



Government of Sierra Leone

**REPORT OF THE PUBLIC ACCOUNTS
COMMITTEE ON THE REPORT OF THE
AUDITOR GENERAL ON THE ACCOUNTS OF
LOCAL COUNCILS FOR THE FINANCIAL YEAR
2010**

**SUBMITTED BY
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DEPUTY CHAIRMAN PUBLIC ACCOUNTS COMMITTEE**

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LIST OF ABBREVIATIONS

ASA	Audit Service Act 1998
PAC	Public Accounts Committee
CA	Chief Administrator
DCA	Deputy Chief Administrator
FO	Finance Officer
Acct.	Accountant
PO	Procurement Officer
IA	Internal Auditor
M&E	Monitoring and Evaluation
GBAA	Government Budgeting and Accountability Act 2005
GoSL	Government of Sierra Leone
FMR	Financial Management Regulations 2007
ISSAI	International Standards for Supreme Audit Institutions
ITA	Income Tax Act 2000
LGA	Local Government Act 2004

MLGRD	Ministry of Local Government and Rural Development
NGOs	Non Governmental Organizations
PETS	Public Expenditure Tracking Survey
PPA	Public Procurement Act 2004
PPR	Public Procurement Regulations 2006
PVs	Payment Vouchers
RFQs	Request for Quotations
ASA	Audit Service Act 1998
GBAA	Government Budgeting and Accountability Act 2005
GoSL	Government of Sierra Leone
NRA	National Revenue Authority
UNDP	United Nation Development Program

I. EXECUTIVE SUMMARY

Mr. Speaker, Hon Members, in 2004, Sierra Leone re-adopted a development and governance paradigm. Under the policy of decentralization, strong local government units were to become the core mechanism through which effective service delivery and local self-governance would be achieved. Almost six years later, the quality of public service delivery is less than desirable; District Local Governments with no financial resources of their own have become mere agents of key problems where the accountability mechanisms for good governance and public service delivery are either non-existent or mal-functional. The fiscal decentralization strategy has been abandoned in favour of a complex system of conditional grants. Local Government Councils have inevitably evolved into the frontline of patronage politics where local political leaders pay more allegiance to national politicians rather than their electorates who continue to suffer from a breakdown in the public service delivery system.

Numerous attempts by Government and development partners have been made to fix the problem of local government performance and the quality of public service delivery often focus on monitoring the fiscal and administrative performance of Local Governments. These attempts do not pay adequate attention to the Political, Legislative and planning responsibilities of Local Government Councils who are vested with these powers under the Local Government Act 2004.

Mr. Speaker, Hon Members, this report also drew attention to the evolution and the development of the Local Government system in Sierra Leone since independence in 1960. For most part of the period both pre and immediate post independence era, Local Governments were mere administrative arrangements operating as agents of the central government in the form of local administrations. However, the reintroduction of the decentralization policy in 2004, the subsequent debates in the House of Parliament and the articulation of decentralization principles in other government policies envisioned a fairly autonomous Local Government System with wide ranging Political, Legislative and Administrative Powers and functions. The system of regular elections was intended to give citizens and the electorate control over their leaders, hence creating a system of demand and accountability with regard to governance and service delivery. In theory, Local Councils were vested with powers to make local development plans based on locally determined priorities, raise revenue, approve and implement their own budgets or local accountability committees.

Mr. Speaker, Hon Members, however, a comprehensive review of activities of the Councils and an assessment of current understanding clearly show that the reality of decentralization and the local government system is different today. Local Government Councils do not exercise the powers that were envisaged under decentralization. Powers to plan and implement development programmes have been undermined by their inability to raise local revenue or access non-conditional financing from the

Government. Key local government powers have been re-centralized on the watch of Local Government Councils. In most of the cases, Local Government Councils have acquiesced in the recentralization of Local Government Authority. Local Government Councils that were envisaged to become an essential ingredient in the equation of balance of power between the Central Government and the citizens have instead become the main agents through which political control by national politicians is extended to the electorate. Existing local government performance monitoring systems have not adequately focused on these re-centralization trends and what needs to be done to ensure that citizens and voters influence political, policy, planning and service delivery trends in the country.

Mr. Speaker, Hon Members, consequently, as such, it is argued that a system to assess the performance of Local Government Councils ought to create a basis for increasing citizens' voices in the political and planning process, promote mechanisms for political participation and accountability. This report identifies five core responsibilities of local government councils. These are: Financial Management and Oversight; Political Functions and Representation; Legislative and related Legislative Functions; Development Planning; Communities/Wards servicing and Monitoring Service Delivery. The underlying theory is that if citizens are informed about the performance of their councils and councillors, their demand for effectiveness in the delivery of public services would be channelled upwards through the Local Government Councils system, creating an upward spiral of demand for accountability and better governance up to the national level.

II. INTRODUCTION

Mr. Speaker, Hon Members, Sierra Leone resumes a policy of decentralization as the cornerstone for improving service delivery and strengthening good governance in 2004. Almost seven years later, there is evidence of a weakening decentralization. Fiscal decentralization is slowly being rolled back through a system of conditional grants. Administrative decentralization is slowly giving way to re-centralization of key local government administrative powers. Most importantly, there is widespread consensus that the quality of public service delivery at the local level is less than what is desirable or what was originally anticipated. For example, existing monitoring data and information shows that agricultural extension services are not reaching farmers. And it is also no longer contested that education and health services in the rural areas have been deteriorating, while key infrastructure such as roads and water works have not improved. This is in spite of the increased financial resources being disbursed to these Local Governments.

Over the years, government and donor partners have sought to address the deficiencies in public service delivery at the local level by strengthening central government monitoring programmes. Such monitoring is often done through monitoring units and inspectorates in Central Government Ministries, Public Accounts Committees of Parliament, Constitutional and Statutory Accountability Bodies, Local

Accountability Committees and more recently administrative initiatives such as the Non State Actors, task forces and other forces of inquiry. Government driven performance monitoring initiatives are complemented by a wide range of initiatives by Civil Society Organizations.

Mr. Speaker, Hon Members, however, there are at least three major problems with existing Parliamentary Oversights: first, these oversights have an overwhelming bias towards the supply side of service delivery. In this regard, Local Governments are perceived as mere instruments of service delivery and hence improvements in the delivery of public services can be achieved through a top-down monitoring process. Secondly, the tendency is to focus on Local Governments as corporate legal entities rather than looking at specific organs of the Local Government Councils with specific constitutional and statutory mandates. Thirdly, traditional monitoring initiatives are often not only limited in time and scale, they are also limited to the delivery of goods and services. They largely ignore the important issues of governance and political accountability. Yet, Local Government performance monitoring initiatives that integrate governance indicators are a cornerstone to creating the vertical and horizontal accountability through building effective citizens' demand for quality service delivery and accountability.

Mr. Speaker, Hon Members, the governance indicators focus on the performance of local government political leaders and institutions and provide a basis for analyzing the factors that impinge on the performance of local councils. The service delivery indicators are drawn from government priority programmes and linked to the statutory functions of district councillors and council organs. The main output from the oversight exercise is a set of audited reports both financial and performance audits that examine the performance of District Councils, identify potential gaps and outline key interventions needed to improve local governance and public service delivery.

III. MANDATE OF THE COMMITTEE

Mr. Speaker, Hon Members, the Public Account Committee, on behalf of Parliament under Section (70) subsection (6) of the Standing Orders of Sierra Leone Parliament is mandated to examine any account or reports of Statutory Corporations and Boards after they have been laid on the Table of the House, and to report thereon from time to time to the House and to sit notwithstanding any adjournment of Parliament. The Public Accounts Committee also monitors expenditure of all public funds whether transferred from the central government or locally generated by the local government.

The Committee assesses and evaluates levels of compliance to the established laws of Sierra Leone, the performance, adherence and compliance to set performance standards and regulations governing public expenditure.

Mr. Speaker, Hon Members, the Committee's mandate is guided by the Local Government Act, The Financial Management Regulations, the Audit Service Act, the Government Budgeting and Accountability Act, the Public Procurement Act and all other related legislation and regulations which impart on the public finance management and discipline.

IV. METHODOLOGY

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

In examining the accounts, the Committee interfaced with Accounting Officers of all the 19 local councils and their technical teams to respond to the queries raised in the audit reports and the recommendations of the Auditor General thereto.

Where the Committee found contradictions between the information provided by an Accounting Officer/Controller and Auditor General, the Committee undertook inspection tours (physical verification) of the projects in question in order to obtain firsthand information on their status and establish whether government got value for money in those projects.

V. COMMITTEE MEMBERS

Mr. Speaker, Hon. Members in accordance with Standing Order 70 (1), the following Honourable Members have been appointed to serve on the Committee of Public Accounts for the period under review:

1. Hon. Victor Chukuma Johnson – Chairman;
2. Hon. Komba Eric. Koedoyoma - Deputy Chairman;
3. Hon. Mohamed Sufian. Kargbo;
4. Hon. Augustine B.Torto;
5. Hon. Mathew M. Teambo;
6. Hon. Elizabeth Alpha-Lavalie;
7. Hon. Hassan B. Sheriff;
8. Hon. Mohamed Khalil Kanu;
9. Hon. Alice M. Foyah;
10. Hon. Legacy Sankoh; and
11. Hon. Dhafie Benya V [P.C]

VI. TECHNICAL STAFF

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

- | | | |
|------------------------------------|---|--------------------------------|
| 1. Mrs. Lara Taylor-Peace | - | Acting Auditor General |
| 2. Mr. Vidal Paul-Coker | - | Deputy Auditor General |
| 3. Mr. Abdul Aziz | - | Deputy Auditor General |
| 4. Mr. Tamba Momoh | - | Deputy Auditor General |
| 5. Mr. Morie Lansana | - | Act. Assistant Auditor General |
| 6. Mr. Afred Saffa | - | Senior Auditor |
| 7. Mr. Christian Chinsman-Williams | - | Audit Assistant |
| 8. Mr. Conneth John | - | Audit Assistant |

VII. GENERAL OBSERVATIONS AND RECOMMENDATIONS

Mr. Speaker, Hon. Members, a summary of the Committee's observations and recommendations on some of the salient and critical queries raised in the report of the Auditor General on Local Councils 2010 are indicated here below:

The Committee noted however those among the accountability regulations are still not adhered to in most cases. Some Councils failed to respond to the queries raised by Audit which was in contravention to the financial management regulations of this country.

The Committee therefore recommends that financial regulations should be strictly adhered to and any deviation the Accounting Officers should be held personally liable by withholding their emoluments and allowances for so long they fail to reply (Section 65 of GBBA 2005 and Section 165(2) of FMR 2007).

Procurement procedures were not followed for a number of procurements undertaken by most local councils in respect of public works and goods which is in contravention of the Public Procurement Act 2004.

The Committee therefore strongly recommends the improvements in records management of procurement documents and adherence to the Public Procurement Act of 2004.

The Committee noted the continued tendency by Vote Controllers not attempting to address audit queries when they are summoned by the Public Accounts Committee. This is an indication that the audit exercise is not taken very seriously.

The Committee, therefore, urges all Vote Controllers to attempt to clear all outstanding audit matters before they appear to the Committee's public hearings.

The Committee observed that Accounting Officers do not follow Financial Regulations. This is evidenced by the queries that have repeatedly been highlighted by the Auditor-General such as misapplication of funds, misappropriation of revenue, failure to secure accounting documents, unvouched and unsupported payments and failure to account for stores. The major reason for this is that stiff disciplinary action is not taken against erring officers.

The Committee recommends that in future the Accounting Officers should ensure that documents are availed for verification at the time of audit as required by law failure to which stern disciplinary action should be taken against officers who breach the law.

The Committee noted with concern poor record keeping in most Local Councils. This is evidenced by:

- a) Failure to account for procurement documents;
- b) Unsupported payments; and
- c) Poorly managed personnel records and files.

The Committee, therefore, recommends that the following should be put in place with immediate effect:

- a) All unaccounted procurement documents should be presented to Audit for verification;***
- b) Inventories of records should be designed and developed; and***
- c) Develop a registry staffed with well trained and experienced clerk for proper filing and safekeeping of documents.***

Sitting allowances for Councillors were paid to some councillors who did not attend council sittings and valid excuses were not proffered for such actions.

The Committee restates its recommendation in the previous report that subsequent payments of sitting allowances to councillors must not include absentee councillors, otherwise an authority need to be sought from the Ministry of Local Government and Community Development. Failure to which such moneys be immediately recovered or the officers responsible should be surcharged to the extent of that amount. Also, minutes of councils meetings for every month should be forwarded to the audit office for inspection.

The Committee abhorred the manner in which Accounting Officers failed to deduct 5% withholding tax and pay over to NRA.

The Committee, therefore, strongly recommends that Finance Officers should ensure that 5% withholding tax is deducted from all payments above Le500, 000 made to suppliers and contractors and evidence of payments made to NRA should be provided to Audit without further delay.

The Committee noted with concern that there was laxity in the Local Councils' maintenance of financial records. However, this is evidenced by failure to prepare Bank Reconciliation Statements for Councils' accounts and erroneous Cash Book records.

The Committee, therefore, recommends that the Accounting Officers should reorganize and strengthen their Accounting departments with a view to ensuring that proper and up to date records are maintained, reconciliations done regularly and relevant records adjusted on a timely basis.

However, it was also noted that the Ministry of Local Government and the Local Government Commission have been conducting training activities for staff in all the 19 Local District Councils.

Most Accounting Officers presented authentic NRA receipts to the effect of clearing withholding taxes and also claimed to have availed those evidences at the time of Audit. Some had made partial payment at the agreed sequence which was accepted by the Committee. Since these are deductions not meant for the District, they should be reemitted as soon as they are collected

1.0 BO CITY COUNCIL

1.1 Procurement procedures not followed

Findings:

In some instances, procurement procedures were not followed. In addition, some procurement documents were not submitted for inspection.

1.2 Management Response

The CA responded that:

Council ensured that three (3) RFQs, Adverts, Bid Evaluation Report for the under mentioned procurement were followed and ready for inspection.

1.3 Committee's Recommendations:

The Committee recommends as follows:

- ***That the Procurement Officer must ensure that all local purchases are backed by three competitive Pro-forma invoices for confirmation of the lowest bid price.***
- ***A systematic filing system should be put in place for the safe custody of all Accountable documents by putting shelves and control ledgers in place, to monitor the inward and outward movement of documents.***
- ***The above documents should be made available for inspection; failing which the amounts involved must be refunded and paid back into the Consolidated Revenue Fund within 30 days after adoption of this report by Parliament.***

1.4 Inadequate control over collection, recording and reporting of financial transactions

Findings:

Revenue Collectors and Agents were not adequately monitored and procedures were not enforced or followed.

Some proceeds were not disclosed in the Financial Statement. Also, there were no records to justify an amount disclosed in the Financial Statement.

1.5 Management Response

The CA responded that:

- Council has a system put in place that monitors the collection of all council revenue.
- In the case of market dues totalling Le10, 500,000 neither posted into the cash book nor banked, this needs to be verified by both teams.
- Council has ratified the outstanding market dues and is ready for verification.
- Council has called on the contractor to improve on the printing of all tickets printed for council and it has been improved which is now ready for verification.

- Receipts for all Canteen Sales are ready for inspection.
- There is a revenue line for the sales of Bids. This needs to be verified by both teams.
- Council maintains a data base for all its registered contractors and is ready for verification.

1.6 Committee's Recommendations:

- ***That the Chief Administrator (CA) must ensure that controls over collection, recording and reporting of financial transactions are adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence. Immediate action should be taken on the following:***
 - i. The CA should ensure revenue collectors and agents are adequately monitored and a mechanism put in place to assess their performance.***
 - ii. The Finance Officer should carry out the necessary corrections in the Books of the Council. In addition, Proceeds from the sale of 19 Bids, totalling Le4, 690,000.00, receipts and documents in respect of Le10, 700,000.00 in respect of Registration of Contractors must be submitted within 30 days after the receipt of this Report for inspection.***

1.7 Inadequate control over the general processing of payment vouchers

Findings:

Various PVs were not supported by the relevant documentary evidence.

1.8 Management Response

The CA responded that:

- All payment vouchers without supporting documents attached to the payment vouchers are available for verification.
- All disbursements without adequate documentary evidence like Receipts, Invoices, Certification, PET Forms, Requisitions and Delivery Notes are open to verification.
- Standard Requisition Forms with serial numbers are now in use. Also, these requisitions now have names of departing requesting, names of payee and approval etc.

1.9 Committee's Recommendations:

That relevant supporting documents in respect of transactions mentioned above must be submitted for inspection within 30 days after this receipt of this Report. In addition, all documents pertaining to the authorization, receipt of goods or services and payments should be retained by the Council. This would help to ensure that expenses are correctly recorded and properly accounted for.

- ***Requisitions in respect of transaction, totalling Le635, 959,654.00, should be made available for inspection within 30 days of receipt of this report; failing which the total amount must be refunded by officers concerned.***

1.10 Poor financial performance

Findings:

Differences were noted between the figures in the Financial Statements and those derived from the source documents (Payment Vouchers) submitted.

1.11 Management Response

The CA responded that:

Council is only using a template approved by the Ministry of Finance through the Local Government Finance Department and differences between the figures in the financial statements and those derived by the auditors had been reconciled.

1.12 Committee's Recommendations:

That differences identified must be investigated and action taken to correct the figures in the Financial Statement within 30 days after the adoption of this report by Parliament.

1.13 Stores management and supervision

Findings:

A number of lapses were observed in the management and supervision of the Council's store.

1.14 Management Response

The CA responded that:

There is now much improvement in the management and system of the council's stores.

1.15 Committee's Recommendations:

The Committee recommends that with immediate effect:

- ***A trained and qualified Store Keeper must be employed to man the operations of the store.***
- ***The CA must ensure that the Store Keeper is frequently supervised by the Accountant and a Supervision Report prepared and retained by the Council.***
- ***A stock-taking exercise is carried out on a regularly basis.***
- ***The Store Keeper must ensure that the Allocated Stores Ledger, Store Issue Vouchers, Stores Requisitions are maintained.***
- ***The Store Keeper must ensure that copies of Delivery Notes are retained for inspection.***

2.0 BO DISTRICT COUNCIL

2.1 Procurement procedures not followed

Findings:

Goods and services totalling Le32, 784,500, Le63, 015,000, Le2, 904,150, and Le40, 000,000 were procured without any evidence of request for three quotations from at least three (3) suppliers. A Contract, valued at Le20M, was not signed. Contract for a school was awarded to a contractor selected by the Chairman

2.2 Management Response

The CA responded that:

Goods and services totalling Le32,784,500, Le63,015,000, Le2,904,150 and Le40,000,000 in respect of Education, Agriculture, Other grant and Administration respectively, the three quotation from at least three (3) suppliers were in the file but were not located at the time of audit inspection. They are now available for your verification.

Contract for a school were not awarded or selected by the Chairman. The files are now available for your audit inspections.

No payment was done to a contractor (Tiwai Memory Masters) for any job.

2.3 Committee's Recommendations

The Committee recommends as follows:

- i. That the CA should ensure that all local purchases are backed by three competitive pro-forma invoices for confirmation of the lowest bid price.***
- ii. That the Procurement Officer (PO) should ensure that all contracts are signed before implementation.***

2.4 Inadequate control over collection, recording and reporting of financial transactions

Findings:

Revenue Collectors and Agents were not adequately monitored and procedures were not enforced or followed. An updated Bids Register was not maintained and as such proceeds from sale of Bids, totalling Le6.3M were not accounted for.

2.5 Management Response

The CA responded that:

Adequate control has now been put in place over collections, recording and reporting of Financial Transaction. They are now available for your verification.

2.6 Committee's Recommendations

The Committee recommends as follows:

That the Chief Administrator (CA) must ensure that controls over collection, recording and reporting of financial transactions are adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence. Immediate action should be taken on the following:

- ***The CA should ensure revenue collectors and agents are adequately monitored and a mechanism put in place to assess their performance.***
- ***The CA should ensure that an assessment for a revenue mobilization is done. This will help the Council to create a database for all own-source revenue streams and facilitate the preparation of a realistic budget.***
- ***The CA should ensure that the total amount of Le6, 300,000.00 is accounted for by those concerned within 30 days after the adoption of this report by Parliament.***
- ***The Accountant should carry out the necessary corrections in the Books of the Council and promptly brought to account the total of Le102, 334,300.00, within 30 days after the adoption of this report by Parliament.***
- ***The Financial Statements should be adjusted accordingly to reflect the non disclosures.***

2.7 Inadequate control over the general processing of payment vouchers

Findings

Payments, totalling **Le163, 622,500.00** were not supported by the relevant documentary evidence.

2.8 Management Response

The CA responded that:

The Payment Vouchers with attached supporting documents were in the file but were not located at the time of audit inspection. They are now available for your verification.

2.9 Committee's Recommendation

The Committee recommends that all documents pertaining to the authorization, receipt of goods or services and payment of expenditure should be retained for audit inspection and references. This would help to ensure that expenses are correctly recorded and properly accounted for.

In addition, the relevant supporting documents should be produced within 30 days after the adoption of this report by Parliament otherwise the full amount must be accounted for by the responsible officers.

2.10 Poor financial performance

Findings

Differences were noted between the figures in the Financial Statements and those derived from the source documents (Payment Vouchers) submitted. Also, an amount disclosed could not be justified.

2.11 Management Response

The CA responded that:

The following differences between the figures in the financial statement and those derived by the auditors from source document, some document were not located at the time of audit inspection.

The administration has corrected the mis-posting and errors with the financial statement and schedules submitted. There are now available for your verification.

2.12 Committee's Recommendation

The Committee recommends the following:

That all documents pertaining to the authorization, receipt of goods or services and payment of expenditure should be retained for audit inspection and references. This would help to ensure that expenses are correctly recorded and properly accounted for. In addition, the relevant supporting documents should be produced within 30 days after the adoption of this report by Parliament otherwise the full amount must be refunded into the Council's Account by the authorities involved.

Differences identified must be investigated and action taken to correct the figures in the Financial Statement.

2.13 Withholding tax not deducted and paid to NRA

Findings

Withholding taxes, totalling Le2M, were not deducted at source and paid to NRA.

2.14 Management Response

The CA responds that:

There was some delay in the payment but it has been rectified. The documents are ready for your verification.

2.15 Committee's Recommendations:

That the CA must ensure that the Withholding Tax of Le2, 000,000.00 is paid over to the NRA with immediate effect within 30 days after the adoption of this report by Parliament and evidence of receipt forwarded to the ASSL for verification.

2.16 Poor stores management and supervision

Findings

A number of lapses were observed in the management and supervision of the Council's store.

2.17 Management Response

The CA responded that:

Council noted with great concerns your findings and recommendations. The M&E Officer and a senior officer were always checking Regular stock – taking was done because there are items in the store that are demanded for daily usage. They are now available for your verification.

2.18 Committee's Recommendations

The Committee recommends with immediate effect:

- ***A trained and qualified Store Keeper is employed to man the operations of the store.***
- ***The CA should ensure that the Store Keeper is frequently supervised by the Accountant and a Supervision Report prepared and retained by the Council.***
- ***A stock-taking exercise is carried out on a regularly basis.***
- ***The Store Keeper should ensure that the Allocated Stores Ledger, Store Issue Vouchers and the Stores Requisitions are maintained.***
- ***The Store Keeper should ensure that copies of Delivery Notes are retained for inspection.***

2.19 Assets register not properly maintained

Findings

The Assets Register was not updated for the period under review.

2.20 Management Response

The CA responded that:

A comprehensive and updated fixed Asset register is now maintained which will be available on your request.

2.21 Committee's Recommendations

The Committee recommends as follows:

- (i) The Chief Administrator should ensure that the Finance Officer records all Assets and other tangible items owned by the Council in the Assets Register and such record should include the name of the asset/item, cost, date of purchase, code/identification number, individual location and total quantity held, and whether they were inherited, donated or purchased by the Council.*
- (ii) Regular verification exercises must be conducted by the Chief Administrator to ensure that all Assets recorded in the Assets Register are in existence.*

2.22 Internal audit unit

Findings

The Internal Audit Unit is grossly understaffed.

2.23 Management Response

The CA responded that:

- Council has established an Audit Committee that is charged with the responsibility of monitoring and supervising the work of the Internal Audit Department.
- All Internal Audit Assignment are planned and documented for reference and compliance monitoring purposes.

- The Internal Audit Report will be submitted to the minister in accordance with section 84 (4) of the LGA, 2004.
- All working papers and files for the Internal Audit Assignment are always maintained.
- Council will always ensure to answering all Internal Audit report and follow the Recommendations.
- The Internal Auditor was sent on refresher Training in Auditing and Basic Principles on Procurement for the period under review.

2.24 Committee's Recommendations

The Committee recommends as follows:

- (i) The Council should establish an Audit Committee that is charged with the responsibility of approving the department's work plans, reviewing reports and monitoring the implementation of all audit recommendations;***
- (ii) Executions of Internal Audit assignments should be properly planned and documented;***
- (iii) Working Paper Files referred to in bullet (iii) of paragraph 6.2 above, should be maintained for all audit assignments conducted by the department;***
- (iv) All Internal Audit Reports must be submitted to both the Council and the Minister in accordance with Section 84 (3 & 4) of the LGA, 2004;***
- (v) The Internal Audit Reports must be answered to by the Council; and***
- (vi) The Internal Auditor and other staff within the department should be sent on training regularly, to keep abreast with Current Professional Developments and to make meaningful contributions towards the development of the Council.***

2.25 Unpresented documents

Findings

Some Accountable Documents were not made available for audit inspection.

2.26 Management Response

The CA responded that:

Relevant documents (income and expenditure) in respect of the EU Project has now been put in place and ready for your inspection.

2.27 Committee's Recommendations

The Committee recommends as follows:

- *The CA should ensure that a proper system exist for the safe custody of all Accountable Documents by putting shelves and control ledgers in place to monitor the inward and outward movements of documents.*
- *The above cheque stubs and documents in respect of the EU Project should be made available for inspection to avoid attracting Section 18 (1) of the Audit Service Act 1998.*

2.28 Inadequate details on cheque stubs

Findings

Details on some cheque stubs were not adequate.

2.29 Management Response

The CA responded that:

Payment totalling Le120, 143,000 were made by cheque but the cheque stubs lacked payees name and purpose for which the cheques were withdrawn this has now been put place and ready for your Audit Inspection.

2.30 Committee's Recommendations

The Committee recommends as follows:

That all expenditure details in respect of cheque stubs must be made available for inspection within 30 days after adoption of this report by Parliament; failing which the amount involved must be recovered from officers concerned and paid into the Consolidated Revenue Fund. In addition, the CA must always ensure that for all cheque payments, the payees' details are reflected on the cheque stubs, and this must agree with the details on the related bills or vouchers.

2.30 Review of minutes

Findings

Recommendations in some Council Minutes were not implemented by the Council.

2.31 Management Response

The CA responded that:

Council in accordance with the Local Government Act 2004 can only implement Lawful Decision taken in council. Some suggestions in council may not be lawful and can be abandoned in its infant stage it could be possible that the Task Force Committee was not legally constituted and did not bring any appropriate report implicitly the mandate given was not carried out.

In view of the above, no lawful decision was taken for action, for the case in question rendering the Council armless to take necessary action

2.31 Committee's Recommendation

The Committee recommends as follows:

The Investigation Report from the Task Force Committee must be submitted for inspection within 30 days after the adoption of this report by Parliament to avoid attracting Section 18 (1) of the Audit Service Act 1998. In future, all decisions taken in Council's Meetings must be implemented and to the letter.

3.0 BONTHE MUNICIPAL COUNCIL

3.1 Procurement procedures not followed

Findings:

Procurement procedures were not followed for goods, works, and services amounting to **Le411, 985,000.00**. Procurement documents, totalling **Le287, 494,235.00**, were not available for inspection.

3.2 Management Response

The CA responded that:

- A file movement card is now maintained that will record the inward/outward movement of files and records.
- The documents observed by the Audit team are available for inspection
- All purchases below the Le60m threshold are supported by 3 RFQs
- A book of Registered Contractors is maintained by the Council and the Council will only deal with its Registered Contractors.

3.3 Committee's Recommendations

The Committee recommends as follows:

- i. The Chief Administrator must ensure that a File Movement Card is maintained that will record the inward/outward movement of files and records.*
- ii. The above documents are made available for inspection; failing which the amounts involved must be refunded and paid back into the CRF.*
- iii. The Procurement Officer must ensure that all purchases below the Le60M threshold are supported by a minimum of three (3) RFQs.*
- iv. A List of Registered Contractors must be maintained by the Council. In addition, it is recommended that the Council only deals with its Registered Contractors.*

3.4 Inadequate control over the general processing of payment vouchers

Findings:

Various payments were not supported by the relevant documentary evidence.

3.5 Management Response

The CA responded that:

Some of the supporting documents were not available during the time of audit inspection. However necessary action has been taken to attach all the supporting documents for audit inspection.

Loan of Le2, 000,000.00 given to Deputy Chief Administrator is irrecoverable since council has approved a motion that the amount of Le2, 000,000.00 given to Deputy Chief Administrator be regarded as a gift for wedding and not on loan.

3.6 Committee's Recommendations

The Committee recommends that CA must ensure that:

- a) All documents pertaining to the authorization, receipt of goods or services, retirement details and payment of expenditure*

should be retained for audit inspection and references. This would help to ensure that expenses are correctly recorded and properly accounted for.

b) In addition, the relevant supporting documents in respect of transactions referred to in paragraph 3.2 should be produced within 30 days of receipt of this report; otherwise Section 18 (1) of the Audit Service Act 1998 will be invoked.

c) A Loan Policy is developed. Loan of Le2, 000,000.00 should be recovered from the Deputy CA within 30 days of receipt of this report and receipt details forwarded for my verification.

3.7 Inadequate control over collection, recording and reporting of financial transactions

Findings:

Revenue Collectors and Agents were not adequately monitored and procedures were not enforced or followed. Revenue recorded in Cash Book differs from Actual Revenue on Receipt Books by **Le21, 564,900**.

3.8 Management Response

The CA responded that:

- The revenue collectors are adequately monitored and systems of controls are put in place to assess their performance.
 - Details on receipts and cash books are reconciled at the end of every month.
 - The cash book total is Le29,376,030
 - The Total receipts in the Cash Book = 20,596,430
 - Total Market dues in the cash book = 3,691,600
 - Total Donation in the cash book = 5, 093,000
- 29,376,030**

3.9 Committee's Recommendations

The Committee recommends as follows:

The Chief Administrator (CA) must ensure that controls over the collection, recording and reporting of financial transactions are adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence. Immediate action must be taken on the following:

- i. The revenue collectors and agents are adequately monitored and a mechanism put in place to assess their performance.***

- ii. Details on Receipt and Cash Books should be reconciled and all discrepancies investigated. In addition, the Chief Administrator should forward the evidence of reconciliation together with all the supporting documents, to my office for verification within 30 days of receipt of this report.***

- iii. The receipts in respect of Le21,564,900.00 should be submitted to my office for verification; otherwise the amount involved should be refunded within 30 (thirty) days of receipt of this report and evidence of payment forwarded to my office for verification.***

3.10 Poor financial performance

Findings:

Differences were noted between the figures in the Financial Statements and those derived from the source documents and records submitted.

3.11 Management Response

The CA responded that:

Differences identified have been investigated and necessary action already taken on the correction of figures in the Financial Statement.

3.12 Committee's Recommendation

That the differences identified must be investigated and action taken to correct the figures in the Financial Statement within 30 days after the adoption of this report by Parliament.

3.14 Sitting fees to councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le43, 791,000.00** recognised in the Financial Statements as Sitting Fees.

3.15 Management Response

The CA responded that:

An amount of Le43, 791,000.00 recognized in the Financial Statement as sitting fees and allowance for the year ended 2010 is justified by both Ministry of Finance and economic development and Ministry of Local Government and Rural development. Bonthe Municipal Council has 12 Councillors and Mayor totalling 13. The sitting fees and transport allowance for the above number of councillors and Mayor are as follows:

1 st Qtr transfer of Councillors sitting fees & Allowance	10,947,750.00
2 nd Qtr transfer of Councillors sitting fees & allowance	10,947,750.00
3 rd Qtr transfer of Councillors sitting fees & Allowance	10,947,750.00
4 th Qtr transfer of Councillors sitting fees & allowance	10,947,750.00
TOTAL	Le <u>43,791,000.00</u>

Payment of Le11, 540,000.00 to absentee Councillors as sitting fees and allowance have reasonable and genuine from Council before payment was effected.

3.16 Committee's Recommendations

The Chief Administrator must ensure the following:

- (i) Payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by the MLGRD, after consulting the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA, 2004;***
- (ii) The guidelines issued by the MLGRD in respect of the Sitting Fees paid to Councillors, should be forwarded to my office for verification; otherwise the sum recognised in the Financial Statements of Le43,791,000.00 should be refunded within 30 (thirty) days of receipt of this report;***
- (iii) The Sitting Fees of Le11, 540,000.00, paid to Absentee Councillors, should be recovered immediately and evidence of recovery forwarded to my office for verification.***

3.17 Payments of salary to staff

Findings:

Staff Lists were not available for inspection. Also, some staff failed to sign the Daily Attendance Register.

3.18 Management Response

The CA responded that:

The staff list of both Core staff and casual workers are available for inspection.

3.19 Committee's Recommendations

The Committee recommends as follows:

- i. The staff list for both core staff and casual workers are made available for inspection.***
- ii. The daily attendance register is signed by all staff.***

3.20 Non compliance with NASSIT and income tax acts

Findings:

Deductions of NASSIT and PAYE were not paid over to the relevant authorities.

3.31 Management Response

The CA responds that:

Necessary action has been taken to ensure that all deduction due NASSIT and NRA are paid and receipt details forwarded to your office for verification.

3.32 Committee's Recommendations

The Committee recommends as follows:

The CA should ensure that the deductions are paid to NASSIT and NRA respectively at the end of every month and receipt details forwarded to the Audit General's Office for verification.

3.33 Internal audit unit not effective

Findings:

The Internal Audit Unit did not have a charter and work plan for the period under review.

3.34 Management Response

The CA responded that:

1. The Internal Audit Committee is already established.
2. Action points on the Audit observation noted.
3. The IPFMRU is responsible for the training of head of Internal Audit.

3.35 Committee's Recommendations

The Committee recommends as follows:

- (i) The Council should establish an Audit Committee that is charged with the responsibility of approving the department's work plans, reviewing reports and monitoring the implementation of all audit recommendations;*
- (ii) Executions of Internal Audit assignments should be properly planned and documented;*
- (iii) Working Paper Files referred to in bullet (iii) of paragraph 6.2 above, should be maintained for all audit assignments conducted by the department;*
- (iv) All Internal Audit Reports must be submitted to both the Council and the Minister in accordance with Section 84 (3 & 4) of the LGA, 2004;*
- (v) The Internal Audit Reports must be answered to by the Council; and*
- (vi) The Internal Auditor and other staff within the department should be regularly trained in order to be abreast with Current Professional.*
- (vii) Developments and to make meaningful contributions towards the development of the Council's internal control procedures.*

3.36 Stores management and supervision

Findings:

A number of lapses were observed in the management and supervision of the Council's Stores.

3.37 Management Response

The CA responded that:

The Establishment Committee of Council has taken your recommendation for the recruitment of a trained and qualified store keeper.

3.38 Committee's Recommendations

The Committee recommends that with immediate effect:

- *A trained and qualified Store Keeper is employed to man the operations of the store.*
- *The CA should ensure that the Store Keeper is frequently supervised by the Accountant and a Supervision Report prepared and retained by the Council.*
- *A stock-taking exercise is carried out on a regularly basis.*
- *The Store Keeper should ensure that the Allocated Stores Ledger, Store Issue Vouchers, Stores Requisitions are maintained.*
- *The Store Keeper should ensure that copies of Delivery Notes are retained for inspection.*

3.39 Unused suppliers/customers receipt

Findings:

Unused Suppliers/Customers Receipts were found on files in the Council.

3.40 Management Response

The CA responded that:

The Chief Administrator is unaware of unused suppliers receipts maintained/ retained in the council files. However, it would be ensured that such receipts are removed from the council files immediately.

3.41 Committee's Recommendation:

The Committee recommends that the CA should explain why unused Suppliers receipts were maintained/retained in the Councils' files and of this must be forwarded the Committee within 30 days after the adoption of this report by Parliament.

4.0. BONTHE DISTRICT COUNCIL

4.1 Procurement procedures not followed

Findings:

Procurement procedures were not followed for goods, works, and services amounting to **Le672, 541,680**.

4.2 Management Response

The CA responded that:

The Bonthe District Council Procurement Unit has put in place as specified in chapter 6: - 6.4 of the Public procurement Manual for (RFQ) to follow all steps i.e. collecting of at least three (3) quotations before award of such contract/release of LPO's to suppliers.

The Procurement Unit has established a Filing/Records management system of contractors and suppliers as inscribed in chapter 3:2.2 of the Public Procurement Manual of 2006. This document is now accessible at any time for audit/record purposes. The Unit will further ensure/advice council that only contractors and suppliers that meet all Government conditions of contract will be considered for contracts. The same procedure for the use of correct documentations and procedures is now in place for the use of funds committed to the Bonthe District Council. This is to ensure compliance and allow competition and fairness in the whole process

4.3 Committee's Recommendations

The Committee recommends as follows:

- i. The Chief Administrator should ensure that a File Movement Card is maintained that will record the inward/outward movement of files and records.*
- ii. The above documents are made available for inspection; failing which the amounts involved must be refunded and paid back into the CRF*
- iii. The Procurement Officer should ensure that all purchases below the Le60M threshold are supported by a minimum of three (3) RFQs.*
- iv. A List of Registered Contractors must be maintained by the Council. In addition, it is recommended that the Council only deals with its Registered Contractors.*

4.4 Inadequate control over the general processing of payment vouchers

Findings:

Various payments were not supported by the relevant documentary evidence. A Loans Policy was not in place and loans to staff were not recovered. Disbursement details in respect of Surface Rent, totalling **Le125, 108,000.00**, were not available.

4.5 Management Response

The CA responded that:

As at the time of audit, the supporting documents for expenditures incurred in respect of Health, education, Administration and other Grants were not comprehensively packed for easy accessibility in the office, but after receiving the audit report, efforts have been put in place to collate all these documents and put them in a labelled files which can now be easily accessed.

Initially the pet forms and requisition forms were filed separately, during the audit period these documents were not requested for until the time of departure; it was however submitted for which they signed for as evidence.

There is absolute control over the processing of payment vouchers as all authorities concern sign the PVC and recipients append their signatures at the time of collecting cheques.

Loans are normally deducted from quarterly allowances; there was a delay in remitting funds from LGFD to council which necessitated the delay in the deduction of these loans. In any case these loans were deducted immediately funds were available and this can be verified in the loan register that is possession of the Finance Officer of Council.

The non retirement of Imprest (Petty Cash) was caused by the low financial level of the Finance Clerk at the time of audit. A new financial clerk has been recruited with vast knowledge in accounting and practical finances and hence proper retirement and supervision system has now been put in place.

About the surface rent, the cheque in question was deposited into the Council's account at the community bank in Mattru Jong. Before any own source revenue is disbursed, there must be an approval sort from the councillors in a council meeting. Suffice it to say that all these documents were available in the office for inspection but it coincided with the period where the custodian (accountant) of those documents was not in the office to provide them for audit purposes. In future these documents will be made available for inspection.

4.6 Committee's Recommendations

The Committee recommends the following:

- i. All documents pertaining to the authorization, receipt of goods or services and payment of expenditure should be retained for audit inspection and references. This would help to ensure that expenses are correctly recorded and properly accounted for.***

- ii. In addition, the relevant supporting documents should be produced within 30 (thirty) days after the adoption of this report by Parliament otherwise the full amounts must be recovered from those concerned and paid into the council's CRF.*

4.7 Inadequate control over collection, recording and reporting of financial transactions

Findings:

A database on Own Source Revenue Stream was not maintained. Revenue Collectors and Agents were not adequately monitored and procedures were not enforced or followed. Variances were observed between revenue figures disclosed in the Financial Statement and General Receipts issued.

4.8 Management Response

The CA responded that:

Council uses a separate revenue cash book which is referred to as main receipt cash book by courtesy of PRMRU regulations. All revenue collected are recorded in this book which can be made available for inspection at any time.

All bids that were sold by the finance officer were deposited at the bank. The figures quoted in the draft document were not those bids that were sold but the left over or unsold bids which amounted to that figure. However in future council will ensure that proper documentations are put in place for audit purpose.

At the moment Bonthé District hasn't got a valuator, but LGSC is in the process of recruiting one, when once that is done the valuator will create a data base for revenue mobilization. The CA has instructed the finance officer to do the necessary adjustment to reflect non disclosure.

4.9 Committee's Recommendations

The Committee recommends as follows:

The Chief Administrator (CA) must ensure that controls over the collection, recording and reporting of financial transactions are adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence. Immediate action must be taken on the following:

- i. The revenue collectors and agents are adequately monitored and a mechanism put in place to assess their performance.***
- ii. The assessment for a revenue mobilization is done. This will help the Council to create a database for all own-source revenue streams and facilitate the preparation of a realistic budget.***
- iii. The amounts, totalling Le1, 250,000.00 and Le1,871,549.00 are accounted for by those concerned within 30 days after the adoption of this report by Parliament and receipt details forwarded ASSL for verification.***
- iv. The Financial Statements should be adjusted accordingly to reflect the non disclosures.***

4.10 Poor financial performance

Findings:

Differences were noted between the figures in the Financial Statements and those derived from the source documents and records submitted. Variances were also observed between Budgeted figures and Actual figures.

4.11. Management Response

The CA responds that:

The differences on the financial statements and the payment vouchers were caused by mis-posting by the bank thus creating those differences. These differences again must have been caused by bank charges, cost of cheque books, COT which are all expenditures in the financial statement. The bank has been contacted to rectify this problem.

4.12. Committee's Recommendation

The Committee recommends that the differences identified must be investigated and action taken to correct the figures in the Financial Statement and report forward to the Committee within 30 days after the adoption of this report by Parliament.

4.23. Sitting fees and allowances to councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le54.6million** recognised in the Financial Statements as Sitting Fees.

4.24. Committee's Recommendations

The following were recommended by the Committee and that the Chief Administrator must ensure the following:

- i. The payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by the MLGRD, after consultation with the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA, 2004;***
- ii. The guidelines issued by the MLGRD in respect of the amount recognised as Sitting Fees in the Financial Statements, should be forwarded to my office for verification; otherwise the sum recognised in the Financial Statements of Le54,624,375.00 should be refunded within 30 (thirty) days after the adoption of this report by Parliament;***

iii. Details of recipients in respect of Le36,224,000.00 and Le11,000,000.00 paid to Councillors and Ward Committee, should be made available for inspection; otherwise the total amount should be refunded within 30 (thirty) days after the adoption of this report by Parliament.

4.25. Payment of salaries to staff

Findings:

Unclaimed salaries, totalling **Le3, 944,236.00** was not paid over into the Council's Account. Also, salaries, totalling **Le37, 007,000.00**, was alleged to have been paid to staff for which the signed paid-up Vouchers were not available for inspection.

4.26. Management Response

The CA responded that:

Unclaimed salaries are not paid into council's account according to your expectations; instead unclaimed salaries are paid directly into the consolidated revenue. The unclaimed salary for Le3, 944,236.00 in favour Moses A. Sannoh was directly paid back into the consolidated revenue account (Accountant General's Department.) evidence of receipt is available for inspection.

Payment to chairman, core staff and junior staff was paid to all concern with duplicate copies signed by recipients and cheque numbers which are available in the office for inspection.

4.27. Committee's Recommendation:

The Committee recommends that any payment of the said amount to the respective employees must be forwarded for my perusal within 30 (thirty) days after the adoption of report by Parliament; otherwise the stated amounts (Le3,944,236.00 and Le37,007,000.00) must be paid back by the respective officer into the Consolidated Revenue Fund.

4.28. Non compliance with NASSIT and Income Tax Acts

Findings:

Deductions of NASSIT and PAYE were not paid over the relevant authorities.

4.29. Management Response

The CA responded that:

Payment of NASSIT and PAYE from staffs salaries are directly deducted from source by the Local Government Finance Department in the Ministry of Finance in Freetown. Council deducts only 5% tax on any amount to the tune of Le500, 000 (five hundred thousand Leones) which is paid to NRA directly of which there are receipts available in the office for inspections.

4.30. Committee's Recommendations

The Committee recommends as follows:

- i. Amounts due must be paid immediately to NASSIT and the NRA and receipt details should be submitted to my office for verification.*
- ii. By copy of this Report, the Director General NASSIT and Ag.Commissioner General NRA are requested to take the necessary action.*

4.31. Internal audit unit not effective

Findings:

The Internal Audit Unit did not have a charter and work plan for the period under review.

4.32. Management Response

The CA responded that:

Prior to the period of audit under review, there was no internal audit committee. Based on the recommendation, an internal audit committee has now been established charged with the responsibility of approving work plans, review reports and monitor the implementation of all audit recommendations.

The Internal auditor has prepared a work plan and all issues in the Internal report are been fully responded to accordingly.

4.33. Committee's Recommendations

The Committee endorses the recommendations of the Auditor General as follows:

- (i) The Council should establish an Audit Committee that is charged with the responsibility of approving the department's work plans, reviewing reports and monitoring the implementation of all audit recommendations;***
- (ii) Executions of Internal Audit assignments should be properly planned and documented;***
- (iii) Working Paper Files referred to in bullet (iii) of paragraph 6.2 above, should be maintained for all audit assignments conducted by the department;***
- (iv) All Internal Audit Reports must be submitted to both the Council and the Minister in accordance with Section 84 (3 & 4) of the LGA, 2004;***
- (v) The issues in the Internal Audit Reports must be responded to by the Council; and***

(vi) The Internal Auditor and other staff within the department should be sent on regular training so as to be abreast with Current Professional Developments and to make meaningful contributions towards the development of the Council

4.34. Stores management and supervision

Findings:

A number of lapses were observed in the management and supervision of the Council's store.

4.35. Management Response

The CA responded that:

Council is sourcing funds to recruit an experience store keeper to mane the operations of the store. The Accountant has been instructed by CA to properly supervise the present store keeper albeit with very little experience until the services of a qualified store keeper is acquired.

4.36. Committee's Recommendations

The Committee endorses the following recommendations with immediate actions taken:

- ***A trained and qualified Store Keeper is employed to man the operations of the store.***
- ***The CA should ensure that the Store Keeper is frequently supervised by the Accountant and a Supervision Report prepared and retained by the Council.***
- ***A stock-taking exercise is carried out on a regularly basis.***
- ***The Store Keeper should ensure that the Allocated Stores Ledger, Store Issue Vouchers, Stores Requisitions are maintained.***
- ***The Store Keeper should ensure that copies of Delivery Notes are retained for inspection.***

4.37. Assets register not properly maintained

Findings:

The Assets Register was not updated for the period under review.

4.38. Management Response

The CA responded that:

There is already an Inventory register in the council managed by the accountant and Human Resource Officer which is updated on a quarterly basis. The inventory register is available both in electronic copy and hard copy.

4.39. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure that the Finance Officer records all assets owned by the Council in the Inventory Register and such record should include the name of the asset, cost, date of purchase, code/identification number, individual location and total quantity held, and whether they were inherited, donated or purchased by the Council.

4.40. Business address of council's suppliers

Findings:

Some of the suppliers had no official address or business place.

4.41. Management Response

The CA responded that:

Bonthe District is a peculiar due to the difficult terrain both land and riveran which suppliers have to grapple with. Some areas are hard to go; as a result suppliers find it difficult to operate in the District. The few that can be easily reached for materials needed by council are illiterates and are not even bordered with addresses. The township of Mattru or houses are not numbered.

However in future, council will endeavour to work with suppliers that are with proper addresses where possible, even if council has to go outside the District in search of one. It is the intention of council to capacitate local suppliers but if that is the wish of the Auditors not to adhere to that intention, and then the wishes of the auditors will be carried out in future.

4.42. Committee's Recommendations

The Committee recommends the CA must forward an explanation for this anomaly within 30 (thirty) days after the adoption of this report by Parliament.

4.43. Personnel records

Findings:

Some of the Files were not updated with details such as Application Letters, Certificates, Leave Records, Acceptance Letters, Promotion Letters, Personal Emolument Records etc.

4.44. Management Response

The CA responded that:

The Chief Administrator has instructed the Human Resource Officer to put straight his documents as far as personnel files are concerned. As at the time of responding to draft Audit report all personnel files have been up dated by way of appointment letters, acceptance letters, personnel emolument records, leave records etc.

4.45. Committee's Recommendations:

The Committee endorses the recommendation of the Auditor General that the CA must ensure that all personnel files should contain all relevant documents pertaining to employees, such as:

1. Appointment Letters

- 2. *Acceptance letters***
- 3. *Promotion letters***
- 4. *Personal emolument records***
- 5. *Leave Records***
- 6. *Retirement Records***

5.0. MOYAMBA DISTRICT COUNCIL

5.1. Procurement procedures not followed

Findings:

Procurement procedures were not followed for goods, works and services.

5.2. Management Response

The CA responded that:

It is true that some of the Payment Vouchers related to procurement were not supported by three (3) Requests for Quotations (RFQs). This is so because the unaccepted RFQ's were in the files of the Procurement Officer which have been located and will be made available during the Audit verification.

However, we observed there was an oversight of Payment Vouchers that were already supported by 3 RFQs during the Audit exercise. The affected PVs are:

Sector	Date	PV No.	Chq. No.	Description	Payee	Amount (Le)
Education	13/1/10	769	617645	Repairs & Maintenance	M&J Carpentry Const. Ent.	8,554,750
	6/9/10	1724	01141570	Spares for Motor Bike	West World Com. Links	5,225,000
Primary Health	22/4/10	1357	00880561	Repairs	AS Auto spar	18,647,787

Payment for the procurement of stationery was base on a frame contract which was won by Alsam Enterprises for which quotations are not required during the supply. Quotations were only obtained during the bidding process. Documentations are available for verification. The affected payment vouchers are:

Sector	Date	PV No.	Chq. No.	Description	Payee	Amount (Le)
Education	19/3/10	780	756959	Cost of Stationery	Alsam Enterprises	4, 227, 500

Date	PV No.	Chq. No.	Descriptions	Payee	Amount Le
Primary Health Care					

25/2/10	582	620577	Cost of Stationery	Leonard .S. Bangura	4,892,500
Agriculture					
26/3/10	1124	-	Cost of Spare parts	David M. Komeh	4,550,000
Education					
24/6/10	800	756988	Cost of Stationery	Alpha Nemahun	2,361,700
2/7/10	1702	756991	Cost of Stationeries	Alpha Nemahun	4,227,000
17/8/10	1719	0114156 2	Repairs and Maintenance and Electrification of D.D. house.	Tennyson Salankole	3,560,600
Total					19,591,800

5.3. Committee's Recommendations

The Committee recommends as follows:

The Chief Administrator must ensure that the Procurement Officer should ensure that all purchases below the Le60M threshold are supported by a minimum of three (3) RFQs.

The Chief Administrator must explain why procurement totalling Le205,996,000.00, undertaken by the Council were not included in the annual procurement plan.

5.4. Inadequate control over the general processing of payment vouchers

Findings:

Various payments were not supported by the relevant documentary evidence. A Loans Policy was not in place and loans to staff were not recovered.

5.5. Management Response

The CA responded that:

It is true that adequate supporting documents were not submitted during the Audit exercise in respect of both administration and devolved function payment vouchers. This is due to the fact that during the audit period especially the interim audit, acquittals in respect of payment made to devolved functions were not submitted to Finance. However, devolved sectors have already submitted their acquittals with the relevant supporting documents which are now available for verification.

The issue of Loan Policy is noted and considerable progress is been made to develop a policy guidelines for Loans and Advances. Efforts have been made to retrieve loans of Le7, 656,222.00, obtained by staff and repayment methods have been agreed.

We have noted the issue of reports for payment made to Councillors for Revenue Mobilization and sensitization activities. It is an agenda item for the next Council Meeting. It is been hoped that after the scheduled meeting, councillors will be able to urgently submit progress report which will be forwarded during verification.

5.6. Committee's Recommendations

The Committee endorses the recommendations of the Auditor General as follows:

- i. All documents pertaining to the authorization, receipt of goods or services and payment of expenditure should be retained for audit inspection and references. This would help to ensure that expenses are correctly recorded and properly accounted for.***

- ii. In addition, the relevant supporting documents should be produced within 30 days of receipt of this report otherwise the full amount stated in paragraph 3.2 should be paid back into the council's account.*
- iii. Loans, totalling Le7, 656,222.00, should be recovered and paid into the council's account and payment details submitted to my office for verification.*

5.7. Inadequate control over collection, recording and reporting of financial transactions

Findings:

A database on Own Source Revenue Stream was not maintained. Revenue Collectors and Agents were not adequately monitored and procedures were not enforced or followed. Revenue recognized in the Financial Statements was understated by **Le5, 875,930.69**.

5.8. Management Response

The CA responded that:

- The issue of monitoring of revenue Collectors is noted and the following internal control measures have been put in place this year to rectify this anomaly.
- Payments for business, NGOs and CHOs registrations are now paid directly in to the Council's revenue account and pay – in slips forwarded to accounts.
- The Internal Audit unit is now doing monthly routine audits of the revenue collected.

- The Deputy Chief Administration is playing oversight function over the general collection of all revenue.

- We have noted the issue of cheques stubs either without description or amounts. Adequate measures have been put in place to prevent the reoccurrence of this anomaly.

5.9. Committee's Recommendations

The Committee recommends as follows:

The Chief Administrator (CA) should ensure that controls over collection, recording and reporting of financial transactions are adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence. Immediate action should be taken on the following:

- i. The CA should ensure revenue collectors and agents are adequately monitored and a mechanism put in place to assess their performance.***
- ii. The CA should ensure that an assessment of Revenue Mobilization is done. This will help the Council to create a database for all own-source revenue streams and facilitate the preparation of a realistic budget.***
- iii. The Finance Officer should ensure that for all cheque payments, the payee's details, purpose of expenditure, and amounts are reflected on the cheque stubs, and these must agree with the related bills or vouchers.***
- iv. The Financial Statements should be adjusted accordingly to reflect the Actual Revenue for the period under review.***

5.10. Poor financial performance

Findings:

Differences were noted between the figures in the Financial Statements and those derived from the source documents and records submitted. Variances were also observed between Budgeted figures and Actual figures.

5.11. Management Response

The CA responded that:

The query is relation to disagreement between figures in the Financial Statement and the relevant supporting schedules is due to the fact that the Financial Statement was prepared using the Petra Financial package which work with 27 digit chart of accounts codes provided by the Ministry of Finance. It is highly likely that the classification of the expenditure heading using Petra is different from how you might have classified your expenditure heads.

It is true that Council has not been able to meet its revenue targets as projected in the approved budget. Projections made for property rates were done with the intention that Council will be able to source external funding for the establishment of a property cadastre and data base which will give us a realistic picture of the types and values of properties we have in the district. Council was not able to source this funding which makes it impossible for the collection of property rate. In other for property owners to accept the payment of this rate, it is important that they know why they are paying and that payments are base on equity and fairness. However, your concerns are noted and alternative plans have been put in place to generate from this source.

5.12. Committee's Recommendations

The Committee recommends as follows:

- i. A reasonable explanation (together with any supporting evidence) in respect of the above shortfall should be forwarded to my office for verification.***

- ii. Differences identified must be investigated and action taken to correct the figures in the Financial Statement.*

5.13. Sitting fees and allowances to councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le108, 030,502.00** recognised in the Financial Statements as Sitting Fees.

5.14. Management Response

The CA responded that:

The payment of Councillors Sitting Fee and Travelling Allowances are provided for in the Local Government Act. We however agree on the absence of guidelines. This has been noted and will be communicated to MLGRD for appropriate actions

5.15. Committee's Recommendations

The Chief Administrator must ensure the following:

- i. The payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by the MLGRD, after consultation with the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA, 2004;*
- ii. The guidelines issued by the MLGRD in respect of the amount recognised as Sitting Fees in the Financial Statements, should be forwarded to my office for verification; otherwise the sum recognised in the Financial Statements of Le108, 030,502.00 should be refunded within 30 days of receipt of this report.*

5.16. of salary to staff

Findings:

Some staff failed to sign the Attendance Register for a reasonable period of Working hours. Unclaimed salaries, totalling **Le3, 944,236.00** was not paid over into the Council's Account. The signatures of some staff in the Salary Vouchers for the period were inconsistent.

5.17. Management Response

The CA responded that:

It is true that a good number of staff members were not signing attendance register during the period under review. This issue has been discussed at staff meetings and staff members have been duly informed about disciplinary actions as provided for in the newly reviewed Human Resource Guidelines for Local Council Staff. Great improvement has been achieved as indicated in the attendance register for 2011.

It is true that Bangalie Marrah and Lahai Macavoray failed to sign the payment voucher for August – September and July – September respectively which let you to believe that these monies were unclaimed salaries and should be paid back into CRF account. It was an oversight that they failed to sign and will be made available during verification.

We do note that indeed some signatures in the payment vouchers are inconsistent. The personnel concerned have re-signed the vouchers as acknowledgements of receipt of their salaries. However, it is not true that Lahai Macavoray has been transferred. Alex Cambay was still a council employee during the period under review but has now been transferred to Bo City Council effective January 2011. Esther Sovula resigned in 2009 and was not an employee of Council for the reviewed period, Christian Squire was employed by the Council and was receiving her salary until L.G.F.D finally rectified the action by bringing his name onboard.

5.18. Committee's Recommendations

The Committee endorses the following recommendations of the Auditor General:

- i) The CA should submit an explanation in respect of the above anomalies within 30 days of receipt of this report; otherwise the total of Le28,229,578.00 should be paid back by the Finance Officer and the CA into the Consolidated Revenue Fund.*

- ii) The CA should ensure that at all times staff signatures are consistent in all relevant documents.*

- iii) In cases where letter of authorities are accepted, the authorized persons should indicate “for” before signing their own names on the Salary Vouchers.*

- iv) The CA should ensure that unclaimed salaries, totalling Le3,944,236.00 are recovered and paid into the CRF.*

5.19. Non compliance with NASSIT and income tax acts

Findings:

Deductions of NASSIT and PAYE were not paid over the relevant authorities.

5.20. Management Response

The CA responded that:

The Chief Administrator in his response did agree that there were no evidences of NASSIT and PAYE payments for core staff during the audit. However NASSIT and PAYE deductions were made and paid directly to NASSIT and NRA by the Local Government Finance department (LGFDF) and the net salary sent to Council. We have noted this findings and LGFDF has been duly informed and receipt of such payments demanded.

5.21. Committee’s Recommendations

The Committee recommends that all statutory deduction due must be paid immediately to NASSIT and the NRA, and receipt details submitted to my office for verification.

5.22. Internal audit unit not effective

Findings:

The Internal Audit Unit did not have a charter and work plan for the period under review.

5.23. Management Response

The CA responded that:

- a. The audit committee has been formed and list filed
- b. The audit plan has been done and filed for verification
- c. The presentation of internal audit report to the Ministry will be surely adhered to for subsequent audit.
- d. The queries in the internal audit were done after your audit and they were the same concerns raised, and I expect him to have done that before your visit so that whatever queries we have should have been addressed before your arrival.

5.24. Committee's Recommendations

The Committee recommends as follows:

- (i) The Council should establish an Audit Committee that is charged with the responsibility of approving the department's work plans, reviewing reports and monitoring the implementation of all audit recommendations;***

- (ii) Executions of Internal Audit assignments should be properly planned and documented;*
- (iii) Working Paper Files referred to in bullet (iii) of paragraph 6.2 above, should be maintained for all audit assignments conducted by the department;*
- (iv) All Internal Audit Reports must be submitted to both the Council and the Minister in accordance with Section 84 (3 & 4) of the LGA, 2004;*
- (v) The issues in the Internal Audit Reports must be responded to by the Council; and*
- (vi) The Internal Auditor and other staff within the department should be sent on regular training so as to be abreast with Current Professional Developments and to make meaningful contributions towards the development of the Council.*

5.25. Stores management and supervision

Findings:

A number of lapses were observed in the management and supervision of the Council's store.

5.26. Management Response

The CA responded:

This is noted and the necessary actions and recommendations will be adopted to ensure best practices.

5.27. Committee's Recommendations:

The Committee recommends that with immediate effect:

- ***A trained and qualified Store Keeper is employed to man the operations of the store.***
- ***The CA should ensure that the Store Keeper is frequently supervised by the Accountant and a Supervision Report prepared and retained by the Council.***
- ***A stock-taking exercise is carried out on a regularly basis.***

- ***The Store Keeper should ensure that the Allocated Stores Ledger, Store Issue Vouchers, Stores Requisitions are maintained.***
- ***The Store Keeper should ensure that copies of Delivery Notes are retained for inspection.***

5.28. Assets register not properly maintained

Findings:

The Assets Register was not updated for the period under review.

5.29. Management Response

The CA responded that:

They agreed that an asset register did not capture the cost of asset and date of acquisition. This was because most of these assets were devolved or donated to Council and as such the required information was not available. However, cost and date of asset acquired by Council have already been captured following the receipt of the Management Letter.

5.30. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure that the Finance Officer records all assets owned by the Council in the Inventory

Register and such record should include the name of the asset, cost, date of purchase, code/identification number, individual location and total quantity held, and whether they were inherited, donated or purchased by the Council.

6.0. PUJEHUN DISTRICT COUNCIL

6.1. Sitting fees paid to absentee councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le96, 847,500.00** recognised in the Financial Statements as Sitting Fees.

6.2. Management Response

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.

6.3. Committee’s Recommendations

The Committee endorses the recommendation of the Auditor General as follows:

The Chief Administrator must ensure the following:

- i. Payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by the MLGRD, after consulting the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA, 2004;*
- ii. The guidelines issued by the MLGRD in respect of the Sitting Fees paid to Councillors, should be forwarded to my office for verification; otherwise the sum recognised in the Financial Statements of*

Le96,847,500.00 should be refunded within 30 days after the adoption of this report by Parliament.

- iii. The sums of Le32,800,000.00 and Le2,795,625.00, should be recovered immediately and paid into the CRF.***

6.4. Poor financial performance

Findings:

Revenue under-collection amounted to **Le210.10 million**. Differences were noted between the figures in the Financial Statements and those derived from the source documents and records submitted. A total of **Le10, 128,000.00** recorded in the Financial Statement as expenditure on cost Recovery was not included in the approved budget.

6.5. Management Response

*The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “**Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General**”.*

6.6. Committee’s Recommendations

The Committee endorses the following recommendations of the Auditor General:

- i. The Chief Administrator should ensure that an assessment for revenue mobilization drive is done. This will help the Council to create a database for all own-source revenue streams and facilitate the preparation of a realistic budget.***
- ii. The monitoring and supervision of revenue collection should be enhanced to ensure that all revenue generated is brought to account.***

- iii. Differences identified must be investigated and action taken to correct the figures in the Financial Statement**

6.7. Internal Audit Unit not effective

Findings:

The Internal Audit Unit did not have a charter and work plan for the period under review.

6.8. Management Response

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.

6.9. Committee’s Recommendations

The Committee endorses the following recommendations of the Auditor General:

- i. The Council in collaboration with the Director of Internal Audit at the Ministry of Finance and Economic Development and other key stakeholders should immediately design a charter stating the scope, responsibilities, purpose and rights of the department.***
- ii. All Internal Audit Reports must be submitted to both the Council and the Minister in accordance with Section 84 (3 & 4) of the LGA, 2004.***
- iii. The issues in the Internal Audit Reports must be responded to by the Council.***

6.10. Procurement procedures not followed

Findings:

Procurement procedures were not followed for goods, works and services.

6.11. Management Response

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.

6.12. Committee’s Recommendations

The Committee endorses the following recommendations of the Auditor General:

- i. A List of Registered Contractors must be maintained by the Council. In addition, it is recommended that the Council only deals with its Registered Contractors.*
- ii. The Procurement Officer should ensure that all purchases below the Le60M threshold are supported by a minimum of three (3) RFQs.*
- iii. Procurement documents, totalling Le772,950,525.00, and delivery notes for goods, totalling Le629,807,228.00, should be submitted to my office for inspection within 30 (thirty) days after the adoption of this report by Parliament.*

6.13. Inadequate control over the general processing of payment vouchers

Findings:

Various payments, totalling **Le537, 855,558.25**, were not supported by the relevant documentary evidence.

6.14. Management Response

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.

6.15. Committee’s Recommendations

The Chief Administrator must ensure that:

- a) All documents pertaining to the authorization, receipt of goods or services, retirement details and payment of expenditure should be retained for audit inspection and references. This would help to ensure that expenses are correctly recorded and properly accounted for.***
- b) In addition, the relevant supporting documents in respect of transactions referred to in paragraph 6.2 should be produced within 30 days of receipt of this report; otherwise Section 18 (1) of the Audit Service Act 1998 will be invoked.***
- c) Loans, totalling Le14,457,000.00, should be recovered and paid into the council’s account and payment details submitted to the Committee for verification within 30 days after the adoption of this report by Parliament.***

6.16. Non compliance with NASSIT and income tax acts

Findings:

Deductions of NASSIT and PAYE were not paid over the relevant authorities.

6.17. Management Response

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which

states that: **“Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.**

6.18. Committee’s Recommendations

The Committee recommends that all statutory deductions due must be paid immediately to NASSIT and the NRA and receipt details should be submitted to the Auditor General office for verification.

6.19. Personnel records

Findings:

Staff performance appraisal and performance evaluation documents were absent.

6.20. Management Response

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.

6.21. Committee’s Recommendations

The Committee recommends that the Chief Administrator must ensure that staff performance appraisal and evaluation documents are kept in personnel files. This will help the management of the Council to make recommendation for staff promotion and transfer.

6.22. Inadequate control over collection, recording and reporting of financial transactions

Findings:

A database on Own Source Revenue Stream was not maintained. Revenue Collectors and Agents were not adequately monitored and procedures were not enforced or

followed. Variances were observed between revenue figures disclosed in the Financial Statement and General Receipts issued. Proceeds from sale of bids were not brought to account.

6.23. Management Response

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.

6.24. Committee’s Recommendations

The Chief Administrator (CA) must ensure that controls over collection, recording and reporting of financial transactions are adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence. Immediate action must be taken on the following:

- i. The revenue collectors and agents are adequately monitored and a mechanism put in place to assess their performance.*
- ii. An assessment for a revenue mobilization is done. This will help the Council to create a database for all own-source revenue streams and facilitate the preparation of a realistic budget.*
- iii. Receipts in respect of Le12,569,656.00, should be submitted to Auditor General’s office for verification within 30 days after the adoption of this report by Parliament.*
- iv. The amount, totalling Le900,000.00, is accounted for by the Finance Officer within 30 days after the adoption of this report by*

Parliament and receipt details forwarded to Auditor General's office for verification.

- v. The Financial Statements should be adjusted accordingly to reflect the non disclosures.***

6.25. Assets register not properly maintained

Findings:

The Assets Register was not updated for the period under review.

6.26. Management Response

*The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: **“Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.***

6.27. Committee's Recommendations

The Committee endorses the following Auditor General's recommendations:

- i. The Chief Administrator must ensure that the Finance Officer records all assets owned by the Council in the Inventory Register and such record should include the name of the asset, cost, date of purchase, code/identification number, individual location and total quantity held, and whether they were inherited, donated or purchased by the Council.***
- ii. The movement of assets should be closely monitored and supervised by the Council.***

7.0. KENEMA CITY COUNCIL

7.1. Procurement procedures not followed

Findings:

Adequate and appropriate procurement procedures were not followed for goods, works and services totalling **Le381 Million**.

7.2. Management Response

The CA responded that:

- Rehabilitation of hospital corridor (PV1627) and rehabilitation of ward six (6) and operating theatre (PV1626), it is but important to note that the Government Hospital was delegated to Council by mid 2010 (JUNE) When most of the transactions were done at Central/through Hospital Management. This indicates that most of the activities were in progress before the hospital was finally delegated to Council. Hence the reason why Request for Quotations from three bidders were not produced by the Council at the time of 2010 audit.

- For transactions relating to PV No. 248 (Materials for agriculture activities) with a total cost of **Le12, 700,000**, the related documents are available but due to poor filing system, they were detached from the original PV at the time of the audit. However, this can be made available at any time required.
- In the place of Advance Payment Guarantee, a Delivery Note is not required for contracts except Receipts. However, for the two contracts mentioned, receipts are available. Importantly again, the two contracts mentioned above are considered as small works ranging from Le1,000,000 to Le150,000,000 and for which Council used the RFQ (Request for Quotation) method. Even though these were small works Council still demanded for Advance Payment Guarantee, copies of which are available

7.3. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) The Procurement Officer, in implementing the RFQ technique, should request quotations in writing from at least three bidders, in accordance with Section 45 (1) and the First Schedule of the PPA, 2004;***
- (ii) The usage of all Advanced Payments made to contractors should be in accordance with the terms and conditions of the contract; and***
- (iii) An explanation (together with the supporting evidence) on why the above procurement procedures (highlighted in paragraph 2.2) were not followed, should be forwarded to my office for verification; otherwise the total procurement cost of Le209, 082, 295.00 should be refunded within thirty (30) days after the adoption of this report by Parliament.***

7.4. Poor financial performance

Findings:

Revenue under-collection for the period under review amounted to **Le321 million**.

7.5. Management Response

The CA responded:

Indeed, the findings as mentioned in the Management Letter stand to be correct but we must also recognize the fact that these were just mere estimates. Added to the above, Council is always finding problems with tax payers in the area of compliance and because of low compliance the estimated amount could not be achieved. Furthermore, the Chiefdom Administration has never complied in the payment of Precept (40%) to Council as stated in the Local Government Act of 2004 even though this is always budgeted for. All these serve as militating factors for council not to have achieved the projected revenue.

7.6. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) An assessment for the mobilization and drive of revenue should be done. This will help to create a database for all own-source revenue streams and facilitate the preparation of a realistic budget. In addition, monitoring and supervision of revenue collection should be enhanced to ensure that all revenue generated is brought to account; and***

- (ii) A reasonable explanation (together with the supporting evidence) in respect of the 29% shortfall in revenue collection should be forwarded to Auditor General's office for verification.***

7.7. Sitting fees paid to Absentee Councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le48.8 million** recognised in the Financial Statements as Sitting Fees.

7.8. Management Response

The CA responded that:

In the case of Sitting Fees paid to Councilors, Council always receive advice from the Local Government Finance Department (LGFD), clearly stating the names of Councillors, the amount to be paid to each Councillor as well as the core staff. In respect of the above therefore, there is justification for the **Le48, 849,000.00** paid as Sitting Fees because the names of these Councilors who are paid by LGDF are gazette.

It has always been a problem for the Mayor and Councillors on official assignments to attend full Council meetings though a letter of invitation needs to be produced, however, in most instances there have always been direct telephone calls for most of the meetings organized in Freetown and elsewhere where invitation letters are not produced. In addition to the above some Councilors had come late for meetings who might have forgotten to sign the attendance register by mere oversight.

7.9. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) The payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by the MLGRD, after consultation with the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA, 2004;***
- (ii) The guidelines issued by the MLGRD in respect of the payment of the above Sitting Fees, should be forwarded to my office for verification; otherwise the sum recognised in the Financial Statements of Le48,***

849,000.00 should be refunded within thirty (30) days of receipt of this report; and

(iii) The Sitting Fees of Le7, 050,875.00 paid to Absentee Councillors, should be recovered immediately and evidence of recovery forwarded to my office for verification.

7.10. Inadequate control over the general processing of Payment Vouchers

Findings:

Payments totalling **Le135.5 million** were not supported by the relevant documentary evidence.

7.11. Management Response

The CA responded that:

We critically examined most of these findings where it was alleged that most of the transactions mentioned lacked the necessary supporting documents and realized that, in the first place, the transaction relating to **PV4930 (Le2, 375,000.00)** was doubled which resultant effect might have inflated the total amount of **Le135, 530,722.00**. This needs to be rectified by the Audit Service Sierra Leone. For most of the transactions quoted as having no supporting documents, we realized that it was as a result of poor filing system. However, for the under mentioned PVs the necessary supporting documents have now been traced and photocopies are now attached to this response:

Date	PV. No	Amount (Le)	Comment
05/03/10	237	4, 123,000	receipt attached

27/03/10	248	12,065,000	Receipt attached
09/07/10	1495	14,487,000	Receipt attached
05/08/10	1500	14,304,934	Receipt attached
06/04/10	4930	2,375,000	Receipt attached
08/11/10	1966	3,150,000	Necessary supporting documents now attached
08/11/10	1989	1,800,000	„
20/04/10	1968	2,940,000	„
28/07/10	1025	2,940,000	Sign sheet for the respective beneficiaries is now attached

7.12. Committee's Recommendations

The Committee recommends the following:

- (i) The Chief Administrator must ensure that all transactions, from inception to completion, are supported by the relevant documentations and these must be numbered and cross referenced, so that in cases of missing documents, such documents can be easily traced; and***
- (ii) The Chief Administrator must submit the relevant documentary evidence in relation to the above payments to my office for verification; otherwise the sum of Le135, 530, 722.00 should be refunded within thirty (30) days of this report by Parliament.***

7.13. Internal Audit Department not Effective

Findings:

Executions of Internal Audit assignments were not planned and documented.

7.14. Management Response

The CA responded that:

Indeed as at the time of 2010 audit, but an Audit Committee has now been set up. The Internal Audit Department lacks the necessary logistics especially computers for timely production of documents. Capacity is yet to be built up for the Internal Auditor to enhance effective reporting system. Due to the absence of an Audit Committee as at that time there was lack of evidence of an audit report submitted to Council. Training course was offered by PFMRU (Public Financial Management Reform Unit) but it is justified that training was inadequate.

7.15. Committee's Recommendations

The Committee endorses the following recommendations:

- *The Council should establish an Audit Committee that is charged with the responsibility of approving the department's work plans, reviewing reports and monitoring the implementation of all audit recommendations;*
- *Executions of Internal Audit assignments should be properly planned and documented;*
- *Working Paper Files referred to in bullet (iii) of paragraph 6.2 above, should be maintained for all audit assignments conducted by the department;*
- *All Internal Audit Reports must be submitted to both the Council and the Minister in accordance with Section 84 (3 & 4) of the LGA, 2004; and*

- ***The Internal Auditor and other staff within the department should be sent on training regularly, to keep abreast with Current Professional Developments and to make meaningful contributions towards the development of the Council.***

7.16. Inadequate control over collection, recording and reporting of financial transactions

Findings:

The total sum of **Le12.4 million** was not recorded in the Cash Book.

7.17. Management Response

The CA responded that:

This was as a result of un-presented cheques. Management views this finding as mere oversight which yet needs to be investigated and rectified. Inadequate capacity on the part of revenue collectors may sometimes lead to omissions and improper recording of transactions where the operations of the entity are very huge.

7.17. Committee's Recommendations

The Chief Administrator must ensure that controls over collection, recording, and reporting of financial transactions are adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence. Immediate action must be taken on the following:

- (i) The cheques issued out to suppliers that were presented to the bank for payment after a six month period must be recorded back into the Cash Book by debiting the Main Administration Cash Book and crediting the relating expenses;*
- (ii) The own-source revenue of Le9, 217,000.00 must be retrieved immediately, recorded in the Cash Book and paid into the bank. The evidence of payment into the bank must be forwarded to the Auditor General's office for verification; and*
- (iii) The Financial Statements should be adjusted to reflect the correct amount of the main Administration Cash Book balance, and necessary adjustments should be made to other affected areas in the accounts.*

7.18. Unpresented Documents

Findings:

A number of Bank Statements and other accountable documents in respect of transactions amounting to **Le273 million**, were not made available for audit inspection

7.19. Management Response

The CA responded that:

All the Accountable Documents which ASSL alleged that were not available at the time of the audit of 2010 Financial year relating to Danaisha Enterprise for Diet supplies are all intact and management is ready at all times to present them for inspection.

Bank Statements for almost all these accounts are available and ready for inspection except for HIV/AIDS which has been dormant for some time and statements were not produced by Sierra Leone Commercial Bank due to the system they use (Flex) which fails to produce statement when a particular account does not run.

7.20. Committee's Recommendations:

The Chief Administrator must ensure the following:

- (i) A systematic filing system should exist for the safe custody of all Accountable documents by putting shelves and control ledgers in place to monitor the inward and outward movement of documents;***
- (ii) Bank statements should be obtained on a monthly basis for all operational accounts maintained by the Council. This will aid the reconciliation process; and***
- (iii) The procurements documents stated in bullet (i) of paragraph 12.2 above should be forwarded to Auditor General's office for verification; otherwise the total procurement cost of Le273, 324,600.00 paid by the Council should be refunded immediately.***

8.0. KENEMA DISTRICT COUNCIL

8.1. Procurement procedures not followed

Findings:

Adequate and appropriate procurement procedures were not followed for goods, works, and services amounting to **Le297 million**.

8.2. Management Response

*The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “**Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General**”.*

8.3. Committee’s Recommendation

The Committee recommends that that Chief Administrator must ensure the following:

- (i) The Procurement Officer, in implementing the RFQ technique, should request quotations in writing from at least three bidders, in accordance with Section 45 (1) and the First Schedule of the PPA, 2004;***
- (ii) Advanced Payments should be used in accordance with the terms and conditions of the contract; and***
- (iii) An explanation (together with the supporting evidence), in relation to the above procurement breaches, should be forwarded to the Auditor General for verification within thirty (30) days after the adoption of this report by Parliament.***

8.4. Poor financial performance

Findings:

Revenue under-collection for the period under review amounted to **Le1.2bn.**

8.5. Management Response:

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: “Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General”.

8.6. Committee’s Recommendation:

The Committee recommends that the Chief Administrator must ensure the following:

- (i) An assessment for the mobilization and drive of revenue should be done. This will help to create a database for all own-source revenue streams***

and facilitate the preparation of a realistic budget. In addition, monitoring and supervision of revenue collection should be enhanced to ensure that all revenue generated is brought to account; and

(ii) A reasonable explanation (together with any supporting evidence) in respect of the above shortfall should be forwarded to the Auditor General's office for verification.

8.7. Sitting Fees paid to Councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le148 million** recognised in the Financial Statements as Sitting Fees.

8.8. Management Response

*The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: **"Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General"**.*

8.9. Committee's Recommendation

The Committee recommends that the Chief Administrator must ensure the following:

(i) The payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by the MLGRD, after consultation with the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA, 2004;

(ii) The guidelines issued by the MLGRD in respect of the amount recognised as Sitting Fees in the Financial Statements, should be forwarded to the

Auditor General's office for verification within thirty (30) days after the adoption of this report by Parliament; and

- (iii) The Sitting Fees of Le310, 625.00 paid to the Absentee Councillor, should be recovered immediately and evidence of recovery forwarded to Auditor General's office for verification.***

8.10. Inadequate control over the general processing of Payment Vouchers

Findings:

Payments without the relevant documentary evidence amounted to **Le278.5 million**.

8.11. Management Response:

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: "Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General".

8.12. Committee's Recommendation

The Committee endorses the recommendations of the Auditor General that the Chief Administrator must ensure the following:

- (i) All transactions, from inception to completion, should be supported by the relevant documentations and these should be numbered and cross referenced, so that in cases of missing documents, such documents can be easily traced.***
- (ii) The documentary evidence in respect of the above payments documentations amounting Le278, 537,400.00 should be***

forwarded to the Auditor General's office for verification within thirty (30) days after the adoption of this report by Parliament.

8.13. Inadequate control over collection, recording and reporting of financial transactions

Findings:

The Main Administration Revenue Cash Book balance recognised in the Financial Statements was understated by **Le11.5 million**.

8.14. Management Response:

The Chief Administrator did not respond to the audit observations and has therefore violated Section 64 (3) of the Government Budgeting and Accountability Act 2005 which states that: "Every query or observation under Section (2) received by Accountant General or any other person shall, within thirty days after its receipt by that person, be returned by him with the necessary reply to the Auditor General".

8.15. Committee Recommendation

The Committee endorses the recommendations of the Auditor General's that the Chief Administrator must ensure the following:

- (i) Controls over recording and reporting of financial transactions should be adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence;*
- (ii) The Financial Statements should be adjusted to reflect the correct amount of the Main Administration Revenue Cash Book balance stated in paragraph 7.2 above, and adjustments should be made to other affected areas in the accounts; and*
- (iii) The reasons for the difference should be investigated and explanations forwarded to the Auditor General's office for verification.*

7.0. KAILAHUN DISTRICT COUNCIL

7.1. Poor presentation of the Financial Statements

Findings:

Inconsistencies were noted between the Chief Administrator's statement and the Financial Statements.

7.2. Management Response

The CA responded that:

As reviewed in the Audit exercise of 2010, it was revealed that an amount of **Le 304,253,123** as miscellaneous income was not explained in the note of account. However, it was not deliberate; Management has now given explanation of the said miscellaneous income. As found below:

Donation from development partners

	Le
- Save the Child	60,850,624.6
- Ox farm	60,850,624.6
- Send Sierra Leone	121,701,249.2
- GIZ	60,850,642.6

With regards differences noted between the Chief Administrator's statement in respect of revenue and revenue recognized in the Income and Expenditure statement was due to the question of late posting of revenue and late submission of pay slips by the collectors because of poor road network in the district. In adherence to your recommendation, Management has deem it necessary that proper review be made after preparation of the Financial Statements to ensure that there is consistency between Management commentary and disclosures made in the accounts.

7.3. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) The Financial Statements should be properly reviewed after preparation to ensure that there is consistency between the Management Commentary and disclosures made in the Accounts;***
- (ii) Balances in the Financial Statements should be properly explained in the notes to the Accounts; and***
- (iii) A breakdown in respect of Miscellaneous Income and the supporting documents in respect of the Chief Administrator's figures must be forwarded to my office for verification.***

7.4. Procurement Procedures not followed

Findings:

Procurement procedures were not properly followed for goods, works, and services amounting to **Le1.1 billion**.

7.5. Management Response

The CA responded that:

According to your review, it was unfolded that some receipt books as per cash book in respect of revenue totalling **Le 7,528,000**, were not available for inspection. This was however true since most of these books were still with revenue collectors in the field. Some have been retrieved and forwarded for your verification. Council is making relentless effort to retrieve the remaining and shall be forwarded in due course.

7.6. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure that:

- (ii) A systematic filing system exists for the safe custody of all Accountable documents by putting shelves and control ledgers in place to monitor the inward and outward movement of documents.***

(iii) The receipt books in respect of the above amount and the Council's approved budget should be made available for verification, to avoid attracting Section 18 (1) of the Audit Service Act, 1998.

7.7. Sitting Fees paid to Councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le25.7 million** recognised in the Financial Statements as Sitting Fees.

The total sum of **Le5, 901,875.00** (Five Million, Nine Hundred and One Thousand, Eight Hundred and Seventy Five Leones), was paid to Councillors as Sitting Fees and Transport Allowances even though they failed to attend Council meetings

7.8. Management Response

The CA responded that:

The payment made to Absentee Councillors up to the tune of **Le5, 901,875** as stated in your Draft Management Letter for the year ended 31st December, 2010, was as a result of late attendance, not an issue of absenteeism on the part of the said Councillors. These Councillors are scattered all through the District with rough road net work to get access to Kailahun Township. On account of this, the Councillors were late and forgot to sign in the attendance register. Management as deemed it necessary that late comers sign in the attendance register.

7.9. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) Payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by the MLGRD, after consulting the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA, 2004;*

(ii) The guidelines issued by the MLGRD in respect of the Sitting Fees paid to Councillors, should be forwarded to my office for verification; otherwise the sum recognised in the Financial Statements of Le25, 671,875.00 should be refunded within thirty (30) days after the adoption of this report by Parliament; and

(iii) The Sitting Fees of Le5, 901,875.00 paid to Absentee Councillors, should be recovered immediately and evidence of recovery forwarded to my office for verification.

7.10. Inadequate control over the general processing of Payment Vouchers

Findings:

Payments without the relevant documentary evidence amounted to **Le681 million**.

7.11. Management Response

The CA responded that:

- i) As revealed in your Draft Management Letter of the 2010 audit exercise, it was revealed that payments in respect of the Council's Administration and Devolved Functions, with amount totalling **Le681,173,687**, were not supported by relevant documents, like receipts, delivery notes, invoices, PET forms etc. This in some way will undermine the authenticity of such payments. The Council has deemed it necessary that the Chief Administrator now authorizes each payment for future audit. Attached here-with, are specimens of such unauthorized vouchers that have now being authorized.
- ii) With reference to payment without approval and recipients signatures for an amount totalling **Le776, 091,091**, the Council has gone through all the said vouchers and has ensured that such vouchers are signed by the recipients of

such funds. Specimens of such transactions are attached for the purpose of verification.

7.12. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) The processing of Payment Vouchers must be authorized either by the Chief Administrator or a responsible officer in the Council that he has authorized to sign PVs on his behalf. It must be noted that if the Chief Administrator authorizes any officer within the Council to sign PVs on his behalf, he must set the financial limits and other conditions within which this authority should be exercised, in accordance with Section 75 (1) of the FMR, 2007;***
- (ii) The signatures of the authorizing officer, the processing officer and recipient must be in ink or ball point pen;***
- (iii) All transactions, from inception to completion, should be supported by the relevant documentations and these must be numbered and cross referenced, so that in cases of missing documents, such documents can be easily traced; and***
- (iv) The relevant documentary evidence in relation to the above payments documentations amounting to Le681, 173,687.00 should be submitted to the Auditor General's office for verification within thirty (30) days after the adoption of this report by Parliament.***

7.13. Withholding tax not deducted and paid to the National Revenue Authority

Findings:

Withholding taxes totalling **Le4.8 million** were not paid to the National Revenue Authority.

7.14. Management Response

The CA responded that:

It is evidenced in the Draft Management Letter for the period 31st December, 2010 that suppliers/contractors procured items in areas like Primary Health Care, Education, Agriculture, Rural Water Service etc and the Council did not deduct and made payment to the NRA. However, the management of the Council has taken a bold step to recoup those monies from contractors/suppliers by writing them formally in respect of withholding taxes due to NRA. Attached here-with, is a list of contractors/suppliers that were formally written to ensure that they immediately pay withholding taxes due to the NRA.

7.15. Committee's Recommendations:

The Committee recommends that the Chief Administrator must ensure the following:

(i) The regulation of deducting withholding tax from the procurement of goods and services and the payment of such taxes to the NRA should be strictly adhered to;

(ii) The evidence of payment of the above withholding taxes should be forwarded to the Auditor General's office for verification; otherwise the total sum of Le4, 847,635.00, together with any penalty charge, should be promptly paid to the NRA.

7.16. Unpresented documents

Findings:

Accountable documents such as the Council's Approved Budget and Receipt books in respect of revenue totalling **Le7.5 million** were not made available for audit inspection.

7.17. Management Response

The CA responded that:

According to your review, it was unfolded that some receipt books as per cash book in respect of revenue totalling **Le 7,528,000**, were not available for inspection. This was however true since most of these books were still with revenue collectors in the field. Some have been retrieved and forwarded for your verification. Council is making relentless effort to retrieve the remaining and shall be forwarded in due course.

7.18. Committee's Recommendations:

The Committee recommends that the Chief Administrator must ensure that:

- (ii) A systematic filing system exists for the safe custody of all Accountable documents by putting shelves and control ledgers in place to monitor the inward and outward movement of documents.***

- (iii) The receipt books in respect of the above amount and the Council's approved budget should be made available for verification, to avoid attracting Section 18 (1) of the Audit Service Act, 1998.***

10.0. KOIDU NEW SEMBEHUN CITY COUNCIL

10.1. Poor presentation of Financial Statements

Findings:

An amount of **Le73.3 million**, in respect of Other Income, had no explanation in the notes to the accounts.

10.2. Management Response

The CA responded that:

He has mandated the Finance Officer to ensure that the Financial Statement is in compliance with the existing Financial Regulation. However, the issues highlighted in paragraph 2.0 have been rectified and ready for inspection. The amount observed was disclosed in the General Ledger and classified as follows:

DETAILS	AMOUNT
	(Le)
Rental Income	22,658,500
Building Fees	6,900,000
Lorry Park	12,470,000
Loan Recovery	4,217,000
Transfer to own Source Revenue	26,542,000
Registration of Business	500,000
Grand Total	<u>73,287,500</u>

10.3. Committee’s Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) The Financial Statements should be properly reviewed after preparation to ensure that balances disclosed, are properly explained in the notes to the accounts; and*

- (ii) A breakdown in respect of other income together with the supporting documents must be forwarded to the Auditor General office for verification.*

10.4. Procurement procedures not followed

Findings:

Adequate and appropriate procurement procedures were not followed for contracts amounting to **Le15.5 million**.

10.5. Management Response

The CA responded that:

The Procurement Committee has mandated the Procurement Officer to strictly follow procurement procedures and details of the terms and conditions of the contract documents. However, issues indicated in paragraph 3.0 have been addressed and are ready for inspection.

Request for Quotations are always issued, obtained and maintained but these documents might have fallen off due to the frequent movement of documents from location to another.

10.6. Committee's Recommendations

The Committee recommended the Chief Administrator must ensure the following:

- (i) The Procurement Officer, in implementing the RFQ technique, should request quotations in writing from at least three bidders, in accordance with Section 45 (1) and the First Schedule of the PPA, 2004; and*
- (ii) An explanation (together with the supporting evidence), in relation to the above non-compliance, should be forwarded to Auditor General's office for verification; otherwise the total procurement cost of Le15, 500,000.00 should be accounted within thirty (30) days after the adoption of this report by Parliament*

10.7. Sitting fees paid to Councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le59.2 million** recognised in the Financial Statements as Sitting Fees.

10.8. Management Response

The CA responded that:

The amount of **Le59, 225,839.00** (Fifty Nine Million, Two hundred and Twenty Five Thousand Eight Hundred and Thirty Nine Leones) as mentioned in 5.0 is included in the 2011-2013 MTEF Budget and is ready for inspection.

Councillors who were paid as mentioned in 5.0 was as a result of invitation coinciding with invitation by Local Government Finance Department, Decentralization Secretariat, UNICEF, NPPA, and such letters are available for verification

10.9. Committee's Recommendations:

The Committee recommends that the Chief Administrator must ensure the following:

- (i) Payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by the MLGRD, after consultation with the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA 004;***
- (ii) The guidelines issued by the MLGRD in respect of the amount recognised as Sitting Fees in the Financial Statements, should be forwarded to Auditor General's office for verification; otherwise the sum of Le59, 225,838.00 should be accounted for within thirty (30) days after the adoption of this report by Parliament; and***
- (iii) The Sitting Fees of Le6, 155,125.00.00 paid to Absentee Councillors, should be recovered immediately and evidence of recovery forwarded to Auditor General's office for verification.***

10.10. Inadequate control over the general processing of Payment Vouchers

Findings:

Payments without the relevant documentary evidence amounted to **Le130.5 million**.

10.11. Management Response

The CA responded that:

These were genuine expenditures undertaken by the MDAs and Council Administration during the period under review for which PETS forms, and Activity Plans were raised and receipts obtained for all purchases made. However, this is as a result of the lack of office space, storage facilities are also inadequate; as such documents that are being moved about from one location

to the other. By all indication it is during this course that document attached to vouchers got missing unknowingly. Secondly those supporting documents are not cross referenced to their respective vouchers. So even if we observed them missing we cannot traced and attach them easily. However, the missing documents are now available and ready for inspection.

10.12. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) All transactions, from inception to completion, should be supported by the relevant documentations and these should be numbered and cross referenced, so that in cases of missing documents, such documents can be easily traced.***

- (ii) The documentary evidence in respect of the above payments should be forwarded to my office for verification; otherwise the sum of Le130, 597,325.00 should be accounted within thirty (30) days after the adoption of this by Parliament.***

10.13. Unauthorised overdraft

Findings:

There was no evidence in the form of an approval or other document from the MLGRD to justify overdrafts in respect of the Council's Main Bank Account and the Administrative Grant Account at 31st December, 2010, of **Le7, 805,590.00** and **Le5, 727,590.36** respectively.

10.14. Management Response

The CA responded that:

He has mandated the Finance Officer to ensure that Bank Reconciliation is prepared every month to avoid overdraft which was due to the Financial Statement not been reconciled with the bank.

10.15. Committee's Recommendations

The Committee recommends as follows:

- (i) The Chief Administrator must ensure that the obtaining of overdrafts is approved by the MLGRD, after consulting the Minister responsible for Finance, in accordance with Section 65 of the LGA, 2004;***

- (ii) The MLGRD must provide an amount/ceiling for which approval for overdraft is not required.***

11.0. KONO DISTRICT COUNCIL

11.1. Procurement procedures not followed

Findings:

Adequate and appropriate procurement procedures were not followed for goods, works, and services amounting to **Le1.2 billion**.

11.2. Management Response

The CA responded that:

- (i) PVs 860, 862,864 totalling Le41, 610,927 (See appendix “A”) are payments to contractors who had won bids for markets construction. Relevant documents are available for inspection.

PVs 1222, 1146, 1219, 1220 and 1229 are for maintenance costs and spare parts. Most of these supporting documents were with procurement unit at time of audit. These have now been attached to the relevant PVs and are available for inspection.

- (ii) These were contracts awarded by the Rural and Private Sector Development Project (the donor agency) and procurement procedure was supervised by the procurement specialist of the RPSDP. The condition for release of funds by the RPSDP was the submission by contractors of the Advance Payment Guarantees. These were duly submitted by contractors and are available for verification.

Council will henceforth require contractors to submit not only advance payment guarantees but also insurance certificate before releasing advance payment to them.

Bid security for all contractors was submitted to procurement and a register of these securities kept with the Finance Department. This is available in the Finance Office for verification.

There is a register of all bidders for all contracts, kept by the procurement office. It is available in the procurement office for verification.

SLRA District Engineer, who doubled as the Project Manager, was contracted to monitor these entire road project and report directly to RPSDP. It was based on those reports that subsequent payments were made to contractors. Copies of these reports are available with SLRA District Engineer.

11.3. Committee's Recommendations

The Committee proffers the following recommendations:

- (i) The Chief Administrator in collaboration with the Procurement Committee must ensure that bidders who participate in public procurement are eligible and qualified, in accordance with Sections (20) and (21) of the PPR, 2006;***
- (ii) The Procurement Officer, in implementing the RFQ technique, must ensure that quotations are requested in writing from as many bidders as practicable, but at least three bidders, in accordance with Section 45 (1) of the PPA, 2004;***
- (iii) An advance payment must be made (unless otherwise specified in the contract) against the provision by the supplier/contractor of an Advance Payment Guarantee;***
- (iv) An Insurance Certificate must be provided by the supplier to ensure that the appropriate insurance for goods, works or services has been taken out;***
- (v) The bidding documents of the Council must state the requirement for a bid security and performance security. This will help the Council to deter irresponsible bids and will secure the supplier's obligation to fulfill the contract;***
- (vi) The Procurement Unit must maintain a record of all bidders to whom bidding documents are issued and such a record should indicate the name of the bidder, the date and time of receipt and the name of the person responsible for receipt;***
- (vii) The Monitoring and Evaluation Officer must report on the progress and performance of the contractors before trench payments are released; and***

(viii) The Chief Administrator must provide an explanation (together with the supporting evidence) on why the above Procurement procedures were not followed; otherwise the total procurement cost of Le412, 641,512.00 must be accounted for within thirty (30) days after the adoption of this report by Parliament.

11.4. Poor financial performance

Findings:

Revenue under-collection for the period under review amounted to **Le138 million**.

11.5. Management Response

The CA responded that:

Before projections of the own source revenue for compilation of the budget for the financial year under review, Council had three consecutive meetings with the Local Authorities and their functionaries in whose chiefdoms Council was expected to collect own source revenue, and had reach an understanding with respect to revenue sharing. Unfortunately, this compromise was turned down by the chiefdoms at the time of collection. This was what accounted for the poor performance in that area. However, council shall embark on continuous dialogue with these authorities to see reason for Council's own source revenue collection in their respective chiefdoms.

11.6. Committee's Recommendations

The following recommendations were endorsed by the Committee:

(i) The Council must ensure that an assessment for a revenue mobilization drive is done. This will help to create a database for all own-source revenue streams and facilitate the preparation of a realistic budget. In addition, monitoring and supervision of revenue collection should be enhanced to ensure that all revenue generated is brought to account.

- (ii) The Chief Administrator must provide a reasonable explanation together with the evidence, as to what caused the 51% shortfall in revenue collection.*

11.7. Sitting fees paid to Councillors

Findings:

There was no evidence in the form of guidelines issued by the Ministry of Local Government and Rural Development, to justify an amount of **Le108 million** recognised in the Financial Statements as Sitting Fees.

11.8. Management Response

The CA responded that:

The payment of Councillors' Sitting Fees and Transport Allowances is determined by the Local Government Finance Department (LGFD) who sent payment advices to Council to effect such payment in accordance with said advice. Copies are available for verification.

Most times Council meetings are held in the absence of other Councillors who are either on workshops, seminars or other official Council functions. Therefore Council does not withhold sitting and travelling allowances for the said Councillors.

11.9. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) The payment of Sitting Fees and other allowances must be financed by the Council under guidelines issued by the MLGRD, after consultation with the Minister responsible for Finance, in accordance with Section 30 (2) of the LGA, 2004;*
- (ii) The guidelines issued by the MLGRD in respect of the above Sitting Fees, must be forwarded to my office for verification; otherwise the sum recognised in the Financial Statements of Le108, 030,000.00 should be*

accounted for within thirty (30) days after the adoption of this report by Parliament; and

(iii) The Sitting Fees of Le8, 386,875.00 paid to Absentee Councillors, must be recovered immediately and evidence of recovery forwarded to the Auditor General's office for verification.

11.10. Inadequate control over the general processing of Payment Vouchers

Findings:

Payments without the relevant documentary evidence amounted to **Le425.5 million**.

11.11. Management Response

The CA responded that:

By the time of the interim audit July 2010 most of the payments highlighted were yet to be liquidated by the devolved function. However, these supporting documents have now been attached to the payment vouchers referred to in the management letter.

Payment totalling **Le25, 831,000** which have not been authorized by the Chief Administrator, by the time of the Interim audit were taken to the Chief Administrator for verification and these were duly authorized by the Chief Administrator after verifying and certifying the payments.

11.12. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

(i) The processing of Payment Vouchers must be authorized either by the Chief Administrator or a responsible officer in the Council that he has authorized to sign PVs on his behalf. It must be noted that if the Chief Administrator authorizes any officer within the Council to sign PVs on his behalf, he must set the financial limits and other conditions within

which this authority should be exercised, in accordance with Section 75 (1) of the FMR, 2007;

(ii) The signatures of the authorizing officer, the processing officer and recipient must be in ink or ball point pen;

(iii) All transactions, from inception to completion, should be supported by the relevant documentations and these must be numbered and cross referenced, so that in cases of missing documents, such documents can be easily traced; and

(iv) The relevant documentary evidence in relation to the above payments should be submitted to my office for verification; otherwise the total sum of Le425, 548,697.00 should be accounted for within thirty (30) days after the adoption of this report by Parliament.

11.4. Withholding Tax not deducted and paid to the National Revenue Authority

Findings:

Withholding Taxes totalling **Le20.8 million** were not deducted and paid to the NRA.

11.5. Management Response

The CA responded that:

The Finance Officer is aware of the statutory requirement that 5% withholding tax should be deducted from all payments of **Le500, 000** and above made to suppliers and contractors. However please not the following:

- (i) PV. No. 859, surface rent **Le11, 235,000-** This was money paid to Tankoro chiefdom council by Koidu Holding Mining Company but mistakenly deposited to Kono District Council Admin Account. It was only transferred to the correct beneficiary;

- (ii) PV. No 777, security **Le600, 000**- These are monthly allowances paid to three securities and one driver attached to the District Education Office;

The other Withholding Taxes totalling **Le20, 308,217** have been deducted and paid to NRA, and receipts attached to the relevant payment vouchers. These are available for verification.

11.6. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure the following:

- (i) The regulations of deducting Withholding tax from the procurement of goods, works and services, and the payment of such taxes to the NRA must be strictly adhered to;*
- (ii) The Withholding taxes of Le20, 889,967.00 not deducted should be recovered immediately and paid to the NRA, and evidence of payment forwarded to Auditor General's office for verification.*

11.7. Inadequate control over collection, recording and reporting of financial transactions

Findings:

Revenue generation of **Le20 million** was not posted into the Cash Book.

11.8. Management Response

The CA responded that:

- (i) The Financial Statements have since been adjusted reflecting the current and correct amounts of the main own source revenue cash book balances and other affected areas in the accounts.

- (ii) The differences observed are as a result of reconciliation problems. Additionally, revenue collectors as per their agreement with Council, take off 10% share of the revenues they collect before submission of total collection for the period. Therefore the amounts posted to the cash book and subsequently to the Financial Statement are the cash amounts submitted and not the total amounts as per the face value of the receipt books.
- (iii) Reconciliation between cash book and bank statements for all the accounts has been effected. These are now available for verification.

11.9. Committee's Recommendation

The Committee recommends as follows:

The Chief Administrator must ensure that controls over collection, recording, and reporting of financial transactions are adequate. In addition, proper supervision and review should be employed to ensure that monthly reconciliations are carried out and that transactions recorded in the books of accounts are accurate and complete, and are supported by the relevant documentary evidence. Immediate action must be taken on the following:

- (i) ***The Financial Statements must be adjusted to reflect the correct amount [as stated in Paragraph 7.2, bullet (i) above] of the main Administration Revenue Cash Book balance, and adjustments should be made to other affected areas in the accounts; and***
- (ii) ***The own-source revenue of Le20, 589,500.00 stated in bullet (ii) of paragraph 7.2 above, must be retrieved immediately, recorded in the Cash Book and paid into the bank. In addition, the necessary adjustments must be reflected in the accounts and evidence of payment into the bank forwarded to Auditor General's office for verification.***

12.0. KAMBIA DISTRICT COUNCIL

12.1. Inadequate control over the collection, recording and reporting of financial transaction

Findings:

Revenue collected for the period under review to the tune of Le 3, 784, 666 was not recorded in the Cash Book.

12.2. Management Response

The CA responded that:

The observation was true; though not deliberate, it was an oversight on the part of the finance office. The recording of revenue is done in an excel spreadsheet electronically which is printed and used to do the manual recording in the cash book. The figures reported in the financial statements were directly taken from the electronics records of the excel spreadsheet which we considered more reliable in terms of calculations.

12.3. Committee's Recommendation

The Committee recommends that the Chief Administrator must ensure that the necessary entries are done in the revenue cash book immediately. The Committee further recommended that in future, the cash book entries must be done immediately after a transaction has occurred in order to avoid errors of omission which may result in misstatements in the accounts of the council.

12.4. Blank receipt duplicates

Findings:

It was observed that certain receipt books had blank duplicates

12.5. Management Response

The CA responded that:

This is the receipt books returned by the revenue collectors on contract with Council. They sometimes ignore the importance of accountability in recording revenue on accountable documents, especially when they know they only have to pay a certain amount of money as contracted, irrespective of what they have written on the receipt books.

However, Council shall print receipt books to serve the purpose, and would also endeavour to train them on the writing and issuance of receipts for amounts received.

12.6. Committee's Recommendation

The Committee recommends that the Chief Administrator must ensure that Section 50 of the FMR, 2007 is strictly adhered to by all revenue collectors of the Council.

12.7. Inadequate control over the general processing of payment vouchers**Findings:**

There was an inadequate control over the general processing of payment vouchers Le 21, 282, 000.

12.8. Management Response

The CA responded that:

Council has noted that a proper and adequate filing system would have gone a long way to avoid this situation. However, a rearrangement of the files and their contents for the period under review proved a worthwhile exercise, since all the necessary supporting documents were found, though they were found in the wrong order and payment vouchers.

12.9. Committee's Recommendations

The Committee recommended the following:

- i. The Chief Administrator must produce the documents for verification; otherwise the Le 21,282,000 must be accounted for within 30 days after the adoption of this report by Parliament.*
- ii. That all disbursements must be supported by the relevant documentations.*

12.10. Withholding taxes not deducted from payments made to suppliers

Findings:

Withholding taxes to the tune of Le 4, 590, 825 were not deducted from payments made to suppliers.

12.11. Management Response

The CA responded that:

As noted in Management's Response the absence of adequate filing system lead to the misfiling of the supporting evidences. However, most of the receipts for the 5% Withholding Tax deducted are now found. I hereby forward to you copies of the receipts of withholding taxes paid in respect of the stated transactions.

12.12. Committee's Recommendations

The Committee recommends that the Chief Administrator must ensure that these taxes are recovered and paid to the NRA and copies of the receipts forwarded to the Auditor General's office for verification.

12.13. Sitting fees paid to councillors

Findings:

There was no evidence of guidelines issued by the Ministry of Local Government and Rural Development for payment of sitting fees to councillors,

Sitting and transport allowances were paid to absentee councillors to the tune of Le 9, 122, 500

12.14. Management Response

The CA responded that:

The reason why these councillors were paid without attending council meetings was that at the time of meeting they were attending Council's Functions i.e. workshops and meetings which to a greater extent had a positive impact on the operations of Council. The Council is well aware of the touchiness of the issue, as the Councillors would boycott Council meetings if their allowances are withheld, especially when reasons for absenteeism have been provided in writing. The problem is further compounded by the lack of policy direction on the matter from the Ministry of Local Government and Rural Development. However, Council would continue to press for clear policy direction, at Central Government level, on payments of sitting and transport allowances to Councillors.

12.15. Committee's Recommendations

The following were recommended by the Committee:

- i. The Chairman must produce the guidelines to justify the payment of sitting allowances to councillors; otherwise the Le should be refunded.***
- ii. The Chief Administrator must ensure that allowances of absentee Councillors are treated as unclaimed allowances and paid back to the consolidated fund, for which a receipt should***

- be obtained from the Accountant General and evidence submitted to my office for verification.*
- iii. In future, the Chief Administrator must ensure that allowances are only paid to Councillors who attend meetings.*

13.0. PORT LOKO DISTRICT COUNCIL

13.1. Inadequate control over collection, recording and reporting of financial transactions

Findings:

Revenue reported in the cash book is greater than Receipt book by Le 32, 945, 500

13.2. Management Response

The CA responded that:

The le 32,945,500.00 the audit made mention of as revenue from the Cash Book was Le 35,100,000.00. That was a precept received from local tax. The cheque serial number was 030828 and its face value was Le 35,100,000.00. The paying in slip that was submitted to you during your audit trail was clearly indicated there, dated 18/10/2010. However, management will ensure that all revenue collected must be supported with council receipt.

13.3. Committee's Recommendations

The Finance Officer must disclose the source(s) of the amount that was not captured in receipt books within 30 days after the adoption of this report by Parliament. For subsequent years, receipt should be issued to revenue payers immediately money is received.

13.4. Understatement of bank balances in the financial statements

Findings:

Cash book balances not agreed with Financial Statement Le 40, 224,470.22

13.5. Management Response

The CA responded that:

Management observed that the understatement of the Financial Statement was Le 17,806,198.07 not as was stated above. See appendix "A" attached. The difference between the Cash Book and that of the Financial Statement was due to error of omission in the Financial Statement. There was an omission of Le 15,000,000.00 in the Secondary Health Port Loko for Medical Superintendent and team with PV No. 745 and Cheque No 1120351. The balances Le 2,806,198.07 were bank charges omission for the various council accounts.

Management had faced with the problem of not receiving bank statement from SLCB on time and you have to go all the way to its main branch in Makeni to obtain bank statement. The Port Loko branch does not print bank statements. As a result of that there used to be some omission occurring by the way Management has put modalities in place to ensure that error of omission is under control.

13.6. Committee's Recommendations

The Finance Officer must ascertain the correctness of the bank balances and the Financial Statement and submit them to the Auditor General for verification.

13.7. Inadequate control over the general processing of payment vouchers

Findings:

Payments without Supporting Documents Le 78, 012, 500

13.8. Management Response

The CA responded that:

Management has treated that matter of payment receipts from suppliers and contractors with all seriousness it deserves. However, management has ensured the retrieval of all council receipts from contractors and suppliers and they are now ready for inspection.

13.9. Committee's Recommendations

The Chief Administrator must submit the relevant supporting documents for audit verification, otherwise the Le 78,012,500 should be received and receipt details forwarded to audit office for verification.

13.10. Contract for supply of diet

Findings:

Contract Agreements not available Le 14, 400, 000

13.11. Management Response

The CA responded that:

Management observed that for every contract awarded, a contractor must fulfill the procurement conditions. However, the contractor who uses to supply Lungi Government Hospital died a sudden death. You know as well as I do that the process of procurement takes time before it becomes a reality. Management did not want to see a situation in the Lungi Hospital wherein patients died of hunger instead of the reported disease. That why management deemed its fit to award a temporal contract of one month to a credible contractor before starting the process of procurement proper. The sole sourcing method was approved by the Procurement Committee of Council.

13.12. Committee's Recommendations

The Chief Administrator must produce the contract agreement otherwise the Le 14,400,000 must be accounted for within 30 days after the adoption of this report by Parliament.

13.13. Civil Work contract

Findings:

Contracts without Certificate of Completion and Retention Money Le 697, 993, 825

13.14. Management Response

The CA responded that:

Management would like to bring it to your notice that payment for works contract was mainly based on the Engineer's progress report. The attached Engineer's report would serve as the basis for payment. Without it no payment will take place.

The certificates of completions were with the Engineer. He was absent at the time of the audit. However, management has retrieved them from him and they are now ready for inspection. The fabrication and distribution of school furniture and the construction of six classrooms, office and store done by Bomkam Construction Enterprises and Rime Engineering, their works were still in progress under Education For All and their progress reports were

attached as supporting document in their PVs. So their certificate of completion and retention fees for defect liability were not yet ready.

Management is pleased to inform you that retention fees were deducted on the final payment for contracts. These were monies withheld up to the time when defect liability expired. Eh Council Engineer will inspect the contract and report to Council towards the status of the contract. If there was no defect liability, he would recommend for the payment of retention fees supported by certificate of completion. If there was a defect liability, the retention fees would be use for repairs of the said contract.

13.15. Committee's Recommendations

- ***The Chief Administrator must produce the documents, otherwise section 18 (1) of the Audit Service Act will be enforced.***
- ***The Chief Administrator must explain how these monies were utilized; otherwise the whole amount must be accounted for within 30 days after the adoption this report by Parliament.***
- ***In future, the Chief Administrator must ensure that all disbursements are supported by payment vouchers and all relevant supporting documents.***

14.0. MAKENI CITY COUNCIL

14.1. Inadequate control over the general processing of payment vouchers

Findings:

Disbursements totalling Le 372, 206, 591 were without the relevant supporting documents;

There was no Engineer's Certificate to support payments made in respect of civil works contracts undertaken during the year under review;

Certificate of Completion of civil works contracts were not produced for audit inspection.

14.2. Management Response

The CA responded that:

Invoices, delivery etc were maintained in a separate file kept in the Procurement Officer's office who has recently been transferred to Kenema District Council. Contract Agreements and payment receipts were available for the construction works to the tune of Le 1,216,655,800.50 only that the Engineer's Certificates were not available because there was not an Engineer in post in the period under review. With an Engineer in post we have now maintained Engineer's Certificate.

14.3. Committee's Recommendations

- ***The Chief Administrator must produce the supporting documents for verification; otherwise the Le 372,206,591 should be refunded.***
- ***The Chief Administrator must produce the contract agreement engineer's certificates and receipts for verification.***

14.4. Withholding Tax not paid to NRA**Findings:**

Withholding taxes in respect of payments made to suppliers and contractors were not paid to the NRA. This amounted to Le 27, 765, 717

14.5. Management Response

The CA responded that:

Withholding Taxes were all deducted and paid but were maintained in a separate payment voucher, since they have separate cheques issued to them.

14.6. Committee's Recommendation

The Chief Administrator must ensure that these taxes are paid to the NRA and copies of the receipts forwarded to the audit office for verification.

14.7. Inadequate control over collection, recording and reporting of financial transactions

Findings:

Revenue collected for the period under review to the tune of Le 7, 292, 574 was not banked

14.8. Management Response

The CA responded that:

An amount to the tune of Le 7,290,000 was spent on entertainment, stationery and maintenance of vehicle during the review of the Development Plan of Council when the cheque print was delayed by our bankers.

14.9. Committee's Recommendations

The Chief Administrator must produce evidence to show how this amount was utilized; otherwise the Le 7,292,574 must be accounted for within 30 days after the adoption of this report by Parliament.

14.10. Sitting fees paid to councillors

Findings:

There was no evidence of guidelines issued by the Ministry of Local Government and Rural Development for payment of sitting fees to councillors;

Sitting and transport allowances were paid to absentee councillors. This amounted to Le 3, 852, 750.

14.11. Management Response

The CA responded that:

The five absentee Councillors in question had valid written excuse of being absent. All have medical excuse for being absent.

14.12. Committee's Recommendations:

The Committee recommended that following:

- ***The Mayor must produce the guidelines to justify the payment of sitting allowances to Councillors; otherwise the amount must be accounted within 30 days after the adoption of this report by Parliament.***
- ***The Mayor must ensure that allowances of absentee Councillors are treated as unclaimed allowances and paid back to the consolidated fund, for which a receipt should be obtained from the Accountant General, and evidence submitted to the audit office for verification.***

15.0. BOMBALI DISTRICT COUNCIL

15.1. Procurement procedures not followed

Findings:

Procurement procedures were not followed for items bought to the tune of Le 25, 976, 800

15.2. Management Response

The CA responded that:

The Council in FY 2010 did a framework contract for motorbikes and spares and B.K. & Friends, whose quotation was the lowest response, was the successful bidder for this category of supplies. The transaction was continuity to that framework contract. It was against this background that quotations were not obtained again when subsequent supplies were required.

For this threshold, the Council did sourcing procurement method. Anolda Enterprises happened to be the sole provider of Science Equipment and is recognized by the Ministry of Education.

The Council is facing serious problem with this particular type of supplies simply because there are very few suppliers of this kind of product. It was against this background that the Ministry of Education has decided to withdraw this activity to Central Government to ensure proper service delivery and value for money.

Quotations were obtained for these transactions; it was unfortunate that the team was unable to inspect them during the Audit Exercise. They are available for further inspection.

15.3. Committee's Recommendations

The Committee recommended as follows:

- ***The Chief Administrator must explain why the required procurement procedures were not followed; otherwise the whole amount must be accounted for within 30 days after adoption of this report by Parliament.***
- ***The Chief Administrator should also ensure that subsequent procurements are done in line with the Public Procurement Act of 2004 and Procurement regulations.***

15.4. Inadequate control over the general processing of payment vouchers

Findings:

Payment vouchers were not produced for audit inspection, for transactions amounting to Le 10, 258, 000;

Disbursements totalling Le 12, 455, 000 were without the relevant supporting documents;

Request forms were not approved by the Chief Administrator for certain payments made from Own Source Revenue amounted to Le 9, 200, 000;

Withholding taxes in respect of payments made to suppliers and contractors were not deducted and paid to the NRA. This amounted to Le 3, 675, 100.

15.5. Management Response

The CA responded that:

The highlighted vouchers that were not seen for inspection might have been mixed up with other vouchers in one of the many files of the Council. This is one of the problems we are facing with difference monitoring bodies, sometimes after the inspection they mixed up our records. The Council regrets this. They are now available in the Finance Office for inspection. The relevant supporting documents are available in the Finance Office for inspection. These request forms are now signed. This was as a result of the Chief Administrator doing all the administrative work of Council.

15.6. Committee's Recommendations:

- ***The Chief Administrator must produce the payment vouchers for verification; otherwise the Le10, 258,000 should be refunded;***
- ***The Chief Administrator must explain how these monies were utilized otherwise the Le 12,455,000 must be accounted for within 30 days after the adoption of this report by Parliament.***
- ***In future, the Chief Administrator must ensure that all disbursements must be supported by payment vouchers and all relevant supporting documents.***

15.7. Sitting fees paid to councillors

Findings:

There was no evidence of guidelines issued by the Ministry of Local Government and Rural Development for payment of sitting fees to councillors;

Sitting and transport allowances were paid to absentee councillors. This amounted to Le 8, 386, 875.

15.8. Management Response

The CA responded that:

This was how we inherited the system. However, the Ministry of Local Government was working on the Decentralization Policy that would cover all these areas.

This might be due to negligence on the part of Councillors to sign the Attendance Register. The Finance Office has taken the responsibility to ensure that the Attendance Register is signed by all councillors present in a meeting. This has to do with the Local Government Service Commission. We shall make it known to the Ministry,

15.9. Committee's Recommendations

- ***The Chairman must ensure that allowances of absentee Councillors are treated as unclaimed allowances and paid back to the consolidated fund, for which a receipt should be obtained from the***

Accountant General, as evidence of the amount being paid back to revenue.

- ***In future, the Chief Administrator must ensure that allowances are only paid to Councillors who attend meetings.***

15.10. Withholding taxes not deducted

Findings:

Withholding taxes not deducted from payments made to suppliers amounted to Le 3,675,100

15.11. Management Response

The CA responded that:

The Council regrets the non compliance for this provision of the time of Audit. However, these amounts have been paid over to the National Revenue Authority.

15.12. Committee's Recommendations

The Chief Administrator must ensure that those taxes are recovered and paid to the NRA and copies of the receipts forwarded to the audit office for verification.

16.0. TONKOLILI DISTRICT COUNCIL

16.1. Inadequate control over collection, recording and reporting of financial transactions

Findings:

Revenue collected for the period under review to the tune of Le 13, 622, 900 no banked

16.2. Management Response

The CA responded that:

The observation of Le 13,622,900 not banked for the period January – March 2010 is true. Though this money was not banked there are documentary evidences of how this amount was utilized in the interest of the public. In future, all revenue collected will be banked intact.

16.3. Committee's Recommendations

The Committee recommended that the Chief Administrator must produce evidence to show how this amount was utilized; otherwise the whole amount of Le 13,622,900 should be accounted for within 30 days after the adoption of this Committee by Parliament.

16.4. Procurement Procedures not followed

Findings:

Procurement procedures were not followed for items bought to the tune of Le 52, 679, 200

16.5. Management Response

The CA responded that:

Some of the Procurement documents with regards the above were misfiled. Such procurement documents were later discovered and are now available for verification.

16.6. Committee's Recommendations

- ***The Chief Administrator must also ensure that subsequent procurements are done in line with the Public Procurement Act of 2004 and Procurement Regulations.***
- ***The Chief Administrator must explain why the required procurement procedures were not followed; otherwise the Le 52,679,200 must be accounted for within 30 days after the adoption of this report by Parliament.***

16.7. Sitting fees paid to councillors

Findings:

There was no evidence of guidelines issued by the Ministry of Local Government and Rural Development for payment of sitting fees to councillors;

Sitting and transport allowances were paid to absentee councillors. This amounted to Le 6, 212, 500.

16.8. Management Response

The CA responded that:

Councillors were paid without attending council meetings was that at the time of meeting they were attending Council's functions i.e workshop and meetings which to a great extent had a positive impact on the operations of Council. However Council will ensure that as from now only Councillors who attend Council meeting receive their transport and sitting allowances.

16.9. Committee's Recommendations

- ***The Chairman must produce the guidelines to justify the payment of sitting allowances to Councillors.***
- ***The Chief Administrator must ensure that allowances of absentee Councillors are treated as unclaimed allowances and paid back to the consolidated fund, for which a receipt should be obtained from the Accountant General and evidence submitted to the audit office for verification.***
- ***In future, the Chief Administrator must ensure that allowances are only paid to Councillors who attend meetings.***

16.10. Inadequate control over the general processing of payment vouchers

Findings:

Disbursements totalling Le 31, 000, 000 were without the relevant supporting documents

16.11. Management Response

The CA responded that:

The relevant supporting documents and payment voucher number 1491 dated 14th January 2010 were misfiled on 2011 Primary Health Care file but are now available in the office for verification.

16.12. Committee's Recommendations

- *The Chief Administrator must ensure that payment vouchers (PV) are prepared for all payments made out of the accounts and vouchers should be appropriately authorized and approved with all supporting documents attached to their respective PVs.*
- *In future, all disbursements must be supported by payment vouchers and other relevant documents.*

16.13. Withholding Tax not paid to NRA

Findings:

Withholding tax in respect of payments made to suppliers and contractors were not deducted Le 8, 915, 300

16.14. Management Response

The CA responded that:

The Council will ensure that these monies be recovered and paid over to NRA and copies of the receipts will be forwarded to your office for verification.

16.15. Committee's Recommendation

The Chief Administrator must ensure that these taxes are paid to the NRA and copies of the receipts forwarded to the audit office for verification.

17.0. KOINADUGU DISTRICT COUNCIL

17.1. Inadequate control over the general processing of payment vouchers

Findings:

Disbursements totalling Le 299, 325, 370 were without the relevant supporting documents

17.2. Management Response

The CA responded:

The Council hereby submits for verification purpose photo copies of supporting documents relating the above transactions.

17.3. Committee's Recommendations

The Committee endorses the recommendations of the audit as follows:

- *That the Chief Administrator must produce the documents for verification, otherwise the amount of Le 299,325,370 should be accounted within 30 days after the adoption of this report by Parliament.*
- *That all disbursements made in the council must be supported by the relevant documentations.*

17.4. Procurement procedures not followed

Findings:

Procurement procedures were not followed for items bought to the tune of Le 124, 638, 000

17.5. Management Response

The CA responded that:

The procurement procedures were duly followed; documents relating to the above could not be traced at the time of the audit. The Council has traced the necessary documents and attach them to this response for verification purposes.

17.6. Committee's Recommendations

- *That the Chief Administrator must also ensure that subsequent procurements are done in line with the Public Procurement Act of 2004 and Procurement Regulations.*

- ***The Chief Administrator must explain why the required procurement procedures were not followed; otherwise the Le 124,638,000 must be accounted for within 30 days after the adoption of this report by Parliament.***

17.7. Sitting fees paid to councillors

Findings:

There was no evidence of guidelines issued by the Ministry of Local Government and Rural Development for payment of sitting fees to councillors amounting to Le 104,302,500;

Sitting and transport allowances were paid to absentee councillors. This amounted to Le 12,425,000.

17.8. Management Response

The CA responded that:

As noted by the auditors, it is the responsibility of the Ministry of Local Government and Rural Development to issue guidelines on the payment of travelling and sitting allowances to Councillors. Council is looking forward to the Ministry of come up with appropriate guidelines on this issue.

The affected Councillors have been informed, deductions from their travelling and sitting allowances made and paid into the consolidated fund. The receipt and evidence of payment are attached for verification purpose.

Management assures you of strict compliance with the policy guidelines as recommended by the auditors and approved by Council.

17.9. Committee's Recommendations

The Committee recommended as follows:

- ***The Chairman of the Council must produce the guidelines to justify the payment of sitting allowances to councillors.***
- ***The Chief Administrator must ensure that allowances of absentee Councillors are treated as unclaimed allowances and paid back to the consolidated fund, for which a receipt should be obtained from***

the Accountant General and evidence submitted to my office for verification.

18.0. FREETOWN CITY COUNCIL

18.1. Unauthorised Overdraft

Findings:

An overdraft facility of Le 5.3 billion was contracted during the year for which approval from the Ministry of Finance and Economic Development (MoFED) was not sought.

18.2. Management Response

The CA responded that:

(a) Overdrawn Devolved Sector Accounts

Two reasons stand to explain the overdraft situations in the devolve sector accounts

- (i) Transfers to the various sectors are tightly tied to the activities cost without cognizance of bank charges the effect of which, always forced the accounts into overdraft.

- (ii) Because of delayed transfers from the Ministry of Finance, emergency needs sometimes arise to temporarily overdraw some, especially health sector accounts, to address urgent and chaotic issues so as to rescue political risks. Waste Management is a notorious culprit.

(b) Conversion of overdraft facility to a loan

Council agrees with the recommendation and in respect of overdraft with Rokel Commercial Bank (RCB), the Financial Secretary, Permanent Secretary Local Government and Rural Development (MLGRD) and officials of FCC has already engaged the officials of RCB at a meeting where the conversion of the overdraft to a 5 years loan was negotiated and granted. The MLGRD issued the formal authorisation direct to RCB on the mandate of the Financial Secretary on behalf of MoFED. You will confirm this with the bank. This after a series of meetings chaired by the Financial Secretary himself – MoFED would have objected to the MLGRD letter if they were not in agreement. The position can be clarified direct with MoFED, but FCC is not in a position to direct MoFED what letters it should write.

The Council has also successfully negotiated the conversion of the overdraft with the First International Bank (FIB) to a three (3) years loan on the base of an existing authorisation obtained from the Ministry of Finance and Economic Development.

18.3. Committee's Recommendations

The Committee recommends the following:

- ***The CA must explain why Devolved Sector Accounts were overdrawn, and approval not sought from the MoFED. A written explanation must be submitted to the Auditor General copy to the Committee within 30 days after the adoption of this report by Parliament.***

- ***The CA and Mayor must make every effort to over-turn this ugly situation by negotiating with the banks to convert the overdraft facility to a loan with favourable payment terms.***

18.4. Devolved Grants not transferred

Findings:

An amount totalling Le 2,956,360,150 represents funds transferred by both the Central Government and Decentralised Service Delivery Programme (DSDP) to the council for which no action has been taken to transfer same into the various sector accounts.

18.5. Management Response

The CA responded that:

While we agree that some amounts were outstanding to be transferred to the various sectors we disagree with the amount of Le 6,840,922,699.70 suggested by the team.

The true and correct amount is Le 2,956,360,150 at 31st December 2010, of this amount the sum of Le 222,000,000 has now been transferred in the current year 2011 and Council is also making frantic efforts to do the remaining transfers.

Meanwhile the Office of the Finance Officer has addressed the recommendation by adjusting the Financial Statement to reflect disclosure of this liability. Council has already worked an arrangement with MoFED whereby all tied grants are paid directly into the sector accounts, effective 2011 – Le 174.61 million.

18.6. Committee's Recommendations

The Committee recommends the following:

The CA must give an adequate explanation as to how the said amounts were utilised and the reason(s) for not transferring the amounts in question to the various devolved accounts. In order to realise the benefits of the

decentralisation process and for the devolved sectors to effectively carry out their functions, the MoFED should endeavour to transfer all funds to the various devolved accounts instead of the council's Administrative Account.

18.7. Procurement procedures not followed

Findings:

Procurement procedures were not followed for a number of contracts undertaken by council.

18.8. Management Response

The CA responded that:

❖ Construction of market and shop centre at Fisher Street.

The Ministry of Works and Infrastructure procured the contract; recommended Waka Fast Construction Company to the Council and advised advance payment to same contractor accordingly. Relevant documentations could be available with the Ministry of Works and Infrastructure.

A problem with relocation of squatters occupying the market area has delayed the start of the work. Meanwhile, the Ministry of Local Government and Rural Development (MLGRD) has demanded from the contractor, Waka Fast Construction Company, to make immediate payment back into the Council's coffers while modalities are being put in place for the work to start. The contractor has agreed, and the bank still the performance bond.

The difference of Le 79,800,000 was withheld for convenience of relocating evictees from the construction area, which is problematic and yet to be effective.

❖ Quantity of Stores at Sewa Grounds – Fackban Construction.

Initially 50 stores was proposed but during implementation Council considered the commercial intelligence of the location and resolved to instead reduce the number of stores and substitute it with a canteen and a banking hall facilities with no additional cost, which may also have the propensity to offer greater benefits to all the participants of

the centre. Thus it can be seen that the space occupied by the canteen and banking hall facilities coincide with the purported 7 stores missing.

❖ **Payments not budgeted for - Le 558,897,000.32**

These payments were inevitably based on needs as explain below:

(a) Pathmark Enterprise – Demolition work – Le 94,000,000

This activity was carried out when operation sweep was on. There were many undeservedly buildings at the Sewa ground, especially one had already partially collapsed posing threat to the lives of not only the neighbourhood but the public generally, this notwithstanding the need to make way for the construction of the new shopping centre was urgent.

(b) MKD JASS Construction – Demolition at Aberdeen – Le 82,200,000

The construction of Sir Samuel Lewis Road Market contract was awarded to MKD Jass by NaCsa and the contractor was on time schedule. The demolition of small structures to make way for the construction to take place was the Council's contribution and urgently needed for the contractor to start work.

(c) Payment for Metro Utility Van – DOKKAL – Le 56,700,000

The expenditure was within the target of Le140 million budgeted for office vehicles

(d) Fatisha Enterprise – Rehabilitation of Boston Community Centre – Le 29,489,800

This is a community owned facility located at Kissy which house the eastward revenue office of FCC on no consideration. The concrete floor slab was leaking profusely and demanded urgent attention so that the revenue collection cannot be hindered.

(e) Franklyn Garber – Construction of Culvert leading to DM – Le 14,864,210.53

The culvert collapsed and at a time the Deputy Mayor went into the drainage with his vehicle. The situation was very dangerous that Council needed and had to step in immediately.

(f) Hill Valley Hotel – Hotel Accommodation – Le 104,725,000

This payment was in respect of accommodation to host various sector participants of a training workshop on strategic planning. Its objective was to au fait the various sectors on the basics of local government strategic planning. This was financed by contributions from each sector's training allocations embodied in their respective budgets.

(g) Michael Kiesta – Maintenance of Toilet Kroo Town Road – Le 15,100,000

The expenditure is within the budget for maintenance of buildings. Besides, council has the responsibility to provide convenience facilities for market attendants, and the condition of the toilet in this market having gone bad; the traders had tagged the temporary inconvenience to their non-payment of market dues. Council was therefore losing revenue and compelled to undertake the repairs without delay to restore the facility.

(h) Dokkal Enterprises – Spare Parts & Repair of Vehicles – Le 65,970,000

The Council's vehicles were embarrassingly road-unworthy and grounded. Own workshop lack the relevant facilities to respond to the extent of repairs required therefore Council had to out-source the services. In any case there was a budget for vehicle maintenance – Le174.61 million.

(i) Saajay Enterprises – Maintenance of Infrastructure – Le 44,426,750

The maintenance was described in the activity plan of Macaulay Street hospital as maintenance of facilities which is also provided for in their budget.

❖ **Award of supply of diet contract to the highest bidders**

Section 56 (1) Public Procurement Act (PPA) 2004 states:

“The contract shall be awarded to the bidder having submitted the lowest evaluated and substantially responsive bidder”; meaning that all the technical requirements should have been met by the supplier before looking at the price, i.e. price is the last option.

Consistent with this provision, the awardees, though being the highest bidders respectively in terms of price, were those that fulfilled all the technical requirements.

18.9. Committee’s Recommendations

The Committee endorses the following recommendation:

- *The CA should ensure that procurements are done in line with the PPA*
- *The CA should explain the reason(s) for undertaking activities which were not in the Procurement plan.*
- *The Mayor and CA should ensure that the Performance Bond and Advance Payment Guaranty are resubmitted by the contractor and that construction work at Fisher Street starts immediately, otherwise the Le879,980,000 should be refunded to MTIR.*
- *The actual cost of the short fall of the seven (7) stores not constructed by Fackban Construction Enterprises should be recovered from them and details of recovery forwarded to our office for audit verification.*
- *Evidence of the market survey done by the procurement unit as regards the contract for the award of diet should be produced for audit inspection.*
- *The Le 79,980,000 difference between the Le 879,980,000 transferred by the Ministry of Trade and Industrial Relations (MTIR) and the Le 800,000,000 paid to the contractor should*

be recovered and details of recovery forwarded to our office for audit verification.

18.10. Morgan Heritage concert

Findings:

A total loss of Le 744.45 million was made in hosting the concert. Also, the committee that was set up to oversee the concert is yet to report eight (8) months after the hosting of the concert.

18.11. Management Response

The CA responded that:

(a) A total loss of Le744.45 million from hosting the concert

Council agrees with the findings. The Mayor has urged the Committee to submit its report on the entire activities of the concert with a minimum of delay for consideration of the Council.

(b) Contract agreements for performances held at Aces Night Club and Country Lodge not submitted for review.

The contractors clandestinely entered into the sub-contracts. Contractees either failed or neglected to recognise Council to enter into any form of agreement or negotiation. The contractees when the deal exposed offered to pay to council a share of net proceeds from the gate takings. However, neither Council Officials were engaged in any of the activities of the show nor the books were opened to the Council for inspection.

18.11. Committee's Recommendations

The Committee recommends that the Mayor must ensure that the report from the Morgan Heritage Concert Committee and the contract agreements with the

Aces Night Club and Country Lodge should be submitted to the Auditor General for verification and copy to the Committee within 30 days after the adoption of this report by Parliament.

18.12. Revenue collected not banked intact

Findings:

Revenues collected were not banked intact.

18.13. Management Response

The CA responded that:

We dispute the finding that Le 1,259,488,733.22 was not banked intact. Probably the team ascertained the moneys banked based on the deposits into specific revenue designated bank accounts. On the Contrary banking is on ad hoc system; based on the accounts liquidity situation to respond to transactions as is necessary by the prevailing circumstances.

18.14. Committee's Recommendations

The Committee endorses the following recommendations:

- ***That all monies received must be banked intact. This will have the benefit of ensuring that all monies received are properly accounted for.***
- ***Supporting documents for the utilization of the Le Le1, 259,488,733 must be produced for audit scrutiny, otherwise the whole sum must be recovered from the authorities concerned and evidence of receipt forwarded to our office for audit verification.***

18.15. Inadequate control over the collection, recording and reporting of Financial Transactions

Findings:

Several control weaknesses were observed in the collection, recording and reporting of financial transactions.

18.16. Management Response

The CA responded that:

1) Six (6) Receipt books not returned

Karim Marrah (reportedly ill), Tamba Deen Kamara and Elkannah Toby are still in the service, council will not relent to pursue retrieval of these books otherwise recover the value from these employees.

Two books issued to Francis Lahai were not returned when his services was terminated. All efforts to locate the where-about of Mr Lahai have proved futile. However the benefits payable to Mr Lahai has been withheld which if fail to retrieve these books will be confiscated and if fails a legal action pursued to recover the balance.

2) This situation has been regularised. All bank reconciliations are now reviewed by Chief Finance Officer to whom I have devolved the function.

3) Deposits done on a ad hoc basis, e.g. amounts meant for property rate were deposited to market accounts.

We agree with the finding. In fact the Public Financial Management Reform Unit (PFMRU) is strongly advocating that we maintain a single account for own source revenues to allow accounting convenience.

4) A difference of forty-seven (GRBs (47) valued at Le 117,500,000 noted between what was handed over to the current store-keeper and that shown in the stores ledger.

A task force of chairmen of committees has been appointed to speedily investigate the circumstances of mysterious disappearance of these receipt books and report to the Council. Whosoever identified wanting will face the full penalty of the law.

18.17. Committee's Recommendations

The following were recommended by the Committee:

- *The treasury departments must ensure that regular reconciliations are carried out with the various revenue collection departments. Also monthly bank reconciliations should be carried out and reviewed by a senior officer.*
- *With immediate effect, all revenues collected must be paid directly to cash office instead of the collecting departments.*
- *With immediate effect deposits should only be made to the actual bank accounts for which that revenue is meant.*
- *The Le 15,000,000 and Le 117,500,000 for the six (6) GRBs not returned by staff and the forty-seven (47) missing GRBs respectively should be recovered and evidence of recovery forwarded audit for verification.*

18.18. Revenue from local tax not brought to account

Findings:

One thousand and fifty-six (1056) local tax receipt books valued at Le528, 000,000 were not available for audit scrutiny. In addition, a difference of 150 local tax receipt books valued at Le 75,000,000 could not be brought to account.

18.19. Management Response

The CA responded that:

There are a number of challenges that impact local tax revenue collection. Major challenges include poor administrative capacity to enforce compliance, resistance from the taxpayers, political pressure to relax enforcement efforts and above all non cooperation of formal sector; hence experience advocates cautiousness in our enforcement strides.

With these challenges and the failure to significantly tap the formal sector urged the Council to operate with the inform sector; Council is however appalled by the misuse of the confidence reposed in some of these informal agencies who remain adamant to withhold these revenue documents and or proceeds.

Detail of Defaulters

Defaulter	No. Of Books	Value (Le)
Organisations	87	43,500,000
Tribal Heads	139	69,500,000
Staff	315	157,500,000
Councillors	102	51,000,000
Other Agents	379	189,500,000
	1022	511,000,000

Recovery of value of books due from staff defaulters and councillors totalling Le209,000,000 (Le209 million) is now enforced by deduction from their salaries and allowances in 8 monthly instalments.

Tribal Heads and other defaulters are also chased relentlessly in order to retrieve these books and if fail to recover values, legal measures will be pursued to serve as a deterrent for the future.

In respect of 150 local tax books missing, a Task Force of councillors is appointed to investigate these irregularities and report to the Council in the shortest possible time. The committee findings will also be forwarded to your office for your further consideration.

18.20. Committee's Recommendations

The Committee endorses the following recommendations:

- *The CA must ensure that the Le 528,000,000 is retrieved and details of recovery forwarded to our office for audit verification.*
- *The CA must take immediate action to recover the Le 75,000,000 from the storekeeper and details of recovery forwarded to our office for audit scrutiny.*

18.21. Inadequate control over the general processing of PVs

Findings:

Several payments were made without recipients' signature and adequate supporting documents. Some Payment vouchers (PVs) were not initialled by those charged with the responsibility of authorising, approving, processing and recording transactions.

18.22. Management Response

The CA responded that:

The Council had agreed with the audit recommendations

18.23. Committee's Recommendations

The following recommendations were proffered by the Committee:

- *The City Treasurer must ensure that all monies disbursed are supported by the relevant documentations and are signed for by the appropriate person(s).*
- *The CA and City Treasurer must ensure that the supporting documents for the disbursement of the sum of Le 942,174,521 are provided for audit scrutiny; otherwise the whole amount should be refunded and evidence of payment forwarded for audit verification.*
- *Also, PVs should either be ruled in red or stamped paid in order to prevent the recycling of payments.*
- *Furthermore, PVs must be completely signed by all those charged with the responsibility of authorising, approving, processing and recording transactions.*

18.24. Withholding taxes deducted but not paid over to National Revenue Authority (NRA)

Findings:

Withholding taxes totaling Le45, 763,422 was deducted but not paid over to NRA.

18.25. Management Response

The CA responded that:

The Council noted the recommendation and will ensure full compliance. Concerted efforts are made to ensure immediate payment of the withheld balance of Le 45,763,422.45 and receipts will be forwarded to you in due course.

19.26. Committee's Recommendations

The Committee recommends the following:

- *The CA and City Treasurer should ensure that 5% withholding tax is deducted from all payments of Le 500, 000 and above made to suppliers and contractors.*

- ***The CA and City Treasurer should ensure that the amount of Le 45,763,422.45 is paid over to the NRA and the receipts are forwarded to the audit office for verification.***

19.0. WESTERN AREA RURAL DISTRICT COUNCIL (WARDC)

19.1. Presentation of financial statement

Findings:

The Financial statement submitted had no Management's Commentary (Reports from the Chairman and Chief Administrator) on the activities of the council for the period under review and the basis of preparation of the Financial Statement.

19.2. Management Response

The CA responded that:

The Council has agreed to implement the audit recommendations

19.3. Committee's Recommendations

The Committee adopts the following recommendations:

- ***The Finance Officer (FO) must ensure that the reports by the Chairman and CA are produced and attached to the accounts to enhance more understanding for users.***
- ***The FO should also submit the basis on which the accounts were prepared whether on cash or accrual basis for audit verification.***

19.3. Poor financial performance

Findings:

The variance analysis report on actual own source revenues as against budgeted on the detailed Audit Report showed an alarming trend and if appropriate action is not taken, this would stifle developmental programmes.

19.4. Management Response

The CA responded that:

Council has limited resources to tap its revenue; notwithstanding that, we have put strategies in place to equip the council's sub offices and set up the revenue and property rate coordinating unit.

19.5. Committee's Recommendations

The Committee strongly recommended that the council must put in place stringent measures to over-turn this downward performance by engaging local community development partners to sensitise their local communities and encouraging them to pay their taxes.

19.6. Procurement procedures not followed

Findings:

Procurement procedures were not followed for a number of contracts undertaken by the council. For instance, it was observed that contracts totalling **Le109,526,060** were entered into, for which the activities were neither in the procurement plan nor budgeted for and evidence of up- to-date payment was not provided.

19.7. Management Response

The CA responded that:

The Council has traced most of the documents highlighted in the draft report.

19.8. Committee's Recommendations

The strongly recommended the following:

- That the council must ensure that all remaining works are completed by the contractors; otherwise, the amount that relates to the unfinished part of the contracts should be paid back by the contractors and details of recovery forwarded to the audit office for verification.
- The CA must ensure that the contract documents are provided; otherwise, the whole amount should be recovered and evidence of that forwarded to the audit office for verification.

19.9. Virement procedures not follow

Findings:

Amounts expended by the Administrative Department from the accounts of Solid Waste Management and Health Sector were **Le11,605,000** and **Le65,394,000**, respectively.

19.10. Management Response

The CA responded that:

The budgeted maintenance cost under Waste Management was allocated to administrative tipper because a Waste Management vehicle was yet to be procured and administrative tipper was substituted.

19.11. Committee's Recommendations

The Committee recommends the following:

- *The CA should transfer the sum of Le76, 999,000 immediately to the account of the Devolved Functions.*
- *In future, the CA should not vire funds from devolved functions as they are tied grants*

19.12. Revenue not brought to account

Findings:

Even though a similar finding was noted in the previous audit report, council has still not been able to tackle the issue of non collection of dues, as 29 receipt books valued at **Le14,500,000** were not brought to account.

19.13. Management Response

The CA responded that:

Receipt books were issued to various wards (Koya, Mountain, York and Waterloo) but they were not produced for inspection by the various revenue collectors in the respective ward

19.14. Committee's Recommendations

The Committee strongly recommended that the CA must ensure that the outstanding amount is retrieved and details of that forwarded to our office for verification within 30 days after the adoption of this report by Parliament or the whole amount must be accounted for and details forwarded to the audit office for verification.

19.15. Authority to print receipts books

Findings:

Five thousand (5000) Market Dues Receipt Books were procured on the open market without the approval of the Government Printer or the Accountant General. The amount involved was **Le25, 000,000**

19.16. Management Response

The CA responded that:

The Council does follow the procurement procedure to print all council revenue books as we are accountable to our tax payers. It was due to cost, time and the need to collect daily market dues and to account for them promptly which led to the contract of printing of market dues tickets to a reputable institution, instead of the Government printer.

19.17. Committee's Recommendations

The Committee recommends that the CA must account for and pay the amount of Le25,000.000.00 into the Consolidated Revenue Fund(CRF) and evidence of that forwarded to the audit office for verification.

19.18. Sitting fees paid to Ward Committee Members

Fiings:

Amounts totalling **Le14,961,832** were paid in respect of ward committee sitting fees which violated section 95(4) of the LGA.

19.19. Management Response

The CA responded that:

The mandate to pay 220 ward committee members within the Western Area Rural District was given by the Local Government Finance Department; the document is available for your inspection.

19.20. Committee's Recommendations

The Committee recommended the following:

- ***The payment of Sitting Fees and other allowances should be financed by the Council under guidelines issued by MLGRD, after consultation with the Minister responsible for Finance, in accordance with section 30 (2) of the LGA, 2004.***
- ***The CA must recover the total amount of LE14, 961.832.00 from the Ward Committee members, immediately, and***

evidence of the recovery forwarded to the audit office for verification.

19.21. Inadequate control over the general processing of payment vouchers

Findings:

Various Payment Vouchers for the Devolved Functions totalling Le457,688,547 were without adequate supporting documents. Several receipts totalling Le30, 086,600.00 were without business names and addresses and were not stamped to indicate payment.

19.22. Management Response

The CA responded that:

The Council has sorted out most of the documents highlighted in the draft report. The misplacement of most of these documents was due to the continuous monitoring and assessment from the Local Government Finance Department and the procurement audit team from Ghana, to report on project performance and Decentralized Service Delivery. Most of these documents are now available for your inspection.

19.22. Committee's Recommendations

The Committee recommended as follows:

- ***The CA should produce the supporting documents for verification; otherwise, the sum of Le487, 775,147.00 should be refunded, immediately.***
- ***In future, all payments should be adequately supported by the relevant documentation before payments are made.***

19.23. Internal audit department not effective

Findings:

Even though Section 81 (3) of the Local Government Act (LGA), 2004 requires that the Internal Audit Department shall at intervals of three months, prepare a report on the internal audit work carried out by the Department, we observed that except for the first quarter, no periodic operational, financial and compliance audit reports were issued for the period under review. .

19.24. Management Response

The Council noted your observation and has put a mechanism in place to ensure that the internal audit department function properly.

19.25. Committee's Recommendations

The Committee recommended the following:

- ***The Head of the Internal Audit unit should provide satisfactory reasons for the above occurrences;***
- ***The council should establish an Audit committee that is charged with the responsibility of approving the department's work plans, retrieving the report and monitoring the implementation of all audit recommendation; and***
- ***All internal Audit Reports must be submitted to both the council and the Minister, in accordance with Section 84 (3&4) of the LGA.***

CONCLUSION

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

Consequently, the Local Government Council audits call for a fundamental shift in the system of assessment of Local Government performance by focusing on the Local Government Councils and their respective organs. In this case, Local Government Councils are considered the major source of balance of power between the citizens and the national government. However, because citizens are not effectively demanding accountability and performance from their local leaders, these leaders have been co-opted by the national government where major decisions regarding political, legislative and administrative authority are undertaken as transactional arrangements between national and local political leaders.

A demand-side model where financial and intellectual resources are invested in building citizens' civic competence and hence citizens' capacity to demand for accountability in the delivery of public goods and services is proposed. The Local Government Councils audit is therefore proposed as a tool that enhances understanding of the responsibilities of Local Government Councils and provides

empirical data and information on how the councils are undertaking these responsibilities. The underlying theory of change is that by providing local councils' performance related information to the public, citizens will demand increased accountability on local political leaders, hence triggering a vertical spiral of demand for accountability and effective service delivery from the local to the national level.

Mr. Speaker, Hon Members, the Committee noted a number of queries have been going down over the years. On the general trend, local councils have employed competent and qualified staff especially in areas such as Finance, Internal Audit and Procurement.

However, despite the good work of the PAC some issues still arise year in year out. The Committee is of the view that mechanisms must be put in place to enforce the recommendations of PAC and penalties to deter commitment of the same crime.

Mr. Speaker, Hon Members, these observations and recommendations, if taken into account and implemented, will enhance accountability, effectiveness, transparency, efficiency, prudent management and better service delivery in local councils.

Mr. Speaker, Hon. Members, I implore to report to this August House to adopt this report and the recommendations there in.

ACKNOWLEDGEMENT

Mr. Speaker, Hon Members, this report is prepared as part of the on-going accountability process of the Public Accounts Committee's oversight of Local Government Councils in Sierra Leone. Since the re-adoption of the decentralization Act in 2004, attempts to improve the functioning of local governments through systematic Parliamentary oversight have not yielded the required results. The oversight mechanisms that have been adopted mainly focus on the fiscal and administrative aspects of decentralization. Consequently, the role of Local Government Councils as a major source of balance of power between the central government and citizens has not been properly highlighted. This report aimed at deepening Parliamentary Committee (Public Accounts Committee) in Sierra Leone through oversight assessment of the performance of Local Government Councils.

Mr. Speaker, Hon Members, finally, this report benefitted from public hearings organized with Local Government staff in a number of Districts who we cannot mention here individually. Their contributions through questioning and probing are acknowledged. Finally, we recognize and appreciate the contribution of all Committee Members, Audit Service Sierra Leone staff and Committee staff that provided various forms of support to write this report.

********Please note that all responses from the Chief Administrators are verbatim less or non edit have been done to form the content of this report.***

********All recommendations must be acted upon by the responsible officers within 30 days after this report has been tabled and adopted by Parliament.***

MOTION OF THE PUBLIC ACCOUNTS COMMITTEE

Hon. Komba Eric Koedoyoma

Acting CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE

MOTION OF THE PUBLIC ACCOUNTS COMMITTEE

PROPOSER: HON. Komba Eric Koedoyoma

SECONDER: HON. Alhaji Mohamed Sofian Kargbo

BE IT RESOLVED:

THAT THIS HONOURABLE HOUSE RATIFYS THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF SIERRA LEONE (LOCAL COUNCILS) FOR THE FINANCIAL YEAR 2010 AND THAT THE RECOMMENDATIONS CONTAINED THEREIN ARE FULLY IMPLEMENTED BY THE EXECUTIVE.

