changed. The Committee maintained that the Section 29[5] of the NPPA Act of 2016 is very clear and that provision had to be respected.

**Contingent upon the above, the Committee advised the CA to ensure that as soon as the Procurement Plan is approved by the Procurement Committee, it should be forwarded to the Ministry of Local Government for review and approval. The Committee added that the Procurement Plans should be updated on a quarterly**

**basis and communicate any modifications on the approved Plans to the Ministry of Local Government.**

### **Tendering Process**

From the review of the AG's Report, the Committee observed that notification letter sent to the unsuccessful bidders was submitted for audit verification, but the auditors were unable to confirm whether the letter reached the unsuccessful bidder as evidence in the form of a way book to confirm receipt of the letter was not made available for audit inspection.

Questioned why the way book to confirm receipt of the letter was not made available to the auditors, the CA apologised to the Committee for that omission, but promised to ensure that correspondences are accompanied with the way book.

The Committee emphasised the importance of ensuring that recipients of official documents append their signatures. The Committee maintained that if Council failed in that direction, people could easily deny receiving any documents.

**In view of the above, the Committee counseled Management to ensure that the way book is properly maintained for reference purpose.**

### **Ineffective Mobilisation Strategy to Generate Own-Source Revenue to Support Local Development**

The Committee observed from the review of the AG's Report that Council's Valuator was not directly involved in the budgeting process regarding the various revenue streams. The Report maintained that Council's assumptions in preparing its budgeted revenue for the financial year 2018 were based on the District Council's tax base and compliance rate of previous years which were said to be very high. The Report concluded that the compliance rate was very minimal leading to an under collection of approximately **69.1%**.

In his response, the CA acknowledged the non-involvement of the Valuator in the budget preparation process regarding the various revenue streams. He however stated that Council had fully involved the Valuation Officer in the budget preparation process. The CA further disclosed that Council had engaged in sensitising people on the need to pay tax. He added that Council had also intensified robust monitoring and supervision of revenue collectors, strengthened their relationship with the District Officer's Office and presented an MoU developed with the various Chiefdom authorities and sharing arrangement on percentage basis as agreed upon.

The Committee applauded Management for taking proactive steps in addressing this audit query, but restated that the involvement of the Valuation Officer is a sine qua non for effective mobilisation of revenue. Thus, it is expected that the Valuator reciprocates by providing the requisite advice in the budget preparation process regarding budgeted revenue at all times.

The Committee spoke extensively about what Tonkolili District Council stand to benefit if they exploit the available opportunities within the district. **“One of the modalities,”** the Committee reiterated, **“is ensuring that the Valuator robustly monitors and evaluates properties, especially structures erected by companies like MIRO.”**

Further discussions with the CA revealed that issues relating to ‘staff without NASSIT numbers, staff appraisals and response to internal audit report’ had been addressed. The Committee took the CA at his words, but encouraged Management to treat issues relating to staff with all seriousness.

Mr Speaker, Honourable Members, further engagement with the auditors revealed that Council had a number of outstanding audit queries from the previous year’s audit as listed below:

- payment for outstanding cleaning services neither budgeted for, nor disclosed as arrears in the previous financial statements;
- lack of adequate supporting documentation for recognised/claimed expenditures;
- withholding taxes not deducted and paid to the national revenue authority;
- payment of sitting fees with no evidence of council meeting;
- missing receipt books;
- inappropriate outsourcing of council facilities;
- mining companies not taxed;
- fixed assets not included in the fixed assets register;
- value of assets not shown in the assets register; and
- contract awarded to a Councillor.

Though the CA informed the Committee that those outstanding issues had been addressed, the Committee noted a blithe attitude being displayed by the CA and his team in terms of addressing audit queries. The Committee stated that every audit query is a serious issue and therefore must be treated with seriousness and urgency. The Committee repeated its earlier warnings to other Councils that hearings on the 2019 Audit Report would be distasteful because any document submitted during the PAC hearing would attract severe punishment. The Committee encouraged the auditors to keep an eye on those issues in their 2019 audit engagement with Council officials.

## **8. PORT LOKO DISTRICT COUNCIL**

Mr Speaker, Honourable Members, the CA and other core staff of Port Loko District Council appeared before the Committee to react to audit queries raised in the 2018 Auditor General’s Report. From the review of the AG’s Report, the Committee observed a number of audit queries as mentioned below:

- dormant accounts;
- revenue collected below the approved price list;

- revenue arrears not confirmed;
- payments without adequate supporting documents;
- payments to third parties;
- sitting fees paid to absentee councillors;
- paye not deducted and paid to the nra;
- budget overspent;
- assets not physically verified;
- unlicensed and uninsured motor bikes;
- life cards not submitted to confirm ownership;
- fraud controls;
- dysfunctional PETRA server;
- improper waste disposal due to lack of ideal dumpsites;
- excess motor bike procured;
- accounting software was not used to prepare the financial records of the eu project;
- unavailability of supporting documentation for reported expenditure;
- construction of district education office;
- lack of contract agreement between the council and the different market dues service providers;
- inadequate it environment;
- limited access to PETRA;
- internal audit not effective;
- no guidelines for sitting and transport allowances;
- councils committees not operational;
- staff without NASSIT numbers;
- requests for quotation procedures; and
- tendering process.

### **Revenue Collected Below the Approved Price List**

The Committee observed from the review of the AG's Report that Management collected own source revenue below the amount fixed and approved by Council on various revenue streams, such as CBO/FBO registration, LNGOs and INGOs registration and business licenses. The Report disclosed that the sum of **Le 31,750,000** was understated in the own source revenue collection.

Questioned why the revenue collected was below the amount fixed and approved by Council, the CA admitted that there was an agreed amount of **Le 500,000** per organisation wishing to be registered, but that amount was later considered to be exorbitant. Thus, the farmers appealed for a review of the **Le 500,000**. The CA presented the minute where the amount was discussed and reviewed by Council and the drivers' union.

The Committee accepted the document, but stated that the minute in question would have submitted to the auditors at the time of audit. The Committee restated its earlier warnings to Councils those recalcitrant officials would be reprimanded in future for late submission of documents.

### **Revenue Arrears Not Confirmed**

From the review of the AG's Report, the Committee noted that the Cadastre printouts of property rates and business licenses collected in arrears and demand notices issued for the period under review were not submitted for inspection. Thus, the auditors could not confirm the revenue arrears disclosed in statement 16 of the FS as detailed schedules of individual properties and businesses that summed up to the disclosed amounts.

The Committee's engagement with officials of Port Loko District Council revealed the following:

- the assessment and collection of property rate in the district were outsourced to Credit Recovery Agency [CRA] and the contract agreement made provision for CRA to introduce and operate the Cadastre System;
- Council officials were not involved in the operations of the Cadastre System;
- the failure of CRA to give proper account of revenue collected resulted in the termination of their contract as provided for in the contract; and
- Council is now involved in the collection of property rate.

**The Committee commended Management for terminating the contract, but cautioned the CA and team to ensure that:**

- **revenue collectors are trained and properly supervised by Management;**
- **Council's Valuation Officer should robustly monitor and evaluate properties; and**
- **the relevant schedules from the Cadastre system with specific reference to amounts collected, in arrears and demand notices for property rates and business licenses are submitted for review.**

### **Dormant Accounts**

The Committee observed from the review of AG's Report that Council had several bank accounts that were not operational during the period under review. The Report maintained that some of those accounts still attract bank charges.

The CA admitted that Council had accounts that were none operational for a long time, but stated that some of those accounts were projects accounts and most projects failed to inform Council about their closures. The CA concluded that the issue had been addressed.

**The Committee took the CA at his words, but reiterated that in future, all dormant accounts are either regularised or closed to avoid payment of unnecessary charges.**

#### **Payments without Adequate Supporting Documents**

The Committee observed from the review of the AG's Report that payments to the tune of **Le 7,000,000** were made without adequate supporting documents, such as delivery notes, monitoring reports, etc. to substantiate the utilisation of funds.

Reacting to the above mentioned query, the CA stated that most of the supporting documents in question were wrongly attached to other payment vouchers and in some cases wrongly filed. He presented the documents to the Committee for verification.

**The Committee counseled that proper record filing forms the most important part of financial accountability and transparency in public financial management. Therefore, documents regarding transactions undertaken by Council must be properly filed and provided upon request.**

#### **Payments to Third Parties**

The Committee noted from the review of the AG's Report that payments for the completion of the District Education Office were made to a third party instead of the original contractor [Positive Infinity]. The Report disclosed that Council violated some of the conditions of works contracts and financial guidelines by making payments totaling **Le45, 362,226.42** to a third party, who had no involvement in the contracts. The Report disclosed that even though a completion certificate was issued on the 20<sup>th</sup> January, 2019 the auditors observed through physical verification of the building that the work was still incomplete as some of the window glasses were still not fixed and there were leakages in some of the rooms.

The Committee's discussions with the CA and FO revealed the following:

- the building in question had been under construction for the past five years without completion;
- the contract agreement between Council and the Contractor [Positive Infinity Construction Company] made provision for Council to pay directly to the supplier of the building materials for the completion of the office;
- the building in question had been completed and the certificate of completion certified by works engineers was presented to the Committee for inspection; and
- the window glasses had been fixed and the leakages detected by the auditors had been adjusted.

**The Committee took the CA at his words, but encouraged the auditors to revisit this query in their next audit exercise.**

#### **Sitting Fees Paid to Absentee Councillors**

From the review of the AG's Report, the Committee discovered that sitting fees and transport allowances totaling **Le18,880,000** was paid to 21 Councillors and Paramount Chiefs who were absent from Council meetings on various dates. The Report maintained that there was no evidence that the said Councillors obtained valid excuses for their absence.

The Committee reminded the CA about the several warnings being made in the past for all Councils to refrain from paying Councillors who had failed to attend Council meetings without valid excuse, stating that the 'sitting fee,' as the name connotes, is paid to Councillors who attend Council meeting.

**In that regard, the Committee advised Management to ensure that correspondences are sent to the Ministry of Finance before sitting fees are paid, drawing the Ministry's attention to erring Councillors for disciplinary action.**

#### **PAYE not deducted and Paid to the NRA**

From the review of the AG's Report, the Committee noted that even though Council appropriately deducted PAYE tax from salaries paid to its employees, the auditors realised that PAYE tax of **Le7, 343,774** for some core and all support staff for the entire period under review were not paid over to the NRA.

Questioned whether the said amount had been paid to the NRA, the CA presented receipt in respect of **Le7, 343,774** to the Committee for inspection. The Committee however observed that the payment was made the very day the CA and team appeared before the Committee.

**The Committee however advised Management to ensure that PAYE is appropriately calculated and paid over to the NRA.**

The Committee's further discussions with the CA and other core staff revealed that with the exception of the queries relating to the PETRA System and guidelines for sitting and transport allowances, which they said were beyond Management's control, but the rest of the other audit queries, as listed below, had been addressed:

- budget overspent;
- assets not physically verified;
- unlicensed and uninsured motor bikes;
- life cards not submitted to confirm ownership;
- fraud controls;
- improper waste disposal due to lack of ideal dumpsites;
- excess motor bike procured;
- accounting software was not used to prepare the financial records of the EU Project;
- unavailability of supporting documentation for reported expenditure;
- construction of district education office;



- lack of contract agreement between Council and the different market dues service providers;
- inadequate it environment;
- internal audit not effective;
- councils committees not operational;
- staff without NASSIT numbers;
- requests for quotation procedures; and
- tendering process.

Though the CA disclosed that those issues had been addressed, the Committee advised the team to specifically pay attention to 'regulatory compliance,' which usually describes the goal a particular institution aspires to achieve in their efforts to ensure that they are aware of certain things and take the necessary steps to comply with relevant laws, policies, and regulations. The Committee maintained that if control weaknesses 'are not addressed on time, they could lead to fraud and other irregularities.' The Committee warned the CA and team that if those queries reappeared in the 2019 Audit Report, it would take an uncompromising action against them for perjury and for wasting the Committee's precious time.

## **9. FALABA DISTRICT COUNCIL**

Mr Speaker, Honourable Members, core officials of Falaba District Council appeared before the Committee to respond to audit queries flagged up in the 2018 Auditor General's Report. From the review of the AG's Report, the Committee observed a number audit issues. These are mentioned below:

- own source revenue performance;
- under staffing;
- unused assets procured by the council;
- asset management policy;
- ineffective internal audit function;
- no audit committee;
- lack of risk assessment procedures;
- ineffective control over it equipment;
- ineffective operations of the PETRA accounting system;
- lack of visibility;
- improper use of resources and waste disposal due to lack of ideal dumpsites;
- inadequate council coverage; and
- requests for quotation procedures.

### **Own Source Revenue Performance**

From the review of the AG's Report, the Committee observed that Council set a revenue target of **Le320, 760,000**, but only collected **Le29,243,721 [9%]**, leaving a balance of

**Le291,516,279 [91%]** uncollected. The Committee's discussions with the auditors revealed that it was due to the absence of a database for properties and businesses within its jurisdiction, and challenges in revenue collections from local tax and other revenue sources. The auditors disclosed that Falaba District Council was under Koinadugu District Council, which had a database of properties and businesses within Falaba District. It was however expected that upon the formation of the new district council, the management of the Council would utilise the existing database, especially for property tax to raise or boost its own source revenue mobilisation.

**The Committee demanded no further explanation, but advised Management to ensure that:**

- **sensitisation of tax payers on tax compliance is enhanced and robust strategies to increase revenue collection are developed;**
- **Council collaborates with Koinadugu District Council, so that properties within its jurisdiction are assessed and valued for the purpose of generating more revenue;**
- **in future, realistic revenue targets are set.**

### **Under Staffing**

A review of the AG's Report revealed that out of the 14 core staff to be posted to Council, only 6 positions were filled, leaving 8 posts vacant. According to the AG's Report, posts such as District Development Planning Officer, Statistician/M&E Officer, Environmental Social Officer, Works Engineer, Social Welfare, Gender & Children's Officer, Human Resource Development Officer, Valuator, Information, Education & Communication Officer were vacant.

Reacting to the audit query, the CA confirmed that they had challenges with regard to filling those vacant positions. The CA added that Council's Chairman had made several representations to the Local Government Service Commission [LGSC], which is responsible to hire and fire, but to no avail. He stated that the Chairman of the LGSC had promised to ensure that the vacant positions are filled within the shortest possible time. He however disclosed that Council is still working towards ensuring that the full complement of the staff in question is provided for effective service delivery.

**In view of the above, the Committee recommends that the CA and Council's Chairman liaise with the LGSC for the staffing matters to be addressed, particularly so when service delivery is the main object for which Local Councils are established.**

### **Unused Assets Procured by the Council**

From the review of the AG's Report, the Committee observed that assets worth **Le116,790,000** were procured by Council's administration for the use of various devolved sectors

which did not have physical presence in the district; and as a result, the assets procured were never collected, but lying unused at the Council.

In his response, the CA stated that the assets in question had been distributed to the various devolved sectors. He however disclosed that the delay in the distribution of those assets was due to the difficulty encountered in securing rented structure to be used as office space for those devolved sectors. He concluded that the auditors went for the audit process at the time when Council was finalising office rent agreement with four property owners.

**The Committee noted the CA's explanation, but cautioned that in future, Council should first of all secure an office space before procuring assets, stating that unused assets are usually susceptible to theft.**

### **Asset Management Policy**

The Committee observed from the review of the AG's Report that an asset policy for the handling and disposal of Council's assets and properties was not in place. In addition, Council did not have fire extinguishers to protect the institution's assets in the event of a fire accident.

Reacting to the audit query, the CA disclosed that at the time of audit, Council was very new and there was no assets policy in place. He disclosed that developing an assets policy is the function of the Ministry of Local Government, but Council is working closely with the Ministry to ensure that the policy is developed and enforced. He informed the Committee that Council had however put in place an assets register where Council's assets are recorded. The CA added that disposal of assets is the sole responsibility of the Assets Commission, but Council had the mandate to write to the Commission if there is need to dispose certain assets.

**Contingent upon the above, the Committee exhorted Management to:**

- **exercise urgency in terms of ensuring that fixed assets policy is developed and enforced, so as to ensure proper management and safeguarding of its assets; and**
- **install fire extinguishers in order to protect Council's assets from fire/elemental damage.**

### **Ineffective Internal Audit Function**

From the review of the AG's Report, the Committee observed the following:

- the Internal Audit Unit only focused its work on fuel management, thereby neglecting other areas such as risk management and governance processes, which are core functions of modern internal audit functions;
- standard working paper files were not maintained; and as such, it was difficult for the audit team to ascertain the methodology used in arriving at certain conclusions in the various reports; and

- Management failed to respond to the three internal audit reports addressed to and acknowledged by the Chief Administrator for the year under review.

The Committee's discussions with the Internal Auditor and the rest of the Management team revealed the following:

- inadequate working tools for the Internal Audit Unit;
- The Internal Auditor was not on payroll and that negatively affected his performance; and
- Council Chairman, upon resumption of office, met 6 staff; and out of 6, only 2 were on payroll.

The Committee sympathised with the entire team and described the situation 'as unfortunate and disastrous for modern public administration.' In view of that, the Committee commended the Chairman and the rest of the team for their endurance and perseverance amidst the plethora of challenges confronted the team.

**In that regard, therefore, the Committee recommends that:**

- **modalities are put in place by Management to ensure that staff are placed on payroll for effectively service delivery;**
- **the Internal Audit Unit should be adequately resourced in terms of training and logistics, so that regular audit work is carried out and reported on;**
- **the CA should ensure that issues raised in the internal audit reports are addressed on time; and**
- **the Internal Auditor should broaden his audit scope to include other areas such as risk management and governance processes.**

### **No Audit Committee**

From the review of the AG's Report, the Committee observed the following:

- the approved Audit Committee did not have the adequate skills and knowledge to perform the functions of the committee. For example, one of the two independent members is an auto mechanic and does not have the requisite skills, knowledge and experience in carrying out such functions; and
- the proposed Chairman of the Committee is not resident in Mongo and is not working at the community bank at Mongo as shown on the approved list of committee members. As such, the proposed audit committee could not carry out their functions effectively and in a timely manner.

The CA stated that the query under consideration had been addressed and that the Committee had been reconstituted with competent members. The Committee noted the relevance of establishing an Audit Committee, stating that the Audit Committee usually plays an important role in assisting Council to fulfill its oversight responsibilities in areas such as an entity's

financial reporting, internal control systems, risk management systems and the internal and external audit functions.

**The Committee further admonished the Chairman as head of the entity in collaboration with the CA to ensure that the Audit Committee that had been reconstituted is independent and with the requisite skills and knowledge to perform its functions effectively and in a timely manner.**

### **Lack of Risk Assessment Procedures**

The Committee observed from the review of the AG's Report that Council did not carry out and document periodic control risk assessments over the activities of collecting, accounting for, and disbursing of Council's limited resources. The Report disclosed that business risk and periodic fraud risk assessments were not carried out and there were no established action plans to implement and monitor fraud controls.

Responding to the above mentioned issue, the CA said that Management noted the query very seriously and steps had been taken to ensure that the issue is adequately addressed.

The Committee emphasised the importance of strengthening Council's anti-fraud programme by performing business and periodic control risk assessments, developing and implementing a fraud response plan, requiring periodic fraud risk assessments, and developing action plans to implement and monitor fraud controls.

**Thus, the Committee heartened the CA to ensure that this query is addressed before the conclusion of the 2019 audit exercise; otherwise a stern action would be taken against them.**

### **Ineffective Control over IT Equipment**

From the review of the AG's Report, the Committee observed that:

- there were no provisions made for updated virus protection for computers being used by Council personnel; and
- environmental control mechanisms such as fire extinguisher, and air conditioning systems were not in place to protect the institution's assets.

In his response, the CA stated that Management was working towards addressing the query and assured the Committee that it would not reappear in the 2019 Audit Report.

The Committee reminded Management about the importance of protecting Council's computers from virus, pointing out that if antivirus software is not procured and installed on Council's computers, those computers could be infected and Council could lose vital information. The Committee expressed similar sentiments on the relevance of installing fire extinguishers and air conditioning systems to protect Council's assets.

**In that regard, the Committee encouraged the CA to ensure that antivirus software and fire extinguishers are procured and installed so as to protect Council's computers and assets from damage.**

### **Improper Use of Resources and Waste Disposal Due to Lack of Ideal Dumpsites**

From the review of the AG's Report, the Committee observed the following issues:

- during the observation of the April 2019 general cleaning exercise, the auditors did not find any garbage collection trucks around the district for the cleaning exercise in the areas visited, even though a total of **Le189, 600,000** was paid for the hiring of trucks and purchase of fuel for the trucks during the year under review;
- there was no specific dumpsite in the whole district for waste disposal; and
- the population in the district is sparse and there is not a large concentration of people to necessitate the use of trucks to collect garbage, as very little activities are undertaken within those localities. As such, waste was burnt in the bushes, a situation that is hazardous to the health of the communities.

The Committee's engagement with the CA revealed that:

- garbage collection trucks were concentrated on big towns and market places where heaps of garbage are usually found. He added that the trucks were not seen along the route the audit team took because Council adopted a policy of rotation due to the limited number of trucks and the vast areas they were required to cover;
- a dumpsite had been constructed at Mongo where garbage would be disposed; and
- documents submitted in respect of the **Le 189,600,000** utilised on fuel, hiring of trucks, procurement of working tools and payment of incentives to youth groups during the whole period the cleaning exercise lasted were found to be sufficient and adequate.

**Contingent upon the above, the Committee further admonished Management to identify suitable locations in the district for the safe and proper disposal of refuse to avoid environmental degradation through burning.**

### **Inadequate Council Coverage**

The Committee observed from the review of the AG's Report that out of a total of eight devolved sectors, only six have presence in the district, leaving a gap of two, representing **25%** of sectors devolved that are yet to relocate to the district. According to the Report, this affects service delivery as majority of these are critical sectors like social welfare, health, rural water, youths and sports, etc. The problem is further compounded by the fact that the sector heads in Koinadugu were asked to cover Falaba as well. In this regard, the sector heads were unable to attend Management and Council meetings which were held on the same day for both Councils.

In his reaction, the CA disclosed that Management was equally concerned because most of the devolved sectors personnel were working from Kabala instead of Mongo Bendugu, the headquarter town of the district. He however revealed that Council Chairman had communicated this particular issue to the relevant stakeholders. The CA expressed optimism that the issue regarding office space and posting of devolved sectors personnel to fill relevant vacancies would be addressed as soon as possible.

**The Committee continued to encourage Council Chairman to engage the various stakeholders, including the Ministry of Local Government, Local Government Service Commission, the Ministers and Permanent Secretaries of the sectors concerned for urgent action to be taken to enhance the decentralisation process.**

### **Requests for Quotation Procedures**

A review of the AG's Report revealed that:

- the Procurement Plan was approved by the CA as head of the Procurement Committee, but evidence was not made available to confirm that it was submitted to the Ministry of Local Government for review and approval as provided by law;
- written request for quotations were sent to at least three suppliers for the procurement of goods, works and services worth **Le60, 000,000** and below. According to the Report the RfQs contained clear statement of the requirements of Council as to quality, quantity, terms and time of delivery of the goods and services procured; and
- the process was not however competitive as cross-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 Council and devolved sectors related to just one supplier. According to the AG's Report, it was made clear from the address on the NRA tax clearance and the certificate of business registration which also relate to the same supplier. During the year under review, payments amounting to **Le75, 450,000** were made to this supplier for four different contracts based on the initial evaluation which was not competitive.

The CA admitted that the Procurement Plan was approved and signed by Council, but it was not signed by the Ministry of Local Government. He however disclosed that they now had a Procurement Plan that had been signed by the Ministry. He concluded that the procurement process leading to the award of contracts was competitive, fair and transparent.

**The Committee however counseled Management to ensure that the annual procurement plan of Council is submitted yearly to the Ministry of Local Government for review and approval as provided for by law; and that procurement process leading to the award of contracts should be competitive, fair and transparent, so as to ensure value for money.**

### **Ineffective Operations of the PETRA Accounting System**

From the review of the AG's Report, the following were observed:

- the IT system was not networked, as there was no dedicated server for its PETRA accounting system at the time of the audit. Consequently, a number of authorised users such as the Mayor and Chief Administrator who were supposed to approve and review the records in the PETRA did not access the system during the financial year under review; and
- Council was using a standalone computer operated by the FO to process transactions. According to the auditors, that resulted in considerable delays in the posting and approval of transactions and there was no evidence of an official back-up of the records in the Petra accounting software.

In his response, the CA disclosed that the installation and maintenance of the PETRA Accounting System was the responsibility of the PFMRU of the Ministry of Finance. The CA presented a correspondence written to the PFMRU, reminding them about the inability of the PETRA System to function properly. He however stated that they had been doing daily back-ups using external hard drive.

**The Committee noted the CA's explanation, but advised Management to ensure that:**

- **Letters of reminder are sent to the PFMRU and retain duplicate copies for future reference;**
- **manual accounting system be introduced and hard copies of accounting documents should be preserved for reference purpose; and**
- **a user friendly accounting system be introduced to replace the problematic PETRA System.**

### **Lack of Visibility**

The Committee observed from the review of the AG's Report that there were no sign posts bearing the name of Council. As signage is considered the most cost-effective form of advertising to boast an organisation's visibility, the auditors view this lack of visibility a major challenge in boasting the image of Council. The Report concluded that an increased visibility equals more potential tax payers, and more people who can refer you to others.

The CA stated that follow-up actions had been taken and signposting of Council visibility had been outsourced to a service provider who coded Council's assets.

**The Committee emphasised the relevance of erecting signposts as they help to increase revenue in a cost-effective manner and increase the level of awareness,**



**and therefore exhorted Management to exercise urgency in terms of addressing this query.**

## **10. KAMBIA DISTRICT COUNCIL**

Mr Speaker, Honourable Members, senior officials of Kambia District Council appeared before the Committee to answer to queries flagged up in the 2018 Auditor General's Report. From the review of the AG's Report, the Committee observed a number audit queries as mentioned below:

- misstatements in the financial statements;
- inconsistency in the chief administrator's comments on the financial statements;
- withdrawals without supporting documents;
- payments without supporting documents;
- payments without adequate supporting documents;
- withholding tax deducted, but not paid to the NRA;
- bank statements not submitted for audit inspection;
- account balances not confirmed by the bank;
- no reconciliation between the Valuation and the Finance Units;
- lack of service level agreement for Council properties;
- property rates contract not properly adhered to;
- lack of basic internal controls in the general management of own source revenue;
- inadequate controls over the handling of general receipt books;
- inaccurate recognition of approved budget amounts in the financial statements;
- sitting fees paid to absentee Councillors;
- poor assets management;
- lack of periodic risk control assessments; and
- ineffective operations of the PETRA System.

Asked to update the Committee on the current status of the audit queries mentioned above, the CA identified the following as having been addressed:

- misstatements in the financial statements;
- inconsistency in the chief administrator's comments on the financial statements;
- withholding tax deducted, but not paid to the NRA;
- bank statements not submitted for audit inspection;
- account balances not confirmed by the bank;
- inadequate controls over the handling of general receipt books;
- inaccurate recognition of approved budget amounts in the financial statements;
- withdrawals without supporting documents; and
- payments without supporting documents.

The Committee observed from its discussions with the CA that the following were still standing against Council:

### **Payments without Adequate Supporting Documents**

The Committee observed from the review of the AG's Report that payments made for fuel and oil, printing, entertainment and rent totalling **Le35, 660,000** were without adequate supporting documents such as receipts, delivery note, etc.

The CA admitted that the documents in question were not made available to the auditors because the procurement processes were still ongoing at the time of audit. He however presented the said documents to the Committee for inspection. The Committee accepted the documents, but warned that hearings on the 2019 AG's Report would not be what the Committee described as 'smooth ride because people will personally pay for late submission of documents.'

**In that regard, the Committee instructed Management to ensure that in future, adequate supporting documents are submitted on time.**

### **No Reconciliation between the Valuation and the Finance Unit**

From the review of the AG's Report, the Committee noted that Management failed to submit evidence of regular reviews of Council's cash flow position to audit the team for review. In this regard, the audit team noted that reconciliation between the Finance Department and the Valuation Unit in respect of payments received and demand notices issued during the period under review were not carried out.

Though the CA stated that robust reconciliation mechanisms had been put in place to regularly reconcile their records on a monthly basis, the Committee underscored the significance of performing regular reconciliations, pointing out that reconciliations are key to ensuring financial accountability.

**Contingent upon the above, the Committee instructed the auditors to revisit this particular issue in their next audit exercise, but however advised the FO to ensure that regular reconciliations between the Finance Department and the Valuation Unit are performed.**

### **Lack of Service Level Agreement for Council Properties**

The AG's Report disclosed that Council had a guest house and stores which have been rented out for yearly fees of varying amounts. According to the AG's Report Council did not have in place signed agreements with the respective tenants; and as a result, the auditors were unable to confirm the amount payable for the utilisation of its properties.

The auditors confirmed that the tenancy agreements between Council and third parties having possession of its properties were submitted for verification, with the exception of Council's

guest house. The CA presented a copy of the agreement relating to the Council's Guest House to the Committee for inspection.

**The Committee encouraged the auditors to accept and review the document, but however advised the CA to ensure that tenancy agreements between Council and third parties are formulated with clear conditions on the amount to pay, and when and how to pay to Council.**

#### **Property Rates Contract Not Properly Adhered to**

The Committee observed from the review of the AG's Report that Kambia District Council signed a contract with CRA Sierra Leone Limited in 2017 in which CRA was required to collect property rates from property owners within the district for a period of five years. The CRA was also to pay **55%** of property rates collected to the Council. According to the AG's Report, the Agency was expected to meet and provide reports to Council on a monthly basis. However, a request from both parties for the minutes and reports from CRA proved futile.

The Committee's discussions with Management revealed that the minutes and reports expected from CRA were not made available at the time the auditors wanted to verify them. The CA however explained that Management had engaged CRA officials to ensure that the relevant documents that formed part of the contract agreement between Council and CRA are submitted on time. He however presented the minutes and reports from CRA to the Committee for inspection.

**In view of the above, the Committee encouraged the auditors to accept and review the documents, but directed that in future, the provisions in the agreement are followed to the letter.**

#### **Lack of Basic Internal Controls in the General Management of Own Source Revenue**

From the review of the AG's Report, the Committee observed that there was lack of effective internal controls over the generation and management of own source revenue by Council. According to the AG's Report, the Valuation Unit, which was charged with the responsibility for the assessment and custody of the data for business licenses, was at the same time involved in collecting revenue from businesses.

The Committee's engagement with the auditors disclosed that structures have been put in place and roles and responsibilities have been clearly defined. The Committee inferred that most of the audit queries raised against this Council were indications of internal control weaknesses, which if not addressed could lead to fraud and other irregularities.

**The Committee admonished Management to ensure that this audit query is adequately addressed and regular reconciliation and on-the-spot checks are carried out to ascertain Council's revenue potential.**

### **Sitting Fees Paid to Absentee Councillors**

The Committee observed from the review of the AG's Report that the sum of **Le 9,130,000** was paid as sitting fees and other allowances to Councillors who were absent from the meetings. The Report maintained that the minute and attendance register for sitting fees of **Le 24,380,000** paid for the month of June 2018 was not made available to the audit team for review.

The Committee reminded the CA and team about the several warnings being made in the past for all Councils to refrain from paying Councillors who had failed to attend Council meetings without valid excuse, stating that the 'sitting fee,' as the name connotes, is paid to Councillors who attend Council meetings.

**The Committee advised the CA and team to ensure that correspondences are sent to the Ministry of Finance before sitting fees are paid, drawing the Ministry's attention to erring Councillors for disciplinary action, otherwise the CA and FO will be required to pay without recourse to the CRF.**

### **Poor Assets Management**

From the review of the AG's Report, the Committee observed the following:

- the assets register was not updated to include all assets in different locations - among the assets not included in the asset register were the Council's guest house, administrative building, Council's old building at Kambia and devolved sectors' assets; and
- a good number of the assets were without durable identification mark.

Questioned why Management failed to address the audit query mentioned above, the CA disclosed that the assets in question had been included in the asset register and all other assets had been marked with durable identification mark.

The Committee stressed the relevance of maintaining and regularly updating fixed assets register, affirming that if Council's assets are not coded with durable identification mark and recorded in the assets register, they could be prone to theft.

**In view of the above, the further instructed Management to make sure that all fixed assets, including those of devolved sectors are properly coded and included in the fixed assets register to ensure that they are easily identified.**

### **Ineffective Audit Committee**

The Committee observed from the review of the AG's Report that there was no evidence that an independent Audit Committee was operational to supervise and monitor the work of the Internal Audit Unit.

Asked to respond to the audit query mentioned above, the CA revealed that an Audit Committee had been established. The CA presented a list of members of the committee in question for verification.

The Committee restated the importance of the Audit Committee, pointing out that the Audit Committee plays a key role in assisting Council to fulfill its oversight responsibilities in areas such as an entity's financial reporting, internal control systems, risk management systems and the internal and external audit functions.

**Thus, the Committee encouraged Management to ensure that the newly established Audit Committee is provided with the necessary resources and the required capacity to perform its functions professionally.**

### **Ineffective Operations of the PETRA System**

From the review of the AG's Report, the Committee observed that:

- the PETRA System was not networked and that made it impossible for other users such as the CA, Internal Auditor and Chairman to access the system in their offices through the network;
- Only two users [FO and Accountant] have access to the System because the System is installed on a standalone laptop computer which is used by both the accountant and the FO; and
- licensed antivirus software was not installed in the computer hosting the PETRA system.

In his response, the CA stated that the PETRA System was outdated and had not been working properly. He added that despite the several reminders sent to the PFMRU to address the issue, all proved futile.

The Committee agreed that the PETRA System had been a perennial problem despite the numerous trainings council officials have had on the operations of the System.

**The Committee however noted the efforts of Council, but reiterated that:**

- **manual accounting system should be introduced and hard copies of accounting documents are preserved for future reference; and**
- **a user friendly accounting system should be introduced to entirely replace the PETRA System.**

Mr Speaker, Honourable Members, the Committee further discovered a number of outstanding audit queries from previous year's audit as listed below:

- revenue not recorded in the cashbook;
- lack of supporting documentation for reported expenses;
- withholding taxes deducted but not paid to the national revenue authority;
- withholding taxes not deducted and paid to the national revenue authority;
- payment of sitting fees to absentee Councillors;

- NASSIT contribution not paid for junior staff;
- staff without NASSIT registration numbers;
- procurement without three requests for quotations [RFQs];
- assets not coded;
- payment of sitting fees for inadequate purposes;
- internal audit not effective;
- environmental performance targets not set;
- inadequate IT environment;
- limited access to PETRA; and
- no guidelines for sitting and transport allowances.

Apprising the Committee on the current status of the above mentioned audit queries, the CA asserted that those issues had been addressed and would not reappear in the 2019 AG's Report. The Committee noted the CA's claims, but instructed the auditors to follow up in their next audit exercise. The Committee informed Management that the outstanding audit queries from the previous year's audit are similar with the 2018 audit queries in content. Thus, the Committee concluded that Management had been treating audit queries with levity and lightheartedness.

**In that regard, the Committee instructed Management to address all audit queries before the conclusion of the 2019 audit exercise, otherwise an uncompromising action would be taken against the CA and team.**

## **11. KARENE DISTRICT COUNCIL**

Mr Speaker, Honourable Members, the core staff of Karene District Council appeared before the Committee to answer to audit queries flagged up in the 2018 Auditor General's Report. From the review of the AG's Report, the Committee observed many audit queries as mentioned below:

- disclosures not made in the financial statements;
- own source revenue not accounted for in the financial statements;
- detached receipts;
- poor revenue generation;
- payment without adequate supporting documents;
- withholding tax not deducted and paid to NRA;
- payments made in the name of council staff instead of the service provider;
- fuel not accounted for;
- ineligible expenditure;
- bank accounts opened without accountant-general's authorisation;
- inconsistencies between the bank statements, statements of assets and liability and the bank reconciliation statements [BRS];

- under staffing;
- unverified staff;
- staff employment documents not submitted;
- ineffective internal audit function;
- fraud controls;
- ineffective operations of the PETRA Accounting System
- lack of virus protection;
- lack of segregation of duties;
- request for quotation procedures;
- tendering procedures;

The CA however disclosed that the following audit queries had been addressed by Management:

- disclosures not made in the financial statements;
- own source revenue not accounted for in the financial statements;
- detached receipts;
- withholding tax not deducted and paid to NRA;
- ineligible expenditure;
- inconsistencies between the bank statements, statements of assets and liability and the bank reconciliation statements [BRS];
- unverified staff;
- staff employment documents not submitted;
- fraud controls;
- lack of segregation of duties;
- request for quotation procedures;
- tendering procedures; and
- ineffective internal audit function;

The Committee however observed that the following queries were still standing against Council:

### **Poor Revenue Generation**

The Committee observation from the review of the AG's Report the following:

- Council failed to generate revenue from several revenue sources and other major economic township within the district such as Local tax precept, market dues, lorry park dues, surface rent, property tax, hall rental, etc.;
- from the minutes of council meeting and interview notes that there were weekly markets [Lumar] being held in market places like Romende Chiefdom, Roktolol Chiefdom, Feredugu , Sanya, Kamalo, Batkanu, etc., but there was no evidence to confirm that Council was making efforts to engage stakeholders in those places to ensure the collection of revenue; and

- the poor revenue generation could be attributed mainly to the absence of a database for properties and businesses within its jurisdiction, and challenges in revenue collections from local tax and other revenue sources.

The Committee's discussions with the CA revealed the following:

- Council engaged the stakeholders in respect of some revenue streams, such market dues, weekly markets, etc. and revenue collection from those revenue streams had commenced in earnest;
- though Council has been encountering challenges in collecting precepts from the various chiefdoms, the CA assured the Committee that the collection process had begun because Council engaged the District Office to ensure prompt payment after collection from various chiefdoms; and
- Council engaged the PFMRU on the matter relating to the Cadastre System for the collection of property rates. He however stated that Council had not yet responded in terms of developing a database to ease the collection process. He added that Council had concluded a survey on property and street names which would facilitate the collection from that revenue stream.

**The Committee noted the CA's explanation, but encouraged the entire Management team to increase the sensitisation of tax payers on tax compliance and to develop robust strategies to enhance revenue collection. The Committee further advised that documentary evidence in the form of minutes of meetings held to justify the sensitisation of tax payers on tax compliance to increase revenue collections should be properly filed and produced upon request.**

#### **Payment Without Adequate Supporting Documents**

The AG's Report disclosed that out of **Le377,630,000** payments made for office material and consumable, travelling and rent, supporting documents in respect of payments amounting to **Le368, 130,000** were submitted and verified, leaving a balance of **Le9,500,000** for which adequate supporting documents were not made available for audit inspection.

Asked the whereabouts of the **Le9, 500,000** for which adequate supporting documents were not made available for audit inspection, the CA presented the documents to the Committee for inspection. The Committee warned Management against late submission of accountable documents, threatening that the PAC public hearings on the 2019 AG's Report would not be 'exciting' because defaulters would be asked to rebate unaccounted funds.

The Committee inferred that payments vouchers that did not have supporting documents to substantiate payments could not be accepted as genuine disbursement and therefore cannot be accepted as charges on Council's funds.



**In view of the above, the Committee counseled that henceforth all payment vouchers should be supported with relevant documents or the amounts be rebated.**

**Payments made in the name of Council staff instead of the service provider**

From the review of the AG's Report, the Committee noted that payment of **Le12, 000,000** was made in the name of the Accountant as payee instead of the service provider.

Asked to explain why the payment was made in the name of Council's Accountant, the CA apologised for the mistake and assured the Committee that that would never happen again. He however presented a document where the supplier acknowledged receipt of the **Le 12,000,000.**

The Committee reminded Management that financial management best practice requires payments for works, goods and services to be made in the name of suppliers, contractors and service providers. The Committee advised Management to submit the document, together with other documents bearing the signatures of the supplier for the sake of making comparison to ascertain the authenticity of the acknowledged receipt document.

**In view of the above, the Committee implored the auditors to verify the documents, but the Committee threatened that the CA and FO would refund same if disparities are detected in the signatures of the document submitted for comparison. The committee further heartened the CA to ensure that in future, payments are made directly to suppliers/contractors/service providers rather than paying in the names of Council's staff, otherwise the Committee would not entertain any unsubstantiated explanation.**

**Fuel not accounted for**

The Committee observed from the review of the AG's Report that out **Le3, 160,000** spent on fuel for the monthly general cleaning activities, supporting documents in respect of payments amounting to **Le1, 760,000** was submitted and verified, leaving a balance of **Le1, 400,000** not accounted for.

In his response, the CA presented the documents in respect of the outstanding balance of **Le1, 400,000** to the Committee for inspection. The Committee accepted the documents, but continued to stress that public hearings on the 2019 AG's Report would not be exciting.

**The Committee however advised Management to ensure that in future, the relevant documents are provided on time for audit inspection. The Committee further recommended that regular use and updating of the fuel log books to enhance proper monitoring, control and efficient use of fuel is instituted.**

**Bank Accounts Opened Without Accountant-General's Authorisation**

The AG's Report revealed that Council opened four bank accounts at the Sierra Leone Commercial Bank for which evidence of the Accountant General's authorisation was not submitted for audit inspection. This, according to the Report, contravened Section 129 of the Financial Management Regulations of 2007 which states that "No public officer shall, except with the authority of the Accountant – General, open a bank account for the deposit, custody or withdrawal of public moneys or other moneys for which he is responsible as a public officer or for the transaction of official banking business."

The CA stated that a letter seeking the Accountant General's approval was sent for the opening of an account at Kamakwie Community Bank, but denied having opened three bank accounts at the Sierra Leone Commercial Bank. He however presented the approval from the Accountant General to the Committee for inspection.

**The Committee noted the CA's explanation, but however instructed Management to ensure that in future approval had to be obtained first from Accountant General for the opening of any official bank accounts, otherwise severe penalties would be imposed for disregarding Section 129 of the Financial Management Regulations of 2007.**

### **Under Staffing**

From the review of the AG's Report, the Committee observed the following:

- out of the 14 core staff to be posted to Council, only 6 [**42.9%**] positions were filled leaving 8 [**57.1%**] posts vacant. The Report disclosed that out of the 8 vacant posts, 5 were occupied by volunteers acting in these positions. These are the Procurement Officer, Human Resource Officer, Environmental Officer, Works Engineer, and Social and Gender Officer;
- as at the time of the audit, 3 positions were still vacant; i.e., the Valuation Officer, Internal auditor and ICT Officer; and
- of all the personnel working in that Council, only 2 were on government payroll [the Chief Administrator and the Finance Officer].

Responding to the audit queries mentioned above, the CA stated that with the exception of the Development and Planning Officer, who is yet to report for duty, all other staff that were not on government payroll have been captured and currently receiving salaries. He revealed that a letter had been written to the Local Government Service Commission, so that another Development and Planning Officer is posted to Karene District Council. He concluded that Council had got the full complement of its core staff.

**The Committee applauded Management for taking proactive steps in addressing those audit queries, but however continued to urge the CA to liaise with the Local Government Service Commission, so that the Development and Planning Officer is posted without further delay.**

### **Ineffective Operations of the PETRA Accounting system**

From the review of the AG's Report, the following were noted:

- the IT System was not networked, as there was no dedicated server for its PETRA accounting system at the time of the audit. Thus, a number of authorised users such as the Chairman and Chief Administrator who were supposed to approve and review the records in the PETRA, did not access the system during the financial year under review; and
- Council was using a standalone computer operated by the FO to process its transactions. This has therefore resulted in considerable delays in the posting and approval of transactions. And there was no evidence of an official back-up of the records in the Petra Accounting software.

The CA noted the relevance of the PETRA System and therefore disclosed that Council had engaged the PFMRU to address the issue, so that more users would have access to the System in terms of monitoring and supervision.

**The Committee advised Management to constantly remind the PFMRU through correspondences until a solution is sought, otherwise the CA should think of introducing a user friendly Accounting Software to replace the PETRA System.**

## **12. BO CITY COUNCIL**

Mr Speaker, Honourable Members, core staff of the Bo City Council appeared before the Committee to respond to audit queries raised in the 2018 Audit Report. The Committee observed three outstanding issues against Bo City Council:

### **NASSIT Contributions**

The Committee observed from the review of the AG's Report that there was no supporting document presented to verify a balance of **Le25, 238,344** as arrears of NASSIT contributions disclosed in Statement 19 of the financial statements.

The Committee emphasised that NASSIT contribution is a requirement and thus ordered the CA and team to pay same and provide duplicate copies of the receipt and the correspondence to NASSIT [indicating names of beneficiaries], for authentication within twenty-four [24] hours. The Committee is happy to report to this House that the outstanding amount of **Le25, 238,344** was paid by Council as instructed and the receipt was verified.

**In this regard, the Committee warned that such deliberate act of omission should not be repeated in future.**

**Lack of Supporting Documents to Verify the Arrears of Employees Redundancy and Retirement Benefits**

From the review of the AG's Report, the Committee observed that there were no supporting documents provided to verify the arrears of employees' redundancy and retirement benefits to the tune of **Le2, 117,891,555.38** disclosed in Statement 19 of the financial statements.

The Committee noted from the CA's submission that several correspondences were written to the Ministry of Finance for the payment of retirement benefits, but no action had been taken to resolve the issue. The CA however disclosed that His Excellency the President, Rtd Brigadier Julius Maada Bio, had asked for the comprehensive list of retirees.

**The Committee acknowledged and appreciated the intervention of His Excellency the President as timely, but counseled Council to factor this particular issue in the 2021 budget.**

#### **Payment of sitting fees to Councillors**

It was observed from the review of the AG's Report that the sum of **Le21, 050,000** was paid to Councillors who did not attend Council meetings on various sittings.

The Committee reminded the CA and team that several warnings had been made in the past to all Councils to refrain from paying Councillors who had failed to attend Council meetings without valid excuse, stating that the 'sitting fee,' as the name connotes, is paid to Councillors who attend Council meeting.

The CA acknowledged the Committee's advice, but explained Council's constraints in implementing the recommendation of the PAC on this particular issue, pointing out that Councilors are no longer paid via Council, but paid directly by the Central Government to their private accounts. **"Thus, it is difficult for Council to withhold sitting fees of defaulting Councillors,"** the CA concluded.

**The Committee advised the CA and team to ensure that correspondences are sent to the Ministry of Finance before sitting fees are paid, drawing the Ministry's attention to erring Councillors for disciplinary action.**

#### **Under-Performance of Own-Source Revenue**

The Committee observed from the review of the AG's Report a drop in the performance of own-source revenue. According to the auditors, total budgeted own-source revenue was **Le3, 577,371,308.50**, but only **Le1, 478,069,955.56 [41%]** was collected, leaving a total of **Le 1,809,301,352.94 [59%]**.

Asked to explain why the drastic decrease in the collection of own-source revenue, the former CA attributed this situation to the drop in the collection of market dues from **Le1, 000 to Le500**, but however stated that there had been improvement in revenue mobilisation. He added that Council embarked on massive sensitisation of tax payers and revenue collected by individuals are now deposited into the bank. The CA nevertheless mentioned mobility as one

of the challenges hindering the collection of revenue, stating that Council had only pick-up van to convey revenue collectors to various locations.

Reacting to the CA's submission, the Committee informed Management to:

- put in place appropriate revenue generation strategies to augment Council's revenue base and effectively communicate same to all stakeholders;
- divide the city into zones and outsource to different companies;
- use the police to close down any building occupied by debtors for immediate response;
- set realistic targets reflective of the prevailing economic conditions and consultation at ward and devolved sector levels, so as to achieve target;
- periodically inspect and report new properties and businesses on a regular basis; and
- the CA should engage the relevant authority for the provision of additional vehicle or solicit support from donor organisations to address some of the challenges.

Mr Speaker, Honourable Members, the Committee took special time to review its 2017 Report on this Council and observed that the **95%** of control weaknesses detected in the 2017 AG's Report had been addressed. Thus, the Committee applauded the team, but further advised the CA to specifically pay attention to 'regulatory compliance,' which usually describes the goal a particular institution aspires to achieve in their efforts to ensure that they are aware of certain things and take the necessary steps to comply with relevant laws, policies, and regulations. The Committee maintained that if control weaknesses 'are not addressed on time, they could lead to fraud and other irregularities.'

### **13. BONTHE MUNICIPAL COUNCIL**

Mr Speaker, Honourable Members, the Committee observed from the review of the AG's Report that four issues were still standing against their Council; i.e., Receipt and Revenue, Internal Audit Function, Payroll and Councillors' sitting fees, Management of Fixed Assets, and Budget and Budgetary Control.

#### **Internal Audit Function**

The Committee's discussions with the auditors revealed the following:

- Council's Audit Committee was not functional throughout the year as there were no meetings held and no evidence that the committee reviewed the work of the internal audit work plan and internal audit reports;
- the internal auditor only carried out audit on one component in the financial statements; i.e., revenue management, leaving other areas that are considered to be high risk unaudited; and
- Management's responses to internal audit queries were not included in the report submitted by the internal auditor.

Reacting to the above mentioned audit queries,

- the former CA admitted that Council's Audit Committee had not been effective in carrying out its functions, but assured the Committee that the challenges encountered in the process of executing its mandate had been addressed and that the Audit Committee had started working effectively;
- the former Internal Auditor faulted the unavailability of core staff who could have provided answers on areas considered as high risk areas. He added that despite series of memos sent to the CA to respond to internal audit queries, all fell in deaf ears. He concluded that devolved sectors and revenue areas were audited during the period under review; and
- the CA stated that the reason for the failure of Management to respond to internal audit queries was because the internal auditor failed to submit his internal audit reports to Management on time for reaction.

The Committee, having listened and reviewed the prolonged arguments between the CA and the Internal Auditor, made the following observations:

- unhealthy working relationship between the Internal Auditor and the rest of the Management team;
- the ineffectiveness of the Audit Committee that could have intervened to resolve the standoff between the Internal Auditor and Management helped to further weaken good working relationship and thus undermined the work of the Internal Auditor; and
- the Internal Auditor and the entire Management team displayed a high degree of lackadaisical attitude towards work.

**In view of the above, therefore, the Committee made the following recommendations:**

- **the Mayor should ensure that the Audit Committee is reconstituted and revitalised, so that it carries out its functions effectively;**
- **the Mayor should also ensure that the Internal Audit Unit is supported and respected in order to enable it undertake audits in a timely and consistent manner;**
- **the new Internal Auditor should be coached through training and experience sharing with colleague auditors in other MDAs;**
- **the Mayor and the CA should foster good working relationships between and among staff; and**
- **in future, the CA should address all internal audit recommendations and respond to the Internal Auditor's reports within the stipulated timeframe.**

### **Payroll and Councillors' Sitting Fees**

The Committee's discussions with the auditors revealed that payments were made to Councillors totaling **Le9, 440,000** that did not attend Council's meetings on various sittings.

The Committee reminded Management that several warnings had been made in the past to all Councils to refrain from paying Councillors who had failed to attend Council meetings without valid excuse, stating that the 'sitting fee,' as the name connotes, is paid to Councillors who attend Council meeting.

**Thus, the Committee admonished Management to ensure that correspondences are sent to the Ministry of Finance before sitting fees are paid, drawing the Ministry's attention to Councillors who failed to attend Council's meeting without valid excuse.**

### **Management of Fixed Assets**

The Committee observed from the review of the AG's Report that Council's Guest House was outsourced to a contractor for an annual rent payment. The Report disclosed that the auditors could not confirm the amount of revenues to be collected from the Manager as the contract agreement was not made available for audit inspection.

The Committee's engagement with officials of Bonthe Municipal Council disclosed the following:

- there was a written Agreement which was made available to the Committee for inspection;
- payments were made directly into the Own-Source Revenue Account held at Rokel Commercial Bank and that pay-in-slips are usually taken to Council for the issuance of receipts;
- the sum of **Le 8,000,000** was paid for 2018, but the Mayor instructed that the money be used to refurbish Bonthe Municipal Council. The said amount was never paid into Council Own-Source Revenue Account; and
- no record of payments for 2019 and 2020 was made available to neither the Committee nor the auditors.

**In light of the above, the Committee instructed the Mayor and the CA to:**

- **provide the extant Agreement to the auditors for inspection before the end of 2019 audit exercise;**
- **ensure that the 2019 and 2020 guesthouse payments are made before the conclusion of the 2019 audit exercise and retain evidence of payments for verification;**
- **revenue collected should first of all be banked before utilisation, otherwise it is deemed as complete disregard to revenue laws and regulations of this country; and**
- **ensure that the relevant documents relating to the utilisation of Le 8,000,000 are made available to the auditors during the 2019 audit exercise, otherwise the Mayor, CA and FO would be required to pay same without recourse to Council.**

## **Budget and Budgetary Control**

From the review of the AG's Report, the Committee observed a drop in the performance of the own-source revenue. According to the AG's Report, the total budgeted own-source revenue was **Le124, 700,000**, but only **Le23, 897, 000 [20%]** was collected. A greater proportion **80%** of the budget was not achieved. The Committee further noted that a comprehensive database for own-source revenue was not submitted for audit verification; therefore, the auditors could not ascertain whether the estimate made for own-source revenue was realistic.

Responding to the audit query, the CA confirmed that the issue under consideration had been addressed. The Committee reiterated the auditors recommendations that the CA should always cooperate with other stakeholders to ensure that steps are put in place to effectively collect and account for own-source revenue of council to enhance effective service delivery and that an effective revenue database should be provided to process information relating to property tax and business licenses.

Concluding its engagement with officials of Bonthe Municipal Council, the Committee restated its earlier instructions to the Mayor and the CA, especially issues bothering on creating a conducive working environment for the internal auditor and addressing audit queries. The Committee warned that if the issues reappear in the 2019 Audit Report, an uncompromising action would be taken against the entire Management team.

### **14. BONTHE DISTRICT COUNCIL**

Mr Speaker, Honourable Members, officials of Bonthe District Council appeared before the Committee to respond to audit queries raised in the 2018 AG's Report. The Committee observed from the review of the AG's Report that four issues were still standing against Bonthe District Council as listed below:

- expenditure;
- budget and budgetary control;
- payroll; and
- internal audit.

Asked to update the Committee on the current status of the above mentioned audit queries, the CA said that those issues had been adequately addressed. He was confident that those queries would not reappear in the 2019 AG's Report.

Reacting to the CA statement, the Committee commended officials of Bonthe District Council for their efforts and determination in addressing audit queries. The Committee called on Management teams from other Councils to nurse a seed of strength and determination like what had been demonstrated by Bonthe District Councils.



## **15. PUJEHUN DISTRICT COUNCIL**

Mr Speaker, Honourable Members, core staff of Pujehun District Council appeared before the Committee to respond to few queries that have not been addressed by Management. It was observed, during scrutiny that the following issues were still standing against this Council:

- expenditure [withholding tax];
- budget and budgetary control;
- revenue;
- human resources and payroll; and
- national cleaning exercise.

### **Expenditure [Withholding Tax]**

The Committee noted from its discussions with the auditors that NRA receipt relating to the payment of **Le1, 540,000** out of an amount of **Le1,622,500** as withholding tax was submitted to the auditors, leaving a balance of **Le82,500** still outstanding.

The Committee ordered the CA and FO to pay same within twenty-four hours. The queried amount was paid, but the Committee advised that statutory deductions should be made and paid without delay.

### **Budget and Budgetary Control**

From the review of the AG's Report, the Committee observed that the minutes of the Budget and Finance Committee meetings for the year under review were not submitted for audit inspection. Therefore, the auditors could not ascertain the effectiveness and efficiency of the Committee to support the achievements of the approved 2018 Medium Term Expenditure Framework [MTEF] budget.

In his response, the CA tendered in evidence minutes of the Budget and Finance Committee meetings for the year under review. The CA apologised for the delay in providing the said documents during audit exercise.

The Committee accepted the documents, but warned that public hearings on the 2019 AG's Report 'would be a bit bumpy,' stating that the Committee would not accept any document if such document had not been provided to the auditors during audit exercise or the Committee would value, in monetary terms, and surcharge erring officials who failed to submit documents to the auditors without recourse to the CRF.

### **Revenue**

From the review of the AG's Report, the Committee observed the following:

- Pujehun District Council faced seriously challenges with regard the collection of own-source revenues, especially at chiefdom levels, where local authorities have usurped the powers of the Council by collecting own-source revenues that are due to the Council;

- Pujehun District Council did not receive precepts from the collection of local taxes in all the 12 chiefdoms in the district, even though the Council made an estimated budget of **Le22, 682,000** in respect of local tax precept;
- nine own-source revenue streams that were outsourced by the Council to private individuals did not meet their targets as enshrined in their contract agreements. This amounted to **Le58,900,000** outstanding revenues; and
- Council prepared a document for the payment of lease rent to the Council for the structure housing the Rokel Commercial Bank in Pujehun Town. It was however noted that the audit team did not identify any evidence to show that the Council received lease rental fee for the year under review.

The Committee's discussions with the CA and team revealed the following:

- Council had commenced engagements with the chiefdom authorities through the District Office to harmonise revenue collection which could be shared on percentages;
- Council had plans to revisit those contract agreements and necessary actions would be taken to address this issue.
- Council had already resolved all issues relating to revenue and promised that those queries would reappear in the 2019 Audit Report.

The Committee reminded the CA and team about their lackadaisical attitudes towards addressing audit queries. In an unequivocal term, the Committee stated that those issues were indication of control weaknesses, which if not addressed, could lead to fraud and other irregularities. The Committee maintained that a good administrator would not like to be reminded about such issues, which the Committee described as 'elementary issues.'

**The Committee advised the CA and team to ensure that:**

- **all local taxes collected are paid directly to Council, since the Central Government is now paying salaries to Paramount Chiefs until the Ministry of Local Government develop clear policies on revenue collection and revenue sharing;**
- **the CA and other stakeholders put in place robust and reliable monitoring mechanisms for the collection of own-source revenues;**
- **the public is properly sensitised on the importance of paying taxes;**
- **proper assessment of Council's revenue collection processes; and**
- **a copy of the Lease Agreement in respect of the building occupied by the bank in Pujehun Town is forwarded to the auditors before the conclusion of 2019 audit exercise.**

### **Human Resources and Payroll**

The Committee observed from the review of the AG's Report that the Council staff list lacked vital information such as appointment date, NASSIT numbers, pin codes, date of birth, etc. It

was further noted that there was no evidence of annual performance appraisal conducted for staff as stated in the 2014 revised Human Resource Management Guidelines for Local Councils.

The CA stated that the said issue had been addressed, but the Committee called on core officials of Council to always ensure that a systematic evaluation of the performance of employees is done in order to determine the abilities of persons for further growth and development.

### **National Cleaning Exercise**

From the review of the AG's Report, the Committee observed that the audit team monitored the national cleaning exercise conducted on the 1<sup>st</sup> June, 2019. The team, according to the AG's Report, visited seven locations within the district and these were Ward 366 [Serabu and Dandabu], Ward 367 [Bandajuma], Ward 350 [Pejeh and Massa], Ward 352 [Potoru] and the dump site at Kebawana.

During the monitoring exercise, the Report disclosed that the audit team made the following observations:

- inadequate cleaning tools and protective gears such as shovels, wheelbarrows, gloves, facial masks, etc.; and
- Council did not have any representative at the dump site in Kebawana to monitor vehicles and the dumping of garbage.

The Committee's discussions with officials of Pujehun District Council revealed that:

- the tools procured were distributed to the various Wards, but the Central Government stopped the procurement of tools for a while, which caused the shortage;
- the skip trucks and other vehicles were always accompanied by the Environmental Officer while going to the dumpsite; and
- the youths, civil societies, etc. received allowances from Council to monitor the cleaning exercise.

What actually beat the imagination of the Committee was when the CA and FO were unable to tender in evidence, documentary proofs such as signed vouchers, to show that some civil society organisations received moneys from Council to perform a duty without any financial burden on Council. The Committee maintained that civil societies are already responsible to provide checks, and that there was no need for the disbursement of additional funds to civil societies.

**In view of the above, the Committee recommends that the Transparency Committee probes into the utilisation of funds disbursed to Pujehun District Council for the national cleaning exercise with special reference to moneys paid to civil societies, and tools procured and distributed to the various Wards.**

## **16. MOYAMBA DISTRICT COUNCIL**

Mr Speaker, Honourable Members, core officials of Moyamba District Council appeared before the Committee to respond to audit queries reported in the 2018 AG's Report. The Committee observed from the review of the AG's Report that only two issues were still standing against their Council.

The first issue had to do with **Le46, 787,250** allocated for agriculture, community, education, social welfare and secondary health for 2018. According to the AG's Report, supporting documents for **Le43, 479,750** were provided, leaving a difference of **Le3, 307,500**.

The second issue noted in the AG's Report relates to 'budget and budgetary control.' The Committee's discussions with the auditors revealed that **Le142, 821,080** was overspent on agricultural activities and the general cleaning exercise without documentary evidence to justify the excess expenditure.

Reacting to the aforementioned queries, the CA tendered in evidence documents relating to the **Le3, 307,500** balance, and minutes of the Budget and Finance Committee to show that the extension of budget line was approved.

**The Committee accepted the documents, but recommends that the ACC investigates the utilisation of Le142, 821,080.**

## **17. BO DISTRICT COUNCIL**

Mr Speaker, Honourable Members, core staff of the Bo District Council appeared before the Committee to answer to queries raised in the 2018 Audit Report. From the review of the AG's Report, the Committee observed six outstanding issues as listed below:

- Preparation and Presentation of the Financial Statements
- Disbursement
- Fixed Assets
- Budget and Budgetary Control Procedures
- Receipt and Revenue
- Payroll and Councillors' Sitting Fees

### **Preparation and Presentation of the Financial Statements**

It was noted from the review of the AG's Report that:

- cash and cash equivalent as at 31<sup>st</sup> December 2018 in Statement 1 "Statement of Cash Receipt and Payments was reported as **Le2,248,670,813.90**. Conversely, cash and cash equivalent as at 31<sup>st</sup> December, 2018 was reported in Statement 5 "Statement of Financial Performance and of Balances Held by Fund" as **Le2, 196,065,388.79**. This resulted in a difference of **Le52, 605,425.11** between the amounts reported in the two Statements.
- Review of Statement No. 6 – 'Statement of Revenues Received during the Year Ended 31<sup>st</sup> December, 2018' revealed an unspecified budget line with code 1511 and budgeted

revenue of **Le30, 000,000**. Interestingly, this was not included in the 2018 MTEF budget document approved by Council and no revenue was actually reported for this unspecified budget line.

The Committee observed from its engagement with the CA and FO that the query relating to the **Le52, 605,425.11** had been correctly reported in the revised financial statement. On the query regarding the **Le30, 000,000**, the FO stated that it was a system error, but it had been addressed.

**The Committee took the FO at his words, but warned that if the issue reappeared in the 2019 Audit Report, an uncompromising action would be taken against him.**

### **Disbursement/Withholding Tax**

The Committee observed, from its discussions with the auditors that out of an outstanding amount of **Le30, 811,511.82** as withholding tax deducted, only **Le18, 878,975.61** was paid to the NRA, leaving a balance of **Le11, 932,536.21**.

The Committee ordered the CA to pay the outstanding amount of **Le11, 932,536.21** within twenty-four **hours** to the NRA and submit the receipt for inspection. The said amount was paid and the receipt was found to be appropriate and adequate.

**Contingent upon the above, the Committee reminded the CA that statutory deductions are nonnegotiable and that the Committee would start punishing erring officials for nonchalant attitudes towards duty.**

### **Fixed Assets**

From the review of the AG's Report, the Committee observed that Council leased the Bo Club House to Albertson Investment on for 50 years and the Bo District Council Mill Store to Lion Mountain for five years. Further discussions with the auditors revealed the following:

- the total estimated cost for the Bo Club House Lease Agreement was wrongly computed. According to the auditors, a difference of **Le352, 617,230** existed between the total estimated cost in the second schedule and the audit figure computed.
- the Bo Club House Lease Agreement stated that Albertson Investment [lessee] should develop the property during the lease period. There was no evidence in the form of report to indicate that Albertson Investment has implemented some of the activities outlined in the second schedule of the lease agreement.
- the lease agreements for the Mill Store stated that the Lion Mountain [lessee] should develop the property during the lease period. There was no evidence in the form of report provided by the Council on the development of the property. The auditors further disclosed that the agreed activities were not completed; i.e., to upgrade and uplift the face of the guest house, the construction of perimeter fence and refurbishment and upgrading of five rooms for office purposes.

Questioned why no action had been taken to address the above mentioned queries, the CA stated that:

- the query relating to the **Le352, 617,230** had been addressed and was confirmed by the auditors;
- Council held meetings with Albertson Investment for a review of the contract and that the Lessee Agreement had been reviewed by Council's legal retainer. The CA added that the reviewed Agreement would ensure that Albertson Investment comply with the terms and conditions of the Agreement. Minutes of meetings were provided to the Committee for inspection.
- Lion Mountain went bankrupt and as a result, it closed operations since 2017. The CA however disclosed that some improvements were made on the facilities.

Reacting to the CA's submission, the Committee unequivocally faulted the entire team, stating that those issues would have been addressed before they were picked by the auditors. The Committee reminded the CA that once a contract had been signed by both parties, it remained binding unless all parties to the contract agree to make modifications.

**Contingent upon the above, the Committee ordered the CA and team to ensure that the terms and conditions as stated in the extant Agreements between Council, and Albertson Investment and Lion Mountain are fully complied with before the implementation of any reviewed contract; otherwise both contracts should be terminated.**

### **Budget and Budgetary Control Procedures**

From the review of the AG's Report, the Committee observed a decrease of **53%** in the performance of the own-source revenue mobilisation. The Report maintained that out of total budgeted own-source revenue of **Le1, 594,039,116**, only **Le 751,052,102** was collected which was **47%** of the budget.

Asked to provide reasons for the drop in revenue collection, the CA stated that Council was not actively involved in the collection of revenue, pointing out that that function had been ceded to a private company called Credit Recovery Agency [CRA]. The CA however added that the CRA had not been able to meet target over the years. The FO concluded that Council had had series of meetings with the CRA Management and that the necessary steps had been taken to address the matter.

### **The Committee advised Management to:**

- **ensure that they work collaboratively with the CRA Management in terms of putting in place appropriate and robust revenue generation strategies or divide the district into zones and outsource to different companies, so as to encourage healthy competition;**
- **use the police or other legal means to compel compliance;**

- **set realistic targets reflective of the prevailing economic conditions and consultation at ward and devolved sector levels, so as to achieve target;**
- **periodically inspect and report new properties and businesses on a regular basis.**

### **Receipt and Revenue**

From the review of the AG's Report, the Committee observed that the lease agreement between Bo District Council and Albertson Investment in respect of the Bo Club House provided that Albertson Investment should develop the property during the lease period and also pay **Le20, 000,000** as annual lease rent to Council. The Committee's engagement with the auditors revealed that there was no evidence of annual lease payment for 2018. The Report concluded that the annual lease rent has fallen into arrears and this amount was also not reported in Statement 16 'Statement of Revenue Arrears as at 31<sup>st</sup> December 2018.'

Asked to respond to the audit query mentioned above, the CA confirmed that indeed there was no payment made by Albertson Investment to Council for the period under consideration because of the ongoing meetings between Council's legal retainer and Albertson Investment for a review of the contract. The CA added that Council would enforce compliance as soon as the review process is completed.

The Committee dispelled the CA's submission that it was due to the ongoing review of the contract between Council and Albertson Investment that led to the non-payment of **Le 20,000,000** as annual rent for 2018. The Committee disclosed that the review process should not in any way prevent the full implementation of the existing contract agreement. The Committee maintained that before the adoption and enforcement of any reviewed contract, outstanding payments as agreed would have been paid in full.

**In view of the above, the Committee recommends that the ACC probes into this particular matter for thorough investigation.**

### **Payroll and Councillors' Sitting Fees**

From the review of the AG's Report, the Committee observed the following:

- Council did not have a Human Resource Officer;
- no evidence of yearly appraisal conducted for staff as stated in the 2014 revised Human Resource Management Guidelines for Local Councils; and
- Councillors' sitting fees and transport allowances amounting to **Le27, 390,000** were paid to absentee Councillors for the year under review.

The Committee reminded the CA and team about the several warnings being made in the past for all Councils to refrain from paying Councillors who had failed to attend Council meetings without valid excuse, stating that the 'sitting fee,' as the name connotes, is paid to Councillors who attend Council meetings.

**The Committee advised the CA and team to ensure that correspondences are sent to the Ministry of Finance before sitting fees are paid, drawing the Ministry's attention to erring Councillors for disciplinary action, otherwise the CA and FO will be required to pay without recourse to the CRF.**

## **18. KENEMA CITY COUNCIL**

Mr Speaker, Honourable Members, core staff of Kenema City Council appeared before the Committee to respond to audit queries raised in the 2018 Audit Report. From the review of the Audit Report, the Committee observed four audit queries as listed below:

- incomplete disclosure of supplementary statements in the financial statements;
- assessment of the operational effectiveness of the PETRA financial systems;
- non-availability of information in the cadastral system for 2018 financial year; and
- Requests for Quotation Procedures.

### **Incomplete disclosure of supplementary statements in the financial statements**

After a systematic review of the AG's Report, the Committee noted the following:

- Statements 10 [Statement of development projects completed and ongoing for the period] did not capture all the development projects undertaken by the Council for the period under review and certain items reported in statement 10 did not relate to development projects; and
- Statement 14 [Statement of Council's Investment] did not capture the investments of the Council even though Council had a number of investments within the Kenema city.

Questioned why this query had not been addressed, the FO explained that the Financial Statement had been corrected, but mentioned that the PETRA System posed serious problems during the process of posting transactions. The FO added that complaint letters were sent to the PFMRU to address the issue. The FO presented copies of the complaint letters and the corrected Financial Statement to the Committee.

**Reacting to the FO's submissions, the Committee applauded the efforts being made to address the query, but advised that:**

- **manual accounting system is introduced in case the PETRA System continued to pose problems; and**
- **a user friendly accounting system should be introduced to entirely replace the PETRA System.**

### **Assessment of the operational effectiveness of the PETRA financial systems**

The Committee observed from the review of the AG's Report that:

- there were lots of transactions that were reversed after being entered within the system. According to the auditors, the frequency of these errors created doubt as to the accuracy of information posted in the PETRA system;



- there was a considerable delay in posting transactions into the PETRA System which could increase the error rate when batch postings are done;
- there were inconsistencies in the classification of transactions within the PETRA System which resulted in overstatements and understatements of certain classes of transactions in the Financial Statements;
- there was no segregation of duty in the recording and approval of transactions in the PETRA System for the period under review; and
- there was no networking of the PETRA on servers to allow other users access the system in their offices to carry out reviews.

Responding to the queries mentioned above, the FO repeated his earlier claims that:

- the PETRA System had been rejecting transactions each time unbudgeted transactions were posted into System, especially when those unbudgeted transactions were not approved;
- the PETRA System was outdated and was not working properly; and
- Council had waited for almost a month for the South African Company responsible to ensure that the System works properly.

In view of the FO's explanation, the Committee inferred that the PETRA System had been a perennial problem despite the numerous trainings council officials had had on the operations of the System. The Committee however noted the efforts of Council, but restated that:

- **manual accounting system should be introduced and hard copies of accounting documents should be preserved for future reference; and**
- **a user friendly accounting system should be introduced to entirely replace the PETRA System.**

#### **Non-availability of information in the cadastral system for 2018 financial year**

From the review of the AG's Report, the Committee observed the following:

- there were no formally documented and approved processes to manage upgrades made to the cadastre system; and as a result, data relating to 2018 financial year were completely wiped out in the System after an upgrade was done in early 2019;
- regular backups of information in the cadastral system were not done to ensure data availability and integrity; and as a result, information relating to 2018 financial year could not be retrieved after the upgrade was made on the System.

Reacting to the Query, the CA stated that the Cadastre System was provided to all Councils by the Ministry of Finance and the Ministry is responsible for its management and upgrades, pointing out that Council is just the end users. The CA added that any approval for the management and upgrades to the system had to be done by the Ministry. The CA concluded that a hard drive had been provided to the Valuation Department for regular backup of data.

The PAC expressed grave concern over the security of Council's vital information and noted the relevance of maintaining backups, stating that instead of having files containing vital information on one device, there should be separate device where vital information are stored.

**Thus, the Committee implored Management to ensure that a back-up is maintained and updated regularly. The Committee further advised especially the Valuation Department to start using a log book for the purpose of monitoring its IT data back-ups.**

### **Requests for Quotation Procedures**

The Committee observed from the review of the AG's Report that Council had a Procurement Plan, but there was no evidence to indicate that the Plan was submitted to the Ministry of Local Government for review and approval. The Report further revealed that Procurement numbers were duplicated in the Procurement Plan for seven [7] procurement activities.

Reacting to the audit query, the CA stated that they used to send Procurement Plan to the National Public Procurement Authority [NPPA], but with the intervention of the Ministry of Finance, Procurement Plans are now submitted to the Ministry of Local Government. The PO confirmed that the Plan had been submitted to the Ministry of Local Government and that the delay was due to the misunderstanding they had with regards the appropriate authority to submit it. He concluded that the numbers that were duplicated in the Procurement Plan had been corrected.

**The Committee reminded the CA and team that all Procurement Plans, as stated in the Act, must be submitted to the Ministry of Local Government for review and approval before execution and not to the NPPA. The Committee issued stern warning that if this query reappeared, an uncompromising action would be taken against the team.**

## **19. KAILAHUN DISTRICT COUNCIL**

Mr Speaker, Honourable Members, core staff of Kailahun District Council appeared before the Committee to respond to audit queries as reported in the 2018 Auditor General's Report as are discussed below:

### **Limited Service Delivery Ability**

From the review of the AG's Report, the Committee observed that revenue in the form of allocations from Central Government was dwindling for the past three years. The Report further disclosed that Council had not taken worthwhile actions to sustain at least **50%** of its expected services without recourse to the Central Government.

The Committee's engagement with the FO revealed that demand notices were issued for property rates with regard the dwindling of own-source revenue. The former CA stated that

they encountered problems with the chiefs on who to collect revenue from certain revenue streams such as chieftom market dues. According to the CA, the chiefs had claimed the collection of chieftom market dues as one of their sources of revenue and that denied Council a significant portion of their revenue base. The CA however added that an MoU with the Paramount Chiefs had been signed and its implementation would maximise Council's revenue base.

Speaking on the issue relating to the Central Government's allocations, the CA stated that allocations from the Central Government are always lower than budgets submitted; and as a result, set objectives are not always achieved. The CA concluded that domestic assistance was since 2016.

Mr Speaker, Honourable Members, after a careful consideration of the audit query and having listened to the CA and FO's presentations, the Committee made the following observations:

- Council was unable to meet the 2017 revenue target, but still set higher target in 2018. Thus, the Committee doubted the realistic nature of the revenue targets Council usually set;
- there had always been a fierce battle between Council and chieftom authorities on who should control certain revenue sources. The Committee added that Councils across the country had lost huge sums of moneys to chieftom authorities that could have been raised from produce; and
- the Committee was optimistic that Council's revenue base would increase in the succeeding years if the M.o.U between Council and chieftom authorities is implemented.

**Contingent upon the above, the Committee heartened Management to ensure that:**

- **vouchers in respect of funds distributed by Councils for the cleaning exercise are submitted to the auditors for authentication, but warned that sanctions would be issued against officials for late submission of documents;**
- **Council should start setting realistic revenue targets that are in line the prevailing economic conditions of the country;**
- **Council needs to expand its revenue sources to include produce such as timber logging, etc.;**
- **the M.O.U between Council and chieftom authorities should be implemented to the fullest; and**
- **the Committee on Local Government should collaborate with the Ministry of Local Government in ensuring that the Local Government Act of 2004 is reviewed.**

**Sitting Fees Paid to Councillors**

The Committee observed from the review of the AG's Report that there was no evidence in the form of guidelines issued by the MLGRD to justify the amount of **Le482, 080,000** recognised in the financial statement as sitting fees.

Responding to the audit query, the CA disclosed that the Ministry had not addressed the issue relating to guidelines for sitting fees and other allowances. The CA submitted the attendance ledger for Council meetings and payment vouchers to the Committee for inspection.

**In view of the above, the Committee recommends that the Committee on Local Government works in partnership with the Ministry to ensure that guidelines are developed and issued to justify the payment of Councillors' sitting fees and other allowances.**

### **Bulk-Postings**

From the review of the AG's Report, the Committee observed that although the variance between the receipt books total and the PETRA cashbook was in excess of **Le2,300,000** in the PETRA cashbook, PETRA own-source revenue in the form of property rate, administrative fees and charges, and domestic tax could not be traced to the PETRA cashbook. That resulted in adding up several individual receipts and posting group totals without indicating a unique code to trace the grouped figures posted to receipt books.

The CA stated that corrective measures had been taken and daily supervision and review of the Accountant's work had also been instituted.

**The Committee further advised the FO to always ensure that regular reconciliations are carried out.**

## **20. KENEMA DISTRICT COUNCIL**

Mr Speaker, Honourable Members, the CA and core staff of Kenema District Council appeared before the Committee to respond to queries reported in the 2018 Auditor General's Report. The Committee noted from the systematic review of the AG's Report the following audit queries:

- own source revenue;
- outstanding withholding tax amounts;
- outstanding social security;
- ineffective internal audit unit;
- ineffective operations of the PETRA System;
- ineffective internal controls;
- ineffective internal audit; and
- ineffective revenue management.

### **Own source revenue**

From the review of the AG's Report, the Committee observed the following:

- Council's property cadastre was not functioning; and as a result, the auditors were unable to obtain the database of taxpayers and report detailing the amount in arrears with respect to property tax. The auditors added that demand notices were manually inputted and generated; and
- Council was yet to finalise agreement relating to the leased property to Albertson Investment. Therefore, the auditors were unable to obtain the said contract for authentication. The auditors disclosed that no revenue was generated during the period under review. The Report concluded that there was no revenue generated from Council's Cold Room.

Speaking on the issue relating to Council's property Cadastre, the CA revealed that Council never had a cadastral system, pointing out the huge cost implication involved in procuring and installing a cadastral system. He added that Kenema District had limited number of high value properties, coupled with low property tax compliance. Though the CA expressed pessimism over the difficulty to compile a comprehensive data of all properties with their corresponding payment values, he however stated that management was committed to revenue generation so as to ensure effective service delivery. He concluded that Council had decided to target the urban towns, targeting the few high value properties.

Reacting to the audit query relating to the Guest House, the CA explained the cumbersome nature of the process, but disclosed that Council had hired the services of a legal retainer to review the said contract. He said that the Contract Agreement had been reviewed and that the Guest House had been upgraded to a hotel status. Questioned why the delay in reviewing the said Contract Agreement, the CA faulted the bureaucratic nature involved in reviewing agreement of such nature, stating that he inherited **"a battered agreement which needed time and caution."**

The Committee further stated that the 'cumbersome and bureaucratic nature' of reviewing a Contract of that nature should not deter Albertson from paying the amount indicated in the extant Contract Agreement. Though the CA submitted a copy of the reviewed Contract Agreement to the Committee, it was however observed that not all the signatories to the Agreement had signed.

**In view of the above, the Committee recommends the following:**

- **Council works towards procuring a functioning and updated cadastre system with database on property tax administration within the district; and**
- **Council should ensure that every signatory to the reviewed Contract signs the Agreement and all moneys owed to Council by Albert Leigh are paid before the conclusion of the 2019 Audit, otherwise the Committee will ask the CA to pay without recourse to the CRF.**

**Outstanding Withholding Tax Amounts**

From the review of the AG's Report, the Committee observed that:

- **5.5%** withholding taxes which amounted to **Le5, 485,675.50** were deducted at source from the payment of goods and services, but not paid to NRA, which contravenes Section 117[4] of the Income Tax Act of 2000; and
- withholding tax liability was understated in the financial statements by **Le5,485,675.50**

Responding to the audit queries mentioned above, the CA presented receipt of **Le5, 485,675.50** to the Committee for inspection. He stated that the query in respect of the financial statement had been addressed and the adjusted financial statements were made available for audit inspection.

**In view of the above, the Committee reminded the CA that statutory deductions are nonnegotiable and that the Committee would start issuing sanctions against defaulting officials for nonchalant attitudes towards duty.**

### **Outstanding Social Security**

The Committee observed from the review of the AG's Report that NASSIT deductions made during the year to the tune **Le3, 712,140** were not paid to NASSIT. The Report unveiled that the financial statements were also understated by **Le3, 712,140**

In his reaction to the above mentioned audit queries, the CA presented receipt to the tune of **Le 3,712,140** paid as NASSIT deductions. He added that the financial statement had been adjusted and apologised to the Committee for the late submission of documents.

The Committee reminded the CA that statutory deductions are nonnegotiable and that the Committee would start issuing sanctions against officials for late submission of documents. The Committee implored the auditors to revisit some those issues in their 2019 audit exercise.

### **Ineffective Internal Audit Unit**

From the review of the AG's Report, the Committee observed that even though the internal audit reports were responded to, there was no evidence to indicate that the recommendations contained therein were implemented for the period under review.

Questioned why the internal audit recommendations were not implemented, the CA stated that Management looked at the internal audit recommendations and confirmed that some recommendations were acted upon even though they encountered challenges in other areas which management needed to overcome. The CA added that one of the internal audit recommendations had to do with compliance with the minimum wage, but assured that Committee that it had been addressed.

Another area the CA cited as one of the key recommendations of the Internal Auditor had to do with the deductions of NASSIT and **5%** withholding tax for certain transactions that required such deductions. He said that the Internal Auditor was very robust in ensuring that

those recommendations were implemented. He confirmed that all internal audits recommendations had been addressed.

Speaking on the query relating to audit assignments carried out by the Internal Auditor, the CA disclosed that permanent and current working paper files were ready for audit verification.

The Committee applauded the Internal Auditor for being proactive and for ensuring that his recommendations were implemented by Management. The Committee further heartened the Internal Auditor to continue bringing to the notice of Management some of those internal control lapses. The Committee encouraged Management to ensure that internal audit assignments are properly planned and supported by sufficient and appropriate audit evidence.

### **Ineffective Operations of the PETRA system**

From the review of the AG's Report, the Committee observed the following:

- the PETRA System was not networked and that made it impossible for other users such as the CA, Internal Auditor and Chairman to access the system in their offices through the network;
- even though the yearly licenses had been paid for 10 years, only two users [FO and Accountant] have access to the System because it was installed on a stand-alone laptop computer; and
- Licensed antivirus software was not installed in the computer hosting the PETRA System.

Asked to provide explanations why the recommendations of the auditors were not implemented, the CA confirmed that indeed the System was not networked, but the matter was communicated to the PFMRU that is responsible for capacity building of all finance staff of Local Councils and for ensuring the proper functioning of the PETRA System. The CA stated that the issue had not been addressed by the PFMRU and that had become a grave concern for Management over the years. The FO added that even though correspondences were sent to PFMRU reminding them of the query, no action had been taken. The CA therefore, revealed that all issues relating to the PETRA System are beyond Management's control, pointing out the technicality involved in addressing the query. However, the CA expressed determination to continue reminding the ICT Department of the PFMRU.

Speaking on the issue relating to the non-installation of licensed antivirus, the CA disclosed that that query had been addressed and it would not appear in the 2019 Audit Report.

Mr Speaker, Honourable Members, the Committee would like to restate here that the PETRA System is still posing problems in all Local Councils and had undermined prudent and effective financial management across the Councils.

**Thus, the Committee recommends that:**

- **a manual accounting system is introduced in case the PETRA System continued to pose problems; and**
- **a user friendly accounting system should be introduced to replace the PETRA System entirely.**

Mr Speaker, Honourable Members, further cross-examination of the AG's Report unveiled three outstanding audit queries from previous year's audit. These issues are:

- Ineffective Internal Controls;
- Ineffective Internal Audit; and
- Ineffective Revenue Management.

The Committee instructed the CA and team to ensure that all audit queries from previous year's audit are addressed before the conclusion of the 2019 Audit exercise, otherwise the Committee would take an unsympathetic action against the team.

## **21. KONO DISTRICT COUNCIL**

Mr Speaker, Honourable Members, during the Committee's engagement with officials of Kono District Council, the Principal Auditor and Head of PAC, Mr Mohamed Mustapha, informed the Committee that Kono District Council had only one audit query for 2018 which has to do with 'Limited Service Delivery Ability.'

### **Limited Service Delivery Ability**

From the review of the AG's Report, the Committee observed that revenue in the form of allocations from Central Government was dwindling for the past three years. For instance, in 2016, the allocation was **Le 1,944,673,000**, in 2017, it was **Le616, 545,000**, etc. The AG's Report further disclosed that Council was unable to meet its revenue targets for 2017 and 2018. In 2017, for instance, Council's revenue target was **Le5, 458,876,000**, but collected only **Le527, 689,000**. A variance of **Le4, 931,187,000** was reported. In 2018, Council's revenue target was **Le2, 217,464,000**, but collected **Le729, 025,000** only with a variance of **Le1, 488,439,000**.

Speaking on the issue relating to the Central Government's allocations to Council, the CA stated that allocations from the Central Government are always lower than actual budgets and that had been one of the reasons why set objectives were not achieved. The CA added that the Central Government had discontinued all domestic assistance to Council.

The Committee's engagement with the CA with regard the dwindling of own-source revenue unveiled that they encountered some challenges with the chiefs on who to collect revenue from certain revenue streams such as chieftom market dues. According to the CA, the chiefs had claimed the collection of chieftom market dues as one of their sources of revenue and that denied Council a significant proportion of their revenue base. The CA however disclosed



that Council had been holding consultative meetings with Paramount Chiefs and other stakeholders in the district to resolve the issue.

After a methodical review of the audit query and having listened carefully to the CA's presentations, the Committee noted that:

- though Council was unable to meet the 2017 revenue target, Council still set higher target in 2018. Thus, the Committee doubted the realistic nature of the revenue targets Council usually set;
- there had always been ferocious battle between Council and chieftom authorities on who should control certain revenue sources. The Committee noted the huge sums of moneys the country had lost to chieftom authorities; and
- the Committee was optimistic that Council's revenue base would increase in the succeeding years if they continue to engage chieftom authorities.

**Contingent upon the above, the Committee encouraged Management to ensure that:**

- **realistic revenue targets are set, so as to avoid a repetition of such query;**
- **Council expands its revenue sources;**
- **Council continues to engage chieftom authorities and other stakeholders on the need for Council to control certain revenue sources; and**
- **the Committee on Local Government should collaborate with the Ministry of Local Government in ensuring that the Local Government Act of 2004 is reviewed, so that some of these revenue sources are properly defined.**

Mr Speaker, Honourable Members, further review of the AG's Report revealed the following as outstanding issues from the previous year's audit:

- Sitting Fees Paid to Councilors;
- Requests for Quotations; and
- Tendering.

Asked to give an update on the status of the three outstanding issues from the previous year's audit, the CA assured the Committee that the queries relating to Request for Quotation and Tendering had been addressed, but however mentioned that Council had been encountering challenges with regard payment of Councilor's sitting fees. The Chairman of Kono District Council added that Councilors' sitting fees are now paid directly into their personal accounts by the Ministry of Finance; and as a result, it had been very difficult for Council to withhold sitting fees of absentee Councilors.

The Committee rebuffed the Chairman's explanation, stating that the onus of enforcing attendance rests with Council. The Committee added that Council had a role to forward names of defaulting Councilors for action.

**Thus, the Committee cautioned Management to ensure that names of absentee Councillors are sent to the Ministry of Finance on a monthly basis, drawing the Ministry's attention to Councillors who failed to attend Council's meeting without valid excuse.**

## **22. KOIDU NEW SEMBEHUN CITY COUNCIL**

Mr Speaker, Honourable Members, core staff of Koidu New Sembehun City Council appeared before the Committee to respond to the AG's queries flagged up in the 2018 Audit Report. From the review of the AG's Report, the Committee observed seven outstanding audit issues. These are:

- own source revenue;
- inadequate control of the general processing and management of expenditure;
- outstanding social security;
- Councillors sitting fees;
- bank statements and reconciliations were not submitted for audit purposes;
- ineffective internal audit unit; and
- ineffective operations of the PETRA system.

### **Own source revenue**

The Committee observed from the review of the AG's Report the following:

- the controls over the delivery and use of general receipt books were inadequate. According to the auditors, delivery notes for receipt books printed and delivered to the Council were not provided for verification. It was further disclosed that one receipt book was used for the collection and recording of different own-source revenue;
- there was no interface between the Council Cadastre System and the PETRA System. It was revealed that there were no evidence of revenue reconciliation between the Valuation Office and the Finance Office; and
- a variance of **Le74, 498,611** existed between total own-source revenue as recognised in the financial statements and total receipt books.

The Committee's engagement with the CA revealed that:

- robust control measures had been put in place over the use of one receipt books for different transactions;
- delivery notes for receipt books printed and delivered to Council were available for verification; and
- the variance of **Le74,498,611** between the receipt books and the financial statement was due to the fact that moneys were paid into Council's own-source revenue accounts, but people failed to bring pay-in-slips to collect receipts from Council.

The FO added that all the issues mentioned above had been addressed and that they would not appear in the 2019 AG's Report. The Committee took the FO at his words, but emphasised

the punishment that would be instituted if those audit queries reappeared in the 2019 Audit Report. The Committee called on the auditors to revisit this query in their next audit.

### **Inadequate Control of the General Processing and Management of Expenditure**

From the review of the AG's Report, the Committee noted that disbursements to the tune of **Le37, 860,000** were without adequate supporting documents such as back-to-office reports, requisitions, authorisation and rental agreements. This, according to Report, contravened Section 73[1] of the Financial Management Regulations [FMR] of 2007 which requires that all disbursements of public moneys should be supported by appropriate payment vouchers and other relevant documents.

Questioned why adequate supporting documents were not provided to substantiate the disbursements of **Le37, 860,000**, the FO presented the back-to-office reports, requisitions, authorisation, and rental agreements to the Committee for inspection.

The Committee repeated its earlier warnings issued to other council officials on the late submission of documents, stating that defaulting administrators would face the wrath of the Committee in the 2019 Audit Report hearings if documents are not submitted on time. The Committee further stated that unapproved transactions are considered to be illicit because they lacked credibility and authority.

### **Outstanding Social Security**

The Committee observed from the review of the AG's Report that there was no evidence of payment of **Le3, 358,724** deducted as NASSIT during the period under review.

The Committee emphasised that NASSIT contribution is a requirement and thus ordered the CA and team to pay same and submit the receipt within twenty-four [24] hours. The Committee is happy to report to this House that the **Le3, 358,724** was paid by Council as instructed and the receipt was verified.

**The Committee heartened Management to always ensure that statutory deductions are complied with and receipts are retained for reference purpose.**

### **Councillors Sitting Fees**

The AG's Report revealed that there was no evidence of valid excuse for amount totalling **Le1, 660,000** paid to absentee Councillors.

**The Committee admonished Management to ensure that correspondences are sent to the Ministry of Finance before sitting fees are paid, drawing the Ministry's attention to Councillors who failed to attend Council's meeting without valid excuse.**

Mr Speaker, Honourable Members, the Committee further observed a number of outstanding queries from the previous year's audit as listed below:

- Ineffective Internal Audit Unit;

- Ineffective Operations of the PETRA System;
- Sitting Fees Paid to Councillors;
- Cash and Bank;
- Requests for Quotations; and
- Tendering.

Asked to update the Committee on the status of those audit queries, the CA stated that with the exception of the PETRA System, which he said was out of their control, but all other audit queries had been addressed. He assured the Committee that those issues would not reappear in the 2019 Audit Report.

The Committee stated that the issues were indication of internal control weaknesses and therefore urged the Internal Auditor to ensure that such issues are brought to the attention of Management before the arrival of the external auditors.

MINISTRIES, DEPARTMENTS AND AGENCIES  
[MDAs] - 2018

## **GENERAL OBSERVATIONS AND RECOMMENDATIONS**

[i] Section 135[3] of Public Procurement Regulations of 2016 states that advanced payment must not exceed **30%** of the contract price. The Committee however observed from the review of the audit report that that provision was grossly disregarded by Vote Controllers. For example, the Committee noted instances where some MDAs exceeded, while others paid below the **30%** advanced payments.

**Thus, the Committee recommends that Vote Controllers adhere to Section 135[3] of Public Procurement Regulations of 2016 at all time.**

[ii] The Committee observed from the review of the AG's Report that the regulation of deducting and paying withholding taxes to the NRA was adhered to by Vote Controllers. This is because over **98%** of the MDAs examined by the PAC did not have any query on withholding taxes.

**Contingent upon the above, the Committee encourages Votes Controllers to continue to adhere to the requirement of deducting withholding taxes from all payments above Le500, 000 made to suppliers and contractors and evidence of such payments be maintained and provided upon request.**

[iii] The Committee observed that procurement rules were not fully adhered to, which led to a huge amount of transactions undertaken by MDAs regarding goods and services procured for the period under review left unaccounted for.

**Thus, the Committee recommends that the National Public Procurement Act is strictly adhered to.**

[iv] The Committee further observed that Managements queries were not responded to within 30 days by many MDAs as stipulated by the Audit Service Act, 2015. **The Committee recommends that Section 94 of the Public Financial Management Act be invoked by Audit Service Sierra Leone, [without prejudice to any other provisions of the Public Financial Management Act any person who fails or refuses to reply to an audit query or observation within the appropriate period specified in Section 93[3] shall, if the Auditor General so direct, have his/her emoluments and allowances withheld for as long as the officer fails to reply].**

[v] The PAC noted weak internal controls in almost all the MDAs under consideration. As a result, it has been very difficult for public institutions to implement accurate and reliable accounting procedures, or keep accurate records of office equipment and store items. **Therefore, the Committee recommends that effective internal controls are put in place in all MDAs to minimise and or eradicate wastage.**

## **PUBLIC ACCOUNTS OF SIERRA LEONE**

Mr Speaker, Honourable Members, the Committee engaged core officials of the National Revenue Authority [NRA], Accountant General's Department and the Ministry of Finance to respond to queries raised by the Auditor General on the Public Accounts of Sierra Leone. From the review of AG's Report, the following were observed:

### **Domestic Revenue**

The Committee noted from the review of the AG's Report that there was improvement in the control over the assessment, collection and reporting of government revenue. According to the Report, the Government revenue collected in 2018 increased by **43%** from, **Le3.2bln** in 2017 to **Le4.582billion** in 2018. The audit report disclosed that the increase was made possible because of the improvement in control and the implementation of the Treasury Single Account [TSA].

It was however observed 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], the auditors held the view that taxpayers would continue to underpay without any penalties levied on them, and their records at the NRA would not be correctly updated.

The Committee's discussions with the Management teams revealed the following:

- reconciliations were regularly done among the Accountant General, the transits banks and the directorate of finance at the NRA, but stated that the mandate of the NRA is to collect revenue and MDAs are responsible to assess amount[s] expected to be paid and what had been paid;
- there are over 200 bank accounts hosted in all the 14 banks in Sierra Leone with only 14 staff managing those accounts;
- reconciliation issues would continue to pose challenges, but the NRA would soon introduce an automated system that would address the numerous challenges the Authority had been encountering; and
- reconciliation had always been a major challenge for almost all MDAs. It was also observed that domestic revenue collections in the MDAs are not properly coordinated; and as a result, huge sums of public funds are misdirected into individual hands.

**In view of the above, the Committee advised the Commissioner General, Commissioners of Domestic Tax and Customs Department of the NRA and other core staff to exercise urgency in ensuring that:**

- **the automated system is introduced and enforced without further delay and the 200 bank accounts are reduced for efficient and effective monitoring;**
- **all the NRA cashbooks are regularly reconciled in order to ensure that all assessments made are recorded and that moneys are received with the**

**relevant bank statements to ascertain whether moneys received are actually banked;**

- **a compliance risk management process is introduced so as to enable the NRA focus on the underlying drivers of the inaccuracies in self-assessment, non-compliance and the promotion of diversity in the treatment of major tax compliance issues; i.e., registration, filing, reporting, and payment; and**
- **internal control procedures and supervision are strengthened in the public financial management and apply necessary sanctions against offending officers and clients/organisations that default in the collection, accounting and protection of revenue, as well as the settlement of tax obligations.**

### **External Public Debt**

From the review of the AG's Report, the Committee observed that 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]. According to the Report, despite the fact that the confirmations received as part of the 2018 audit initially revealed a number of errors in the GPFs, the auditors were able to verify consistency between the revised DODs and confirmations from creditors for majority of the loans in the final version of the GPFs. However, the Report disclosed that the loan agreements were not submitted for some of the loans disclosed in the Disbursed Outstanding Debts.

The Committee's engagement with Management revealed that the documents in respect of the loan agreements for some of the loans disclosed in the DODs were submitted to the auditors. Management disclosed that the other documents were available for inspection.

**The Committee noted Management's explanation, but however encouraged the team to ensure that in future, documents are submitted on time.**

### **Recurrent Expenditure without Supporting Documents**

The Committee observed from the review of the AG's Report that payments to the tune **Le4.8bln** 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. The Report revealed that such payments were considered ineligible in the absence of documentary evidence and may create the view that government's much needed funds have been mismanaged.

Reacting to the above mentioned audit query, the Accountant General revealed that the vouchers were made available to the auditors and that the Department did not initiate transactions, but usually communicate to the agencies responsible.



**The Committee advised the Accountant General's Department and the auditors to sit together and resolve the issue, including the audit query relating to un-presented Cheques before the conclusion of the 2019 audit exercise.**

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

From the review of AG's Report, the Committee observed that Note 6 of the GPFS disclosed the Income Tax Receipt and Domestic Revenue [Tax] Arrears. The Report unveiled that during the financial year under review, Goods and Services Tax and Corporation Tax liabilities to the tune of **Le54.2bln** and **Le14.04bln** respectively, were levied on several taxpayers for which no evidence of payments was made available to the auditors. The Report concluded that those amounts were not included in the Domestic Tax Arrears disclosed in the GPFS.

Reacting to the query, the Commissioner General of the NRA stated that the Authority usually send tax collectors to verify and enforce payments. The Deputy Commissioner General added that Management noted the audit query with the utmost concern it deserved and assured the Committee that similar audit query would not appear in the 2019 Audit Report.

**The Committee took the Commissioner General at his words, but urged the entire Management team to ensure that some of the internal control lapses are addressed before the auditors publish their final audit report.**

### **Prior Year Adjustments**

The Audit Report disclosed that Note 32 of the GPFS 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. The auditors noticed that those were wrongly recorded as expenditure in the 2017 Financial Statements.

The Accountant explained that Management noted the audit query very seriously when the 2018 AG's Report was published. He said the issue had been trashed with the auditors and that he was surprised to see it in the audit report. He concluded that the transactions that had issues had been adjusted together with the auditors.

**Again, the Committee heartened Management to liaise with the auditors, so that this audit query is addressed before the conclusion of the 2019 Audit Report.**

### **Domestic Revenue - Inadequate Reconciliations**

From the review of the AG's Report, the Committee observed that bank reconciliations were not regularly carried out between the NRA and the transit banks. Moreover, the Report disclosed that 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 31<sup>st</sup> December 2018, the auditors noted that revenue totalling **Le1.27bln** which should have been transferred to the CF was still outstanding; and

- 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 **Le526million** and **Le3.5billion** respectively, were still outstanding for import and excise duties.

The Commissioner presented documents in respect of **Le 1.27billion**, stating that that amount was transferred. He assured the Committee that the issue would not reappear in the 2019 Audit Report. He also provided documents regarding payments made by oil companies, asserting that the issue had been addressed.

**The Committee noted the relevance of reconciliations and therefore exhorted Management to ensure that regular reconciliations are performed.**

The Committee admonished officials of Accountant General's Department and National Revenue Authority to ensure that those audit queries are noted with seriousness and addressed accordingly. The Committee challenged officials to do the needful for the people of this country, so that every citizen would be 'on the pig's back.'

### **SIERRA LEONE WATER COMPANY [SALWACO]**

Mr Speaker, Honourable Members, the core staff of SALWACO appeared before the Committee to respond to two audit queries as mentioned below:

- Service Agreement; and
- Approval of Budget.

#### **Service Agreement**

The Committee noted from the review of the audit report that 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. The Report further disclosed that Management took that decision on the grounds that the organisation already had a list of suppliers for maintenance services. The Audit Report stated that although the basis for that decision seemed reasonable, but there was no documentary evidence to support it, nor any evidence that the Project had sought prior approval for this.

In his response, the Deputy Managing Director [DMD] disclosed that Management had signed a contract with Hayat Auto Spare Parts and Maintenance of all vehicles of SALWACO, including project vehicles. He submitted the contract agreement to the Committee for inspection.

**The Committee accepted the document and applauded Management for the steps taken to address the query, but urged Management to always adhere to appropriate procedures when hiring suppliers. The Committee further advised Management to ensure that accountable documents are submitted to the auditors on time.**

## **Approval of Budget**

From the review of the AG's Report, the Committee observed that 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.

In his response, the Deputy Managing Director stated that the African Development Bank had been informed and had agreed to ensure that in future formal 'no objection' on the Annual Work Plan is granted.

**The Committee further advised Management to ensure that in future budgets are formally approved by the donor so as to indicate that all costs included is eligible and in line with donor requirement.**

The Committee commended the entire Management team for addressing the two outstanding audit queries, but informed the Deputy Director General about the punitive measures the Committee had planned to take against defiant Vote Controllers for late submission of documents.

## **PETROLEUM DIRECTORATE**

Mr Speaker, Honourable Members, the core staff of the Petroleum Directorate appeared before the Committee to respond to the following audit queries as mentioned below:

- Ineffective Revenue Management;
- Inadequate Controls over the Processing of Disbursement; and
- Ineffective Management of Public Funds – Loan to the Government of Sierra Leone.

### **Ineffective Revenue Management**

The audit report disclosed that data sales relating to 2D Infill amounted to **US\$74,160**, but 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.

Reacting to the above mentioned audit query, the Director General submitted documents in respect of the audit query to the Committee. The Committee accepted the documents, but officially informed Management about the actions the Committee would take for late submission of documents.

**The Committee implored the auditors to verify the documents, but informed Management that if the evidence in the form of invoices and bank statement are not sufficient to authenticate the transfer of US\$74,160 from TGS-NOPEC, the DG would have to pay without recourse to the CRF.**

### **Inadequate Controls over the Processing of Disbursement**

The Committee observed from the review of the audit report that 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 Kingtom. The Committee further noted 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.

Asked to respond to the audit query, the DG stated that even though some of the Building Project Committee members were staff of the Directorate, the activities were carried outside the scope of their respective duties, such as unexpected visits to the site on weekends. He further disclosed that the decision was to encourage and incentivise the committee members.

What baffled the Committee was when the DG failed to provide documentary evidence to show that Management took the decision to motivate committee members. The DG could not also produce back-to-office reports after various inspection tours.

**Thus, the Committee described such expenditure as nugatory and therefore ordered Management to refund same without recourse to the CRF. The Committee further instructed the auditors to keep an eye on this particular issue in their next audit exercise.**

### **Ineffective Management of Public Funds – Loan to the Government of Sierra Leone**

From the review of the AG's Report, the Committee observed the following:

- the Directorate granted a loan of **US\$3,000,000** to the Ministry of Finance and Economic Development [MoFED] on 21<sup>st</sup> February, 2017;
- the 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 mandates the Ministry to seek the approval of His Excellency the President, authorising the Petroleum Directorate to enter into an interest-free loan agreement. The Report however disclosed that in violation of that recommendation, evidence in the form of an executive clearance from His Excellency the President authorising the Directorate to enter into an interest-free loan agreement with MoFED was not submitted for audit inspection;
- Clause [iv] states: "MoFED shall pay the sum of US\$3mln to the Directorate 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 1<sup>st</sup> and 2<sup>nd</sup> quarterly installment payments of **US\$1,500,000** by MoFED to the Directorate were not submitted for audit inspection, which is in contravention of this part of the agreement;
- the loan agreement insists that the Directorate 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 verification; and

- the original copy of the loan agreement signed between MoFED and the Directorate was also not submitted for audit inspection.

The Committee's discussions with the Director General revealed that this particular audit query was captured in the Government's White Paper.

**In that regard, the Committee recommends that the Ministry of Finance pays the US\$3,000,000 within three months of the release of Government's White Paper.**

### **JUDICIARY OF SIERRA LEONE**

Mr Speaker, Honourable Members, the Master and Register, and other core staff of the Sierra Leone Judiciary appeared before the Committee to answer to seven audit queries as mentioned below:

- revenue collected but not recorded in the cashbook and bank statements;
- payments not made to the NRA;
- non-submission of contract document;
- fixed assets management;
- unreceipted payments;
- Payroll Management;
- cash and bank management; and
- inadequate documentation relating to cash maintenance allowance.

### **Revenue Collected but not Recorded in the Cashbook and Bank Statements**

The Committee observed from the review of the audit report that revenue collected to the tune of **Le10, 308,850** in respect of probate fees were not traced in the cashbook and the bank statement. Similarly, the Report further disclosed that the sum of **Le28, 230,787** was not traced in the transit accounts at the SLCB and the bank statement of the CRF.

Reacting to the aforementioned audit query, the Master and Registrar revealed that the 2018 Audit Report on revenue management at the Sierra Leone Judiciary headquarters was forwarded to the Commissioner, Non-tax Department for response, but Management is yet to receive any response from the NRA. The auditors confirmed that a correspondence was sent to the Commissioner, Non-tax Department, requesting them to respond to this audit query, but the NRA did not respond.

**The Committee instructed the Master and Register to write another letter of reminder to the Commissioner, Non-Tax Department, drawing his attention to this particular issue and copy the PAC for further action.**

### **Payments not made to the NRA**

From the review of the audit report, the Committee noted 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 for audit inspection.

Asked to provide explanation why the documents in question were not attached to show deductions and payments on the execution files, the Master and Register disclosed that:

- fees payable in the High Court are assessed based on the Constitutional Instrument No.9 of 2005 and assessment guide dated 9<sup>th</sup> January, 2018, signed by the Master and Register; and
- all schedules related to these issues were assessed and paid to the NRA based on the Constitutional Instrument No.9 of 2005 and not as assessed by the auditors.

**In view of the above, the Committee advised Management to ensure that the necessary Instruments and other relevant documents are provided to the auditors for an audit review of this query before the conclusion of the 2019 audit exercise.**

### **Non-submission of Contract Document**

The audit report revealed that 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** was not submitted for verification. According to the AG's Report, that contravened 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 Master and Register presented a copy of the Contract to the Committee for inspection. The auditors confirmed that they received a copy of the Contract agreement during the verification exercise and had considered the issue closed.**

### **Fixed Assets Management**

From the review of the audit report, the following were noted:

- the Sierra Leone Judiciary did not have an internal assets management policy to provide guidance on the maintenance and use of assets;
- 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 and the vehicles were not recorded in a register; and
- the vehicle records and life cards were not submitted to confirm the specifications and ownership as stipulated in the contract.

Reacting to the audit queries mentioned above, the Master and Register unveiled the following:

- a list of the Sierra Leone Judiciary fixed assets was submitted for audit inspection;
- copies of vehicles life cards were provided to the auditors and shown to the Committee for inspection;

- Management was still working on the assets management policy, but would soon be finalised and enforced; and
- The five vehicles procured by the department have been physically verified and recorded in the asset register.

**The Committee noted the importance of formulating an inventory register and assets management policy; and therefore exhorted Management to exercise urgency in terms of developing and enforcing an inventory register and assets management policy.**

### **Payroll Management and Staff Verification**

From the review of AG's Report on staff related matters, the Committee observed the following:

- Seventy-one [71] personnel received salaries which amounted to **Le1, 118,957,759**, but the names of those personnel were not traced in the approved staff list submitted by the Judiciary; and
- the personnel responsible for staff matters had not been reconciling staff records as against the payroll and the auditors were unable to physically verify 32 support staff at different locations of the office in the Western Area, and the names of 17 staff that were physically verified were not in the staff list and nominal roll submitted by the Judiciary.

Responding to the audit queries mentioned above, the Master and Register disclosed that:

- the nominal roll/staff list had been updated by the Human Resource Manager and presented a copy to the PAC;
- out of 71 staff whose names were not traced on the nominal list of the Judiciary, 39 names were identified on the current staff list, while the remaining 32 names of staff were detached from the Judiciary and are no longer on the Judiciary payroll;
- out of 32 unverified staff, 18 staff were verified by the Human Resource Manager and are currently working for the Sierra Leone Judiciary and the remaining 14 staff were separated from the Judiciary and are no longer on their payroll; and
- the recent nationwide verification exercise captured all personnel of Sierra Leone Judiciary.

**The Committee noted the Master and Register's explanation, but encouraged the auditors to follow up on staff related issues in their 2019 audit exercise.**

### **Unreceipted Payments**

The Committee observed from the review of the audit report that payment vouchers raised for amounts totalling **Le178, 231,695** were without adequate supporting documents such as receipts, invoices and recipients' signatures to confirm completeness of payments.

Responding to the above mentioned audit query, the Master and Register disclosed the following:

- 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 a draft policy had been prepared; and
- the original documents for the UNDP Project were submitted to the donor as required. He presented copies of all relevant supporting documents related to the Project, but concluded that the Project had been closed.

**The Committee asked the auditors to revisit this query in their next audit exercise, but however exhorted Management to ensure that adequate supporting documents are attached to all payment vouchers.**

Mr Speaker, Honourable Members, the Committee further observed from its discussions with the auditors, and Master and Register that the audit issues relating to 'cash and bank management, and inadequate documentation regarding the cash maintenance allowance' were under investigation by the Anti-Corruption Commission [ACC].

**Thus, the Committee reserved its opinion on those two audit queries until ACC concludes its investigations.**

#### **NATIONAL COMMISSION FOR SOCIAL ACTION [NaCSA]**

Mr Speaker, Honourable Members, the Commissioner General and other core staff of the National Commission for Social Action [NaCSA] appeared before the Committee to answer to seven audit queries as mentioned below:

- assets disposal and asset register;
- no supporting documents; and
- Accounting software.

#### **Assets Disposal and Assets Register**

From the review of audit report, the following were observed:

- there was an income relating to asset disposal, but no document was made available to the auditors regarding this transaction; and
- no asset register was made available to the auditors by the Commission for assets bought using government subvention.

In his response, the Commissioner disclosed the following:

- that the transaction relating to asset disposal took place in 2016 during the last administration led by Commissioner Ali Badara Mansaray. He said Management had not been able to locate the documents; and
- the Commission maintained an asset register which contained all assets, including Projects assets. He however promised to update the asset register to include assets that were acquired recently.



The Committee emphasised the importance of maintaining and updating the Commission's assets register, stating that the assets register would help to prevent and detect fraud.

**In that regard, the Committee urged the Commission to establish a functional Estate Department/Unit with the mandate to manage and upkeep all Projects and Government assets. The Committee further advised the Commissioner to contact his predecessor for a briefing on the issue relating to assets disposal.**

### **Accounting Software**

The Committee observed from the review of the audit report that the Commission had an Accounting Software, but the Commission was still using Excel Spreadsheet in preparation of their account.

According to the Commissioner, the Commission was using the Sun Systems Accounting Software, but there were issues with its configuration. He said the Commission had been trying to engage the services of KPMG Ghana to address the problem, but due to the outbreak of COVID-19, they were unable to travel to Freetown. The Commissioner disclosed that the Commission approved the use of Quick Books Accounting Software as an alternative until the Sun System Software is fixed.

**The Committee commended the Commissioner for taking that proactive step, but encouraged the Commission to ensure that they use an Accounting Software with adequate audit trails and controls for preparation of the financial statement of the organisation as recommended by the auditors.**

### **No supporting documents**

The Committee observed from the review of the AG's Report that receipts were not available for transactions amounting to **Le3, 484,791** in 2018 and **Le7, 079,925** in 2019.

The Commissioner, in his response, stated that NRA had not been issuing receipts as expected.

**The Committee instructed the Commissioner to write formally to the NRA, asking the Authority to provide all receipts they would have issued to the Commission.**

## **MINISTRY OF FINANCE**

Mr Speaker, Honourable Members, core officials of the Ministry of Finance appeared before the PAC to respond to audit queries raised in the 2018 Auditor General's Report. From the review of the 2018 Audit Report, the following were observed:

- payroll management;
- expenditure management and control;
- procurement and contract irregularities;
- assets and stores management;

- budgets and budgetary control; and
- unexplained overspending of expenditure.

### **Payroll Management**

From the review of the audit report on payroll management, the following were observed:

- salaries totalling **Le743,101,906** in respect of additional staff on the payroll were not supported by the relevant documentary evidence such as appointment letter. The Report further disclosed that no evidence was submitted to justify monthly increases of employees' basic salaries of **Le218, 227,294** for the period under review. This, according to the auditors, contravened Section 111[4] of the Public Financial Management Regulation of 2018 which states that amendment to the payroll shall be by the employing authority of the affected employee;
- the names of 21 staff were deleted from the payroll during 2018, but the auditors further identified instabilities in the monthly payroll in which three staff were removed and later added into the payroll. The Report maintained that there were no evidence such as transfer letters, promotion or demotion letters, and correspondences of authorisation were made available to justify such deletions and additions;
- a total of 3 contract staff were without contract or evidence to imply renewal or extension of contracts for the period under review. The Report added that 38 contract staff were without personal files; and as a result, the auditors were unable to ascertain whether they signed contracts with the Ministry. This, according to the auditors, contravened Rule 2.12 of the Civil Service Code which requires successful candidates to sign a contract with the Director-General.

Asked to explain why the Ministry failed to adhere to the Civil Service Code and other financial regulations, the Deputy Financial Secretary [DFS] disclosed that the amendments to the payroll was certified by the Financial Secretary and all supporting documents relating to the payroll and contract personnel were ready for audit inspection. The DFS presented the documents in question to the Committee for inspection, but faulted the team for late submission of documents.

**The Committee encouraged the auditors to revisit those audit queries in their next audit exercise, but however notified the DFS of the consequences that would be prescribed against him if those issues reappeared in the 2019 Audit Report.**

### **Expenditure Management and Control**

The audit report disclosed that Daily Subsistence Allowances [DSA], which totaled **Le794, 318,083** were paid to staff during the period under review, but the relevant supporting

documents were not attached to the payment vouchers to justify such allowances. The auditors further revealed that the number of days approved for travel purposes was greater than the number of days requested for by staff members; and as a result, the sum of **Le69,451,987** was paid in excess of the required DSA.

Questioned why the relevant supporting documents were not attached to the payment vouchers to justify the disbursement of **Le794, 318,083** and why the sum of **Le69, 451,987** was paid in excess, the DFS explained that all travelling documents processed by the Ministry of Finance met the criteria set by Government and that photocopies of all vouchers and their supporting documents in respect of payments totalling **Le794, 318,083** were available for inspection.

The Committee accepted the documents, but informed the DFS and team that payments vouchers without adequate supporting documents to substantiate payments could not be accepted as genuine disbursement. Again, the Committee encouraged the auditors to revisit this query in their next audit exercise.

**The Committee restated its earlier warning to other MDAs about late submission of documents, stating that the PAC hearings on 2019 AG's Report would not accept or tolerate any documents if those documents were not submitted to the audit team.**

### **Procurements and Contract Irregularities**

From the review of the audit report on 'procurement and contract irregularities,' the following were observed:

- evidence showing the advertisement of procurement of furniture and ICT equipment for which payment of **Le300, 000,000** was made during the period under review was not made available for audit. This, according to the AG's Report, contravened Section 37 of the Public Procurement Act of 2016 which 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;
- 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** were undertaken using the RfQ method. This contravened 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 this Act or regulations made under it; and
- the Ministry's procurement actions were not in accordance with its procurement plan. The audit report disclosed that the sum of **Le4, 455,370,000** was spent on the procurement

activities for which the total of **Le3, 330,000,000** was in the procurement plan for those activities. As a result, the sum of **Le1, 125,370,000** was spent in excess of the plan.

Asked to respond to the above audit queries, the DFS presented copies of the adverts in respect of the **Le300, 000,000** expended on the procurement of furniture and ICT equipment to the Committee for inspection. The DFS further stated that splitting of procurement activities did not take place because requests were usually processed as and when they were received by the Procurement Department. The DFS concluded that all contract activities were in line with the procurement plan. The DFS submitted the documents to the Committee for inspection.

**The Committee accepted the documents, but asked the auditors to review them in their next audit exercise. The Committee urged Management to improve on their internal controls, stating that all the issues mentioned above were as a result of control weaknesses.**

### **Assets and Stores Management**

The Committee noted from the review of the audit report that assets purchased were recorded in an assets register, but the register did not include details of assets acquired before 2018. According to the Report, that exposed those assets to loss or misuse. The Report further disclosed that 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.

Asked to update the Committee on the Ministry's storage facilities and why the assets register did not include details of assets acquired before 2018, the DFS confirmed that there was no assets register in existence at the time of the audit exercise, but Management had put in place a fixed assets register where all purchased assets had already been recorded. Further probing questions put to the DFS revealed the following:

- establishment of the Stores and Inventory Control Management Directorate to put control measures in place;
- instrument used for managing public stores had been printed and distributed to all MDAs for accountability and transparency in public stores management; and
- the Directorate is on the verge to train Inventory Officers who might be posted to all MDAs to manage their supply chain.

**The Committee commended Management for the control measures being put in place, but implored the auditors to confirm the DFS' submission in their next audit exercise. The Committee reaffirmed the importance of maintaining an assets register as one of the measures to detect fraud.**

### **Budgets and Budgetary Control**

From the review of the AG's Report, the Committee observed that the actual expenditure for four expenditure heads increased by approximately **74%** from **Le9, 877,547,350** to **Le17, 140,142,585** without any form of evidence to justify same. As a result, actual expenditure is in excess of the budget for those four expenditure heads stood at **Le7, 262,595,235**.

The DFS told the Committee that the increase from **Le9, 877,547,350** to **Le17, 140,142,585** was as a result of the fact that the figures were understated, coupled with inflation and depreciating value of the Leones.

**The Committee expressed doubt on the DFS' explanation, pointing out that the excess amount was almost twice the original budget. Thus, the Committee recommends that the ACC investigates the whereabouts of the overstated amount [Le7, 262,595,235].**

### **NATIONAL COUNCIL FOR TECHNICAL, VOCATIONAL AND OTHER ACADEMIC AWARDS [NCTVA]**

Mr Speaker, Honourable Members, the Director and team of the NCTVA appeared before the Public Accounts Committee to reply to audit queries raised in the 2018 Auditor General's Report. From the review of the audit report, the following were observed:

#### **Audit Period**

The Committee observed that 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. According to the auditors, the late presentation of the 2015 Financial Statements for audit in 2017 was 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 referred.

Reacting to the above mentioned audit query, the Director disclosed that the Council had been relying on internally generated revenue since 2012 and that undermined the Secretariat's financial capability, hence the delay in the submission of the financial statements. He however stated that the financial statements were submitted to the auditors for inspection.

The Committee disagreed with the Director's excuse for the late submission of the financial statements, arguing that the Council's financial disability could not have been the reason for the late submission of the financial statements. The Committee concluded that whether the Council was financially viable or not, the financial statements should have been submitted.

**In that regard, the Committee advised the Director and team to always comply with the relevant laws and regulations guiding the operations of the Council.**

#### **Supporting Documents**

From the review of the AG's Report, the Committee observed that payments amounting to **Le99, 432,000** were without adequate supporting documents such as, pro-forma invoices, or delivery notes.

In his response, the Director informed the Committee that some of the remaining supporting documents were misfiled; and as a result, some were misplaced and could not be found during the course of the audit. He presented the lost documents to the Committee for inspection.

**The Committee disclosed the importance of maintaining proper record keeping and challenged the Director and team to ensure that in future, payment vouchers are supported with relevant documents to substantiate payments as genuine disbursements.**

### **Statutory Deductions of Withholding Taxes**

The Committee observed from the review of the AG's Report that the Council failed to deduct withholding taxes to the tune of **Le 15,670,165** [**Le10, 844,850** in 2015, **Le4, 071,815** in 2016 and **Le753, 500**] was deducted, but not paid to the NRA.

Asked to update the Committee on the status of the above mentioned issue, the Director admitted that the withholding taxes were deducted, but were not paid to the NRA because of the cessation of Government's subvention since 2012. He said that the money was used to run the affairs of the Council. The Director pleaded profusely to the Committee to wave off the **Le 15,670,165**.

The Committee disassociated itself from the Director's attempt to lure members into legalising an illegality, stating that the state depends on those taxes to provide basic social amenities such as electricity, water, good roads and salaries of government workers, including the Director.

**Thus, the Committee urged the Director and team to ensure that the sum of Le 15,670,165 is paid to the NRA before the conclusion of the 2019 audit exercise.**

Mr Speaker, Honourable Members, further enquiries into the Council's operations and challenges revealed the following:

- Council encountered serious financial setbacks due to the cessation of Government subvention since 2012 to 2018, which is in contravention of the NCTVA Act of 2001;
- the cessation of Government's subvention did not only disrupt the smooth operations of the Council, but resulted in the utilisation of the **Le 15,670,165** withholding tax; and hence the Council's over reliant on its own-source revenue for the day-to-day administration of the Council;
- since 2018 to date, the Ministry of Finance only disbursed funds to the Council once and;

- the Council had been experiencing high attrition rate due to poor salary conditions and the absence of other facilities.

**In view of the above findings, the Committee recommends the following:**

- **the Ministry of Finance continues to allocate funds to the NCTVA yearly as spelt out in the NCTVA Act of 2001; and**
- **the parliamentary Finance Committee probes into the Council's revenue generation and revenue management since its inception to date.**

### **NATIONAL INSURANCE COMPANY**

Mr Speaker, Honourable Members, the Deputy Managing Director and core staff of the National Insurance Company [NIC] appeared before the Public Accounts Committee to answer to audit queries raised in the 2018 Auditor General's Report. From the review of the audit report, the following audit queries were observed:

- compliance with the insurance Act, 2016;
- property, plant and equipment;
- receivables; and
- review of the Internal Audit Unit.

#### **Compliance with the Insurance Act, 2016**

The Committee observed from the review of the AG's Report that the Company recognised its revenue without having received premium from customers. This, according to the Report, gave rise to receivables as at the year end and that contravened Sections 39[1] and [2] of the Insurance Act of 2016 which states: "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."

Reacting to the issue mentioned above, the Deputy Managing Director disclosed that the Company had been complying with the 2016 Insurance Act, arguing that Management usually issued out notices to clients, but most institutions had their payment plans. The Deputy MD maintained that some institutions paid thirty days after they would have received notification from the Company because those institutions had to comply with their internal regulations.

**The Committee admonished Management to continue to comply with the Insurance Act of 2016 for the betterment of the country and the Company.**

#### **Property, Plant and Equipment**

The Committee observed from the review of the AG's Report the following:

- the assets were not labeled with unique identification codes; and
- in order to confirm the accuracy of the amount reported for depreciation charged during the year, the auditors re-computed and noted a difference of **14,313,804.92**

The Committee's discussions with the Deputy MD and team unveiled that Management had coded all the Company's assets with unique identification codes. The Deputy MD revealed that Management had assigned one of the staff as the Assets Management Focal Person responsible to tag all fixed assets and update the assets register as and when new assets are acquired. She added that fixed assets codification was usually done as and when new assets are acquired. She added that Management had also developed an assets management policy to monitor the acquisition and movement of the Company's assets. The Deputy MD further disclosed that the **14,313,804.92** detected as difference was as a result of error as the computations were done manually.

**The Committee took the Deputy MD's at her words, but informed Management about the importance of marking the Company's assets with unique identification codes in order to protect them from theft and misuse.**

#### **Review of the Internal Audit Unit**

The audit report revealed that the internal audit programmes implemented during the year was far less than the Internal Audit work programmes designed for 2017.

The Deputy MD disclosed that the Company had an established and functional Internal Audit Unit that had developed an audit recommendation implementation plan to assist the implementation status of all audit recommendations to ensure they are implemented on time. Further probing questions to the Deputy MD revealed that the Internal Auditor reports directly to the Board and not Management, which the Committee commended as in line with international best practice.

**The Committee explained the relevance of maintaining a robust Internal Audit Unit and further advised Management to ensure that the entire operations of the Company are covered so that the risk of management overriding of controls and non-compliance would not go undetected.**

The Committee's further inquiries into the Company's seeming failure to promptly respond to victims of accidents revealed that the insurance policies of the Company disallowed benefit claims for vehicle or house owners who failed to provide certain documents such as vehicle examiner report and fire force/police report for houses involved in fire accidents. The Deputy MD added that majority of their clients failed to provide such documents; and as a result, the validity of their claims were usually questioned and even disregarded.

The Committee further learnt that the National Insurance Company had not been receiving Government's subvention. The Deputy MD added that the inaccessibility of Government's grants had negatively affected the smooth operations of the Company and therefore pleaded for the intervention of this Honourable House through the PAC to critically look into the issue and come to their aid.



Mr Speaker, apart from the Company's inability to access Government subvention, the Committee further discovered the following challenges confronting the Company:

- lack of consistent pricing strategy in the insurance industry;
- Lack of IT infrastructure to support innovation; and
- Enforcing existing legislation.

**While the Committee recommends for Government's subvention for the NIC, Government should also encourage, through policy formulation, government agencies or institutions to insure with the NIC, so as to broaden the Company's customer base.**

### **FINANCIAL INTELLIGENCE UNIT**

Mr Speaker, Honourable Members, the Director and core staff of the Financial Intelligence Unit [FIU] appeared before the Committee to respond to audit queries raised in the 2018 AG's Report. From the review of the audit report, the Committee noted a number of procurement issues as mentioned below:

- procurement Plan;
- procurement for the upgrading of Financial Intelligence Unit Website;
- Procurement of consulting services for public perception survey on Money Laundering and Terrorism Financing in Sierra Leone;
- procurement of external drive;
- procurement of computer maintenance toolkit and board cleaner;
- procurement for the upgrading of the Financial Intelligence Unit Website;
- procurement of consulting services for public perception survey on Money Laundering and Terrorism Financing in Sierra Leone; and
- Governance.

#### **Procurement Plan**

From the review of the AG's Report, the Committee observed that:

- the Procurement Plan was not updated periodically to include some of the transactions reviewed, contrary to Section 29[6] of the Public Procurement Act of 2016;
- one quotation, instead of three, was sourced in the procurement of external hard drive contrary to the Procurement Act of 2016. The Report added that the sourced quotation was not evaluated on the criteria set in the RfQ issued, and no evaluation process was conducted for the sourced quotation, contravening Regulation 3 of the Public Procurement Regulations of 2006; and
- one quotation, instead of three, was sourced in the procurement of computer maintenance toolkit and board cleaner contrary to the Procurement Act of 2016.

Asked to respond to the audit queries mentioned above, the Director disclosed the following:

- the Unit had always carried out procurement process in accordance with the Public Procurement Act;
- three RfQs were sent out for the procurement of external hard drive on one hand and another three RfQs for maintenance toolkit and board cleaner, but only one bidder responded in each occasion. The Director added that the Act is unclear whether in such circumstance the procurement process should be nullified since it was not competitive.

**The Committee noted the Director’s explanation, but advised that in future, the RfQs for other two vendors are submitted to the auditors for authentication and the Procurement Plan is updated periodically.**

### **Procurement for the upgrading of Financial Intelligence Unit Website**

From the review of the AG’s Report, the following were observed that the RfQ Procurement Method was used instead of national competitive bidding. The Report further disclosed that an offered discount of **10%** was not read out in the bid opening meeting; thereby Section 66[6] of the Procurement Regulations of 2006 was flouted. 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. The final payment was made to the contractor in the absence of a signed completion certificate contrary to the Procurement Act of 2016.

Reacting to the above mentioned audit query, the Director revealed the following:

- the funds for upgrading the Unit’s Website was provided by GIABA and they requested the Unit to follow the ECOWAS Tender Code and this particular activity under the ECOWAS Tender Code falls under RfQ. The issue was captured in the procurement minute submitted to the audit team;
- although the completion certificate was not issued to the vendor, but Management asked the IT Officer, after two months the work was completed, to provide a comprehensive work completion report, detailing the quality of work and advise Management whether to pay the balance amount that due the vendor. The work completion report was submitted to the auditors. However, the Director promised to ensure that in future, a work completion certificate is issued.

**The Committee noted the Director’s explanation, but however encouraged Management to ensure that the issue relating to bid security is taken seriously. The Committee stated that work completion certificate is a requirement that must be adhered to at all times. The auditors and Management should find a temporal solution regarding the disparity in the NPPA and the ECOWAS Tender Code.**

### **Procurement of consulting services for public perception survey on Money Laundering and Terrorism Financing in Sierra Leone**

The Committee observed from the audit report that the signed contract document could not be located and that advanced payment of [70%] of the contract sum was released to the contractor without advanced payment guarantee. The Report revealed that the 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.

In his response, the Director said that the contract document was among the documents submitted to the auditors. The Director presented the documents to the Committee for inspection. The Director concluded that the issue of bid security would be taken seriously in future.

**The Committee continued to urge Management to regularly update the Procurement Plan at every stage of the procurement cycle, so that decision makers are furnished with accurate information and also the Public Procurement Act of 2016 is strictly followed.**

### **Governance**

From the review of the AG's Report on the Unit's governance structure, the following were observed:

- the auditors were provided with only one minute for both the Inter-Ministerial Committee and Technical Committee for the period under review. This, according to the auditors, contravened Section 4[1] of the Anti-Money Laundering and Combating of Financing Terrorism Act of 2012, which 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;' and
- no action was taken on reporting entities that did not comply and that contravened Section 53[2] which states the action to be taken by the Unit where a reporting entity fails to fully comply with the directives from the Unit.

Speaking on the above mentioned audit queries, the Director stated the following:

- conveying an Inter-Ministerial Committee meeting is outside the remit of the Director, but promised to forward the auditors' concerns to the Chairman of the Inter-Ministerial Committee; and
- the Unit had always been taking action against reporting entities that failed to comply by issuing written warning, order to comply with instructions and an order to provide regular reports on corrective action taken, as provided for in Section 53[2] [a, b and c].

**The Committee encouraged the Director to communicate officially to the Chairman of the Inter-Ministerial Committee, drawing his attention to the Unit's governance**

**system since noncompliance of Section 4[1] would suggest that important issues that should be deliberated upon are not discussed and addressed.**

The Committee's discussions with the auditors revealed two follow-up audit queries from previous year's audit as mentioned below:

- maintenance of external back-up not implemented; and
- Internal Audit function not established.

Addressing the Committee on the two audit queries mentioned above, the Director disclosed the following:

- Management had been seeking financial assistance to ensure that an off-site external back-up system is procured; and
- a letter had been written to Financial Secretary of the Ministry of Finance, requesting his approval for the Internal Audit Department to provide internal audit function for the FIU. The Director further stated that he received a correspondence from the Ministry, promising to assign an auditor to the FIU. He however disclosed that no auditor had been assigned to the FIU to provide internal audit function.

**The Committee noted the Director's explanation, but however urged Management to ensure the following:**

- **Management solicits funds from donors to provide designated off-site location for back-up to avoid the risk of losing vital information; and**
- **Management should remind the Financial Secretary on the need to establish a functional Internal Audit Unit that will checkmate the FIU's activities.**

Reacting to the Committee's enquiries about the measures being put in place by Management to ensure that procurement queries are reduced to the barest minimum, the Director disclosed that a Procurement Officer with the requisite knowledge on procurement had been recruited to ensure sanity in the FIU's procurement activities. He maintained that lots of reforms in the Procurement Unit had been introduced and one of such reforms is the establishment of a Receipt and Verification Committee to strengthen the Procurement Unit. He assured the Committee that procurement issues would not appear in the 2019 Audit Report.

Asked to state the challenges of the FIU, the Director informed the Committee that the FIU is still an appendage to the Ministry of Finance, but his team had been working tirelessly to ensure that the FIU's Vote is detached from the Ministry of Finance.

### **LAW REFORM COMMISSION**

Mr Speaker, Honourable Members, the Executive Secretary and core staff of the Law Reform Commission appeared before the Committee to respond to audit queries raised in the 2018 AG's Report. From the review of the audit report, the Committee noted three outstanding audit queries as mentioned below:

- fixed assets register not updated;
- regular physical verification of assets; and
- Administrative Officer doing the work of the Procurement Officer and the Storekeeper.

Asked to update the Committee on the status of the above mentioned audit queries, the Executive Secretary submitted the updated fixed assets register to the Committee for inspection. She further disclosed that the Commission had put in place measures to ensure regular verification of assets. She concluded that every fixed assets of the Commission had been marked with indelible ink.

Speaking on the issue relating to the Administrative Officer doing the work of the Procurement Officer and the Storekeeper, the Executive Secretary presented a letter dated 10<sup>th</sup> June, 2020 from the Ministry of Finance with the caption, 'Formal Assignment of a Senior Procurement Officer to the Law Reform Commission.' She further revealed that Alhaji S. Barrier, an Office Assistant, had been assigned as Storekeeper. The Executive Secretary concluded that clear separation of functions had been established to discourage the idea of one person doing the work of two or three people.

**The Committee commended the Executive Secretary and team for ensuring that those audit queries are cleared, but emphasised the importance of maintaining an assets register that usually help to prevent and detect fraud. The Committee further encouraged the team to provide training to the newly appointed Storekeeper on stores management processes.**

## **OFFICE OF ADMINISTRATOR AND REGISTRAR GENERAL [OARG] HEADQUARTERS - 2018**

Mr Speaker, Honourable Members, the Administrator and Registrar General, and core staff of the Office of the Administrator and Register General appeared before the Committee to respond to audit queries raised in the 2018 AG's Report. From the review of the audit report, the Committee noted two outstanding audit queries as listed below:

- revenue collected but not banked; and
- un-receipted payments.

### **Revenue Collected but not Banked**

The Committee observed from the review of AG's Report that the sum of **Le2, 723,000** was transferred from the transit account operated by the Sierra Leone Commercial Bank for onward remittance into the CF, but the said amount could not be traced in the CF.

Questioned why the sum of **Le2, 723,000** was not remitted into the CF, the Administrator and Register General disclosed that the transit account in question was operated by the NRA and therefore thought that the audit query should have be referred to the NRA for their reaction.

**In view of the above, the Committee recommends that the Administrator and Register General write officially to the NRA, drawing their attention to this particular audit query and copy the PAC and Audit Service for future reference.**

### **Un-receipted Payments**

From the review of the audit report, the PAC noted that payments to the tune of **Le33,750,000** in respect of printing of document and utilities was made by the OARG, but adequate supporting documents like receipts and delivery notes were not attached to the payment vouchers.

Reacting to the above mentioned audit query, the Administrator and Registrar General stated that the procurement process was still ongoing; and as a result, there was delay in the submission of those documents. The Administrator and Register General submitted receipts and delivery notes attached to the payment vouchers to the Committee for inspection.

**The Committee noted that payment vouchers not presented for audit verification would cast doubt on whether those payments were genuine and therefore urged Management to ensure that in future, receipts and delivery notes are attached to the payment vouchers and properly filed for reference purpose.**

### **SIERRA LEONE ELECTRICITY AND WATER REGULATORY COMMISSION**

Mr Speaker, Honourable Members, the Director General and core staff of the Sierra Leone Electricity and Water Regulatory Commission appeared before the Committee to respond to audit queries raised in the 2018 AG's Report. From the review of the audit report, the Committee observed the following audit queries:

- supervision;
- annual levy;
- questioned transactions; and
- terms and conditions of service for members of the Commission.

### **Poor Supervision**

From the review of the AG's Report, 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 were true and correct; and
- significant amount of mis-postings and errors.

Asked to explain why posting of transactions to the Commission's financial management system were not supervised, and why there were significant amount of mis-postings and errors, the DG disclosed that the issue had been resolved and transactions in the Financial Management System are currently being supervised by a Supervising Officer.

**The Committee took the DG at his words, but however restated the auditors' advice that posting of transactions to the Commission's Financial Management System is adequately supervised.**

### **Annual Levy**

The Committee observed from the review of the AG's Report that the Commission applied **1%** annual levy in 2017 as opposed to **0.7%** in 2016 in respect of EDSA. The auditors concern was that the Commission was not consistent, and changes were not approved by the Board of Directors. This, according to the Report, contravened Section 25 [e] of Sierra Leone Electricity and Water Regulatory Commission Act of 2011, which states that the Commission should be financed by funds consisting of annual levy not exceeding **1%** of the gross operating revenue of regulated supplier who supply regulated services.

Asked to update the Committee on the current status of the audit query mentioned above, the DG stated that that particular matter had been addressed. The DG further revealed that all regulated entities are now charged a maximum of **1%** levy, which he said was approved by the directors.

**The Committee advised Management to ensure that in future, approvals from the appropriate authority are granted to any changes before implementation, otherwise the DG would personally bear the consequences.**

Requested to provide a succinct explanation on audit queries relating to air conditioners that were wrongly classified as furniture and fittings, loans given to the Commissioners, PAYE deductions and control over license fees, the DG disclosed that those issues had been resolved. The DG assured the Committee that those queries would not reappear in the 2019 Audit Report.

Mr Speaker, Honourable Members, what climaxed the Committee's engagement with the DG and other core officials of the Commission was when the Committee noted from the auditors that several payments were made to directors apart from their monthly salaries and sitting fees as mentioned below:

- 13<sup>th</sup> month salary **40,000,000;**
- Telephone allowance **146,105,000;**
- DSTV subscription **45,456,237;** and
- Ramadan allowance **21,500,000.**

Though the DG informed the Committee that those allowances are no longer applicable, the Committee described such disbursements as 'nugatory and wasteful,' considering the economic situation of the country. The Committee stated that Section 7 of Sierra Leone Electricity and Water Regulatory Commission Act of 2011 that gives the Chairman and others the power to determine such remunerations, fees and allowances had been misused.

**In view of the above, the Committee urged the DG to suspend all payments relating to those allowances until Section 7 of Sierra Leone Electricity and Water Regulatory Commission Act of 2011 is amended to include an unambiguous clause or percentage.**

### **MINISTRY OF DEFENCE**

Mr Speaker, Honourable Members, the Director General and core staff of the Ministry of Defence appeared before the Committee to respond to audit queries raised in the 2018 AG's Report. From the review of the audit report, the Committee observed that the following audit queries were still standing against the Ministry of Defence:

- procurement irregularities;
- notification of unsuccessful bidders;
- incomplete contracts;
- artificial splitting of procurement activities;
- signing of local purchase order;
- unsupported and unreceipted payments;
- payment of statutory deductions;
- payroll administration;
- operational effectiveness of various units;
- joint medical unit;
- x-ray machine and oxygen concentrators;
- joint logistics unit; and
- Information, Communication and Technology [ICT] Unit

The Committee's discussions with Management disclosed that two audit queries, 'requirement for annual procurement planning and notification of unsuccessful bidders had been addressed, leaving the following:

- incomplete contracts;
- artificial splitting of procurement activities;
- signing of local purchase order;
- unsupported and unreceipted payments;
- payment of statutory deductions;
- payroll administration;
- Assessment of the Store, Kitchen, X-Ray and Oxygen Concentrators;
- joint logistics unit; and
- Information, Communication and Technology [ICT] Unit

### **Incomplete Contracts**



The Committee observed from the review of the AG's Report that four contracts were still ongoing even when the contracts period had elapsed; 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. According to the Report, 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. The Report further disclosed that the procurement activities carried out might not achieve the desired result, leading to loss of public funds. This, the Report maintained, contravened Section 30 of the Public Procurement Act of 2016, which 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.

Reacting to the audit query mentioned above, the DG stated that the delay in completing those contracts was as a result of the unavailability of funds to pay the contractors as stipulated in the contract. He said that Management would continue to liaise with the Ministry of Finance for the provision of more resources, so that those projects are completed.

**The Committee noted the fact that the successful completion of contracts is predicated on the timely availability of resources and therefore counseled Management to constantly remind the Ministry of Finance through memos about those projects.**

#### **Artificial Splitting of Procurement Activities**

From the review of the AG's Report, the Committee observed that Requests for Quotation [RFQ] procurement method was used to undertake procurements valued at **Le317, 230,000** 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.

The DG stated that those items were not initially included in the procurement plan, but it was Management's decision to upgrade the office in bits. The DG maintained that the renovations were done in piecemeal based on the availability of funds; and it was not intentional to avoid monetary thresholds as spelt out in the Act. The DG however assured the Committee that Management had instituted control mechanisms to ensure compliance with Section 37 [2] of the Public Procurement Act of 2016.

Though the DG submitted a minute of Management meeting where the decision to upgrade the office as and when funds are available was taken, the Committee stated that 'laws passed by Parliament are supreme and cannot be compared to any managerial decision.

**In that regard, the Committee issued stern warning that if such irregularity is repeated at any given time, those who would take the decision to skew the rules would personally pay without recourse to the CRF.**

### **Signing of Local Purchase Order**

The AG's Report revealed that the Local Purchase Order [LPO] amounting to **Le5, 200,518,732** were authorised by the Senior Procurement Officer even though there was no evidence of delegation from the DG. This, according to the Report, was in contravention of the standards issued by the NPPA which require that the LPO should be authorised by the Director General [DG].

Responding to the above mentioned audit query, the DG apologised to the Committee and promised to comply by ensuring that Local Purchase Orders above the threshold are signed by the appropriate authority. He admitted that the authority was verbally given to the Senior Procurement Officer.

**The Committee noted with grave concern that Management's persistent violation of procurement rules was contumacious and urged the team to ensure adequate compliance with procurement rules, so as to avoid a repetition of those irregularities.**

### **Unsupported and Unreceipted Payments**

From the review of the AG's Report, the Committee observed the following:

- out of a total of **Le1,641,012,500**, payment vouchers and supporting documents were submitted for payments totaling **Le100,000,000**, leaving a balance of **Le1,541,012,500**; and
- during 2017 and 2018, out of a total unreceipted payments of **Le4,228,582,943**, supporting documents were submitted for payments totaling **Le2,621,148,132** leaving a balance of **Le1,607,434,811** without adequate supporting documents.

The Committee's discussions with the Finance Director revealed the following:

- documents worth **Le1, 530,000,000** out of **Le1, 541,012,500** were submitted to the Committee, thus leaving a balance of **Le 11,012,500**; and
- the documents submitted to the Committee concerning the outstanding amount of **Le2, 621,148,132** unveiled that one of the payments, which worth **Le 905,680,000**, that was made in respect of 2017 cadet-recruit training was duplicated by the auditors. Therefore, the Committee stated that the actual balance was supposed to have been **Le 1,715,468,132** instead of **Le2, 621,148,132**. Out of an outstanding amount **Le 1,715,468,132**, adequate supporting documents for payments totaling **Le1, 169,146,751** were submitted to the Committee for inspection, leaving a balance of **Le 546,321,381** still outstanding.

**In that regard, the Committee counseled Management to urgently provide documents in respect of the Le 11,012,500 and Le 546,321,381 that are still outstanding before the conclusion of the 2019 audit exercise.**

### **Payment of Statutory Deductions**

The AG's Report revealed that withholding taxes totaling **Le2,387,253,135** were deducted from suppliers' payments for which evidence in the form of NRA receipts were only submitted for withholding taxes totaling **Le505,335,865**, leaving a balance of **Le1,881,917,270** without NRA receipts as evidence of payments. The Report further disclosed that there was no evidence of NRA receipt for withholding taxes totaling **Le712, 316,443** deducted from suppliers' payments in 2018.

Questioned why the said amounts were still standing against the Ministry, the DG presented a 'payment plan' schedule between the Ministry and the NRA in which both parties agreed on installment payment of an undisclosed amount to be deducted from every allocation released by the Ministry of Finance to the Ministry of Defence.

**The Committee expressed serious concern over the delay in making those payments to the NRA instructed Management to ensure that payments are made to the NRA as soon as possible.**

### **Payroll Administration**

From the review of the AG's Report, the Committee observed the following:

- the staff list for civilian personnel of the Ministry was submitted for audit review. However, the auditors 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. However, in spite of repeated request, the auditors observed that only 23 out of 115 civilian personnel availed themselves for physical verification, leaving a balance of 92 staff; and
- the auditors requested for the submission and examination of the personnel files to confirm the current status of these absentee personnel. The Report revealed that as at the time of issuing the management report, their personnel files were not presented for inspection.

Asked to respond to those audit queries, the DG disclosed the following:

- the 92 personnel in question were not resident in Freetown; and as a result, it was extremely difficult to assemble all of them in Freetown, considering their busy schedules in their units of operation; and
- personnel files have been created for every staff and measures have been put in place to ensure that those staff are verified in their different locations.

**The Committee commended Management for putting in place those measures and further encouraged the team to ensure that in future, some of these control weaknesses are promptly addressed before being captured in the AG's report, so as to avoid what the Committee described as 'unnecessary discomfiture to the Ministry.'**

### **Assessment of the Store, Kitchen, X-Ray and Oxygen Concentrators**

From the review of the AG's Report, the Committee observed the following:

- the management of the storage of drugs and consumables was inadequate. This was evidenced during audit inspection of the store as there were no air conditioners to ensure that drugs are kept at an ideal temperature to enhance their potency;
- there were no fire extinguishers to prevent the store in the event of any fire incident;
- the store lacked proper shelving system to ensure that the store is well packed and orderly. That could lead to the damage of drugs and other medical items and would lead to the loss of public resources;
- the 34 Military Hospital's environment confirmed that its kitchen was in a very dilapidated state. According to the auditors, the facility was in a state of disrepair and there was no evidence of efforts made by management for its rehabilitation and that would affect the quality of food prepared in the kitchen and may pose a threat to the wellbeing of the patients;
- the biochemistry analyser and X-ray machine at the hospital were faulty. There was no evidence of actions being taken by Management to repair or replace these equipment;
- the oxygen concentrators used to resuscitate critically ill patients were in short supply. According to the Report, the Matron at the hospital revealed that the hospital needed 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 would power the oxygen concentrators during power outage which would automatically lead to the death of the patient.

In his response, the DG appreciated the auditors for bringing these lapses to the notice of Management, pointing out that the auditors observations were in place, but the implementation of audit recommendations is contingent upon the availability of funds. He however expressed optimism that with the publication of the AG's Report, steps would be taken to improve the deteriorating condition of the various facilities mentioned above. The DG concluded that Management had started instituting measures to address those issues.

**The Committee implored Management to ensure that adequate provision is made in the Ministry's 2021 budget in order to address those issues. The Committee**

**asked the DG to solicit supports from the British High Commission, Chinese Embassy and American Embassy, so that ventilators, X-Ray Machines, and other equipment are provided.**

### **Joint Logistics Unit [JLU]**

From the review of the audit report, the following were observed:

- there was no evidence in the form of stores inspection reports, that the stores at JLU were being inspected regularly;
- there were cases of loss, shortage, leakage, damage, waste or deterioration of stores items. According to the Report, this was 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** had been damaged and not fit for use. The remaining wood preservatives at the store valued at **Le209, 712,500** have started deteriorating and 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; and
- 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 JLU revealed that the current balance of rice bag is 22,234. However, upon physical verification as at 3<sup>rd</sup> 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.

Responding to the above mentioned audit queries, the DG submitted stores inspection reports to the Committee for review. The DG further stated that Management had also taken steps to address the other queries.

The Committee expressed grave concern over Management's failure to provide lucid justification for the loss of the hardwood timber for the renovation of barracks and front patrol bases valued at **Le203, 132,500** and the deteriorating states of the remaining wood preservative valued at **Le209, 712,500**.

**Thus, the Committee directed Management to ensure that convincing explanations are provided to the auditors before the conclusion of the 2019 audit exercise, otherwise the said amounts would have to be rebated.**

### **Information, Communication and Technology [ICT] Unit**

From the review of the audit report, the Committee observed the following:

- there was no business continuity and disaster recovery plan in operation to identify, reduce and manage risks from significant IT breakdowns; and

- the Ministry lacked 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 might not be able to deliver on its mandate which may lead to security lapses.

In his response, the DG revealed the following:

- the development of disaster recovery/business continuity plan required lots of funds, but that had been provided for in the 2021 budget; and
- there is an existing back-up system for IT services within the Ministry of Defense.

**The Committee noted the relevance of back-up system and therefore exhorted Management to ensure that there is a designated off site location for back-ups, so as to avoid loss of vital information.**

### **MINISTRY OF BASIC AND SENIOR SECONDARY EDUCATION**

Mr Speaker, Honourable Members, core staff of the Ministry of Basic and Senior Secondary Education appeared before the Committee to respond to audit queries raised in the 2018 AG's Report. From the review of the audit report, the Committee observed that the following audit queries were still unresolved:

- requirement for annual procurement planning not met;
- artificial splitting of procurement activities and value for money not exercised;
- late supplies of teaching and learning materials;
- procurement procedures not followed;
- unsupported payments; and
- payments of statutory deductions to NRA.

#### **Requirement for Annual Procurement Planning not met**

The Committee observed from the review of the AG's Report that the procurement plan was not revised and updated during 2018. Thus, the Ministry procured core textbooks worth **Le32,698,940,000** and **US\$15,365,979.18** and teaching and learning materials worth **Le45,394,765,000** not planned for. According to the audit report, this contravened 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.

In his response, the Permanent Secretary [PS] presented the updated Procurement Plan and a certificate from the NPPA to the Committee for inspection, asserting that the Ministry had always adhered to putting in place a Procurement Plan.

**The Committee commended Management for updating the Procurement Plan, but however instructed the PS and team to ensure that in future, the Procurement Plan is updated to include emerging procurement activities.**

### **Artificial Splitting of Procurement Activities**

The AG's Report revealed that in 2018, three procurement activities exceeded the RFQ threshold of **Le60, 000,000**. The audit report revealed that this action breached 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 Assistant Director of the Procurement Unit stated that the Unit had never attempted to split procurement activities, disclosing that those contracts were lower value contracts that could only be done through RFQ as stated in Section 69 of the Second Schedule of the Procurement Act. The Assistant Director maintained that that Schedule clearly states the various methods of procurement and the limit of each threshold to execute a procurement activity. He challenged the auditors to reference any Section in the Procurement Act that forbids one supplier from being awarded two or more contracts after following all due process for the award of contract. The Assistant Director said that the values of those contracts were very small and they were awarded on quarterly basis. He concluded that the Procurement Unit procured as and when requests were made from end users.

**The Committee recommends that Management and the auditors revisit the Procurement Act and advise accordingly. The assets bought by the Ministry should be made available to the auditors for verification.**

### **Late Supplies of Teaching and Learning Materials**

The audit report revealed that the Ministry contracted three suppliers on 30<sup>th</sup> 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. The Report however revealed that those books were yet to be delivered to the 22 Local Councils.

Reacting to the above mentioned audit query, the PS presented the list of distribution of teaching and learning materials to the Committee for inspection. He added that Councils had delivered those materials to the various schools.

**The Committee noted the action taken by the PS when the suppliers failed to deliver those teaching and learning materials on time; and thus advised that in future deadlines for the completion contracts are adhered to.**

### **Procurement Procedures not followed**

From the review of the AG's Report, the Committee observed the following:

- in August 2018, the Ministry 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** without due regard to any procurement processes and procedures; and

- the Assistant Director or Head of Procurement requested for payment of **Le90,000,000** 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.

The Committee's discussions with the PS revealed the following:

- due process for the procurement of launching materials was followed, except entertainment and refreshment, which were directly contracted;
- the PS presented evidence of distribution of exercise books to the various Local Councils with the aid of the police and soldiers;
- submitted retirement documents to support the payment of **Le90,000,000** to the Coordinator of the Free Quality Education Programme to transport exercise books to the 22 Local Councils for inspection.

**The Committee admonished Management to always ensure that procurement procedures are followed and procurement documents are provided upon request for audit inspection.**

### **Unsupported Payments**

From the review of the AG's Report, the Committee observed the following:

- 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;
- the Acting Principal Accountant failed to submit comprehensive bank statements for the Imprest account for audit purpose;
- of the **Le3,690,257,109**, payment vouchers and the relevant supporting documents such as receipts, signed list of beneficiaries for DSAs, incentives and activity reports were submitted for transactions totaling **Le1,818,385,268**, leaving a balance of **Le1,871,871,841** without supporting documents; and
- the Ministry paid **Le708,289,750** as monthly honorariums to consultants, but contract for these consultants were not submitted for audit inspection and evidence of deduction of tax from the earnings of these consultants were not submitted for audit.

Asked to respond to those queries, the PS presented original copies in respect of cash withdrawals, bank statements for the Imprest account, contract agreements with the consultants and payment vouchers in respect of **Le1, 871,871,841**. The Committee emphasised the importance of proper record keeping and presentation of payment vouchers, pointing out that payment vouchers not presented for audit verification on time would cast doubt on whether those payments were genuine.



**Thus, the Committee urged Management to take all the necessary steps in ensuring that in future, payment vouchers are presented on time for inspection.**

### **Payments of Statutory Deductions to NRA**

The AG's Report revealed that:

- of the **Le40,334,525** withholding taxes deducted from various payments, NRA receipts were submitted for payments totalling **Le37,115,650**, leaving a balance of **Le3,218,875** without receipt; and
- additionally, of the **Le30,057,115** deducted from various payments, NRA receipts were submitted for payments totalling **Le24,000,000**, leaving a balance of **Le6,057,115** without evidence of deductions and payment to the NRA.

Responding to the two audit queries, the PS submitted NRA receipts in respect of **Le3, 218,875** and **Le6, 057,115** that were still outstanding.

The Committee thanked Management for addressing almost all audit queries, but reminded the PS that **99%** of the audit queries raised in the 2018 AG's Report bothered on procurement and therefore called on the PS to regularly monitor the Procurement Unit, so as to avoid/minimise such embarrassing situation. The Committee specifically spoke about the issue of un-presented payment vouchers, which was noted as being a subject of the Ministry's audit queries.

### **THE NATIONAL ELECTORAL COMMISSION**

Mr Speaker, Honourable Members, core staff of the National Electoral Commission [NEC] appeared before the Committee to respond to previous year's audit queries mentioned in the 2018 Audit Report. From the review of the AG's Report, the Committee noted the following audit issues:

- unsupported payments;
- procurement documents not submitted for review;
- no offsite backup;
- a disaster recovery plan; and
- the HRIS software not in use.

### **Unsupported Payments**

From the review of the AG's Report, the Committee observed that of the **Le582, 699,382**, supporting documents for payments totaling **Le545, 763,132** were submitted during the verification exercise, leaving **Le36, 936,250** without supporting documents. Updating the Committee on the above mentioned issue, the Executive Secretary submitted payment vouchers and other supporting documents in respect of the **Le36, 936,250**

The Committee accepted the documents, but advised that the PAC hearing on the 2019 AG's Report would be different because officials who would not submit accountable documents at

the time of audit would face the wrath of the Committee. The Committee maintained that some would be asked to pay without recourse to the CRF.

**In that regard, the Committee counseled Management to ensure that in future, all transactions are supported with payment vouchers and other relevant documents.**

### **Procurement Documents not submitted for review**

From the review of the AG's Report, the Committee observed the following:

- procurement of goods and services totaling **Le9,933,781,250** 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** were undertaken without three requests for quotations; and
- procurement of additional stationery materials valued at **Le846, 135,500** was undertaken from Office World during the period under review. According to the Report, an advanced payment of **Le350mln** 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.

In his response, the Executive Secretary tendered in evidence, copies of the local newspapers and NEC's official Website [[nec.sl/bidding.aspx](http://nec.sl/bidding.aspx)] where the advertisements were out to the public.

**The Committee encouraged Management to ensure that in future, such documents are submitted to the audit team on time for verification.**

### **Human Resources Information Systems [HRIS] Application**

The AG's Report 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.

The Executive Secretary stated that the Commission had secured a custodian service with Rokel Commercial Bank to provide an offsite backup option for the Commission to protect its data.

**Thus, the Committee counseled Management to exercise urgency in ensuring that there is a designated offsite location for back-ups, and also start using a log book for the purpose of monitoring the IT department's data back-ups record.**

### **Disaster Recovery Plan**

The Committee observed that there was no evidence of an approved disaster recovery plan being operational in the Commission. According to the Report, a disaster recovery plan enables the Commission to resume operations if there are disruptive events such as information technology crash or natural disasters.

Responding to the above mentioned audit query, the Executive Secretary informed the Committee that a disaster recovery plan had been put in place. The Executive Secretary added that the ICT Department had installed a backup system at the Headquarter and Wellington to provide an offsite backup system for all critical enterprise applications, including SAGE Evolution and the HRIS.

**The Committee commended Management for ensuring that there is a designated offsite location for back-ups, but encouraged Management to always make sure that an IT Policy is developed and enforced.**

### **Operational HRIS software**

The Committee observed from the review of the AG's Report 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.

The Executive Secretary disclosed that the HRIS is a client-server system that requires a Server and Local Area Network for it to be properly functional. He further explained that in the period under review, there was power failure and HR Department could not use the HRIS software because there was no backup system in place. He however revealed that Management had been working with Development Partners to procure power backup equipment.

**The Committee emphasised the importance of power back-ups and therefore urged Management to ensure that that is put in place to avoid a repetition of what had happened.**

## **OFFICE OF NATIONAL SECURITY [ONS]**

Mr Speaker, Honourable Members, core staff of the Office of National Security [ONS] appeared before the Committee to respond to audit queries mentioned in the 2018 Audit Report. From the review of the AG's Report, the Committee observed the following audit issues:

- internal audit control lapses;
- imprests not retired; and
- Capitalisation not done

### **Internal Audit Control Lapses**

From the review of the AG's Report on the Office's internal audit control lapses, the following 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; and
- 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 audit reports are addressed by Management.

Reacting to the above mentioned audit queries, the National Security Coordinator disclosed that all audit queries relating to the internal audit controls had been addressed, pointing out that working papers in support of work carried out were available for inspection and that an Internal Audit Committee had been established to look into internal audit issues raised.

**The Committee commended the Coordinator and team for addressing the audit query. Therefore, the Committee emphasised the complementary role played by the Internal Auditor; and thus encouraged Management to ensure that the Internal Audit Unit is functional and equipped to undertake internal audit functions.**

Asked to update the Committee on the issues relating to the unretired Imprests of **Le158, 152,000** in 2014 and **Le56, 177,000** in 2015, and the items that were not capitalised, the Coordinator stated that those audit queries had been resolved and assured the Committee that they would not appear in the 2019 AG's Report.

**The Committee took the Coordinator at his words, but advised Management to ensure that in future all imprests issued be retired on or before the due date as stipulated by law; and Management should strictly comply with its capitalisation policy.**

### **HUMAN RESOURCES MANAGEMENT OFFICE [HRMO]**

Mr Speaker, Honourable Members, core staff of the Human Resources Management Office [HRMO] appeared before the Committee to respond to one audit query relating to poor payroll management as mentioned in the 2018 Audit Report.

From the review of the AG's Report, the Committee observed 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's payroll. The auditors 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, 617,895** effective 1<sup>st</sup> March, 2017 which was paid.

Reacting to the audit query mentioned above, the DG disclosed that after the staff in question had been paid her benefits, she was supposed to be deleted from the payroll effective 1<sup>st</sup> March, 2017. Regrettably, the DG stated that her name was only deleted on the payroll in February, 2019. The DG added that despite Mrs Marvella Davies knew she was receiving illegal salary, yet she continued to enjoy that opportunity till the total sum of **Le14, 617,895** was scooped from the account. The DG presented two correspondences; one was addressed to the Accountant General, drawing his attention to the anomaly, and the other was asking NASSIT Management to deduct the amount in question from her retirement pension. The DG concluded that the Internal Auditor of the HRMO was dispatched to inform Mrs Marvella Davies about the illegitimate salaries she had been receiving, but she denied of monthly remittance of salary.

**The Committee noted Management's efforts, but advised the DG to ensure that a printout of Mrs Marvella Davies bank statement is shown to her and if she continues to be uncooperative, they should involve the police to compel compliance.**

#### **GOVERNMENT PRINTING DEPARTMENT**

Mr Speaker, Honourable Members, officials of the Government Printing Department appeared before the Committee to answer to one audit query regarding `revenue collected but not banked. From the review of the AG's Report, the Committee observed the following:

- of the **Le63, 705,750**, bank statement submitted revealed the payment of **Le55, 555,750**, leaving a balance of **Le8, 150,000**; and
- there were no evidence of reconciliation between the CRF and NRA records to confirm the accuracy of the above amount collected in respect of moneys received by the Department for the year under review.

In his response, the Acting Government Printer disclosed that measures had been put in place to ensure that regular reconciliations are performed and the NRA had been informed about the audit query. He concluded that the **Le8, 150,000** was due to reconciliation lapses, but asserted that the audit query had been addressed.

**The Committee noted the importance of timely reconciliations and therefore urged Management to ensure that in future, the accounts are reconciled and reviewed on time.**

#### **POLITICAL PARTIES REGISTRATION COMMISSION [PPRC]**

Mr Speaker, Honourable Members, core staff of the Political Parties Registration Commission appeared before the Committee to reply to one audit query relating to `overpayment of

salaries to staff.' The Committee observed from the review of the AG's Report 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 totaling **Le38,624,640** and **Le8,930,713** respectively until January, 2018 even though they were no longer employees of the Commission during the period under review.

During cross examination of the correspondences submitted for inspection, it was observed that the staff in question have agreed to refund the said amounts, but the Committee described:

- the actions of the staff as felonious, stating that they failed in their fiduciary function to act as patriots and report the issue to the Commission; and
- the Finance Department also failed in their duty to act swiftly until when the external auditors discovered the anomaly.

**In that regard, the Committee recommends that Management recoups and pays same to the CRF with immediate effect; otherwise those who were in charge will be asked to pay without recourse to the CRF.**

#### **CIVIL SERVICE TRAINING COLLEGE**

Mr Speaker, Honourable Members, core staff of the Civil Service Training College appeared before the Committee to respond to audit queries mentioned in the 2018 AG's Report. From the review of the audit report, the Committee observed the following:

- an Accounting Officer was yet to be assigned or employed to manage the finances of the college; and
- 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.

Asked to react to those audit queries, the Principal submitted a letter from the HRMO in respect of Mr Abdulai Conteh to act as Admin and Finance Coordinator. The Committee further noted that the Principal requested for the placement of four key staff; i.e., an Accountant, Internal Auditor, Store Keeper and Procurement Officer. The Committee commended the Principal for ensuring that those core staff were assigned to the College, but expressed the following concerns:

- the Admin and Finance was assigned in acting capacity; and
- no induction training session had been organised by the college for the newly assigned core staff. Thus, the Committee also noted the nonexistence of a training manual to ensure the timely conduct of induction sessions for newly recruited civil servants as reported by the auditors.

**In view of the above, therefore, the Committee implored the Principal and team to ensure that:**

- **the Acting Admin and Finance is given a permanent appointment, instead of acting;**
- **the newly assigned staff are provided with induction training in their respective areas of work, so as to enable them perform as expected; and**
- **the training manual is developed to ensure the timely conduct of induction sessions for newly recruited civil servants.**

### **SIERRA LEONE METEOROLOGICAL AGENCY**

Mr Speaker, Honourable Members, core staff of the Sierra Leone Meteorological Agency appeared before the Committee to reply to audit queries raised in the 2018 Audit Report. From the review of the AG's Report, the Committee observed the following:

- the inventory register was not updated and the newly donated assets by the UNDP were not recorded in the register;
- purchase costs and date of acquisition of the assets were not included in the inventory register;
- there was no policy for the use and maintenance of the Agency's assets for the year under review;
- 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; and
- there was no Accounting Manual to serve as a guide for the processing of accounting transactions of the Agency.

Asked to update the Committee on the status of audit queries mentioned above, the DG tendered in evidence:

- the updated assets register, capturing the newly donated assets by the UNDP;
- Human Resource Management Manual, capturing the policy for the use and maintenance of the Agency's assets;
- Accounting Manual to serve as a guide for the processing of accounting transactions of the Agency; and
- contract agreement between the Sierra Leone Meteorological Agency and the security firm [Dragon].

**The Committee applauded Management for addressing those audit queries, but advised the DG to ensure that in future:**

- **the cost and date of acquisition of assets are included in the fixed assets register to ascertain the efficiency and effectiveness of operation;**
- **the Accounting Manual, Assets Policy and Fixed Assets Register are regularly updated; and**

- **policies are implemented for proper operations and security of the Agency's property.**

### **NATIONAL SOCIAL SECURITY AND INSURANCE TRUST [NASSIT]**

Mr Speaker, Honourable Members, core staff of the National Social Security and Insurance Trust [NASSIT] appeared before the Committee to answer to audit queries flagged up in the AG's Report. The Committee observed from the review of the AG's Report three audit queries:

- lack of procurement records;
- procurement of station wagon and water bowser; and
- ineffective management of cash and bank transactions.

#### **Lack of Procurement Records**

From the review of the AG's Report, the Committee observed the following:

- Procurement records [such as procurement committee minutes, evaluation committee minutes, performance bond, advanced payment guarantee, supplier's business documents and evaluation reports] to show how the Trust arrived at the decision in 2016 to award the contracts for the supply and construction of the metal shelves and the installation of solar equipment to Hassan Tarawali for the contracts sums of **Le150mln** dated 22<sup>nd</sup> December, 2016 and **Le134mln** dated 29<sup>th</sup> December, 2016 were not submitted;
- 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. The audit report revealed that Local Purchase Orders were attached to the payment voucher submitted for audit. It was therefore the understanding of the audit team that shopping method was used instead of the National Competitive Bidding method which should have been used; and
- the said amounts, **Le150mln** and **Le134mln** 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.

Asked to react to the audit queries mentioned above, the DG submitted documents showing how the Trust arrived at the decision in 2016 to award the contracts for the supply and construction of the metal shelves and the installation of solar equipment to Hassan Tarawali, stating that the cost to deliver on the assignment fell within small works as consistent with the First Schedule of the Act.

**The Committee commended Management for addressing those audit queries, but encouraged the team to ensure that in future, the relevant supporting documents are submitted upon request.**

#### **Procurement of Station Wagon and Water Bowser**



The Committee observed from the review of the AG's Report that 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.

In his response, the DG submitted the completion and acceptance report, pre and post technical evaluation report, affirming that the Station Wagon and water bowser were delivered, inspected and met the approved specifications. He concluded that those documents were submitted to the audit team for verification.

**Again, the Committee continued to warn that penalties would be imposed on officials for late submission of auditable documents for verification.**

### **Ineffective Management of Cash and Bank Transactions**

The audit report disclosed that:

- total stale cheques of **Le4, 776,446,686** were still in the Trust's books of account; and
- 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.

Responding to the queries mentioned above, the DG submitted supporting documents to confirm the accuracy and correctness of the rate that was used. Further probing questions unveiled the following:

- Management developed a strategy of reducing stale Cheques by making payment directly into the claimant's account after proper verification. He added that that reduced the number of stale Cheques; and
- Management had ensured that printout copies of the applicable rates, as at the date of the transaction, are attached to the payment vouchers.

**The Committee noted the steps taken by Management to address the queries, but further advised Management to ensure that in future, the necessary adjustments are made to the books of accounts and the revised financial statements are submitted upon request for verification.**

### **ROKEL COMMERCIAL BANK**

Mr Speaker, Honourable Members, the Managing Director and core staff of Rokel Commercial Bank appeared before the Committee to answer to audit queries flagged up in the AG's Report. The Committee observed from the review of the AG's Report the following audit queries:

- no insurance cover for fixed assets;
- revaluation of head office building;

- non-compliance with the national public procurement act on the procurement of property, plant and equipment;
- long outstanding balances;
- review of customers' loans;
- inappropriate customer analysis;
- exceeding insurance coverage on cash at vault;
- movement of dormant accounts;
- non-reconciliation of clearing balances;
- server room physical controls;
- identification and authentication; and
- The Steering Committee.

### **No Insurance Cover for Fixed Assets**

The audit report disclosed that with the exception of motor vehicles which are insured on the general third party insurance, other assets of the bank were not insured against the risk of fire, theft, damage or any natural or man-made disaster.

In his response, the Managing Director [MD] stated that the audit query was an oversight by the auditors, asserting that all vehicles in their fleet are covered by comprehensive insurance policies. He added that all assets, including buildings are adequately insured.

**The Committee advised Management to ensure that all documents relating to insurance cover for the Bank's fixed assets are submitted to the audit team for inspection, otherwise the Committee would infer that there was no insurance cover for the fixed assets.**

### **Revaluation of Head Office Building**

The Committee observed from the review of the AG's Report that Management last revalued the head office building in 2008. The auditors disclosed that best practice and prudent financial guidance require Management to revalue their head office building once every three to five years.

Asked to explain why the revaluation exercise had not been done for almost twelve [12] years, the MD revealed that the revaluation process of the Bank's buildings had commenced. The MD submitted a draft revaluation report for inspection, assuring the Committee that the exercise would be completed on the 31<sup>st</sup> December, 2020.

**The Committee condemned the MD and team for failing to live by the dictate of best practice and prudent financial guidance. Thus, the Committee warned that henceforth 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 building.**

### **Non-compliance with the National Public Procurement Act on the Procurement of Property, Plant and Equipment**

From the review of the audit report, the Committee observed that adequate procurement processes were not followed in purchasing of assets to the tune of **Le673, 529,495**. This, according to the audit team, contravened Section 44 of the Public Procurement Act of 2016, which states that request for quotation shall be used when the estimated value of the procurement is below **Le60mIn** in the case of contracts for the procurement of goods and services or National Competitive Bidding if the estimated value of the procurement is below **Le600mIn** in the case of contracts for the procurement of goods.

The MD informed the Committee that an action plan had been put in place to address the matter. He added that there is a Procurement Policy and a Procurement Manual in place to address procurement related activities. He concluded that Management is regularly reviewing procurement activities being undertaken, so as to ensure that they are in line with statutory requirements.

**The Committee noted the MD's explanation, but however emphasised the supremacy of the Public Procurement Act of 2016, insisting that the Bank's procurement policies or Procurement Manual should not conflict or seeks to undermine the Public Procurement Act of 2016.**

### **Long Outstanding Balances**

The audit report disclosed that long outstanding assets and liabilities made in 2015 to the tune of **Le 105,568,974** had not been cleared as at the 31<sup>st</sup> December, 2018.

The MD stated that the long outstanding balances would be cleared by the end of 2020. He disclosed that the regional banks mistakenly posted into the control account of this premier loan and caused the the outstanding balances under premier loan. He concluded that the IT Department is presently working to address the issue.

**The Committee expressed concern over the delay in addressing the issue. Thus, the Committee counseled Management to ensure that those outstanding balances are cleared before the conclusion of the 2019 audit exercise; otherwise an uncompromising action would be taken against Management.**

### **Review of Customers' Loans**

The Committee observed from the review of the AG's Report that three 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.

Questioned why the three customers were issued loans without obtaining recent audited financial statements to determine their credit worthiness, the MD stated that Management had always relied on the character and integrity of the customer. The Committee further noted that the loans under consideration have been liquidated.

**The Committee underscored the importance of obtaining current audited financial statements to determine the customers' financial standing, instead of relying on their characters and integrity, which the Committee noted, could be deceptive and misleading.**

### **Inappropriate Customer Analysis**

During the review of the AG's Report, the Committee observed the following:

- an applicant opened the account in April 2018, but there was no movement in the account up to 31<sup>st</sup> 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 had been in employment of the Ministry for a period of one year, contrary to his employment letter dated 25<sup>th</sup> September, 2018 and on an employment contract commencing 1<sup>st</sup> August 2018, on a one year contract renewable based on performance; and
- the letter of undertaking revealed 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.

Asked to update the Committee on the current status of the above mentioned audit queries, the MD said Management noted the concerns raised by the auditors, but revealed that the customer's monthly repayment is up-to-date and had been operating the account by making deposits and withdrawals, including backlog of salary payments of **Le58.5mIn** deposited into the account.

**The Committee instructed Management to continue monitoring the said account until the loan is recovered, but warned the MD to desist henceforth from taking such risks.**

### **Exceeding Insurance Coverage on Cash at Vault**

The audit report revealed several instances where the bank exceeded its daily limits. According to the Report, a difference of **Le57, 502,024,159** was detected between cash at vault and cash insurance at vault during the period 15<sup>th</sup> January to 20<sup>th</sup> December, 2018.

In his response, the MD disclosed that there were overnight excesses that were normally reported to FHO. He added that Management had increased the insurance on cash holding limits across their branch network.

**The Committee acclaimed Management for addressing the audit query and further advised the MD to continue ensuring that insurance on cash holding limits across the respective branches are always at maximum.**

#### **Movement of Dormant Accounts**

The Committee observed from the review of the AG's Report that two savings accounts [18-036196966-01 and 18-057160034-01] had debit transactions during the period amounting to **Le46, 339,073**.

**Though the MD informed the Committee that the matter had been resolved, the Committee however encouraged Management to continue to ensure that dormant accounts are regularly monitored and before any transactions, those accounts should be reactivated and authorised.**

#### **Non-reconciliation of Clearing Balances**

During the review of the AG's Report, the Committee noted that a number of reconciling items from prior years as far back as 2013 were yet to be cleared. The audit report further revealed that a sample of 73 transactions with a total outstanding balance of **Le3, 970,516,329** was yet to be cleared.

Asked to explain why the reconciling items have not been cleared, the MD assured the Committee that long outstanding balances would be cleared by the end of 2020.

**The Committee took the MD at his words, but warned that if the issue reappeared in the 2019 Audit Report, an action would be taken against Management.**

#### **Server Room Physical Controls**

The audit report disclosed that the space in the server room is no longer enough for servers and other equipment. According to the Report, that made the data centre congested with limited space for passage and ventilation.

Asked to update the Committee on the audit query mentioned above, the MD stated that with the installation of the new core banking system, Management intended to relocate all IT equipment to a spacious place as required.

The Committee noted the MD's assurance, but detected disparity between his response to the auditors and the PAC, pointing out that Management informed the auditors that the relocation of those IT equipment would be completed in June, 2019.

**In that regard, the Committee promised tougher penalties against the entire Management team if this particular audit query reappears in the 2019 audit report.**

#### **Identification and Authentication**

During the review of the AG's Report, the Committee noted that the Information Security Policy requires the use of passwords to access systems and the network. The application,

according to the Report, should provide for user authentication and access right control, by integrating to active directory for authentication. The Report however disclosed that there was no policy relating to generic and duplicate users on the bank's system. The auditors further performed a duplicate check of user IDs on the UnivBank banking application and noted that the user IDs were unique, but revealed the existence of duplicate users on the banking application and IDs.

The MD assured the Committee that the issue would be addressed soonest.

**Again, the Committee counseled Management to ensure this audit query is addressed before the conclusion of the 2019 audit report.**

### **IT Steering Committee**

The audit report disclosed that the IT Steering Committee was supposed to meet regularly to deliberate on IT related issues, directives and implementation of the Board and senior management initiatives. The Report however unveiled that minutes of such meetings were not made available for the period under review.

In his response, the MD informed the Committee that **"there is an IT Steering Committee that meets regularly."** He said that the mandate of the Committee **"is to monitor the ongoing IT projects in the Bank."** He also disclosed that IT issues **"are also discussed in other committee meetings."**

The Committee reminded Management that the **"IT Steering Committee forms the basis of a strong IT governance structure and administers the security standards employed by the bank. Meetings of the IT Steering Committee should be established to serve as platforms in which the different arms from other departments can share views on other subjects."**

The Committee's discussions with the auditors revealed that the Bank failed to address some of the previous year's recommendations. In that regard, the PAC advised Management to ensure that those outstanding audit queries are addressed before the conclusion of the 2019 audit report.

## **NATIONAL TELECOMMUNICATIONS COMMISSION [NATCOM]**

The Director General [DG] and core staff of the National Telecommunications Commission appeared before the Committee to answer to audit queries flagged up in the 2018 AG's Report. The Committee observed from the review of the audit report a number of audit queries as discussed below:

### **Un-receipted Payments**

The audit report disclosed that out of total payments of **Le3, 839,708,319**, adequate supporting documents were provided for **Le2, 691,140,423**, leaving a balance of **Le1, 148,567,896** without adequate supporting documents.

Asked to update the Committee why supporting documents were not submitted in respect of payments totaling **Le1, 148,567,896**, the DG informed the PAC that some of the missing documents had been found.

The Committee was however not provided with the documents claimed to have been discovered; and thus, the Committee was unable to determine the monetary value of the 'found documents.'

**Thus, the Committee recommends that the sum of Le1, 148,567,896 is rebated into the CRF within 30 days of the adoption of this report by Parliament.**

### **Unsupported Payments**

The Committee observed from the review of the AG's Report that out of **Le12, 675,119,352** payments, the relevant supporting documents were provided for amount totaling **Le1, 869,700,726**, leaving a balance of **Le10, 805,418,626** without adequate supporting documents.

Questioned the whereabouts of the said documents, the DG presented the documents in respect of **Le10, 805,418,626** to the Committee for verification. The DG added that **40% [Le8, 278,506,016]** relates to international gateway payment to the Ministry of Finance.

**The Committee accepted the documents, but warned that in future, the relevant documents are submitted to the auditors for inspection.**

### **Terminal Benefit Payment to Board Members**

During the review of the AG's Report, the Committee noted that a total of **Le216, 500,000** was paid as severance benefits to three outgone Board Members and the Chairman. The Report however revealed that the basis for making terminal benefits payment to outgone Board Members was not provided to the audit team. The Report revealed that terminal benefits are normally paid to permanent staff of government entities, and this is provided for in the conditions of service of NATCOM.

The DG admitted that the auditor's findings were correct and that the Commissioners were not permanent staff of the Commission. He disclosed that it was just a token of appreciation for the services the Commissioners could have rendered to the Commission.

**Thus, since the Commission failed to provide supporting evidence to justify the payment of severance benefits to Board Members, the Committee recommends that the sum of Le216, 500,000 be recouped and paid into the CRF with immediate**

**effect. The Committee warned that henceforth Management should stop paying severance benefits to Commissioners.**

### **No Updated Antivirus Programme**

During the review of the AG's Report, the Committee noted that there was no updated antivirus software installed to prevent data loss within the servers and computers used for the system.

The DG mentioned that the process for the procurement of antivirus software had begun and the antivirus software would soon be installed in all computers.

The Committee noted the importance of installing antivirus software on the Commission's computers, adding that if updated antivirus software is not installed, the Commission would likely forfeit vital information.

**In view of the above, the Committee urged Management to ensure that the Commission's computers are protected with up-to-date anti-virus software.**

### **Irregularities Observed in the Procurement for the Supply of Furniture**

The Committee observed from the audit report the following audit queries:

- 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 25<sup>th</sup> April and 16<sup>th</sup> May, 2016. The Report however disclosed that those contracts were split to evade the National Competitive Bidding threshold; and
- 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 totaling **Le14, 940,000** when making claims for the full payments of the contract price.

The Committee's discussions with the DG and the rest of Management team unveiled the following:

- the contracts were deliberately split to evade the National Competitive Bidding threshold; and as a result contravened the Public Procurement Act of 2016;
- during the period under review, the Commission had no approved Procurement Plan and that led Management to undertake procurement activities that were unbudgeted;
- the need for the procurement of those furniture came as a result of Management's decision to restructure the Commission and thus resulted in the creation of additional offices; and



- the GST registered certificate was submitted to the Committee to justify that KAK Enterprise was GST registered. Minutes and evaluation report were also submitted to the Committee for inspection.

The Committee noted the DG's explanation, but expressed grave concern over Management's deliberate attempt to circumvent procurement laws. The Committee, in a fuming mode, restated that Management's actions were deliberate and well-thought-of.

**Contingent upon the above, the Committee promised to impose severe punishments if Management, at any point in time, flouts the Public Procurement Act of 2016.**

### **Procurement of Vehicles and Consultancy for the Capacity Building of the Commission's Administration**

From the review of the AG's Report, 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 prices of **US\$352,000** and **US\$110,000**:

- procurement documents for those contracts to justify the basis upon which suppliers were selected were not submitted for audit inspection;
- the LPOs were attached to the payment voucher submitted for audit. Thus, the auditors inferred that the Requests for Quotations method was used instead of the National Competitive Bidding method; and
- initial advanced payment of **US\$176,000**, representing **50%** of the contract price was made to Dad's Car Centre, which was 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.

The Committee's deliberations with the DG and the rest of Management team unveiled the following:

- Management's efforts to get the previous administration to provide answers to the audit query proved futile, but the DG failed to provide evidence of communication between his administration and the previous Management team;
- Management submitted documents such as newspapers where the contract was advertised for six weeks, bidding documents, Evaluation Committee Report, the contract document, no objection from the NPPA, etc.; and
- the query on the **50%** advanced payment was included in the agreement by the Legal Department that drafted the contract.

**The Committee noted the DG's explanation, but however cautioned that in future, advanced payment made should represent 30% of the contract price in compliance with Section 135 of the Public Procurement Regulations of 2006. The**

**current DG was advised to also comply with Public Procurement Regulations of 2006.**

### **Inadequate Recruitment Process**

During the review of the AG's Report, the Committee noted that three personnel were recruited during the period under review, but the auditors were not provided with documents such as advertisement and interview reports to confirm that the recruitment process was transparent, fair and credible.

Asked to explain why the recruitment procedures were not followed, the DG apologised to the Committee for flouting recruitment processes, promising that such would not happen in future recruitment activities. He assured the Committee that recruitment procedures are now being followed.

The Committee condemned the entire recruitment exercise as illicit, stating that issues of transparency and credibility of the whole recruitment exercise are now on the spotlight.

**In that regard, the Committee advised Management to ensure that in future, recruitment procedures are followed and all records relating to recruitment and selection exercises for successful applicants are retained for reference purposes.**

### **Irregularities in the Management and Control of Cash and Bank Transactions**

From the review of the AG's Report, the following were observed:

- various amounts totaling **Le878,907,869** were identified in the bank reconciliation statement every month as reconciling items for bank account number: 1015000 held at the Sierra Leone Commercial Bank [SLCB]. The auditors disclosed that that amount was described as an overstatement of salary for which no reasonable explanation or documentary evidence was provided by the Commission;
- stale Cheques [un-presented Cheques] to the tune of **Le40,598,200** and **Le518,296,499** [un-credited] were still in the Commission's books of account and no appropriate action was taken to rectify the situation; and
- 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.

The Committee's engagement with the DG revealed the following:

- the bank account number 1015000 held at the Sierra Leone Commercial Bank had been closed in April, 2018 and the funds were transferred to the Treasury Single Account [TSA] at the Bank of Sierra Leone; and

- the Commission had embarked on monthly bank reconciliations and those reconciliations are being approved by the DG.

**The Committee admonished Management to ensure that:**

- **the stale Cheques are reversed and the necessary adjustments are made to the books of accounts and submit the revised financial statements to the auditors for verification; and**
- **bank reconciliation is carried out regularly by the Accountant, reviewed by a senior officer and approved by the Director of Finance to justify supervision of the process.**

**Lack of Comprehensive Aged Account Receivable Schedule**

During the review of the AG's Report, the Committee noted that:

- the aged Account Receivable Schedule was not comprehensive as it did not include the due date, posting date/invoice date, period length and detailed entries with total balance for each customer; and
- 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. That made it difficult to reconcile the receivable ledgers with the receivable balance disclosed in the 2016 financial statements.

In his response, the DG presented a copy of the updated aged account receivable register to the Committee for inspection.

**The Committee further urged Management to ensure that in future, Management initiates action for updating the aged receivable register that should be periodically reconciled and reviewed by a senior officer.**

From the review of the documents submitted for inspection in respect of previous years' audit, the Committee observed that all the policies were still awaiting the approval of the Board.

These queries are:

- draft Financial Accounting Manual;
- draft policy on support to national development;
- draft fixed assets policy, and the fixed assets register is in progress;
- Management had approved the development of the Commission's Debtors' Management Policy on the management of bad and doubtful debts;
- draft IT Policy; and
- draft Business Continuity and Disaster Recovery Plan.

The Committee expressed serious concern over Management's blithe attitude to get the Board approves those policies, which the Committee described **"as the drivers towards the**

**success of the Commission.”** The Committee further expressed disenchantment over the Board’s nonchalant behaviour towards considering issues bothering on the progress of the Commission. Thus, the Committee questioned the usefulness and efficacy of the Board towards performing their functions; stating that the State would not continue to pay salaries and other emoluments to Board Members when their effectiveness is being questioned.

**The Committee advised Management to ensure that:**

- **the draft policies are forwarded to every Board Member with a cover letter, asking them to approve those policies with immediate effect; otherwise the DG would bear the consequences; and**
- **the 2014 and 2015 audit queries are addressed before the conclusion of the 2019 audit exercise.**

### **COLLEGE OF MEDICINE AND ALLIED HEALTH SCIENCES [COMAHS -USL) – 2015 AND 2016**

Mr Speaker, Honourable Members, the Vice Chancellor [VC] and core staff of College of Medicine and Allied Health Sciences [COMAHS] appeared before the Committee to respond to audit queries flagged up in the 2018 AG’s Report. The Committee observed from the review of the audit report the following audit queries:

- wrong treatment method of stock and no documentation seen for the balances stated on the trial balance;
- staff training not done during the periods under review;
- the finance and accounting manual not updated; and
- outstanding loan receivable to the University of Sierra Leone.

#### **Wrong Treatment Method of Stock and no documentation seen for the Balances Stated on the Trial Balance**

From the review of the AG’s Report, the Committee observed that the stock value had been constant over the past years. According to the Report, the auditors requested for the under mentioned documents from the Storekeeper to review inventories, but they were not made available:

- end-of-year stock take report;
- inventory records;
- samples of stock bin cards; and
- stock valuation method used to value stock figures in the account.

Asked to respond to the audit queries, the VC disclosed the following:

- measures had been put in place to ensure that bin cards are used in the store; and

- the VC presented the last stock take report for 2019 and other documents to the Committee for inspection, adding that physical stock take was not done in 2018 due to the fact that there were no stocks available in the store.

**The Committee commended Management for the steps taken to address the audit query, but further advised the team VC to ensure that physical stock take is done at the end of every year and the process should be witnessed and certified by independent individuals.**

#### **Staff Training not done during the Periods under Review**

The Committee observed from the audit report 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. The Report further revealed that no adequate training programme was organised for the staff in the Finance Department during the years to improve their knowledge and efficiency on the job.

Questioned why the said staff were not provided with adequate training in the use of Microsoft Excel Spreadsheet or other Accounting Software package, the VC confirmed that indeed there was training being organised by the College due to the lack of funds to undertake such trainings. He however disclosed that Management had acquired the SAGE Accounting Software and that training had been organised for those staff.

**The Committee applauded Management for ensuring that the auditors' recommendation was implemented. However, the Committee encouraged the VC and team to organise similar trainings for the said staff, stating that that training could not be enough to improve their capacity and make them more effective in performing their duties.**

#### **The Finance and Accounting Manual not updated**

The audit report unveiled 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.

In his response, the VC submitted a copy of the reviewed or updated Financial Management Policy and Accounting Manual of the University to the Committee for confirmation. The VC added that the said Manual is currently in operation.

**Again, the Committee acclaimed Management for taking immediate action to address the audit query, but the Committee admonished the team to always ensure that some of these internal control weaknesses are unearthed and addressed before being captured in the AG's Report.**

#### **Outstanding Loan Receivable to the University of Sierra Leone**

The Committee observed from the audit report loans totaling **Le1.024bln** given to the University of Sierra Leone [USL]. The Report disclosed that that amount was classified as

receivable and had been outstanding for over two years. The auditors believed that items should only be classified under receivable if they would be recovered within one year of the reporting date, but the Report maintained that no records were made available in that regard. The Report concluded that the procedures followed were not documented and that might lead to inconsistencies in reporting.

The VC mentioned that those were loans given to the University of Sierra Leone to support the payment of salaries and other emoluments; regrettably, the University had not been able to pay back those loans. The VC however revealed that the University had sought approval to write-off those loans as 'bad debts' since their recoverability is no longer visible.

**The Committee urged the VC and team to ensure that approval to write-off those loans as 'bad debts' is granted as soon as possible, otherwise the College should start thinking about paying those loans in the not distant future.**

#### **FOURAH BAY COLLEGE [FBC] - 2016**

Mr Speaker, Honourable Members, the Vice Chancellor [VC] and core staff of Fourah Bay College [FBC] appeared before the Committee to respond to audit queries raised in the 2018 Report. The Committee observed from the review of the Report the following audit queries:

- income with debit balances;
- no expenditure ledger seen for students orientation expenses;
- unreceipted payments;
- unsupported payments for staff training;
- unsupported payments for miscellaneous expenses;
- incorrect posting of NASSIT expenses;
- expenses ledgers for PAYE and withholding tax not submitted;
- senior and junior staff salaries not posted correctly;
- unsupported payments for inventories for the period;
- inventories with credit balance seen on the trial balance;
- unsupported payments for trade receivables;
- CDH –investments prior year closing balances not brought forward to the current year;  
and
- no bank reconciliation was done for bank accounts maintained by the college for the year.

The Committee was reliably informed that the following audit queries have been addressed:

- income with debit balances;
- no expenditure ledger seen for students orientation expenses;
- incorrect posting of NASSIT expenses;
- senior and junior staff salaries not posted correctly;
- unsupported payments for inventories for the period;

- inventories with credit balance seen on the trial balance;
- unsupported payments for trade receivables; and
- CDH –investments prior year closing balances not brought forward to the current year.

It was however discovered that other audit queries were still unaddressed as mentioned below:

### **Unreceipted Payments**

The Committee observed from the review of the AG's Report that payments totalling **Le240, 403,540** were without adequate supporting documents such as receipts that were attached to the payment vouchers.

The VC stated that the recipients of those funds were neither companies or partnership nor formal institutions, but the payment vouchers attached to those Cheques were signed by individuals as receipts. Individual receipt cannot be sorted out for these transactions. The VC however presented the documents to the Committee for inspection.

**The Committee however advised Management to ensure that in future, adequate supporting documents for every transaction undertaken by FBC are maintained and provided upon request.**

### **Unsupported Payments for Staff Training**

The AG's Report revealed that no supporting documents were seen for payments totalling **Le997, 630,250** for staff training and development for the whole ledger presented to the audit team.

The Committee's discussions with the VC revealed that all transactions in question have been sorted out and necessary action was taken in correcting the errors of miss-postings. He submitted the documents to the PAC and they were found to be adequate.

**Again, the Committee counseled Management to ensure that in future, adequate supporting documents for every transaction undertaken by FBC are maintained and provided upon request.**

### **Unsupported Payments for Miscellaneous Expense**

From the review of the AG's Report, the Committee observed that no supporting documents were seen for payments totalling **Le249, 128,500** for miscellaneous expenses.

The VC submitted all supporting documents to the PAC for inspection, stating that most of the transactions were ongoing at the time of audit.

**The Committee encouraged the VC and team to ensure that in future, adequate supporting documents for every transaction undertaken by the FBC are maintained and provided upon request.**

### **Expenses Ledgers for PAYE and Withholding Tax not submitted**

The AG's Report revealed 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. According to the Report, that implied those transactions undertaken for those expenditures were not included into the financial statements presented to the audit team.

According the VC, gross salaries were posted, but noted that since PAYE and Employee's NASSIT contributions were part of the gross salaries, that could have been deemed as double postings. He assured the Committee that action had been taken to correct the anomaly.

**The Committee instructed Management to make sure that in future, those irregularities are corrected so that the auditors would be able to form an opinion on their audited financial statements.**

**No Bank Reconciliation was done for Bank Accounts maintained by the College for the Year under review**

The Committee observed from the review of the AG's Report that:

- 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; and
- no bank statement was sighted for the bank accounts maintained by the College for the period under review.

**The Committee noted the importance of regular bank reconciliations and therefore instructed the Head of the Finance team to ensure that all bank accounts maintained by the College are reconciled to date and all other supporting documents such as the correct cashbook, bank statements and schedules for items not presented and credited are made available to the auditors.**

#### **IMMIGRATION DEPARTMENT HEADQUARTERS**

Mr Speaker, Honourable Members, the Chief Immigration Officer [CIO] and core staff of the Immigration Department appeared before the Committee to answer audit queries flagged up in the AG's Report. The Committee observed from the review of the AG's Report the following:

- payroll and Human Resource Management;
- management and functional review report;
- procurement irregularities;
- revenue and receipt;
- non-reconciliation between the NRA and immigration records; and
- amount not banked.

#### **Payroll and Human Resource Management**

From the review of the AG's Report, the Committee observed the following:



- sixteen [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** 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 and their personnel files were not presented for audit inspection; and
- the payrolls during the period were compared with the staff list at the end of 2018. The comparison revealed that 29 individuals were paid a total gross salary of **Le528, 567,854** during 2017/2018, but their names were not on the staff list at the end of 2018. These staff had received salaries up to 31<sup>st</sup> December, 2018. The Director of Administration failed to reconcile his personnel records as against the payroll, and their personnel files were not presented for audit inspection.

The Committee's discussions with Management unveiled the following:

- a number of personnel files taken to Audit Service Office at Tower Hill for audit purpose were allegedly not returned and there were even claims that some documents in most of the personnel files returned were missing. Currently, the filing system is organised and staff of the HR Unit were asked to take inventory of all file contents;
- internal staff verification had been completed and the data is being analysed to have a comprehensive and updated nominal roll and more measures are now in place to protect personnel files. He affirmed that missing personnel files had been replaced and would be provided to the audit team; and
- the CIO denied having 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. He said the staff list and payroll had been reconciled and internal staff verification had been completed.

**The Committee noted the CIO's explanation, but advised Management to ensure the following:**

- **copies of all relevant personnel files are duly filed and produced upon request;**
- **quarterly reconciliation of the staff list and payroll so as to detect and correct, with immediate effect, any payroll abnormalities; and**
- **the auditors to follow up on the staff whose names were deleted from the payroll in their next audit exercise.**

#### **Follow-up on Management and Functional Review Report**

The AG's Report revealed that the recommendations in the Management and Functional Review Report were not implemented by the institution. The Report maintained that the statutory instrument that provides the legal framework for the Department had 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.

The CIO admitted that the statutory instruments providing the legal basis for the operations of the Department were indeed fragmented and difficult to comprehend particularly for those new officers. He said that legislations are being presented to Cabinet for consideration and would be finalised soonest.

**The Committee advised the CIO to exercise urgency in ensuring that a comprehensive policy on immigration matters is developed and operationalised, and the recommendations in the Management and Functional Review Report are implemented.**

### **Procurement Irregularities**

The Committee observed from the review of the AG's Report that 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**. The audit report revealed that in each of those procurement activities, RfQ method was used instead of the required NCB method since the activity had been split into phases. The auditors further noted that in FY2018, three procurement activities were carried out in respect of office equipment at a total procurement value of **Le168, 668,250** and the RfQ method was used instead of the required NCB method. This, according to the audit report, is in breach 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 this Act or regulations made under it.

Reacting to the audit query, the CIO disclosed that Management was aware of the fact that procurement splitting is against the Procurement Act. He mentioned that the splitting was not done deliberately, but to actualise the decentralisation process. He said the need to establish a district office in Kamakwie prompted the procurement of additional furniture and stationery. He assured the Committee that Management would endeavour to follow all procurement rules and regulations.

**The Committee described the CIO's excuse as pedantic and therefore warned the entire Management team to desist from flouting the procurement laws of this country, stating that any repetition of such act of omission would attract the wrath of the Committee.**

### **Revenue and Receipt**

The AG's Report disclosed that the total revenue collection as per the NRA revenue cashbook amounted to **Le3,148,384,385** and **Le3,519,738,017** for 2017 and 2018 respectively. The Report however unveiled that the auditors could not confirm the completeness and accuracy of this record because the used receipt books were not presented for inspection.

The CIO mentioned that the receipt books in question were with the ACC at the time the audit exercise was ongoing. He however assured the Committee that Management had retrieved those books and would be provided to the auditors for verification in their next audit.

**The Committee noted the CIO's explanation, but nevertheless advised Management to make sure that in future, duplicate copies of accountable documents are retained for reference purpose.**

#### **Non-reconciliation between the NRA and Immigration Records**

From the review of the AG's Report, the Committee observed that there was no evidence that reconciliations were carried out between the NRA records and those of the Department. This resulted in huge variances between the NRA and the Department that were not reconciled.

The CIO informed the Committee that reconciliation had been done and a new system had been put in place by the new administration to avoid a repetition of what had happened.

**The Committee emphasised the importance of performing regular reconciliations and therefore urged Management to ensure that reconciliations between the NRA and Immigration records are done on monthly basis.**

#### **Amount not banked**

From the review of the AG's Report, the Committee observed that payments amounting to **Le212, 939,033** and **Le28, 088,060** in 2017 and 2018 respectively were not traced into the CRF.

The CIO explained the control mechanisms being put in place to ensure that revenue collected is recorded. He submitted document in respect of the **Le28, 088,060** for 2018 and assured the Committee that the issue relating to the **Le212, 939,033** would be addressed soonest.

**The Committee implored Management to always ensure that revenue collected are banked and evidence are retained for inspection.**

#### **OLA DURING CHILDREN'S HOSPITAL - 2016-2017**

Mr Speaker, Honourable Members, the Medical Superintendent [MS] and core staff of Ola During Children's Hospital availed themselves before the Committee to answer to audit queries flagged up in the AG's Report. The Committee observed from the review of the AG's Report the following audit queries:

#### **Non-Submission of accountable Documents**

The Committee noted from the review of the audit report that:

- the bank statements were submitted, but the cashbook and bank reconciliation statements for 2016 and 2017 were not submitted for audit inspection. This contravened Section 36[1a] of the Audit Service Act of 2014; and
- the bank statements submitted to the auditors revealed that supporting documents for bank withdrawals to the tune of **Le2, 438,223,850** were not submitted for inspection.

The FO submitted the bank reconciliation statements and cash book for 2016 and 2017 for inspection. However, the MS disclosed that her predecessor denied having knowledge of the **Le2, 438,223,850** withdrawn from the account. She concluded that the amount in question could not be traced in any of their records.

**In view of the above, the Committee recommends that the ACC investigates the utilisation of Le2, 438,223,850 within 30 days of the adoption of this report by Parliament.**

#### **Unsupported and Un-receipted Payments**

From the review of the AG's Report, the Committee observed the following:

- from a total bank withdrawal of **Le2,008,122,440**, supporting documents were submitted for **Le1,305,125,475**, leaving a balance of **Le702,996,965** without supporting documents; and
- payments made to various suppliers to the tune of **Le105, 695,678** were without adequate supporting documents.

Asked to explain the whereabouts of **Le702, 996,965** and **Le105, 695,678**, the FO submitted some documents which were observed insufficient to address the query. The Committee blamed Management for failing to observe the stated regulations in executing financial transactions with public funds. Again, the Committee questioned the existence and relevance of the Internal Audit Unit in terms of examining payment vouchers before approving approval for payment.

**Contingent upon the above, the Committee recommends that the ACC investigates the utilisation of Le702, 996,965 and Le105, 695,678, within 30 days of the adoption of this report by Parliament.**

#### **Payment of Statutory Deductions**

From a total of **Le121, 840,096** withholding taxes deducted from various suppliers to the tune of **Le95, 624,831** were submitted for inspection leaving a balance of **Le21, 925,265** to be submitted.

In his response, the FO submitted a receipt in respect of the **Le21, 925,265** withholding taxes.

**The Committee applauded Management for implementing the recommendation of the auditors; but however encouraged the team to ensure that in future, withholding taxes deducted are paid immediately to the NRA.**

### **Lack of Controls over the Receipt and Issuance of Therapeutic Feeding Items**

From the review of the AG's Report, the Committee observed the following:

- 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;
- 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 20<sup>th</sup> September, 2017 respectively on behalf of the Hospital. However, the names of these two people were not on the HR staff list for 2017;
- 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;
- 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;
- 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.

The Committee's discussions with Management and documents submitted to the Committee for inspection disclosed the following:

- the Unit received supplies from the suppliers using three types of documents; i.e., Invoice Channel health Supply Management System, RRIV gate-pass and Requisition Forms;
- Management tendered in evidence documents relating to the utilisation therapeutic products by the beneficiaries;
- Hawanatu Sento Kargbo and Abie Nyanda were employees of Action Against Hunger [AAH], which is an implementing partner, working in collaboration with the Directorate of Food and Nutrition. Due to the numerous challenges faced by the Unit, AAH was usually contracted to receive and transport therapeutic products. The Committee was presented with records showing receipt and delivery of 90 cartons of therapeutic milk by Hawanatu Sento Kargbo and 100 cartons of Resamol by Abie Nyander;
- Measures have been put in place wherein the officer-in-charge was no longer acting as storekeeper, distributor and records keeper. The MS also stated that measures to obtain gate-pass every time supplies are taken out of the DHMT gate are being enforced; and
- the Hospital is faced with limited storage facility; and as a result, most items are distributed immediately they are brought to the Hospital.

**The Committee noted the MS' explanation, but instructed Management to institute adequate internal control systems for the receipt and issuance of store items. The Committee also called on the audit team to follow-up on this particular audit query in their next audit exercise.**

#### **Donated Therapeutic Items Missing from the Store**

From the review of the audit report, the Committee observed the following:

- 132 cartons of ready-to-use therapeutic food supplies donated by the Aberdeen Women Centre [AWC] on 8<sup>th</sup> August, 2018 to the Therapeutic Feeding Centre was not seen in the store; and
- no record to ascertain how the supplies donated by the Aberdeen Women Centre were utilised and multi-charts cards submitted did not show how those supplies were utilised alongside other supplies from the DHMT.

The Committee's engagement with the Nutritionist revealed the following:

- the supplies in question were meant for the Out-Patient Therapeutic Programme [OTP];
- the 132 cartons of ready-to-use therapeutic food supplies were received by the Store Clerk in the absence of the Nutritionist-in-charge, who was on annual leave; and
- the Nutritionist submitted documents, such as OTP Admission card and the IPF Multi-Chart in respect of a decision to extend the facility to the In-Patient-Facility [IPF].

**The Committee commended the Nutritionist for addressing the auditors' concerns, but stated that in future, the relevant supporting documents are submitted to the auditors on time, otherwise the activity would not be considered genuine.**

#### **Therapeutic Feeding Items Pilfered from the Store**

The AG's Report disclosed that the balance stock for the last supply in 2018 was intact in the store; upon checking the contents of the boxes, the auditors discovered that eight boxes of 20 were empty, and two were half full.

The MS informed the Committee that eight of those empty boxes were the ones emptied by the OTP staff-in-charge and they were kept in store as evidence since the auditors always cast doubt on the utilisation of the products. The MS further disclosed that a Storekeeper and a security personal had been attached to that particular store to prevent the items from being stolen.

**The Committee noted the Nutritionist's explanation, but implored the auditors to keep an eye on this query in their next audit exercise.**

### **PRINCESS CHRISTIAN MATERNITY HOSPITAL - 2016-2017**

Mr Speaker, Honourable Members, the Medical Superintendent [MS] and core staff of

Princess Christian Maternity Hospital [PCMH] appeared before the Committee to answer to audit queries flagged up in the 2018 AG's Report.

The Committee observed from the review of the AG's Report that only one audit query relating to 'night shift absenteeism' was still unaddressed. According to the Report, 12 nurses assigned to the night shift did not report for duty as they failed to make themselves available for physical verification.

Reacting to the audit query, the Medical Superintendent mentioned that the staff were expected to abide by the policies of the Hospital, including the nightshift policy. She however presented copies of the query letters served to the staff in question by the hospital secretary and disciplinary actions had been taken against them by the Disciplinary Committee.

The Committee commended the MS' actions against the 12 staff, but however expressed grave concern over Management's blithe attitudes towards ensuring robust monitoring mechanisms of all staff. Thus, the Committee inferred that because the staff in question knew that Management was not monitoring or keeping track of what they do, they exploited the situation to behave the way they did. The Committee concluded that the behaviour of those staff indicated monitoring lapses and that could have cost the lives of our children.

**The Committee instructed Management to make sure robust monitoring mechanisms are put in place, so that every staff on duty is properly monitored.**

#### **MINISTRY OF TRANSPORT AND AVIATION - 2014-2018**

Mr Speaker, Honourable Members, core staff of the Ministry of Transport and Aviation appeared before the Committee to answer to audit queries flagged up in the 2018 AG's Report. The Committee observed from the review of the audit report the following audit queries:

##### **Un-receipted Payments**

The Committee noted from the review of the audit report that payments totalling **Le160, 802,498** 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. This, according to the auditors, contravened Section 73 [1] of the Financial Management Regulations of 2007, which states that all disbursements of public monies shall be properly supported by payment vouchers.

Asked to explain why supporting documents were not provided for payments totalling **Le160, 802,498**, the PS tendered in evidence supporting documents for transactions amounting to **Le52, 976,278** for the Committee's verification, leaving a balance of **Le107, 826,220**.

**The Committee requested the PS to ensure that all supporting documents for payments amounting to Le107, 826,220 are submitted to the auditors for inspection, otherwise the PS and the Accountant would have to pay. The Committee further admonished the Accountant to ensure that in future, payment vouchers are provided with adequate supporting document.**

### **Use of Selling instead of Buying Exchange Rates**

The audit report disclosed that there were over payments to vendors due to the use of 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**.

Reacting to the audit query, the Senior Procurement Officer [SPO] explained that the NPPA is responsible to issue standard bidding documents for mandatory use by all Procurement Officers across MDAs. The SPO referenced Clause 25.2 of the bid data sheet of the bidding, which states that 'all bids in other currencies will be converted to Leones at the selling exchange rate quoted by the central bank of Sierra Leone. Thus, the SPO concluded that the conversion was done using the selling exchange rate, rather than the usual mid-rate.

**The Committee reasoned with Management and advised the PS to proffer this explanation and the relevant Clause that guided their actions to the auditors.**

### **Procurement Irregularities**

The Committee observed from the review of the audit report 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. The Report disclosed that 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 requests, the vehicles were not made available for physical verification.

Responding to the audit query, the PS disclosed that the supply of the two Limousine Chrysler vehicles to the Office of the President did not follow standard procurement procedures because the said vehicles were already in possession of the Office of the President before the decision to sell those vehicles was made. The PS maintained that even though the sole sourcing method was recommended by the Procurement Committee of the Ministry, the Executive Clearance dated 5<sup>th</sup> March, 2015 from the Office of the President to make payment to the supplier, EPA Services and Company Ltd clearly stated that the vehicles were already in use before any procurement method was initiated.

**The Committee noted the PS's explanation, but advised that in future, procurement procedures are followed in the acquisition of goods and services.**



## **Procurement of 232 Vehicles**

From the review of the AG's Report, the Committee observed the following:

- the Ministry entered into a contract on the 2<sup>nd</sup> February 2018, 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, but only **Le2,017,203,500 [US\$263,105]** was paid, leaving a balance of **Le41,785,771,300**;
- in a letter dated 22<sup>nd</sup> May 2018, from the Financial Secretary [FS], the 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 elapsed and the advanced payment guarantee also expired since 2<sup>nd</sup> April, 2018.

The Committee's discussions with the PS disclosed that even though an Executive clearance was later issued for the payment of the remaining **Le 41,785,771,300**, but no action was taken by Government to either continue or recover and terminate the **Le2, 017,203,500 [US\$263,105]** payment already made to the contractor.

**In view of the above, the Committee recommends that the PS, through correspondences, draws the attention of the Ministry of Finance to either continue with the contract or recover the Le2,017,203,500 [US\$263,105] without further delay.**

## **Procurement of 40 Vehicles for Law Officers Department**

The Committee observed from the review of the audit report that the requirement, as spelt out in Section 135[3] of Public Procurement Regulations was not followed when the Ministry entered into contract with Platinum & Co. Limited on the 13<sup>th</sup> November, 2015 for the supply of 40 vehicles for a contract sum of **US\$2,621,800**. The Report disclosed that 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. According to the audit report, only 15 of the 40 vehicles were supplied, and the Performance Bond and Advance Payment Guarantee expired since June, 2015. The Report concluded that there was no evidence of action taken by the Ministry to recover the advanced payment in the event of non-performance by the supplier.

Reacting to the above mentioned audit query, the PS stated that the procurement process in respect of the 40 vehicles between the Ministry and Platinum & Co Ltd was included in the Commissions of Inquiry and no further action was taken by the Ministry to recover the **50%** advanced payment. The PS presented a letter dated 16<sup>th</sup> July, 2020 from the Ministry,

requesting ACC to investigate the contract under consideration for the supply of forty [40] vehicles which he said was still ongoing.

**The Committee noted the efforts made by Management, but instructed the PS to ensure that a reminder is sent to ACC, so that urgency is exercised to resolve this matter.**

### **Inadequate Personnel Management System**

From the review of the audit report, the following were noted:

- salaries totaling **Le448, 389,012** 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 review were also not submitted for inspection; and
- 35 vacant positions existed at the Ministry and there was no evidence of action taken to address the situation.

A review of the documents submitted to the Committee revealed the following:

- the 58 staff in question were employees of the then Meteorological Department and Mainstream Civil Servants who were working for the Ministry, later transferred to other MDAs without deleting their names from the Ministry's payroll;
- with the transformation of the Meteorological Department to an Agency, the issue had been adequately addressed; and
- due to the moratorium placed on recruitment by the Government of Sierra Leone, that had made the situation more cumbersome to fill the 35 vacant positions within the Ministry. However, the Human Resource Officer stated that the Ministry is undergoing a restructuring process to temporarily address the situation.

**The Committee applauded Management for the initiative, but called on the HR Department of the Ministry to closely monitor issues relating to staff and report any abnormality detected to the PS for immediate action.**

### **Information and Communication Technology [ICT]**

The Committee observed from the review of the audit report that there were no formal documented policies or procedures for disaster recovery and security management, physical access control and environmental control back-up.

The Committee's engagement with the PS revealed the following:

- it is not the responsibility of MDAs to develop ICT policies because the Ministry of Information and Communication, which is the parent body for ICT related matters, had developed a National ICT Policy since 2016 to regulate ICT operations across MDAs. He however disclosed that MDAs are expected to develop Standard Operating Procedures

[SOPs] on the acquisition and use of ICT tools. He submitted the Ministry's SOPs, which covered areas such as backup and recovery, security administration, change control, operations and maintenance, and disaster recovery;

- the existence network infrastructure at the Ministry had been overhauled to ensure reliable and consistent internet with a view to expediting the day-to-day operations of the Ministry. He said that Phase 1 [Professional Wing] had been completed and Phase 2 [Admin & Political Wing] is still ongoing;
- a Server Room had been created and equipped with ICT equipment, including Cisco switches and routers to strengthen the network in the Ministry. However, the PS stated that the Ministry had challenges with the installation of the Servers to store data and other vital information, which the Ministry is currently working on; and
- the Ministry's Website, which is the face of the Ministry, had been redesigned to make it interactive and reflect the mission and vision of the Ministry.

**The Committee emphasised the importance of ensuring functional ICT environment within the Ministry; and thus called on Management to make sure that the challenge experienced by the Ministry to install Servers that are expected to store data and other vital information is addressed without further delay.**

### **Freetown International Airport Project [Mamamah Project]/Management of the Mamamah Project**

From the review of the AG's Report, the Committee observed the following:

- 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; and as such, it was not possible for the audit team to have a detailed understanding of how that Project operated during the period under review;
- the sum of **Le14, 699,018,440** was allocated to the Freetown International Airport Project [Mamamah Project] by the Government of Sierra Leone and the expenditure returns in respect of this amount was not submitted for inspection;
- 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 22<sup>nd</sup> May 2013 for a concessional loan totaling **¥17,773,471,160**. On the 8<sup>th</sup> February, 2018 there was a concessional loan agreement between the Government of Sierra Leone and the Export-Import Bank of China totaling **¥1,240,000,000**. However, the status was not clarified to the audit team and there were no reference documents submitted.

The PS disclosed that in spite of the several letters sent to the Director of the Mamamah Airport Project to ensure that all responsible officials availed themselves for audit verification, no response from the Director. The letters dated 12<sup>th</sup> February and 5<sup>th</sup> March, 2019 requested

the submission of all documents and relevant information relating to the operations of the Project, but to no avail.

**In view of the above, the Committee recommends that the Director and all those who failed to avail themselves are forcefully arraigned before the auditors for interviews and clarifications.**

### **PHARMACY BOARD OF SIERRA LEONE**

Mr Speaker, Honourable Members, the Acting Registrar and core staff of Pharmacy Board of Sierra Leone appeared before the Committee to respond to issue relating to non-submission of the Board's Financial Statements for the period under review. The Committee's engagement with the Acting Registrar and other core staff of the Board revealed the following:

- the Financial Statements for 2018 was submitted late to the auditors due to the fact that the documents in question were with a private firm that was auditing the Board;
- the 2018 and 2019 Financial Statements have however been submitted to the auditors and the audit process was ongoing;
- the Board is seriously underfunded and the annual allocations are hardly disbursed to the Board;
- the Board lacked professional pharmacists; and as a result, many nurses and CHOs are acting as pharmacists, which Management described as catastrophic and fatal. Those who are qualified as professional pharmacists are few and are unable to manage the thousands of pharmacies across the country;
- the substantive Registrar of the Board had been on sick leave for almost three [3] years now and that had incapacitated the Board in terms of undertaking major activities and decision making process; and
- the current Acting Registrar had been in that Acting capacity for almost three [3] years.

**In view of the above, the Committee recommends the following:**

- **the Committee on Health and Sanitation probes into the Board's activities with a view to identifying in detail the Board's challenges and suggest ways of addressing them; and**
- **the current Acting Registrar is either promoted to the position of Registrar or the position is advertised.**

### **TERTIARY EDUCATION COMMISSION - 2017**

Mr Speaker, Honourable Members, core staff of the Tertiary Education Commission [TEC] appeared before the Committee to respond to one audit query relating to the utilisation of **Le 13,350,000** without sufficient documents.

Asked to explain why the documents were not submitted for audit inspection, the Accountant tendered in evidence adequate supporting documents in respect of the **Le 13,350,000**. The Accountant disclosed that **Le 10,000,000** was given to Madam Haja M. Mandi, a former Board Member of the Commission, as medical assistance and the remaining **Le 2,350,000** was payments made to EDSA as electricity bill. Questioned whether the Commission had a functional medical policy that authorised Management to disburse the said amount to Madam Haja M. Mandi, the Accountant submitted the policy to the Committee for inspection. The Accountant however noted that the said policy had been put on hold since the inception of the new administration.

Further inquiries into the activities of the Commission revealed the following:

- the Commission had been suffering from over **45%** budget cut every financial year;
- the Commission lacked mobility to monitor educational institutions nationwide;
- the existing Act limits the Commission's mandate to levy fines or close unaccredited educational institutions; and
- as a temporal remedy, the Commission signed an MoU with the Sierra Leone Police to shut down educational institutions awarding degrees without accreditation, or in some cases, to compel compliance.

**In view of the above, the Committee recommends the following:**

- **Management fast-tracks the review of the Act to include sanctions against defaulters or educational institutions awarding degrees without accreditation;**
- **Management continues to use the Police as a temporal measure against defaulting institutions;**
- **the Commission's annual allocations are increased and given on time; and**
- **Management should solicit funds from development partners to enable it address major challenges, such as mobility and accommodation.**

#### **PARLIAMENTARY SERVICE - 2016-2017**

Mr Speaker, Honourable Members, core staff of the Parliamentary Service appeared before the Committee to respond to audit queries relating to procurement irregularities. From the review of the audit report, the Committee's observed the following:

- of the **Le182,695,500**, supporting documents were provided for payments totaling **Le146, 205,500** in 2016, leaving a balance of **Le36, 490,000** for which pro-forma invoices were not submitted;
- of the **Le169,656,000**, supporting documents were submitted for **Le103, 902,500** in 2017, leaving an amount of **Le65, 753,500** for which three pro-forma invoices were not provided; and
- supporting documents for **£8,800** paid to consultants in respect of consultancy work for Westminster Foundation for Democracy were not provided for audit inspection.

Reacting to the audit queries mentioned above, the Finance Director presented adequate supporting documents in respect of the outstanding balances mentioned above.

**In view of the above, the Committee advised the team to ensure that in future, adequate supporting documents are submitted to the auditors at the time of audit.**

### **MINISTRY OF HEALTH AND SANITATION [HEADQUARTERS]-2017**

Mr Speaker, Honourable Members, the Permanent Secretary and core staff of the Ministry of Health and Sanitation appeared before the PAC to respond to audit queries flagged up in the 2018 AG's Report. From the review of the audit report, the Committee noted mammoth of audit queries against the Ministry.

Asked to update the Committee on the status of the issues in the 2018 Audit Report, the PS informed the Committee that the issues were still unresolved due to the non-compliance of the former PS. He added that most of the staff in managerial position at that time had left the Ministry and the current management team is virtually new to respond to those audit queries. He maintained that despite the several calls to get the former PS' responses proved futile.

**In view of the above, the Committee advised the current PS to ensure that in future, correspondences are sent to the former PS and other core staff, drawing their attention to the 2018 Audit Report. The Committee added that if they failed to comply, the PS should use the Police to enforce compliance.**

### **NATIONAL COMMISSION FOR DEMOCRACY**

Mr Speaker, Honourable Members, the Executive Secretary and other core staff of the National Commission for Democracy [NCD] appeared before the PAC to respond to audit queries raised in the 2018 AG's Report. From the review of the audit report, the Committee noted three audit queries as mentioned below:

- authorisation control;
- segregation of duties; and
- monitoring of controls.

#### **Authorisation Control**

From the review of the audit report, the Committee observed that the 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. The Report disclosed 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.

In his response, the Executive Secretary stated that the authorisation was changed on the 5<sup>th</sup> March, 2020 and payment authorisation now requires the signatures of the Chairman, the Executive Secretary, Director of Programmes and Finance Director. The Executive Secretary disclosed that the recent administrative arrangements would enable the Executive Secretary to oversee the administration and finance, in consultation with the Chairman.

**The Committee applauded Management for their efforts, but insisted that a Commissioner with finance and audit background be appointed to provide 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.**

### **Segregation of Duties**

From the review of the AG's Report, the Committee observed the following:

- 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; and
- the three finance officers deployed in the four regions are apparently severely underutilised even though they are being 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 that was not their first audit.

The Executive Secretary disclosed that the situation had been put under control and nobody is usurping the roles and responsibilities of others. He assured the Committee that such audit queries would not appear in the 2019 Audit Report.

**The Committee noted the Executive Secretary's assurance, but reminded the team to ensure that the finance officers should 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.**

### **Monitoring of Controls**

The audit report revealed that the NCD appeared to have good policies in the areas of Financial Reporting, Human Resources Management etc., according to their various policy documents in those areas. The Report however unveiled that 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 obtained within the Commission.

According to the Executive Secretary, the Ministry of Finance had recently posted an internal auditor who is also providing audit function to the Commission's supervisory ministry, the Ministry of Political and Public Affairs.

The Committee commended Management for implementing the recommendations of the auditors. The Committee noted the relevance of the internal auditor in terms of monitoring controls by auditing the application of those provisions in the various policy manuals.

**Thus, the Committee advised Management to ensure that the internal auditor is provided with the required working tools and a convivial working environment to enable him provide insight into Commission's policies, culture, procedures, risk mitigation controls and compliance with the relevant laws and regulations without hindrance.**

## **CONCLUSION**

Mr Speaker, Honourable Members, this report is a manifestation of the fact that the Multi-Donor Group could be interested in supporting the work of Parliament. Indeed, all those who supported the 2018 budget would want to be assured that taxpayers' moneys are properly accounted for. Thus, the activities of the PAC have steadily progressed throughout the past years to its current state, where it is possible to speak of the revival of public interest in issues of corruption, misappropriation of public resources and abuse of office. Through naming and shaming irresponsible public officials and recovery of public resources wrongly appropriated, the PAC has contributed to the improvements in public accountability.

The Committee is happy to state here that its activities for the past years have greatly helped to signal the following:

- the restoration of public confidence in Audit Service Sierra Leone as an institution that is capable of dealing with the excesses of the Executive to the extent that whistle-blowers are turning over to PAC instead of the Executive;
- the exposure that corruption is not limited to political officeholders; but inclusive of many categories of public servants and service providers who appeared before the Committee. This indicates the pervasive nature of corruption;
- the focus on transactions in this report does not preclude other law enforcement agencies from investigating some major institutions which form the content of this report.
- that system failure rather than poor supervision by political authorities appears to be the cause of poor accountability in the public sector.

Mr Speaker, Honourable Members, the Committee was not satisfied with the way some transactions were handled by certain MDAs/Local Councils. Thus, the Committee is calling on

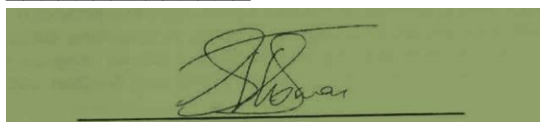


the ACC to probe into the following institutions immediately the Report is adopted by the House:

- Ministry of Finance;
- Ola During Children's Hospital;
- NATCOM;
- Ministry of Health and Sanitation;
- Ministry of Transport and Aviation.

Mr Speaker, Honourable Members, the report reflects the unanimous view of the Committee. I therefore move that the recommendations contained therein be adopted by the House.

Hon. Segepoh Solomon Thomas

A rectangular area with a solid green background containing a handwritten signature in black ink. The signature is stylized and appears to be 'S. Thomas'. There are thin horizontal lines above and below the signature.

Chairman, Public Accounts Committee