



**CONSOLIDATED REPORT OF THE PUBLIC
ACCOUNTS COMMITTEE ON THE REPORTS OF THE
AUDITOR GENERAL ON THE ACCOUNTS OF
MINISTRIES, DEPARTMENTS AND AGENCIES AND
LOCAL COUNCILS FOR THE FINANCIAL YEAR 2017**

SUBMITTED BY:

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LIST OF ACRONYMS

AIG - Assistant Inspector General
ASSL - Audit Service Sierra Leone
CMO - Chief Medical Officer
CRF - Consolidated Revenue Fund
DG - Director General
DHMT - District Health Management Team
DMO - District Medical Office[r]
FO - Finance Officer
IT - Information Technology
JMU - Joint Medical Unit
MD - Managing Director
MDAs - Ministries, Departments and Agencies
MEST - Ministry Of Education, Science and Technology
MMOs - Mines Monitoring Officers
MOU - Memorandum of Understanding
MS - Medical Superintendent
NPPA - National Public Procurement Authority
NRA - National Revenue Authority
PHU - Primary Health Unit
PS - Permanent Secretary
PTT - Performance Tracking Table
SLRSA - Sierra Leone Roads Safety Authority
IFRS - International Financial Reporting Standards
NASSIT - National Social Security and Insurance Trust
PVs - Payment Vouchers
IPFMRP - Integrated Public Financial Management Reform Project
IGP - Inspector General of Police
LPO - Local Purchase Orders
NCB - National Competitive Bidding
PO - Procurement Officer
NCTVA - National Certificates for Technical and Vocational Awards
DAO - District Agriculture Officer

I.BACKGROUND

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

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

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

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

Thus, Parliament, through its oversight of the Executive, is charged with the responsibility of ensuring accountability and openness of government. This is based on

the conviction that transparent budgetary practices can ensure that funds raised by the state for public purposes are spent as promised by the government, while maximising the benefits derived from those expenditure.

II. INTRODUCTION

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

The Committee on Public Accounts has a statutory mandate to examine all reports of the Auditor-General that are presented to Parliament, and present the findings and recommendations to the House for consideration. In reviewing 2017 Audit Report, the Committee considered issues raised in the said report, the significance of audit findings, arguments advanced by audited institutions, and the public interest in the report.

The Auditor General, after a review of the accounts of Local Councils, and Ministries, Departments and Agencies [MDAs] for 2017 financial year, compiled a report that was presented to Parliament at the end of 2018, which formed the basis of PAC's deliberations. The Committee then conducted its hearings on the Audit Report and hereby presents its findings to the House, clearly highlighting the actions to be taken on officials put in charge of managing our country's resources.

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

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

The Committee draws its legal mandate from Section 93[1] of the 1991 Constitution of Sierra Leone, and Section 70, Sub-section 6 of the Standing Orders of the Sierra Leone

Parliament. The PAC is expected to represent Parliament as a whole and not the separate political parties to which individual members belong, and its authority is enhanced by its unanimous decisions.

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

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

IV. PROCEDURE

The Committee received and examined the Auditor General's report on the Accounts of Sierra Leone for the year 2017 on Local Councils and MDAs, submitted under Section 119[4] of the 1991 Constitution, as laid before Parliament at the end of 2018. Technical officials from the Auditor General's office assisted the Committee in its deliberations, which formed the contents of this report.

Mr Speaker, Honourable Members, before the exercise commenced, summon letters on the Auditor General's Report on Local Councils and MDAs for 2017 were sent out to all Vote Controllers, requesting their physical presence and that of past and present core staff; i.e., Permanent Secretaries [PS], Directors General, Executive Secretaries, Chief Administrators [CAs] Finance Officers [FOs], Accountants, Procurement Officers [POs], Internal Auditors [IAs], Stores Clerks [SCs] and other senior officials to respond to queries reported by the Auditor General. 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 2017 Audit Report, the Committee observed traditionally established parliamentary procedures; for instance, reading the relevant provisions in the Constitution and the Standing Orders to emphasise the Committee's legal standing, and putting auditees on oath to ascertain the authenticity and accuracy of their submissions to the Committee, as provided for in Section 93, Sub-section 6[a] of the 1991 Constitution of Sierra Leone. Besides, in line with S.O. 73[20], the hearings were open to the public, but the Committee admonished media houses about premature publications of Committee decisions as contained in S.O. 75[1 – 3].

V. ACKNOWLEDGEMENTS

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

VI. MEMBERSHIP OF THE COMMITTEE

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

Hon. Segepoh S. Thomas	Chairman
Hon. Titus A. Kamara	Deputy Chairman
Hon. Emilia L. Tongi	Member
Hon. Boston Munda	Member
Hon. Francis A. Kaisamba	Member
Hon. Alusine Kanneh	Member
Hon. Peter M. Moigua	Member
Hon. Alhassan J. Kamara	Member
Hon. Sallieu O. Sesay	Member
Hon. Abdul S. M. Conteh	Member
Hon. Ibrahim A. Bangura	Member

VII. OFFICE OF THE AUDITOR-GENERAL

The PAC works in collaboration with Audit Service Sierra Leone [ASSL], which provides the technical assistance that enables the Committee to provide effective oversight in relation to the manner in which public resources are utilised by Local Councils and MDAs. Pursuant to Section 119 [1-7] of the Sierra Leone Constitution [Act No.6 of 1991], the Auditor-General audits public expenditure, and expresses an independent opinion on how MDAs and other public institutions expend financial resources allocated to them.

VIII. SCOPE OF THE EXERCISE

Mr Speaker, Honourable Members, for the financial year 2017, the hearings were conducted in Parliament and at various District and City Council Halls in the provinces. The exercise covered 19 Local Councils and 43 MDAs. The Report is structured in two parts: Part One deals with Local Councils and Part Two is MDAs for the period under review.

PART ONE

LOCAL COUNCILS – 2017



IX.GENERAL OBSERVATIONS AND RECOMMENDATIONS

Mr Speaker, Honourable Members, summaries of the Committee's general observations and recommendations on some of the salient and critical queries raised in the Auditor General's Report on Local Councils for 2017 are indicated below:

[i] The Committee noted from the review of the AG's Report that the regulation of deducting and paying withholding taxes to the National Revenue Authority [NRA] was not strictly observed by CAs and Accounting Officers. However, though the failure to deduct and pay same to the NRA has delayed government's access to such revenue, the Committee is delighted to inform this Honourable House that due to its uncompromising stance on the issue under consideration, the sum of **Le 222,421,085** was retrieved and paid into the CRF.

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

[ii] The Committee observed from the review of the AG's Report that majority of Councils' staff were without National Social Security Numbers; and as a result, their

contributions were not paid over to NASSIT. Thus, the PAC forced CAs and FOs to pay staff NASSIT contributions that were deducted, but not paid.

In view of the above, the Committee advised CAs and FOs to ensure that Social Security Numbers are provided to every employee and NASSIT contributions are deducted and paid within the stipulated timeframe. The Committee emphasised that NASSIT contribution is a requirement for every employment.

[iii] A review of the AG's Report disclosed that most government officials represented their institutions at national and international conferences and workshops, but failed to submit back-to-office reports; thereby inhibited non-attendees from knowing what transpired. The Committee held the view that conference reports are useful documents in informing non-attendees of what transpired during the events because they basically include all relevant information the institution could use to improve and guide decision making.

Contingent upon the above, the Committee recommends that employees on official trips present comprehensive back-to-office reports, so as to assist Management in making decisions and enable non-attendees learn from their colleague[s].

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

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

[v] The Committee observed from its discussions with core staff of Councils that promotions and transfers were done by the Local Government Service Commission and sometimes staff were promoted on transfers without reference to staff appraisal system. The Committee emphasised the relevance of staff appraisal, stating that if staff are appraised, it would give Management the opportunity to reward employees based on their hard work and competence, instead of political patronage.

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

[vi] The Committee observed ineffective management of the Councils' budgets and budgetary processes. The Committee further noted that terms of reference for the Budget and Finance Committees were not submitted for audit verification and there

were no pieces of evidence to prove that the budgets were tabled and approved by the Budget and Finance Committees.

The Committee recommends that the Budget and Finance Committees take the lead in budget formulation and implementation.

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

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

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

Contingent upon that, the Committee recommends that:

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

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

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

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

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

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

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

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

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

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

[xi] Another key observation of the Committee was the permissiveness of the Councils in the area of maintaining financial records. That was clearly demonstrated by their failure to prepare bank reconciliation statements for the institution's accounts and erroneous Cash Book records.

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

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

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

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

The Committee recommends that:

[i] Vote Controllers endeavour to clear all outstanding audit issues that have not been resolved due to lack of adequate supporting documents; and

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

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

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

FREETOWN CITY COUNCIL

Mr Speaker, Honourable Members, officials of Freetown City Council [FCC] appeared before the Committee to respond to queries raised in the 2017 AG's Report. Unlike the 2016 AG's Report on Freetown City Council in which a mammoth of audit issues were reported, the Committee observed from the review of the 2017 Audit Report that a number of strides were made by Management to address audit queries. The Committee

inferred that the CA and the FO must have stood firm to ensure that lots of those issues were addressed.

However, the Committee noted from the review of the 2017 AG's Report the following audit queries:

- Inadequate Management of Council's Leased/Rented Buildings and Lands;
- Ineffective Control over Printing and Delivery of Receipt Books;
- Sitting Fees Paid to Absentee Councillors and for meetings not held;
- Withholding Tax Administration;
- Payment Vouchers with Inadequate Supporting Documents;
- Evidence of NASSIT Contributions Payment not Submitted; and
- Evidence of Pay-As-You-Earn [PAYE] Payments not submitted.

1. Inadequate Management of Council's Leased/Rental Buildings and Lands

The Committee observed from the review of the AG's Report that the Leased/Rental Agreements were not submitted to support the revenue recognised in the statement of receipts and payments.

Asked to update the Committee on the status of the Assets Register and Leased/Rental Agreements, the CA disclosed that the process of updating the Assets Register had begun and Council had also established an Assets Committee with the mandate to identify and develop a database of Council's assets and revalue the leased agreements of FCC property.

The Committee applauded the CA and team for their efforts, but however expressed dissatisfaction over Council's continued disregard for regulations and other internal controls, stating that the Assets Register is a valuable planning tool and one could easily lose sight of valuable assets if there is no well organised register of fixed assets. The Committee maintained that the first task of every good administrator in any institution is to identify the assets of that institution through the development of a comprehensive assets register. The Committee requested the submission of a comprehensive Assets Register and all leased/rental agreements. The said documents were submitted and the Committee asked the auditors to verify same and keep in view whatever observation they would make.

The Committee emphasised the importance of maintaining an assets register, stating that the assets register helps to prevent and detect fraud and therefore urged the CA to establish a functional Estate Department/Unit with the mandate to manage and upkeep the lands and property of Council.

2. Ineffective Control over Printing and Delivery of Receipt Books

From the review of the AG's Report, the Committee observed that accountable documents such as approved requests for printing of receipt books, approval instruction for receipt books were not submitted for audit inspection.

Questioned why the accountable documents were not submitted at the time of audit, the FO said he delegated that responsibility to the Procurement Officer and the Stores Clerk to submit the said documents to the auditors.

The Committee faulted the FO over poor records management system in the Finance Department and weak supervision of the PO and Stores Clerk, stating that he should have taken hands-on measures to address the audit issue. The Committee maintained that if the FO is not meticulous in handling financial documents or providing oversight role to staff handling financial documents, there are risks of errors or fraud that could happen undetected.

The Committee however demanded the submission of the documents under consideration, which were submitted on a later date and verified, but warned the FO to properly file all accountable documents at all time and produced upon request.

3. Sitting Fees Payments to Absentee Councillors and for Meetings not held

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

- Councillors who absent from regular meetings of the Council were paid sitting fees totaling **Le152, 053,360** with no evidence in the form of correspondences to confirm that their absence was communicated and duly authorised;
- allowances totaling **Le355,648,000** were paid to Councillors for the months of August, September, October and November 2017, but evidence in the form of minutes to prove that meetings were held for these months were not submitted for audit; and
- attendance registers signed by Councillors who attended the monthly meetings were not submitted for audit inspection.

Reacting to the issues outlined above, the Committee solicited no explanation from the CA, but it underscored the importance of holding regular meetings. The Committee informed the team that Council meetings served as one of the best examples of public service delivery. The Committee maintained that it is during such meetings Councillors discuss pertinent issues bothering on the development of the City and its environs. The Committee affirmed that if Councillors failed to attend council meeting, which is one of their primary functions, there is no need to pay any defaulter a dime.

Thus, the Committee issued out strong warning to the FO and CA, asserting that any Councillor who failed to attend Council meetings without approved

written excuse, should not be paid, otherwise the CA and FO would be asked to pay without recourse to the CRF.

4. Withholding Tax Administration

The Committee observed from the review of the AG's Report that out of the **Le78, 893,857.33** withholding taxes outstanding, the auditors verified **Le68, 721,207** as being duly paid to the NRA, leaving out an outstanding balance of **Le10, 172,650**.

Without soliciting any explanation from the FO, the Committee ordered the Payment of the said amount with immediate effect, asserting that government pays salaries and provides basic social services from taxes raised; therefore, payment of taxes to government is non-negotiable. The Committee is happy to report to this House that the receipt relating to the said amount was presented and verified.

Contingent upon the above, the Committee told the CA and FO to ensure that Section 130[1] of the Income Tax Act of 2000 is always adhered to without being reminded by external parties.

5. Payment Vouchers with Inadequate Supporting Documents

From the review of the AG's Report, the Committee observed that out of the total of **Le646,006,959** payments without relevant supporting documents, evidence was submitted and verified for payments to the tune of **Le485,125,759**, leaving an outstanding balance of **Le160,881,200** not supported by relevant documents such as delivery notes, receipts, invoices, signed list of recipients, etc.

Questioned why the documents were not provided for audit inspection, the FO apologised for the late submission, affirming that the documents were found after the auditors had concluded the audit exercise. The FO tendered in evidence the said documents to the Committee and the auditors for verification. The documents were examined and found to be appropriate and adequate.

The Committee however reminded the FO that payment vouchers without adequate supporting documents to substantiate various payments could not be accepted as genuine disbursements.

The Committee therefore advised the CA and FO to ensure that in future, all payment vouchers are supported with relevant documents or the amount is refunded.

6. Evidence of NASSIT Contributions Payment not Submitted

The Committee observed from the review of the AG's Report that 306 staff members were without NASSIT numbers, raising the suspicion that their NASSIT contributions might not have been credited into their accounts. This, according to the Report,

contravened Section 25[3] of the NASSIT Act of 2001, which requires that social security contributions be paid to the Trust within 15 days after the end of each month.

Reacting to the above mentioned audit query, the Human Resource Officer disclosed that he had engaged NASSIT officials on the issue and that **90%** of it had been addressed. However, he revealed that the unavailability of staff to fill the NASSIT form had been posing serious challenge while trying to resolve the issue.

The Committee reminded the HR Officer to be aware of the fact that whenever such issue happened, the auditors would never hunt the staff, but the Management team of that institution.

Thus, the Committee advised the CA and FO to withhold the salary of any staff who failed to fill the NASSIT form until the issue is addressed and maintain evidence of actions taken for reference purpose.

7. Evidence of Pay-As-You-Earn [PAYE] Payment not Submitted

From the review of the AG's Report, the Committee observed that PAYE to the tune of **Le146, 561,727** was deducted from staff salaries in 2017, but evidence of payment such as National Revenue Authority's receipts and bank deposit slip were not submitted to the audit team for verification.

Asked to explain why the NRA receipts and bank deposit slip were not submitted to the auditors for confirmation, the FO presented the documents to the Committee and the auditors for inspection. The documents were verified and were found to be appropriate and adequate, but encouraged the team to ensure that documents are provided on time.

8. Staff Appraisals not done

The Committee observed from the review of the AG's Report that annual staff appraisals for core and support workers were not submitted for audit inspection.

In his response, the HR Officer informed the Committee that staff appraisal had not been done due to the huge number of over 500 staff at the FCC. He however disclosed that Council had hired a consultant to address all HR issues and staff appraisal would be conducted before the end of 2019.

The Committee's further enquiry into the issue revealed that there had been no formal appraisal system in place, except when staff were transferred to other Councils and in most cases, those transfers were accompanied with promotions by the Local Government Service Commission, which the Committee observed as a misnomer and must be corrected with immediate effect. The Committee maintained that the Commission had a responsibility to transfer or promote staff, but Management should first of all formulate staff performance appraisal system to assess the performance of all

employees, including top Management, each year as a reference point for considering staff promotions, development and training.

Mr Speaker, Honourable Members, the Committee reiterated its previous warnings issued to other Councils that "any document that is presented at the time of the Committee's hearing would be valued and surcharged without recourse to the CRF.

WESTERN AREA RURAL DISTRICT COUNCIL

Mr Speaker, Honourable Members, the Management team of the Western Area Rural District Council appeared before the PAC to respond to queries raised in the 2017 AG's Report as listed below:

- Late Submission of Financial Statements;
- Poor Revenue Mobilisation;
- Withholding Taxes deducted but not paid over to the NRA;
- NASSIT Contributions not paid to NASSIT;
- Sitting Fees Paid without minutes of meetings and sitting fees paid to Councillors who did not attend meetings; and
- staff appraisals not done.

1. Late Submission of Financial Statements

The Committee noted from the review of the AG's Report that the Western Area District Council failed to meet the deadline of 31st March, 2018 to submit their financial statements for the year ended 31st December, 2017. The Report further disclosed that key personnel were transferred or sent on leave immediately after the submission of the financial statements and the start of the audit process.

In her response, the CA stated that the late submission was due to the challenge posed by the PETRA System during the preparation of the financial statements. She added that the FO who was on post was sent on leave during the audit exercise, and as a result, the new FO found it very difficult to rectify the error.

The Committee also noted the perennial problem the PETRA System has been posing, but heartened Management to collaborate with the Ministry of Finance, so that the problem is addressed and keep evidence of communication between Council and the PFMRU at the Ministry of Finance.

2. Staff Appraisals not done

From the review of the AG's Report, the Committee observed that staff appraisals were not submitted for audit inspection.

The CA told the Committee that Council had a responsibility to distribute appraisal forms to all staff members every financial year by the HR Officer. She however explained that for the year under review, the official laptop of the HR Officer crashed

and it was very difficult to print out the appraisal forms till February, 2018 when the soft copy of the appraisal forms was retrieved from the Local Government Service Commission. She concluded that the exercise was ongoing when the auditors went there to audit.

The Committee's cross-examination of the CA observed that promotions and transfers were done by the Local Government Service Commission. The Committee emphasised the relevance of staff appraisal, stating that if staff are appraised, it would give Management the opportunity to reward employees based on their hard work and competence.

Thus, the Committee called on the team to ensure that a systematic evaluation of the performance of employees is done in order to determine the abilities of a person for further growth and development.

3. Poor Revenue Mobilisation

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

[a] Property Taxes

Council outsourced the collection of property taxes to two contractors - Credit Recovery Agency [SL] Ltd and PEC [SL] Ltd for a period of three [3] years [2017 to 2019]. The AG's Report disclosed that in the agreements between Council and the two contractors, CRA Ltd was supposed to pay to Council a total sum of **Le1, 500,000,000** per annum and PEC [SL] Ltd was to pay **65%** of the total collection in respect of property taxes to Council each year. According to the Report, CRA Ltd and PEC [SL] Ltd only paid **Le451, 179,830** as property taxes into Council's account and no evidence to substantiate that CRA paid the remaining **Le1, 043,640,340**.

[b] Local Taxes

From the 150 local tax receipt books printed during the period under audit, a total of 102 unused local tax receipt books were submitted to the auditors, leaving a balance of 48 local tax receipt books that were not made available for audit verification. The estimated revenue from the 48 books was **Le12, 000,000**.

Asked to explain why the issues mentioned above were not addressed, the CA admitted that the CRA was supposed to be paying **Le 125,000,000** to Council monthly with a total of **Le 1,500,000,000** annually. She however revealed that CRA Ltd was unable to meet this target due to the fact that:

- some of property owners perceived the rate to be very high and they could not afford to pay;
- certain properties were inaccessible by CRA, especially those that were fenced; and
- public awareness on the relevance of paying property tax was not well disseminated in the district. She however concluded that the contract had been terminated.

Speaking on the issue relating to the remaining 48 local receipt books, the FO informed the Committee that the delay was due to the fact that the books were in the field at the time of the audit exercise, but they had been retrieved from revenue collectors.

The Committee ordered the submission of the said books to the auditors for inspection, but however heartened the CA to introduce robust revenue mobilisation strategies through proper and coordinated sensitisation process. The Committee also encouraged the team to always engage the services of legal retainers before entering into any contracts.

4. Sitting Fees Paid without Minutes of Meetings and Sitting Fees to Councillors Absent for Meetings

The Committee observed from the review of the AG's Report that there was no evidence to support sitting fees and transport allowances totalling **Le12,450,000** paid to Councillors who were absent for Council meetings. This, according to the AG's Report, had contravened Section 18 of the Local Government Act of 2004, which states: **"The minutes of a meeting of a local council shall be signed by the Chairperson or any other person who presided over the meeting."**

The Committee explained the importance of attending Council meetings, asserting that it is during such meetings Councillors discuss pertinent issues relating to the development of the localities. **The Committee strongly warned the CA and FO not to pay any Councillor who failed to attend Council meeting without following proper procedures.**

5. Withholding taxes deducted but not Paid over to the NRA

From the review of the AG's Report, the Committee learnt that evidences in the form of NRA receipts amounting to **Le43,311,220** out of the total outstanding withholding taxes of **Le69,577,622** were submitted, leaving a balance of **Le26,264,402** without supporting evidence to substantiate that payments have been made to the NRA.

The Committee ordered the CA to pay the outstanding amount of **Le26, 264,402** to the designated NRA Account and submit the receipt for inspection. The said amount was paid and the receipt was found to be appropriate and adequate.

In light of the above, the Committee told the CA and FO to ensure that Section 130[1] of the Income Tax Act of 2000 is always adhered to without being reminded by external parties.

6. NASSIT Contributions not Paid over to NASSIT

The Committee observed from the review of the AG's Report that there was no evidence to substantiate that the NASSIT contributions for core and support staff

amounting to **Le3, 330,000** and **Le22, 050,000** respectively had been paid over to NASSIT.

The CA disclosed that Council inherited huge backlog payment of NASSIT and retiree benefits. She added that because of low revenue collection, they encountered difficulties in respect of payment of salaries, retiree benefits and NASSIT.

The Committee discarded the CA's explanation and ordered the payments of **Le3, 330,000** and **Le22, 050,000** as reported by the auditors and submit the receipts for authentication. The said amounts were paid and the receipts submitted were found to be appropriate and adequate. Thus, the issue is resolved.

MOYAMBA DISTRICT COUNCIL

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

- inadequate budgetary control process;
- property Cadastre not updated; and
- poor management of staff attendance;

Upon the Committee's cross examination of the aforementioned issues, the CA revealed that the Memorandum of Understanding [MoU] between Council and the Chiefdom Administration in terms of revenue mobilisation had been signed and that the Cadastre System had also been updated.

Mr Speaker, Honourable Members, the Committee rated Moyamba District Council as one of the few performing Councils as far as the AG's Report is concerned, pointing out Council's robustness in addressing audit queries. The Committee applauded Management's efforts, stating that even though Moyamba District Council had few issues in AG's Report, it took proactive stance in addressing them.

Thus, the Committee thanked the CA and team for their hard work, but challenged them to do more, so that issues the Committee described as 'elementary issues' would not appear in the 2018 AG's Report.

BONTHE MUNICIPAL COUNCIL

Mr Speaker, Honourable Members, the Committee observed from the review of the AG's Report that four issues were still standing against their Council; i.e., Ineffective Management of the Council's Budget and Budgetary Process, Inadequate Control of the Disbursement of Funds, Ineffective Management of Personnel and Related Matters; and Management and Security of Furniture and Equipment.

1. Ineffective Management of the Council's Budget and Budgetary Process

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

- evidence in the form of monthly variance report was not submitted during verification to confirm that those reports were submitted to the Budget and Finance Committee for scrutiny;
- evidence in the form of steps taken to confirm that own source revenue would be effectively collected and accounted for by the Council were not provided during verification; and
- explanations backed with evidence were not provided to justify why budgeted figures were overspent

Asked to update the Committee on the status of the above mentioned issues, the CA revealed that the recommendations of the auditors had been complied with and those issues would not reappear in the 2018 Audit Report.

The Committee re-echoed the recommendations of the auditors, but also warned that if that query reappeared, the entire team would bear the consequence.

2. Inadequate Control on the Disbursement of Funds

The Committee observed from the review of the AG's Report that disbursement from the secondary health and road maintenance bank accounts totaling **Le114,550,000** were not supported by the relevant documents such as receipts, delivery notes, monitoring and supervision report and attendance list. This, according to the AG's Report, contravened Section 73[1] of the Financial Management and Regulation [FMR] Act of 2007, which requires that all disbursements of public moneys should be supported by appropriate payment vouchers and other relevant documents.

It was further observed that out of the initial queried amount of **Le114, 550, 000** supporting documents for the sum of **Le107, 500,000.00** was provided, leaving an outstanding of **Le 7,050,000** in respect of transactions undertaken on Road Maintenance.

The CA informed the Committee that the matter under consideration had been addressed and that the ongoing audit exercise would not capture the said issue in 2018 Audit Report.

The Committee took the CA at his words, but disclosed that if this issue reappeared in the 2018 Audit Report, the outstanding amount to the tune of Le 7,050,000 would be paid by the team without recourse to Council.

3. Ineffective Management of Personnel and Related Matters

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

- staff personnel details such as birth certificate, posting letters and appointment letters were not made available for audit verification; and
- out of the four personnel files that were not available, two files in respect of Sebiatu Koroma and Jonathan Biala were submitted, leaving out two files in respect of Alimamay B. Koroma [Chief Administration] and Mohamed M. Gendemeh [Finance Officer] were not submitted.

According to the auditors, the above issues breached Section 95 [1] of the Financial Management Regulations Act of 2007, which states thus: **"A vote controller shall ensure that the personal emoluments records maintained for all employees in his budgetary agency are correct and that all changes, increases or deductions are duly notified to the Account – General."**

The CA stated that the staff personal files had been updated and ready for verification. The Committee informed the team to make sure that the issue is addressed once and for all, otherwise an uncompromising action would be taken against the CA for administrative negligence.

4. Management and Security of Furniture and Equipment

The Committee observed from the review of the AG's Report that the furniture and equipment included in the asset register were without identification codes. That, according to the auditors, contravened Section 231 [1] of the Financial Management Regulation of 2007 which states thus: **"Furniture and equipment issued for government quarters or offices shall be brought on charge in a master inventory."**

Though the CA stated that the fixed asset register had been updated and was available for verification, the Committee maintained the auditors concern that all assets acquired and donated to Council should be marked with durable identification code and that the identification codes should be included in the asset register.

The Committee further stated that though the issue was 'elementary in nature,' but it was an indication of control weakness, which if not addressed, could lead to fraud and other irregularities.

BONTHE DISTRICT COUNCIL

Mr Speaker, Honourable Members, the Committee noted from the review of the AG's Report a number of issues that were directly related to internal control weakness. These are:

- withholding taxes not paid over to the NRA;
- lack of Fixed Asset Policy;
- non reconciliation of personnel emolument records;

- ineffective Audit Committee and Internal Audit Unit; and
- NASSIT contribution deductions for project staff without receipts.

The Committee wasted no time in terms of soliciting explanations from Management, but reminded the CA and team about their lackadaisical attitudes towards addressing audit queries. In an unequivocal term, the Committee stated that those issues were indication of control weaknesses, which if not addressed, could lead to fraud and other irregularities. The Committee maintained that a good administrator would not like to be reminded about the above mentioned issues, which the Committee described as 'elementary issues.'

Speaking on the issues relating to the **Le32, 738,634.59** deducted as withholding tax from the payments made to suppliers/contractors for goods, works and services, and the unavailability of NASSIT receipts to confirm whether the sums of **Le35, 790,000** and **Le4, 875,000** in respect of social security contributions were paid to the NASSIT for core and support staff respectively, the Committee instructed the CA to pay the withholding tax quoted above within twenty-four hours and provide the receipts to the auditors. The Committee further stated that all receipts concerning NASSIT contributions should also be submitted within the timeframe mentioned above.

The PAC stressed that **"issues relating to withholding tax and NASSIT contributions are uncompromising because Government pays its workers and provide social amenities from the taxes it raises and retirees depend on their NASSIT contributions. If these moneys are not collected, how will Government pay workers?"** The Committee asked the auditors to keep an eye on these two issues, but warned the CA and team that if the issues reappeared in the 2018 Audit Report, it would take punitive measures against them.

Further review of the AG's Report revealed the following:

1. List of Registered Suppliers not submitted

From the review of the AG's Report, the Committee observed that the list of registered suppliers was incomplete as most of the suppliers' contacts telephone numbers were not included. Also, the business addresses of three suppliers were elided.

Questioned why the contacts details of contractors were not included, the CA stated that a database of all procurements undertaken by Council were maintained, it could have been an oversight either on the part of Council or the auditors not to have been able to reference Council's database submitted for audit. He presented the database and apologised on behalf of the team.

The Committee advised the team to ensure that in future the list of all procurements is provided to the auditors for inspection.

2. Procurement Documents Not Submitted

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

- procurement document was not submitted for the Rehabilitation of CHC Quarter at Mandu; and
- tax and NASSIT clearance certificates were not submitted for the Baryah Investment and no document was submitted in respect of Anju Construction and General Services. The AG's Report further revealed that two procurement activities undertaken amounted to **Le21, 040,000** had errors in the computation.

According to the AG's Report, the non-availability of those documents contravened Section 20[3] of the Public Procurement Regulations of 2006, which states that: "**The procuring entity shall clearly state any documentation required as evidence of a bidder's eligibility and qualifications and may include, but not be limited to:**

[a] Copies of the bidder's certificate of registration, certificate of incorporation, trading licence or similar document; and

[b] Copies of the bidder's tax registration, tax clearance certificates or similar documentation issued by the National Revenue Authority."

Though the CA presented documents in respect of the above mentioned issues, the Committee warned that such anomalies would not be tolerated and defaulters would not be excused in future.

3. Poor Performance in Own Source Revenue Collection

From the review of the AG's Report, the Committee observed that the list of Revenue Mobilisation Committee Members and the supervision report of the activities undertaken were not submitted, and 'own source revenue' collection was not effective for the year under review. Also, the Report revealed that Council only generated **12%** from the budgeted tax revenue, leaving **88%** that was not collected.

In his response, the CA admitted that the committee in question was not effective, but he however assured the PAC that a functional Revenue Mobilisation Committee had been reconstituted to supervise all revenue mobilisation activities within the district. He stated that by 2018, an improvement in terms of revenue collection would be enhanced. He concluded that the 2018 general elections greatly affected Councillors ability to help in the sensitisation drive and enforcement activities for fear of voter revolt against them. Despite the negative impact caused by the electioneering process, management was able to record increasing collection of **123%** of the Non-tax revenue which exceeded the approved estimate, as recognised in Note No.6 of the Financial Statement.

The Committee did not entirely accept the CA's explanation, stating that in the absence of the 'political class,' the 'administrative class could have provided an alternative option in terms of mobilising revenue for the state.

Thus, the Committee counseled Management to put in place robust sensitisation measures geared towards improving revenue collection. The Committee further intimated the auditors to keep an eye on this matter in their next audit exercise.

Mr Speaker, Honourable Members, the Committee further noted two issues relating to the European Union Project Administration; i.e., an amount of **Le11, 944,155** was deducted at source from the payment to suppliers/contractors for goods, works and services, but no receipt was submitted to confirm that the taxes were paid over to the NRA and NASSIT receipts were not made available to the auditors to confirm that **Le1,285,000** was paid in respect of social security contributions to NASSIT for staff in the project unit. The CA further tendered documents in respect of expenditure incurred, totaling **Le21, 209,136** without adequate supporting documents such as receipts, invoices, delivery notes, reports etc.

In his response, the CA presented receipts as evidence of payments to the Committee for inspection. The documents were verified and confirmed, but the Committee advised the CA and the FO not to allow such anomaly to re-occur in future.

Interestingly, Mr Speaker, the Committee detected that all balance payments were made few days ahead of the Committee's engagement with Management. The Committee therefore condemned the lackadaisical attitude of the CA and team, stating that such act could bring discomfiture to Council and the integrity of the institution.

BO CITY COUNCIL

Mr Speaker, Honourable Members, core staff of the Bo City Council appeared before the Committee to respond to queries flagged up in the 2017 Audit Report. The Committee observed from the review of the AG's Report quite a number of queries against this Council, such as 'lack of fixed Asset Policy, procurement documents were not submitted for verification, bank reconciliation statements not prepared and submitted, non-reconciliation of Payroll and Councilors' sitting fees records, non-compliance with policies and procedures manual, staff without NASSIT numbers, staff without updated personal files and staff that exceeded the statutory retirement age, were compliance related issues as a result of weak internal controls.

Though the CA informed the Committee that those issues had been addressed, the Committee advised the team to specifically pay attention to 'regulatory compliance,' which usually describes the goal a particular institution aspires to achieve

in their efforts to ensure that they are aware of certain things and take the necessary steps to comply with relevant laws, policies, and regulations. The Committee maintained that if control weaknesses 'are not addressed on time, they could lead to fraud and other irregularities.' The Committee warned the CA and team that if those queries reappeared in the 2018 Audit Report, it would take an uncompromising action against them for perjury and for wasting the Committee's precious time.

Mr Speaker, Honourable Members, the Committee took special time to probe into the following audit queries:

1. Poor Performance From Own-Source Revenue Collection

The Committee observed from the review of the AG's that the own source revenue mobilisation of Council was ineffective for the period under review and Council failed to collect own-source revenue from nine [9] revenue streams.

Asked to explain why they failed to collect revenue from such revenue sources as lorry parks, market dues, property rates, etc. the Mayor of the Municipality of Bo City revealed that **"contracts for the collection of market dues and lorry parks are currently doing well, but property tax has been the problem."** He further revealed that Government had been occupying certain buildings within the municipality without paying their debts to Council.

The CA added that some of the revenue sources were no longer operating, while others were outsourced to market corporative.

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

- put in place appropriate revenue generation strategy to augment Council's revenue base and effectively communicate same to all stakeholders;
- divide the city into zones and outsource to different companies;
- use the police to close down any building occupied by debtors for immediate response;
- set realistic targets reflective of the prevailing economic conditions and consultation at ward and devolved sector levels, so as to achieve target; and
- periodically inspect and report new properties and businesses on a regular basis.

2. Ineffective Internal Audit Unit

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

- there was no evidence of review of the final unaudited Financial Statements by the Internal Auditor before it was submitted for audit; and
- Management response was only provided for one of the reports issued by the Internal Auditor.

- the Audit Committee that is to monitor internal controls, oversee the internal audit functions and interact with external auditors was not functional throughout the year as there were no evidence to show that meetings were held by the committee.

Responding to the above mentioned queries, the CA stated that an Internal Audit Committee was in existence and the Internal Auditor was the secretary to that Committee, but because Council did not have an FO, the outgoing Internal Auditor was appointed as Procurement Officer and later transferred to Bonthe District Council. The CA however stated that an Internal Auditor had been recruited.

The Committee applauded the efforts of the team in addressing the issue, but reminded the CA to provide a convivial working environment for the new auditor, stating the tenuous relationships and protracted feuds that had existed between Managements and the Internal Auditors.

Thus, the Committee heartened the Internal Auditor to ensure that internal control weaknesses are brought to the notice of the CA and team, and the Internal Audit Committee should enforce the implementation of audit recommendations within the required timeframe. Again, the HRM and CA should ensure that all outgoing staff [whether due to transfer, retirement or resignation] should properly hand over to the successor before leaving office; otherwise, the matter should be forwarded to the LGSC for disciplinary actions.

3. NASSIT Contribution Not Paid and NASSIT Numbers not provided to staff

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

- deductions were made for NASSIT contributions to the tune of **Le 15,007,500** for staff in the Waste Management Department, but receipt submitted and verified amounted to **Le750,000**, leaving a balance of **Le14,257,500**; and
- out of the 29 staff that were without NASSIT numbers, 22 staff still failed to submit their NASSIT registration numbers for verification.

In his reaction, the Mayor of Bo City revealed that payment was made for seven [7] staff who had NASSIT numbers, but when they detected that the other twenty-two [22] staff were without NASSIT numbers, they could not continue the payment. He however concluded that all core staff had got NASSIT numbers and that those without NASSIT numbers were the junior workers.

Without further deliberation, the Committee ordered the CA to:

- pay the sum of **Le 14,257,500** as queried by the auditors and provide the receipt within forty-eight hours for inspection; and

- provide a comprehensive list of employees of Bo City Council with NASSIT numbers against their names.

Mr Speaker, the Committee emphasised that NASSIT contribution is a requirement for every employment and therefore encouraged Management to exercise urgency and resolve those issues.

4. Non-Compliance with Policies and Procedures Manual

From the review of the AG's Report, the Committee observed that Bo City Council Waste Management Department was entitled to receive **15%** of the total property taxes and **5%** of the total market dues collected. The Report disclosed that there was no evidence to confirm that a total amount of **Le90, 427,441.70** in respect of the **15%** and **5%** council contribution was received by that department.

In his reaction, the Head of Waste Management Department disclosed that Council had paid **Le35mln** to the Waste Management Department's Account.

The Committee commended the Mayor and the entire team for ensuring the sanitary aspect of Bo City, but urged the CA to provide more funds to the Department as a way of fulfilling its commitment to the project as enshrined in the Department's Policies and Procedures. The Committee further implored the auditors to keep an eye on this particular issue for further action.

BO DISTRICT COUNCIL

Mr Speaker, Honourable Members, the Committee observed from the review of the 2017 AG's Report the following queries:

- Inadequate Budgetary Control Process;
- Payments without adequate Supporting Documents;
- Withholding Tax Deducted not paid to NRA;
- Decrease in Revenue Collection;
- Salary and Sitting Fees paid without Supporting Documents;
- Fixed Assets not seen and verified;
- High Risk Areas not included in the Internal Audit Work Plan; and
- EU Project- Payroll [Policy on end of Service Benefit].

The Committee's discussions with officials of Bo District Council disclosed that the issues relating to 'sitting fees paid without supporting documents, inadequate budgetary control process, and payments without adequate supporting documents had been addressed. He tendered in evidence documents such as minutes and attendance register and other supporting documents to the Committee for inspection.

The Committee asked the auditors to exercise urgency in the verification of those documents, but however called on Management to ensure that all queried documents are made available for audit inspection. The Committee stated that any disbursement without adequate supporting documents cannot be accepted as genuine and such payments could be surcharged.

Mr Speaker, further scrutiny of the AG's Report revealed the following as still lingering against Bo District Council:

- Withholding Tax Deducted not paid to NRA;
- Decrease in Revenue Collection;
- Fixed Assets not seen and verified;
- High Risk Areas not included in the Internal Audit Work Plan; and
- EU Project-Payroll [Policy on end of Service Benefit].

1. Withholding Tax Deducted but not Paid to NRA

The Committee noted from the review of the AG's Report that out of the **Le25,395,505.56** outstanding withholding taxes, NRA withholding tax receipts of **Le417,000** were submitted to the auditors during verification exercise, leaving an outstanding amount of **Le24,978,505** According to the Report, that contravened Section 117[4] of the Income Tax Act, 2000 which requires a person who contracts with a contractor for the provision of services to a business shall withhold tax on the gross amount of any payment to the contractor.

Without soliciting further explanation, the Committee ordered the CA to pay the sum of **Le 24,978,505** with immediate effect and provide the receipt to the auditors for authentication. The Committee warned that if the issue reappeared, an uncompromising action would be taken against the CA and other core staff.

2. Decrease in Revenue Collection

From the review of the AG's Report, the Committee observed that the Credit Recovery Agency [SL] Ltd. performance for the period under review dropped drastically. According to the Report, the company generated **Le166,503,088**, which was **44%** of the budgeted own-source revenue from property tax and business licenses. The auditors maintained that the said amount was too low when compared with the previous year's amount of **Le305,300,055**

Asked to apprise why the drastic drop in revenue collection, the CA submitted the following reasons:

- the Agency that was responsible for the collection of revenue lost its manager, Mr Ibrahim Kamara and his death impacted negatively on the operations of the Agency

as it was now a matter of having an appropriate and fitting replacement for the late Manager;

- The economic situation of the country adversely affected many financial institutions, including the Bo District Council; and
- The seeming conflict between the District and Chiefdom Authorities also affected Council's revenue generation drive.

Reacting to the CA's submission, the Committee out rightly discarded the first reason for Council's poor performance in revenue mobilisation, stating that the death of one individual could not have affected Council's operations. The Committee therefore concluded that if the CA's first excuse was anything to go by, it could be the Agency in question was a one business with no proper systems in place. The Committee expressed fear and advised Council to ensure the following:

- a. develop a clear road map for revenue collection between Council and Chiefdom Authorities through regular discussions with the Chiefs and other stakeholders;**
- b. cultivate a healthy relationship with the Police and Magistrate Court, so that defaulters are easily taken to any of these institution; and**
- c. terminate the contract between Council and the said Agency, and replace it with either another sober minded Company or recruit more revenue collectors with rigid monitoring mechanisms by Council's Monitoring and Evaluation Unit.**

3. Salary and Sitting fees paid without Supporting Documents

The Committee noted from the review of the AG's Report that the sum of **Le55, 675,000** was paid to Councillors in respect of sitting fees for the year under review with no evidence in the form of minutes and attendance lists to confirm that the meetings took place.

Responding to the above mentioned query, the CA presented the minutes and attendance lists to the Committee for verification. The Committee however reminded the CA that no documents would be received next year if they failed to submit same to the auditors during the verification exercise. The Committee repeated its earlier admonition to other Councils that 'this year is a period of grace.'

4. Fixed Assets not seen and verified

From the review of the AG's Report, the Committee observed that 10 bicycles and a laptop computer worth **Le11, 200,000** were procured for agriculture sector. However, further discussions with the auditors revealed that the laptop computer was made

available and was verified, but the 10 bicycles were not provided for physical verification. The Principal Auditor and Head of PAC, Mr Mohamed Mustapha informed the Committee that the distribution list to confirm that those bikes were distributed to forest guards was provided and verified.

Reacting to the above mentioned query, the DAO stated that the bikes were distributed to the forest guards within the district and they were in their possession when the verification exercise was conducted. The CA added that as soon as they received the management letter, they contacted the responsible officers in the Ministry of Agriculture and intimidated them on the seriousness of the issue.

Questioned why they failed to summon the forest guards to present the bikes, the DAO stated that some of the bikes were no longer roadworthy and it was difficult to bring them to Council's premises. He further disclosed that the forest guards did not have maintenance facilities, but some forest guards used their personal resources to put their bikes on the road.

Thus, the Committee implored Management to ensure that the bikes in question are presented to the auditors for physical verification without further delay or they could be asked to pay the equivalence.

5. High Risk Areas not Included in the Internal Audit Work Plan and no Response from Management the Internal Auditor's Report

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

- no evidence was made available to confirm that the Internal Auditor audited areas such as procurement, disbursement and fixed assets, which were considered to be of high risk areas;
- no evidence of review by the Internal Auditor on the unaudited financial statements for the year ended 31st December, 2017, before it was submitted for audit; and
- the Internal Auditor issued four audit reports for the year under review and management responded to only two of those reports.

Reacting to the queries mentioned above, the CA informed the Committee that the audit of disbursement and procurement were part of Bo District Council. The Internal Auditor stated that he had been a member of the said Council since 2009 and he had been preparing his work plans which he usually gave to the CA and FO for their comments. He said that he usually audited disbursements for Council and EU Projects, which he said were high risk areas. He provided the documents to the auditors for verification.

Speaking on the issue relating to the four internal audit reports, the CA disclosed that Management responded to all the audit issues. She however stated that two of the responses were not submitted to the auditors which were now part of the documents just submitted.

The Committee counseled Management to ensure the following:

- **work as a team so that they would achieve the goals for which Council was established; and**
- **respond to all internal audit queries on time.**

6. EU Project - Payroll [Policy on end of Service Benefit]

The Committee observed from the review of the AG's Report that an end-of-service benefit policy which defines how benefit should be paid to staff and sources of funding was not maintained by the Bo District Council.

Questioned why an end-of-service benefit policy had not been introduced for staff on contract, the CA made reference to the labour laws of Sierra Leone, adding that "Bo District Council and other Local Councils are also guided by the Human Resource Guidelines, which she said was submitted as addendum and that document contained the provisions for employment of contract staff.

The Committee noted the importance of 'end-of-service policy, stating that if workplace policies are in place, they would?

- ensure uniformity and consistency in decision-making and operational procedures;
- add strength to the position of staff when possible legal actions arise;
- foster stability and continuity
- maintain the direction of the organisation even during periods of change;
- provide the framework for planning
- assist in assessing performance and establishing accountability
- clarify functions and responsibilities; and
- spell out the entry and exit points of a staff.

Asked to mention one challenge that she would like the Committee to address, the CA stated that the intermittent and untimely transfer of staff from one Council to the other had negative implication on the performance of the employees and on the general performance of not only Bo District Council, but other Councils.

The Committee assured them of their support, but encouraged them to always ensure that staff on the transfer list, submit handing-over notes before they are allowed to leave.

PUJEHUN DISTRICT COUNCIL

Mr Speaker, Honourable Members, a review of the AG's Report for 2017 revealed that a number of issues were still standing against Pujehun District Council. Some of the

issues were noted to be recurrent and Council's determinism towards addressing audit queries has not been vigorous enough. For instance, out of twelve queries flagged up in the 2017 AG's Report, six were observed to have been addressed. These are:

- Payments without Adequate Supporting Documents
- Ineffective Internal Audit Unit;
- Inventory List not Displayed;
- Inadequate Budgetary Control Process;
- Non Reconciliation of Own Source Revenue Records; and
- Fixed Asset Register not Properly Maintained.

Though the auditors confirmed that those issues had been addressed, the Committee implored the CA and team to always ensure that:

- a. all transactions from inception to completion should be supported by the relevant documentary evidence which must be retained for audit and reference purposes.**
- b. the issues highlighted with regard to the Internal Audit Unit are addressed as soon as possible and that denial of access to internal auditor is an impediment to the work of auditors;**
- c. fixed asset register should be updated with the dates of acquisition/donation, funding source, category of assets and cost/values;**
- d. the inventory lists are prepared and placed in the various offices of the council and devolved sectors; and**
- e. monthly variance reports for the attention of the Management or the Budget and Finance Committee are prepared by the FO. The CA and FO should also strengthen the existing controls over the budgetary process and the use of proper budgetary tools.**

Mr Speaker, Honourable Members, the Committee's discussion with the auditors and the witnesses revealed the following issues are still unresolved:

1. Missing Fixed Assets and lack of Fixed Assets Policy

The AG reported that some fixed assets in the Fixed Asset Register, such as laptop Computer, digital camera, Apache Bike and 2 DSTV Decoders were not presented for physical audit verification. The AG further revealed that Council did not maintain fixed asset policy for the acquisition, usage, maintenance and disposal of fixed assets.

Without soliciting any explanation from any member of the team, the Committee ordered the CA to take the above mentioned items to Parliament on the 10th July, 2019 at 11:00 a.m. The Committee is happy to report to this Honourable House that with the exception of the Apache Bike, for which the CA presented a copy of the correspondence dated 2nd July, 2019 between Council and Mr Harouna M. Koroma [former Councillor of

Ward 317, Pujehun District Council], requesting him to return the said Bike to Council, all other items as listed above were presented to the Committee as requested. Below is a pictorial evidence of the missing items and the 28 receipt books:



The Committee implored Management to ensure that:

- **Fixed Assets policies are developed for the acquisition, usage, maintenance and disposal of fixed assets before the conclusion of the 2018 audit; and**
- **the Apache Motorbike is retrieved from Mr Harouna M. Koroma and presented same to the auditors for inspection.**

2. Ineffective Management of Payroll

The Committee observed from the review of the AG's Report that salaries of staff [both core and support staff] were still paid on the table. No direct payment is made into staff personal accounts. The Report further disclosed that pin codes were not assigned to staff working in the Council as a means of easily identifying and distinguishing staff.

Without requesting an explanation, the Committee heartened the CA to ensure that all the 48 staff are paid directly into their bank accounts. The Committee instructed the CA and FO to withhold salaries of staff who failed to open a personal bank account.

3. Salaries Paid To Absentee Staff

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

- Mustapha Koroma, Chief Administrator, received his salaries throughout 2017, but his name was not in Council's staff list submitted for audit. According to the AG's Report, the said staff was suspended, but there was no letter in his personal file to substantiate this information;
- Kai Gborie, Finance Officer, received his salaries in 2017, but abandoned work since August 2017 to 31st December 2017. Discussion with the CA and FO revealed that he was sick, but there was no medical report in his personal file to confirm; and
- there was no evidence in the file to confirm that the HRM or the CA reported this issue to the LGSC for appropriate actions to be taken and the total salaries paid to both officials was **Le13,282,500**.

In his reaction, the CA said that Kai Gborie was attacked and that was why he was sent on sick leave by the Local Government Service Commission. He further stated that Mustapha Koroma, who was the then Chief Administrator up to June, 2017, was suspended [with half pay salary] by the Local Government Service Commission. He concluded that the issue had been addressed.

The Committee stated that any explanation that is not backed by adequate documentary evidence could not be regarded as a fact. Thus, the Committee warned the team to always ensure that documentary evidence are submitted to the auditors for verification.

4. Sitting Fees Paid to Absentee Councillors

The AG's Report revealed that the ordinary council meeting minutes for September, October and November, 2017 were still outstanding.

According to the CA, the Councillors were holding meetings and those meetings were considered as Council Meetings. The FO stated that the actual amount for each Councillor was fully paid. He added that those meetings were not ordinary meetings, but Committee meetings. He presented the minutes of meetings to the Committee for inspection.

The Committee reiterated its earlier warnings to other Councils that they should not pay any Councillor who fails to attend Council meetings, and attendance lists and other vital documents should always be kept for future reference.

KAILAHUN DISTRICT COUNCIL

Mr Speaker, Honourable Members, core staff of Kailahun District Council appeared before the Committee to respond to audit queries as reported in the 2017 Auditor General's Report. These are listed below:

1. Limited Service Delivery Ability

The Committee observed from the review of the AG's Report that revenue in the form of own source domestic and allocations from Central Government have significantly dwindled for the past three years. According to the AG's Report, Council did not make any remarkable efforts in the collection of own source revenue and did not also seek any new sources of revenue. The Committee further noted that there was no memorandum of understanding or terms of reference with collectors, which according to the Report, limited Council's ability to sustain public utilities or services.

The CA informed the Committee that the valuator who was responsible to issue out demand notices was suspended. He however revealed that Council had taken necessary steps and had ensured that demand notices were issued for the current year and the revenue clerk to reconcile with collectors on a monthly basis. The CA further stated that contract Letters were given to the collectors and had plans to recruit more revenue collectors, so that the scope of collection could be widened.

Reacting to the CA's submission, the Committee disclosed that most managers prepared 'budgets that are bogus and improbable.' The Committee therefore urged the team to ensure that realistic budgets are prepared and more revenue collectors are employed.

2. Inadequate Control of the General Processing and Management of other Charges

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

- documentary evidence such as requests, receipts and list of recipient were not made available to justify the disbursement of outstanding amount to the tune of **Le58,600,000**; and
- a variation of **Le27,384,235** was observed in the total withholding tax amount recorded in the PETRA system and the NRA receipts.

Responding to the above mentioned issues, the CA presented documents relating to the outstanding **Le58, 600,000** and **Le27, 384,235** withholding taxes. As usual, the Committee accepted the documents, but warned the team that it would not accept any documents when the Committee would be conducting its public hearings on the 2018 AG's Report. The Committee further explained that documents relating to the AG's Report could have been submitted during audit verification exercise before its engagement with Management.

Thus, the Committee urged the auditors to exercise urgency in the verification of those documents, but cautioned that if those issues reappeared in the 2018 AG's Report, an uncompromising action would be taken against the team.

Mr Speaker, Honourable Members, the Committee's discussions with Management revealed that the issues relating to sitting fees and other allowances paid to absentee Councillors, review of cash books and bank statements, and material deviations from standards had been addressed. The Committee asked the auditors to keep an eye on those issues, but reminded Management to make sure that those issues are addressed before the conclusion of the 2018 audit exercise.

KONO DISTRICT COUNCIL

Mr Speaker, Honourable Members, during the Committee's engagement with officials of Kono District Council, the Principal Auditor and Head of PAC, Mr Mohamed Mustapha, outlined the following issues from the AG's Report as still outstanding against Kono District Council:

- Inconsistencies in Withholding Tax amounts;
- Procurement procedures not followed;
- Payroll Administration;
- Inadequate Controls of Sitting Fees and other allowances Paid to Councillors;
- Ineffective Internal Audit Unit;
- Ineffectiveness of the IT System; and
- Ineffective Budgeting and Budgetary Control.

1. Inconsistencies In Withholding Tax Amounts

It was observed from the review of the AG's Report that out of **Le 46,441,449.82** withholding taxes, only **Le40, 125,000** was paid, leaving a balance of **Le6, 316,450**.

Asked the whereabouts of the remaining **Le6, 316,450**, the FO submitted the documents, stating that the payment was done in 2018, but the documents could not be located due to missing filing.

The Committee condemned the nonchalant attitude exhibited by the FO, pointing out that misplacing or misfiling important documents could lead to institutional failure and reputation damage.

Thus, the Committee encouraged the auditors to accept the documents, but warned that if the matter is reported in the 2018 AG's Report, the Committee would take an uncompromising action against the CA and FO for deceiving the Committee.

2. Procurement Procedures not Followed

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

[a] the sum of **Le90,041,000** was consistently disbursed to a single supplier for the supply of drugs, spare parts, maintenance services, stationery supplies, office equipment and furniture without contract to ensure effectiveness, efficiency and value

for money in the Council business which is contrary to the Public Procurement Regulations 2016 Section 130[1] [a &b];

[b] procurement rules and regulations were not followed for various procurements undertaken on rehabilitation works, maintenance services and other assorted items worth **Le412mln**. The Committee further noted that certificates of work completion by the engineer were produced and verified during the verification exercise, leaving the M&E progress reports and attendance list of procurement committee; and

[c] supplier's database and profiles on procurement activities, bid register and receipt books were not maintained in the Council.

Asked to provide a general response to the three issues mentioned above, the CA informed the Committee that procurement procedures were duly followed in all procurement activities undertaken by Council. He presented documents such as Request For Quotations [RFQs], Local Purchase Order [LPOs], Minutes of committee meetings, contract agreements and completion certificates to the Committee for inspection.

The Committee's discussions with the auditors revealed that contract splitting was used to provide a reduced tax exposure for the contractor and a resulting pricing benefit for the Council. Thus, the Committee inferred that there could have been no value for money.

As usual, the Committee asked the auditors to verify the documents, but warned that the PAC would not receive any document during public hearings on the 2018 AG's Report.

3. Payroll Administration

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

- Council staff were in the habit of not signing the attendance register at the end of office;
- no updated human resource training programme or individual performance appraisal system, and as a result, staff were not appraised for the period under review;
- the sum of **Le76, 754,000** was paid as loan to staff and Councillors without evidence of repayment or payment agreement;
- a support staff of Kono District Council was still paid below the minimum wage of **Le500,000**.
- the sum of **Le220,755,000** was paid to Council staff as salary, but the payment vouchers were not authorised by the Chief Administrator;
- NASSIT outstanding payments to the tune of **Le6, 369,250**;

- four staff [Record Officer, Finance Clerk, Confidential Secretary and a Secretary were noted to have reached the statutory retirement age of 60 years, but still in the system. Employment contract was not made available to auditors to validate their positions; and
- appointment letters, appraisal forms, qualifications and asset declaration receipts were not updated in the personnel files of some staff and there was no evidence of leave procedure in the Council.

Responding to the issues mentioned above, the CA stated that those issues had been resolved and promised that they would not reappear in the next audit report. He added that all relevant documents had been assembled and were ready for submission.

Speaking on the issues relating to staff appraisal and staff attendance register, the CA said that all Council staff had been reminded to always sign out the attendance register when leaving the office, and that core staff of Council had been appraised.

The Committee asked Management to submit the documents to the auditors for inspection, but heartened the CA and team to formulate a comprehensive staff performance appraisal system to assess the performance of all employees, including top Management each year, as a reference point for considering staff promotions, development and trainings.

4. Ineffective Assets Management

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

- a. there was no asset policy in place for the use of assets in the Council;
- b. there was no inventory list of assets at back door of offices in the Council to justify their location as stated in the asset register; and
- c. the total sum of **Le10, 115,000** expended to procure two laptops were not updated in the asset register for the period under review.

Reacting to the above mentioned issues, the CA disclosed that Council had started developing policies on assets management and assets disposal. He however revealed that there had been a fixed asset register "**which is verified and updated twice every year, each asset has its inscription on it.**" He presented an updated asset register to the Committee, which he said captured all Council assets.

The Committee urged Management to exercise urgency and ensure that the policy on assets is finalised and put into use with immediate effect.

Asked to brief the Committee on the issues relating to 'Councillors' sitting fees and other allowances, ineffective internal Audit Unit, ineffectiveness of the IT System, and Ineffective Budgeting and Budgetary Control, the CA promised that the issues would not reappear in the 2018 AG's Report.

The Committee took the CA at his words, but faulted him for the delay in addressing these issues, stating that those issues were as a result of control weaknesses, which if not addressed, could lead to fraud and other irregularities.

KOIDU NEW SEMBEHUN CITY COUNCIL

Mr Speaker, Honourable Members, core staff of Koidu New Sembehun City Council appeared before the Committee to respond to the Auditor General's queries flagged up in the 2017 Audit Report. The Committee observed from the review of the AG's Report that only six issues were reported in the AG's Report. These are:

- Limited Service Delivery Ability;
- Material Deviations From Standards;
- Poor Revenue Management;
- Review of Cash Books and Bank Statements;
- Inadequate Control of the General Processing and Management of other Charges; and
- Sitting Fees and other Allowances paid to Absentee Councillors.

1. Limited Service Delivery Ability

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

- Council's own source domestic revenue and allocations from Central Government have significantly dwindled for the past three years;
- Council did not make any remarkable efforts in the collection of own source revenue;
- Council sought no new sources of revenue and that the revenue clerk failed to reconcile receipt books and amount issued and returns made by collectors;
- there was no memorandum of understanding or terms of reference with collectors and that had limited Council's ability to sustain public utilities or services;
- there were inadequate protection materials for waste handlers like hand gloves, nose covers, rain boots, rain coats and that could have also limited revenue generation efforts of Council, which according to Report was evident by the non-collection of property rates as well as unrealistic budgeting.

Responding to the issues mentioned above, the CA stated that revenue generation had not been easy, especially towards the conduct of the general elections. He added that even though targeted revenue was not collected, more revenue was collected in 2017 than in 2015 and 2016 financial years. He disclosed that hand gloves, nose cover, rain boots and rain coats were provided not only for the sanitary officers, but also revenue collectors. He concluded that reconciliation had been done, Valuator Officer had been recruited and revenue collectors are covered under Council's Conditions of Service with their terms of reference in their appointment of letters.

The Committee noted lackadaisical reactions towards responding to audit queries; and thus reminded the CA to always take proactive steps in addressing audit queries.

2. Material Deviations from Standards

From the review of the AG's Report, the Committee observed that postings were not done as required by law.

In his reaction, the CA stated that postings were done late because the FO was sick for five months and nobody was able to access the PETRA System. He added that the Accountant had been suspended due to certain issues being investigated by the ACC. He mentioned that the PETRA System was faulty and therefore called on the system developers to speedily overhaul the system.

The Committee commented on the risks associated with allowing the FO to singlehandedly control the PETRA System. Thus, the Committee inferred that the over monopolisation of the System had resulted in that problem.

The Committee therefore called on Management to ensure that the System is also accessible to the CA, Accountant, Internal Auditor, stating that the office should not be privatised.

3. Poor Revenue Management

The Committee observed from the review of the AG's Report [through a comparison among the bank statements, receipt books and Financial Statements], glaring differences among those documents as follows:

Details	Receipt Books	Bank Statements	Financial Statements
Amount	343,398,000	867,050,000	915,600,000

The Committee further noted that the difference between the cash book and bank statements were not considered in the bank reconciliations made available for review. The Report concluded that it was obviously a potential source of revenue, in the form of property rates, which was not collected and the revenue clerks did not do any reconciliation with collectors.

The Committee's discussions with the auditors revealed that reconciliations were made available, reviewed and found to be adequate. The auditors however unveiled that demand notices were not issued and there was no document showing an intention to recruit more revenue clerks.

Questioned why demand notices were not issued and revenue collectors not recruited, the FO informed the Committee that issuing demand notices was the responsibility of the Valuation Officer, but however stated that there was no Valuation Officer who could

have conducted valuation exercise of Council's various revenue sources. The CA revealed that management of revenue had been a challenge, especially after the death of the former FO. He nevertheless divulged his plans to restructure Council's Management with emphasis on the Office of the Valuator.

The Committee applauded the CA for his beautiful plans, but warned that the absence of one staff should not in any way thwart Council's revenue collection drive, stating that the country needs funds to provide basic necessities for the people of Sierra Leone.

4. Review of Cash Books and Bank Statements

According to the AG's Report, bank reconciliation statements for 14 accounts were not submitted for audit inspection and the auditors did not receive any bank confirmations for all accounts operated by the Council. This contravened Section 40 [1] of the FMR of 2007 which says: **"The Vote Controller is personally responsible for ensuring that adequate safeguards exist and are applied for the assessment, collection of and accounting for such revenues and other public moneys relating to their departments or offices."**

The Committee's discussions with the auditors revealed that with the exception of bank confirmations for all accounts operated by Council, bank reconciliations were done. Reacting to the issue relating to the non-submission of bank confirmations during the period under review, the CA presented the document, but disclosed that most times the banks caused unwarranted delays in submitting statements when requested during audit exercise.

The Committee accepted the documents, but heartened the CA and team to move to other banks if the present banks failed to satisfy their demands. The Committee further advised Management to ensure that reconciliations are carried out even before the arrival of the external auditors.

5. Inadequate Control of the General Processing and Management of other Charges

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

- relevant documentary evidence such as requests, receipts and list of recipients were not provided to justify the disbursement of an outstanding amount to the tune of **Le96,900,000**; and
- a variation of **Le45,978,077** was observed in the total withholding tax amount recorded in the PETRA system and the NRA receipts.

The FO stated that the budget figure was posted on the PETRA System, but what was received and posted on the System was very low. He said that created the difference.

The Committee reminded the auditors to keep an eye on the issue concerning the Le 96,900,000, but ordered the CA and team to pay the sum of Le 45,978,077 withholding tax to the NRA with immediate effect and submit the receipt to the auditors for authentication.

6. Sitting fees and other allowances paid to Absentee Councillors

The Committee observed from the review of the AG's Report that the sum of **Le 198,985,473** was paid to Councillors as sitting fees and allowances, but there were no evidence in the form of attendance lists where Councillors signed for Council meetings.

The CA apologised for not presenting the documents during audit exercise, but confirmed to the Committee that the attendance list and minutes of Council meetings were available for verification. The CA further disclosed that no Internal Auditor had been posted to Koidu New Sembehun City Council who would have been calling Management's attention to some of those issues. He added that he had requested for an Internal Auditor from the the Local Government Service Commission, but to no avail.

In view of the above, the Committee cautioned the CA and FO to stop paying any Councillor who failed to attend Council meetings and the CA should continue to remind the Local Government Service Commission through correspondences for the recruitment of an Internal Auditor.

KENEMA DISTRICT COUNCIL

Mr Speaker, Honourable Members, the CA and core staff of Kenema District Council appeared before the Committee to respond to queries reported in the 2017 AG's Report. The Committee noted from the systematic review of the AG's Report eight [8] audit issues as listed below:

- Ineffective Internal Controls;
- Ineffective Management of Council's Budget and Budgetary Process;
- Ineffective Revenue Management;
- Misstatements of Account Line Items in the Financial Statements;
- Material Misstatement of Information;
- Inadequate Control of the General Processing And Management of other Charges;
- Inadequate Control of the Distribution and Use of Fuel, Repairs and Maintenance Cost; and
- Procurement Procedures not Followed.

1. Ineffective Internal Controls

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

- risk assessment process for the identification and management of fraud and fraud related matters was not carried out;

- there was no disaster recovery and continuity plan in place;
- Council's committees were ineffective as the terms of reference and composition to justify their formation were not submitted and minutes of meetings to show the committees' contributed to the development of the Council were not submitted for audit. Again, monthly financial statements, updated inventory register and monthly Council meetings were not posted on Council's billboards.

Asked to brief the Committee on the status of the above mentioned audit queries, the CA revealed that:

- [a] an Integrity Committee had been set up to specifically identify and manage incidences of fraud and corrupt practices and Council would ensure that the tools are provided for effective performance of the said committee;
- [b] a Disaster Recovery and Continuity plan Committee had been set up;
- [c] terms of reference for all committees had been formulated in line with the 2004 Local Government Act; and
- [d] information were posted on the notice board, as and when they were due , except that the time they were supposed to remain on the notice board had elapsed during the time of audit.

The CA concluded that all necessary actions had been taken to resolve those issues.

Thus, the Committee advised Management to ensure that the Integrity Management Committee and other Committee work effectively through regular meetings at least once per every quarter.

2. Ineffective Management of the Council's Budget and Budgetary Process

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

- terms of reference for the Budget and Finance Committee was not submitted for audit;
- minutes of Ward, and Budget and Finance Committee meetings to show their participation and ownership of the budget at community level were not submitted for audit and there was no evidence that the budget was tabled and approved by the Budget and Finance Committee;
- monthly actual versus budget variance reports were not submitted to the Budget and Finance Committee and regular meetings were not held by the Committee;
- budgeted own source revenue of **Le851,582,000** could not be supported as cadastre/database for the number of market traders, diamond dealers, billboard, NGOs, CBOS, Government properties, mining companies and other properties was not provided for audit purposes because the cadastre/database was not functional; and

- Comparisons of the Council's performance in actual revenue generation against budgeted revenue for the 2017 financial year were not presented for audit.

Reacting to the above mentioned issues, the CA disclosed that the Cadastral database had been causing most of the problems and Councils had formerly complained to the Local Government Finance Department, so that the system is updated. He maintained that the System could not give a comprehensive data for all properties belonging to Council. He affirmed that all the issues listed had been addressed.

In that regard, the Committee asked the auditors to keep an eye on those issues in their next audit exercise, but cautioned that if the queries reappeared, the Committee would take an uncompromising action against the team.

3. Ineffective Revenue Management

From the review of the AG's Report, the Committee observed that total own source revenue in the general ledger was understated by **Le11, 147,000**. The Report further disclosed that Council's property Cadastre was not functioning properly and as a result, the auditors were unable to obtain a comprehensive report, detailing the amount of arrears in property tax. It was also noted that Council had two properties which did not generate revenue - a guest house and cold room. The Report concluded that Council did not maintain a database of license and tax payers and as a result, they could not ascertain the total amount of license and tax payers within the district.

In his reaction, the CA stated that the issues relating to the **Le 11,147,000** and ineffectiveness of Council's revenue management process were as a result of the faulty nature of the Cadastre System, which he said had been rectified. He added that because of the inability of the Cadastre System to function properly, Council was unable to print demand notices for onward distribution to tax payers.

Reacting to the issue relating to the contracts for the guest house and the cold room in Tongo, the CA revealed that it had been reviewed by Council for effective revenue generation. He said a copy of those contract agreements would be submitted to the auditors for further scrutiny. He concluded that Council had hired the services of a Lawyer as legal retainer to review the said contracts.

The Committee expressed dissatisfaction over the change of the name of the guest house from Kenema District Council Guest House to a private name. Though the CA said that the change of the nomenclature in the agreement would not obviate the fact that the guest house is still the bona fide property of Kenema District Council, the Committee rejected that proposition in its entirety, stating that the previous name of the guest house should not be changed to any other feign name.

In view of the above, therefore, the Committee maintained its stance and advised Management to ensure that the original nomenclature of the guest house is captured and maintained in the reviewed Agreements. The Committee encouraged the auditors to pay special attention to this issue in their next audit exercise.

4. Inadequate Control of the General Processing and Management Of Other Charges

From the review of the AG's Report, the Committee observed that out of the total of **Le256, 494,000**, documentary evidence was provided for an amount of **Le167, 374,000** with a balance of **Le89, 120,000** still outstanding and out of withholding tax calculated from various procurement activities totaling **Le5, 199,650**, receipts from NRA were provided for an amount of **Le1, 844,900** with a balance of **Le3, 314,750** still outstanding.

Asked to briefly explain why the above mentioned issues were still standing against Council, the CA presented documents relating to **Le89, 120,000** for various procurements activities undertaken by Council and an NRA receipt showing the sum of **Le3, 314,750** as outstanding withholding tax.

The Committee applauded the team for addressing the query, but NRA receipt submitted revealed that the payment was done on the very day Management was supposed to appear before the Committee. Thus, the Committee condemned the lackadaisical attitude displayed by the CA and team, asserting that they had deprived Government of the much needed revenue which could have been used to provide basic social amenities for the people.

The Committee advised the CA to ensure that moneys deducted should be paid to the NRA with immediate effect, so that basic social services are provided for the people on time.

Addressing the issues regarding the distribution and use of fuel, and maintenance cost, procurement procedures not followed, misstatements of account Line items in the Financial Statements, and material misstatement of information, the Committee asked the CA to submit all relevant documents to the auditors for verification with immediate effect.

KENEMA CITY COUNCIL

Mr Speaker, Honourable Members, the Committee observed from the review of the AG's Report a number of audit queries as listed below:

- Inconsistencies in the Recognition of Financial Information in the Financial Statements;

- Inconsistencies in Revenue Figures;
- Procurements Procedures not Followed;
- Payroll Administration;
- Review Of Cash Books And Bank Statements;
- Inadequate Controls over Bank Confirmation;
- Ineffective Internal Audit Unit;
- Non Submission of Documents for Solid Waste Management;
- Ineffectiveness of it IT System; and
- Ineffective Budgeting and Budgetary Control.

1. Inconsistencies In The Recognition Of Financial Information In The Financial Statements

The Committee's discussions with the auditors revealed the following as outstanding issues:

- the inconsistency in net cash flow between statement 1 and statement No.2 has not been adjusted in the audited Financial Statements; and
- the variance of **Le22,523,000** still existed between total payments in statement No.1 and total payments in statement No.2.

Though the CA said that the issues had been addressed, the Committee advised the team to ensure that those issues are resolved once and for all.

2. Inconsistencies in Revenue Figures

The Committee noted from the AG's Report that:

- the total value of property taxes disclosed in the Financial Statements exceeded the value reported in the cadastral system by **Le171, 534,495.43;**
- the total own source revenue disclosed in the Financial Statements is below what was reported in the Cadastral System by **Le47,190,306;**
- the total own Source revenue disclosed in the Financial Statements differs from the total revenue in PETRA system by **Le34,597,500;** and
- the variance of **Le555,491,729** was as a result of receipt books not submitted and was not presented during verification.

The CA stated that though the variances had been rectified, people paid directly to the bank, but failed to take the pay-in slip to Council, so that receipts are issued to them. The Committee observed that the variances reported in 2017 far exceeded those reported in 2016. The Committee inferred that if this anomaly continued, it could lead to fraud and other irregularities.

In that regard, the Committee heartened Management to intensify their sensitisation or awareness raising campaign through which the public is educated on the process.

3. Procedures Not Followed

The AG's Report revealed the following outstanding issues:

- procurement documents for transactions amounting to **Le655mln** were still not submitted;
- approved annual procurement plan was not submitted for transactions amounting to **Le749mln**; and
- Supplier's database and profiles on procurement activities, bid register and receipt books were not submitted for verification.

The CA stated that the annual procurement plan was submitted to National Public Procurement Authority, the Ministry of Finance and the Local Government Finance Department for approval, but the letter of acknowledgement was not sent to Council. She however stated that a letter of reminder had been sent to National Public Procurement Authority, Ministry of Finance and Local Government Finance Department for acknowledgement of the procurement plan. The CA further revealed that the delay in the submission of procurement documents was due to the fact that the FO was transferred to another Council without proper handing over notes. She bitterly complained about the absence of systems and processes before she came as CA.

The Committee applauded the efforts of the CA in terms of putting in place systems and processes, but advised the auditors to accept the documents on the condition that if the issue reappeared, a stern action would be meted on the entire team for deceiving the Committee.

4. Payroll Administration

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

- support staff were paid below the minimum wage of **Le500,000**;
- the social security overstatement still existed in the Financial Statements, and
- there were no evidence to confirm payment of NASSIT amounting to **Le85,635,000**.

The FO explained that the issue regarding NASSIT contribution to the tune of **Le 85,635,000** was inherited since 2015, but had started addressing it. He said out of **Le85.6mln**, only **Le51mln** left. The CA added that sometimes NASSIT rejected their cheques, but they had raised the issue during their conference at Bintumani. They however submitted the documents to the auditors for verification.

The Committee encouraged Management to ensure that every NASSIT contribution is paid and the documents are submitted to the auditors for confirmation during audit exercise.

5. Review of Cash Books and Bank Statements

The AG reported that closing balances as per bank statements did not agree with closing bank balances as per bank reconciliation statements. That, according to the Report, contravened Section 139 of the Financial Management Regulation of 2007, which states: **"The balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook at least once every month and the reconciliation statement shall be filed or recorded in the cashbook."**

Though the FO stated that the issue had been rectified, the Committee advised Management to always ensure that bank statements are reconciled with cashbooks before the commencement of every audit exercise.

6. Ineffectiveness of the IT System,

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

- Lack of disaster recovery plan and Council did not have an IT Specialist to work on it;
- Anti-virus software was not installed on Council's computers;
- No formal documented and tested emergency procedure in place of fire outbreaks. However, there is an extinguisher in the Mayor's Office;
- the necessary equipment needed for a favourable IT environment was not provided;
- back-up devices are inadequate in the Council; and
- the IT Officer lacks logistics such as a laptop computer, software programs and air conditioner.

The CA stated that steps had been taken to address the issues, but the Committee heartened Management to ensure that:

- **there is an approved IT security policy to ensure data confidentiality and integrity;**
- **anti-virus is installed on every computer belonging to Council;**
- **fire extinguishers are installed in readiness for fire outbreaks;**
- **plans are put in place for disaster recovery /business for continuity;**
- **the IT office is provided with laptop and air-conditioner; and**
- **designated off-site location for back-ups and start using a log book for the purpose of monitoring the IT Department's back-ups record.**

Asked to brief the Committee on the status of the issues relating to non-submission of documents for solid wastes management, inadequate controls over bank confirmation,

ineffective internal audit unit and ineffective budgeting and budgetary control, the CA revealed that measures had been taken to address those issues and promised that they would not reappear in the 2018 Audit Report.

The Committee took the CA at her words, but admonished her to exercise urgency and address those audit queries. The Committee reminded the CA that most of the issues raised in the AG's Report were due to internal controls weaknesses, which if left unaddressed, could lead to fraud and other irregularities.

MAKENI CITY COUNCIL

Mr Speaker, Honourable Members, officials of Makeni City Council appeared before the Committee to respond to queries reported in the 2017 AG's Report. The Committee noted from the review of the AG's Report that only the issue relating to an 'alleged theft investigation report that was still not submitted to the auditors for verification.' According to the AG's Report, Council dismissed three staff suspected of involvement in the theft of 252 chairs the Council hall. The Report disclosed that no evidence in the form of an investigation report was submitted to the audit team to confirm the loss of the alleged stolen chairs.

Asked to explain why the Report was not provided for audit inspection, the CA informed the Committee that at the time of audit, the personnel who was in custody of the said report was unavailable. He added that the committee that was set up to conduct the inquiry had concluded its investigations. In unreserved apologies for any imputation of incorrect behaviour, the CA tendered in evidence the 'investigation report' to the Committee for verification.

Mr Speaker, Honourable Members, the Committee rated the Makeni City Council as one of the few performing Councils in the country in terms of its robustness in addressing audit queries. The Committee called on other Councils and reminded them about the relevance of record keeping as sine quo non in modern public administration.

On a special note, the Committee applauded officials of Makeni City Council for ensuring a hygienic and sanitary situation of the city. The Committee encouraged the team to continue to do the needful for the inhabitants of that locality.

BOMBALI DISTRICT COUNCIL

Mr Speaker, Honourable Members, officials of Bombali District Council appeared before the Committee to respond to queries mentioned in the 2017 AG's Report. Like Makeni City Council, it was observed from the review of the AG's Report that only the issue

relating to the 'construction of bridges' was still standing against this Council. The AG's Report disclosed that even though **95%** of the contract price was disbursed for the construction of additional 20m bridge at Masorie and that the work was reported as complete in the financial statements, the auditors noted during physical verification that there was no sign post to indicate the details of the contract, no back filling was done, guardrails have not been fixed. Again, no sign post to indicate the details of the contract relating to the construction of 20m bridge at Bombali Bana and the guard railings meant for protection of pedestrians and vehicles were not thoroughly done, no backfilling was done.

Queried why the above mentioned issues had not been addressed, the Engineer stated that the delay in addressing those issues as stated in the AG's Report was as a result of the rains and the unavailability of funds at that time. He however revealed that the guardrails had been fixed, back filling had been done and sign posts erected.

The Committee commended officials of Bombali District Council for their efforts and determination in resolving those issues. The Committee called on Management teams from other Councils to nurse a seed of strength and determination like what had been demonstrated by Makeni City and Bombali District Councils.

Giving a special advice to the Engineer, the Committee counseled that in future, the sign post bearing the details of all contract financed wholly or partly by the Council are erected.

KOINADUGU DISTRICT COUNCIL

Mr Speaker, Honourable Members, officials of Koinadugu District Council appeared before the Committee to reply to queries raised in the AG's report. The Report disclosed the following issues:

- Inaccurate Statements in the notes to the Financial Statements;
- Non-Disclosure of Revenue from market dues;
- Inadequate Controls over the Generation, Banking and Recording of Revenue;
- Staff PAYE to the tune of **Le6,225,000** was recognised in the Financial Statements As Basic Salaries;
- Sitting Fees totaling **Le48,860,000** were paid to Absentee Councillors; and
- Proper Disposal Procedure not followed.

1. Inaccurate Statements In The Notes To The Financial Statements

The Committee observed from the review of the AG's Report that revenue from a number of receipt books was outstanding, and collection and banking of due amounts were done in 2018. The Report however revealed that the moneys reflected in the said

receipt books were not outstanding and revenue relating to them amounting to **Le30, 550,000** was duly collected in 2017.

Reacting to the audit query, the CA indicated that the anomaly was due to the fact that people usually paid to the bank, but failed to take the pay-in-slip to Council for onward issuance of receipts. The FO said that the date was in 2017, but the money was received in 2018.

The Committee observed that there was no systemic reconciliation undertaken by Management. **Thus, the Committee advised the FO to ensure that reconciliations are performed regularly and the notes to the accounts are adjusted to reflect the true situation.**

2. Non-Disclosure of Revenue from Market Dues

During the course of the hearing, discussions held with the auditors in relation to the revenue from market dues revealed that written directives were received from the Minister of Local Government and Rural Development for all market dues collections to be undertaken by the Chiefdom Councils, and for **20%** of such collections to be paid to Council. The auditors disclosed that revenue from market dues was neither paid by the Chiefdoms to Council nor reported in the financial statements.

In his reaction, the CA stated that the Chiefdom had still not remitted any amount into Council's account. He added that the Chiefdom Authority defied the MOU that was signed by Council and Chiefdom. The FO indicated that they had started the process of printing receipt books. In addition, the CA disclosed that the Treasury Clerks used to collect the revenue. He however promised the Committee that the issue would be addressed before the conclusion of the 2018 audit.

The Committee took the CA at his words, but reiterated the auditors earlier recommendation that the CA and the Council Chairman should engage the Chiefdom authorities to ensure that the **20%** share of market dues proceeds from all the 11 Chiefdoms within the district are paid and recognised in the financial statements of the Council and evidence of payment retained for reference purposes.

3. Inadequate Controls over the Generation, Banking and Recording of Revenue

The Committee observed from the review of the AG's a variance of **Le34, 952,273** between the revenue receipt book listings and the bank statements/amounts reported in the financial statements. The AG's Report revealed that the difference, as stated above, was a pointer that the reconciliation process was not robust enough to allow for follow-up action to be taken on reconciling items or the receipt books were not made available or issued to ascertain the correct amount of own-source revenue generated.

Asked to apprise the Committee on the status of the above mentioned query, the FO disclosed that the revenue collectors who were in custody of the receipt books failed to submit same on time because they were on the field; and as a result, the dues collected were not included.

The Committee observed that the inability of Council to reconcile its books of accounts, i.e., bank statements, receipt books and financial statements, created the problem and therefore advised, especially the FO, to ensure that reconciliations are performed regularly among the relevant books of accounts, supervision of the records of transactions. The Committee added that the Financial Statements should be revised to reflect the accurate and complete revenue balance

4. Proper Disposal Procedure not Followed

The Committee observed from the review of the AG's Report that during the year, Council disposed-off two unused vehicles [ACJ 844 and ABD 906] without properly following the regulations in the Section 164[1-3] of the Public Procurement Regulation, which states:

[1] "Items not exceeding an estimated sale value of **Le10mln** may be disposed of through the formal invitation of public bids.

[2] A public advertisement shall be issued in at least one official local newspaper inviting bidders to inspect the items and submit sealed bids, not less than 14 days before the deadline set for the opening of bids.

[3] Bidders shall be required to include a bid security at the value set in the advertisement with their bids. Bids submitted without the required bid security shall be rejected."

The Report maintained that evidence of advertisement such as receipt for payment made to local radio stations and invoices were not made available during the verification.

The CA informed the Committee that due processes were followed and the sum of **Le 2.5mln** was spent on advertisement and even wrote to Asset Declaration for their no objection and was granted.

The Committee counseled Management to provide all necessary documents, including the Valuation Report to the auditors before the conclusion of the 2018 audit exercise.

Speaking on the issues relating to the **Le6, 225,000** as staff PAYE not recognised in the Financial Statements and sitting fees totaling **Le48, 860,000** paid to absentee Councillors, the CA stated that the query regarding the **Le6, 225,000** had been

addressed. He however expressed doubt over the issue relating to Councillors sitting fees, pointing out that it had been a perennial problem in all the Councils in the country. He added that some Councillors usually took sick excuse, travel excuse, etc. and it had been very difficult to deny them that privilege. He therefore asked the Committee to intervene in addressing such menace.

The Committee stated that the auditors would never query a Local Council for paying sitting fees and other allowances to Councillors who attended Council meetings. The Committee maintained that there should be proper documentary evidence in the form of written excuses; otherwise the auditors were at liberty to flag up the issue. **Thus, the Committee recommends that payment of sitting fees and other allowances are made to Councilors who attend council meetings and evidence of their presence should be retained for reference purposes.**

KAMBIA DISTRICT COUNCIL

Mr Speaker, Honourable Members, officials of Kambia District Council appeared before the Committee to react to queries raised in the AG's Report for the period under review. From the review of the AG's Report, the Committee unveiled the following issues:

- revenue not recorded in the Cashbook;
- revenue not banked;
- lack of supporting documentation for reported expenses;
- withholding taxes deducted but not paid to the NRA;
- withholding taxes not deducted and paid to the NRA;
- payment of sitting fees to absentee Councillors;
- NASSIT contribution not paid for junior staff; and
- procurement without three request for quotations [RFQs].

1. Revenue not Recorded in the Cashbook

The Committee observed from the review of the AG's Report that the sum of **Le49, 102,000** was recorded in the receipt books, but was not reflected in the revenue cashbook. However, the Committee's discussions with the auditors revealed that out of **Le49, 102,000**, they could not identify the sum of **Le11, 755,000** in the revenue cash book.

In his reaction, the FO stated that the issue had been addressed, but disclosed that it was due to the inability of the revenue clerks to use the PETRA System that posed the problem.

The Committee advised Management to always ensure that all revenue collected are recorded promptly in the revenue cashbook before banking and controls such as monitoring and supervision of the revenue collection

process, segregation of duties, regular reconciliations etc. are strengthened, so that all revenue generated is brought to account.

2. Revenue not Banked

The Committee observed from the review of the AG's Report that out of **Le34,280,000** queried, the auditors verified pay-in-slips for an amount of **Le20,910,000**, leaving a balance of **Le13,370,000**.

Asked to respond to the above mentioned queried, the FO stated that most sources of revenue queried were those usually paid directly to the bank and pay-in-slip submitted for receipts. He however revealed that the pay-in-slips were available for verification.

Thus, the Committee advised the FO to ensure that in future, proper reconciliations are done on time in order to avoid a recurrence of such issue.

3. Lack of Supporting Documentation for Reported Expenses

From the review of the AG's Report, the Committee observed that out of the queried amount of **Le367, 441,310**, supporting documents were reviewed and verified for an amount of **Le345, 316,310**, leaving a balance of **Le22, 125,000**.

The CA, in his response, submitted documents relating to the **Le22, 125,000** and appologised to the Committee for the late submission. The Committee accepted the documents, but reiterated its earlier warnings to other Councils that the next public hearings on the 2018 Audit Report would be different.

The Committee therefore heartened the CA and team to ensure that procurement and administrative procedures are adhered to before the conclusion of the 2018 audit exercise.

4. Withholding Taxes Deducted but not paid to the NRA

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

- withholding tax amounted to the tune of **Le40,297,981** was deducted at source from the payment made for goods, works and services, but was not paid to the NRA; and
- withholding tax which amounted to **Le4, 141,500** was deducted at source from the payment made for goods, works and services, but was not paid to the NRA.

The CA submitted documents relating to the above mentioned amounts and asked the auditors to verify those documents. The Committee however warned that if the issue reappeared, the CA and FO would pay without recourse to the CRF.

5. Payment of Sitting fees to Absentee Councillors

The Committee discovered from the review of the AG's Report that there were no excuse letters to justify the payment of **Le25, 420,000** as sitting fees to absentee Councilors.

In his response, the CA disclosed the contention regarding payment of sitting fees. The CA stated that sometimes Councilors challenged him to reference any section in the Local Government Act of 2004 that guide the process of paying sitting fees to Councilors. He concluded that some Councilors told him that **"apart from council ordinary meetings, Councilors perform other functions."**

Embittered by the CA's explanation, the Committee viewed his statement as unfortunate, stating that the nomenclature, 'Councilors' sitting fees,' was enough to remind him not to pay any Councilor who failed to attend Council meetings.

The Committee warned that if the query reappeared in the 2018 Audit Report, a disciplinary action would be taken against him and the FO. The Committee further encouraged the CA to ensure that every document relating to Council meetings is maintained for reference purposes.

6. NASSIT Contribution not Paid for Junior Staff

The Committee noted from the review of the AG's Report that social security contributions for junior staff members deducted by Council, which amounted to **Le23,088,675** was not paid to the National Social Security and Insurance Trust [NASSIT].

In his reaction, the CA disclosed that they had been paying NASSIT contributions, but because some staff were without NASSIT numbers, that created the problem. He however revealed that all necessary actions to obtain NASSIT numbers had been completed and were awaiting receipt of those numbers.

The Committee applauded the CA's effort, but advised that in future, evidence of communication in the form of correspondences between Council and NASSIT be maintained to further ascertain Management's efforts.

At the end of the Committee's engagement with officials of Kambia District Council, the CA submitted documents regarding procurement without three RFQs to the tune of **Le8, 000,000** that was still outstanding.

The Committee further admonished the team to work very hard to build this country. The Committee disclosed that one of the ways to build a better future for every Sierra Leonean is to ensure that some of the elementary issues that kept appearing in the audit reports are minimised to the barest minimum. The Committee counseled the team to always adhere to administrative procedures and processes, rather than easily succumbing to political pressure.

TONKOLILI DISTRICT COUNCIL

Mr Speaker, Honourable Members, the Chief Administrator and Management team of Tonkolili District Council appeared before the Committee to respond to queries raised in the 2017 AG's Report. The Committee observed the following issues from the review of the AG's Report still standing against this Council:

- Payment for Outstanding Cleaning Services neither Budgeted for, nor disclosed as Arrears in the Previous Financial Statements;
- Lack of adequate Supporting Documentation for Claimed Expenditures;
- Withholding Taxes not deducted and Paid to the NRA;
- Payment of Sitting Fees with no evidence of Council Meeting;
- Inappropriate outsourcing of Council Facilities;
- Mining Companies not taxed;
- Non-Payments of NASSIT;
- Fixed Assets not Included in the Fixed Assets Register;
- Value of Assets Not Shown in the Assets Register; and
- Contract Awarded to A Councillor.

1. Payment For Outstanding Cleaning Services Neither Budgeted For, Nor Disclosed As Arrears In The Previous Financial Statements

From the review of the AG's Report, the Committee observed that the sum of **Le764, 886,786** from **Le2, 764,886,786** earmarked for 2017, was transferred to Council for its operations on the 3rd August, 2017. The Report further revealed that on the 7th August, 2017, **Le400mln** of the **Le765mln** transferred was withdrawn in cash in four equal instalments of **Le100mln** each [instead of being paid by cheque to the various service providers] for the payment of outstanding amounts for cleaning activities undertaken in 11 chiefdoms in Tonkolili District between 2015 and 2017. According to the AG's Report, the auditors were unable to establish legality of this expenditure, as the claimed liabilities were not disclosed in the previous years' financial statements [2015 and 2016] and no other evidence was provided to support the said liability.

It was also noted that out of the **Le Le764, 886,786** transferred, **Le39, 345,000** was withdrawn to undertake fire prevention activities which most times happened during the farming seasons. The Report concluded that the activities were claimed to have been undertaken in August, which is considered to be the peak of the raining season and as such, the auditors could not ascertain the validity of those activities.

Though the CA stated that procedures were followed using existing regulations and that the expenditure undertaken by Council were genuine, the Committee discovered that virement was made for which no budget was initially prepared.

Thus, the Committee asked the audit team to verify the documents submitted by Management, but heartened the CA to ensure that no movement of funds is made to expenditure line items or activities for which no funds had been approved.

2. Lack of Adequate Supporting Documentation for Claimed Expenditures

The Committee observed from the review of the AG's Report that out of the total amount of **Le374, 144,362** queried, supporting documents for the sum of **Le359, 969,362** were submitted, leaving a balance of **Le14, 175,000**.

In his response, the CA stated that the expenditure were genuine expenditure undertaken by the various devolved sectors and council administration during the period under review for which PET forms and Activity Plans were raised and receipts obtained for all purchases made. He further disclosed that due to the extensive monitoring by external parties such as the Local Government Finance Department, Water Inspectorate Division and Ministry of Finance, some documents that were attached to payment vouchers were unknowingly misplaced. He however tendered in evidence supporting documents for verification.

The Committee accepted the documents, but warned Management to ensure that in future, payment vouchers should have adequate supporting documents attached.

3. Withholding Taxes not deducted and Paid to the National Revenue Authority

The Committee observed from the review of the AG's Report that withholding tax receipts amounting to **42,046,003.46** were submitted for verification. It was however discovered that out of a total of 24 receipts submitted, only 5 were dated for 2017; the remaining 19 receipts were dated for 2018. Moreover, the deduction payment schedules were not submitted for verification; and as a result, the auditors could not determine whether payments made were for the queried transactions.

The CA disclosed that at the time of audit exercise, deduction payment schedules were not attached to their respective payment vouchers, but had prepared individual sheet and receipt attached to support payment schedules made to the NRA in favour of deducted amounts.

Thus, the Committee advised the team to always adhere to the regulation of deducting and paying withholding taxes to the NRA as soon as applicable.

4. Payment of Sitting Fees with no Evidence of Council Meeting

According to the AG's Report, the audit team discovered during review of payment records that Council paid sitting fees to the tune of **Le282,096,000** and

Le57,083,206 in respect of Council, Ward Committee and other committee meetings, even though evidence of committee meetings such as signed minutes, attendance registers were not provided during the audit exercise for audit inspection.

The CA disclosed that monthly meetings were held in rotational approach; meetings held in various chiefdoms headquarter towns and a new attendance template was generated. He presented the documents to the Committee for inspection.

The Committee, as usual, accepted the documents, but warned that public hearings on the 2018 AG's Report would be conducted in a different atmosphere, stating that documents would not be accepted during Committee's proceedings.

The Committee advised the CA and FO to ensure that sitting fees should only be paid after mandatory monthly meetings have been held to discuss developmental issues relating to the District and this must be paid to those who attended council meetings.

5. Inappropriate Outsourcing Of Council Facilities

From the review of the AG's Report, the Committee noted that Council outsourced some of its income generating services, such as the renting of the mini stadium, dues from Lorry Park, market dues collection and business licenses to various unions and partners. The Report disclosed that the auditors were however not provided with service level agreements to confirm the amounts to be paid to Council and when it was due. Moreover, evidence of payments from those outsourced partners was neither provided nor were the outstanding amounts recognised in the Council's 2017 financials.

The CA, in his response, revealed that the procedures enshrined in the Public Procurement Act are core to the Procurement Committee of Tonkolili District Council, pointing out that Request for Quotations were issued, obtained and maintained. He added that quarterly monitoring of procurement activities by the NPPA made it difficult to reassemble the necessary files as expended before audit examination. He presented the documents for the Committee's perusal.

The Committee observed internal controls weaknesses, but entreated Management to institute adequate internal control measures over all its revenue sources and Service Level Agreements should be reached for all outsourcing arrangements and such agreements must be made available upon request.

6. Mining Companies Not Taxed

The PAC noted from the review of the AG's Report that mining companies operating within the district were required to pay surface rent to the District Council. The Report, however, revealed that with the exception of SD Steel and MIRO Forestry Limited,

several mining companies did not pay. The Report maintained that there was no evidence of such payments in 2017 for the remaining companies.

According to the CA, over **75%** of companies stated by the auditors were not functional because they had closed operations some years back. He added that licenses were granted to various mining companies to transact in the district by the Ministry of Mines and Mineral Resources, but the process was very difficult for Council to collect its dues. He concluded that Council had engaged the Ministry, but had received no reply.

The Committee observed that there was no official correspondence between Council and the Ministry, which the Committee described as total negligence on the part of Management to address certain issues with seriousness.

Thus, the Committee reiterated the auditors' earlier recommendation that frantic efforts were needed to reorganise and restructure Council's revenue mobilisation strategy in order to harness and increase its revenue generation capacity to finance its development programmes.

Asked to update the Committee on the issues regarding the 'Non-payments of NASSIT, Fixed Assets not included in the Fixed Assets Register, Value of Assets not shown in the Assets Register, and Contract Awarded to a Councillor, the CA stated that:

- Council had paid in full its obligations to NASSIT and disclosure had been made in the revised Financial Statements as Liability;
- the asset register had been updated and all properties accounted for. He however stated that stores were yet to be formerly handed over to Council by the SLRA; and
- the transaction was genuine, advertised, evaluated, advanced guarantee submitted and contract awarded to a successful bidder and not to a Councillor.

The CA submitted the necessary documents to the Committee for verification. The Committee reminded the team to work harder, so that Sierra Leone becomes the envy of many other countries. The Committee unveiled the abundant natural resources in this country, but due to bad management, the people are still wallowing in abject poverty. The Committee maintained that if the people worked hard and in the interest of the ordinary man and woman, every individual would live a descent and happier life. The Committee counseled the team to always adhere to administrative procedures and processes.

PORT LOKO DISTRICT COUNCIL

Mr Speaker, Honourable Members, the Management team of Port Loko District appeared before the PAC to respond to queries raised in the 2017 AG's Report. During its general survey of the Report, the following issues were still lingering against Port Loko District Council:

- Wrong Presentation of Revenue in the Financial Statements;
- Own Source Revenue not Banked;
- Construction of District Education Office;
- Service Level Agreement not Fulfilled as per Contract Agreement by Credit Recovery Agency;
- Lack of Contract Agreement between the Council and the different market dues service providers;
- Payments without Adequate Supporting Documents;
- Withholding Taxes Deducted but not paid to the NRA;
- Social Security Contributions Deducted but not paid to NASSIT;
- Staff Without NASSIT Numbers; and
- Core Management Staff not on Payroll Voucher.

1. Withholding Taxes Deducted but not paid to the NRA

From the review of the AG's Report, the Committee noted that out of **13,808,079** withholding tax receipt in respect of **Le1,186,075** was submitted and verified, leaving a balance of **Le12,622,004**. Also, evidence to justify payment of the outstanding **5.5%** withholding taxes to the tune of **Le3, 651,977** was not provided to the auditors.

The CA, in his reaction, stated that the regulation to deduct and pay withholding taxes to the NRA had always been strictly adhered to. He presented the documents to the Committee for inspection.

The accepted the documents, but counseled Management to ensure that the regulation to deduct and pay same to the NRA is strictly adhered to and documents submitted at the time of audit.

2. Social Security Contributions Deducted But Not Paid the NRA

From the review of the AG's Report, the Committee noted that social security contributions for both core and support staff totaling **Le24,406,800** deducted for the year under review were neither paid over to NASSIT nor was the liability disclosed in statement 4 [statements of financial Assets and Liabilities] of the financial statements.

The CA admitted that the said amount was deducted, but the Finance Department discovered during the payment process to NASSIT that almost all the staff did not have NASSIT numbers, which prevented the payment of such amount. The CA however disclosed that through the help of the Human Resource Officer, the issue had been addressed.

The Committee asked the auditors to verify the documents, but also warned the CA and FO to ensure that any amount deducted is paid immediately to

NASSIT in order to avoid such recurrence. The Committee further advised the team to be proactive in ensuring appropriate NASSIT identification numbers are assigned to every staff.

3. Own Source Revenue not Banked

The PAC noted from the review of the AG's Report that during audit verification exercise, own source revenue to the tune of **Le171,365,137** out of a total of **Le175,029,800**, leaving a balance of **Le3,664,663** not banked.

The CA apologised for the anomaly, but informed the Committee that the issue had been addressed. The Committee instructed the verification of the said documents by the auditors, but further heartened Management to ensure that all moneys collected are promptly deposited into Council's designated revenue bank account and that moneys expended are supported by documentary evidences to substantiate the utilisation of such funds.

Asked to brief the Committee on the issues relating to `core management staff not on payroll voucher, payments without adequate supporting documents, lack of contract agreement between the council and the different market dues service providers, service level agreement not fulfilled as per contract agreement by Credit Recovery Agency, construction of district education office, and wrong presentation of revenue in the financial statements, the CA assured the Committee that those issues had been addressed and documents were available for the Committee's perusal.

The Committee took the CA at his words and instructed the auditors to accept the documents. However, the Committee warned that if those reappeared in the 2018 Audit Report, the CA and FO would suffer the consequences.

MINISTRIES, DEPARTMENTS AND AGENCIES
[MDAs] - 2017

GENERAL OBSERVATIONS AND RECOMMENDATIONS

[i] The Committee observed from the review of the AG's Report that the regulation of deducting and paying withholding taxes to the National Revenue Authority [NRA] was not strictly observed by CAs and Accounting Officers.

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

[ii] The Committee observed from the review of the AG's Report that majority of staff are without National Social Security Numbers; and as a result, their contributions were not paid over to NASSIT. In other instances, the PAC forced Votes Controllers to pay staff NASSIT contributions that were deducted, but not paid.

In view of the above, the Committee counseled Votes Controllers to ensure that Social Security Numbers are provided to employees, so that their NASSIT contributions are deducted and paid within the stipulated timeframe.

[iii] A review of the AG's Report disclosed that most government officials represented their institutions at national and international conferences and workshops, but failed to submit back-to-office reports; thereby prevented non-attendees from knowing what transpired.

Thus, the Committee advised Votes Controllers to ensure that employees on official trips present comprehensive back-to-office reports, so as to assist Management in making decisions and enable non-attendees learn from their colleagues.

[iv] 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.

[v] 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.

[vi] On withholding taxes, the Committee observed that they were not normally deducted at source. Besides, it was observed that some MDAs withheld taxes, but refrained to remit same to the National Revenue Authority [NRA].

Therefore, the Committee recommends that all statutory deductions are remitted to the various institutions in or on time.

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

[viii] It was 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.**

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

[x] The PAC further observed that some MDAs were still retaining staff who had exceeded the statutory retirement age of 60 years. **In that regard, 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.**

NATIONAL FIRE FORCE [HQ]- 2017

Mr Speaker, Honourable Members, the National Chief Fire Force Officer [NCFFO] and core staff of the National Fire Authority appeared before the Committee to respond to certain audit queries.

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

- there was no policy or procedure for the distribution and use of fuel. The Report further revealed the following:
- the Eastern Region had only one fire engine for the entire region;
- there was insufficient fire-fighting equipment such as ambulance for rescue team, breaking tools at the fire grounds and protective gears; and
- there was no computer equipment in the office.

Asked to react to the above listed audit queries, the NCFFO disclosed that:

- a 'general fuel policy' had been in existence for all regions, but the Regional Commander for the Eastern Region could not have given a copy of that policy; and
- indeed the Eastern Region had only one fire engine and insufficient fire-fighting equipment as reported by the auditors. He however stated that **"there is a computer at the regional headquarters office."** The Regional Commander informed the Committee that a copy had been retrieved from the Headquarters in Freetown.

Asked to state the challenges that had militated against the Authority's ability to achieve its mandate, the NCFFO disclosed that delays by the Ministry of Finance to pay contractors and suppliers on time, non-payment of the salaries of newly recruited one hundred [100] fire fighters, whom the Fire Force Officer said had already undergone some trainings and lack of funds to maintain existing fire engines had placed the Authority in a state of kaput. He added that the failure of the Ministry of Finance to release allocations on time had also foiled the operations of the Authority.

Answering to the Committee's query on the Authority's determination to swiftly respond to fire accidents in other parts of the country, the Chief Fire Force Officer stated that construction of fire force facilities across the country had begun and when completed, the Authority would be in a better position to respond to infernos as soon as possible.

The NCFFO concluded that the Authority had, in spite of those challenges, put in place a 'Fire Safety Policy [which he said had gained the attention of Cabinet and would soon be brought to this House for approval], and a 'Fire Fighting Bill.'

Contingent upon the above, the Committee encouraged the NCFFO to:

- **'think out of the box' by fiercely pursuing other options such as bringing donors on board or exploring the public private partnership model for relieve;**
- **ensure that the Authority sensitise the public on its relevance;**
- **ensure that the 'Fire Safety Policy and 'Fire Fighting Bill' are finalised within the shortest possible time; and**
- **ensure that every regional office is provided with office equipment, copies of fuel policies and other legal frameworks.**

SIERRA LEONE CORRECTIONAL SERVICES, HQ- 2017

Mr Speaker, Honourable Members, the core staff of the Sierra Leone Correctional Service HQ appeared before the Committee to respond to the following queries:

- proceeds from the sale of bid documents not accounted for;
- procurement documents not presented for Audit Inspection;
- vehicle life Card and Insurance certificates not presented; and

- General Conditions of the Hospital.

1. Proceeds from the Sale of Bid Documents not accounted for

The Committee noted from the review of the AGs Report that the bid register as well as retirement details for **Le18, 100,000** were presented and verified, but receipts, cashbook, bank statements and retirement details were not presented for the remaining **Le23,400,000**.

Reacting to the above mentioned issue, Deputy Director General [DDG] stated that evidence of retirement of the proceeds from the sale of those bids for 2017 procurement activities were provided and verified. He however revealed that what was not actually submitted to the auditors was a copy of the Newspaper where the advert was aired out. He promised to continue the search for the Newspaper.

The Committee detected poor records management system and therefore called on the DDG and team to exercise urgency in ensuring that a proper filling system is put in place in order to avoid a recurrence.

2. General Condition of the Hospital

From the review of the AG's Report, the Committee observed that the hospital at the Freetown Male Correctional Centre at Pademba Road had a capacity to accommodate only 30 patients as there were only 30 beds available. The Report however disclosed that the hospital was not furnished and equipped with overhead fans, oxygen machines, sterilisers, defibrillators, etc.

In his response, the DDG presented a photograph of the hospital as evidence indicating that it has been refurbished. He stated that the installation of overhead fans, oxygen machine, etc. had begun and would soon be completed. He also spoke about the ongoing construction of a new hospital.

The Committee urged the team to ensure that the overhead fans, oxygen machine and other facilities are provided for the inmates without further delay.

The Committee noted from its discussions with Management that the issues relating to 'procurement documents not presented and vehicle life card and insurance certificates not presented' have been addressed.

The Committee took the DDG at his words, but advised the auditors to review the two issues in order to ascertain the claims made by Management in their next audit exercise.

Speaking on the issue relating to the land which the auditors noted was not protected by a perimeter fence to deter possible encroachment, the DDG revealed that they had

erected pillars to indicate ownership. He however explained that the land in question was a property of the Sierra Leone Produce Marketing Board [SLPMB] and there had been massive encroachment by refugees from Liberia. He concluded that there had been no original document of the said plot of land and as a result, it had been very difficult to survey the said piece of land, especially where permanent structures had been erected.

In view of the above, the Committee advised the team to liaise with the Ministry of Lands in order to resolve the issue of document of the said piece of land.

SIERRA LEONE POLICE, HQ 2017

Mr Speaker, Honourable Members, the Management team of the Sierra Leone Police HQ appeared before the Committee to provide answers regarding queries raised in the 2017 Audit Report. The Committee observed from the review of the AG's Report the following audit queries:

- internally generated revenue utilised without approval from the Ministry of Finance;
- assets register not updated and depreciation not charged; and
- no stock take and handing over notes.

1. Internally Generated Revenue Utilised without Approval from the Ministry of Finance and Economic Development

From the review of the AG's Report, it was noted that two letters were presented to the auditors for verification; i.e., one from the Inspection General of Police, dated 7th August, 2017 addressed to the Financial Secretary requesting for an inclusion of own source revenue generated by the Sierra Leone Police into their 2019 financial year's budget, and the other from the Financial Secretary, dated 13th August, 2018 in response to the Inspector General's letter inviting him to a meeting for an inclusion of the own source revenue generated by the Sierra Leone Police into the 2019 financial year's budget. The Committee further noted that there was no evidence of approval from the Financial Secretary for the utilisation of own source revenue generated by the SLP, neither was there one for it to be included into the Sierra Leone Police budget for 2019.

In his response, the AIG informed the Committee that he wrote several letters in the past to the Minister of Finance, Chairman of Finance Committee and Chairman Public Accounts Committee, requesting their approval to allow the Sierra Leone Police to collect and utilise own source revenue generated. He revealed that the urge to utilise own source revenue is as a result of the untimely disbursement of government allocations. He however affirmed that he had again written to the Financial Secretary, requesting for an inclusion of own source revenue generated by the Sierra Leone Police

as part of their 2019 Financial Year's budget and that negotiations were ongoing between the Ministry of Finance and the Sierra Leone Police. He showed the Committee and the audit team copies of the correspondences sent to the Financial Secretary as evidence of communication between the two parties.

The Committee appreciated the efforts of the IG and informed him that the PAC had no qualms of the utilisation of the said fund, but the IG must get a written approval from the Ministry of Finance.

2. Assets Register not Updated and Depreciation not Charged

The Committee noted from examination of the AG's Report that the asset register that was submitted for audit verification did not capture the date of purchase of the assets, cost of assets and depreciation charged on the assets. Thus, the SLP did not maintain a comprehensive and updated inventory register to include the additions made during the year, the date of purchase, the cost of asset, code of asset, etc.

Addressing the audit query, the Head of the Internal Audit admitted that indeed an assets register was submitted, but the date of purchase was inadvertently omitted. Nevertheless, he stated that the mistake had been corrected and that the issue would not reappear in the 2018 Audit.

In that regard, the Committee inferred that the issue was as a result of control weakness and therefore implored Management to strictly comply with assets management regulations at all times.

3. No Stock Take and Handing over Notes

According to the AG's Report, handing over note from the outgoing Commandant to the current Commandant was submitted during the verification exercise, but no evidence of stock take was submitted for verification.

Reacting to the above mentioned issue, the AIG stated that the Officer who was in charge was sent to Somalia on a peacekeeping mission. He stated that he could have been the right person to respond to this query. He concluded that 'record of stock take' had been prepared and would soon be updated.

The Committee reminded the team of their responsibility to investigate criminal activities; and as a result, they are not expected to encourage any act that could lead to fraud and other irregularities within the police as a disciplined institution. The PAC implored Management to ensure that the current Commandant who supervises the Training School update the 'record of stock take.'

Asked to update the Committee on the previous year's audit recommendations, the AIG mentioned that those issues had been addressed and he assured the PAC that they

would not reappear in the 2018 Audit Report. The Committee encouraged the team to strengthen their internal controls and implored the Internal Auditor to constantly remind Management on those internal controls.

SIERRA LEONE INSURANCE COMMISSION - 2016

Mr Speaker, Honourable Members, the Managing Director and core staff of the Sierra Leone Insurance Commission were summoned by the PAC to respond to queries flagged up in the 2017 AG's Report. The following issue was noted:

Late Submission of Financial Statement

The Committee observed from the review of the AG's Report that there were delays in the submission of financial statements by the insurance companies to the Commission. Out of 12 insurance companies, only 2 met the deadline for submission, while 4 submitted after six months, and one went beyond 13 months for the submission of the 2015 financial statements. With respect to the submission of the 2016 financial statements, only 5 of the 12 insurance companies submitted their financial statements to date, and 4 of those 5 did not meet the three months deadline as stated in Section 41[1] of the 2016 Insurance Act which states: **"Every insurer shall, within three months of the end of each year, prepare with reference to that year and furnish the commissioner in respect of all insurance businesses transacted in Sierra Leone:**

[a] A balance sheet showing the financial position in respect of all insurance businesses transacted

[b] A profit and loss account in respect of all insurance businesses;

[c] A separate revenue account for-

- **life insurance business;**
- **each class of insurance business other than life insurance business;**
- **each class of re-insurance business;**

[d] An analysis of life insurance policies at the beginning and end of the year;

[e] A return required to be filed under section 51;

[f] A statement showing the amount of premium, commission and claims arising out of business ceded or accepted by way of re-insurance;

[g] A return required to be filed under section 60."

In his reaction to the query, the Managing Director disclosed that the Commission had always tried to maintain fair dealing with insurance companies, considering the business of insurance being a very complex and dynamic field, especially on the basis of end of year transactions and start of the year transactions regarding reinsurance arrangements abroad.

Questioned why punitive measures were not taken against defaulters, the MD disclosed that there were no sanctions mentioned in the Insurance Act of 2000 against defaulters. However, he assured the PAC that the Commission would implement all sanctions as stated in the Insurance Act of 2016 against defaulters. The Committee reminded the MD and team that one of the sanctions mentioned in the 2016 Insurance Act is a fine of **Le10mln** which the Committee observed if applied, insurance companies would comply.

Further discussions with officials of this Commission revealed the following:

- the oversight role of this Commission to every insurance company in this country and take stock of their transactions;
- difficulties in accessing claims by clients; and as a result, insurers have lost confidence in the insurance industry to the point that they are no longer interested in insuring anything whatsoever; and
- insurance companies are not complying with the Commission because the Commission failed to exercise its powers against defaulters.

Contingent upon the above, the Committee advised the MD and team to ensure the following:

- **institute proper oversight mechanisms in terms of conducting onsite examination on all insurance companies as per their working calendar, customer strength, number of insurers compensated against the number of complaints received, and file all findings for reference purposes etc.;** and
- **ruthlessly use the provisions in the 2016 Insurance Act against defaulters through the imposition of fines, suspension and sometimes close down the Company completely as a deterrent to other companies.**

NATIONAL MINERALS AGENCY: 2016

Mr Speaker, Honourable Members, the core staff of the National Minerals Agency appeared before the Committee to respond to the following audit queries:

- assessed revenue not reflected in the designated account;
- late payment of royalties; and
- lack of independent verification of the selling prices of bulky minerals.

1. Assessed Revenue not reflected in the Designated Account

The Committee noted from the review of the AG's Report that the auditors examined 28 royalty receipts issued by the NRA in 2016 based on bank confirmation [credit advice]. The Report however disclosed that two payments in the bank statements of the Mineral Resources Treasury Account [**USD291,737** approximately **Le 1, 700,140,949** and

USD 507,292 approximately **Le 3,622,014,150** for SMHL and the Sierra Rutile [SL] Ltd. respectively were not traced in their respective accounts. The Committee maintained that even though an investigation was carried out by the NRA, the amounts were not posted into the designated account.

In his response, the Acting Director General said that the NMA had a responsibility to compete royalties and the NRA should also report the clients who had paid to NMA. The former Director General of NMA spoke about the MOU entered into between NRA and NMA.

The Committee implored the NMA and his team to collaborate with the NRA in ensuring that the said amounts are reflected in their respective bank accounts without further delay, otherwise an uncompromising action would be meted on both institutions.

2. Late Payment of Royalties

The Committee noted from the review of the AG's Report that out a total of 28 payments made, 15 payments to the tune of **USD557,583.44, USD2,499,929.67** and **USD2,788,877.80** for Vimetco, Tonkolili Iron Ore [SL] Ltd and Sierra Rutile [SL] Ltd respectively had significant delays. According to the AG's Report, Section 13[2h] of the Public Financial Management Act 2016 states: **"The Vote Controller of a budgetary agency shall assist the NRA to collect revenue of the budgetary agency promptly, efficiently and effectively."** Additionally, the mining agreements between the three mining companies and the Government of Sierra Leone require that royalties should be paid within 45 days after the order to pay has been issued by the NMA.

The Acting DG stated that the NMA had been working closely with the NRA in terms of following up with companies that have not paid their royalties on time, but in the instances mentioned by the auditors, they have not received any official request for assistance.

The Committee advised both parties to work collaboratively, so that such anomaly would not reappear in the 2018 Audit Report.

Lack of Independent Verification of the Selling Prices of Bulky Minerals

The Committee noted from the review of the AG's Report that the NMA did not provide evidence of an independent international market pricing opinion to substantiate the selling prices quoted by mineral right holders. Therefore, the auditors could not place reliance on shipments to the tune of **Le1.018tln** with associated royalties of **Le37.5bln**. According to the Report, that had contravened Section 154[1b] of the Mines and Minerals Act of 2009 which states: **"The holder of a mineral right shall**

sell mineral products obtained under its mining operations for exported minerals, at the best available international market prices at the time the contract for sale is made.”

The DG restated his earlier responses to the auditors that through their development partners, the IMF and other sources, the NMA received updates on iron ore prices as benchmarked by Platts Global before subscribing to the pricing platform in early 2017. He said they usually ask iron ore companies to self-report benchmark prices and the employed pricing formula with a breakdown of penalties and other allowed deductions, such as freight. The Agency checked all figures provided upon the subscription to the Platts index and no discrepancies were found. He however informed the Committee that the situation for bauxite and titanium and its associated minerals had been very complex as there were no representative benchmarks for these minerals. He concluded that there were challenges with manpower, resources and the companies were taking advantage of the situation.

The current DG expressed determination to address all audit queries and assured the Committee that those audit issues would not reappear in the 2018 Audit Report. The Committee took the DG at his words, but urged the team to be committed in their responsibilities.

Mr Speaker, Honourable Members, unlike most of the institutions that were examined by this Committee, the Committee noted a healthy relationship between the former DG and the current Management team of the NMA. The Committee applauded the former and current heads and urged other institutions to do same for the sake of the love we have for each other.

LAW OFFICERS DEPARTMENT – 2017

Mr Speaker, Honourable Members, officials of the Law Officers Department were summoned by the PAC to respond to queries flagged up in the 2017 AG's Report. The following issues were unveiled:

- payments without adequate supporting documents;
- Human Resource Management;
- inadequate manpower; and
- Non-submission of documents.

1. Payments without Adequate Supporting Documents

The Committee noted from the review of the AG's Report that out of **Le456, 600,695** disbursed in respect of overseas travels, documents in support of **Le448, 498,079** were submitted, leaving a balance of **Le8, 102,616** for which no supporting documents was provided for audit verification.

In his response, the Accountant presented the documents in support of the outstanding balance to the Committee. Asked why the documents were not submitted at the time of audit, the Accountant disclosed that the auditors failed to request for the said documents, instead went to the Accountant General to solicit information. The Committee dispelled that statement, pointing out that the auditors audited the Law Officers Department and not the Accountant General's Department. The Principal Auditor, Mr Mohamed Mustapha, stated that if the Accountant's submission was anything to go by, how were they able to produce some documents that reduced the original figure from **Le456, 600,695** to **Le448, 498,079**. In an unequivocal term, the Accountant apologised for the misinformation and pleaded with the Committee to accept the documents.

The Committee accepted the documents, but informed the team that its future engagement with MDAs would be different because the Committee would value, in monetary terms, every document and surcharge.

2. Poor Management of Attendance and Personnel Files

The Committee observed from the Audit Report that the attendance register for Parliamentary, Civil and Commercial/International divisions was not provided for audit inspection.

The PS stated that an attendance register had been put in place, and CCTV Cameras had also been installed to provide proper monitoring of staff attendance. It was also disclosed that a Biometric machine had been installed to properly checkmate staff attendance. The PS promised to work very hard, so that such issues would not reappear in the AG's Report.

The Committee applauded the efforts of the PS and team, but counseled that in future a quarterly review of the attendance register by the Administrative Officer is conducted.

3. Inadequate Manpower

From the review of the AG's Report, the Committee observed that the auditors interviewed the PS and the Solicitor General, and noted the following manpower gaps in the institution:

- a qualified librarian;
- an upgraded library, equipped with recent law journals and reports;
- additional recruitment of drafters and more personnel in the Administrative and Parliamentary Divisions; and
- postgraduate professional training for lawyers as a matter of urgency.

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

- there were plans to review and restructure the manpower of the Ministry of Justice, which included the issue of Librarian;
- the moratorium on employment resulted in the delay to employ a qualified Assistant Librarian, drafters and more personnel in the Administrative and Parliamentary Divisions; and
- the Ministry held consultations with officials of IDLO and other Development Partners in a bid to solicit funds to support the refurbishment of the Library and the postgraduate professional trainings for lawyers.

The PS noted the huge amount of money needed to undertake a comprehensive and inclusive postgraduate professional training for lawyers. The PS however promised to make more efforts and exploit every opportunity to ensure that lawyers are professionally trained.

The Committee applauded the team for their determination to address those audit queries, but reminded the PS to prioritise the training of more drafters, stating that Sierra Leone as a country need more drafters.

4. Non Submission of Documents

The Committee observed from the review of the AG's Report that in spite of the repeated requests, and contrary to Section 119[2] of the 1991 Constitution and Section 36[1] of the Audit Service Act 2014, reports for the financial year 2017 relating to Performance Tracking Target [PTT] for the Ministry were not submitted for inspection.

According to the PS, she had never received or set eyes on the PTT because the document was not finalised due to some disagreement. The Solicitor General stated that a copy of the 2016 PTT was available, but there had been no PTT for 2017 because the ministries were clustered under specific thematic areas. The 2016 PTT document was submitted to the Committee and verified by the auditors.

The Committee noted the explanations, but however informed the auditors to keep an eye on the issue in their next audit exercise.

Mr Speaker, Honourable Members, further cross examination of the AG's Report revealed two issues previously reported in 2016. These are:

- the payroll voucher of the department included staff from both the Administrator and Registrar General's Department and the Judiciary; and
- four vehicles and one motorbike owned and controlled by the Department were not independently verified.

The Committee's engagement with the Solicitor General [SG] revealed the following:

- the issue relating to the payroll was identified by the SG when she resumed office and had written several letters to the Accountant General, but nothing had happened; and
- the four vehicles and one motorbike were not verified because they were deployed in the provinces.

The Committee noted the SG's explanation, but however instructed the team to ensure that the four vehicles and motorbike are presented to the auditors for verification.

NATIONAL REVENUE AUTHORITY - 2015-2016

Mr Speaker, Honourable Members, the Commissioner General and core staff of the National Revenue Authority appeared before the PAC to respond to the audit queries flagged up in the 2017 AG's Report. From the review of the Report, the following issues were noted:

- tax on terminal benefits not paid;
- procurement procedures not followed;
- advance payment guarantee not provided; and
- Payment without adequate supporting documents.

Asked to update the Committee on the status of the issues, the Finance Director tendered in evidence documents regarding the four queries and apologised to the Committee for the late submission.

The Committee noted the Finance Director's apology, but however spoke about the issue relating to overseas travels, stating that government officials were in the habit of collecting per diems for overseas trips, but returned without back-to-office reports. The Committee stated that when a government official attended a conference or workshop for which per diem was disbursed, it behooved that individual to present a report to Management two weeks after the programme, so that non-attendances could learn from the report.

Thus, the Committee called on the Commissioner General to ensure that back-to-office reports to justify every overseas travel are provided for reference purposes.

The Committee further observed from the review of the AG's Report a number of audit queries previously reported. The Committee instructed the team to submit a comprehensive report on the previous audit queries to the auditors for further action.

The Committee further advised Management, especially the Finance Director, to ensure that in future:

- **copies of all relevant documents are duly filed for reference purposes;**
- **payment vouchers should have adequate support documents attached;**
and
- **a comprehensive assets register is put in place for all assets of the institution.**

SIERRA LEONE WATER COMPANY - 2016

Mr Speaker, Honourable Members, the PAC summoned officials of the Sierra Leone Water Company to respond to six audit queries as stated in the 2017 AG's Report. These are:

- Limited Controls over Fixed Assets;
- Insurance Cover for Property, Plant and Equipment;
- No Finance Personnel in the Provinces;
- Limited Internal Audit Checks;
- No Policy on Bad Debt; and
- Lack of Account Payable Breakdown.

1. Limited Controls over Fixed Assets

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

- Management did not maintain a comprehensive assets register;
- fixed assets were not tagged for identification and control purposes; and
- Management did not track the movement of fixed assets from one location to the other.

The Committee's discussions with the Director General [DG] and other officials revealed the following:

- most of the sites were under construction at the time of the audit exercise; and as a result, they were unable to avail assets for audit verification;
- all the assets had been properly tagged and coded;
- assets movement form had been developed to track the movement of all assets; and
- comprehensive assets register is now managed by the Accounts Officer in charge of fixed assets.

The Committee reminded the team about the importance of managing a fixed assets register, stating that if the company's assets are not properly coded and recorded in the register, they could be susceptible to pilferage and misplacement. The Committee further advised the team to ensure that:

- **the Company's assets are recorded in the Assets Register and updated regularly;**

- **All property, plant and equipment should be tagged with reference numbers, which should also reflect in the property, plant and equipment register;**

2. Insurance Cover for Property, Plant and Equipment

The Committee observed from the review of the AG's Report that with the exception of motor vehicles, the Company did not provide insurance cover for its office furniture, fittings, computers, equipment and buildings during the period under review. The total net book value of property and equipment not insured as at 31st December, 2016 was **Le 1.7bln.**

Reacting to the above mentioned issue, the Finance Director disclosed that the issue had not been addressed due to financial challenge. He added that insuring all property of the Company involved huge sums of money and SALWACO's financial capability had dwindled. The Operations Manager, however, revealed that SALWACO had started arrangement in terms of soliciting funds to address the query.

The Committee noted the explanation, but reminded Management that property insurance offered coverage against a lot of natural disasters including, but not limited to, monsoons and floods, fire, earthquake, theft, and other weather-related damages.

Thus, the Committee heartened Management to ensure that a comprehensive and inclusive insurance policy on every asset is put in place and that the Company's property and equipment are adequately insured to mitigate any potential risk of financial loss occurring.

3. No Finance Personnel in the Provinces

According to the AG's Report, the Company's offices in the provinces [with the exception of Bo, Kenema and Lungi], do not have finance personnel in post.

The Director General informed the Committee that a detailed staffing gap assessment for the attention of the Board had been done and the vacancy in question would be fill as soon as possible. He added that the request made to the Ministry of Finance for the employment of the said personnel had been approved and once the Board approved the new Organogram, the finance personnel would be employed.

The Committee spoke about the indispensability of finance personnel and therefore advised Management to work towards deploying finance personnel in all its areas of operations to adequately manage funds and accurately account for revenue in a transparent and timely manner.

4. Limited Internal Audit Checks

The Committee noted from the review of the AG's Report that the Internal Audit Department was grossly understaffed with just one personnel stationed in Freetown, who sometimes conduct quarterly review of selected stations.

In his response, the Operations Manager disclosed that the 2017 Act made provision for the creation and staffing of regional offices. He added that as soon as the Board approved the Organogram, the regional offices would be adequately staffed with competent Sierra Leoneans.

The Committee noted the explanation, but craved the indulgence of Management to exercise urgency and deploy suitable audit personnel in the provinces to institute some control checks and help management in ensuring controls are adequately adhered to.

5. Lack of Account Payable Breakdown

According to the AG's Report, there was no monthly accounts payable listing was prepared to support the general ledger balance reported at the end of the year.

In his response, the Finance Manager informed the Committee that they inherited the issue in 2009, but had discussed it with the current Managing Director to give approval, so that the issue is written off completely.

The Committee encouraged the team to ensure that the issue under consideration is written off and maintain every correspondence that could lead to such decision for future reference.

6. No Policy on Bad Debt

The Committee noted from the review of the AG's Report that SALWACO did not have a policy on debts management. As a result, management did not carry out a debtors' valuation review in order to determine the recoverability provisions and the fair value of these debts. The Report further revealed that there were long outstanding balances that were yet to be cleared.

In his reaction, the Finance Director stated that a 'Draft Finance Manual' had been put in place and as soon as the Board approved, the issue would be cleared. He added that most of the debtors in their records were government institutions. He however assured the Committee that the issue would be addressed before the conclusion of the 2018 Audit Report.

The Committee noted Management's submission, but however revealed that **"people want basic social services, but do not want to pay for them."** The Committee instructed Management:

- **to be aggressive, tactical and robust in collecting water bill;**
- **to sensitise the public on the importance of paying water bill;**

- **to introduce pre-paid water meters;**
- **to disconnect all debtors and force them to pay; and**
- **to name and shame defaulters.**

SIERRA LEONE ROADS TRANSPORT CORPORATION - 2011 - 2013

Mr Speaker, Honourable Members, the PAC summoned officials of the Sierra Leone Roads Transport Corporation to respond to issues raised in the 2017 AG's Report. The Committee noted, from the review of the AG's Report, the following audit queries:

- Operating Income – Bus Tickets;
- Bus Hire Income;
- Expenditure without supporting documents;
- Expenditure without adequate supporting documents;
- Tagging of Fixed Assets;
- Updating Fixed Asset Register;
- Questioned Procurements;
- Bank Reconciliation Statements;
- Bank Confirmations;
- Fuel Reconciliation not done;
- Receivable and Prepaid Charges - Questioned Account Balances;
- Creditors Amount Falling due within One Year; and
- Review of the Internal Audit Department.

The Committee's discussions with officials of Sierra Leone Roads Transport Corporation revealed that the issues relating to, bus tickets, bus hire income, expenditure without supporting documents, expenditure without adequate supporting documents, tagging of fixed assets and updating the fixed asset register had been addressed.

The Committee however noted the relevance of tagging of fixed assets and updating the fixed asset register, stating that the Corporation's assets could be susceptible to theft and misplacement if assets are not properly coded and recorded into the Assets Register.

Thus, the Committee admonished Management to ensure that every fixed asset is properly coded and recorded in the Corporation's Assets Register and the responsibility of updating the assets register should be assigned to a specific personnel who would ensure that the register is up-to-date at all times.

Mr Speaker, Honourable Members, the Committee expressed grave concern over the differences existed between the balances indicated in the Corporation's Financial Statement and the balances confirmed by some banks [approximately **Le 100mln**] and undisclosed bank accounts with approximately **Le6.3bln**.

Contingent upon the above, the Committee demanded a properly conducted Forensic Audit by the Auditor General on the Corporation's bank accounts and its accompanied transactions as stated in the 2017 Audit Report without any financial burden on the SLRTC.

SIERRA LEONE ELECTRICITY AND WATER REGULATORY COMMISSION - 2016

Mr Speaker, Honourable Members, the Committee engaged officials of the Sierra Leone Electricity and Water Regulatory Commission on the 2017 AG's Report. From the review of the Report, the PAC noted the following issues:

- tagging of tangible fixed assets;
- physical verification of tangible fixed assets;
- annual levy;
- controls over invoicing;
- staff conditions of service & general administration of the Commission;
- improvement to the terms and conditions of members of the Commission; and
- banking of license and permit fees.

Asked to update the Committee on the status of those audit queries, the Director General informed the PAC that all the issues, as enumerated in the AG's Report, had been addressed and assured the Committee that those queries would not reappear in the 2018 Audit Report. The Committee applauded the robust actions taken by the current DG to resolve the audit queries, but however cautioned him not to 'wait for the ball to drop.' The Committee described the queries listed in the AG's Report against this Commission as 'elementary issues,' which came as a result of control weaknesses. The Committee maintained that the integrity of this Commission is determined in part by the quality of its internal controls because internal controls create an environment that would allow the Commission to live out its mission and achieve strategic goals and objectives. The PAC advised that the quality of individual controls and how well employees adhere to control rules, policies and procedures could affect this Commission in a positive or negative manner.

In view of the above, the Committee implored the DG to aggressively monitor staff who are in charge of controls and compliance, so that such issues would not reappear.

NATIONAL COMMISSION FOR PRIVATISATION [NCP] – 2017

Mr Speaker, Honourable Members, the Committee summoned the Executive Secretary and Management team of the National Commission for Privatisation [NCP] to respond to audit queries flagged up in the 2017 AG's Report. From the review of the Report, the PAC noted the following issues:

- Cargo Tracking Note [CTN] System Agreement;
- Late Payment of Concession Fees; and
- Late Submission of Demand Notices for Licence Fees.

The Committee observed, from its discussions, with the Executive Secretary, Mr Joseph Ansumana that the issue relating to the 'late submission of demand notices for licence fees has been addressed. Speaking on the issues regarding 'Cargo Tracking Note [CTN] System Agreement,' Mr Joseph Ansumana disclosed that the issue was with the ACC and that the ACC would soon conclude its investigation. He however assured the Committee that all the issues would not reappear in the 2018 Audit Report.

The Committee took Mr Joseph Ansumana at his words, but urged the team to ensure that audit queries are addressed swiftly and on time.

NATIONAL ELECTORAL COMMISSION - 2016

Mr Speaker, Honourable Members, the Committee summoned the Executive Secretary and Management team of the National Electoral Commission [NEC] to respond to audit queries raised in the 2017 AG's Report. From the review of the AG's Report, the PAC observed that the auditors followed up on previous recommendations and noted that:

- there was no off-site backup option to third party to enable the system and server be reloaded with the latest data in the event of a disaster or system crash;
- there was no evidence of an approved disaster recovery plan being operational in the Commission;
- there was no evidence of a change management policy or documented procedures in place to support changes to the Commission's information system; and
- the Commission's Financial Accounting Manual did not actually reflect its current practices. The manual provided no guidance material and instructions in respect of payroll and assets in order to provide direction to those processing transactions.

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

- the Commission, through ICT Department, installed a back-up system at the Headquarters and Wellington, and off-site third-party Cloud Based Solutions for the Commission's Information Technology Systems;
- a chapter had been inserted into the Disaster Recovery and Business Continuity Plan to cover all necessary policies and procedures;
- the Commission would install Solar Systems at Wellington and HQ to ensure that the back-up systems are provided with clean and uninterrupted power supply;
- the Commission, through the ICT Department had updated the ICT Policy;
- a Consultant was hired to review the Financial Policies and Accounting Procedures Manual and the title of the revised document is now called 'Financial and Accounting Policies, Procedures and Training Manual.' The Executive Secretary said the Manual

would provide clear guidance and instructions in respect of payroll, assets and maintenance; and

- the Commission had recruited a qualified and professional Accountant to head the Finance Department and provide assistance in the validation of the draft policy document.

The Committee noted the relevance of maintaining off-site backup systems, stating that instead of having files containing vital information on one or two separate devices, one should also store them in two apart physical locations for safety and security. The PAC expressed grave concerns over the security of the Commission's electoral and other vital information. The Executive Secretary disclosed that backups had been maintained at the HQ and Wellington, but having designated off-site back-ups had been a challenge.

Thus, the Committee implored Management to ensure that designated off-site locations for back-ups, instead of relying on external hard drives, are instituted. The Committee further advised the ICT Department to start using a log book for the purpose of monitoring its IT data back-ups.

ELECTRICITY DISTRIBUTION AND SUPPLY AUTHORITY – 2016 AND 2017

Mr Speaker, Honourable Members, the Committee summoned the Corporate Secretary and Management team of the Electricity Distribution and Supply Authority [EDSA] to provide answers to queries raised in the 2017 AG's Report. From the review of the AG's Report, the PAC unearthed a plethora of audit queries which the Committee wasted no time but to recommend for a properly conducted Forensic Audit without recourse to the CRF.

The Committee however observed from its discussions with officials of this Authority that:

- over **70%** of the queries bothered on internal controls deficiencies and lack of periodic reconciliations;
- the Authority was selling electricity below the cost price and that has led the Authority to lose the sum of **Le54.48bln**;
- there were difficulties tracing depositors who usually pay to the bank;
- over 14,000 post-paid meters were still in existence. The Corporate Secretary informed the Committee that due to lack of funds, it had been very difficult to migrate customers from post-paid to pre-paid.

The Committee expressed grave concern over the Authority's ability to continuously offer invaluable service to the general public, considering the rate at which the Authority auctions treasured commodity like electricity below the cost price. The Committee further stated that the existence of over 14,000 post-paid meters had also

been undermining the Authority's ability to generate more revenue. The PAC disclosed that thousands of people had paid for pre-paid meters, but nothing had been done by the Authority to provide those meters to the public, which the Committee described as a disservice to the people of this country.

Contingent upon the above, the PAC urged the newly appointed Director General to strengthen the Authority's internal controls and replace all post-paid meters without further delay.

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY – 2017

Mr Speaker, Honourable Members, officials of the Ministry of Education, Science and Technology appeared before the PAC to respond to audit queries raised in the 2017 AG's Report. From the review of the Report, the following issues were discovered:

- overpayment of college fees subsidy;
- no structured approach to determine college fees subsidies;
- non-compliance with withholding tax provisions;
- overpayments to consultants and a contractor;
- unreasonable elimination of a bidder for procurement of diet [foodstuff, sundry items, fuel and firewood];
- bank withdrawals without supporting documents;
- inadequate operational support to the school feeding secretariat;
- inadequate control over personnel management;
- unverified staff; and
- lack of a structured internship programme.

1. Overpayment of College Fees Subsidy

The Committee observed from the review of the AG's Report that the Limkokwing University mentioned an agreement between the Government of Sierra Leone and the Limkokwing University of Creative Technology, Malaysia for the payments of fees for 1,200 sponsored students. The Report however noted that the Memorandum of Agreement between the Government of Sierra Leone and the Limkokwing University of Creative Technology was not submitted for audit inspection. The AG's Report further disclosed the following:

- the Ministry received invoice for fees [**Le9, 877,400,000**], dated 27th October, 2016 for the 1st cohort of 1,200 government sponsored students [i.e. for 600 students] studying at the University for the first academic year - 2016/2017. From the review of first installment payment cost summary, it was observed that government paid **Le10bln** which resulted in an overpayment of **Le122, 600,000**.
- a review of the University's installment payment cost summary revealed that a balance 50 percent owed by government amounted to **Le9,670,570,760** and the

overpayment of **Le122,600,000** on the first payment was set-off against this amount which resulted in a revised unpaid fees of **Le9,547,970,760**. From the review of the Ministry's payment analysis for the balance 50 percent payments done by the former Acting Principal Accountant, it was observed that the Ministry paid **Le12,180,110,420** to the University, resulting in an overpayment of **Le2,632,139,660 [Le12,180,110,420 - Le9,547,970,760]** to the University.

The Committee's discussions with officials of the Ministry revealed the following:

- the depreciating value of the Leones resulted in the overpayment in order to get the same amount as stated in the MOU;
- the Ministry's records management system was very poor and as a result, the PS relied on documents and other information provided by the University; and
- the MOU was not provided to the auditors at the time of audit, but both the invoice and the MOU were submitted to the Committee for inspection.

The Committee expressed dismay over the Ministry's nonchalant attitude towards putting in place proper records management system and therefore advised the PS to ensure that accountable documents are properly filed for reference purposes.

2. No Structured Approach for Determined of College Fees Subsidies

The Committee observed from the review of the AG's Report that payments totaling **Le76, 212,000,000** were made during 2017. The auditors however found it strange to note that the supporting documents attached to the payment vouchers were payroll vouchers from these institutions instead of the list of enrolled students, courses offered, fees charged and computation of government obligations.

The PS stated that the Official who was in charge of that particular issue, and who could have been the right person to respond to the query, passed away. The Committee rejected the excuse, pointing out that the death of an official should not affect the smooth functioning of the Ministry.

The Committee asked the PS and Finance Director to provide the payments schedule to the auditors before the conclusion of the 2018 audit exercise or face the wrath of the Committee. The Committee further encouraged the Director of Educational Programmes and Services to ensure that the lists of enrolled students for the respective academic years, including courses offered and fees structured are obtained from the concerned tertiary institutions.

3. Non-Compliance with Withholding Tax Provisions

The Committee noted from the AG's Report that out of **Le84, 004,791** withholding tax deducted, only **Le40, 530,305** was submitted, leaving **Le43, 474,486** as an unpaid balance. The Report further disclosed that the Ministry did not submit evidence of action taken to recover the withholding tax of **Le346, 253,738** from the foreign contractor, SOGEFEL SARL. The PS stated that SOGEFEL was exempted from tax payments.

The Committee ordered the payment of the abovementioned withholding taxes before the conclusion of the 2018 audit exercise.

4. Overpayments to Consultants and a Contractor

The Committee observed from the AG's Report that the Ministry overpaid consultants and a contractor for rehabilitation and extension works at the Fourah Bay College totaling **Le72,588,682** due to use of the Bank of Sierra Leone's [BSL] United States Dollars [USD] selling rate rather than the BSL mid-rate.

The Committee ordered the PS and Finance Director to inform the contractor and the consultants through correspondences of the overpayments and ensure that the said amount is rebated and maintain evidence of repayment for audit inspection.

5. Unreasonable Elimination of a Bidder for Procurement of Diet [foodstuff, sundry items, fuel and firewood]

In the review of the procurement of diet (foodstuff, sundry items, fuel and firewood) for the Government Secondary School Bo, the following were observed:

- During the preliminary examination of bids, a bidder was not allowed to proceed to the technical evaluation stage in LOT 1 because it was alleged that the bidder failed to fully comply with the preliminary requirements by not submitting samples of the diet items to the procurement committee.
- The bidder that was eliminated in LOT 1 due to the reason noted above went on to win LOT 2 for the supply of the same diet items. This means the bidder supplied the requested samples for LOT 1 and LOT 2. The procurement documents did not specify whether the bidder who wishes to bid for more than one LOT should present separate samples for the individual bids.
- Government would have saved **Le266, 379,736 [Le1, 478,342,936 - Le1, 211,963,200]** on this contract had the contract been awarded to the 'eliminated bidder' for LOT 1 because the 'eliminated bidder's' invoice price was lesser than the contracted bidder's invoice price.

Reacting to the above mentioned query, the Procurement Officer submitted copies of the Newspaper that advertised the bids and Valuation Report, and informed the

Committee that the 'eliminated bidder' failed to display samples of the diets and the methodology to implement the contract which was a requirement for bidder. She added that the Evaluation Committee took that decision because they did not want to take any risk in terms of supplying substandard food stuff. She concluded that both the committee and the NPPA approved the decision to award the contract to the winner.

The Committee advised Management to, in future, consider price reasonableness, but at the same time not oblivious of quality products. The Committee further advised the PS to always file procurement documents for future reference.

6. Bank Withdrawals without Supporting Documents

From the review of the AG's Report, the Committee observed that out of **Le3, 190,815,029** withdrawn from the Ministry's imprest account held at the Bank of Sierra Leone, supporting documents such as requests, procurement documents, invoices, receipts, delivery notes, etc. were submitted for payments totaling **Le1, 537,742,100**, leaving a balance of **Le1, 653,072,929**. The Report disclosed that of the **Le1, 537,742,100** payments verified, withholding tax totaling **Le19, 341,875** were deducted from payments made to suppliers, but evidence of payment to the NRA was not submitted for audit verification. In addition, withholding tax of **Le5, 087,500** was not deducted from payment made to SALWACO for the drilling and construction of boreholes. The Report concluded that Ministry paid SALWACO **Le92, 500,000** [which is **50%** of the contract price] for the drilling, construction of boreholes and installation of two 5000 litre water tanks, but the auditors discovered that 2000 litre water tanks were installed instead of the two 5000 litre water tanks paid for.

The Committee's discussions with officials of this Ministry revealed that:

- the various directors failed to provide comprehensive retirement details of the **Le1, 653,072,929**;
- though some suppliers have paid their withholding taxes, a comprehensive list of suppliers had been prepared for the **Le19, 341,875** withholding taxes; and
- indeed 2000 litre water tanks were installed instead of the 5000 litre water tanks paid for.

Against that backdrop, the Committee signaled the following orders:

- **the PS should suspend every personnel of the respective directorates and programmes who failed to provide documents regarding the Le1, 653,072,929 and retain evidence of actions taken for reference purposes;**
- **withholding taxes to the tune of Le19, 341,875 should be paid with immediate effect and maintain evidence of payment;**

- **uninstalled the 2000 litre water tanks and replace them with 5000 litres water tanks paid for or refund the equivalence; and**
- **the auditors to pay keen attention to these orders and update the Committee accordingly.**

7. Inadequate Operational Supports to the School Feeding Secretariat

From the review of the AG's Report, the Committee observed that the Ministry of Education, Science and Technology [MEST] through the President's Recovery Priorities and with support from development partners re-introduced the school feeding programme in 2016. A School Feeding Secretariat that facilitates the operations of this activity was set up with a Director appointed as head. According to AG's Report, since the office space for the School Feeding Secretariat was a rented structure, the Ministry did not provide monetary allocation to the Secretariat to meet its operational costs, such as electricity, cleaning, office stationery, etc.

In his response, the Director of School Feeding Programme submitted documents relating to the audit query, stating that he was out of the country when the auditors audited the Ministry.

Thus, the Committee issued a stern warning against the Director of the School Feeding Secretariat to desist from keeping auditable documents whenever he travels; and that the PS should continue to provide strong leadership and oversight role to every department within his purview. The PAC reminded the Director and the PS to take necessary actions to ensure that the operational costs of the Secretariat are covered in the Ministry's budget and funds provided for the Secretariat's operations.

8. Lack of a Structured Internship Programme

The Committee noted from the review of the AG's Report that the Ministry did not have a policy on internship programme. Best practice on internship requires students to first submit letters from their universities, assigning/attaching them to an entity for a period of three months. The Report however disclosed that 23 interns worked at the Ministry for an average of eight months and letters of internship from their respective universities were not submitted for audit inspection.

The Committee's discussions with the PS revealed that the issue was discussed at high level and a decision had been taken to refer all requests relating to internship programmes to the HRMO. The PS added that internship programmes had been used as subterfuge to gain employment.

The Committee noted the PS's explanation, but insisted that letters from the respective universities provided and an internship policy should be designed,

retained and use at all times in the administration of internship programme in the Ministry.

Speaking on the issues regarding the 'inadequate control over personnel management and unverified staff,' the PS said that those queries had been resolved. However, the Committee admonished the Director of Human Resource to ensure that HR issues are addressed immediately they are detected.

Mr Speaker, Honourable Members, the Committee noted a number of audit queries that were previously reported on by the auditors. The Committee instructed the PS and team to submit a comprehensive report to the auditors, covering every aspect of those issues, before the end of the 2018 audit exercise.

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY – BOMBALI [2016]

Officials of this Ministry appeared before the Committee to respond to queries raised by the auditors in the 2017 Audit Report. The Committee observed from the review of the AG's Report that only two issues were still standing against this Ministry; i.e., 'Monthly Bank Reconciliation and Inadequate Controls over the Management and Distribution of Fuel.'

Monthly Bank Reconciliation Statements not submitted

From the review of the AG's Report, the Committee observed that bank reconciliation statements in respect of the Inspectorate Account held at the Sierra Leone Commercial Bank were not provided for audit inspection.

Asked to explain why 'Monthly Bank Reconciliation Statements' were not submitted so as to ascertain the total amount held in the said account, the Deputy Director informed the Committee that Management was unable to submit the said documents on time. He however disclosed that the 'Bank Reconciliation Statements' were submitted to the auditors, but refused to accept same.

The Committee asked the Finance Officer to submit the documents in question to the auditors, but counseled the Deputy Director and team to ensure that the necessary supporting documents are provided during audit exercise, otherwise punitive measures would be meted on the entire team.

Inadequate Controls over the Management and Distribution of Fuel

The Committee noted from the review of the AG's Report that there were inadequate controls over the management and distribution of fuel. The Report further revealed that there were no fuel chits and appropriate register to substantiate how the sum of **Le 27,750,000** was utilised on fuel for the period under review.

The Acting Deputy Director informed the Committee that the necessary documents had been assembled for audit verification. The documents in question were submitted to the

auditors. The auditors verified the documents and informed the Committee that they were sufficient and adequate.

Thus, the Committee recommends that the matter be closed, but the Deputy Director of Education should always work towards strengthening its internal controls mechanisms.

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY [MEST] – TONKOLILI [2016]

Mr Speaker, Honourable Members, the Management team appeared before the Committee to respond to two queries raised in the 2017 AG's Report; i.e., fuel utilised not justified by fuel chits and fixed asset register not updated.

Asked to give a general overview of the above mentioned issues, the Deputy Director informed the Committee that the fixed assets register had been updated and would be made available for audit verification. Explaining the issue relating to the fuel being utilised without fuel chits, the FO disclosed that the issue in question had been resolved. He said he was perplexed to see the issue in the AG's Report. The auditors took the blame for the 'omission,' apologising to the Committee that it was an oversight.

Reacting to the FO's submission, the Committee first of all acknowledged the efforts of Management in responding to audit queries, but however warned the auditors not to accept any documents from auditees after the due date for the submission of documents. The Committee further stated that some of the auditors usually collude with auditees to hide certain issues under the carpet.

Thus, the Committee entreated Management to ensure that all assets owned by the Ministry are recorded in the fixed assets register and updated regularly in order to deter theft of the Ministry's assets.

GOVERNMENT HOSPITAL – TONKOLILI [2016]

Mr Speaker, Honourable Members, the Medical Superintendent and other core staff appeared before the Committee to respond to queries raised in the 2017 Audit Report. A review of the AG's Report revealed mammoth of issues against the Hospital as listed below:

- fixed assets register not properly maintained;
- fixed assets not coded and removed from assets register;
- inadequate lab equipment and reagents;
- blank duplicate receipt numbers;
- accountable document register & price list not maintained;
- theatre fees not accounted for;

- staff not available for physical verification;
- withdrawals without relevant supporting documents;
- poor fuel management;
- contract documents for diet not made available for audit inspection;
- inadequate control over the recording and management of drugs;
- essential drugs from DSDP not accounted for;
- bank reconciliations not performed; and
- lack of a substantive hospital Secretary.

Examining the witnesses, the Committee observed that almost all the issues flagged up in the AG's Report had been addressed and documents were submitted to the auditors and the PAC for inspection. The Committee however warned that neither the PAC nor the auditors would accept any documents during its proceedings in the next audit report.

Mr Speaker, Honourable Members, further inquiry into Management's operations revealed a number of challenges impeding the smooth running of the Hospital as enumerated below:

- lack of hospital secretary;
- lack of trained and qualified medical doctors;
- inadequate equipment and reagents;
- low educational level of some staff members;
- complete dearth of government subvention; and
- lack of proper coordination between the Hospital Authority and Council, especially in the management of contracts signed on behalf of the Hospital [like the contract on diet], etc.

The Medical Superintendent further disclosed that the lack of financial support from Central Government via Local Council had resulted in asking patients on referral to provide fuel. He added that Management had been using own source revenue to procure lab equipment and that the issue relating to insufficient lab equipment and medical doctors had been laid to rest.

The Committee noted Management's concerns, but advised the Medical Superintendent to ensure that:

- documents relating to contracts signed on behalf of the hospital are retrieved and filed for reference purposes or reject the contract if Council failed to provide same;
- the current Acting Secretary should be promoted as Secretary of the Hospital;
- revenue generated should be banked before utilisation;
- Council Authority and Hospital Management should collaborate with each other, so as to achieve common goals; and

- the Hospital is managed in accordance with modern management practices.

MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY, KAMBIA–2016

Debtors for Seed Rice Distributed not Made Available

Mr Speaker, Honourable Members, officials of the Ministry of Agriculture in Kambia District appeared before the Committee to respond to queries raised in the 2017 AG's Report. The Committee noted from the review of the AG's Report that seed rice distributed to FBOs on credit basis was supposed to have been recovered on a one-for-one basis. The Report however revealed that bushels of seed rice owed to the Ministry by the FBOs in Kambia were not disclosed to the auditors neither were there any documents by which the auditor could perform independent calculation.

In his respond, the District Crop Officer informed the Committee that the distribution list, containing the signatures of the beneficiary organisations and the recoveries were with the District Agriculture Officer who was hospitalised. Based on the orders of the Committee, the distribution list, containing signatures of beneficiary organisations was submitted to the auditors and the Secretariat of the PAC for verification.

The document was verified and based on the advice of the auditors, the Committee recommends that the issue be closed.

SIERRA LEONE POLICE, NORTH-EAST – 2017

Mr Speaker, Honourable Members, the Assistant Inspector General of Police, North-East appeared before the PAC to react to a query relating to the vehicles and motorbikes not registered with the Sierra Leone Roads Safety Authority [SLRSA]. From the review of the AG's Report, the Committee observed that the auditors were unable to verify the registration of all motor vehicles and motorbikes owned and controlled by the Sierra Leone Police, North-East [SLPNE] with the SLRSA as no life-card was made available for audit inspection.

Asked to explain why the vehicles and motorbikes of the SLP had not been registered with SLRSA, the FO told the Committee that registration of vehicles and motorbikes was usually done by the headquarter office in Freetown. The Committee noted the explanation, but stated that as beneficiaries, they should have also demanded copies of the life-cards.

In light of the above, the Committee advised Management to retrieve the said documents from the Head Office and avail them to the auditors without further delay for inspection.

MINISTRY OF AGRICULTURE, TONKOLILI - 2016

Mr Speaker, Honourable Members, the Management team of Ministry of Agriculture in Tonkolili District availed themselves before the Committee to respond to two queries relating to 'receipt books issued to the Ministry and fixed assets register.'

In his response, the District Agriculture Officer said that the documents in question were with the head office in Freetown, stating that they only received goods without delivery notes. The auditors confirmed that the issue relating to fixed assets register had been addressed.

Thus, the Committee advised Management to always demand copies of delivery notes for future reference or reject the goods if delivery notes are not provided.

MINISTRY OF SOCIAL WELFARE, TONKOLILI - 2016

Mr Speaker, Honourable Members, during the Committee's engagement with officials of the Ministry of Social Welfare, Tonkolili District, it was observed that only the issue relating to physical verification of assets was reported against this Ministry. According to the AG's Report, 20 sewing machines were not presented for physical verification.

In his reaction, the Social Services Officer, Amadu Wurie, told the Committee that the procurement of the machines in question was done by Tonkolili District Council and not the Ministry. He further noted that the machines were never given to the Ministry for onward distribution.

The Committee reminded Amadu Wurie that the issue under consideration appeared in the 2016 Audit Report and during the Committee's engagement with Council officials, the PAC warned that if the machines were not presented to the auditors for physical verification, a stern action would be taken against Management. Despite the warning issued against the team, the issue was not addressed.

Contingent upon the above, the Committee was left with no option but to refer the matter to the Anti-Corruption Commission [ACC] for further investigation and prosecution.

PROVINCIAL SECRETARY'S OFFICE, NORTH –2016

Mr Speaker, Honourable Members, the Committee discovered three issues relating to withholding taxes, fuel register and chits, and contract in respect of fuel supplied not made available for audit verification.

Reacting to the above mentioned issues, the Provincial Secretary submitted documents in respect of the withholding taxes and contract agreement between the PS Office and the National Petroleum Company Filling Station in Makeni to the PAC and the auditors for inspection.

Speaking on the issue relating to 'fuel register and fuel chits,' the Account Clerk disclosed that the District Officers were transferred at the time of the audit exercise and it was difficult to assemble all those fuel chits.

The Committee dispelled that explanation and called on the team to provide all relevant documents relating to the utilisation of **Le481, 921,540**, otherwise the said amount should be paid into the CRF and evidence of payment submitted for audit verification before the next audit exercise.

PRIMARY HEALTH CARE, BOMBALI – 2017

From the review of the AG's Report, the Committee observed a number of issues against the Primary Health Care, Bombali. These are:

- payments without supporting documents;
- overstated expenditure;
- assets not coded;
- assets not made available for verification;
- life-cards for vehicle and motorbikes not submitted for inspection; and
- distribution lists for drugs.

Reacting to the above mentioned issues, the District Medical Officer [DMO] informed the Committee that all the issue, as enumerated in the audit report, had been addressed with the exception of the issue relating to the **Le10, 240,000** incurred during the period under as overstated expenditure. The DMO said that he had no knowledge of the utilisation of the amount under consideration.

Giving a general comment on the issues and the responses provided by the DMO, the Committee emphasised the importance of maintaining an assets register and the need to code every asset, stating that if assets are not coded, they could be susceptible to theft.

Mr Speaker, Honourable Members, the auditors drew the attention of the Committee to an issue relating to balance payment totaling **Le95, 767,000** for which documents were not submitted for audit inspection.

In his response, the DMO disclosed that the activity was implemented and the documents were with Dr Sarah Kamara at the Head Office when the audit exercise was done. According to the DMO, the FO failed to retain photocopies of the documents under discussion. The Committee asked the DMO to submit the documents to the auditors, but counseled that such should not happen again.

Nevertheless, the Committee counseled the DMO to ensure that:

- **supporting documents in respect of the overstated expenditure to the tune of Le 10,240,000 are submitted to the audit team or pay same to the CRF, otherwise an uncompromising action would be meted on the DMO and FO if this issue reappeared in the 2018 Audit Report; and**
- **all assets purchased or donated are coded and captured in the asset register.**

PRIMARY HEALTHCARE KAMBIA – 2015

The Committee noted from the review of the AG's Report that despite the repeated requests and contrary to the provision in Section 119[2] of the 1991 Constitution of Sierra Leone and Section 36[1] of the Audit Service Act of 2014, records for Free Healthcare drugs such as delivery notes, store ledger and prescription forms were not made available for audit inspect.

In his response, the DMO stated that the Store Keeper was absent when the auditors went to conduct the audit. The Committee asked the DMO to submit the documents to the auditors, but cautioned that if those documents failed to address the issue, punitive actions would be taken against the DMO and other key officials.

PRIMARY HEALTH CARE, PORT LOKO – 2015 & 2016

The Committee noted from the review of the AG's Report that delivery note and stores issue voucher for cost recovery drugs procured in 2015 amounting to **Le52,582,500** were not submitted to the auditors for inspection, which made it very difficult for the auditors to determine how the drugs were distributed among the PHUs.

The DMO informed the Committee that the Pharmacist usually supplied from the stores and proceeds from the sale of those drugs are paid directly into the account at the Sierra Leone Commercial Bank. The DMO submitted documents in respect of an outstanding amount of **Le 70,300,000** for 'Ebola house to house campaign.'

The Committee encouraged the DMO and team to ensure that the relevant documents are provided to the auditors and that revenue collected should be banked before utilisation.

NATIONAL FIRE FORCE, BOMBALI – 2014

Mr Speaker, Honourable members, officials of the National Fire Force appeared before the Committee to respond to three queries relating to:

- the non-submission of chit number 050 to the audit team for verification;
- the use of use office rooms at the fire station by National Fire Force personnel as dwelling house; and
- inadequate resources like fire engine to cover the Northern Region.

Reacting to above mentioned queries, the Assistant Chief Fire Force Officer stated that the issue relating to fuel chits was a problem created by Government Printer, but had been rectified. The Assistant Chief Fire Force Officer mentioned inadequate staff and logistics as major challenges affecting the Authority's ability to swiftly respond to incidences of fire outbreaks in the region.

The Committee further observed that the Authority had only one fire fighter engine to cover the Northern Region, which the Committee noted would affect swift response to fire outbreaks in the region. The Committee however inferred that the challenges the Northern Region was facing in both logistics and human resources had been national issues.

In light of the above, however, the Committee advised Management to:

- **provide alternative dwelling arrangements for the staff to avoid using office space as dwelling house; and**
- **the Assistant Chief Fire Officer, in collaboration with headquarters, should ensure that additional fire fighter engines and staff are provided to the district to enhance the capacity of service delivery of the NFF.**

MINISTRY OF SOCIAL WELFARE, BOMBALI DISTRICT 2015-2016

Mr Speaker, Honourable Members, as at the time the Deputy Director and team appeared before the Committee, it was observed that only the issue relating to fuel management to the tune **Le 9,472,500** was still standing against this Ministry.

The Committee wasted no time but to advise the Assistant Director to ensure that documents relating to the utilisation of the said amount on fuel are provided to the auditors. The Committee further advised that the relevant records such as fuel register and request forms are maintained at all times by the Ministry.

GOVERNMENT HOSPITAL – MAKENI [2017]

The Medical Superintendent and core staff of the Makeni Government Hospital appeared before the PAC to respond to queries raised in the 2017 AG's Report. To the dismay of the Committee, mammoth of issues as listed below were observed:

- Inadequate Control over Revenue and Receipt;
- Procurement Irregularities;
- Lack of Segregation of Duty;
- Detached and Blank Duplicate Receipts;
- Incomplete Records of the Theater;
- Payments without Adequate Supporting Documents;
- Poor Management of Fixed assets;
- Inadequate Supply of Essential Equipment and Facilities;
- Staff not Available for Physical Verification;
- Staff without NASSIT Numbers; and
- Receipt Books not submitted for Audit Inspection; and
- Staff Who Had Exceeded the Statutory Retirement Age.

The Committee wasted no time in discussing issues relating to staff who had exceeded the Statutory Retirement Age; staff without NASSIT numbers; staff who were not available for physical verification; poor management of fixed assets; lack of segregation

of duty; payments without adequate supporting documents; and detached and blank duplicate receipts, because the Committee observed that those were indications of controls weaknesses, which if not addressed, could lead to fraud and other irregularities. However, the Committee took time to interrogate Management on the following issues:

Inadequate Control over Revenue and Receipt

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

- Revenue collected to the tune of **Le160, 038,000** was not accounted for;
- out of a total revenue of **Le241, 330,000** collected as per the revenue listing, only **Le22,000,000** was deposited into the bank, leaving a balance of **Le 219,330,000** not banked;
- cashbooks to record all revenue collected and expenditures made by the hospital were not maintained by the hospital; and as a result, the auditors were unable to ascertain the total revenue and expenditure of the hospital during the period under review; and
- receipt books submitted for audit and records or register of receipt books received and issued revealed that 51 receipt books recorded as issued for revenue collection were not submitted for inspection.

The Committee observed from testimonies provided by the FO and the erstwhile Medical Superintendent that the **Le 160,038,000** was paid to heads of units as incentives. The former MS revealed that he introduced robust revenue generation measures in order to incentivise heads of units and other staff members. He also mentioned that the **Le 219,330,000** that was queried by the auditors was used to run the day-to-day affairs of the hospital; i.e., procurement of some hospital equipment, stipends to volunteers, etc. He concluded that some of the cases brought to the hospital were emergency cases and as a result, they demanded emergency responses.

Mr Speaker, Honourable Members, further questioning into the utilisation and management of revenue collected revealed the following:

- there was no document to show that the **Le 160,038,000** that was claimed to have been paid to heads of units as incentive was actually received and how much each person could have received;
- revenue generated during the period under review was not banked before utilisation, which according to the Committee, flouted normal procedure;
- no document in the form of 'authorisation' was provided to ascertain whether a meeting was held to determine the utilisation of revenue collected;
- government subvention was not forthcoming; and as a result, the management of the hospital depended heavenly on its revenue; and

- the former MS exploited the inexperience nature of the Accountant to do the wrong things.

In a very stern tone, the Committee asked the current MS and Accountant to ensure that in future:

- **revenue collected should be banked before utilisation and there must be proper authority before the utilisation of such revenue;**
- **payments to heads of units in the form of incentives and volunteers in the form of stipends must be done with proper documentation; i.e., recipients signatures and amounts received;**
- **Accountant should follow accounting processes and procedures and ignore all verbal instructions; and**
- **accountable register is maintained by the store clerk and cashbooks must be reconciled with the bank accounts on a monthly basis.**

Inadequate Supply of Essential Equipment and Facilities

The Committee observed from the review of the AG's Report that the auditors undertook physical verification and observation of facilities in the hospital revealed that some of the infrastructural facilities, like bed switches, ceiling fans, security lights, etc., were not in good working condition. The Report further disclosed that bed linens, window curtains, etc., were not adequate in the wards. Similarly, the auditors' engagement with senior personnel together with physical verification revealed that there were inadequate supply of key equipment and certain drugs needed to deliver timely and quality healthcare services at various units in the hospital. The X-ray Unit had shortage of reagents which sometimes resulted to shut down for a week or more during the year. The unit also had no film drier, no film cutter, etc.

Though the MS and Hospital Secretary said the issues raised in the AG's Report had been addressed, the Committee however reiterated the auditors earlier recommendation that the Director of Training, Hospitals and Laboratory Services should ensure that basic medical equipment and other facilities are provided in order to enhance the sustainability of quality healthcare service delivery to the populace.

MAGISTRATE COURT NO. 2 – BO

Mr Speaker, Honourable Members, officials of Magistrate Court No. 2 in the Southern Region of Bo appeared before the PAC to respond to queries raised in the AG's Report. The PAC observed from the review of the AG's Report the following issues:

- Inadequate controls over Revenue Management;
- Inadequate staff and weak staff monitoring system; and
- Poor state of the current Court Infrastructure.

Inadequate controls over Revenue Management

The PAC noted from the review of the AG's Report that no evidence of reconciliation between the records of Magistrate Court No.2 and the NRA records were submitted to confirm the accuracy and authenticity of the total sum of **Le263, 400,000** collected in respect of court fines. However, the Committee's discussions with officials of the said Court revealed that the auditors failed to confirm with the NRA. The Court Clerk further revealed that whenever litigants paid court fines, they took away the original receipts and brought photocopies to the Court for reference purposes.

Thus, the PAC further embellished the Court Clerk's submission, stating that the Court has the mandate to only present duplicate receipts to the auditors and the onus lied with the auditors to confirm with the NRA.

In that regard, the Committee advised:

[a] the Court Clerk to perform monthly reconciliations between the Magistrate Court No.2 records and the NRA records in respect of court fines paid into the NRA account; and

[b] the auditors to also ensure that they confirm with the NRA officials.

Staff related Issues

A review of the AG's Report on staff related issues revealed that:

[a] the Magistrate Court No.2 was seriously understaffed. For instance, the Report specifically states that there were no security personnel and cleaner employed to protect the court building and to keep the office and its environs clean respectively; and

[b] personal files were not maintained for all court staff and there was no evidence in the form of staff attendance register to substantiate staff regularity and punctuality.

In his reaction, the Assistant Registrar informed the Committee that steps had been taken to address those issues, but still had challenges, especially the issue relating to personnel files not maintained. He stated that those files were being maintained in Freetown.

In light of the above, the Committee advised Management of the Magistrate Court No. 2 in Bo to:

- **engage the office of the Judiciary for the recruitment or assignment of staff to fill the vacant positions;**
- **ensure that updated personal files are maintained for all staff, and copies of all relevant records are attached for ease of reference;**
- **ensure that the staff daily attendance register is maintained and are made to sign upon reporting for duty at the start of the work day and before departure at the close of business; and**

- **ensure that evidence of communication between the Principal Assistant Registrar or Court Clerk and the Office of the Judiciary are maintained for future reference.**

Poor State of Current Court Infrastructure

The Committee observed from the review of the AG's Report that the court building was in a deplorable condition with the ceiling in a bad state of disrepair. The Report maintained that the court had no water facility, poor toilet facility and the level of disrepair evidenced a lack of maintenance on the building for a protracted period of time. It was further disclosed that the photocopying, typing and printing of sensitive documents were done in the open market with all the security implications due to the lack of photocopier, scanning machine, printer, computer, etc.

The Principal Assistant Registrar told the Committee that steps had been taken to address the problems, but had not received any positive feedback from the authority concerned.

In view of the above, the PAC asked the Court Clerk and the PAR to write formally to the office of the Judiciary, drawing the attention of the Chief Justice to the following concerns:

[a] the rehabilitation and refurbishment of the court building;

[b] the provision of water and the rehabilitation of the toilet facilities within the court premises;

[c] the provision of photocopier, computer, printer, scanning machine and internet facility; and

[d] the Court is furnished and equipped with shelves and cabinets for the proper storage of documents.

SIERRA LEONE POLICE, SOUTH - 2017

Mr Speaker, Honourable Members, during the Committee's engagement with officials of the Sierra Leone Police, Southern Region, the Committee observed three main issues standing against this institution as mentioned below:

- Fuel management;
- Inadequate infrastructure and equipment; and
- Ineffective IT Facilities.

Inadequate Control of the Distribution and Usage of Fuel

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

- 827 litres of fuel valued at **Le4, 964,000** utilised by the Regional Headquarters was without duplicate fuel chits to account for it usage;

- there was no evidence that the Sierra Leone Police, Southern Region, was carrying out monthly reconciliations between its fuel register maintained and the fuel dealer's records as no reconciliation statement was submitted for audit review; and
- Fuel records revealed that the total fuel allocated to the regional headquarters for 2017 was 27,898 litres, costing **Le167, 392,800**. This amount, according to the Report, was to cover the entire operation of the regional headquarters and the local units in the four districts, but it was revealed that the vehicular security patrols was not efficiently done in the Southern Region due to inadequate fuel allocations.

In his reaction, the Fuel Clerk stated that the control weakness was due to the emergency situations they sometimes encountered in the course of performing their routine operations. He however disclosed that a Fuel Register was submitted to the auditors and documents in respect of the missing fuel chits had been recovered.

The Committee however counseled the Assistant Inspector General of Police -South to ensure that monthly reconciliation of regional fuel records and the records of the fuel dealer is done and evidence of such reconciliations should be approved by a senior personnel.

Inadequate Equipment and Infrastructural facilities

The Committee's discussion with the auditors and the review of the AG's Report revealed the following:

- some civilians had erected permanent structures on the police land at the East-End Police Barracks in Bo;
- no written agreement was provided between the Sierra Leone Police in the Southern Region and the owners of the Saint Theresa's Police Primary School and the Muslim Brotherhood Primary School that were constructed within the barracks;
- the toilet facilities at the old Police Barracks were poor and there were make-shift latrines constructed by residents and these latrines were not properly maintained; and
- there were only two operational vehicles within Bo District. One was assigned to Bo East and the other for Bo West. In addition, there were no standby generators at the Bo East and Bo West police divisions to provide alternative electricity supply to various units, especially at night, whenever the EDSA power supply was not available.

Asked to update the Committee on the steps taken to address those issues, the AIG explained that the findings of the auditors were submitted to the office of the Inspector General of Police for appropriate action, but no response had been received. On the

make-shift structures, the AIG revealed that the Sierra Leone Roads Authority [SLRA] had plans to demolish those structures.

Thus, the Committee encouraged the AIG and team to:

[a] collaborate with the SLP headquarters, the Ministry of Lands and other relevant stakeholders to investigate the issue and identify the cause of the wide range of police land encroachments; demarcate the barracks land and take appropriate actions to evict all illegal occupants;

[b] ensure that there is a formal agreement between the owners of the schools and the Regional Police Division in respect of the schools constructed within the barracks;

[c] collaborate with the SLP headquarters and other stakeholders to provide proper toilet facilities in the barracks to improve on the hygiene and environmental conditions; and

[d] ensure that these issues, as mentioned in the AG's Report, are formally forwarded to the office of the IG and maintain evidence of communication for future reference.

Ineffective IT Facilities

A review of the AG's Report revealed that there was no appropriate anti-virus software being installed on all computers to protect data from virus. Similarly, the Report disclosed that there was no ICT policy available at the regional office, no backup system in place and no internet facility at the regional headquarters-South and in the district local units to enable the personnel access the Sierra Leone Police website and perform other necessary tasks online.

The Committee's discussion with the AIG and team revealed that there was inadequate supply of equipment such as computers, printers, photocopiers, etc. to help in the execution of duties. The auditors confirmed that most of the computers were privately owned by personnel and printing of documents was often done in public places or commercial printing centers.

In view of the above, the Committee advised the AIG to work vigorously in ensuring that:

[a] an Anti-virus software is installed on all computers;

[b] an updated IT Security Policy is maintained and communicated to the relevant personnel;

[c] internet facilities are installed in the regional office;

[d] there is collaboration with the SLP headquarters to ensure that office equipment such as computers, printers and photocopiers are provided at the regional office and district divisions to enhance their work; and

[e] there should be daily, weekly and monthly backups of all systems, applications and data files on appropriate storage media devices, stored in designated off site location.

OFFICE OF THE ADMINISTRATOR AND REGISTRAR GENERAL, SOUTHERN REGION – 2017

Mr Speaker, Honourable Members, officials of the Office of the Administrator and Registrar General, Southern Region, appeared before the Committee to respond to issues raised in the AG's Report. From the review of the AG's Report and the Committee's engagement with officials of this Office, the following were noted:

[a] failure to maintain database of registration of businesses and marriages conducted in Bo; instead, the information was sent to the OARG headquarters in Freetown for inputting into the centralised database which made the registration database not accessible in the regional office;

[b] there was no internet facility in the regional office and that made it difficult to search the database when staff want to verify a proposed name before starting registration of new businesses;

[c] there were no mechanisms in place at the regional office to track down unregistered businesses in the Southern Region;

[d] petty cashbook, petty cash vouchers, unallocated stores ledger and fuel register were not maintained at the regional office to account for funds and other resources received by the Registration Officer;

[e] there were no evidence of reconciliation between the Regional Office and the NRA to confirm the accuracy of **Le31,630,000** collected in respect of registrations of businesses and marriages for the year under review; and

[f] the Office of the Administrator and Registrar General lacked utility vehicles.

Without wasting time, the Committee asked the Assistant Administrator and Registrar General in the Southern Region to officially write to the relevant authorities, drawing their attention to the audit issues as outlined above and maintain evidence of communication for reference purposes.

SIERRA LEONE CORRECTIONAL SERVICE, SOUTHERN REGION – 2017

Mr Speaker, Honourable Members, officials of the Sierra Leone Correctional Service, Southern Region, appeared before the Committee to respond to issues raised in the AG's Report. From the discussions held with the Management team, the PAC observed that 'assets register, assets verification and lack of adequate water supply facilities had

been resolved. However, the Committee observed from the review of the AG's Report that the following were still lingering against this MDA:

Accountable Documents not submitted

According to the AG's Report, documents relating to contract for diets and condiments, contract for other stores items, including medical supplies, contract for fuel and fuel dealer's records such as fuel register and invoices for medical supplies were not presented to the auditors for inspection.

Reacting to the above mentioned query, the Regional Commander disclosed that the documents in question were at the Headquarters in Freetown at the time of the audit exercise. He added that those documents were not decentralised.

The Committee asked the Regional Commander [RC] to collaborate with the Director General, the Director of Support Services and other key officials like the Procurement Officer at the SLCS Headquarters to ensure that copies of the requested documents are maintained in future for audit inspection.

Inadequate Accommodation in the Bo Male Correctional Centre and Inadequate Beds/Mattresses for Inmates

From the review of the AG's Report, the PAC noted that the Male Correctional Centre in Bo was built to accommodate approximately 80 inmates. The Report however revealed that as at the time of the auditors visit, the facility held 250 inmates, which exceeded the capacity for which it was built.

The Committee further observed from the review of the AG's Report that cells in both the male and female correctional centres in Bo had inadequate beds and mattresses. As a result, some inmates were forced to sleep on the bare floor in some of the cells visited by the auditors.

The Regional Commander disclosed that the issue remained the same and that accommodation had always been a problem. The Committee agreed with him, stating that even the headquarters in Freetown had also been encountering accommodation problem. The Committee therefore expressed the urgent need to expand the existing facility or construct additional structures nationwide. On the issue relating to beds/mattresses for inmates, the Regional Commander presented receipts of beds/mattresses being supplied.

In light of the above, the Committee advised the Regional Commander to liaise with the Director General in Freetown through correspondences for additional beds and mattresses and other facilities in order to accommodate the increasing number of inmates in the Bo facility.

Inadequate Vehicles and Office Equipment

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

[a] there were only two functional vehicles in the entire Southern Region; a Toyota Hilux and a truck. The Report disclosed that the truck was used to convey inmates to court or to transport same to other correctional centers when the need arises. In the event of a breakdown, inmates and correctional officers had to either walk or resort to the use of motorbikes to get to courts. The Report further revealed that the headquarters of the SLCS–South in Bo had only one functional official vehicle; a Toyota Hilux which was assigned to the RC. Discussions held with the Regional Transport Officer revealed that other district correctional centres in the Southern Region were also faced with severe transportation constraints in the course of the discharge of their duties.

[b] both correctional centres lacked adequate office equipment such as computers, printers, scanners, etc. for the effective running of these offices. It was further observed that there was only one computer available at the centres, which was located in the office of the Regional Secretary for use by all personnel for various official purposes. In the event of a breakdown of the computer, photocopying, typing and printing of all sensitive documents were done in the open market with all the security implications associated.

The Committee advised the Regional Commander and team to liaise with the Director General in Freetown for the provision of more vehicles and equipment to enhance effective and efficient service delivery.

Lack of Vocational and Skills Training Materials

The Committee noted from the review of the AG's Report that the correctional centres lacked adequate materials to undertake vocational or skills training programmes for life after prison for inmates.

Reacting to the above mentioned issue, the Regional Commander stated that Government is responsible to provide funds for skills training. The Committee noted the RC's submission, but argued that revenue should be generated from skills training and Agricultural activities rather than relying on Government.

Thus, the Committee implored the RC to collaborate with the Director General for the provision of adequate training materials necessary for the rehabilitation of prisoners and prepare them for life after prison and to also put modalities in place to generate revenue in future.

NATIONAL FIRE FORCE – SOUTHERN REGION- 2017

Mr Speaker, Honourable Members, the Management team of the National Fire Force Authority in the Southern Region appeared before the Committee to respond to issues

raised in the 2017 AG's Report. From the discussions held with the Management team, the PAC observed that issues relating to poor management of staff records and ineffective operation of the National Fire Force had been addressed. However, the Committee observed from the review of the AG's Report that queries relating to fire engines, supply of uniforms and other protective gargets, the deplorable conditions of the beds had still not been resolved.

The Regional Commander admitted that the issues raised in the AG's Report were genuine and had taken steps to address them as soon as possible. Speaking on the issues relating to the deplorable conditions of the beds and the supply of uniforms, the RC explained that he had written to the Authority concerned and had got strong assurance for the provision of those materials.

Addressing the issue relating to the two fire engines in the Southern Region, the Committee disclosed that inadequate firefighting engines had always been a challenge in the entire country, including the Headquarters in Freetown. The Committee however implored the RC and team to write another letter to the Head Office in Freetown, Local Councils and other Stakeholders, drawing their attention to all the issues raised in the AG's Report and maintain a copy of the correspondence for reference purposes.

MINISTRY OF SOCIAL WELFARE, GENDER & CHILDREN'S AFFAIRS, BO - 2016

Mr Speaker, Honourable Members, the Committee observed from the review of the AG's the following issues:

- fuel chits were not serially numbered and fuel register was not properly maintained;
- the Ministry did not maintain a fuel policy in respect of fuel allocated to eligible individual beneficiaries;
- social workers were yet to be assigned to ten chiefdoms, seven Family Support Units [FSU] and remand homes. In addition, reports on absenteeism for the period under review were not made available for audit inspection;
- there was no holding centre for absconded and lost and found children;
- no back-up [on-site and off-site] system was maintained to protect the Ministry's data against loss in the event of a systems breakdown and no fire extinguishers to protect the institution's property, plant and equipment [PPE] in the event of a fire accident;
- no evidence of annual appraisals of staff for the period under review;
- a Ford vehicle, with registration number AEJ 234, whose repair was not economically cost effective had remained grounded for a long period of time with no action taken;
- the motorbikes social workers [CBSW] ratio was abysmal with only four motorbikes per 19 social workers for chiefdom;

- office furniture and equipment such as computers, printers, photocopiers, desks, chairs, cabinets, scanners, shelves and office table were also inadequate. This greatly undermined the operational effectiveness of the Ministry;
- the office was dilapidated and had no lavatories;
- overgrown cotton trees at the back of the office posed a serious threat to the safety and security of staff, client and visitors and office property;
- a waste dumpsite at the back of the office posed a serious threat to the health of the staff, clients and visitors;
- accommodation for inmates was grossly inadequate in the remand home. The facility was crammed with more than 60 inmates in a space meant for 25 inmates; and
- the Ministry's official vehicle fleet was grossly inadequate. Of three vehicles assigned to the entire southern region, only one was roadworthy, with one completely grounded and the other so decrepit, it was the subject of regular maintenance that was not even cost effective.

Reacting to the above mentioned issues, the Committee ordered Management to write an official letter to the Minister, Permanent Secretary, Local Councils and other stakeholders, drawing their attention to the following audit queries:

- provision of holding centre for absconded, and lost and found children;
- condition of the Office;
- maintenance of a fuel policy in respect of fuel allocated to eligible individual beneficiaries by the Ministry;
- provision of office furniture and equipment such as computers, printers, photocopiers, desks, chairs, cabinets, scanners, shelves and office table;
- accommodation for inmates; and
- provision of official vehicles.

The Committee however advised the team to address the following internal controls issues:

- serial numbering of fuel chits and update of fuel register;
- assignment of social workers to ten chiefdoms, seven Family Support Units [FSU] and remand homes;
- overgrown cotton trees at the back of the office which is said to have posed serious threats to the safety and security of staff, client and visitors and office property;
- relocation of the waste dumpsite at the back of the office, which also posed a serious threat to the health of the staff, clients and visitors;
- put in place on-site and off-site backup systems to protect the Ministry's data against loss in the event of a systems breakdown;
- procurement and installation of fire extinguishers to protect the institution's property, plant and equipment [PPE] in the event of a fire accident; and

- annual appraisals of staff.

Mr Speaker, Honourable Members, the Committee took special time to inquire into the Assistant Director's readiness to provide accommodation for abandoned children. The Assistant Director stated that a copy of the audit report was forwarded to the Headquarters in Freetown for consideration. The Committee informed the Assistant Director and team to redouble their efforts, so that those "**abandoned children, who are the assets of this country, are properly taken care of.**" The Committee warned the Assistant Director to treat this issue with the utmost urgency and seriousness it deserves.

MINISTRY OF AGRICULTURE, MOYAMBA-2017

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

[i] cash transfer totaling **Le145, 000,000** was made from Ministry of Agriculture in Freetown to seven farming groups in the Moyamba District without proper monitoring by the District Agriculture Officer [DAO] in terms of verifying whether cash transferred to the various groups were utilised for their intended purposes;

[ii] this sub-Ministry received 12,506 bags of fertilizers for distribution to different farming groups as loan, but the agreement stated that the farmers should refund two bushels of seed rice for every bag of fertilizers received. Thus, the AG's Report disclosed that the farmers were expected to refund 25,012 bags of seed rice to the Ministry for the 12,506 bags of fertilizers;

[ii] there were inadequate controls over the distribution and recovery of the fertilizers. According to the AG's Report, the Ministry did not submit the list of farmer groups to whom the fertilizers were distributed and the delivery notes where the farmers acknowledged receipt of the quantity of fertilizers they received;

[iv] the Ministry recovered only 2,988 bags of seed rice from the farmer groups, leaving a balance of 22,025 bags of seed rice; and

[v] Ministry did not submit debtors list to determine the defaulters and there was no recovery plan for the outstanding bags of seed rice.

Reacting to the above listed audit queries, the DAO submitted documents relating to store management or list of beneficiaries. He further disclosed that the list of farmer groups to whom the fertilizers were distributed and the delivery notes where the farmers acknowledged receipt of the quantity of fertilizers received were available for inspection. He added that direct cash transfer was done by the headquarters in Freetown. Further discussions with the Officials revealed that the Monitoring and Evaluation Officer was not involved; and as a result, he did not undertake any

monitoring activity. The DAO spoke about the challenges inherent in the collection of those loans from the debtors.

In light of the above, the Committee implored the team to ensure the following:

- the Ministry should take immediate actions against defaulters and provide evidence of such actions upon request;
- the Monitoring and Evaluation [M&E] Officer should monitor all farmer groups to determine the status of their implementation and report to the DAO for onward report to the Ministry's headquarters; and
- the beneficiary lists for the total quantity of fertilizer distributed are submitted and the remaining 22,025 bags of seed rice are recovered from the farmers.

MINISTRY OF EDUCATION – MOYAMBA [2017]

Mr Speaker, Honourable Members, officials of this Ministry in Moyamba District appeared before the PAC to respond to issues relating to the following:

[i] teaching and learning materials were not properly stored and there were no shelves and pallets for storage purposes;

[ii] the store building was not in good condition as there were leakages in the roof that caused water to drop from the roof when it was raining. Also, one of the doors in the store was without a lock and there were crack marks on the walls;

[iii] UNICEF donated 20 cartons of recreation kits and 197 boxes of early child development kits to this Ministry. The AG's Report however revealed that there were no documents such as receipt vouchers and delivery notes to confirm that these were the exact items received from UNICEF. It was also noted that these items were still in stores even though they were donated since 2017. But there was no plan of distribution of these items to the actual beneficiaries;

[iv] the inventory register maintained by the MEST-Moyamba was updated. For instance, 12 dining chairs and one conference table of the Ministry were not included in the register;

[v] physical verification of assets by the auditors revealed that there was only one vehicle allocated to the Ministry and it was observed to be unserviceable since 2017; and

[vi] a vocational skills training center, built by the Government in 2009 under the SABABU Education Project was yet to be put into use since it was constructed. The ceiling, windows and doors of the building were damaged and needed urgent renovation. Training tools and equipment such as refrigerators, freezers, sewing machines, 13 KVA generator, generator plants and many other items supplied for the

operation of the center were still parked in the Ministry's store without being put into use.

Reacting to the above mentioned audit queries, the Deputy Director stated that the building in question was very old when it was provided to the Ministry as storage facility. He added that it was not a store, but was converted when they needed one to keep those materials. He also disclosed that a lock had been fixed on the door and the leakages in the roof had been amended.

Without wasting much of the Committee's precious time, the Deputy Director was ordered by the PAC to ensure the following before the conclusion of the next audit exercise:

[i] shelves and pallets are provided to pack store items, including teaching and learning materials;

[ii] collaborate with the appropriate authorities to ensure that the roof is renovated;

[iii] submit the actual list of items received from UNICEF, provide a distribution plan and distribute the items to the beneficiaries without further delay;

[iv] update the inventory register with the furniture stated earlier;

[v] collaborate with the appropriate authorities, so that the vehicle is properly serviced; if on the other hand it cannot be repaired, recommend for it to be boarded and request for replacement;

[vi] submit a comprehensive report of the building to the Chief Education Officer or PS of the Ministry and copy other relevant stakeholders, informing them about the status of the building;

[vii] renovate the training center and put into operational use, so that educational services are provided to the community; and

[viii] the training tools and equipment should be put in use with immediate effect.

MINISTRY OF AGRICULTURE - PUJEHUN, 2017

Poor Control over the Distribution of Fertilizer and Seed Rice

The Committee noted from the review of the AG's Report that distribution and beneficiary lists for the total quantity of 8,503 bags of NPK 0:20:20 and NPK 15:15:15 fertilizers were not submitted for audit review. That made it very difficult for the auditors to ascertain whether the fertilizers were actually received by the target farmers. According to the AG's Report, documents reviewed and enquiries made revealed that the fertilizers was supplied directly to the Block Extension Officers [BEOs] for onward distribution to farmers in their various blocks and a total quantity of 1,340

bushels of seed rice and 700 bags of Urea fertilizer were distributed on loan to farmers for which recovery details were not made available for audit review.

Reacting to the above mentioned audit query, the DAO explained the difficulty inherent in recovering loans from farmers, stating that farmers usually take things from the central government as gifts. The Committee rebuffed the DAO's explanation, pointing out that if the submission of the DAO was anything to go by, why did they continue to give loans to the same debtors. Though the DAO told the Committee that he usually received notification after the loans would have been given to farmers, the Committee however reminded him of his responsibilities as the DAO, stating that he had a sacred duty to also tell the Government to stop giving out loans to defaulters. The Committee inferred that the DAO was not doing his job because he failed to ensure that the fertilizer is given to the right people.

Contingent upon the above, the DAO was advised to ensure the following:

- **the beneficiary lists for the total quantity of fertilizer and seed rice distributed are submitted for audit review; and**
- **Fertilizers should be given to the right people and provide a comprehensive list of defaulters to the auditors.**

Cash Distributed to Unregistered Farmer Base Organisations [FBOs]

The Committee observed from the review of the AG's Report that there was no evidence submitted to confirm that FBOs who benefitted from the cash transfer were recommended by the DAO as required in the Terms of Reference [TOR]. In addition, there was no evidence provided to confirm that the beneficiaries and recipients of the cash distributed were registered with the Ministry or Council. The total amount of **Le180mln** was disbursed for the year under review.

The Committee stated that unregistered organisations had no legal mandate to solicit loans from Government. Thus, the Committee counseled the DAO to ensure that:

- A comprehensive list of all registration carried out in 2017 is submitted before the next audit exercise; and
- cash distributed to unregistered farmers is paid to the CRF.

Mr Speaker, Honourable Members, further perusal of the AG's Report revealed the following issues:

- A status report was not submitted by the DAO on the utilisation of the cash distributed to the farmers;
- the stores management was not effective for the period under review as the store ledger, receipt vouchers and store issue vouchers were not submitted to account for items delivered to the stores;

- a variance of **Le80mln** existed between the M&E Report and the 2017 cash transfer list received from the Ministry's headquarters in respect of the amount distributed to the FBOs;
- the Ministry was seriously understaffed. The positions for, Finance Officer, Storekeeper, Mechanical Superintendent, Administrative Assistant and Security were vacant and the Extension Division was without the required number of personnel to cover the entire District;
- a review of the attendance register revealed that staff attendance was very poor as some of the staff did not sign the attendance register for the period under review;
- the Forestry Division failed to produce relevant documents such as price and charges list, relevant document register, receipt books, revenue ledger, and bank statements to confirm the accuracy of **Le3,750,000** being revenue collected as per bank pay-in slip;

In view of the above, the Committee encouraged the DAO to ensure the following before the completion of the next audit exercise:

- **provide an updated report on the utilisation of cash distributed and evidence of actions taken by the Ministry against defaulters;**
- **store ledger, receipt vouchers and store issue vouchers should be submitted for inspection or the items delivered are recovered;**
- **provide reasons, backed by documentary evidence, for the poor attendance of staff;**
- **a Fixed Assets Policy should be prepared to make clear provisions for the procurement, usage, maintenance and disposal of fixed assets; and**
- **a fixed asset register that indicates the type of asset, description, date of acquisition or donation, source of funding, identification code, location, cost and value and status of all fixed assets owned by the Ministry should be prepared.**

MINISTRY OF EDUCATION - BO

Officials of this Ministry appeared before the Committee to respond to queries raised in the 2017 Audit Report. The Committee observed from the review of the AG's Report that only three issues were raised against this Ministry as listed below:

- two employees attached to the Ministry in Bo were not available for physical audit verification; and
- a review of staff list, attendance register and physical verification of teachers carried out revealed that the Information Technology Officer at the Ministry's situation room and five teachers who were attached to the Home Economics centers in Bo, have not been approved by the Ministry of Education.

In his response, the District Education Officer stated that one of the staff in question was not on Government payroll but Council had been paying stipend to that staff. He however informed the Committee that the said staff were not around when the auditors went to audit the Ministry.

On the issue relating to the unapproved staff, the DEO explained that no approval had been made. He added that due to the shortage of manpower, coupled with the need to manage the Ministry's data, it was thought fit to employ an IT Officer.

Thus, the Committee advised the Deputy Director to collaborate with:

[a] the various heads of department in order to ensure that the staff in question avail themselves for verification or their names be removed from the Ministry's payroll and that of Accountant General; and

[b] the PS of the Ministry of Education and the Accountant General's Department to ensure that these staff are regularised to enable them carry out their functions efficiently and effectively.

SIERRA LEONE CORRECTIONAL SERVICE – EASTERN REGION

Mr Speaker, Honourable Members, officials of the Sierra Leone Correctional Service, Eastern Region appeared before the PAC to respond to issues raised in the AG's Report. The issues noted in the Report are:

1. Male Correctional Centre - Kenema

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

- cells occupied by male inmates were overcrowded; in some instances, by more than four inmates per cell;
- convicted, remanded, as well as inmates on trial occupied the same male cells;
- there was no drainage facility in the male section for the disposal of wastes;
- uniforms by which various categories of inmates are categorised [for example green for remand prisoners, red for the convicted and blue for inmates on trial] were inadequate. This anomaly made it difficult to identify the various categories of inmates in the various cells;
- there was a complete dearth of correctional officers in the regions with all the implications for security in the correctional centres;
- the male skills center was not equipped with basic livelihood skills tools like carpentry, tailoring and creative arts;
- ratio of inmates to correctional officers for the period under review in the male centre was 6:1; and
- the computers were dysfunctional.

2. Female Correctional Centre -Kenema

- the sick bed was not conducive for the examination of sick inmates;
- there was no examination bed for female inmates;
- the conditions for the safe custody of drugs were poor;
- there were no sewing machines for intern inmates;
- space in the clinic was inadequate;
- there were no learning materials for inmate students of adult education in both the male and female centres; and
- supply of cooking gas in the male and female kitchens were always delayed.

3. Male Correctional Centre -Kailahun

- there was no official vehicle at the centre to convey inmates to court;
- the drainage system and septic tanks within the centre were in a dilapidated state;
- the cells had no mattresses;
- slippers were not supplied to inmates;
- the perimeter fence was dilapidated with cracks all around it;
- food for inmates was insufficient and cooking utensils were not supplied on time;
- the Centre had no technical teaching and learning materials; and
- the Centre had no recreational facilities.

4. Correctional Centre Clinic-Kenema

The DOTS laboratory had no functional diagnostic facility for the examination of inmates before their confinement. Basic furniture and equipment such as examination beds and clinical materials were also not available. During the period under review, one inmate died of severe pneumonia and malaria.

5. Correctional Centre Clinic-Kailahun

- furniture in the clinic was inadequate and the examination bed was in a deplorable state; and
- there was no thermometer to check the temperature of inmate before they are admitted.

The Committee's discussions with officials of Sierra Leone Correctional Service, Eastern Region, revealed that over **70%** of the issues mentioned above had been addressed. The Acting Regional Commander however disclosed that uniforms for inmates, computers, mobility, especially in Kailahun, etc. still posed serious challenges for the institution. The Committee noted the efforts of Management, but called on the Regional Commander to:

- submit a comprehensive and inclusive report to the Headquarters, cataloging all those challenges with immediate effect;
- prepare and submit an inclusive budget to the Headquarters for consideration;

- strengthen the skills training centres, especially carpentry and tailoring, so that Management could raise fund and even allow inmates to sew their uniforms;
- furnish and equip all inmates clinics and laboratories without further delay; and
- solicit funds from local and international organisations instead of relying exclusively on government subvention.

Mr Speaker, Honourable Members, the Committee briefly discussed the inhuman treatments sometimes meted on inmates in their respective cells, pointing out that the food and sanitary aspects are nothing to write home about. The Committee disclosed to officials that government usually spends billions of Leones to cater for the welfare of inmates, but those moneys do not reflect on the lives of inmates. The Committee cited the death of an inmate in the Eastern Region due to the lack of medical materials and drugs. The PAC concluded that the absence of official vehicle to convey inmates to court, lack of drainage system and dilapidated septic tanks within the female centre in Kenema, lack of mattresses in the cells, insufficient food for inmates and poor medical facilities are pointers to the fact that inmates are not properly catered for.

In that regard, the Committee recommends that the Acting Regional Commander engages the Director General, so that these issues are addressed without further delay.

SIERRA LEONE POLICE— EASTERN REGION- 2017

Mr Speaker, Honourable Members, officials of the Sierra Leone Police – Eastern Region appeared before the Committee to respond to queries raised in the 2017 AG’s Report. The Committee noted the following issues:

Lack of Resources, monitoring and supervision

From the review of AG’s Report, the auditors identified that due to the lack of monitoring and supervision by the authorities and inadequate allocation of resources to the SLP, the following were observed:

Office Environment

- the environment within and around the offices was untidy;
- the back of the Family Support Unit [FSU] building place host to a huge dump site;
- there were inadequate toilet facilities in the entire police environment;
- the packing lot of illegal or unlicensed bikes was in a deplorable condition. It is clustered with all types of damage bikes from accidents and unlicensed bikes; and

- the regional headquarters and the Kenema Police Division were not protected by a perimeter fence.

Police Cells

The male and female cells were unhygienic, and there were no toilet facilities in the cells.

Anti-Robbery Unit

The Unit that was responsible for robbery and cliques had no proper office space. The office was made up of two make-shift structures that were not conducive for the police personnel attached to the Unit. Furthermore, the Unit is without a police patrol vehicle and motorbikes for its operations.

Interpol Unit

This Unit was responsible for crimes such as drugs and illegal border activities. However, the Unit lacked important equipment such as communication sets, computers, scanners and printers. In addition, the Unit was without a patrol vehicle and motorbikes for its operations.

Police Armory

The arms and ammunitions store was in a deplorable condition. The store needed immediate renovation as the walls had some cracks. In addition, the ammunitions were kept in an office instead of an armoury which could be easily broken into by unauthorised persons. The ammunition store was not situated at a secured location.

Police Barracks

- there was no officer in charge to supervise the activities in the barracks;
- illegal occupants were in the police barracks such as families of police officers who were above 18 years;
- illegal structures for dwelling were built by police officers without authorisation;
- civilians were living in those illegal structures;
- illegal business structures were in the police barracks without authorisation;
- encroachment was observed as the police barracks was without a perimeter fence; and
- inadequate toilet facility, water and electricity supply was observed in the entire police barracks.

Police Hospital

- insufficient beds for patients in the hospital;
- insufficient chairs and benches for nurses, patients and visitors;
- lack of incinerator to dispose of medical waste;
- lack of proper toilet facility, water and electricity supply;

- insufficient drugs/medical allocations to the police hospital;
- the head of the hospital, who is a Community Health Officer [CHO] and ranked Assistant Superintendent of Police [ASP], was without a quarter in the police barracks; and
- there were no cleaners in the hospital.

The Committee's engagement with the Deputy AIG Eastern Region and Management team unveiled the following:

- the observations of the auditors were correct, but over **80%** of those issues had been addressed;
- inmates were usually taken out of the compound to defecate because of lack of toilet facilities;
- construction of an Anti-Robbery Unit had begun;
- the challenges against the Interpol Unit are still glaring due to lack of funds; and
- inadequate water and electricity supply in the entire police barracks.

The Deputy AIG frankly told the Committee that some of the issues raised in the AG's Report were beyond his control. The Committee admonished the Deputy AIG and team to:

- establish an ad hoc committee to look into these issues and find ways to address them;
- ensure that the ad hoc committee prepares and submits a comprehensive and inclusive report to the AIG, which would in turn inform the annual budget process for incorporation; and
- ensure that the offices and the general environment are in good working conditions that meet health & safety standards.

Inadequate Control over Revenue Collected from Armed Guards Services

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

- the sum of **Le417, 600,000** was collected as revenue for the services of armed guards to commercial/residential houses in Kenema. The Report stated that these services were provided without a formal contract, bank statements, receipts and cashbook for the period under review; and
- database for all clearances given out by the Criminal Investigations Department to ascertain the actual amount of revenue to be paid to the NRA was not submitted to the auditors.

In his response, the Deputy AIG informed the Committee that the said amount was paid to the Headquarters Account. The Committee noted the explanation, but urged the AIG to ensure that:

- **the contract, bank statements and cashbook in respect of the armed guards collected are submitted to the auditors before the conclusion of the 2018 audit exercise; and**
- **the database be maintained for all revenue collected.**

MINISTRY OF EDUCATION, SCIENCE & TECHNOLOGY, KENEMA – 2017

Mr Speaker, Honourable Members, officials of this Ministry appeared before the PAC to respond to the following audit issues flagged up in the 2017 AG's Report:

Procurement Procedures not followed

From the review of the AG's Report, a total of **Le194mln** was expended on the rehabilitation works by the Kenema District and City Councils and the Ministry of Education, Science and Technology [MEST] for various schools for which certificates of work completion were not submitted for audit.

In his response, the Deputy Director stated that procurement activities are usually done by Councils and not the Ministry. He added that the Ministry had a responsibility to forward its request to Councils. He concluded that most of the documents were submitted and promised to provide the work completion certificate.

Therefore, the Committee urged the Deputy Director [DD] to ensure that the relevant documents in respect of the rehabilitation work are provided to the auditors.

Poor Human Resource Management

From the review of the AG's Report, the PAC noted poor personnel management as the Ministry failed to make available staff personal files for audit review. In addition, a comprehensive staff list, time-book and evidence of staff appraisal for the Ministry of Education - Kenema were not presented for inspection.

The Committee's discussions with the DD and core staff revealed that:

- staff appraisal system had begun and was ongoing;
- an attendance register and a comprehensive staff list had been put in place; and
- there was limited sitting accommodation which had warranted other staff to sit in the veranda. However, rehabilitation of the structure had begun and promised the issues would not reappear in the 2018 Audit Report.

The Committee took the DD at his words, but urged the team to ensure that personal files of individual staff with all relevant employment details are prepared and made available upon request.

Payment of School Feeding and Subsidy Fees

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

- some government assisted schools such as the Holy Rosary Primary School, Dama Road; the Eastern Polytechnic Practising Primary School, the Ar-Rahim Islamic Primary School in Nyandeya Section; the Ahmadiyya Muslim Primary School, Blama Road; the Ansarul School in Lubabu and the National Islamic Primary School along Hotagua Street had not received funds for the school feeding programmes implemented by the Ministry of Education for the 2016/2017 academic year;
- the number of pupils presented to the Ministry and class registers of these schools showed huge differences in 2017;
- schools subsidies and funds for the school feeding programme were not received by schools on time and so implementation was delayed. A review of the allocation list for the school feeding programme coordinated by MEST Kenema revealed that the sum of **Le24, 067,824** was outstanding payments to two schools.

The DD stated that the school feeding programme was managed at the Headquarters level and the regional office only prepared the list. He added that payments were usually made to the individual schools by the Ministry of Finance. He disclosed that before the Ministry of Finance disbursed the money to the various schools, the regional office usually verify the number of pupils against the amount to be disbursed.

The Committee encouraged the DD to ensure that proper verification is done before the lists are sent to the Ministry of Finance for onward disbursement of funds to the various schools.

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY, KONO – 2015-2016

Mr Speaker, Honourable Members, the DD and core staff of this Ministry appeared before the Committee to respond to 2015 and 2016 queries reported in the 2017 AG's Report.

Inadequate Control of the Distribution and Use of Fuel

According to the AG's Report there was no fuel maintenance policy. In addition, there were no fuel chits, usage reports, registers and distribution lists to justify the distribution and use of fuel which amounted to **Le22, 722,500**.

The DD stated that he met the issue when he took over, but some of the documents were with the Council. The Committee noted the explanation but reminded the DD to ensure that:

- **a fuel maintenance policy is prepared and followed for the distribution and utilisation of fuel and maintenance of vehicles, motorbikes and generators;**

- a fuel coupon register, vehicle log book and chits are maintained to account for fuel and recipients of fuel are to sign the register in acknowledgement of receipt; and
- the Committee would take an uncompromising action against the DD and team if these recommendations are implemented.

Periodic Inspection of Schools not Undertaken

The Committee observed from the review of the AG's Report that a total amount of **Le20, 721,000** was expended for periodic inspection of schools. However, reports to justify this activity or to confirm that school activities were coordinated and supervised were not submitted by the Director.

The DD informed the PAC that they usually monitor all government schools and reports are always produced. The DD disclosed that the auditors did not ask for the Inspection Report, he however stated that the issue had been cleared during the auditors' verification exercise. He submitted summaries of the 2015 and 2016 Inspection Reports to the Committee.

The auditors confirmed that the issue had been addressed. The Committee however admonished the DD and team to ensure that periodic visits to schools are made by school inspectors in accordance with the regulation. In addition, reports on these visits should be appropriately documented and copies filed for reference purposes.

Stores Management

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

- the Ministry did not have a store;
- shipping containers that were used as stores were not in good condition to store learning and teaching materials;
- there was no storage facility such as cabinet for safekeeping of store documents; and
- the Ministry did not have a trained storekeeper.

The DD admitted that storage facility had always been a problem and that the Sector did not have funds to construct one. He added that the Sector usually received large quantity of books to be supplied to the various schools.

The Committee encouraged the DD to 'think out of the box' in terms of luring and cajoling good will organisations for financial assistance.

Mr Speaker, Honourable Members, the Assistant Director [AD] and core staff of this Ministry appeared before the Committee to respond to 2015 and 2016 queries reported in the 2017 AG's Report as discussion below:

Non Retirement of Allocations

The Committee noted from the review of the AG's Report that out of a total expenditure of **Le219, 793,000** withdrawn from the Child Affairs Account in 2015, retirement details were provided for the sum of **Le111, 844,000**, leaving a balance of **Le 107,949,000** which was however not supported by sufficient and appropriate documentation such as activity plans, invoices, and receipts and recipient's signatures.

Reacting to the audit query, the AD disclosed that the documents were placed in the wrong file, but had been found. The AD added that the outstanding amount was utilised on case management, staff payment, etc.

The Committee implored the auditors to verify those documents, but warned that if those documents failed to address the query, a stern action would be taken against the AD.

Inadequate Infrastructure Facility

According to the AG's Report, the building which houses the Ministry was dilapidated. It has several cracks all over. There were no toilet facilities and the compound had so many derelict vehicles. During a verification exercise on the unfinished building erected by the Ministry along Reservation Road, it was observed that building permit from the Ministry of Works, as well as land documents from the Ministry of Lands were not submitted for verification.

The AD agreed with the auditors' observations, but stated that there had been improvement because Council had been doing a lot in that direction. For the unfinished building, the AD revealed the difficulty in soliciting funds to complete that structure.

The Committee counseled the AD to ensure that the infrastructure needs of the Ministry are met to facilitate the smooth and efficient delivery of social services to the general public. The AD should submit the contract between the Ministry and the contractor on the unfinished building at Reservation Road.

Inadequate Human Resources Management

The Committee observed from the review of the AG's Report that the sum of **Le62, 000,000** was paid to contract staff and social workers for which no terms of reference such as appraisal reports, job descriptions and contract letters were submitted. The daily attendance time-book showed that some staff did not sign the register before leaving the office at close of business.

According to the AD, they only received names from the office of the Minister of Social Welfare, Gender and Children's Affairs and they paid the money to contract staff and social workers.

The Committee advised the AD and team to ensure that contract letters spelling out the terms of reference for social workers and contract staff are provided upon request. Again, the AD should put in place a personnel policy for contract staff of the Ministry without further delay.

Mr Speaker, Honourable Members, the Committee further noted from the review of AG's Report the following queries:

- staff personal files were maintained for all staff, but these were not updated with birth certificates;
- there was no evidence in the form of training report or certificates to substantiate that in-service training programme were conducted for social workers in the district; and
- there was also no evidence that staff were annually appraised.

The AD disclosed that a HR Officer had been recruited and that there had been regular appraisal of staff, personnel files had been updated and training reports were available for inspection.

The Committee applauded the efforts of the AD and team, but further encouraged them to always ensure that staff personal files are updated, training reports or certifications for in-service training programmes are maintained and provided upon request, and staff are appraised annually as the basis for promotion and training.

CONCLUSION

Mr Speaker, Honourable Members, this report is a manifestation of the fact that the Multi-Donor Group could be interested in supporting the work of Parliament. Indeed, all those who supported the 2017 budget would want to be assured that taxpayers' moneys are properly accounted for. Thus, the activities of the PAC have steadily progressed throughout the past years to its current state, where it is possible to speak of the revival of public interest in issues of corruption, misappropriation of public resources and abuse of office. Through naming and shaming irresponsible public officials and recovery of public resources wrongly appropriated, the PAC has contributed to the improvements in public accountability.

The Committee is delighted to state here that its activities for the past years have greatly helped to signal the following:

- the restoration of public confidence in Audit Service Sierra Leone as an institution that is capable of dealing with the excesses of the Executive to the extent that whistle-blowers are turning over to PAC instead of the Executive;
- the exposure that corruption is not limited to political officeholders; but inclusive of many categories of public servants and service providers who appeared before the Committee. This indicates the pervasive nature of corruption;
- the focus on transactions in this report does not preclude other law enforcement agencies from investigating some major institutions which form the content of this report.
- that system failure rather than poor supervision by political authorities appears to be the cause of poor accountability in the public sector.

In spite of the numerous challenges Local Councils are encountering, the Committee noted that the number of audit queries have significantly reduced when compared to the previous audit reports. It is however worth stating here that some issues have continued to arise year in year out and the Committee is of the view that mechanisms must be put in place to enforce the recommendations of the PAC with specified actions to serve as a deterrent. In that regard, the Committee is calling on the Audit Service to rationally look at this Report and follow-up on certain actions to be taken before the 2018 Audit Report is tabled in Parliament. This is because the PAC will simultaneously review the 2018 AG's Report [after it would have been laid on the Table of this House], and this Report during its public hearings on the 2018 Audit Report.

It is the Committee's belief that if its observations and recommendations are taken into account and implemented, they will enhance accountability, transparency, efficiency, prudent management of resources and yield better service delivery in Local Government Councils in our beloved country Sierra Leone. However, PAC must be adequately supported to take up these challenges with a specific budget line. The budget must be adequate to enable the Committee hires 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.

RT.HON. SEGEPOH SOLOMON. THOMAS

CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE
SIERRA LEONE PARLIAMENT

