



Government of Sierra Leone

**REPORT OF THE PUBLIC ACCOUNTS
COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON THE ACCOUNTS OF
MINISTRIES, DEPARTMENTS AND
AGENCIES FOR THE FINANCIAL YEAR**

2014

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LIST OF ACRONYMS

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

1. BACKGROUND

Mr Speaker, Honourable Members, modern democracies are characterised by shared decision making by the legislative and executive branches. Generally speaking, a country's constitution formally structures this interaction. For legislators to be able to play their role of representation, oversight and legislation, there is need for certain degree of symbiotic relationship between the branches in policy making. The legislature must have some capacity to monitor the Executive, and the Executive needs to be willing to comply with legislative enactments.

In nearly all democracies, leaders of the executive branch typically command much of the political power, control financial resources and possess dedicated staff to develop policies and implement laws, produce the bulk of legislations, manage government contracts, and administer government programmes.

Generally, Parliament represents the diversity of individuals and groups in society. One of its key roles is to oversee executive spending and performance; implying that the financial function of government is a key responsibility of the legislature. In the parliamentary parlance, Parliament is often referred to as the legislature's power of the purse; which by implication is the central point of reference in terms of public transparency and accountability. The hunch is that Parliament has the power of the purse to authorise and scrutinise the utilisation of public resources and ensure prudent accountability of financial, human and material resources. Thus, the use of public resources must, therefore, be explained to the people's representatives by those who manage these resources and such resource managers must be held accountable for their actions. It has been observed that the lack of transparency and accountability on the part of civil servants and other public officials has resulted in inhibiting continued development in most developing countries like Sierra Leone.

Contingent upon the above, Parliament, through its oversight of the Executive, is charged with the responsibility of ensuring accountability and openness of government. This is based on the belief 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. To perform its oversight responsibility, the Parliament of Sierra Leone operates through a 'Committee System' to checkmate the activities of government officials and those of non-governmental organisations in relation to monies they expend for and on behalf of government both within and without, for the betterment of all Sierra Leoneans.

Against this backdrop, Mr Speaker, Honourable Members, the Public Accounts Committee [PAC] of the Sierra Leone Parliament is one of the Standing Committees, primarily charged with the responsibility to take evidence 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 evidence in order to form the basis of the PAC Report.

2. INTRODUCTION

Mr Speaker, Honourable Members, 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 audit reports, the Committee considers:

- issues raised in the audit reports;
- the significance of the audit findings; and
- arguments advanced by audited institutions; and the public interest in the report.

The Auditor General, after a review of the accounts of Ministries, Departments and Agencies [MDAs] for 2014 financial year, compiled a report that was presented to Parliament at the end of 2015 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 suggesting the actions to be taken on officials put in charge of those 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 MDAs under consideration. This Report, originating from the Report of the Auditor-General on MDAs for the financial year 2014 is an attempt to present the Committee's observations and recommendations. In this regard, the Report focuses on quality service delivery and provides recommendations for improvement.

3. MANDATE OF THE COMMITTEE

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

The Committee draws its legal standing 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 Committee 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. PAC's role is to examine the audited financial statements of the country, otherwise known as public accounts, as well as those of the MDAs. The Committee 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, 2004 and the Government Budgeting and Accountability Act, 2011 [Now known the Public Financial Management Act, 2015] and other related legislations and regulations, which impact on public financial management and fiscal discipline.

4. PROCEDURE

Mr Speaker, Honourable Members, the Committee received and examined the Auditor-General's report on the Accounts of Sierra Leone for the year 2014 on MDAs, submitted under Section 119[4] of the 1991 Constitution, as laid before Parliament at the end of 2015. 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 MDAs for 2014 were sent out to all Vote Controllers, requesting their physical presence and of past and present core staff; i.e., Permanent Secretaries [PS], Finance Officers [FOs], Accountants, Procurement Officers [POs], Internal Auditors [IA], Store Clerks, and other senior officials to respond to queries reported by the auditors. 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 raised in the Audit Report, the Committee observed traditionally established parliamentary procedures. For instance, reading the relevant provisions in the Constitution and the Standing Orders to accentuate 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 cautioned media houses about premature publications of Committee decisions as contained in S.O. 75[1 – 3].

5. ACKNOWLEDGEMENTS

Mr Speaker, Honourable Members, 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 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 Audit Service. 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, David Saffa and Musa L. A. Foullah, who worked tirelessly, formulating the Committee's findings into this Report.

6. MEMBERSHIP OF THE COMMITTEE

Mr Speaker, Honourable Members, according to the provisions of Standing Order 70 [1], the Public Accounts Committee comprises the following Members:

Hon. Chernor R.M. Bah, **Chairman;**

Hon. Komba E. Koedoyoma, **Deputy Chairman;**

Hon. Hassan B. Sheriff, Member;

Hon. Sulaiman Muluku Sisay, Member;

Hon. Alpha B. Lewally, Member;

Hon. Francis A. Konuwa, Member;

Hon. Lahai Marah, Member;

Hon. Alhassan Jero Kamara, Member;

Hon. Dr Foday I. Suma, Member;

Hon. Helen Kuyembah, Member; and

Hon. P.C Alhaji Bai Shebora Yek II, Member.

7. OFFICE OF THE AUDITOR-GENERAL

Mr. Speaker, Honourable Members, 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 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. GENERAL OBSERVATIONS AND RECOMMENDATIONS

[i] 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, 2014 be strictly adhered to.*

[ii] The Committee observed that there were no standard rules relating to the distribution of airtime/top-up cards to officials in MDAs. *In light of the above, therefore, the Committee recommends that standard rules for the distribution of airtime/top-up cards be developed and approved by management for onward implementation.*

[iii] During cross examination of the issues raised by the auditors, the Committee observed some amount of dishonesty in the use of fuel. In fact, the non-availability of guidelines for the distribution of fuel chits to officials further worsened the situation. *In this light, the Committee recommends that guidelines are put in place for the distribution of fuel chits.*

[iv] On withholding taxes, the Committee observed that they were not normally deducted at source. Besides, it was observed that some MDAs withheld taxes, but refused to remit same to the National Revenue Authority [NRA]. *Therefore, the Committee recommends that all statutory deductions are deducted and remitted to NRA.*

[v] Mr Speaker, Honourable Members, the Committee further observed that Managements queries were not responded to within 30 days by many MDAs as stipulated by the Audit Service Act. *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].

[vi] Most MDAs cross examined failed to submit their annual financial accounts for auditing on time, thereby contravening the provisions of the Public Financial Management Act. *In light of the above, therefore, the Committee recommends that institutions that failed to submit their annual accounts on time be dealt with appropriately; and Section 94 of the Public Financial Management be invoked.*

[vii] It was indeed observed, especially regarding revenue generating MDAs that receipt books, Fixed Assets Registers and Inventory Ledgers were not properly maintained. *The Committee recommends that the various accounting manuals are developed and implemented.*

[viii] Mr Speaker, Honourable Members, the Committee noted weak internal control systems 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 minimize and or eradicate wastage.*

[ix] Mr Speaker, Honourable Members, an issue closely and methodically observed during the Committee's engagement with the MDAs was that some MDAs were still retaining staff who had exceeded the statutory retirement age of 60 years. In that regard, the Committee promised to summon the Public Service Commission [PSC], Head of the Civil Service and the Human Resource Management Office [HRMO] to find possible ways of resolving the issue. *However, the Committee recommends that monthly reconciliations between details on the payroll database and the MDAs staff lists are carried out so as to reduce irregularities.*

9. MINISTRIES, DEPARTMENTS AND AGENCIES [MDAs]

1.0 THE SIERRA LEONE STATE LOTTERY COMPANY [SLSLC]

Mr Speaker, Honourable Members, as at the time of the Committee's engagement with the Sierra Leone State Lottery Company Limited, the issues that were previously reported in the 2014 Audit Report were confirmed to have been resolved. The resolved issues are:

1.1 Cash Excluded From Cash and Bank Balances in the Financial Statements

Cash in hand as at the year's end reserved for payment of winnings were excluded from the cash and bank balances in the financial statements. Cash in hand for the payment of winnings must always be included as the Company's liquid asset and provision for winnings set up as a liability.

1.2 Procurement Policies and Procedural Manual

The organisation had a procurement and procedural manual in operation. However, it was observed that they did not always comply with some of the procurement procedures for certain items of expenditure due to local prevailing conditions in the country.

1.3 No Corresponding Documents In Employee Personal Files

It was observed that employees had no corresponding documents in their personal files to confirm authorisation of increases in wages and salaries.

1.4 Fixed Assets Written Off Not Removed From the Company's Inventory Records

Assets that had been disposed of or written off were not removed from the Company's inventory records. It was also noted that the company's land and building were grossly undervalued.

1.5 No Insurance Policies in Place

There was no insurance policy in place for the amount of cash in hand held by the Company to pay winnings. This amount was in excess of **Le30, 000,000** and was a material sum of money. In addition, past events in the country required the company's management to assess the risk and put a policy in place to transfer the risk of loss that may result in theft due to any unforeseen circumstances. Furthermore, it was observed that there was no insurance policy in place to indemnify management personnel against action that may arise in the conduct of their respective duties that may aggrieve third parties.

In that regard, Mr Speaker, Honourable Members, the Committee recommends that the aforementioned issues be closed, since they were confirmed by Audit Service to have been resolved.

However, Mr Speaker, Honourable Members, few issues, as listed below are still outstanding:

1.6 Long Outstanding Debtors

The amount of debt owed to the Company by various debtors as at 31st December, 2013 amounted to more than **Le3 billion**. From the review, there was concern about the substantial sums owed by the National Commission for Privatisation [NCP] and the length of time the debt had been outstanding and continued to accumulate as a result of NCP's failure to meet its rental obligations. There were also concerns raised about the sum of **Le 28,457,078** owed for rent by SBTS since 2006 and were therefore, of the opinion that the debt was irrecoverable and should be written off.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the Committee asked the Managing Director of the Sierra Leone State Lottery Company to explain why the aforementioned issue was yet to be resolved. In his response, the Managing Director informed the Committee that following consultations with the NCP, they had jointly requested the NRA to conduct an audit exercise, whereby moneys owed by NCP would be counterbalanced; and that the outcome of the audit would enable the Company to arrange with the Ministry of Finance and Economic Development for a cross settlement of the debt, so that monies owed by the Company in the form of taxes to the government could be used to offset same.

According to the Managing Director, NRA had conducted its audit and had just submitted its report to Management. He informed the Committee that the exercise would be followed by a formal request from the Ministry of Finance, as it is the body that would eventually take final decision on the issue. The Managing Director said that *“Until and unless the Ministry of Finance gives it final approval, the Company cannot guarantee as to whether the issue will not be repeated in the subsequent audit report.”* He admitted that their situation remained fragile until the matter is properly resolved.

Questioned on whether the Company's arrangement with the Ministry of Finance was done in writing, the Managing Director admitted that the entire arrangement was documented, citing the request he made to NRA. He said that the Company wrote to the Ministry of Finance in 2014 which resulted in the payment of some amount. He told the Committee about the other

residual balance, amounting to **Le 358,000,000**. That he made the Company to ask NRA for an audit to be conducted on the issue. He informed that when that is eventually done, then the Company's Management would use the Report to formally write to the Ministry of Finance to offset the debt with the government. He further admitted that the Company owed government certain amount in the form of taxes, including 'Pay-As-You-Earn [PAYE].

Queried on why Management had taken so long to pay the much needed taxes to government, the Managing Director disclosed to the Committee that some of the outstanding amounts owed to government were inherited from the previous administration. Nevertheless, upon assuming of office as Managing Director of the Company in 2012/2013, he made arrangement for cross debt transactions because government owed the Company a certain amount, which was to be paid through NCP and the sales of the London property which gave the Company a residual balance of **Le 358,000,000**. He said that the amount in question, coupled with the NRA Report, gave the Company the legitimate right to solicit a counterbalance arrangement.

Reacting to the Committee's enquiry on the Company's efforts in liaising with the National Commission for Privatisation [NCP] on the one hand and the involvement of the Public Debts Management Division in the Ministry of Finance in resolving the issue under discussion, the Managing Director informed the Committee that the Company was constantly in touch with Management of NCP for a compensating equivalence. He also told the Committee that the attention of the Public Debts Management Division in the Ministry of Finance had been drawn to the issue, but no action was proposed to resolve it.

Asked to provide materiality of evidence in the form of written correspondence[s] to establish whether there was communication between State Lottery Company on the one hand and Public Debts Management Division and NCP on the other, the Managing Director could not produce any documentary evidence to substantiate his claims. Therefore, the Committee was not convinced that there was communication between the Company and the institutions in question.

Responding to the Committee's query on the Company's commitment in tax compliance, the Managing Director admitted that the Company had not been paying taxes to government on time because of financial constraints. He assured the Committee that with the implementation of the compensating equivalence proposal, all outstanding payments would be finalised. He however said that the government would still have some outstanding debts to pay to the Company, even after the full implementation of the cross debt arrangement.

Speaking on the **Le28, 457, 078** owed to the Company by STBS, the Managing Director revealed that SBTS initially owed the Company over twenty-eight million Leones, but when a litigation was brought against SBTS, it paid more than **Le 10,000,000** in cash. Questioned on the whereabouts of the remaining amount, the Managing Director informed the Committee that the balance was yet to be paid, but that the Company was able to take STBS' properties left behind such as internet, computers, etc. as indemnities. Asked to give a situational report on those properties left behind by SBTS the Management team evaded the question and only informed the Committee that they had been using the said equipment.

Speaking on the status of the debt in question, Mr Speaker, Honourable Members, the Managing Director informed the Committee that he was not too sure about the current status of that debt, but requested the Committee to give them more time that would enable them

make further investigations into the issue. The request was granted by the Committee on the basis that sufficient information should be provided to the Committee upon which the Committee would take its final decision.

In view of the above, therefore, the Committee recommends that:

- *the issue between the Company and NCP be critically examined by the two Management teams and submit a report to the Committee within 30 days after the adoption of Report by Parliament. In that report, the two management teams must provide a breakdown of the amount owed to each party and the present status of the issue;*
- *the Managing Director should provide an inclusive report on all assets/liabilities left by SBTS within 30 days after the adoption of this report by Parliament; and*
- *the Company should always honour its tax obligation to government.*

1.7 Regulatory body

It was noted with dismay that the gambling sector within which the company operated had no regulatory body. It was the opinion of the auditors that there was a serious downside for Sierra Leone State Lottery Company's viability in the face of the rigid competition it faced with privately owned companies in an unregulated industry.

Committee's Observations and Recommendations

The Committee was perturbed to have learnt from the auditors that the Sierra Leone State Lottery Company has been operating in an environment without the necessary frameworks within which it could regulate the activities of privately owned companies in the country. Queried on the nonexistence of a regulatory framework within the industry, the Managing Director of the Sierra Leone State Lottery Company told the Committee that he had a critical challenge since he took over the management of the Company in 2012. Asked to provide precise explanation on what he had done in that direction as the Managing Director of the Company, he informed the Committee that negotiations with stakeholders were ongoing for the promulgation of a law that would regulate the activities of gambling institutions in the country. He intimated the Committee that enacting the proposed Bill would bring sanity into the industry.

However, the Committee was not pleased with Management for the length of time the said proposed Bill had taken without reaching Parliament for enactment, stating that the Bill should have been brought to the House by now for its consideration.

Therefore, the Committee recommends that the Sierra Leone State Lottery Company Management takes swift action in ensuring that the proposed Bill is brought to Parliament for enactment without further delay.

1.8 Joint Venture Agreement with African Innovations Limited

Even though the contract was described as a joint venture, in substance, it was more of a joint arrangement with the profit split at **20%** to African Innovations Limited and 80% to Sierra Leone State Lottery Company.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, during the course of the hearing on the auditors advice on the nomenclature used in the agreement between the Company and the African Innovation Limited, the Managing Director of the Sierra Leone State Lottery Company [SLSLC] told the Committee that they had several consultations on the issue and that they [Management] had

accepted to go by the recommendation of the auditors. The Managing Director also told the Committee that African Innovations Limited had acquiesced for State Lottery Management to take over all its assets that were left in the office after their tenancy period expired. The Committee asked the Managing Director to provide evidence in respect of what he told the Committee, but failed to do so.

In view of the above, the Committee recommends that State Lottery Company should ensure that a written agreement is developed with and signed.

Mr Speaker, Honourable Members, at the end of the Committee's engagement with core officials of the Sierra Leone State Lottery Company, the Committee commended the Company's current Board members for sparing time to witness the proceedings. The Committee maintained that such commitment would enable Board members learn more about the issues affecting the operations of the Company. The Committee was also of the view that knowledge gained during the exercise would enable Board members make informed and transformative decisions during their Board meetings. The Committee encourages Board members in other institutions to emulate such an example.

2.0 NATIONAL COMMISSION FOR PRIVATISATION [NCP]

2.1 Matters previously reported still outstanding

Section seven [7] of the National Commission for Privatisation Act, 2002 provides that "the Chairman and other members should be paid such remunerations and allowances as the President may determine and should be reimbursed by the Commission for expenses incurred in connection with the discharge of their function". It was noted that the Commission had contacted the Secretary to the President with regard to the above mentioned issue, but the President was yet to determine and approve those remunerations and allowances.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, though the Committee learnt from the Chairman of NCP that Section 7 of National Commission for Privatisation Act, 2002 had been fully complied with, the Committee still demanded explanation from NCP's Management team for its edification and that of the listening public. Reacting to the Committee's request for explanation regarding the audit query relating to the payment of remunerations and other allowances in 2012 to both the Chairman and other members of the Commission [contrary to Section 7 of the NCP Act, 2002], the Chairman revealed that he was in possession of a letter written by his predecessor, dated 20th December, 2011, which was addressed to the Secretary to the President for the attention of the President, seeking the latter's approval for such payment, pursuant to Section 7 of the NCP Act. According to him, the Secretary to the President wrote the Chairman of the Commission on the 16th February, 2012, referring to the previous letter of the Commission to the President; stating that the President attention had been drawn to the issue.

Subsequently, Mr Speaker, Honourable Members, the Chairman informed the Committee that in a letter, dated 5th December, 2013, the Secretary to the President wrote the Executive Secretary of the Commission, conveying the President's approval of the remunerations and other allowances of the Chairman and other members of the Commission in compliance with Section 7 of the NCP Act. He told the Committee that the issue had been adequately addressed. The Committee commended the Chairman and Management team for their efforts in standing down the issue.

In view of the above, Mr Speaker, Honourable Members, the Committee recommends that the issue be closed.

2.2 Composition of the Commission

Section 5 of the National Commission for Privatisation Act, 2002 provides that the Commission should consist of a Commissioner as Chairman and other members, including a representative from the Sierra Leone Bar Association. However, it was observed that Sierra Leone Bar Association was yet to be represented.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, with regards the query relating to the composition of the Commission as provided for in Section 5 of the NCP Act, the NCP Chairman informed the Committee that the decision to nominate a representative from the Sierra Leone Bar Association was the responsibility of the President. Accordingly, in a letter dated 23rd August, 2013 the Commission was able to confirm the nomination of Mr Chernor Osman Abdul Timbo by the Sierra Leone Bar Association to serve as member to the Commission. He affirmed to the Committee that the official in question had started work.

Therefore, Mr Speaker, Honourable Members, since Section 5 of the National Commission for Privatisation Act, 2002 had been fully complied with, the Committee recommends that this matter be closed.

2.3 Physical Verification of Tangible Fixed Assets

Pieces of evidence were not made available to the Committee to enable it [Committee] substantiate that tangible fixed assets of the Commission are physically verified on a regular basis to enable the Commission determine the existence and condition of the Commission's fixed assets.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, during cross examination of the query relating to the physical verification of the Commission's assets, the Commission's Secretariat told the Committee that the assets had always been physically verified on a regular basis. According to the Executive Secretary to the Commission, the concern of the auditors in respect of the issue under consideration was that the Commission needed to present a verification report. Questioned on whether that had been done as demanded by the auditors, the Executive Secretary disclosed that the issue had been addressed. The Committee took the Executive Secretary by his words, but warned that if the same issue is reported again in the 2015 Audit Report, an appropriate action would be taken for deceiving the Committee. However, members of the Commission promised to ensure the annual verification of tangible fixed assets to avoid a recurrence.

In that light, the Committee recommends that the Commission's tangible fixed assets are verified at least once in every year, so as to ascertain the existence and conditions of the said assets.

2.4 Withholding Tax

Withholding Taxes to the tune of **Le 1,395,400** were not deducted from payments as required by Sierra Leone Income Tax Act of 2000.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, though the Committee was reliably informed by Management team of the NCP that the issue had been resolved, the Chairman revealed that

the Commission was encountering serious challenges in its bid to ensure that the Airline and Telecommunication companies pay their withholding taxes on time. The Committee informed Management that **“PAC does not compromise the payment of withholding taxes with any MDA,”** stating that **“the withholding taxes are the revenue used by government to pay salaries and provide basic social amenities to the citizens.”** However, the Committee noted the concerns raised by Management and promised to summon defaulters. Indeed, during the Committee’s engagement with the Management team at the NRA, the Airline agencies and some telecommunication companies were invited to provide explanation for failing to comply with the Sierra Leone Income Tax Act, 2000. No justification was given, but they promised the Committee that it would not happen again.

In this regard, Mr Speaker, Honourable Members, the Committee recommends that the issue be closed, but warned that if the matter is flagged up in the 2015 Audit Report, action would be taken against defaulters.

Mr Speaker, Honourable Members, the Committee took special time to inquire into NCP’s tenancy status with the Sierra Leone State Lottery Company. In his response, the Chairman of the NCP disclosed that since he assumed office in January, 2014 the Commission had had a healthy tenancy relationship with the Sierra Leone State Lottery Company. However, he said, upon assuming office, he had reviewed that tenancy relationship and realised that the Commission had to pay the sum of **\$ 200,000** for the period 2004 to 2008 to SLSLC. He said that in February, 2015 the Company wrote a letter to the Commission regarding the issue. According to the Chairman, the Commission then wrote to the Financial Secretary, requesting the Ministry to make available funds to resolve the issue, but the request proved futile. He however admitted that the Commission is a subvented agency of government and could only make payment when funds are made available.

Queried on the Commission’s present tenancy status with the Company under discussion, the Chairman revealed to the Committee that they [the Commission] had paid half of their rent for 2016 FY to the Company and promised to pay the balance when funds were available. He added that since he assumed office, the Commission had taken concrete action to ensure that the Company functions as a viable institution. He therefore promised to continue working in that direction.

Mr Speaker, Honourable Members, the Committee appreciated the efforts of the Chairman and his Management team in trying to resolve the issue under consideration with the Sierra Leone State Lottery Company. However, the Committee was not pleased with the MoFED over the nonchalant manner in which it has been handling the situation. The Committee was of the view that the debt was gradually becoming a ‘bad debt.’

In this regard, the Committee recommends that:

- *the Commission provides the Committee with a status report on the issue within 30 days of the adoption of this report by Parliament; and*
- *the parliamentary Committee on Finance looks into the issue and present its findings to the PAC for a final decision.*

3.0 INDEPENDENT MEDIA COMMISSION, 2012 [IMC]

3.1 Long outstanding receivables

There was no evidence of reminders being sent by the Commission in respect of long outstanding receivables.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the Committee observed that most of the issues against the Independent Media Commission [IMC] were raised in 2012 and the IMC Management team had not done anything to address those issues. One such issue was the long outstanding receivables. Asked to comment on the issue, the Executive Secretary told the Committee that reminder letters were constantly sent to all debtors through the Commission's legal retainer to pay back the moneys owed to the Commission. When asked to provide evidence to substantiate the claim that he had been sending out chasers through their legal retainer to facilitate repayment, the Executive Secretary, Mr Goba, could not adduce any evidence in the form of written correspondences. The Committee was therefore not convinced that there was communication between IMC and the debtors.

In view of the above, therefore, the Committee recommends that:

- *IMC takes swift action against defaulters through the application of the relevant portions in the Act that established it ; and*
- *pieces of evidence to show communication between IMC and debtors be retained for the Committee's inspection.*

3.2 Payments to staff without Board approval

Payment of Le32, 794,600 in respect of honoraria was made to staff in 2012 without the approval of the Board.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, this issue had been raised by the auditors since 2012. Asked to provide explanation for paying the sum of **Le32, 794,600** as honoraria to staff in 2012 without the approval of the Board, the Executive Secretary presented minutes of Board meeting, dated 4th December, 2014, but those minutes were not approved by the Board. The Chairman of the Board informed the Committee that since the minutes were adopted by the Board, it meant those minutes were approved. Additional documentary evidence was submitted to the Committee as a way of buttressing the action of the Board.

Therefore, Mr Speaker, Honourable Members, considering the protracted nature of the issue and the Commission's lassitude in resolving it, the Committee recommends that the Le32, 794, 600 in question be recovered within 30 days of the adoption of this report by Parliament.

Mr Speaker, Honourable Members, the Committee also took special time to inquire into IMC's internal audit arrangement. When asked to educate the Committee on the situation of internal auditors at the Commission, the Executive Secretary said that **"the internal auditors for IMC are attached to State House, and they occasionally come to help with the normal audit activities in the Commission."** He disclosed that those auditors helped in building up the financial system at the Commission; and as such, they were able to initiate an audit process system.

The Committee asked one of the internal auditors in question, head of the Internal Audit Unit at State House, to tell the Committee how he had been able to conduct internal audit exercises

in more than two different MDAs. In his response, the head of the internal audit said that the Audit Unit at State House **“is in charge of all other Commissions that fall within the Office of the President, including the IMC. With respect to our arrangement with IMC in conducting frequent audit exercises, we initially shared our audit plans with the Commission, since its operations are not very much involving as compared to other Commissions. This is the reason the audit exercises are conducted on a quarterly basis.”**

The head of the internal audit also revealed that most of the systems at the IMC were not functioning properly; and that was why the Commission asked them [the auditors] to oversee their accounting systems. In that regard, he said, an audit exercise was conducted in all district offices in the provinces, so as to obtain information relating to the Commission’s operations at that level. He presented a copy of the Report on an audit exercise that was conducted in the provinces to the Committee. He claimed that a copy of the said report was also submitted to the Commission.

Mr Speaker, Honourable Members, the Internal Auditor further intimated the Committee that following that invaluable exercise, the IMC then realised the need to involve the audit team in its Accountancy Service. As such, he maintained, the team personally helped the Commission to build up its account systems. According to him, **“ethical principles provide that once you build such account for an institution, you are not allowed to carry out any audit exercise, so that you avoid the risk of undermining its objectivity.”**

Mr Speaker, Honourable Members, the head of the Internal Audit Unit at State House pointed out that because of their low staff strength at that time, they were unable to assign another team of auditors who had not been involved in building the accountancy system to carry out audit exercise on the IMC. He however disclosed to the Committee that their staff strength had been recently increased; and that some of the auditors would commence the exercise as soon as possible. He concluded by saying that **“auditing is an activity wherein the operations of an institution are looked into with a view to providing added value to Management through appropriate recommendations, so as to minimise risk.”**

The Committee was very pleased with his submission, but advised him and his ‘team of auditors’ to do more for the IMC, so that added value is realised.

4.0 MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT [2014]

4.1 Payments to Personnel not on the Ministry’s Staff List

Wages and salaries amounting to **Le775, 000,000** were paid to staff on the payroll database, but were not on the Ministry’s staff list.

Committee’s Observations and Recommendations

Mr Speaker, Honourable Members, the Committee engaged officials of the Ministry of Finance on the aforementioned issue to explain to the Committee why the matter has not been resolved. Responding to the Committee’s question, the Principal Deputy Financial Secretary stated that transfer of staff names from one Ministry to another was generally a slow process within the Civil Service, and many mistakes were made in the process, causing staff to go for months without salaries. He said because of that ugly experience, some staff did not bother to request for a transfer of their names when they were posted to other ministries. He however mentioned that 24, out of the 49 staff, that Audit claimed not to be on the payroll were still in the Ministry. He also said that five were retirees, one deceased and only 19 were transferred

to other ministries who were still on the Ministry's payroll. He told the Committee that efforts would be made to delete their names from the Ministry's payroll.

Questioned on those who have reached the statutory retirement age, the Deputy Financial Secretary told the Committee that the Ministry had submitted a comprehensive list of the remaining 19 staff who had exceeded the statutory retirement age to the Human Resource Management Office [HRMO], but were still receiving salaries from the Consolidated Revenue Fund [CRF].

Mr Speaker, Honourable Members, the Committee described the action by the Ministry officials as unfortunate, stating the fact that the Ministry failed to take proactive measures to ensure the deletion of those 19 staff before audit verification.

In view of the above, therefore, the Committee recommends that:

- *the Ministry of Finance and Economic Development collaborates with the officials of Public Service Commission [PSC], Office of the Head of the Civil Service and the HRMO to ensure that the issue is resolved immediately;*
- *monthly reconciliation between details on the payroll database and the Ministry's staff list is carried out so as to reduce any possible irregularities and*
- *the payments vouchers for both the Ministry of Finance and the institution[s] where those staff were transferred to be provided for inspection to the Committee with minimal delay of not more than 30 days of the adoption of this report by Parliament.*

5.0 MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY-HQ [2014]

5.1 Procurement Procedures not followed

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

Committee's Observations and Recommendations

Responding to the Committee's query regarding the issue under discussion, the Permanent Secretary told the Committee that funds to undertake the procurement activity at that time were not available because funds were released on quarterly bases for procurement activities undertaken with respect to available funds. He added that most of the activities undertaken at that time were below the threshold for National Competitive Bidding [NCB]. However, he assured the Committee that the records were now available for audit verification.

Reacting to the Committee's enquiry into the issue that has to do with the Local Purchase Orders, totaling **Le315, 783,000**, which were not approved by the Permanent Secretary before being sent to the suppliers/contractors, the PS presented copies of the approved LPOs to the Committee and Audit Service for verification.

However, Mr Speaker, Honourable Members, the Committee condemned the procurement method used by the Ministry through the use of RFQ from individual suppliers instead of the

National Competitive Bidding method, which the Committee observed had resulted in huge sums of moneys being unaccounted for.

Based on the above observations, Mr Speaker, Honourable Members, the Committee recommends that:

- *the Procurement Officer provides adequate justification for using the RFQ method instead of NCB, otherwise disciplinary action would be instituted against the responsible officers; and*
- *the Local Purchase Orders that were not signed must be approved by the relevant authority and forwarded to Audit Service Sierra Leone for verification within 30 days of the adoption of this report by Parliament.*

5.2 Lack of controls in the Payments of Examination Fees

A review of controls in the payment of public examination fees by the Ministry to the West African Examinations Council [WAEC] revealed the following:

- An amount totaling **Le121, 650,000** was paid to National Certificates for Technical and Vocational Awards [NCTVA] for 811 candidates for the National Vocational Qualification Examinations. The list of candidates was only sent to the Ministry after the examination had been conducted. A review of the list of schools given for the payment of the West African Senior Certificate Examination [WASSCE] fees revealed that 51 private schools recorded as 3,460 candidates were included in the payments that government made to WAEC for WASSCE 2014. This amounted to **Le467, 100, 000** paid to WAEC from government funds for private school pupils, who should have paid their own fees.
- The audit team also observed that payments to the tune of **Le9, 313,480, 000** were made for the 2014 public examinations. However, the Minister's approved list of candidates and promotional lists for the National Primary School Examination [NPSE], Basic Education Certificates Examination [BECE] and WASSCE from each school, in respect of the 2014 examinations to justify the utilisation of the said amount, were not made available for audit inspection.
- In spite of requests made to the Permanent Secretary to access documents maintained by the Ministry relating to the payments of the 2014 BECE and NPSE public examination fees, no action was taken to remedy the situation.

Committee Observations and Recommendations

Mr Speaker, Honourable Members, the Committee noted the issues raised by Audit Service with grave concerns and asked the Permanent Secretary why the Ministry failed to comply with due processes. The Committee also observed that the variance in the examination list that was sent to the Ministry of Education was the result of the failure by the Ministry's officials to verify the examination list. The Permanent Secretary assured the Committee that the issues under discussion had been noted and all requested documents had already been presented to Audit Service for verification. The Committee requested Audit Service to cross examine the documents under consideration, but counseled that in future:

- *candidates' lists must be sent to the Ministry of Education before the commencement of any public exams; and*
- *the Permanent Secretary should provide written answers to the Committee and Audit Service, explaining why candidates lists were not verified before the start of the exams.*

5.3 Award of Grants- in-Aid to Students

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

- 165 awardees from different institutions did not have student identification numbers; and
- the claim sheet in respect of new awardees for the 2013/14 academic year for Northern Polytechnic was not attached to the payment voucher for that year. Instead, the previous academic year's claim sheet was attached for a total sum of **Le85, 179, 780**.

Committee Observations and Recommendations

Responding to the two issues flagged up by Audit Service, the Permanent Secretary revealed to the Committee that it was not the Ministry's responsibility to issue out identification numbers to students, but assured the Committee that the Ministry would liaise with the institutions concerned to obtain those identification numbers. Reacting to the issue that has to do with the 'claim sheet in respect of new awardees for the 2013/14 academic year for Northern Polytechnic that was not initially attached to the payment voucher for that year, the PS said that all requested documents for the issue under discussion were available for audit verification. He also informed the Committee that documents relating to Grants-in-Aid were available for inspection. The Committee noted the PS' claims and urged Audit Service to carefully scrutinise those documents and report back to the Committee.

However, the Committee advised the PS and her team to follow due process in awarding government grants to students.

5.4 Staff exceeding the Statutory Retirement Age

There were 16 staff members who had exceeded the statutory retirement age of 60 years. Salaries of **Le182, 594,610** were paid to the staff in question.

Committee Observations and Recommendations

Mr Speaker, Honourable Members, the Committee observed some amount of lassitude with the Ministry officials' failure to delete the names of 16 staff from the payment voucher before the audit verification exercise. According to the PS, the 16 names of staff who had exceeded the statutory retirement age of 60 years had now been accordingly deleted from the payments voucher. The Committee took the PS's words, but recommends that:

- *monthly reconciliations are carried out in order to stop any irregularities; and*
- *if the issue is reported again by Audit Service in 2015, the responsible officer[s] will be required to recover those moneys and pay same into the CRF.*

Mr Speaker, Honourable Members, as at the time of the Committee's engagement with the Ministry, the Committee observed that the following issues were found to have been resolved:

5.5 Store Items not taken on Ledger Charge

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

5.6 Financial Statement not submitted

The Financial Statement for the year 2014 for the two International Development Bank [IDB] projects, totaling **\$10,510,990** was not made available for audit. The response of the Director

for the two IDB projects revealed that a private audit firm was selected to audit the operations of the project without the involvement of the ASSL in the selection process of the audit firm.

5.7 Withdrawals from various Bank Accounts without Supporting Documents

Withdrawals made from various bank accounts which amounted to **Le112, 921,538** for the period under audit, were without payment vouchers and other supporting documents. Withdrawals amounting to **Le676, 772,160** for the period under audit from various bank accounts were also without adequate supporting documents.

5.8 Grants/Subventions without Expenditure Returns

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

Therefore, the Committee recommends that the aforementioned issues be closed.

6.0 MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY -HQ

[2014]

6.1 Withdrawals without Supporting Documents

Total withdrawals of **Le163, 754,160** were made from the Forestry Development Account at the First International Bank for which supporting documents of utilisation were not presented for audit inspection.

Committee Observations and Recommendations

Asked to provide explanation why the aforementioned issue had not been addressed, the PS informed the Committee that the officer-in-charge of the Forestry Division in the Ministry of Agriculture, Forestry and Food Security, responsible for those withdrawals, died before audit verification. As a result, he revealed to the Committee, the officer acting in that capacity could not provide adequate explanation. The Committee was not convinced with the PS' submission, stating that continuity should always be a priority to Management; and that the death of an official should not be used as a subterfuge to circumvent procedures. However, the PS submitted documents in respect of the queried issue to Audit Service for verification. The Committee asked Audit to cautiously examine those documents and report back to the Committee for a final decision.

Nevertheless, the Committee warns that if the issue is flagged up again, an uncompromising action would be taken against the PS and his team.

6.2 Procurements not in the Procurement Plan

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

Committee Observations and Recommendations

Mr Speaker, Honourable Members, the Committee's engagement with the PS revealed that 'the Procurement Unit in the Ministry only executed activities that were in the approved plan for FY2014. Questioned on the whereabouts of those documents, the PS told the Committee

that the procurement plan and the signed submission list containing all procurement activities for 2014 were still available for audit verification. He revealed that part of the amount in question was used to pay for landowners for occupying their lands over the years. According to the PS, the Community landowners, who were beneficiaries, had engaged the Ministry on several occasions, demanding their payments. The PS said that the situation had been critical, coupled with the Ministry's budgetary constraints. He intimated the Committee that **“in a meeting between the Ministry, State House and the Land Owners, a decision was reached to make an agreed payment to those beneficiaries for all the landed property. Since 2013, the Ministry has been trying to pay these landowners their moneys.”** He told the Committee that payments to beneficiaries were planned and priced in the Ministry's strategic plan from FY 2014 - FY 2016. He presented documents in respect of the issue under consideration for the edification of the Committee.

Reacting to the PS's submission, the Committee was satisfied with the presentation, particularly the Ministry's payment plans to landowners. Queried on the Ministry's plans in ensuring the remaining payment to landowners, the PS re-echoed the financial difficulties the Ministry was going through, but assured the Committee that the outstanding payments would be made to landowners within the shortest possible time. *The Committee was pleased with that assurance and encouraged officials in the Ministry to speed up the payment without further delay.*

6.3 Consulting services made without evidence of request

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

Committee Observations and Recommendations

Questioned on whether the Ministry was aware of Section 43 of the Public Procurement Act of 2004, the PS did reply to the Committee that his Ministry **“is quite aware of Section 43 of the Public Procurement Act, 2004, and the activities mentioned did not go through procurement procedures. Consequently, the payment for internet services is not an initial payment, but a backlog from 2012 and 2013 for services already rendered by the service provider [AFCOM-SL] for which payment request was forwarded by same.”**

The PS presented the Agreement document that was signed by the Ministry and AFCOM-SL, dated 17-09-2010 for the Committee's perusal. The PS was of the opinion that since Audit Service had already audited the issue in 2012 FY and 2013 FY, it would not appear again in the audit books. He said that the payment of Le184, 888, 200 was made in respect of one Dr Festus Tarawalie, a representative of the Government of Sierra Leone [Ministry of Agriculture, Forestry and Food Security] at the UN Agencies [FAO/WFP/IFAD] in Rome because of his experience and knowledge on those organisations. He also presented a contractual agreement that was signed with him for a continuity of his service.

Mr Speaker, Honourable Members, though the Committee expressed satisfaction with the PS' presentation, particularly the submission of documents in respect of the agreement between the Ministry and AFCOM-SL, the Committee however recommends that Audit Service verifies the consultancy agreement between the Ministry and Dr Festus A.

Tarawalie and report back to the PAC for its final verdict within 30 days of the adoption of this report..

6.4 Documents not submitted for audit inspection

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

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the PS informed the Committee that minutes in respect of the procurement activities undertaken by the Procurement Unit in the Ministry were earlier submitted to ASSL for audit inspection. However, further investigation into the issue revealed that out of **Le 588, 514,136** that was queried by Audit Service, documents to the tune of **Le202, 574, 636** were adduced for audit inspection, leaving a balance of **Le385, 939, 500** unaccounted for. When asked to explain to the Committee how the **Le202, 574, 636** was utilised, the PS said that the money in question was used to redesign the website and provide internet services. However, documents in respect of **Le385, 939, 500** were neither submitted to the Committee nor Audit Service for authentication.

In view of the above, therefore, the Committee recommends that documents relating to the Le385, 939,500 are provided within 30 days of the adoption of this report; and failure to do so will leave the Committee with no option but to ask the official[s] responsible to recoup the said amount and pay same into the CRF.

6.5 Bank Statement not made available for the sale of fertilizers

12,175 bags of fertilizers were also sold to "Service Providers" for **Le1, 313,120,000** for which bank statements of the Account held at the Rokel Commercial Bank was not made available to verify the deposits.

Committee's Observations and Recommendations

During the Committee's engagement with the Ministry on the issue raised by Audit Service, it was discovered that the PS failed to adequately address the matter. The Ministry's Chief Accountant told the Committee that he was not part and parcel of those financial transactions regarding the sales of the fertilizer. He maintained that all subsidiary projects within the Ministry were controlled by individual project heads and their finance clerks. He informed the Committee that he would not take any blame for any transaction undertaken by another official. When asked to comment on what the Chief Accountant had said, the PS expressed dissatisfaction over the Accountant's explanation, stating that as the Ministry's Chief Accountant, documents relating to all financial transactions were expected to be in his custody to be made available upon request. The Committee was also disappointed at the PS' inability to account for the sum under discussion.

In that light, therefore, the Committee recommends that the PS and all professional heads [who were in charge of the sales of the fertilizers to the tune of Le 1, 313,120,000], provide the financial statements regarding the sales of fertilizers within 30 days of the adoption of this report. The Committee has warned that if the PS failed to provide the documents in question, an appropriate action would be taken against him and those involved.

6.6 Hire purchase annual installment payment

Review of the records revealed that the sum of **Le1, 175,684,684** should have been received by the Ministry in respect of hire purchase for the year 2014. The bank statements showed

that only **Le99, 700, 000** was paid into the Hire Purchase Account, with an outstanding balance of **Le1, 075, 984, 684**. No evidence of recovery was seen on file for debtors, which amounted to **Le1, 075, 984, 684**.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the Committee was very concerned over the sum of **Le1, 075,984,684** that was yet to be recovered by the Ministry from debtors. Reacting to the Committee's question as to why no steps had been taken to resolve the issue, the PS told the Committee that:

- a team from the Ministry, including the Minister had held meetings with a view to encouraging farmers pay their debts so that the scheme is sustained;
- a list of debtors was drafted which was also sent to defaulters, reminding them of their obligations to the Ministry;
- some tractors were withdrawn from farmers [even though it was difficult for those withdrawn tractors to attract other farmers because most of them were being misused by farmers]; and
- more withdrawals of tractors from debtors would also be made.

Mr Speaker, Honourable Members, further enquiry into the issue revealed that:

- individual debtor files in respect of the Tractor Hire Purchase Scheme were not updated as required;
- loan register was not prepared and produced to confirm recoveries made so far; and
- there was no annual debtors' report on the hire purchase scheme to indicate the individuals/organisations and their respective outstanding balances owed to the Ministry, even though the issue had been reported in the Performance Audit Report few years ago.

Responding to the Committee's observations, the PS told the Committee that the process of updating customers' files and developing a loan register was ongoing, and that it would soon be completed and submitted to the auditors and the Committee for confirmation. The Committee was not pleased with the delay in ensuring the availability of those documents to the auditors or the Committee. Thus, the Committee deems the PS' action 'as a deliberate attempt to prevent both the auditors and the Committee from getting credible and reliable data of all debtors.

Based on the observations so made above, the Committee recommends that:

- ***the amount in question is recouped from the farmers and paid into the Scheme's account within 90 days of the adoption of this report;***
- ***evidence of payments must be retained and produced upon request for verification; and***
- ***individual debtor files and the loan register must be updated on a regular basis; failure to do so should attract the wrath of Parliament.***

6.7 Memorandum of understanding not renewed

The Memorandum of Understanding in respect of the Tractors Hire Purchase Scheme between the Ministry and the First International Bank was not renewed annually after its expiration, as required by the initial agreement.

Committee's Observations and Recommendations

Questioned on why the Memorandum of Understanding [MOU] in respect of the Tractors Hire Purchase Scheme between the Ministry and the First International Bank was not renewed on an annual basis after its expiration as required by the initial agreement, the PS

admitted that there had been no formal renewal of the MOU, but promised the Committee that the MOU would be renewed as soon as possible. Queried on why that had not been done until the issue was picked up by the auditors, he said he would take the blame for that negligence.

In light of the above, the Committee recommends that the PS facilitates an annual renewal of the Memorandum of Understanding between the Ministry and the First International Bank in order to reflect the current status of the Scheme under discussion.

6.8 Payroll Issues

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

- 22 personnel received salaries from the Ministry, which totaled **Le235, 927,039**, while they were also receiving salaries from various projects for which there was no evidence of letters of them being on secondment from the Human Resource Management Office [HRMO];
- 30 staff of the Ministry had attained the statutory age of retirement, yet received salaries to the tune of **Le174, 470,988**, without any letter of extension from the HRMO;
- 74 personnel were not available for physical verification even though the staff verification exercise lasted for weeks; and
- 29 personal files were not submitted for audit inspection.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the issue on personnel who have attained the statutory retirement age but still receive salaries from the Consolidated Revenue Fund seems to be a general and perennial problem. When asked to provide an inclusive explanation as to why those issues, as observed by the auditors, still stood against his Ministry, the Permanent Secretary informed the Committee that:

- some of the staff who were identified by the auditors to have been receiving salaries from the Ministry and from various projects had letters from the Human Resource Management Office, authorising their extensions. He added that there were few others whose requests had been sent to the HRMO, but no responses had been received by the Ministry; and
- he had written a letter to the HRMO, requesting the deletion of names of staff from the payroll who had attained the statutory retirement age.

Speaking on the issue relating to the 74 personnel who were not available for physical verification, the PS revealed that the divisions to which those staff members belonged had been accordingly informed and even requested that the staff in question made themselves available for the verification exercise. Enquiring why that had not been done before the arrival of the auditors, the Committee learnt that some of the identified personnel were in the provinces, where they were verified; while a few had either been retired or deceased. The PS said that the names of retirees and deceased personnel who were still on the payroll had also been included in the deletion request list to HRMO for further action.

Reacting to the PS' submission, the Committee strongly condemned the Ministry's nonchalant attitude in trying to maintain staff who have exceeded the statutory retirement age, stating that such action would have the tendency to deprive young people of employment who are qualified to be employed. However, the Committee informed the Ministry officials of its plans to organise a meeting between the PAC and HRMO for better understanding and collaboration on the issue.

In view of the above, Mr Speaker, Honourable members, the Committee recommends that:

- *the Ministry deletes the 57 out of 74 names and reports to ASSL and the Committee for verification;*
- *all contract staff must be physically verified before processing their payments;*
- *the 29 personal files that were not submitted for audit inspection should be provided to Audit without further delay; and*
- *the issue of staff receiving salaries from the Ministry and projects within the Ministry without any evidence of letters of extension from the HRMO should be looked into by the Ministry.*

7.0 MINISTRY OF MINES & MINERAL RESOURCES-HQ [2014]

7.1 Performance Contract not submitted

The Performance Contract signed between the President and the Minister and the appraisal of the contracts were not produced to assess whether the targets set out in the contract were achieved by the Ministry within the specified timeframe.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, enquiry into the above mentioned query revealed that the auditors' observation was nothing but the truth. Questioned why the PS failed to submit the said document for audit verification, she informed the Committee that it was due to lack of adequate funding to implement key targeted activities within the proposed contract. He however assured the Committee that the remaining 17 targeted activities would be adequately budgeted for in the performance contract for onward submission to the auditors for their perusal. The Committee expressed its disappointment over the PS' presentation, stating that the unavailability of funds should not in anyway, obviate the need for the production of documents when requested by the appropriate authority. The Committee was of the view that whether those targets [as set out in the performance contract], were achieved by the Ministry within the specified timeframe or not, documents in respect of the query under consideration should have been adduced for audit confirmation.

Therefore, Mr Speaker, Honourable Members, the Committee recommends that:

- *the Performance Contract, signed between the President and the Minister, and the appraisal of the contracts, be provided to Audit Service and the Committee within 30 days of the adoption of this report by Parliament;*
- *the remaining targeted activities be carried out as previously planned; and*
- *the appraisal contracts should be produced in order to enable the auditors assess whether the targets have been achieved by the Ministry within the specified timeframe.*

Mr Speaker, Honourable Members, the Committee further unearthed issues that were reported in the previous year's audit report, which were yet to be resolved by the Ministry. The issues are:

7.2 twenty-five [25] staff failed to avail themselves for physical verification;

7.3 Fifteen [15] staff were without NASSIT identification numbers;

7.4 five staff who had attained the retirement age of 60 years were still receiving salaries;

7.8 unclaimed salaries of Mines Monitoring Officers [MMOs] to the tune of Le18, 589, 560 were not paid into the MMF Account; and

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

During the Committee's engagement with officials of the Ministry, the PS informed the Committee that actions had been taken to address those concerns raised by the auditors. However, further probing questions revealed that the issues were still lingering.

Based on the foregoing, therefore, the Committee recommends that the responsible officials for those outstanding issues in the Ministry collaborate with the appropriate stakeholders in resolving the issues under consideration without further delay.

8.0 NATIONAL MINERALS AGENCY [2014]

8.1 Revenue not budgeted for in the Annual Budget

The sum of **Le 661,273,007** was collected from the 1st January to 30th December, 2014 as revenue from various income streams, but the said amount was not paid into the Consolidated Revenue Fund.

Committee's Observations and recommendations

Questioned why the sum of **Le 661,273,007** collected as revenue from various income streams was not paid into the CRF, the Director General [DG] stated that all revenue generated from the administration of mineral rights and other regulatory functions carried out by the National Minerals Agency [NMA] were paid into the CRF with receipts issued by NRA. When he was asked to highlight the various revenue sources of the Agency, he said that NMA collected fees for the processing of applications for mineral rights, verification of mineral samples and sealing them for further laboratory verification overseas, printing geological maps for investors and other interested stakeholders, etc. **"If the money in question was paid into the CRF,"** the Committee commented, **why was the issue still raised by the auditors?"** In his reaction, he revealed that fees collected from those services were to cover the costs incurred in providing them on a cost recovery basis and that the Agency utilised some of the funds to meet its operational costs, like monitoring various activities on the artisanal mining throughout the country. The Committee told officials of NMA that it was not against the use of revenue collected, but condemned the act of not banking those funds first before utilisation as required by Section 65 of the Government Budgeting and Accountability Act [GBAA], which states that all moneys collected for and on behalf of the Government must be banked before utilisation.

In that regard, Mr Speaker, Honourable Members, the Committee recommends that:

- *moneys collected as revenue are paid first into the CRF before expended; and*
- *documents relating to the utilisation of revenue are submitted to the Committee and Audit Service within 30 days of the adoption of this report by Parliament; otherwise the amount in question should be recovered and remitted into the CRF, and evidence of remittance made available to the Committee.*

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

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

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the Director General of NMA was questioned as to why there was no detailed documentation for the transfer of assets from the Ministry of Mines and Mineral Resources to the NMA, which prevented the auditors from verifying three Toyota Prado vehicles, purchased by UNOPS for the NMA. Reacting to the query, the DG informed the Committee that the Agency noted the concerns of the auditors with all seriousness and that documents in respect of the issue under scrutiny were available for audit inspection. The Committee also learnt that the transfer of those vehicles had been done by the Ministry of Mines and Mineral Resources.

The Committee dismissed the DG's submission as untenable, reiterating its earlier advice to other MDAs that **“asset documentation/codification is a must for all Government institutions.”** *Therefore, the Committee recommends that Management provides detailed documentation in respect of assets transferred to it [NMA] for the attention of the Committee and Audit Service within 30 days of the adoption of this report by Parliament.*

9.0 MINISTRY OF HEALTH AND SANITATION-HQ [2014]

9.1 Procurement of 123 Hard-Top Ambulances

In November, 2014 the Ministry of Health and Sanitation entered into two separate contracts for the supply of 61 and 62 hardtop ambulances at a total cost of **US\$4, 571, 950** and **US\$4,619,000** respectively. Examination and scrutiny of the procurement documents and records revealed that the MoHS made an advance payment of 60% of the total cost, the equivalent of **Le12, 961, 571,000 [\$2, 743, 170]** and **Le13, 094, 959, 228 [\$2, 771, 40]** to the companies respectively, in contravention of Section 135[3] of the Procurement Regulation, 2006; which stipulates that “the total amount of an advance payment should not exceed 30% of the total contract price.

Even though the contract agreement stipulated that the 123 ambulances should be delivered at the Central Medical Stores, New England Ville by 25th December, 2014 [30 days following the receipt by the supplier of a notification of award of contract from the MoHS], it was noted with dismay that up to the time of writing this report, it could not be confirmed that the supplier had complied or delivered the ambulances.

Although the Advance Payment Guarantees and Performance Bond expired on the 10th August, 2015 no documentary evidence was seen on file to show or indicate that the supplier had renewed the required documents that the MoHS, acting on behalf of the government, should resort to in the event of failure/default on the part of the suppliers to fully deliver the ambulances.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the PS was asked by the Committee to provide explanation on the two separate contracts entered into by the Ministry of Health for the supply of 61 and 62 hardtop ambulances at a total cost of **US\$4, 571, 950** and **US\$4, 619, 000** by D & S Associates [SL] Limited and Najet Company Limited respectively. Answering to those two issues, the PS told the Committee that the 60% advance payments were made to the suppliers in February, 2015 as provided for in both contracts. He said that the advance payments to both companies came as a result of a decision taken in a meeting, dated 24th November, 2014 by the Procurement Committee of the Ministry. When asked to educate the Committee on those procurement undertakings that involved so much money, the PS revealed

that during the time when the Ebola virus disease was ravaging the people of this country, the Committee thought it expedient to do everything humanly possible to ensure that the procurement of ambulances, which were badly needed in the fight against the disease, was carried out without delay. He said that it was on that basis the need arose to procure those ambulances to fight that deadly disease. He provided a copy of minutes of meeting where the decision was taken.

Speaking on the status of the remaining vehicles, the PS reported that Najet Company Limited had already delivered all the 62 hardtop ambulances. He however disclosed that out of a total of 61 hardtop ambulances, D & S Associates [SL] Limited had still not delivered the balance of 4 ambulances.

In this regard, Mr Speaker, Honourable Members, the Committee recommends that the PS ensures that the 4 remaining hardtop ambulances are delivered to the Ministry before the final payments are made.

9.2 Duty free or waiver granted to D&S Associates and Najet Company

Although the invitation for bid documents stated that bid prices shall be inclusive of all taxes, duties and transportation, it was observed that there was no evidence that duties payable on the ambulances had been made by the suppliers D&S Associates and Najet Company.

Committee's Observations and Recommendations

Enquiry into the issue revealed that payments of dues to NRA had been done. The PS said that the issue was discussed with Najet Company Limited and D & S Associates and both companies complied. The Committee asked the auditors to verify what the PS had said. *However, the Committee advised the PS to ensure that withholding taxes are always deducted at source and paid to NRA.*

9.3 No approved procurement plan

There was no evidence of an approved procurement plan from MoFED for goods and services which totaled **Le23, 040,845,913**.

Committee's Observations and Recommendations

Speaking on the **Le 23,040,845,913** that was reported by the auditors to have been used without an approved Procurement Plan from the Ministry of Finance, the PS replied that the documents in question were available for audit inspection. However, further scrutiny revealed that the procurement plan was still in its draft stage, and that the Procurement Officer [PO], who was at post for the period under review, was suspended from the Civil Service during the verification exercise by the auditors. However, the PS said that efforts had been made to get the approved document for the auditors' perusal.

In that light, the Committee recommends that the current PO should make sure that the revised procurement plan is submitted with immediate effect to the auditors.

9.4 Procurement documents not presented for audit

From our review, it was disclosed that contract payments for goods and services valued at **Le4, 740, 309, 392** were without evaluation reports. Included in this amount was **Le3, 323, 011, 392** for the cleaning of tertiary hospitals in which no procurement procedures were followed for those payments. For instance, no adverts, no bid opening minutes, no bid evaluation reports, no notifications of award of contracts and no contract agreement was submitted even though requests were made from the procurement officer.

Committee's Observations and Recommendations

The PS told the Committee that the documents in question had been collected and were ready for audit verification. However, further enquiries revealed that the documents submitted were incomplete. Thus, the Committee asked the PS to compile all documents relating to the **Le4, 740,309,392** for audit verification.

The Committee therefore recommends that the Head of the Procurement Unit takes full responsibility to ensure that the procurement documents in question are provided to Audit Service within 30 days of the adoption of this report by Parliament.

9.5 Contract Splitting

Procurement of computers and accessories, provisions and toiletries, vehicle maintenance and stationeries in August, 2014 was split into smaller tranches in a bid to evade the National Competitive Bidding [NCB] procurement method. Rather than undertaking National Competitive Bidding [NCB] procurement procedures, RFQs were used to procure goods and services worth **Le934, 810,000**.

Committee's Observations and Recommendations

Responding to the above mentioned issue, Mr Speaker, Honourable Members, the PS disclosed that the financial arrangement in the Ministry of Health and Sanitation was such that every Directorate or Unit was given funds to conduct its own procurement. He said that what was noted by the auditors **“as split is because it has been a practice wherein every Unit procures independently; and that the Administration’s effort in 2015 to bring certain procurements together for effective and efficient management and proper accountability was fiercely resisted.”** The PS also revealed that the Ministry’s allocations were not always disbursed on time, which he said was one of the factors militating against the Ministry. Nevertheless, the Committee counseled that **“whether funds are disbursed late or not, procurement rules must always be followed.”**

Therefore, Mr Speaker, Honourable Members, the Committee recommends that the PO puts modalities in place, so that the Procurement Committee develops an inclusive procurement plan for the whole Ministry.

9.6 Payment without supporting documents

It was discovered that disbursements made by the Ministry in respect of telephone expenses, local travelling, grants to hospitals, etc. to the tune of **Le6, 237, 918, 000** were without supporting documents to justify its utilisation. Furthermore, payments were made which totaled **Le2, 507, 229, 640** in respect of top-up cards, local travelling, office and general, equipment, furniture, grants etc. without adequate supporting documents such as signed list of recipients, valid NRA tax clearance certificate, back-to-office reports, NASSIT certificate, receipts to mention but these.

Committee's Observations and Recommendations

Reacting to the above mentioned issue, the PS told the Committee that documents in respect of payments from initiation to completion were always in place and it should be understood that without complete relevant documentation attached to payment vouchers, the Accountant General would never process any payment request. In that regard, the Committee informed the PS that if those documents were provided upon request, the matter wouldn't have been flagged by the auditors. The PS maintained that he was surprised to have seen the query because the vouchers in question were available in the office for verification. The Committee

asked the auditors for a verification of the issue and report back to the Committee for final decision.

However, the Committee recommends that:

- *the Director of Financial Resources should ensure that all payments, from initiation to completion, are supported by the relevant documents; and*
- *the relevant supporting documents relating to the utilisation of Le930, 688,000 and Le2, 559,630,000 should be submitted to Audit Service within 30 days of the adoption of this report by Parliament; otherwise the official[s] in charge will be held responsible.*

9.7 Payment in respect of tuition fees

It was observed that payments of **Le839, 519, 653** made in respect of tuition fees for staff studying various courses were without progress reports.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, according to the PS, the progress reports for staff on various courses of study were always submitted as required by HRMO before subsequent fees were paid. Questioned as to why the issue was flagged by the auditors if those progress reports were produced to them, the Committee learnt that the progress report for 17 out of 24 students was submitted and verified. However, those for 7 students, to the tune of **Le230, 799, 857**, were not submitted. Asked why the progress reports for those 7 students were not provided to the auditors for verification, the PS simply promised to provide them.

Thus, the Committee recommends that the Director of Human Resources ensures that the progress reports for the 7 remaining students to the tune of Le230, 799, 857 are provided within 30 days of the adoption of this report by Parliament.

9.8 Significant number of health workers approaching retirement age

Review of the Ministry staff list revealed that 2,481 medical staff [which represent one third of the total medical staff], were approaching the statutory retirement age [i.e. above 50 years].

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the PS was asked by the Committee to respond to the issue relating to the 2,481 medical staff, who were approaching the statutory retirement age of 60 years. In his response, the PS informed the Committee that the process regarding the issue under consideration was ongoing. It was observed that the Ministry had not put in place a succession plan. The Committee maintained that if the said medical staff retired within the period as observed by the auditors, a vacuum would be created in the health sector, which would not auger well for the people of this country. The Committee even asked the PS to look into the issue of Volunteer Medical Personnel in the Ministry.

In light of the above, therefore, the Committee recommends that the Director of Human Resources, in collaboration with the Chief Medical Officer, develops a succession plan for the attention of the HRMO to recruit and train more medical personnel.

9.9 Fuel records not submitted

Fuel records such as fuel register, fuel chits, beneficiaries list, life cards and reconciliations, which totaled **Le814, 994,500** were not submitted by some Directorates in the Ministry to account for the utilisation of fuel allocated to them.

Committee's Observations and Recommendations

Responding to the Committee's concern as to why fuel register, fuel chits, beneficiaries list, life cards and reconciliation, to the tune of **Le814, 994, 500**, were not submitted by some Directorates in the Ministry to account for the utilisation of fuel, the PS revealed that Management had requested all Directors and Programme Managers to submit the relevant fuel records for audit verification. **"However,"** he said, **"Some have submitted, whilst others have not."** The Committee was not pleased with the effort of the PS, stating that if he had put more efforts with deadlines for the production of those documents, or better still, taken an unsympathetic action against defaulters, the issue would have been resolved.

Therefore, Mr Speaker, Honourable Members, the Committee recommends that the Directors of the various directorates submit the relevant fuel records within 30 days of the adoption of this report by Parliament, otherwise the remaining unretired amount to the tune of Le814,994,500 be recovered and paid into the CRF; and evidence of payment be forwarded to the ASSL and the Committee for verification.

9.10 Internal Asset Policy not maintained

Internal assets management policy was not maintained by the Ministry, even though the government had spent **Le272, 600,000** on assets, such as computers, furniture, etc. during the year under review.

Committee's Observations and Recommendations

According to the PS, Mr Speaker, Honourable Members, the observation made by the auditors was noted with all sincerity. He said that work had begun to develop and maintain an Internal Assets Policy. Queried whether there was no Internal Assets Management Policy in the Ministry, he informed the Committee that an Internal Assets Management Policy was in existence, but had not been updated.

Thus, the Committee recommends that the Director of Support Services ensures that Internal Assets Management Policy is reviewed and circularised to the various units heads for onwards implementation.

9.11 Beds donated by China Aid not properly stored

It was found out that 125 beds donated by China Aid were left in the open at the Central Medical Stores compound at New England Ville, without any form of protection.

Committee's Observations and Recommendations

Reacting to the query relating to the 125 beds donated by China Aid, the PS admitted that same had been the situation because of limited storage facilities to accommodate those beds in the Central Medical Stores. When asked to explain to the Committee the present situation regarding the issue under consideration, the PS informed the Committee that efforts were being made to secure additional storage facilities. Questioned how supplies of the 125 beds to the various hospitals were usually done, he said **"supplies to the hospitals are usually made on requests and the 125 beds will be properly distributed to the hospitals and peripherals."**

In future, the Committee recommends, the Ministry should provide better storage facilities for all medical equipment.

9.12 Grants not utilised

The sums of **Le1, 380,013,555** and **Le200, 000, 000** were in the accounts of IHPAU and the Leprosy and Tuberculosis Control Programme respectively since December, 2014. The **Le200, 000, 000** for the Leprosy and Tuberculosis Control Programmes was meant for the rehabilitation of the Lakka Government Hospital, but this was not done as the hospital was used as an Ebola holding centre. However, there was no evidence that the activities were carried out by December, 2014. Review of the bank statement revealed that the moneys have not been refunded into the CRF since it was not utilised.

Committee's Observations and Recommendations

The PS responded to the Committee by saying that the **Le1, 350, 013, 555** and **Le200, 000, 000** that were in IHPAU Account were grants received from GAVI to support vaccination. Giving an overview of the present situation, the PS said that the vaccination programme had begun and the **Le200, 000, 000** for the rehabilitation of the Leprosy and Tuberculosis Control Programme of the Lakka Government Hospital had also commenced.

In that light, Mr Speaker, Honourable Members, the Committee advised the PS to ensure that the two projects are completed, and documents relating to the implementation of such projects are maintained for audit inspection.

9.13 Splitting of procurement in order to Evade NCB

Procurement in respect of IHPAU was split in a bid to evade the National Competitive Bidding method.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the PS was asked by the Committee to provide explanation why procurement in respect of IHPAU was fragmented. The PS explained that procurement in the Ministry of Health and Sanitation **“is fragmented according to the allocations made to the respective Directorates and Programmes.”** He said that every Directorate or Programme conducted its own procurement activities. Queried on his plans to overcome that challenge, the PS said that efforts had been made to ensure complete centralisation for the procurement of certain goods and services in the Ministry. Regarding this issue under his watch, the Committee observed that procurement in respect of IHPAU was not done with the intention to evade NCB.

However, the Committee advised the PS and the PO to ensure that in future, the procurement of goods and services is done in accordance with the regulation of the Public Procurement Act, and the Ministry should liaise with the NPPA to design a framework contract.

9.14 Poor Records Management at the Births and Deaths Department

The following were observed:

- It was observed that records management at the department was very poor. There was no proper filing system and the office space was inadequate to securely store up records.
- There were inadequate security measures at the Births and Deaths Department to safeguard the records. For instance, the archiving was not restricted to authorised access and there was no fire extinguisher to put out fire in case of a fire incident.

Committee's Observations and Recommendations

Speaking on the aforesaid issues, the PS revealed to the Committee that the Department of Births and Deaths made several requests to Government and Development Partners to support the digitisation of Births and Deaths Registration Information System. He said that UNICEF

and PLAN SL were prepared to support the Ministry in that direction, but were awaiting the approval by Government of the Civil Registration System covering the Department of Births and Deaths, National Registration System, National Social Security and Insurance Trust [NASSIT], National Electoral Commission [NEC], etc. He pointed out that the support would cover computerisation and database system for all civil matters, including births and deaths. The 2016 Budget, he said, made provision for digitalised and database system that would ensure proper records management in that department.

Questioned on the Ministry's plans for the construction of a more conducive office space, the PS stated that officials of the Births and Deaths Department had approached PLAN SL to support the construction of national Births and Deaths Headquarters that would meet the modernised office requirements, including specialised archive, enough space and equipment like computers, fire extinguisher, running water and security. He added that efforts were being made to secure plots of land in the Central Business District of Freetown to construct the HQ.

The Committee applauded the efforts of the PS and officials in the Birth and Deaths Department, but counseled that:

- *the Chief Registrar of Births and Deaths puts in place a proper filing system to ensure that records are properly maintained and easily accessible for reference purposes; and*
- *the Chief Registrar should also liaise with the PS and the Director of Financial Resources to make provisions in the budget for the acquisition of a computerised system.*

9.15 General Condition of the Stores

The following observations were made during the inspection of the Central Medical Stores:

- There were multiple leaks on the roofs of store One and the Free Health Care Store;
- There were inadequate storage facilities for consumables, drugs and hardware; and
- The stores were not regularly fumigated to weed out rodents and other pests.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the Committee described the concerns of the auditors as legitimate and asked the PS to succinctly respond to those concerns. From the PS' submission, the Committee was made to understand that the National Pharmaceuticals Procurement Unit [NPPU], which was in charge of the Central Medical Stores, had put measures in place to upgrade the general condition of the stores and work was in progress to rehabilitate the warehouses at New England. He added that the inclusion of stakeholders in the needs assessment process would be treated seriously and that drugs would be distributed promptly when requisitions are forwarded to the Central Medical Stores.

The Committee commended the PS for taking that bold step, but however advised the Director of Drugs and Medical Supplies to ensure that:

- *repairs are done on the roofs to avoid any damage to the drugs and other equipment;*
- *adequate storage facilities are provided for consumables, drugs and hardware; and*
- *regular cleaning and fumigation of the stores are done.*

9.16 Lapses at the Information Technology Unit

The following weaknesses were discovered at the Information Communication Technology Unit [ICTU] that:

- there was no licensed anti-virus on the computers to protect them against viruses;

- there was no audit trail in the system to identify users that logged in, changed or deleted information from the system;
- there was no access control to prevent unauthorised staff accessing relevant data; and
- review of stock records revealed that the Channel report showed that stock balances did not reconcile with the record of the storekeeper.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, answers to the above issues revealed that the system was introduced by UNFPA to track and give information on the receipt and issuance of drugs and medical supplies, which the PS noted, “**should tally with the stores when the tally cards are updated.**” According to the PS, Management had put measures in place to ensure that stock records tally with the channel system. However, the PS informed the Committee that those anomalies might have occurred due to the intense pressure trying to address the Ebola epidemic. He maintained that the problem was worsened by limited staff in the warehouses to manage the process. When asked to provide an abridged situational report on those issues, as highlighted by the auditors, the PS said that Management had just concluded a stocktaking exercise to reconcile all stocks in the warehouses with what had been recorded in the channel.

Mr Speaker, Honourable Members, the Committee was satisfied with the PS' explanation, but recommends that:

- *the Director of Drugs and Medical Supplies ensures that licensed anti-virus is procured and installed on the computers to protect them against viruses;*
- *the Director should liaise with the system Administrator and other partners to ensure that the system is properly redesigned to have an audit trail that will identify every staff who logs into the system; and*
- *that proper reconciliation of the storekeeper records is done on a regular basis.*

9.17 No distribution list for tools and materials procured

There was no distribution list for tools and materials procured and distributed, valued at Le1, 585,430,000 for the cleaning of schools in the Western Area.

Committee's Observations and Recommendations

Answering to the query, as mentioned by the auditors, the PS disclosed to the Committee that the cleaning materials in question were delivered directly to the workers on the field as they were desperately needed within a limited timeframe. The Committee informed the PS that the “**urgency of any situation, as far as management issues are concerned,**” should not in any way warrant a circumvention of laid rules and regulations. The Committee deduced from the PS' submission that heads of three different cleaning groups had signed for materials delivered to them, but signature of the representative for the fourth cleaning group had not been secured. The PS promised the Committee that he would ensure that the signature of the head for the fourth group is secured.

The Committee, therefore, recommends that the PS submits the distribution list with immediate effect, otherwise the amount involved be refunded to the Consolidated Fund.

10.0 BANK OF SIERRA LEONE [2014]

Mr Speaker, Honourable Members, during the Committee's engagement with officials of the Bank of Sierra Leone, the auditors confirmed to the Committee that the issues listed below had been resolved.

10.1 Fixed assets holding account

At close of business on 31 December 2014, the auditors observed that even though the Middle-Hill residence/premises had been completed, an amount of **Le3, 758,749,037** as detailed below was still held under work-in-progress, instead of it being reclassified into premises in the fixed assets accounts maintained in the general ledger. Included in the fixed assets holding account also was an amount of **Le462, 301,200** relating to payments for furniture for the Tokeh Resource Centre. Those were furniture provided which were available for use but still held under the fixed assets holding account. The concern was that those assets should have been reclassified into furniture and equipment and then depreciated accordingly. Where there was no immediate use for those furniture, previously meant for the Tokeh Resource, management should consider another option for them to be fully utilised or disposed so that recoveries will be made.

10.2 Non-accounting for interest repayment on loan to Sierra Leone Stock Exchange

It was observed that interest due from the loan to the Sierra Leone Stock Exchange, from the Bank was completely omitted from the books. Those was loans given out by the central bank and therefore it was expected that both interests and principal amount were recovered.

10.3 Preparation of Bank Reconciliation Statements

The Central Bank did not provide any bank reconciliation statements for the HSBC US Dollar Call Account, HSBC Pound Sterling Account, and the Access Bank Debit Card Account for the periods 1st January to 31st December 2014. As a result the auditors were unable to verify the accuracy of those account balances provided to the audit team for audit purposes.

10.4 Staff Advance not recovered [recoverability]

Advances given out to former staff of the bank amounting to **Le32, 447, 698** were still in the books as staff advances even though those staff had left the bank and recoveries not made. In addition, an amount of **Le29, 814, 000** relating to cost of air ticket paid by the bank for staff who planned to travel to Nigeria for a seminar was wrongly recorded in the books of the bank.

10.5 Retirement of Imprest

The bank policy on imprest received is that it should be retired within six months period from the date of receipt. During a review of accounting records, it was observed that imprest given to six staff, valued at **Le67, 305, 500** during the period under review were not retired as at the time of our review even though the maximum period for retirement of imprest had elapsed.

10.6 Deferred Currency

There was inadequate control over the issue of new coins into circulation so as to accurately determine the deferred currency. During our review of deferred currency, it was noticed that **Le 100** coin new currency were issued more than the client had in stock. The **Le100** coin had an opening quantity of **10, 500**. However during 2014 a total quantity of 48,000 coins was issued out of stock. Those issues were made before April 2014 but were neither investigated nor corrected by management all throughout the year. This over issue led to the **Le100** coins having a closing quantity of **Le-37, 500** and a closing value of **Le907, 875**.

10.7 Cash Vault Controls

Regular routine maintenance of vault doors was in most instances not carried out by the bank. In the review of the Kenema branch office, it was noted that the door lock for Vault 1 in

which new notes were kept was faulty and could not be opened. At close of business 31st December, 2014 the value of cash in the vault was **Le5, 850,000**. The auditors could not gain access into the vault and as a result could not physically verify the condition of the vault and cash kept within.

10.8 Insurance cover for Vault Cash Limit [Kenema Branch]

There was no specified insurance limit for cash held in the Kenema vaults. As at the date of the auditors visit, it was noted that total cash held by Kenema branch in all the vaults was approximately **Le23** billion.

10.9 Vault 2 - Freetown Branch

Based on the review of the Banking Manual of Operations, it was noted that vault 2 in Freetown should only contain mutilated notes. However upon review, it was noted that it contained both mutilated and re-issued notes. Mutilated notes were sighted that were being kept outside of Vault 2 and stored in the main parlour leading up to the vaults. Our concern was that cash was not actually kept inside the vault but held up in an open space near the vault.

10.10 Filing of documents

Files maintained for currency movement to and from Kenema Branch were not properly maintained and some relevant documents were not available for inspection. It was recommended that all the necessary documents for species moved should be filed properly and according to the respective dates.

However, Mr Speaker, Honourable Members, the Committee deemed it fit to proffer the following recommendations that:

- *in future, timely review should be carried out by management of the Assets Holding Account and the reclassification of all completed assets, so as to commence depreciation computation; and that Fixed Assets Register should also be promptly updated;*
- *the General Services and Accounts and Budgeting Departments should ensure that the Bank's policies and procedures relating to assets are fully complied with;*
- *proper accounting records of all transactions are carried out and the Accounts and Budgetary Department should take responsibility for reviewing monthly management reports, in order to ensure that they are free from material errors;*
- *Management should assess the financial status of all community banks and the Sierra Leone stock exchange in order to ascertain recoverability as well as making adequate provisions for bad debts;*
- *Management should put control measures in place to ensure that all source documents are obtained to support financial transactions and filed correctly;*
- *Management should also exercise complete review, control and monitoring of those accounts to ensure that proper accounting treatment of those transactions are consistent with standard accounting principles;*
- *Management should exercise full control over the issue of new coins in circulation; and*
Management should ensure regular routine maintenance of all vault doors within the bank premises.

11.0 MINISTRY OF LANDS, COUNTRY PLANNING AND THE ENVIRONMENT [2012-2014]

11.1 Poor management of the lease of state lands

The Ministry did not maintain a database of private lease of state lands. Arrears in respect of commercial leases stood at **Le3, 809,972,654** and regular monitoring of amounts owed by leaseholders was not carried out by the Ministry for the period under review.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the Committee was made to understand that the issue under consideration was raised in 2012 and nothing had been done to address it. Questioned on why the said issue was still reported by the auditors, the PS stated that the database of private lease of state lands was available at the records section of the Ministry for inspection. He added that the Ministry had made considerable efforts during the period under review to collect outstanding lease rent. He said that arrears were published in the newspapers and public notices aired out, and "talk-show" programmes were also used in a bid to encourage debtors to pay up their arrears. He maintained that in the recent past, the Ministry had again respectively published and aired public notices over the print and electronic media; calling on defaulters to pay their lease rents or face the penalties indicated in their letters of offer. Evidence of notices he said, were available for the attention of the Committee.

Queried why those pieces of evidence were not produced to the auditors for inspection, the PS mentioned that ledgers where those issues were recorded "**are available at the records section and other documentary evidence to monitor the payment of lease rents for the period under review.**" The Committee observed that the Ministry was without good database, which had resulted in that internal control problem. The Committee also observed that the Ministry officials had not done enough to resolve the issue, pointing to the fact that if the Ministry had taken robust actions, defaulters would have complied.

Based on those observations, the Committee recommends that:

- *the PS should ensure that a database of private leases and records of arrears is put in place for future reference;*
- *regular reconciliations are carried out in order to ensure proper monitoring of those lands; and*
- *stern actions be instituted against defaulters.*

11.2 Improper allocation of state lands

The Ministry did not have any standard guidelines or formula for the allocation of lease of state lands. A fixed fee or charge was levied on the allocation of state lands irrespective of the size/dimension or acreage of the land.

Committee's Observations and Recommendations

According to the PS' submission to the Committee, there were standard guidelines and procedures for the allocation of state lands in the manual of procedure. The Committee wanted to know, why the issue was reported on the Ministry if there were guidelines in place. The PS could not provide any acceptable response to the Committee.

In that regard, the Committee recommends that the Director of Surveys ensures the provision of guidelines for the allocation of leases, and that those guidelines must be implemented to the fullest.

11.3 Splitting of procurements in order to evade National Competitive Bidding

Procurement of stationery and computer accessories to the value of **Le181, 978, 588** in 2012; **Le552, 878, 875** in 2013 and **Le634, 799, 500** in 2014 were split in an effort to evade the National Competitive Bidding process.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, during the Committee's engagement with other MDAs like the Ministry of Health and Sanitation, a similar issue was noticed and similar rationalisations were adduced, justifying their actions. The PS for the Ministry of Lands informed the Committee that the Ministry did not intentionally split procurements in order to evade National Competitive Bidding. According to him, various items were bought by the various divisions within the Ministry, at different intervals, upon release of quarterly budgetary allocations by the Ministry of Finance. The Committee counseled the Ministry's officials, especially the Procurement Officer, to ensure the application of procedures in respect of the procurement of goods and services.

Thus, the Committee recommends that in future, the PS should ensure the centralisation of procurement activities until guidelines are provided for splitting the procurement of stationery and computers.

11.4 Salary payments made to staff who had exceeded the statutory retirement age

Salaries which amounted to **Le29, 536, 112** were paid to four staff who had exceeded the statutory retirement age of 60 years. In addition, the Ministry did not produce letters of extension of services to justify their stay. By copy of the report, the Director General of HRMO was required to take appropriate action. The PS should also collaborate with the Director General of HRMO to regularise the anomaly.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, this is another common issue among the MDAs. Judging from what the auditors reported and the response from the PS, Management had taken an appropriate action by duly informing the HRMO for further action. However, the Committee also blamed the Ministry officials for failing to delete the names of the four staff under consideration before audit's verification.

The Committee promised to summon officials of the Public Service Commission, Head of the Civil Service and the HRMO when the Committee would be looking at the 2015 Audit Report. *However, the Committee recommends that monthly reconciliation between details on the payroll database and the Ministry's staff list should be carried out in order to reduce irregularities.*

11.5 Three official vehicles not physically verified

There was no asset management policy at the Ministry. In addition, the audit team could not physically verify the existence of three vehicles with registration numbers ABF 838, ACP 981 and ABP 114.

Committee's Observations and Recommendations

Responding to the issue, the PS informed the Committee that he referred the auditors to Annex 3 of his response to show that those vehicles were available for inspection. When asked to provide the document he claimed to have annexed in his response, he submitted it to the Committee and the auditors for confirmation. The auditors confirmed the document to be authentic, but spoke about the unavailability of an Assets Management Policy that was not

provided. The PS promised to provide a copy of the said policy to the Committee, but it was to no avail.

In light of the above, the Committee recommends that the PS provides those three vehicles to the auditors for physical verification and an Assets Management Policy be put in place with immediate effect.

11.6 State Land Management

Lack of coordination in the sale of government quarters

In October, 2013, the Ministry offered a parcel of land situated at Wilberforce Loop to a customer. According to the offer letter, the customer was to pay the cost of replacement of the three government quarters that were on the said land. Based on the valuation done by the Ministry of Lands, the customer duly paid the sum of **Le1, 089, 000, 000** as cost of replacement of the buildings. Furthermore, review of correspondence, dated 28th November, 2014 sent by the PS [Ministry of Works, Housing and Infrastructure], to the Secretary to the President revealed that the cost of constructing the three quarters according to their valuation was **Le1, 482, 649, 500**, leading to a shortfall of **Le393, 694, 500**. Of utmost concern to the audit team, was how the Ministry of Lands arrived at the purchase price for the construction of the buildings without proper consultation and collaboration with the Ministry of Works, Housing and Infrastructure.

Committee's Observations and Recommendations

Reiterating his earlier response to the auditors, the PS informed the Committee that the **“Ministry of Works has the statutory responsibility of managing government quarters. Therefore, that ministry should coordinate all issues relating to government quarters.”** He said that the memorandum on the sale of government quarters was tabled in Cabinet by the Acting Minister of Works, Housing & Infrastructure, which implied that the Ministry was responsible for the contents of that memorandum. The PS maintained that the Ministry of Works should have ensured that all technical and financial issues were properly crosschecked and verified by the appropriate authorities before securing Cabinet approval for the sale of the said quarters. However, the Ministry of Works, which is the technical Ministry responsible for infrastructure, went ahead to table the memorandum in Cabinet without proper scrutiny of all the technical and financial implications.

Mr Speaker, Honourable Members, adjudging from a neutral point of view, the Committee inferred that:

- the Ministry of Works, Housing and Infrastructure was largely responsible for underestimating the purchase price in the Cabinet memorandum;
- there is an overlapping function between the Ministry of Lands and the Ministry of Works, which is almost denying government the sum of **Le393, 694, 500** that could be used to build schools or support other developments;
- the Ministry of Lands, on the other hand, failed to consult its counterpart Ministry [Ministry of Works] after the memorandum had been approved by Cabinet in terms of drawing the attention of the Ministry of Works to any grey areas noticed in that document; and
- there was a conflict of interest between the two Ministries.

Contingent upon the foregoing, therefore, the Committee recommends that:

- *the two Permanent Secretaries in the Ministries of Lands and Works pay the shortfall of [Le393, 694,500] without recourse to their respective Ministries, into the Consolidated Revenue Fund within 30 days of the adoption of this report or face suspension until the said sum is recouped and remitted into the CRF;*
- *that in future, other line Ministries are to be regularly consulted on issues relating to their mutual interests.*

12.0 MINISTRY OF SOCIAL WELFARE, GENDER AND CHILDREN'S AFFAIRS [2012-2014]

12.1 Procurement Procedures not followed

During a review of the procurement procedures and processes in the Ministry, it was observed that:

[i] Procurement documents such as advertisements, minutes of bid opening, technical evaluation reports, minutes of Procurement Committee meetings, letters of award of contracts, and signed contract agreements were not submitted for the supply of diets. This was in respect of feeding programmes at the Remand Home and Approved School, as well as for the establishment of an Observation Interim Care Centre [OICC] which amounted to **Le1, 442, 648, 808** for the period 2012 to 2014. Procurement plan for goods and services for 2012 and contract tracking sheet, which evaluates both completed and on-going procurements, were also not available for inspection.

[ii] Examination of the procurement documents revealed that Local Purchase Orders and Certificates of Completion were not submitted to verify the construction and rehabilitation of the NACWAC building in Makeni, Remand Home, Approved School and Chief Social Services Office built or rehabilitated at a total cost of **Le543, 014, 000**. Furthermore, examination of the quarterly report of the Remand Home revealed that since the last maintenance and repairs to the structure in 2011, there had not been any for the past years.

[iii] Procurement, which amounted to **Le313, 917, 200** for 2012 and 2013 was made without due regard to the three Requests for Quotations [RFQs], and Requests for Proposals [RFPs] procedure.

[iv] Bid registers and receipts for the sale of bids in respect of the supply of diets were not presented for audit inspection for 2012.

Committee's Observations and Recommendations

Responding to the aforementioned issues, the PS revealed that the procurement documents in question, adverts, minutes of bid opening, technical evaluation reports and other related documents for the supply of diets, were ready for audit verification. He added that the procurement plan for goods and services procured for 2012 was also available for audit confirmation. The Local Purchase Order and certificate of completion were now available for audit inspection. The PS also claimed that the RFQs, RFPs, bid register, receipts contract tracking sheet for both completed and ongoing procurements were available for audit verification. Some of those documents were presented to the auditors and the Committee for verification. Questioned on why those documents took so long to be submitted to the auditors, the PS could not provide any convincing answer.

Thus, the Committee observed that there were mis-procurements in the Ministry, which caused the omission of other documents, such as minutes of bid opening; technical evaluation reports and minutes of Procurement Committee for verification. Judging from the documents produced to the Committee, it was observed that no procurement document was submitted for

verification to support the establishment of the OICC. In fact, the Procurement Plan that was submitted for the procurement of goods and services procured for 2012 was not approved by the appropriate authority and the Contract Tracking Sheet was also not submitted for verification.

Based on those observations, Mr Speaker, Honourable Members, the Committee recommends that:

- *the Procurement Officer submits the procurement document within 30 days of the adoption of this report by Parliament for audit verification; otherwise the PO should be suspended;*
- *the PS and the Procurement Officer should provide the progress and completion of work report for inspection;;*
- *the bid register, receipt and contract tracking sheet be submitted for audit verification within 30 days of the adoption of this report by Parliament.*

Mr Speaker, Honourable Members, during the Committee's engagement with Ministry officials on the other issues mentioned in the audit report, the Committee was made to understand that those issues, as listed below, were under investigation by the Anti-Corruption Commission [ACC].

12.2 Withdrawals from various bank accounts without supporting documents

There were inadequate controls over the banking transactions and processing of payments in the Ministry. Thus, it was observed that withdrawals to the sum of **\$3, 560, 658** and **Le383, 059, 360** were made from Women's Empowerment Account, Gender and Children's Affairs Account, Gender and Security Sector Account and Hajj Account for the period 2012 to 2014 for which no documentary evidence was produced to substantiate the utilisation of such funds.

12.3 Withdrawals without adequate supporting documents

Withdrawals which totaled **Le341, 000, 750** and **\$2, 367, 890** were made from various bank accounts in respect of monitoring and supervision and the like, without adequate supporting documents such as invoices, receipts, expenditure returns, and reports on those activities.

12.4 Grants without expenditure returns

Grants were made to some organisations which totaled **Le590, 500, 000** for the period 2012 to 2014, for which expenditure returns were not submitted for inspection.

12.5 Store items not taken on ledger charge

Store items valued at **Le417, 984, 800** between 2012 and 2014 were neither taken on ledger charge; nor were store issue vouchers [SIV] distribution lists submitted.

12.6 Poor Asset Management

Some of the Ministry's assets were not coded for easy identification. Besides, assets such as laptop computers and furniture, bought in 2012 worth **Le108, 114,000** were not presented for physical verification, and there was no asset management policy. Furthermore, 13 vehicles were boarded for which the vehicle examiner's reports from SLRTA were not submitted to justify that the vehicles' boarding date was due.

12.7 Security of the remand home

There were security lapses at the Remand Home. For instance, the drainage leading to Kroo Bay was not adequately protected to prevent juveniles from escaping.

12.8 Condition of the Approved School

The perimeter fence of the Approved School was dilapidated. During a tour of the school, the auditors observed quite a large number of unauthorised accesses to the compound. It was recommended that the PS institutes a mechanism for the safety and security of the school.

12.9 Unauthorised residents in quarters of the Approved School

In an interview with the Officer-in-Charge at the Approved School, it was revealed that the dependants of deceased and retired staff were still residing in the quarters of the Approved School.

Therefore, Mr Speaker, Honourable Members, the Committee recommends that those issues, as highlighted above, be put on hold until the Anti-Corruption Commission completes its investigations.

13.0 MINISTRY OF FISHERIES AND MARINE RESOURCES [2014]

13.1 Revenue not deposited into the Consolidated Revenue Fund

Differences totaling **Le15, 589, 257, 831** were observed between the Ministry's records for revenue collected during the period under review; and the revenue banked in the CRF as disclosed in the Public Accounts.

Committee's Observations and Recommendations

Reacting to the query, the PS disclosed to the Committee that the difference to the tune of **Le15, 589, 257, 831** were communicated to the NRA and the Accountant General's Department for remedial actions. He also claimed that he had requested bank statements for all Transit Accounts maintained by the NRA on behalf of the Ministry of Fisheries & Marine Resources [MFMR] for the period under review [1st January to 31st December, 2014]. Questioned whether the bank statements were submitted, he said that bank statements submitted were inadequate to address the issue under consideration. According to him, major financial transactions recorded in the Ministry and NRA Cash Books were not reflected on the bank statements received from NRA. He however revealed to the Committee that he had requested the NRA to submit the complete bank statements for the period under review in respect of all Transit Accounts and CRF Accounts; which he said were yet to be submitted.

The Committee noted the moves made by the PS in trying to resolve the issue, but inferred that not enough was done to reconcile the revenue collected by the Ministry.

Thus, the Committee recommends that the PS formally sends reminders to the Accountant General's Department and the NRA for remedial actions to be taken with immediate effect; otherwise the PS should be suspended until the issue is resolved.

13.2 Outdated List of accounts signatories

A list of signatories to the bank accounts maintained by the Ministry had not been updated as the names of some former senior personnel were still on the list. Those included a former Permanent Secretary and the former Director of Fisheries.

Committee's Observations and Recommendations

According to the PS, the list of signatories to the bank accounts maintained by the Ministry had been accordingly updated. Asked to provide documentation to authenticate his assertion to the Committee, he submitted the document for the Committee's confirmation. Asked to promptly verify the materiality of that evidence, the auditors confirmed to the Committee that the document was reliable and credible and advised the Committee to proceed to the other

issues. The PS promised to ensure that the internal control systems would be invigorated to prevent similar occurrences.

The Committee thanked the PS for adequately responding to that query, but counseled that in future:

- *the PS and the Principal Accountant [PA] should ensure that signatures are updated as and when necessary, and submitted on time;*
- *that PS and PA should also ensure that internal controls are strengthened to enable them detect and resolve internal control issues before the arrival of the audit team.*

13.4 Slow pace in the collection of arrears owed by fishing companies

It was observed that of the total arrears of **USD 240, 000** [approximately **Le, 1, 030, 000, 000**], the USD equivalent of **Le614, 969, 498.27** [60% of total amount] for the year to 31st December, 2014 was still outstanding. It therefore appeared that the debt collection system was not robust as the Ministry was not able to collect the total sum due and did not produce a payment plan.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, evidence gathered from the PS revealed that efforts were made to collect arrears owed by fishing companies like Okey Agencies and Sierra Fishing Companies [SFC]. Questioned to explain to the Committee why those arrears were still not paid, the PS said that in the case of SFC, a payment schedule was prepared, and that the slow pace of revenue collection was due to the outbreak of the Ebola epidemic. He maintained that the Ebola scourge severely hit the fishing industry in the country and hence most of those fishing companies left the country. He however disclosed that he had reminded the two companies to pay their arrears.

In light of the foregoing, the Committee recommends that stringent measures are put in place to collect arrears within the shortest possible time. Also, the companies under consideration should, with immediate effect, pay the outstanding balances and be surcharged for the long delay in the payment of those arrears.

13.5 Laboratory equipment procured for a non-functioning laboratory

A Local Purchase Order [LPO] was prepared for the procurement of laboratory equipment and delivery made of those items, though the laboratory was still not functioning; and this non-functionality covered the period under review. The value on the LPO was **Le18, 520, 000**. Review of the expense analysis revealed that there was no Cheque number against the transaction, indicating that payment had not been made by the Accountant General.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, according to the PS, procurement needs are usually brought up by End User Department. He intimated that sometimes those needs were based on the planned activities of the End User Department and financial provision made in the annual budget. He maintained that the activity was part of the End User Department's outlined activities for the said quarter and the moneys provided for that activity would have expired and lapsed if not utilised in the same quarter. He told the Committee that equipment procured were not perishable ones. He further stated that **"the End User Department will always put those equipment into use since they are fixed assets."** Based on the PS' submission, the Committee inferred that the equipment in question were not urgently needed, otherwise they would have been put into use as soon as they were purchased.

Based on the foregoing, the Committee warned that if the issue is reported again in the 2015 audit report, both the PS and the Procurement Officer will have to refund the amount in question or face suspension as long as the issue remains unresolved.

13.6 Salaries paid to four members of staff who had attained the statutory retirement age

A total sum of **Le10, 307, 239** was paid to four officers for the year 2014 even though they had exceeded the statutory retirement age. The audit team could not confirm whether letters of extension or retirement were issued to the four members of staff as no evidence was submitted for audit inspection.

Committee's Observations and Recommendations

The PS revealed to the Committee that a memorandum was submitted to the HRMO, indicating the wastage for 2014. He also said that another was sent on the 2nd May, 2014 indicating the anomalies in the payroll, so that action would be taken. When asked to provide evidence in respect of the memorandum, he claimed to have submitted to the HRMO for further action, but could not submit copies. The Committee did not consider this matter to be resolved.

Therefore, the Committee recommends that the PS should formally inform the Human Resource Management Office to take the appropriate action and retains copy of correspondence for reference purposes.

13.7 Assets Management Issues

The current Public Private Partnership [PPP] agreement signed and dated 23rd January, 2015 stipulates an annual lease fee of **USD100, 000** for each of the fish receiving centres; amounting to **USD 400,000** for the four fish receiving centres. Physical verification of the two fish receiving centres in the Western Area, revealed the following:

- The Goderich Fish Landing sites had been handed over to Neptune Limited and Neptune Limited had their security in post. Operations however had not started on the two landing sites visited by the auditors;
- The junior staff quarters at the Tombo outstation was in a very bad shape without windows and proper doors;
- There was no power supply in the new office to facilitate the use of IT equipment; and
- There were two big used 40 KVA generators donated by GTZ to the Ministry within the Tombo office premises, but those were found to be non-functional. Up to the time of writing this report, the generators were left in the open with one side of the compound without a perimeter fence. The workshops for net mending and boat repairs were no longer in operation as they were not well-equipped.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the PS' response to the aforesaid issues revealed that:

- the PPP Management and Operation Contract stipulates that: **“The Company shall not pay the lease fee for the first year after the commencement of this Agreement;”**
- Neptune had recently started cleaning and settling at the two sites;
- the junior staff quarters at Tombo were burnt down during the war and the entire offices and quarters for both junior and senior staff were reconstructed by the GTZ Fisheries Community Development Project;

- the Ministry with the Parliamentary Committee on Fisheries were requesting retention fee of 10% from the revenues collected so that those offices that were constructed by projects would be rehabilitated;
- the new office had been taken over by Neptune Company; and during the period of review, the Company had six months to mobilise resources to kick start the operation, but that due to the Ebola outbreak, they could not start;
- one of the 40 KVA generators was vandalised during the war beyond repairs;
- the perimeter fence would be constructed when funds are made available by MoFED; and
- the workshop on net mending and boat repairs was destroyed during the war.

However, the PS informed the Committee that the Ministry was advocating for a retention fee from the revenues generated to rehabilitate all outstations that were destroyed during the war.

Thus, the Committee applauded the PS' brilliant presentation, but however recommends that a proposed plan of action be prepared by the Acting Director of Fisheries for onward implementation and to ensure that repairs are carried out on those quarters without any further delay.

13.8 Consultancy Services for the Empowerment of the Fishery Sector

The purpose of the agreement between the Government of Sierra Leone and PRECON was for the latter to provide consultancy services for the empowerment of the fishery sector within the country to comply with international standards, the EU import requirements and to contribute to the World Fish Market. The contract amount was €2, 659, 000, of which €1, 679, 743[63%] had been paid. The agreed completion date of August, 2014 had elapsed and significant milestones embedded in the objectives of the agreement had still not been achieved as at the time of writing the report. Based on the draft implementation plan, overview report on activities and deliverables by PRECON and the status report from the Ministry, it was observed that some of the key milestones not achieved were:

- Project 3: Implement EU improvement actions with the Competent Authorities, Laboratories and Fishery Private Sector operators on Fishery products. Trainings for laboratory staff for the testing and analyses of fishery products especially with the Environmental Monitoring and Marine Stewardship Council to attain sustainable fishery, had not been done.
- Project 4: Familiarise competent authorities with EU customs border control.
- Project 8: Identify market opportunities in Europe for Sierra Leone's Fishery products. and
- Project 11: Develop a portfolio of potential Value-added fishery products.

Committee's Observations and Recommendations

According to the PS, “a National Environmental Monitoring Plan, including 97 Fish species was developed with a risk evaluation analysis and a sampling plan for Laboratory analyses.” He added that the training of Laboratory staff was halted due to the Ebola and consultants could not travel to Freetown. He said that the Marine Stewardship Council [MSC] private standard was done after the visit of EU inspectors in December, 2015.

In light of the above, the Committee advised the Ministry officials that since the Ebola epidemic is over, the Ministry should fast-track the implementation of those projects without any undue delays.

14.0 ACCOUNTANT GENERAL'S DEPARTMENT [2014]

14.1 Outstanding matters from previous audits

Revenues given to the Accountant General's Department [AGD] by various insurance companies as 1% commission for administrative cost for the service of deducting premium and the repayment of loans from source, from salaries of civil servants, and other public officers, who were clients to those insurance companies, were not paid into the Consolidated Revenue Fund [CRF] by the Department. Those moneys were paid into a separate account of the AGD for the period under review. Even though documents supporting the use of these moneys were provided, authorisation for their use was not provided.

Committee's Observations and Recommendations

Responding to the issue, Mr Speaker, Honourable Members, the Accountant General informed the Committee that the 1% was a commission to the Department from various companies for services rendered by the Department in deducting membership dues from monthly salaries at source. He revealed to the Committee that those moneys were used to augment the Department's inadequate resources for its day to day operation. The Committee confirmed that the annual total amount was disclosed to it [PAC]. The Committee noted that though the authority for the utilisation of the 1% commission from insurance companies was not submitted for audit verification, yet a memorandum of understanding between the Accountant General's Department and the insurance companies was submitted and verified.

Thus, the Committee recommends that this issue be closed.

15.0 SIERRA LEONE POLICE [2014]

15.1 Loans from welfare and Medicare Accounts remained unpaid

The main purpose of the Staff Welfare Fund is to make quality health care service accessible and affordable for serving officers and their immediate family members [i.e. spouse and four dependants not above 18 years]. It was also observed that **Le500, 000, 000** was withdrawn as loan by the SLP Management to cover SLP expenses owing to the late payment of the half yearly subvention from MoFED. However, although the agreement was for the full amount to be refunded upon receipt of the subvention, it was observed that only **Le100, 000, 000** was repaid and the balance of **Le400, 000, 000** was still outstanding.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the Inspector General of Police [IG] informed the Committee that he had instructed the Accountant to ensure that loans from the Welfare Fund Account be repaid as soon as the 2nd quarter allocation was made available. The Committee advised the IG and his Management team not to toil with that issue, as the lives of thousands of police officers and their families depended on those funds.

In that regard, the Committee recommends that the said outstanding [if same had not been paid], amount be paid within 30 days of the adoption of this report; otherwise the funds will be considered misappropriated and disciplinary action will be instituted against the Inspector General of Police for such anomaly.

15.2 Use of an outdated contract for the purchase of vehicle spare parts

The SLP continued to contract a business house for the supply of spare parts for its vehicles when its contract with the supplier had lapsed five years ago, and no evidence was produced for audit verification to confirm that it had been re-advertised or reviewed.

Committee's Observations and Recommendations

The Committee's engagement with the IG revealed that there was a contract signed with Jaward EL Zein & Sons for the supply of spare parts to the SLP. He also disclosed that Medo Garage, which was used as an outsourced garage, had its previous contract reviewed by the Procurement Committee and contract extension had been endorsed. When asked to state the reason[s] why he took so long to review the contract in question, the IG stated that he seriously noted the observation made by the auditors and swung into action when the issue was flagged up in the audit report. He intimated the Committee that the issue had been addressed. The Committee condemned the IG's action, stating that using an outdated contract for the purchase of vehicle spare parts, in itself, contravened the NPPA Act.

Based on the foregoing, therefore, the Committee recommends that the IG and the Procurement Officer should ensure that the contract for the purchase of spares is reviewed and evidence maintained for audit verification.

15.3 Payment of salaries to staff who had exceeded the statutory retirement age

Although two senior and fifteen other officers had reached the statutory retirement age of sixty years, they continued to be gainfully employed without formal extension letters. The total amount of salaries paid to those officers since attaining the retirement age of sixty years amounted to **Le108, 502, 246** for the period under review.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the IG was interrogated as to why the two senior and fifteen other officers, who were reported to have reached the statutory retirement age of 60 years, were still receiving salaries. Pieces of evidence gathered from the IG revealed that the officers in question **“are core essential staff and their replacement could be difficult, although plans are underway to replace them.”** The Committee informed the IG that **“if those officers are still essential and are needed within the police force, the auditors are simply asking him to ensure that extension letters for those officers are prepared and sent to the appropriate authority for further action.”** The IG revealed to the Committee that the recommendations of the auditors were noted and he had instructed the Human Resource Officer in the SLP to liaise with the HRMO in order to address the issue immediately. He gladly told the Committee that extension letters had been prepared by HRMO and were in the respective files of those officers whose services were still required by the SLP.

Though the Committee had instructed the auditors to verify the IG's assertion, the Committee thought it wise to recommend that in future, the Human Resource Officer in the Sierra Leone Police should always ensure that staff who have attained the statutory retirement age of 60 years are duly informed; and in an instance where their services are still required, extension of their contracts should be done appropriately and evidence maintained for audit inspection.

15.5 Building projects not capitalised

It was observed that the SLP was currently undertaking a number of capital projects in the name of asset in various locations around the country. However, the system by which all

direct and indirect costs associated with such assets were accumulated was not in place. For instance, there was no fixed asset work in progress register in which records of the lost material, labour and overhead absorbed by the various assets bought and created should be entered. This amounted to **Le1, 855, 403, 950**.

Committee's Observations and Recommendations

According to the IG, a system had been put in place to ensure capitalisation of direct and indirect costs associated with the various assets. The Committee asked the auditors to go and verify if the building projects were being capitalised and to also ascertain whether direct and indirect costs associated with the various projects were being revalued.

However, the Committee cautioned that if the contrary is reported, stringent action will be taken against him [IG].

15.6 Inadequate controls within the IT unit

The IT Unit did not have a proper backup system and most of the computers were not installed with passwords in order to restrict unauthorised access to sensitive information. It was also revealed that the SLP did not have licensed antivirus software and an IT Policy which could protect its equipment and data from damage and loss and address the low level computer literacy amongst its staff respectively. It was also observed that the SLP server was inadequate and thus undermined the optimum use of the internet in various departments. Furthermore, the website of the SLP was not updated regularly.

Committee's Observations and Recommendations

The IG admitted that the observations made by the auditors were legitimate and they had been noted very seriously. The IG further revealed he had instructed the AIG Support to ensure that an IT Policy is put in place to address the issues of backup, antivirus, passwords and training of staff.

The Committee counseled the IG to ensure that an IT policy is developed and introduced in order to address the issues as highlighted by the auditors; otherwise if these issues are reported again in 2015, the Committee will take tougher actions.

15.7 Visitation to the outstations

Working environment at the OSD headquarters was not conducive. For example, the septic tank was damaged, and the uniform and riot gear store had no proper security locks. The fuel depot was not habitable as it was not properly ventilated. It was also not equipped with computers which could help staff develop a comprehensive data on fuel distribution.

The Ross Road Police Station was overcrowded and did not have an exhibit store.

Committee's Observations and Recommendations

The IG was asked to explain the present situation regarding those issues raised by the auditors. In his response, the IG disclosed to the Committee that the entire OSD Headquarters had been renovated. He also said that a new Regional Headquarters was being constructed at Ross Road, and that a new building had been proposed to be erected as soon as possible. He even invited the Committee membership to pay an unannounced visit to the office, so as to confirm whether what he had told the Committee was nothing but the truth. He concluded by saying that the SLP fuel depot would be rehabilitated with proper ventilation and equipped with computers and printers for automation of its data as soon as possible.

Thus, the Committee took the IG by his word, but warned that if those issues are reported again, action will be taken against him for deceiving the Committee.

16.0 SIERRA LEONE CORRECTIONAL SERVICE [2014]

16.1 Payment for the procurement of office stores not delivered

Article 2 of the contract agreement states: **“The supplier shall deliver the goods to the government at the institutions aforesaid, or to any other place specified by the government, starting from the date of first advance payment. If delivery of the goods is not affected by this date, then the supplier will be in default under this contract.”** It was however observed that on the 4th September, 2014 an advance payment was made to the Royal International Supplies for the supply of office stores on PV No. 0069497, which amounted to **Le570, 075,000**. It was however noted that a delivery note was not made available for audit inspection to confirm delivery.

Committee’s Observations and Recommendations

Mr Speaker, Honourable Members, the Regional Manager [RM] told the Committee that the delivery notes and other supporting documents were available for audit inspection. Queried as to why those documents were not made available to the auditors on time, the Regional Manager said that some of the documents were not available at that time. The Committee condemned the attitude of the Management team as reflecting a complete lack of respect for the laws of Sierra Leone.

However, the Committee asked the auditors to verify those documents, but warned that if the issue is reported again, disciplinary action would be taken against the officers in question.

17.0 NATIONAL FIRE FORCE [NFF]-HQ [2014]

17.1 Payments made to staff who had exceeded the statutory retirement age

Four staff of the Department, who had exceeded the statutory retirement age of 60 years, were without extension letters. The total salary paid to those staff since the attainment of the age 60, amounted to **Le25, 290, 535**.

Committee’s Observations and Recommendations

Speaking on the issue as mentioned by the auditors, the Chief Fire Officer disclosed to the Committee that recruitment and retirement of personnel was within the remits of the Human Resource Management Office, pointing out the fact that they usually prepare the Human Resource Management Plan on a yearly basis for onward approval. He said that three of the four personnel under consideration had been retired. He presented evidence of their retirement details, Human Resource Management Plan for FY 2014 and reminder letters. The Committee concluded to summon the HRMO and the Head of Civil Service for the issue under discussion. The Committee maintained that the issue was also observed in other MDAs.

Therefore, the Committee advised Management to always ensure that letters of extension are prepared, if the institution wanted to retain core staff, but who had exceeded the statutory retirement age of 60 years.

17.2 No proper storage facility for drugs

There was no proper storage facility for drugs purchased by NFF as there was no cooling system to preserve its drugs.

Committee's Observations and Recommendations

The Chief Fire Officer admitted that what was reported was the truth. He reiterated that the National Fire Force had no proper storage facility for drugs. When asked to explain why he had not taken remedial action to salvage the situation, he said that he could not refurbish the storage facility within the stipulated time of 30 days because of budgetary constraints. He however said that the Minister of Internal affairs had been adequately updated on the issue.

Mr Speaker, Honourable Members, the Committee drew the attention of the Chief Fire Officer to the frequent fire accidents that had engulfed the city. In his response, he told the Committee that though he had limited number of staff, those available were always ready to swiftly respond to fire incidents reported to the office. However, he informed the Committee that his office had been confronted with limited logistics like fire hydrants, financial constraints, to name but a few. The Committee expressed dissatisfaction with the manner in which fire incidences were usually responded to, citing some instances where fire force officers reached those places after the damage had been done.

In light of the above, the Committee recommends that the Chief Fire Officer should ensure that:

- *adequate actions are taken to refurbish the storage facility; and*
- *fire incidences are swiftly responded to before damages are done to lives and property.*

18.0 NATIONAL SOCIAL SECURITY AND INSURANCE TRUST [2012]

18.1 Procurement procedures not followed

Procurement procedures were not followed and adequate supporting documents were not provided for the procurement of various goods and services valued at **Le1, 495, 472, 400** and **\$1, 494, 830**.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, enquiry into this matter revealed that the issues standing against the National Social Security and Insurance Trust [NASSIT] were reported from 2012. Asked to provide explanation on the issue under discussion, the Director General [DG] told the Committee that the issue in question related to contract for the procurement of a vehicle, Christmas hampers [a voltage regulator laminate] and materials for the construction of a warehouse had been noted. He informed the Committee that the thresholds prescribed in the National Public Procurement Act, 2004 which guided the selection of the procurement method for various transactions were based **“on estimate value and not actual contract amount.”** According to him, **“prior to solicitation of bids for the said contract, the estimated value was within the threshold for NCB and RFQ procedures accordingly.”** He maintained that the figure in question was the outcome of the various solicitation proceedings. Consequently, he told the Committee, the award figures could not have been determined before, and therefore, the method should be adjudged as incorrect.

Speaking on the CCTV Project, the Director General revealed to the Committee that **“sole sourcing was authorised on the grounds of unique technical capacity, consistent with Section [1] [e].”** He added that the service had to be sourced out to the requisite firm. Dilating on NPA connection to NASSIT [North Regional Office] and re-engineering of Western Region Office, the Director General said that the figure in question was within the

threshold of shopping for services as prescribed in the first schedule of the Act. According to him, the connection had two components: provision of materials, installation and connection to the NPA Grid.

Mr Speaker, Honourable Members, after a systematic examination of the issue, the Committee observed that:

- the amount involved for ‘sole sourcing procurement method’ was very huge. The Committee was of the opinion that the Director General would have used the National Competitive Bidding Method as enshrined in the NPPA Act, 2004;
- supporting documents for cleaning services, Christmas hamper and voltage regulator worth **Le510, 167, 900** were submitted;
- supporting documents were submitted for the procurement worth **Le985, 304, 500**; and
- supporting documents were not produced as evidence to show that procurement procedures were followed to the tune of **\$1, 494, 830**.

Thus, the Committee recommends that:

- *the issue relating to the procurements worth Le1, 495, 472, 400 be closed since the documents in respect of the aforementioned amount were provided; and*
- *the procurement documents to the tune of \$1, 494, 830 be produced within 30 days of the adoption of this report by Parliament, failure of which the amount in question be reinvestigated and the report forwarded to the PAC for verification and further action.*

18.2 Posseh Hotel and Catering Services

A contract worth **Le825, 573, 666** was awarded to Posseh Hotel & Catering Services for the supply of household goods in 2011. The Trust terminated the contract based on the fact that the goods could not be delivered as agreed. As evidenced by a report, the Procurement Unit critically looked at the facts and circumstances and advised the Trust to evaluate the situation and determine the most practical solution devoid of liquidated damages, but the Trust refused to re-evaluate the circumstances. Posseh Hotel took the matter to court and consequently, the Trust lost **Le400, 000, 000** in an out of court settlement.

Committee’s Observations and Recommendations

Asked to provide explanation on the situation under cross examination, the DG stated that the Trust considered several options in its bid to resolve the delay in the delivery of kitchen items by Posseh Hotel, like invoking the penalty clause on liquidated damages and termination with due notice. According to him, the Trust opted for the termination of the contract due to the frustration NASSIT suffered as a result of the delay in the delivery of the items, which came after the Presidential visit. He revealed to the Committee that the Presidential visit was the prime purpose for which the items were to be procured. He further stated that whilst the supplier sought redress in the court of law, the Trust, upon consideration of reputational risk and to avoid conflict with potential scheme members, reconsidered to settle the matter out of court and granted a reparation price to the tune of Le 400,000,000 to the plaintiff. He however stated that the items had been transferred to Kimbima Hotel Ltd. and the amount incurred in respect of same recovered accordingly.

Mr Speaker, Honourable Members, the Committee expressed consternation over the manner the issue was handled by NASSIT Management team, pointing out the fact that NASSIT should have explored other possible means of resolving the situation amicably; rather than allowing Posseh Hotel to seek redress in court. The Committee described the actions of the DG as a **“leadership failure and bad financial management practice, which had resulted**

in the loss of Le400, 000, 000.” The question the Committee asked, which was not properly responded to was, **“how can a home settlement of a case attract the sum of Le 400, 000, 000 as compensation fee to the litigant?”**

Mr Speaker, Honourable Members, the Committee recommends that the Director General provides a comprehensive report, within 30 days of the adoption of this report by Parliament, on the issue under scrutiny with due consideration to the following:

- *breakdown of expenditure for the sum of Le825, 573,666;*
- *the outcome of the case that attracted a settlement fee to the tune of Le 400,000,000;*
- *the party that took the items to Kimbima Hotel and the reasons for that decision;*
- *receipts in respect of the Le 400,000,000 paid to Posseh Hotel as settlement fee; and*
- *report as requested by the Committee.*

18.3 No agreement provided for the sale of house

Payment to the tune of **Le704, 700, 000** for the sale of a house at 10 Atlantic Street was disclosed as rental income. However; no sale agreement was submitted for audit inspection.

Committee’ Observations and Recommendations

The DG told the Committee that the house in question was sold to somebody living in the United States of America. Questioned why the sale agreement was not provided to the auditors, the DG revealed to the Committee that the sales agreement had been prepared, but the customer was not available to sign it. However, he assured the Committee that it would be made available immediately the customer would have signed it.

The Committee advised the DG to ensure that the document in question is signed before the 2015 audit; otherwise the amount in question should be refunded to the customer.

18.4 Affordable housing project

There were no supporting documents provided for audit inspection for **Le102, 150,800** [CPJ 10811] which was paid to a staff for the construction of a perimeter fence for the affordable housing estate in Makeni.

Committee’ Observations and Recommendations

Mr Speaker, Honourable Members, though the DG told the Committee that the documents in respect of the **Le102, 150, 800** which was paid to a staff for the construction of a perimeter fence in Makeni, were available for audit inspection, the Committee however condemned the idea of contracting a fulltime employee of NASSIT, instead of outsourcing the contract to a firm or individual.

Thus, the Committee recommends that the contract be reviewed and the relevant supporting documents in respect of the said contract be provided within 30 days of the adoption of this report by Parliament, failure to do so will result in disciplinary action against the in-charged.

18.5 Construction of the Kimbima Hotel Limited [KHL].

The Trust had 60% shareholdings in this investment valued at **Le5, 296, 415, 000**. The hotel had been under construction since 2009. There had been lots of changes in the project and the completion date had been postponed several times over the years. At the time of the audit, the hotel was still under construction and audited financial statements for 2007, 2008, 2009, 2010, 2011 and 2012 were not submitted for audit review.

Committee's Observations and Recommendations

Presenting his arguments to the Committee, the DG stated that the amount in question [**Le5, 296, 415, 000**] represented the Trust's 60% shareholdings in KHL, which had been in refurbishment since 2009. He however revealed that there had been changes in cost and date of completion due to changes in the scope of work to bring the hotel to a more competitive advantage. Asked to explain the present status of the work, he disclosed to the Committee that the refurbishment of the hotel was almost complete, and the hotel would be functional within the shortest possible time. He asserted that the services of PKF and Audit Service had been contracted to carry out an audit of its financial statements.

The DG further told the Committee that the Kimbima Hotel "**is now 100% owned by NASSIT and it will be reopened in few weeks' time for full time operation**". The Committee is happy to report to the House that the audited financial statements for 2007, 2008, 2009, 2010, 2011 and 2012 financial years were submitted and verified.

The auditors were advised to visit the Kimbima Hotel and report back to the Committee

18.6 Land Wrongly Capitalised

It was revealed that **Le45, 000, 000** was paid to staff in relation to the cleaning of a piece of land at Gloucester Village. That amount was not written off, but capitalised under land. Additionally, there was no supporting document provided to support the amount.

Committee's Observations and Recommendations

The response from the DG revealed that the amount in question for the clearing of the Trust's land at Gloucester Village was erroneously capitalised. He however said that the appropriate journal had been passed to expend the amount in question. He affirmed to the Committee that necessary adjustments and journal entry had been put in place. The Committee observed that the necessary documents, in support of the said amount, were provided, but the issue, according to the auditors, would be revisited during the next audit and to report back to the Committee.

18.7 No audited financial statement or share certificates provided for audit inspection

Sierra Ferries Ltd. is 100% owned by the Trust. It was observed that as at 2012, the Trust had capitalised **Le30, 897, 454, 000** in respect of expenditure undertaken by the Trust on behalf of Sierra Ferries Ltd. Most of the expenditure undertaken were administrative and repair costs for the ferries. No evidence of an audited financial statement of Sierra Ferries Ltd. was provided to the audit team. The Trust subsidised its operations. The ferries were assumed to be depreciating over the years and there was an indication of impairment.

ASSL was unable to confirm the value of the Trust's shareholdings, as no share certificates were provided for audit inspection. The amount decreased by **Le389, 367, 000** over the year. This amount related to work contracted to Class Diving Co. [SL], which was not executed. Therefore, the Trust asked for a refund. The amount was however recognised as receivable and there was no supporting document to show that the money had been paid or accepted to be paid by Class Diving Co.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, the DG was questioned as to why the Trust decided to invest in sea transportation. In his response, he stated that the investment in sea transportation

was undertaken in order to address the sea transportation problem. Responding to the Committee's query on the present status of the issue under examination, he disclosed to the Committee that Management had noted the concerns of the auditors and appropriate action had been taken to write off the administrative and repair expenses incurred in operating the ferry. He said that a valuation of the business would be carried out to determine the extent of the impairment. The Committee noted that the necessary adjustments and journal entries were carried for **Le4, 549, 081, 967** in respect of administrative and repair expenses, which had been written off.

In that regard, the Committee recommends that Management should make provision in the financial statement, as there were no indications of possible impairment of the investment and provide share certificates to substantiate the ownership of shares by NASSIT.

18.8 Transport allowance

The Trust's human resource policy manual stated that no transport allowance should be paid directly to a senior executive or senior management staff on a car loan. It was observed that senior management staff with car loans were receiving direct monthly transport allowance for the period under review. The total transport allowance paid to senior management with car loans for the period under review amounted to **Le303, 149, 891**.

Committee's Observations and Recommendations

Responding to the issue as raised by the auditors, the DG informed the Committee that Management noted the concerns of the auditors and that the 2008 Trust's Human Resource Policy had been updated. In other words, the DG said that the car loan policy had been factored into the revised Human Resource Manual. He also disclosed that the issue on transport allowance had been converted into car loan.

Mr Speaker, Honourable Members, though the DG knew that what he was doing was wrong, yet he went ahead to allocate transport allowances to senior staff who were on car loans, thereby contravening the Trust's Human Resource Policy.

Thus, the Committee recommends that the Trust reviews the policy with immediate effect and takes necessary action to avert a repetition of same.

18.9 Kambui Property Holdings Ltd

The agreement between NASSIT and Kenema City Council was a joint venture with NASSIT holding 80% and Kenema City Council holding 20%. That was not indicated in the financial statement. A loan of **Le21, 192, 838, 000** had also been capitalised in respect of this investment. Regarding the loan agreement, the Trust was supposed to accrue interest for those loans, but that was not evidenced in the account. Furthermore, no audited financial statements were submitted for audit inspection.

Committee's Observations and Recommendations

According to the DG, the concerns of the auditors were noted and the process of addressing those concerns had begun. During cross examination, the Committee observed that the true relationship was reflected in the financial statement, but Management did not accrue interest on those loans. It was also revealed to the Committee that the audited financial statement was submitted for verification.

In light of the above, the Committee recommends that:

- *the relationship between the Trust and the Kambui Holdings Ltd should reflect in the financial statement;*
- *the Trust should also take necessary action to ensure that audited financial statements are prepared in respect of those investments.*

18.10 West Africa Holdings

A loan of **Le25, 143, 838** was given to West Africa Holdings Ltd for the rehabilitation and refurbishment of Raddison Blue/Mammy Yoko Hotel. Regarding the loan agreement, the Trust was supposed to accrue interest for those loans, but that was not evidenced in the account. No audited financial statement was also submitted for audit review.

Committee's Observations and Recommendations

During the Committee's engagement with the Trust, the evidence of Board approval for loan conversion to shares by Raddison Blue Hotel in favour of NASSIT was submitted as stipulated by the loan consolidation agreement. However, the Committee noted, NASSIT did not accrue interest on the loan provided and the audited financial statement for Raddison Blue Hotel was not also provided for inspection.

Thus, the Committee recommends that:

- *NASSIT takes necessary steps to convert those loans into shares, as stated in the loan consolidation agreement; and*
- *in accordance with the loan agreement, the DG should ensure that interest is accrued, capitalised and made to reflect in the account without further delay.*

18.11 Stale Cheques

The Trust had stale cheques which amounted to **Le667, 534, 831** classified as payables in the financial statement. Those cheques arose as a result of the non-collection of retirement benefits and gratuity payments.

Committee's Observations and Recommendations

Presenting his arguments to the Committee, the DG explained that the issue on stale cheques had been a challenge to NASSIT Management. He said that although each benefit file had contact addresses and phone numbers, a majority of the information provided by claimants sometimes turned out to be inaccurate. He disclosed that upon the submission of a claim, an appointment date is issued to eligible claimants, informing them when the cheques would be ready for collection. He further stated that when cheques were forwarded to 'pay points,' claimants are contacted by their customer service centres to report for the purpose of collecting such cheques. He concluded that some of those cheques became stale after six months, because claimants could not be reached via the available means and hence were returned as stale and rewritten upon verification as and when the members showed up to claim their benefits.

However, the DG informed the Committee that majority of those cheques had been cleared by the pensioners. The Committee applauded the brilliant presentation by the DG, but counselled that he improves on his delivery services and ensure that pensioners receive their benefits promptly.

18.12 Bank confirmations circularised not received

Bank balances confirmation valued at **Le4, 028, 844, 937**, were sent to banks, but responses received so far were for amounts which totaled **Le1, 424, 142, 650** from five banks, which translated into **35%** of the total amounts circularised.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, when asked to explain to the Committee the steps he had taken in resolving the issue, the DG stated that when the issue was flagged up by the auditors, Management requested all the banks concerned to provide their responses. He maintained that a second confirmation letter had been signed and sent to all the banks for ease of reference.

During the hearings, the Committee learnt that documentary evidence submitted by NASIT revealed that bank confirmations were received with respect to SLCB [Revenue] and SLCB [Current Government Pension], totaling **Le979, 628, 417**. However, **40%** of the total amount circularised, totaling **Le1, 625, 073, 868** was still not received.

Thus, the Committee recommends that Management initiates an action plan that will ensure that the various banks respond to the circularisation without further delays.

19.0 SIERRA LEONE ROAD SAFETY AUTHORITY [2012-2013]

19.1 No tenancy occupancy list and tenancy agreement provided

The Authority accommodated some tenants at its Kissy Road office for which it failed to provide tenancy occupancy list and updated contract agreements to the audit team. In addition, there was no evidence that the Authority had invoiced any of those tenants, for any rental amount that had been accrued by the Authority on the financial statements for 2012 and 2013.

Committee's Observations and Recommendations

In her response, Mr Speaker, Honourable Members, the Executive Director told the Committee that in 2006, the Authority granted rights, for the use of its premises, to contractors for the production of number plates. Therefore, an agreement was signed between the Authority and the plate makers. She said that agreement had expired and the Authority had terminated their services. Speaking on the issue that had to do with the rental income, the Executive Director informed the Committee that the plates makers had made payments in respect of the 2012 and 2013 financial year, which he said, were available for inspection.

Mr Speaker, Honourable Members, the correspondence in respect of the termination of contract and evidence of payments by the two contractors [Sarrah Trading Company [SL] Limited and International Associated Services], were submitted and verified. However, the Committee noted that the tenancy occupancy list, updated contract agreement, invoices for rental income, and journal entries for rental income accrued and captured in the financial statement were not submitted for audit inspection. The Executive Director told the Committee that frantic efforts had been made to collect the outstanding rental fees within the shortest possible time.

Based on those observations so mentioned, the Committee recommends that:

- ***Management should provide a tenancy occupancy list and an updated contract agreement within 30 days of the adoption of this report; and***
- ***Management should also provide justification for the tenants who were not invoiced and provide reasons why rental income had been accrued for 2012 and 2013.***

19.2 Amounts not transferred to the Road Fund

Section 10 [a] of the Road Transport Act, 1996 States **“the Authority shall have power, in connection with its functions under Section 9 to impose and levy fees, including vehicle**

licensing and registration fees with the approval of Parliament: provided that any vehicle licensing and registration fees levied by the Authority shall be paid into the Road Fund under paragraphs [b] and [c] of Sub-section [1] of Section 25 of the Sierra Leone Roads Authority Act, 1992 less any amount which the Authority may be allowed to retain to defray the Administrative costs of the levying of such fees.” However it was observed that the end of year cash balances of **Le3, 064, 273, 520** and **Le2, 752, 489, 270** held by the Authority for the years 2012 and 2013 were not transferred to the Road Maintenance Fund as stated in the Road Transport Act.

Committee’s Observations and Recommendations

From the Executive Director submission, the Committee learnt that the Authority had been consistent in ensuring its monthly transfers. She said that the ending balance as at the end of each period, served as a form of the working capital, which was used to settle other current liabilities. The Executive Director submitted documents to substantiate the claim that the actions taken by the Authority were consistent with the Road Transport Act, 1996. *The Committee, therefore, recommends that Management remits funds into the Road Fund Account within the stipulated timeframe.*

19.3 Procurement documents not submitted for inspection

Procurements totaling **Le5, 188, 491, 115** and **Le543, 821, 100** for 2012 and 2013 respectively, awarded for the supply of vehicle license stickers, four wheel drive vehicles, towing trucks, wheel clamps, rehabilitations of buildings to name but these, were not evidenced with documents such as bid document, evaluation report and contract document.

Committee’s Observations and Recommendations

During the Committee’s engagement with Management, it was observed that some procurement documents, such as bid opening minutes, evaluation reports, notification letters and contract agreements were submitted for procurement totalling **Le2, 592, 962, 651** and **Le335, 000,000** in 2012 and 2013 respectively. However, procurement documents for an outstanding amount of **Le2, 595, 528, 463** and **Le208, 821, 100** in 2012 and 2013 respectively were not submitted for verification. When asked to explain why the other documents were not availed to the auditors for inspection, the Executive Director told the Committee that those documents had been put in place and were awaiting audit confirmation.

The Committee asked the auditors to look into the matter again and report back to the Committee. *However, the Committee warned that if the contrary is reported, the Executive Director, Procurement Manager, and other officials involved in the procurement process would face suspension.*

19.4 Relevant documents not produced in support of procurement transactions

Requests for quotations, evaluation reports, local purchase orders, delivery notes, etc., were not produced to substantiate procurement transactions which totaled **Le759, 593, 886** and **Le757, 143, 774** for 2012 and 2013 respectively.

Committee’s Observations and Recommendations

The Committee’s engagement with the Management team revealed that documentary evidence, such as request for quotations, invoices and delivery notes were submitted for procurement worth **Le525, 478, 863** and **Le458, 920, 514** for 2012 and 2013 respectively. However, procurement for an outstanding balance of **Le234, 115, 022** and **Le298, 223, 260** for 2012 and 2013 respectively were without request for quotations, evaluation report, local purchase order and delivery notes.

Thus, the Committee recommends that the Executive Director and the Procurement Manager should provide all supporting documents within 30 days, of the adoption of this report by Parliament, in respect of the outstanding balances of Le234, 115, 022 and Le298, 223, 260 for 2012 and 2013 respectively.

19.5 Allowances excluded from assessment

The conditions of service listed housing, transport and medical as non-taxable allowances. However, the Income Tax Act, 2000 part IV [Chargeable Income] Sub-section 23 [1] [Employment Income] states that employment income means a payment or benefit arising from past, present or prospective employment, including but not restricted to the following payments or benefits. [d] Any allowance provided by the employer for the benefit of an employee or in respect of any member of the employee's family, including any cost of living, subsistence, rent, medical, entertainment or travel allowance.

It was however noted from the audit review that regulatory provisions were not followed with respect to deduction of tax from medical and housing allowance resulting in a loss of revenue for the National Revenue Authority [NRA] totaling **Le512, 698, 760** and **Le582, 682, 504** for 2012 and 2013 respectively.

Committee's Observations and Recommendations

The Director told the Committee that the allowances in question were clearly stated in the conditions of service as nontaxable allowance. He however informed the Committee that the conditions of service were under review; and that the necessary adjustments would be made to ensure compatibility with laws passed by Parliament.

Mr Speaker, Honourable Members, the Committee was not pleased with those arguments flagged up by the Executive Director and team, stating that if, for instance:

- those conditions of service were, in fact, tabled and passed by Parliament, the Income Tax Act, 2000 should take precedence over those conditions of services; and
- those conditions of service were not tabled and passed by Parliament; the Committee described the move as an organised tax evasion drive.

In that light, Mr Speaker, Honourable Members, the Committee recommends that:

- *the institution complies with the tax laws of Sierra Leone; and*
- *the conditions of service in question be put on hold until they are comprehensively reviewed.*

19.6 Bank charges without supporting document

It was observed that an amount totalling **Le17, 791, 907** with respect to bank charges for 2012 could not be substantiated because neither bank statements, nor other supporting documents were submitted for audit review. It was recommended that the Acting Director of Finance should ensure that all necessary supporting documents were provided for audit inspection.

Committee's Observations and Recommendations

According to the Chief Executive Officer, the issue had been resolved. Therefore, the Committee recommends that this matter be closed.

19.7 Bank confirmations circularised not received

In 2012, bank balances totaled **Le3, 266, 795, 805** were sent to the banks for confirmations. However responses received so far were for amounts totalling **Le1, 456, 695, 655** from eight

out of twenty five bank accounts, which was 45% of the total amounts circularised. In 2013 bank balances totaled **Le2, 818, 580, 159** was sent for confirmation. However, responses were received for **Le986, 133, 655** from six banks out of twenty seven bank accounts, which were 35% of the total amounts circularised.

Committee's Observations and Recommendations

Pieces of evidence from the Chief Executive Officer revealed that there were correspondences sent to the various banks with no response. *The Committee asked Management to initiate further actions that would warrant them to respond to their requests without further delay.*

19.8 Outstanding Receivables

Le1, 025, 600, 000 in respect of expenditures undertaken by the Authority for advance payment to Mabella for tow trucks was disclosed as short term receivable in the financial statement. This amount had been outstanding for more than three years and no evidence was submitted as to the recoverability of this amount.

Committee's Observations and Recommendations

Enquiry into the issue revealed that the sum of **Le1, 025, 600, 000** was paid to Mabella by the Authority as advance payment. Pieces of evidence gathered from the Chief Executive Officer [CEO] revealed that several efforts had been made to recoup the said amount. The CEO told the Committee that the matter “**is now in court and awaiting ruling.**” When asked to substantiate her claims, she presented follow-up letters to the Committee for confirmation.

Thus, the Committee recommends that the issue be put on hold until a verdict is passed by the court.

19.9 Other Receivable Disclosed In the Financial Statement without Adequate Supporting Documents

Amounts disclosed as other receivables amounting to **Le381, 892, 190** and **Le471, 008, 430** for 2012 and 2013 respectively could not be substantiated as no supporting documents were submitted for audit review. It was recommended that the Acting Director of Finance should ensure that all necessary supporting documents were provided for audit inspection and that a complete documentation was maintained in instances of such payments.

Committee's Observations and Recommendations

During the hearings, the Committee was told by the Chief Executive Officer that the matter was in court and Management was awaiting court ruling. *In that regard, the Committee recommends that the issue be put on hold until further notice, but counseled Management to ensure that the necessary documents in respect of the issue be put in place.*

19.10 No debt or Management Policy

There was no formal policy governing the management of debts. The receivable balances of **Le2, 174,592,620** and **Le2, 263,708,860** for 2012 and 2013 respectively would have been better managed and controlled if there was a policy in place for the management of debts. It was recommended that a formal debtor policy should be developed and enforced in order to minimise the possibility of bad debts. The Authority should also provide evidence to the audit team of efforts made to recover those long outstanding debts.

Committee's Observations and Recommendations

Mr Speaker, Honourable Members, Management informed the Committee that the concerns of the auditors were noted and Management was in the process of developing a debtor policy in order to minimise the possibility of bad debts. The Committee also reiterated the concerns

raised by the auditors, pointing out that “debtor policy is meant to guide the relationship between the institution and Management. If those policies are not in place, one party in the agreement will always suffer; and in this case, the Authority is about to pay the price.”

In that regard, Mr Speaker, Honourable Members, the Committee recommends that Management should, with immediate effect, develop a Debt Management Policy so as to avoid bad debt.

19.11 Receivables described as suspense, not supported with documents

Receivables of **Le767, 100,434** and **Le767, 100,434** described as suspense in 2012 and 2013 respectively, could not be substantiated as no supporting evidence was provided to the audit team. In addition, those amounts had been constant and outstanding for more than two years. It was recommended that Management should make available, supporting evidence relating to those receivable balances for audit inspection.

Committee’s Observations and Recommendations

The Executive Director further told the Committee that the matter had been taken to court, awaiting judgment before further actions. *In that regard, the Committee recommends that the issue be put on hold until further notice, but counseled Management to ensure that the necessary documents in respect of the issue be put in place for future reference.*

20.0 NATIONAL INSURANCE COMPANY [2014]

20.1 Difference between investment register and general ledger accounts

A difference of **Le100, 927, 800** was noted between the investment register and the general ledger accounts for investment at Bank of Sierra Leone Treasury Bills. Share certificate for additional shares allotted by HFC Mortgage and Savings [SL] Limited, value of which is **Le11, 429, 038** was also not provided.

Committee’s Observations and Recommendations

Reacting to the above query, the Managing Director told the Committee that the differences were opening balances between NIC Nominal Ledger and Capital Discount House Statement for December, 2013. Questioned on the efforts made so far to resolve the issue, he said that frantic efforts had been made to reach the officials at the Capital Discount House, but were on leave.

In light of the above, therefore, the Committee recommends that Management ensures that those differences are investigated and resolved promptly; and that the Share Certificate be obtained for reference purpose.

20.2 Poor management of receivables

The auditors were not provided with sufficient appropriate supporting documents [such as loan schedules, individual loan cards, etcetera.] relating to loans to policy holders and the Police/Civil Service amounting to **Le146, 598, 596** and **Le276, 757, 281** respectively. The auditors were also yet to receive the bulk of customers’ confirmation letters dispatched by them for direct confirmation of the Outstanding Premium [Local] and Outstanding Premium Facultative Reinsurance balances as at 31st December, 2014.

Review of receivables balances revealed that the following balances had been long outstanding:

Details	Amount [Le]
Reinsurance Premium Local/W Facultative	1,462, 909.26
USL CAR loan scheme	173, 014.12

Committee’s Observations and Recommendations

Responding to the query under consideration, the Committee was informed by the Managing Director [MD] that **“Loans to group life policyholders do not operate individual cards. Loan deduction schedules are prepared and forwarded to the Company by the Accountant General’s Department on a monthly basis on behalf of the Police and Civil Service. Experience has shown that most clients who would have paid outstanding premiums in the following year before the audit commences do not respond, and we have asked the auditors to carryout post-balance sheet review as was done in previous audits to establish post-balance sheet activities regarding the respective policyholders.”**

The Committee also noted that the schedules for receivables were provided by NIC Management team relating to loan disbursed to the police and civil servants. When asked to explain to the Committee the efforts he had made in order to resolve the issue, the MD informed the Committee that he had made tremendous efforts through phone calls, but with no positive response. He said that a good number of those confirmation letters were still pending; and long outstanding items had still not been investigated and resolved.

Therefore, the Committee recommends that:

- ***the appropriate documents are obtained and filed for subsequent review;***
- ***Management should urge its customers to respond to those confirmations; and***
- ***all outstanding items be investigated and necessary adjustments effected.***

20.3 Long outstanding balances for payables

During our review of the payables, we noted the following long outstanding balances:

Details	Amount [Le]
R/I CO’S O/W Facultative	197,371,007.30
Premium refunds	6,216,768.42
SLRTA Car loan	100,000,000.00
Premium refunds - SLP/Civil Service	3,287,368.63

Committee’s Observations and Recommendations

Enquiry into the matter revealed to the Committee that clearing those ‘long outstanding balances’ was still pending, as Management was still awaiting confirmation with their reinsures and client’s institutions. The Managing Director told the Committee that some of those long outstanding balances had been communicated to their counterpart broker in the United Kingdom to reconcile their accounts.

Speaking to the Committee on why the issue stated above was still standing against the NIC, the MD stated that Management had considered clearing some of those long outstanding balances, but that was still pending the confirmation with reinsurers and client institutions.

Thus, Management should ensure that all long outstanding items are investigated and necessary adjustments are effected as soon as possible.

21.0 NATIONAL ELECTORAL COMMISSION [2013]

Mr Speaker, Honourable Members, during the Committee's engagement with the National Electoral Commission [NEC], it was observed that all the issues raised in the 2014 Audit Report have been resolved. The issues are:

21.1 Long outstanding unauthorised debits in account

There were debit balances in the commission's bank account at Sierra Leone Commercial Bank for amounts totalling Le384, 055, 917 dating as far back as 2012 and no reasonable explanation was provided by the Commission for those unauthorised debits.

21.2 Bank confirmation not received

Responses were not received for bank confirmation circularised amounting to Le534, 413, 000 which was 100% of the bank balance in the financial statement.

21.3 Unavailability of Disaster Recovery Plan

There was no evidence of an approved disaster recovery plan being operational in the Commission. It was recommended that the Director of Information Technology should develop and implement a disaster recovery plan for the Commission.

21.4 Lack of an approved Information Technology Policy

There was no existence of an approved Information Technology policy in operation at the Commission.

Therefore, Mr Speaker, Honourable Members, the Committee recommends that those issues, as listed above, be closed; but encouraged the Executive Secretary to endeavour in ensuring that similar issues do not re-occur.

22.0 ENVIRONMENTAL PROTECTION AGENCY [2013]

22.1 Remuneration of members of the board

Terminal benefits were paid to three individuals at a rate of 30% per annum multiplied by the years of service. It was not a normal practice to pay terminal benefits to Board members; and there was clear implication of the issue of empowering the Board to determine their own remuneration, especially when the Chairperson of the Board was an executive one. It was, therefore, recommended that the Board should seek ratification from the Office of the President with regard to the resolution on remuneration; and the policies and issues pertaining to the Board, especially those relating to remuneration, be ratified by the Office of the President.

Committee's Observations and Recommendations

Responding to the issue under consideration, the Executive Chairperson [EC] told the Committee that the auditors did not advance reasons for their conclusion that the positions of Executive Chairperson and Chief Executive Officer [CEO] should not be merged; stating that in most advanced countries like the United States of America, those two positions were usually combined. The EC argued that she was baffled by the auditors comment that Section 6 of the EPA Act was **“a clear implication of empowering the Board to determine their own remuneration because it was a Board with an Executive Chairperson.”** She pointed out the fact that if the auditors had read the EPA Act of 2008, they would have discovered that the provision in Section 6 was in existence before the Act was amended to provide for an Executive Chairperson. The EC said that the amendment of the 2010 Act did not empower the Board to vest themselves with power to determine their remuneration; and therefore, the auditors' conclusion had no basis.

She respectfully submitted that the auditors' statement that there were no supervisory checks and balances in the EPA was misleading, pointing out that they failed to recognise the preeminent supervisory role of the parliamentary Committee on Lands and the Environment, which had wide and sweeping powers under the 1991 Constitution of Sierra Leone. She further mentioned that the auditor's advice that the Board should consult a body, which the Act did not make provision for, would be a violation of the law. She disclosed that Management however was open to the review of the Act to ensure greater transparency and oversight.

Mr Speaker, Honourable Members, a review of the proofs submitted by EPA to the Committee and the auditors revealed that those pieces of evidence were not sufficient to determine the payment of terminal benefits to Board members. In fact, the Committee observed that there was 'clear implication of the issue of empowering the Board to determine its own remuneration,' especially when the Chairperson of the Board was an executive one.

In light of the above, therefore, the Committee recommends that future remunerations be ratified by the Office of the President before actions are taken.

22.2 Members of the board co-opted members

Some individuals were co-opted into the Board in 2013 and 2014. However, their membership had not been reviewed since then.

Committee's Observations and Recommendations

According to the Executive Chairperson, Board minutes indicating proofs of the extension of term of office for Board members were under consideration. The Committee observed that minutes of proofs for the extension of the term of office for co-opted members were not made available for inspection.

Therefore, the Committee recommends that the Board clarifies the status of those individuals with minimal delay of not more than 30 days of the adoption of this report by Parliament.

22.3 Questionable payments

NASSIT contributions for November and December, 2012 were paid twice in January, 2013. In addition, it was noted that payments made for March to June, 2013 were paid twice for Ozone Project staff. It was recommended that the Agency should notify NASSIT of the over payments and future payments to NASSIT should take cognizance of those over payments. Management controls regarding NASSIT payments should be improved upon.

Committee's Observations and Recommendations

During cross examination of the issue under investigation, the Executive Chairperson informed the Committee that an agreement had been reached with NASSIT Management to refund those moneys. The Committee observed, from documents presented that the statutory deductions, including PAYE & NASSIT had been paid to the respective institutions.

Therefore, the Committee recommends that this matter be closed.

22.4 Bo Regional Office – lack of adequate supporting documentations [2014]

Some financial transactions were found with inadequate supporting documentations. In addition, supporting documentation in respect of payments made was not made available for audit perusal due to non-availability in the file maintained at the Bo Regional Office. Some payment vouchers were also not found in the files provided by the regional office.

Committee's Observations and Recommendations

The Committee advised the Management team to ensure that:

- *adequate documentations are provided for every financial transaction conducted by the Agency;*
- *adequate supporting documents be maintained and copies of those documents be filed at the regional offices for easy retrieval; and*
- *this issue should not appear again in the 2015 Audit Report, otherwise disciplinary action will be taken against Management.*

22.5 Bo Regional Office - financial report/cashbook [2014]

It was observed that cashbooks were not maintained for both operations and admin budgets. That made it difficult to produce financial reports which detailed the financial performance of the Bo Regional Office.

Committee's Observations and Recommendations

When asked to explain why the cashbooks were not maintained for both operations and admin budgets, the Management team informed the Committee that efforts had been made to resolve the issue. The Committee noted the importance of maintaining cashbooks, stating that it would help to enhance the recording of all receipts and payments for the regional office, which forms the basis of the monthly financial reports being prepared and submitted to the head office by the Finance Officer.

In that regard, the Committee recommends that a cashbook system is put in place in order to track the financial performance of the Bo Regional Office with immediate effect.

22.6 Operational Programme Estimate 2 [2014]

The agency received a grant from the European Union in respect of the Operational Programme Estimate 2 Project. The grant received was shown separately under the heading Grants and Subventions, but the project expenses were not shown separately but some were included in the administrative expenses.

Committee's Observations and Recommendations

Reacting to the above query, the EPA Director of Finance told the Committee that the European Union sent in special auditors to audit the operations of the project. *Thus, the Committee recommends that the audited financial statement of the project be submitted to ASSL in the next audit for verification.*

Mr Speaker, Honourable Members, with regards to the under mentioned issues, as raised by the auditors, the EPA Management team was advised strictly to ensure that those issues are resolved before the 2015 Audit Report; otherwise strong disciplinary actions would be taken against the team.

22.7 Staff Loans and Advances [2014]

An audit adjustment relating to miscellaneous expenses was made for the sum of Le4, 090, 213 on the staff loans and advances account. There were no supporting documents made available for the Committee's perusal and verification, to certify the authenticity of the adjustment.

22.8 Other Receivables [2014]

The closing balances from last year financial statements for other receivables account could not be traced to the ledger for the current year [Le22, 830,00]. The ledger provided did not have any opening balance or brought forward figure.

22.9 Payables and Accruals – late payments

The following accounts had large unpaid balances at the year end. The respective accounts were in violation of the various tax laws of Sierra Leone.

- Accrued PAYE - Le349, 248, 763
- Accrued NASSIT - Le17, 979, 402
- Withholding Tax - Le665, 064, 619

22.10 Duplicate staff salary pay slips

Members of staff were given pay slips, but there was no duplicate of such retained and maintained as reference in the files. The auditors were unable to verify the amounts stated in the payroll as being paid to the staff at month end.

22.11 Staff appointment letters

Allowances of the employees were not indicated on the appointment letters given to staff. The staff appointment letters did not include all necessary details in relation to allowances.

22.12 Staff basic salary and allowance

The amount stated in the payroll schedule as basic salary was the same amount stated for allowances.

CONCLUSION

Mr Speaker, Honourable Members, this report is a manifestation of the fact that the Multi-Donor Group could be interested in supporting the working of Parliament. Indeed, all those who supported the 2014 budget would want to be assured that taxpayers' monies are properly accounted for. Thus, Parliament [PAC] may consider ways and means of attracting additional funding from bilateral and multilateral agencies that are willing to collaborate with Parliament towards ensuring effective oversight of public finance.

Mr Speaker, Honourable Members, the activities of PAC have steadily progressed throughout the 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, recovery of public resources wrongly appropriated have been done and recommendations leading to withholding salaries and allowances of the offenders by the PAC have contributed to the improvements in public accountability.

Mr. Speaker, Honourable Members, the activities of the PAC 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 whistleblowers 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.

Finally, Mr. Speaker, Honourable Members, PAC must be adequately resourced to take up these challenges with a specific budget line. The budget must be adequate to enable the Committee to hire the services of experts as and when required to support effective deliberations on the Auditor General's Reports.

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



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Honourable Chernor R. M. Bah
[Chairman]