



**REPUBLIC OF SIERRA LEONE**

**REPORT OF THE PUBLIC  
ACCOUNTS COMMITTEE ON  
THE REPORT OF THE  
AUDITOR GENERAL ON THE  
ACCOUNTS OF SIERRA LEONE  
FOR FINANCIAL YEAR  
2008**

**SUBMITTED BY  
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CHAIRMAN PUBLIC ACCOUNTS COMMITTEE**

## INTRODUCTION

Mr. Speaker, Hon. Members, the Public Accounts Committee (PAC) is charged with the responsibility of examining the accounts of bodies that have been voted for by Parliament. In practice, this means holding public sessions to take evidence on examination of the reports produced by the Auditor General each year. The PAC takes evidence on oath, from the relevant Vote Controllers, Accounting Officers and other senior personnel of the various Ministries, Departments and Agencies as they have the responsibility for the management of public funds in their various establishments.

Mr. Speaker, Hon. Members, the report of the Public Accounts Committee on issues dealt with in the 1996/1999, 2000, 2001 and 2002 Auditor General's Report have still not been fully implemented. The Accountant General has not taken actions to recover from the salaries/pensions of defaulters as requested by the Auditor General. In the same vein, much has not been achieved with matters referred to the Attorney General.

Mr. Speaker, Hon. Members, the recommendations of the PAC on issues dealt with in the Auditor General's Report for the years:

1996-1997	1999-2000	2002-2003	2005-2006
1997-1998	2000-2001	2003-2004	2006-2007 etc
1998-1999	2001-2002	2004-0005	

have still not been fully implemented. Matters referred, by the Auditor General to either the Accountant General or the Attorney General are yet to be implemented.

Mr. Speaker, Hon. Members, Public Accounts Committees (PACs) have been around for a long time. In the U K, the PAC was first appointed by Prime Minister Gladstone in 1861 to annually examine government departments on subjects arising from their accounts audited by the Comptroller and Auditor General (AG). This was to ensure accounting regularities, sound financial administration, and to deal with the elimination of waste, extravagance and inefficiency. Committee Members were expected to have a non-partisan spirit and discarded party prejudice. They were supposed to judge issues on merit alone.

Mr. Speaker, Hon. Members, the PACs in the British Commonwealth and other countries have similar purposes, objectives and operating frameworks. Traditionally the PAC is one of the most prestigious Committees of Parliament. In most Commonwealth countries, the Committee is chaired by a Member of the Opposition, a tradition that sets it apart from the majority of other Parliamentary Committees. Sierra Leone does not follow this tradition. The Chair is from the Government side in Sierra Leone, a situation that should be reconsidered. In Sierra Leone the Standing Committee of Public Accounts usually relies on the Parliamentary watchdog, the Audit Service Sierra Leone (ASSL) and the Auditor General (AG), for input to its deliberations. The PAC is independent from the Executive Government. However, the Standing Committee relies on the Executive Government for timely and relevant

information. The Auditor General supports the independence of the PAC. The PAC has no power to enforce implementation of its recommendations.

### **Purpose**

Mr. Speaker, Hon. Members, the Public Accounts Committee holds Ministries, Departments, Agencies (MDAs) and other entities controlled by Government to account for the legitimacy, economy, efficiency and effectiveness with which they use public monies, and for the fairness and timeliness of their financial statements. Matters of waste and extravagance, and loss and damage to public property are issues that concern PAC. To achieve this purpose is holding hearings on Reports of the Auditor General and it then reports to Parliament on its findings. The PAC has a follow-up programme to ensure that commitments made by Auditor General are followed and implemented to the letter.

### **Objectives**

Mr. Speaker, Hon. Members, the duties of the PAC are usually described in Parliamentary Rules, Standing Orders or in the Sierra Leone Constitution 1991 Act No. 6.

- To help Parliament hold the Executive and its agencies to account;
- To help increase the efficiency and effectiveness with which Government policy is implemented; and
- To help increase Parliamentary and public awareness of the financial and related operations of Government.

Mr. Speaker, Hon. Members, in Sierra Leone the Deputy Auditor General and his staff attend audit and accountability matters which are brought before the Standing Committee. Government officials involved are requested to be in attendance.

### **Calling for Documents**

Mr. Speaker, Hon. Members, PAC has the right to call for documents. However, the procedure is to rely on the Audit Service Sierra Leone to obtain all necessary documents supporting audit evidence. The PAC can obtain evidence in a similar manner from auditees.

### **Power to Meet**

- There shall be a Committee to be known as the Public Accounts Committee consisting of the Deputy Speaker as Chairman and not more than ten other Members to be nominated by the Committee of Selection
- It shall be the duty of the Committee to examine the annual accounts showing the appropriation of the sums granted by the House to meet public expenditure together with the reports and special reports of the Auditor-General thereon.
- The Public Accounts Committee shall, for the purpose of discharging that duty, have powers pursuant to subsection (6) of Section 93 of the Constitution

### **Objective of the Audit**

Mr. Speaker, Hon. Members, the objectives of the Committee were to ensure that:

- The breaches of financial rules, regulations and practices by MDAs as noted by the Auditor General are rectified;
- The various MDAs have instituted adequate measures to strengthen the internal controls which the audit identified to be weak;
- To express an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Government of Sierra Leone;
- Those financial statements have been prepared in accordance with acceptable accounting frame work and comply with applicable regulations;
- In his extermination of the annual account, the Auditor General shall ascertain whether in his opinion- The accounts have been properly kept and accounted for;
- All public moneys have been fully accounted for and the rules and procedures applicable are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue;
- Monies have been expended for the purpose for which they were appropriated and the expenditures have been made as authorised and that departments or budgetary agencies have adhered to the law relating to procurement;
- Essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property and financial business has been conducted with due regard to economy in relation to the results achieved;

- The Government Budgeting and Accountability Act (GBAA) 2005 as amended clearly spelt out the responsibility of the Auditor General provides: best practices: for several disclosures to be made in the Annual Statements of Public Accounts. However, during the auditor process compliance in respect of Section 56, which deals with the preparation of the Financial Statement by Ministries, Departments and Agencies (MDA's), were not adhered to; and
- The Financial Management Regulations (FMR) 2007, even though Section 2(i) of the Financial Management Regulation 2007 makes clear the responsibility of officers with regards to the maintenance of efficient systems of financial management and control, we observed that the Accountant General Department do not have an Operations Manual to support the systems of financial management and control. In addition, even though Section 112(2) of Financial Management Regulation makes provision for the retention and destruction of accounting books and records, there was no evidence of adherence to the dictates of the Financial Management Regulation since it was very much apparent that the available facilities for storing archiving and retrieving prime accounting documents were not adequate.

## **SUBMISSION OF ACCOUNTS**

Mr. Speaker, Hon. Members, the annual statement of account for the financial year ended 31<sup>st</sup> December 2008 was submitted by the Accountant General for the purpose of auditing, as required by section 57(1) and (2) of the GBAA 2005 as amended, within the statutory period provided for in the Act. The Accountant General and his staff have to be congratulated on this achievement. The early submission of the Annual Account has, in turn, enabled the Auditor General to complete within the time frame prescribed by the 1991 Constitution and the Government Budgeting Accountability Act 2005 as amended

As at 31<sup>st</sup> Mach 2009, the following Public Enterprises and Commissions had not submitted their Accounts for the Financial Year 2008:

1. College of Medicine and Allied Health Sciences
2. Eastern Poly-Technique-Kenema
3. Legal Service Commission
4. Milton Margai College of Education
5. Mining and General Services Company Ltd
6. National Assets Commission
7. National Commission for Democracy
8. National Commission for Social Action
9. National Commission for Human Right
10. National Commission for War Affected Children

11. National Commission Tec. Voc. and other Academic Awards
12. National Electoral Commission
13. National Hotel and Tourist Board
14. National Policy Advisory Committee
15. National Power Authority
16. National Public Procurement Authority
17. National Security Office
18. National shipping Company
19. Njala University College
20. Ombudsman
21. Political Parties Registration Commission
22. Sierra Leone Housing Corporation
23. Sierra Leone Law School
24. Sierra Leone Postal Services
25. Sierra Leone Road Transport Corporation
26. Sierra Leone Scouts Association
27. Sierra Leone Telecommunications Company Ltd
28. Sierra Leone Water Company
29. Sierra Leone National Airlines
30. Statistic Sierra Leone
31. University Court
32. University of Sierra Leone [IPAM, FBC, COMAHS  
and University Secretariat]

## **GENERAL OBSERVATIONS**

Mr. Speaker, Hon. Members the Committee observed the following:

- A. That in most cases there was non compliance with the provisions of “The Public Budgeting and Accounting Act, 2005 as amended”
- B. Vote Controllers and their accounting personnel do not treat the Audit Service with the seriousness it deserves.
- C. Management letters/queries are not responded to within 30 days as stipulated by the Audit Service Act, 1998.
- D. Much progress has not been made by a number of institutions to meet the due date for the submission of their annual financial accounts to the Auditor General for audit purposes.
- E. Public Enterprises failed to submit their Annual Financial Accounts for auditing on the due dates i.e. for the year ended 31 December, in contravention of the provisions of the Public Budgeting and Accountability Act of 2005 as amended.

- F. Weaknesses were identified in the internal control system in the accounting functions and procedures. Photocopies of accountable and relevant supporting documents such as payment vouchers were not retained for audit purposes contrary to the provisions of the Financial Orders.
- G. Accounting manuals, revenue receipt books in the case of revenue generating institutions, Fixed Assets Registers and Inventory Ledgers were not maintained by most Ministries/Departments and Agencies (MDAs) and Public Enterprises.
- H. In the absence of standard accounting manuals and other accountable documents stated above, it has been very difficult for particularly, public enterprises to implement accurate and reliable accounting procedures, keep track of office equipment and other related items bought, and to ensure that stores items in the custody of the store-keepers are signed for before they are put into use.
- I. Financial rules and regulations are not strictly adhered to such as the “Public Budgeting and Accountability Act”, the Financial Orders, Store Rules etc.
- J. Boards of Parastatals and their Chief Executives breached the provisions of the Constitution of Sierra Leone (Act. No. 6 of 1991) as well as the provisions of other Acts of Parliament.

## **1. MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. The Ministry of Finance and the Ministry of Economic Development were two separate Ministries maintaining separate votes. However in September 2007, the Government of Sierra Leone decided to merge the two ministries in order to achieve goal congruence and facilitate the proper functioning of the finance and economic development in Sierra Leone.
- II. This merger has not been formalised in practice as both departments were still maintaining two separate Vote Controllers and codes of account. An Operations Manual or any written policy (in relation to Human Resource Management, accounting rules and regulations, etc) to support the maintenance of efficient systems of financial management and control was not in existence.
- III. Periodic operational, financial and compliance audit reports were not issued by the Internal Audit Unit for the period under review.

## **DEPARTMENT OF FINANCE**

- IV. There was lack of segregation of duties in the Accounts Division as the accountant was solely responsible for processing payments and also was a signatory to the bank accounts of the Public Expenditure Tracking Survey (PETS) and Medium Term Expenditure Framework (MTEF).
- V. Bank Reconciliation exercises were not carried out for the period under review. The Procurement Plan submitted was prepared in June 2008, implying that no Procurement Plan was in operation for the first five months of the year.
- VI. Even though the department's assets were clearly labelled/marked, no Inventory Register was maintained. Amounts, totalling Le4,500,000.00 paid in May, in respect of the Financial Year 2007 PETS Sampling Framework collection exercise, were not acknowledged by recipients.
- VII. There was a marked difference of Le5,668,680.00 between the amount on a receipt and invoice and that recorded in the Cash Book and Bank Statement.
- VIII. The sums of Le500,000.00 and Le1,800,000.00 were withdrawn from bank and paid to two suppliers by cash. Standing Imprests, totalling Le22,000,000.00, for the months of January and February in respect of the Financial Secretary and special imprests amounting to Le42,658,560.00 issued to personnel for official trips abroad, were not retired.
- IX. Furthermore, the Imprest Register was incomplete as details of imprests for the months of January and February were not found in the register.
- X. A Fuel Policy was not in existence. Reconciliations between the department and the fuel station were not carried out. Samples of Fuel Chits issued to officials were compared with the Fuel Register.
- XI. It was observed that the Fuel Chits and Register were not signed by the officers receiving fuel. The amount involved was Le7,490,000.

### **Payment Vouchers and Local Purchase Orders**

- XII. Out of a sample of 118 Payment Vouchers, 12 vouchers, totalling Le5,173,664,850.00, had amounts written in figures but not in words. Payments relating to air tickets, operational activities for PETS and MTEF, amounting to Le347,387,360.00, Le213,723,000.00 and Le152,150,000.00 respectively were effected without due regard for the requirement of three competitive proforma invoices.
- XIII. In addition, these payments were not supported by the relevant business documents. Payment Vouchers, totalling Le286, 661,760.00, were not supported by Local Purchase Orders. Also there was no indication of approval on the Local

Purchase Order attached to a Payment Voucher for the sum of Le21, 034,000.00 paid to IPC Travel Agency for Air Tickets.

- XIV. Stores Verification Certificates were not available in respect of payments, totalling Le15, 192,250.00. It was observed that 3 out of 118 PETS Forms II, attached to Payment Vouchers, totalling Le334, 844,458.00, were not adequately completed by those charged with the responsibility of signing, certifying and authorising the expenditure.
- XV. Payments totalling Le467, 351,764.00 relating to overseas travelling did not have itineraries attached to justify additional Daily Subsistence Allowances (DSAs) paid to officers.
- XVI. Payments totalling Le74, 576,400.00 and Le43, 570,000.00 in respect of Public Expenditure Tracking Survey (PETS) and Medium Term Expenditure Framework (MTEF) respectively were not supported by the relevant documentary evidence.
- XVII. Various items, totalling Le169, 415,000.00, were not taken on ledger charge. Withholding Taxes, to the tune of Le10, 686,150.00 and Le6, 947,500.00, in respect of PETS and MTEF operational activities, relating to the procurement of goods and services, were not deducted and paid over to the National Revenue Authority (NRA).

**Miscellaneous Expenditure (501)**

- XVIII. Out of a sample of 74 Payment Vouchers (including other supporting documents), 22 of these vouchers, totalling Le1, 047,718,829.00, were not ruled in red to prevent recycling. Thirty (30) Payment Vouchers, totalling Le3, 959,558,528.00, were not submitted for inspection.
- XIX. Out of a sample of six (6) file copies of Departmental Warrants, only one (1) was seen on the Miscellaneous Expenditure print-out.
- XX. The remaining five (5), totalling Le253, 364,220.00, could not be traced to the IFMIS print-out of Miscellaneous Expenditure. Fifteen (15) Payment Vouchers, totalling Le466, 897,532.00, did not have letters of request or approval to justify payments made.

**DEPARTMENT OF ECONOMIC DEVELOPMENT**

- XXI. Payments, totalling Le108,496,906.00, were effected without due regard for the requirement of three competitive proforma invoices.
- XXII. Daily Subsistence Allowances (DSAs) for overseas travelling were overstated by Le22, 087,236. The purchase of a business class return air ticket from Freetown to Beijing was overstated by Le12,966,100.00 when compared to the present business class return air ticket price taking into consideration the rate of inflation.

- XXIII. A sample of 4 Payment Vouchers and other supporting documents, totalling Le21,120,000.00, were not ruled in red ink to indicate completion of payment to avoid recycling. A sample of 31 Payment Vouchers, totalling Le1,220,650,695.00, had amounts written in figures but not in words.
- XXIV. Payments to the tune of Le72,599,031.00 were made without adequate supporting evidence. PETS Forms II, attached to Payment Vouchers, totalling Le1,119,832,317.00, were not adequately completed by those charged with the responsibility of signing, certifying and authorising expenditure.
- XXV. Eleven (11) Payment Vouchers, totalling Le87,330,000.00, had Local Purchase Orders prepared before Commitment Control Forms (CCFs) were approved.
- XXVI. An imprest of Le3,500,000.00 for the month of April was not retired. Furthermore, out of the total imprest of Le3,500,000.00 for the month of July only Le2,000,000.00 was retired.
- XXVII. It was also observed that the imprest retirements were done earlier than the dates shown on the receipts.
- XXVIII. Neither a Procurement nor a Strategic Plan was in existence. Even though the department maintained an Inventory Register, details such as inventory cost, dates of purchase, code/ type and names of suppliers were absent.
- XXIX. It was also noted that no authority was given and no set procedures were followed before assets were classified as scrapped.
- Non Governmental Organisations (NGOs)**
- XXX. Thirty (30) NGOs from the 2007 List submitted by the department were not recorded on the 2008 Register as existing NGOs even though they were in operation for the period under review. Fees (Registration and Renewal) in relation to these undisclosed existing NGOs totalled Le5,900,000.
- XXXI. It was observed that 182 NGOs (both Local and International) with a total fee of Le73,370,000.00 were found on the register of the department but not on the National Revenue Authority (NRA) Register.
- XXXII. Also, 26 NGOs (both Local and International), with a total fee of Le18,210,000.00 were found on the register of NRA and not on the department's register. New rates for NGO registration and renewal were introduced in October 2008.
- XXXIII. However, owing to the failure of the officers at the department to provide the dates of NGO registration/renewal for the period under review, it was impossible to determine the undisclosed collections using the new rates.

- XXXIV. Paying-in slips, totalling Le6, 500,000.00 and Le250,000.00 in relation to NGO registrations and renewals respectively, were found on the list indicating collections by NRA but not recorded in the Cash Book.
- XXXV. There were significant variations in collections of NGO Registration and Renewal fees between the department, NRA and the Accountant General's Department for the period under review.
- XXXVI. NRA Receipt Books for the period January to October 2008, in relation to NGO Registration and Renewal Fees, were not submitted for inspection.

### **Management Response: Ministry of Finance and Economic Development**

- Upon the brief statement from the Financial Secretary, which he said the Ministry of Finance and the Ministry of Economic Development were two separate Ministries maintaining separate budget codes. The two Ministries have been merged following the assumption of Office of the new government in September, 2007. The merger has been formalized and the two ministries are operating under a single vote as Ministry of Finance and Economic Development (MoFED)
- The Principal Auditor attached to the Committee informed the Committee that most of the issues raised in the Auditor General Report for the year ended 2008 had been addressed by the Ministry but only few findings were made during the subsequent audit and the remaining issues are as follows:
- There was lack of segregation of duties in the accounts division. The accountant was solely responsible for the processing of payment and was also one of the signatories to the bank accounts. The Financial Secretary told the Committee that, this issue has been noted with great concern and the current accountant is no longer a signatory to the accounts of the Ministry. The Accountant is solely responsible for processing payments and ensures that proper documents are in place according to the Financial Management Regulation (FMR) 2007.
- Subsequently, responding to query relating the procurement procedure in the Ministry he said modalities surrounding the merging of the two Ministries had some effects in the documentation of the two Ministries as the Ministry of Finance was operating in isolation with the Ministry of Development. However, the two now operates a single procurement unit for the merged Ministry and procurement plans have been submitted to the National Public Procurement Authority (NPPA). In addition, a trained and qualified procurement officer is now assigned to the Ministry.
- Standing imprest totaling Le22, 000,000 for the months of January and February in respect of the Financial Secretary and Special Imprest amounting to Le42,

658,560 issued to personnel for official trips abroad was not retired. Reacting to the above claim the Financial Secretary informed the Committee that the amount in question was for payment for taxi fares for team missions that attended donor meetings/conferences and other internal runs from donor offices to other areas. The retirement of imprest is being adhered to in the current Financial Year

- A fuel policy was not in existence and reconciliation between the department and the fuel station were not carried out, he told the Committee that there is an existing policy where officers are entitled to two (2) gallons of fuel per working day. However instances of emergency may arise which can contravene this policy. This could arise if a senior officer has to attend an emergency monitory exercise of ongoing project and service delivery in the provinces. Also there are instances when utility vehicles are being used to carry out adhoc official duties. Despite the provision of electricity, the Ministry encounters electricity shortages and fuel is provided for four generators to provide constant electricity supply for the IFMIS servers.
- Out of a sample of 118 payment vouchers totaling L5, 173,664,850, 12 vouchers had amounts written in figures but not in words. The Financial Secretary informed the Committee that currently all payment vouchers are designed in such a way that amounts are written in figures and words.
- On the issue of operational activities for PETS and MTEF amounting to Le347,387,360, Le213,723,000 and Le152,150,000 respectively were effected without due regard to the requirement of three competitive proforma invoices. He said the nature of activities undertaken under PETS and MTEF Unit were mainly workshops, training seminars which require direct sole sourcing using Special Imprest. Currently, all payment requests adhere to the principles of three competitive invoices and relevant business documents.
- MISCELLANEOUS EXPENDITURE (501): Out of a sample of 74 payment vouchers, 22 vouchers totaling Le1, 047,718,829 were not ruled in red to prevent recycling. Responding to the above query the Financial Secretary told the Committee that all vouchers are submitted to the Accountant General's Department for cheque printing. It is expected that the Accountant General's Department will rule across the payment vouchers after processing to prevent recycling. The Ministry is yet to confirm the payment voucher numbers of as to submit these copies for inspection.
- Reacting to matters concerning the Development aspect of the Ministry the Financial Secretary on behalf of the Development Secretary informed the Committee the Ministry has now been fully merged with a new structure in place and issues pertaining to Ministry of Development have been addressed at management level.

- Moreover, the Co-dominator of the NGO Co-coordinating Unit has addressed the issues raised. The NGO Coordination Unit was operating without a permanent staff structure and with the merger; the unit is now restructured, qualified staff recruited and fully operate within the FMR as well as NGO policy of government of Sierra Leone. The issues raised are now ratified by the current team at the unit.

#### **The Committee Observations:**

*The Committee reiterates that the Ministry of Finance and Economic Development is the key custodian of state resources. Thus it is incumbent on the Ministry to treat all financial matters within its confines with some amount seriousness. For example some Members expressed serious concerns about budget line 501 (Miscellaneous) which he said all monies in that budget line should be well defined so any charged expenditure could be well accounted for. Responding to this statement the Financial Secretary informed the Committee that the budget line 501 has been drastically reduced to minimal figure which the bulk of it is now allocated to relevant Ministries, Department and Agencies for increase in their quarterly allocations. A ranking Member also urges the Ministry of Finance to actualize the figures in the budget giving instances he said the numerical figures are high but the actual figure granted to the Ministries, Departments and Agencies are very minimal. Also reacting to this statement the Financial Secretary told the Committee that government had decided to invest more on capital venture than the recurrent ones. He also reechoes the President statement of declaring 2011 as year of implementation and public monies are hugely spent on infrastructure.*

#### **Committee Recommendations:**

- *The Ministry MUST adhere to the provision made in the Government Budgeting and Accountability Act (2005) as amended and the Financial Regulation Act to regularise the compliance issues relating the Auditor General's comments in the 2008 Audit Report.*
- *The Committee further recommends that the Minister of Finance should constitute a disciplinary enquiry into the above stated queries in line with Government Budgeting and Accountability Act (2005) as amended and the Financial Regulation Act and take disciplinary action against any staff found culpable within 21 days after this report has been adopted by Parliament. The Committee also recommends further audit verification on the above issues that are uncleared to the Committee within 21 day after the adoption of this report by Parliament.*

## **2. MINISTRY OF JUSTICE**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

At the request of the Attorney General and Minister of Justice, in his memo of 3<sup>rd</sup> July 2008 and also in pursuance of the mandate of ASSL as contained in Section 119, (2) of the 1991 Constitution of Sierra Leone an audit was conducted on the Ministry of Justice for the period 1<sup>st</sup> January 2005 – 31<sup>st</sup> October 2008. The following are the observations revealed:

### **Judiciary High Court Treasury**

Some Accountable Documents were not produced for inspection. The High Court failed to reconcile its Vote Service Ledgers with the Accountant-General's Printout.

Imprests, totalling Le46, 420,000.00, were not supported by adequate documents. Salaries, amounting to Le41, 624,540.00, were paid to third parties without proper authority.

Unclaimed salaries, totalling Le2, 101,675.00, had not been paid back into the Consolidated Revenue Fund.

Examination of Client Deposit Account revealed a difference of Le211, 303,511.43 between the Clients' Cash Book and payments into bank as indicated in the Bank Statements.

Receipts, totalling Le48, 633,911.00, were neither entered in the Cash Book nor banked.

There were also duplicated receipt numbers totalling Le 1,901,900.00. Revenue collected, totalling Le 72,104,826.52, alleged to have been paid into the bank was not credited in the Bank Statement.

### **Appeal Court**

- I. Neither a Log Book nor an Operating Record was maintained to record fuel and oil bought for the sum of Le49, 195,600. Consumption details were also not available for inspection.
- II. Various stores items, valued at Le54, 144,000 and Le1, 155,000 respectively, were neither taken on ledger charge nor issued in a proper manner.
- III. Payment Vouchers, totalling Le3, 500,000.00, were not produced for inspection. There were inconsistent signatures on Salary Vouchers for the period under review in respect of 24 employees. The amount involved was Le21, 053,714.00.

- IV. An Inventory Ledger was not maintained. A Vehicle Log Book was not in operation. Fuel Chits were not produced for inspection to account for the receipt and issue of fuel, amounting to Le9, 506,250.00, between 1<sup>st</sup> January and 8<sup>th</sup> May 2006.
- V. The Vote Service Ledger was not properly maintained. Salaries, amounting to Le335,409.00, were paid to third parties without proper authority.

### **Supreme Court**

- I. Receipts in respect of stationery items purchased, totalling Le15,625,000, were not posted in the Allocated Stores Ledger, neither was the record of issues to the various officers maintained.
- II. Reconciliations were not carried out between the Accountant General's Print-out and the Vote Service Ledger. As a result a difference of Le18, 555,000.00, was observed between the Accountant General's Print-out and the Vote Service Ledger.
- III. Payment Vouchers, totalling Le 20,339,050.00, were not produced for inspection. Salaries, amounting to Le303, 132.00, were paid to third parties without proper authority.
- IV. Unclaimed salaries, totalling Le316, 433.00, had not been paid back into the Consolidated Revenue Fund.
- V. A Vehicle Log Book was not maintained. A Fuel Register and Chit Books were not maintained for inspection. As such, the receipt and issue of fuel between January 2005 and December 2007, totalling Le55, 420,350.00, were not documented.
- VI. Payment Vouchers, totalling Le11, 792,976.00 were not properly completed. There were inconsistent signatures on Salary Vouchers for the period January – May 2006 in respect of an employee. The amount involved was Le829, 925.

### **Management Responses Ministry of Justice**

- With regard to the queries raised in the Auditor General Report 2008 for the Ministry of Justice, the Deputy Auditor General Attached to the Public Accounts Committee acknowledge the effort employed by the Ministry of Justice in meeting some of the compliance issues (responding to the management letter within the stipulated time and supporting document were submitted to audit and verified before the Public Hearing).

- The Master and Registrar of the High Court responded to the audit query in question that some accountable documents were not produced at the time of audit; the documents were now available for audit inspection.
- Furthermore, the Master and Registrar told the Committee that the reconciliation of Vote Service Ledger and Accountant General's printout is now in progress as printouts are sent on quarterly basis by the Accountant General's Department. Expenditure claims are entered in the Vote service Ledger and initialled by the Master and Registrar as vote Controller.
- The amount of **Le 46,420,000.00** was entered in the Vote Service Ledger of the High Court as payment made on behalf of the Master and Registrar of the High Court by the Ministry of Finance/Accountant General's Department. Subsequently, the department maintains an imprest Cash Book and summary of expenditure in addition to photocopies of supporting documents, claims sheet, receipts, invoices etc forwarded to the Accountant General's Department for retirement.
- Subsequently, the Master and Registrar of the High Court told the Committee that the amount of **Le 48,633,911.00** was expended judiciously to meet urgent provision of goods and service for official purposes for which all supporting documents and receipts were submitted.
- The department now maintains a proper register on the use and takes on charge of all fuel purchases. Cancelled Chits are now kept for record purposes. In addition, he threw light on the issue of employee salary that, the employees were legitimate workers of the judiciary service in all the Courts and their salaries were paid base on the authorities they furnished.
- Files are maintained on all unclaimed salaries. Copies of bank Paying Slips (R.V.s) original general receipts from the Accountant General's Department are retained for records purposes. He mentioned that, the judiciary does not give out loans or advances and could therefore not operate a Loans Register.
- Apparently, he shared concerns on the implication concerning the withdrawals of monies from the Account. He told the Committee that all withdrawals by clients, solicitors and other beneficiaries have proper documentations and these are monies kept on short term pending court orders by judgments and ruling etc.
- Withdrawals are strictly guided by court orders and the possibility for monies to be withdrawn without supporting documents does not arise. The amount of **Le 211, 303,511.43 and Le 48,633,911.00** were paid out with relevant supporting documents and court Orders. A detailed reconciliation on the Deposit registrar and payments vouchers in respect of payments to clients/solicitors and other beneficiaries has since been carried out and shortfall of **Le 72, 104,826.00**

identified. The difference has been reconciled and would be made available for verification.

### **The Supreme Court**

- The Registrar of the Supreme Court informed the Committee that a store register was not maintained during the audit exercise and she went on to tell the Committee that measures had been instituted to maintain one and it has been verified by audit.
- She further responded that special imprest vouchers are prepared by the Accountant General's Department for all monies disbursed inclusive the amount of **Le 18,555,000.00** and all other vouchers prepared by the court are entered in the Vote Service Ledger and approved by the Registrar.
- The payment vouchers questioned by the auditors are now ready for inspection. The issue for unclaimed salary totalling **Le 303,132.00** the Registrar told the Committee that files are maintained for all unclaimed salaries and copies of bank paying in slips, RVs and
- Receipts from the Accountant General's Department are retained for record purposes.
- In addition, the Registrar informed the Committee that in relation to vehicle log book, fuel register and chit book were not maintained, in her response, she told the Committee that a huge number of drivers in the judiciary are illiterate but she assured the Committee that they will put measures in place to control these anomalies.
- As a result, the amount of **Le 55,420,350.00** and **Le 11,792,976.00** for receipt of fuel supplied, the documents are ready for verification. The issue of inconsistency of signatory for salary for a member of staff totalling to **Le 829,925.00** was as a result of a particular staff was ill for a long time and he used to authorise different family members to collect his salary and this matter had been rectified as it was recommended by the auditors.

### **The Appeal Court**

- It was mentioned by the Acting Registrar of the Appeal Court and also doubled as the Registrar of the Supreme Court that the audit exercise under review was done under the consultant provided by the United Nation Peace Building Fund and the responses for the Management Letter were done by the consultant.
- She responded that the query for fuel/oil supplied totalling **Le49, 195,000.00** and log book that were not maintained during the audit exercise, the auditors made recommendations and these were adhered to. Store record valued at **Le**

**54,144,000.00** and **Le 1,155,000.00** which relevant documents were not submitted at the time of audit but were now available for verification.

- Furthermore, payment voucher to a tune of **Le 3,500,000.00** have been inspected by the auditors and photocopies of the documents were retained. An inventory ledger was not maintained with amount totalling **Le 21,053,714.00** but due to recommendation by the auditors an inventory ledger had been maintained.
- Fuel chips were available for inspection and after the inspection the auditors did not return them for record purposes. It was also observed by the auditors that Vote Service Ledger was not maintained but owing to the recommendation from the auditors this had been put in place.
- Lastly, she informed the Committee that, salary totalling **Le 335,409.00** was actually paid to a person authorised by the employee in question and supporting documents are available for inspection.

#### **Committee Observations:**

- *Segregation of duty by the accountants in the judiciary was not well spelt out. The accountant should be the technical focal point to advice the vote controller but the role had been circumvented by the work of a store keeper.*
- *It was highlighted that the revenue generated by these courts are been collected by the National Revenue Authority and paid directly in to the Consolidated Fund since 2005.*
- *Vote controllers in the Justice Ministry; the Master and Registrar and the Registrar are general engaged with legal matters with little attention to financial matters.*

#### **Committee Recommendations:**

- *The Committee expressed dissatisfaction about the handling of some important documents payment vouchers which were presented for audit. The Committee recommends that the Auditor-General should sanction officers in such circumstance.*
- *The Committee strongly suggests that the Justice Ministry should make formal request to the Human Resource Management Office for additional support staff to address some of the issues that cause the anomalies highlighted in the Auditor General's Report for 2008.*

### **3. MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATIONS**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

#### **Sierra Leone Embassy Brussels**

The Financial and Accounting Systems operated by the Embassy did not conform with the Sierra Leone Public Sector Financial Systems and Regulations. Payment Vouchers, Cheque Books and Bank Reconciliation Statements were not maintained/carried out by the Embassy. Furthermore, bills, invoices and receipts were made in French and not translated into English. An "Online Banking" was used by the Embassy without the approval of the Financial Secretary or Accountant General. A Temporary Finance Officer was in control of the financial operations of the Embassy (Transactions request and approval were done by the same Finance Officer). Moreover **his** knowledge and skills in the Public Sector Accounting/ Government operations was unsatisfactory. It was observed that the Embassy was operating twelve (12) different Bank Accounts which made it difficult to review and follow-up bank transactions. In addition these accounts were not balanced and reconciled monthly. The sum of £2470 was used out of the Other Charges Allocation to buy official Costumes/Suits for Diplomatic and Home Based Staff on the occasion of the presentation of the Ambassador's credentials, even though Diplomatic Staff were paid Clothing Allowance on first appointment. Expenditures, totalling £21,000, were without authorisation from the Ministries of Finance and Foreign Affairs. A Loans Policy or Register was not maintained in respect of loans issued by the Embassy. Private/Personal Loans of Home Based/Diplomatic Staff remained unpaid when officers were recalled from duty or transferred elsewhere. Government Funds, totalling £19,340.00, were used to repay Bank loans and other claims of officers without authority from the Ministries of Finance and Foreign Affairs. An outstanding obligation amounting to £40,457 for the period January 1992 to July 2005 due to UNESCO still remained unpaid up to the time of the audit inspection. There was no evidence to confirm that Acting Allowance was paid to a former Ag. Head of Chancery for the period 1<sup>st</sup> November 2007 to 16<sup>th</sup> June 2008. There was no compliance with the ceiling on payments and format for use of telephones assigned to the Ambassador and Diplomatic staff. The Assets Register was not properly maintained. A Policy on the movement, additions and disposal of assets was not in existence. The assets at both the Chancery and Residence were not marked with durable identification labels/tags/marks.

#### **Consular Fees**

Examination of the Consular Fees Register and Visa Stickers disclosed that amounts totalling £270,572 were collected as Visa Fees for the period under review. Further investigation disclosed that regular withdrawals were made from the Consular Account to cover expenditure without prior approval from the Ministries of Finance and Foreign Affairs.

#### **Payroll**

It was observed that salary payments totalling £17,861.61, for the period February to May 2008 was paid to a former Head of Chancery when, in effect, the officer assumed duty or

arrived at post in June 2008. It was observed that a “Last Pay Certificate” was issued to the Accountant General’s Department in January 2008, so that salaries could be sent to the Embassy before the officer vacated the post in the Ministry of Foreign Affairs and without evidence of confirmation that the officer had resumed duty. Salary Vouchers were not signed by all staff to acknowledge receipt of salaries. A short payment of £38,851 was observed in payment of salaries to officers for the period August 2004 – December 2007. There was no evidence that this amount had been paid into the Consolidated Revenue Fund or paid later to officers.

### **Sierra Leone Embassy –Liberia**

Subsistence Allowances, totalling USD2,000.00, paid to a former Ambassador since 2007 was not supported by relevant documents. Payments to various payees, to the tune of USD3,955.70, were without adequate supporting documents. The sum of USD20,000.00 paid as annual rent in respect of the Chancery Building for the years 2005, 2006 and 2007 was paid without a Contract Agreement. Further investigation revealed that the annual rent for 2008 was USD8,000.00 for the same building for which an Agreement signed on the 4<sup>th</sup> of March 2008 was verified. On the 6<sup>th</sup> of March 2007, an overdraft of USD10,000.00, was withdrawn from the Embassy’s Bank Account without prior approval from the Ministry of Finance. Also, another amount of USD10,000.00 withdrawn on the 8<sup>th</sup> of February 2008 was paid without supporting documents. Inventories of the Embassy were not taken on charge in the Inventory Register. Huge sums of money had been spent on regular repairs and maintenance of motor vehicles. Imprest for the Security Attaché was no longer forthcoming. There was no Conditions of Service for Local Staff. It was also observed that such staff were neither entitled to allowances nor were they awarded any increase to compensate for the increase in cost of living. The accommodation arrangements for the Ambassador left much to be desired. An amount of USD1,000.00 was deducted by the Embassy’s banker from every remittance made to the Embassy by the Bank of Sierra Leone.

### **Sierra Leone Embassy Washington D.C. 1<sup>st</sup> Jan-2003- 31<sup>st</sup> Dec.2006**

In spite of several recommendations, the Embassy had still not maintained an Accountable Documents Register. Periodic Bank Reconciliations were not carried out by the Embassy. Even though employees enjoyed an insurance cover, the Chancery Building, the Ambassador’s residence and the Residence of the Head of Chancery remained uninsured. Apart from the non-insurance of the buildings, repair work had been carried out on a piece meal basis. Although some repairs were carried out on the Chancery and the other buildings, there still remained some more serious and urgent repairs to be effected in the basement of the Chancery and at Bradley, BLVD. Telephone Bills continued to attract arrears. At the time of auditing, arrears of telephone bills stood at a figure of approximately US\$6,000. The Embassy was authorized to take a bank loan for the purchase of a Representational Car. It was observed that the Monthly installment payments were being serviced from the Consular Account without permission from the Ministry of Finance. Furniture, equipment and other tangible items bought during the course of the period under review which had not been included in the Assets Register must be taken on charge and incorporated into the Inventory Register, as part of the

Embassy's list of assets. A number of issues raised in my previous Audit Report had still not been addressed.

### **Consular Fees / Consular Account**

Over the years, several recommendations had been put forward in a number of audit reports requesting embassies and missions to adopt a very convenient method of accounting for Consular Fees which would reflect their total revenue collection in the Annual Statement of Accounts produced by the Accountant General. It is very encouraging to note the introduction of the new system of visa stickers. Although embassies and missions now submit regular returns on collections of and disbursements from Consular Fees collected, the following observations are forwarded for the attention of the Revenue Collecting Sector to help improve the collection and disbursement process:

- Proper forecast should be made to determine the amount of stickers etc, needed by embassies and missions. This will eradicate the frequent shortages of supply that is occurring in some of the large revenue collecting missions and embassies abroad.
- There is a need to consider the introduction of a robust computerized system which should be generating numbers for the stickers instead of the current printed booklets that are being used by our missions abroad. This will ensure proper and effective control over the use and management of the stickers and the amounts collected as revenue from the different areas.
- Depositing of Consular Fees collected direct into the Consolidated Revenue Fund appears to be a bit cumbersome as it sometimes involves the payment of huge bank charges and other unnecessary expenses that could have been avoided. As a result of this system it will be difficult to carry out regular and proper reconciliation on a periodic basis.
- There is a need to retain the monies collected at the collection point as a portion of the approved Estimates for the embassies and missions. This will avoid the many problems of non-accounting for revenue collected. Proper modalities must be put in place to ensure that the amounts collected and disbursed are accounted for correctly in the Budget and properly recorded in the Final Accounts produced by the Accountant General.

This will enable the Accountant General to capture and record the full collection and disbursements of Consular Fees and other revenue from our embassies and missions into the final Statement of Accounts.

### **Committee Recommendations:**

- *The Committee expressed dismay about how audit issues are taken lightly. It therefore, urges auditees to take audit queries/observations seriously and respond promptly to them as expected. The Committee demands that in the event of failure, the Auditor-General should invoke the powers provided under Section 29 of Audit Service Act, 2001 to compel auditees to respond to the audit issues.*

- *The Committee accepted the report of the Auditor General and further recommends investigation by the Anti-Corruption Commission into the activities of the diplomatic missions within 21 days after the report has been adopted by Parliament.*

#### **4. MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Various documents and stores records in respect of procurement, totalling Le1, 019,661,205.00, for the period under review were not available for inspection.
- II. It was therefore not possible for the auditors to determine whether the goods were supplied and used for their intended purposes.
- III. A Fuel Register was not maintained to record fuel and oil bought for the sum of Le259, 875,000.00.
- IV. In addition, some anomalies were observed in the Fuel Chits produced for inspection. The Vote Service Ledger for the 2007 Financial Year was not available for inspection.
- V. There was no formal handing over in the Stores Division. The archiving system of the Grant-in-Aid records was poor and the system of award of Grant-in-Aid to students for the 2006/2007 Academic Year left much to be desired.
- VI. Files were not maintained in respect of subventions, totalling Le331, 000,000.00, paid to Tech/Voc institutions. The Staff Attendance Register was poorly maintained.
- VII. Staff List and Salary Paid-up Vouchers for 2007 and part of 2008 were not produced for inspection. Unclaimed salaries, totalling Le8, 229,475.00, had not been paid back into the Consolidated Revenue Fund.
- VIII. Salary Vouchers, amounting to Le3, 121,079.00, were not acknowledged by recipients. The Internal Audit Unit of the ministry did not perform its functions effectively. The Unit's functions were limited and the Unit was understaffed with little logistics.

#### **Management Reponses Ministry of Education**

- Responding to the audit query on various documents and store records in respect of procurement totaling Le 1,019,661,205.00 for the period under review which

were not available during the audit exercise the Permanent Secretary of the Ministry of Education stated that the documents are still being used by the Anti Corruption Commission for the ongoing case involving the former store keeper. When the case is over and the documents returned to the Ministry the Auditor General will be informed accordingly for follow up verification. He further mentioned that the goods were procured, supplied and used for the intended purposes.

- Moreover, the Permanent Secretary informed the Committee that during the period of January 2007 – October 2008 Fuel Chits were issued, but no Fuel Register was maintained by the Ministry. Consequently, fuel purchase totaling Le259, 875,000.00 were only accounted for in the Fuel Chits issued and not the Fuel Register but he assured the Committee that he will adhere to the recommendation from the audit to maintain a Fuel Register. Also he told the Committee that the Vote Service Ledger for 2007 was with the “Justice Semega Janeh Commission of Enquiry” during the time of Audit. However, it has been returned to the Ministry and is available for inspection.
- Subsequently, he informed the Committee that the audit recommendation is noted and modalities are underway to revamp the Records management System in the Ministry. Currently 6 members of the Public Archive are working on the records management system in the Ministry. Files on Grant-in-Aid are available for inspection for all the beneficiary institutions. The Permanent Secretary on the issue of Staff Attendance Register confirmed that he directly supervises the Personnel Manager in the Ministry. Moreover, staff attendance is one of the factors in appraising staff and Staff List for 2007 is now available for inspection. On the other hand, he stated that the Ministry has put modalities in place for access paid-up and unpaid vouchers for the period under review and all unpaid salary will be paid back to the consolidated fund. The Ministry has informed the Human Resource Management Office and the Accountant General to take necessary action on names of officers which should not be on the Payroll of the Ministry.
- Lastly, he informed the Committee that the Human Resource Management Office, through the Public Service Commission has recruited and deployed three Internal Audit Personnel to the Ministry and also plans are underway to train the existing staff and to extend the scope of the Internal Audit.

**The Committee makes the following Recommendations:**

- *That the Ministry should ensure that the auditors have access to all documents stated above for verification. Without any prejudice to the above, the Permanent Secretary should ensure with immediate effect that a complete Fuel Register is maintained, and a comprehensive list of officers entitled to fuel is prepared.*

- *That without further delay the Permanent Secretary should ensure that an immediate stock take is conducted in the stores, followed by a systematic recording of receipts and issues for every stock item.*
- *That the Ministry should ensure that all records relating to the award of Grant-in-Aid files should be properly kept until they are audited by the Auditor General.*
- *That the Ministry should ensure Staff Attendance Register is strictly monitored by a responsible officer to enhance efficient and effective utilization of all staff.*
- *That the Internal Audit Unit should be equipped with qualified and experienced officers. Alternatively, sufficient training should be provided for the existing internal auditors to enhance them to carry out their functions in an efficient and effective manner. Also the scope of the internal audit should not be limited to the review of school records but should include other activities of the Ministry.*
- *The Ministry must account for all supporting documents relating to the queries and submit them to Auditor General for verification within 21 days after the adoption of this report by Parliament*

## **5. MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Despite repeated requests, the Ministry failed to submit vital documents in respect of expenditure, totalling Le 1,689,731,858.00, incurred in 2006/07 Financial Years.
- II. In addition, documents for expenditure incurred for the whole of 2005 Financial Year were not produced for audit inspection.
- III. There were overpayments of Le11, 430,000.00 and Le12, 985,000.00 in respect of allowances paid to staff and payments for the supply of window metals to the Institute of Agricultural Research respectively.
- IV. Detailed examination of records produced unearthed that an amount of Le28, 558,750.00, taken as a loan from the ASREP Account Number 1100680, was alleged to have been expended on the Libyan and Iranian tractors.
- V. Up to the time of publishing this report there was no evidence of repayment. The sum of Le4,125,000.00 in respect of Phytosanitary and Plant Export Permits was

recorded in the Cash Book without any indication or trace of the National Revenue Authority's receipt numbers.

- VI. In a bid to verify revenue generated by the Ministry and collected by NRA on behalf of the Ministry, it was noted that returns of actual collections were not made.
- VII. However, according to the Ministry's Cash Book, the sum of Le7,630,000.00 should have been collected by the NRA for the period under review.
- VIII. The Ministry contracted and paid a total of Le687,250,000.00 for the supply of cashew seedlings during the period under review.
- IX. It was however observed that out of 250,000 ordered only a total of 175,911 cashew seedlings was supplied, leaving an outstanding balance of 74,089 valued at Le203,596,572. In a bid for Government to achieve its food security dreams, farm tools were purchased from two suppliers.
- X. It was however discovered that these tools amounting to Le52,450,000.00 were neither supplied to the Ministry nor was there any evidence of receipt of such tools in the Stores Ledger at the Kissy Central Stores.
- XI. Amongst the list of selected samples of Payment Vouchers an amount of \$24,000 was paid for the lease/rent of an office space for one year spanning 13<sup>th</sup> June 2005 – 16<sup>th</sup> June 2006 but the building was not occupied by the Ministry.
- XII. In a bid to examine the in and out flows of fuel, it was observed that the Chief Accountant was issuing fuel chits, which amounted to Le70,103,380.00, without the approval (signature) of the Permanent Secretary.
- XIII. Neither a Log Book nor an Operating Record was maintained to record fuel and oil bought for the sum of Le364,460,000. Consumption details were also not available for inspection.
- XIV. An Imprest Cash Book was not maintained to account for imprests, totalling Le39,950,000.00 and Le66,028,000. The total expenditure through imprest was Le105,978,000.

### **Management Response Ministry of Agriculture**

- The Permanent Secretary of the Ministry of Agriculture admitted that relevant and supporting documents in respect of expenditure to the tune of Le 1,667,731,858 at the time of audit were not made available. The Committee was later informed that the aforementioned documents were available for verification. Also he further stated that the alleged over stated payment of Le 11,340,000 was due to the on-

going payment to monitors, as such another 28 weeks was spent which amounted to Le 11,340,000 was effected to other monitors for the completion of the exercise. Meanwhile, account No. 11000680 was in Support to Agricultural Activities and not for ASREP. This amount was not a loan from ASREP but a disbursement for emergency.

- Furthermore, he told the Committee that revenue collected from phytosanitary and export was recorded in the phytosanitary ledger. During the period under review, the National Revenue Authority was not dishing receipts in 2005 and 2006. He stated that no NRA officer was at the time stationed in the Ministry but these issues have been resolved. In addition, he underscored that National Revenue Authority have never liaised with the Ministry in respect of revenue collected on behalf of the Ministry in 2006 and 2007. Further on this the Ministry has issued a memorandum to the Commissioner General requesting for reconciliation on all revenue collected by NRA in the Ministry for the period under review with the Ministry.
- Subsequently, procurement of all farm tools by the Ministry for the period under review were delivered at the kissy central store and distributed with receipts and vouchers attached. Moreover, he told the Committee that the provision of adequate office space for project coordination unit (PCU) was a pre-condition for the first disbursement of the loan. As fulfillment of this condition, the office premises was rented and paid for in June, 2005 for the project not to loose the building as it was highly demanded at that time. He also highlighted the reasons which prevented the early occupancy and operation of the project. These include the following:  
Late recruitment of project staff (both local and international)  
Late disbursement of counterpart funds to address furnishing of the premises
- On the other hand, He informed the Committee that the vote controller authorised in writing to the fuel station (NP) that any of the two (the Permanent Secretary and the Chief Accountant) should sign all fuel coupon but the auditors noted that this authorisation list was not available during the audit exercise. Apparently, he accepted that there was no vehicle log book in the Ministry at the time of audit but he confirmed that the issue has been addressed. Finally, he informed the Committee that the issue of imprest cash book is now properly maintained and it is in operation.

#### **The Committee Recommendations:**

*That Permanent Secretary takes steps to address some of the issues highlighted in the report by requesting the service of the National Revenue Authority officer to be attached to his Ministry.*

- *That a written authorisation that was initially demanded by auditor during the audit exercise be produced and tendered.*

- *That the Ministry should produce the rent agreement between the Ministry and the property owner RCPRP coordinator was housed and an itemized list of all vendors in the procurement of farm tools that was supposed to be delivered at the Kissy Central Store.*
- *That the officer-in-charge must produce relevant expenditure documents to justify the payment made or the amount involved should be paid back in 21 days after the adoption of this report by Parliament.*

## 6. MINISTRY OF LANDS COUNTRY PLANNING AND THE ENVIRONMENT

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. In spite of repeated requests, several accountable documents, on which millions of Leones may be lost if improperly used, were not submitted for inspection.
- II. Arrears for leases and rents of state lands for the period under review totalled Le123, 602,456.
- III. Reconciliation between the Expenditure Analysis Print-out and the Vote Service Ledger (VSL) revealed that transactions, totalling Le205, 918,800.00, were not posted in the VSL.
- IV. The sum of Le67,300,000.00 was expended without adequate supporting documents. Cheque stubs, totalling Le118,467,500.00, were not initialled by the signatories to the account.
- V. Withholding Taxes, amounting to Le6,201,275.00, were not deducted and paid over to the National Revenue Authority. Price lists for building permits, leases and rents for state lands were not displayed in a conspicuous place in the Ministry.
- VI. Monthly Bank Reconciliation Statements were not prepared by the Ministry to confirm revenue paid into and disbursements out of bank accounts. An Internal Audit Unit was non existent.
- VII. The Stores were poorly maintained and contained obsolete and unserviceable items. Vehicle Log Books were not maintained to control the use of the vehicles. Samples of Fuel Chit Stubs were not authorised by the Vote Controller and the vehicle numbers were not indicated on the Fuel Chits. A Fixed Assets Register was also not maintained.

### **State Land Management/ Shelter Development Account (Account Number 1100678)**

It was observed that:

- a) The Vote Controller and the Director of Surveys were signatories to this account.
- b) Withdrawals, totalling Le 516,256,700.00, for the period under review were without supporting documents.
- c) In spite of several requests, the Bank Statements for the period 1<sup>st</sup> February- 31<sup>st</sup> December, 2008 were not made available for inspection.

### **Committee Observations and Recommendations:**

- *The Committee expressed dismay on how audit issues were slightly treated. It therefore, urged auditees to treat audit queries/observations seriously and respond promptly to them as expected. The Committee urged that in the event of failure, the Auditor-General should invoke the powers provided for under Section 29 of Audit Service Act, 2001 which empowered the Auditor General to compel auditees to respond to the audit issues. Therefore the auditees' salary must be with held until he/she responded to the audit queries, which all audit queries must be responded to within 30 days.*
- *The Anti-Corruption Commission must to investigate this matter within 21 days after the adoption of this report by Parliament.*

### **7. MINISTRY OF WORKS, HOUSING AND INFRASTRUCTURE**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Some accountable documents, on which millions of Leones may be lost if improperly used, were not submitted for inspection.
- II. Monthly Bank Reconciliation Statements were not prepared to confirm revenue paid into and disbursements out of bank accounts.
- III. Furthermore, Cash Books were not maintained in respect of the Emergency Works Account (1100709) maintained at the Bank of Sierra Leone.
- IV. There were no Internal Audit Reports on the Ministry covering the period under review. In addition, it was observed that the Unit was under resourced in terms of logistics. The Vote Service Ledger (VSL) was poorly maintained.
- V. Payments recorded in the VSL, totalling Le109,253,000.00, were not initialled by the Vote Controller. Disbursements, totalling Le64,174,000.00, were without adequate supporting documents.

- VI. Tariffs in respect of services performed by the various units were not displayed on a Notice Board or in a conspicuous location. An Imprest Cash Book was not maintained to account for imprests allocated to the ministry for the period under review.
- VII. A Staff Attendance Register was not maintained. Out of a sample of twenty files, only five of them had appointment letters.
- VIII. There was no evidence that stores were inspected periodically by the Vote Controller. Stamps and signatures of both the storekeeper and recipients of stock were not evidenced in the Stores Receipt and Issue Vouchers.
- IX. Vehicle Log Books were not maintained to control the use of vehicles.

#### **Unauthorised Collection of Revenue**

- a) Revenue Cash Books were not maintained at the Mechanical and Carpentry Workshops as well as at the Miatta Conference Hall.
- b) Receipts were not issued to customers for revenue received.
- c) In spite of the presence of NRA officers in the Ministry, Heads of Sections continued to collect revenue.
- d) There was no segregation of duties in respect of revenue collection.

#### **Committee Observation and Recommendation:**

- *The Committee expressed dismay on the nonchalant treatment of audit issues by auditees. It therefore, urged auditees to treat audit queries/observations seriously and respond promptly to them as expected. That in the event of failure, the Auditor-General must invoke the powers provided for under Section 29 of Audit Service Act, 2001 which empowered the Auditor General to compel auditees to respond to the audit issues. Therefore the auditees' salary must be withheld until he/she responded to the audit queries.*
- *The Committee strongly recommended that the Anti-Corruption Commission must investigate the above matter within 21 days after the adoption of this report by Parliament.*

#### **8. MINISTRY OF SOCIAL WELFARE, GENDER AND CHILDREN'S AFFAIRS (SOCIAL WELFARE DIVISION)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Several Accountable Documents, on which millions of leones would be lost if misused, Payment Vouchers, to the tune of Le12,547,000.00 and Distribution Lists for Top-up Cards were not presented for inspection.
- II. An Imprest Cash Book was not maintained to account for imprests totalling Le153,578,615. Neither a Master Inventory nor a Vehicle Log Book was maintained. The authority to open and operate a Bank Account was not produced for verification.
- III. Some sections of the Child Rights Act 2007 and the Anti Human Trafficking Act 2005 were not complied with by the ministry.

**Committee Recommendations:**

*The Committee expressed dismay about how audit issues are taken lightly. It therefore, urges auditees to make audit queries/observations seriously and respond promptly to them as expected. The Committee demands that in the event of failure, the Auditor-General should invoke the powers provided her under Section 29 of Audit Service Act, 2001 which empowered the Auditor General to compel auditees to respond to the audit issues. Therefore the auditees' salary must be with held until he/she responded to the audit queries, which all audit queries must be responded to within 30 as been stated in the Audit Act 1998.*

*The Committee strongly recommends that the Anti-Corruption Commission should investigate the above matter within 21 days after the adoption of this report by Parliament.*

**9. MINISTRY OF HEALTH AND SANITATION**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

**District Medical Officer's Office**

- I. Out of the total of Le46, 440,000.00 collected as revenue from the sale of Yellow Fever Vaccination Cards, only the sum of Le4, 500,500.00 was deposited into the Consolidated Revenue Fund whilst the balance of Le39, 147,200.00 was expended as printing and administrative costs.
- II. The outstanding balance of Le2, 739,300.00 was not brought to account in the Cash Book or banked. In the Waste Management Unit, receipts submitted,

totalling Le20, 960,000.00, in respect of payments for the hire of a hall and chairs had no business name or stamp.

- III. Daily Subsistence Allowances (DSA), totalling Le26, 620,000.00, allegedly paid to participants were without supporting documents.
- IV. It was observed that the receipt of 432 gallons of Diesel and 110 gallons of Petrol, purported to have been issued to the District Medical Officer's office generator, was not acknowledged either by the District Medical Officer or the Generator Attendant.
- V. An Assets Register to record assets owned by the Ministry was not maintained.

### **Environmental Health Unit**

- I. Between 8<sup>th</sup> July 2007 and 29<sup>th</sup> December 2007, the sum of Le36,474,000.00 was allocated to this unit for the purchase of fuel and disinfectants.
- II. Details of how this amount was expended were not available for inspection. The sum of Le243,304,459.00 was disbursed from the Health Sector Development and Reconstruction Fund through the HRSP Project in the Ministry of Health and Sanitation to the Environmental Health Unit for training programmes and campaigns.
- III. Expenditure details of this amount were not produced for inspection.

### **Health Education Unit**

Neither a Log Book nor an Operating Record was maintained to record fuel and oil bought for the sum of Le7, 500,000.00. Consumption details were also not available, for inspection, in respect of such fuel.

### **Committee Observation and Recommendation:**

- *The Committee expressed dismay about how audit issues are taken lightly. It therefore, urges auditees to make audit queries/observations seriously and respond promptly to them as expected. The Committee demands that in the event of failure, the Auditor-General should invoke the powers provided her under Section 29 of Audit Service Act, 1998 which empowered the Auditor General to compel auditees to respond to the audit issues. Therefore the auditees' salary must be with held until he/she responded to the audit queries, which all audit queries must be responded to within 30 days as been stated in the Audit Act 1998.*

- *The Committee strongly recommends that the Anti-Corruption Commission should investigate the above matter within 21 days after the adoption of this report.*

## **10. CABINET SECRETARIAT**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Relevant supporting documents, totalling Le95, 030,500.00, were not available for inspection for services provided by a Catering company.
- II. Insurance premium amounting to Le1, 642,547.00 was paid for two vehicles without the necessary supporting documents. Expenditure details on Computers and Accessories amounting to Le 40,802,000.00 for the period under review were not available for inspection. As such, these items could not be physically verified.
- III. Travelling expenses amounting to Le1, 680,000.00 were without relevant supporting documents and in some instances these payments were not acknowledged by recipients.
- IV. It was also observed that receipts were not obtained from Traveling Agencies and an Airline, for payments, totalling Le19, 514,800.00.
- V. Supporting records for the procurement of stationery were not made available to the auditors.
- VI. Thus the auditors could not ascertain whether transactions, totalling Le6,682,500.00, for the period under review, were subject to approved tendering processes.
- VII. Payment Vouchers, totalling Le56, 406,000.00, recorded in the Vote Service Ledger were not initialled by the Vote Controller.
- VIII. A Fixed Assets Register to record assets owned by the Ministry was not maintained. In addition, assets were without identification marks as proof of ownership by the Ministry.

### **Verification Report**

#### **I. Official Reception and entertainment:**

Out of the total of Le95,030,500.00, only the sum of Le10,774,000.00 had supporting documents, leaving an outstanding balance of Le73,256,500 without supporting documents. Details of outstanding issues are given below:

<b>DATE</b>	<b>PV</b>	<b>PAYEE</b>	<b>DETAIL</b>	<b>AMOUNT(LE)</b>
31/1/06	12211	Tomflorie	Catering Services	8,700,000.00
5/2/07	3707	“	“	7,438,500.00
22/6/06	3715			9,570,000.00
9/1/08	3742			16,900,000.00
	3751	“		2,232,000.00
27/5/08	3793	“		14,300,000.00
21/1/08	3765	“		1,116,000.00
21/1/08	7215	“		13,000,000.00
<b>TOTAL</b>				<b>73,256,500.00</b>

## **II. Insurance Premium**

Supporting documents for Insurance Premium amounting to Le1,642,547.00 were produced and verified.

## **III. Computer Expenditure**

Out of the total of Le40, 802,000.00 only the sum of Le37, 802,000.00 had supporting documents, leaving an outstanding balance of Le3,000.000.00 without supporting documents. See details of the outstanding issue below:

<b>Date</b>	<b>PV.No</b>	<b>Payee</b>	<b>Details</b>	<b>Amount</b>
19/4/06	12229	Alusmaka Enterprise	Risco Ink	3,6800,000.00

**IV. Local Traveling Expenditure**

Supporting documents for local traveling expenditure to the tune of Le1, 680,000.00 were produced and verified

**V. Overseas Traveling**

Out of the total of 19,514,800.00 only the sum of Le10, 623,500.00 has supporting documents, leaving an outstanding balance of Le8, 891,300.00 without supporting documents. See details of the outstanding issues below:

Date	PV.No	Payees	Details	Amounts
21/5/08	3788	Global Travel	Cost of Air Ticker	8,891,300.00

**VI. Office and General/Stationery**

Supporting documents for local traveling expenditure to the tune of Le6,682,500.00 were produced and verified

**VII. Payment Vouchers, totaling Le56, 406,000.00, recorded in the Vote Service Ledger were not initialed by the Vote Controller.**

The Vote Service Ledger has now been initialed.

**VIII. A Fixed Assets Register to record assets owned by the Ministry was not maintained.**

A Fixed Assets Register is now maintained and assets are being coded by the Secretariat.

**Committee Recommendations:**

- The Committee recommends that the sum of Le 3,000,000.00 must be refunded within 21 days after the adoption of this report by Parliament.*
- The Committee recommends that out of Le 19,514,800 only the sum Le 10,623,500 has supporting documents leaving a balance of Le 9,891,300 without supporting documents for air ticket purchased by global travel the*

*Committee demands for the second time to be verified by ASSL still revealed Le 8,891,300 was without supporting documents. Therefore the Committee further recommends that the salary of the Vote Controller at time must be withheld after the confirmation of this report by Parliament.*

## **11. HUMAN RESOURCES MANAGEMENT OFFICE**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. A Cash Book was not maintained. Bank Reconciliation Statements were not prepared in respect of Account No. (A/c 100-011014694 – 01) held at the Sierra Leone Commercial Bank to discover possible errors in the Bank Account.
- II. Stationery purchased, totalling Le3, 500,000.00, were neither taken on ledger charge nor were details of usage available for verification.
- III. Also, distribution lists were not available to account for stationery amounting to Le261, 726,300.00.
- IV. Various equipment, to the tune of \$15,411, purchased by the Department could not be physically verified
- V. In addition, equipment worth Le22, 710,000.00 purchased for the setting up of the Printing Office were neither taken on ledger charge nor were they produced for verification.
- VI. An amount of Le1,910,000.00, included in the budget as contingency, was expended without supporting documents.
- VII. Fuel Chits, Vehicle Log Books/Fuel Registers for the Financial Years 2006 and 2007 were not produced for inspection to account for fuel purchased, totalling Le172,115,000.00.
- VIII. An Imprest Cash Book was not maintained in respect of imprests to the tune of Le92,600,000.
- IX. Amounts of Le60,556,500.00, Le45,000,000 and Le22,965,000.00 were disbursed under the Office & General, Miscellaneous Operational Expenses and Local Travelling subheads respectively for which supporting documents were not produced for inspection.
- X. The Human Resources Management Office failed to reconcile its Vote Service Ledgers with the Accountant-General's Printout.

- XI. Payment Vouchers for a total of Le92,837,500.00 recorded in the Accountant General's printout were not in the Vote Service Ledgers.

### **Management Response**

- The Director of Budgeting and Administration in the Human Resources Management Office responded that hard cover cash book was not maintained at the time of audit but a soft copy was available. In respect of the bank reconciliation report for an account (No. 100-011014694-01) the Director stated that bank reconciliation report is prepared every month. Stationery purchase cost Le 3, 500, 00.00 was not on ledger and detail use of it was not explained to the auditors, he also told the Committee that supporting documents were available to be verified by auditors.
- Furthermore, various amounts tuning to the sum of Le 261,726,300.00 for stationery, \$15,411 and Le 22,710,000.00 for equipment purchased was not physically verified and amount totalling Le 1,910,000.00, the Director confirmed that all supporting documents and the physical status are now available for verification.
- Also during the time of the audit the auditors observed that fuel chits, vehicle log book and fuel register for financial year 2006 and 2007 were not available the Director told the Committee that this amount was spent on fuel but inadvertently all these issue were not addressed however, they are now addressed and all supporting documents are available for verification. On the other hand, imprest cash book totalling Le 92,600,000.00 and Le 60,556,500.00, Le 45,000,000.00 and Le 22,965,000.00 were disbursed under the office & general, miscellaneous expenses on travelling, the Director also threw light by stating that all supporting documents are available for verification.
- The amount of Le 92,837,500.00 in the vote ledger and the account general printout did not reconcile he explained to the Committee that the transaction was initiated by the Accountant General and PV No.K13999 was not issued to the Human Resources Management Office during the audit exercise and he confirmed with the Committee that the matter had been rectified and auditors are requested to verify.

### **Committee Recommendation:**

***The Committee recommends that the Ministry MUST produce all supporting documents in respect of the above stated transactions for both the sub-committee and audit inspection with 21 days after the adoption of this report by Parliament.***

## 12. PUBLIC SERVICE COMMISSION

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Payment Vouchers, totalling Le109, 995,000.00, were without relevant supporting documents.
- II. The Inventory Ledger was not properly maintained. An Imprest Cash Book was not produced to account for imprests amounting to Le29,600,000.00. A Salary Advances/Loans Register was not maintained. The Vote Service Ledger (VSL) was poorly maintained.
- III. There were instances where some transactions in the VSL were without Payment Voucher numbers and others not initialled by the Vote Controller.

### The Auditor General's follow-up Report:

- **Payment Voucher without supporting documents:**  
The Commissioner Public Service Commission told the Committee that all Payment vouchers and their relevant supporting documents in question were submitted to the Accountant General for the processing of payments. Copies were initially not returned in the Department. However, these have been obtained and can be verified.
- **Inventory Ledger not maintained:**  
The Inventory Ledger is now properly maintained. The Register has been updated. This Register is updated each time new assets are bought or old ones become obsolete and are replaced.
- **Imprest Cash Book**  
The Commissioner told the Committee that the Imprest Cash Book been retrieved and now in use. Salary Advances/Loans are given out by the Accountant Generals Department .All deductions are made on a monthly basis from the salaries of beneficiaries. The Commission has now opened a Salary Advance register in respect of would be beneficiaries of salary advances.
- **Vote Service Ledger (VSL)**  
Some omission of payment voucher Numbers in the VSL not initialed by the vote Controller could be considered as oversight. However, these have been corrected with the total amount of Le 34,000,000.00 and all VSLs are now properly updated.

- **Inventory Register**  
The Inventory Ledger is now properly maintained
- **Imprest Cash Book**  
The Imprest Cash Book had been verified and imprest totaling Le 29, 600, 000, 00 had been recorded in the Cash Book.
- **Loan Register**  
A Salary Advances / Loans Register is now in use.

**The Committee recommends as follows:**

- *The Commissioner should refer to the provisions in the Financial Management Regulations and strictly ensure that the necessary supporting documents in respect of the amount of Le 29,000,000.00 expended are made available to the Auditor General within 21 days after the adoption of this report by Parliament.*
- *Since the originals of all supporting documents are returned to the Accountant General's Office, it is hereby recommended that at any time transactions/expenditure are incurred; the Commissioner must ensure that copies of all documents are retained in the Ministry for use by potential users.*
- *Since there is an Internal Audit Unit in existence at the Ministry, the Commissioner should ensure that the functions of the internal audit are precisely carried out to the extent that there will be complete adherence to the management policies of the Commission, the orderly and efficient conduct of the other resources of the organization.*
- *The Director General must develop a comprehensive Inventory Register for all assets of the Ministry and at the same time ensure periodic monitoring and review after verification by the Auditor General and submit to the Committee within 21 days after the adoption of this report by Parliament .*

### **13. SIERRA LEONE POLICE**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

Several Accountable Documents were not presented for inspection. The Fixed Assets Register was not updated.

#### **Disbursements**

- I. Receipts from a Service Provider for a total of Le22,902,000.00 in respect of Local Training was not produced for verification. Officers were paid a monthly allowance called “food and ration”.
- II. There were no records to confirm acknowledgement by recipients of those payments. In 2006 and 2007, the sums of Le425,500,000.00 and Le535,005,000.00 respectively were paid out under the Incentive Scheme.
- III. Signatures of beneficiaries were not available in respect of these amounts. Amounts totalling Le16,356,000.00 spent on State Security in 2007 were without supporting documents.
- IV. Insurance payments of Le105,872,250.00 to the Sierra Insurance Pool Limited were without a detailed breakdown of vehicle(s) they covered.

#### **Procurement**

- I. Various documents in respect of procurement, totalling Le1.7 billion, for the period under review, were not available for inspection.
- II. It was therefore not possible for the auditors to determine whether the goods were supplied and used for their intended purposes.

#### **Stores**

- I. In 2006 it was observed, from the Accountant General’s records, that the sum of Le4.7 billion was paid for the supply of uniforms.
- II. There was no evidence that these items were received in the store. In 2007, items, totalling Le58,597,520.00, were alleged to have been supplied to stores.
- III. However in the absence of Invoices and Delivery Notes, it was difficult to ascertain whether these items were supplied or not.

#### **Police Hospital**

- I. Budgetary allocations to the hospital had not been regular. The Allocated Stores Ledger was not updated. An amount of \$58,215.01, in respect of drugs, was not posted in the Allocated Stores Ledger.
- II. Records were not maintained to indicate how the quantity of items received were being issued to the Medical Officer in charge of the hospital.
- III. The conditions under which drugs were stored left much to be desired.
- IV. There was no ventilation or air conditioning facility to keep the drugs safe. Nurses and doctors were inadequate to carry out key functions in the hospital.

#### **Banking**

An Imprest Account No. 1100668 was used for both revenue generation and payment of Other Charges. Also, Account No. 1100715 was used to for transfer from the Accountant General's Department to Account No. 1100668. In 2007 and 2008, Account No. 1100668 was not reconciled even though the balances in the Cash Book and Bank Statements did not agree.

<b>Year</b>	<b>Cash Book</b>	<b>Bank Statement</b>
<b>Difference Balances</b>		
	Le	Le
2007	565,720,000	1,513,036,000
2008	1,323,734,000	( 947,316,000)
		(158,616,800)

Financial Reports were not available for inspection. Twenty (24) personnel of the SLP had reached their retirement age of 60 years within the Western Area but were still in the service.

### **Management Response**

- The Assistant Inspector General in charge of Support Services in the Sierra Leone Police in her response to the audit queries on which several accountable documents which million of Leones could have been collect and misappropriated were not present for inspection she stated the documents were available for verification by auditors. The asset ledger is presently in place and all assets are coded with each serial numbers and updated.
- Furthermore, on the queries relating to no compliance of providing supporting documentations on receipts of disbursement at the time of audit for transactions listed below; the amounts of Le 22,902,000.00 for service provided, Le 425,500,000.00 and Le 535,005,000.00 which the AIG said these amount was for the provision of food items (condiments) for personnel which individual signatories were not required at the time of distributing the food although there were columns on the voucher for beneficiaries to sign.
- Subsequently, the amount of Le 16,356,000.00 spent on state security in 2007 and Le105, 872,250.00 for the insurance for pool of vehicles, the Internal Auditor responded that storage facility was a problem and some of these documents were with the other Unit Commanders for their approval during the time of the audit. As in the case of the vehicle insurance the documents were very bulky and it was difficult to collect them from the regional offices but upon the recommendations from the auditors much improvement had been done and the documents are available for inspection.
- On the issue of procurement totalling Le 1.7 billion for which supporting documents were not available as the time of audit and prove of evident was lacking whether these goods procured were delivered. The Procurement Manager responded that at the time of the audit these documents were not available to the auditors due to the bulky nature of the documents. He also told the Committee

that procurement rules and procedures are always maintained and they do follow the National Procurement Act for compliance. On the issue of store items amounted to Le 4.7 billion and Le 58,597,520.00, the AIG-Support Services told the Committee that the items were actually supplied with delivery notes and invoices attached, they are ready for verification. Unfortunately, the wrong store was audited and the Sierra Leone Police had two major warehouses AIG confirmed.

- Relating the issue of the Police Hospital budgetary allocation, the AIG told the Committee that budgetary allocations to the Hospital depend on the availability of funds and are provided on request. The drugs were received at the Kingtom Hospital Store and distributed to the various clinics and supporting documents are available for the verification by the audit team. The hospital is currently being rehabilitated and a new structure is under construction. Our personnel have completed their paramedical studies and are currently working at the hospital and our various clinics.
- Furthermore, she stated that all payments are done through IFMIS and account No. 1100666 is for revenue generation, whilst account No. 1100668 is for other charges and 1100715 is the police general account (IFMIS). Reconciliations have been carried on account No. 1100668 for 2007 and 2008. It was evidenced that the differences were as a results of various unrepresented cheques. As a control measure, monthly reconciliations are now carried out and all differences investigated. We maintain Vote Services Ledgers, Cash Book and operate through the IFMIS. The Accountant General consolidates our operations into an annual statement of public account which is always submitted to their office for auditing.
- Notwithstanding the above statement, she also stated that their office will welcome further development/recommendation from the Committee in relation to the maintenance and operation of financial statements for their efficient and accountable operations.
- Finally, she explained that the recruitment and retirement of officers rest with the Human Resources Management Office on the recommendation/request of the SLP. The officers in question were retained on technical grounds, but the Sierra Leone Police had put in succession plan to ensure continuity, however, these personnel have been retired.

#### **Committee Recommendation:**

*The Committee recommends that the auditors should verify all documents which were not available during the audit. The further recommends that the SLP should capacitate the internal audit department with qualified staff.*

## **14. IMMIGRATION DEPARTMENT**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Several accountable documents were not produced for inspection. A Risk Register was not maintained.
- II. Withholding Taxes, totalling Le 2.6 Million, were not deducted from payments to contractors and suppliers and paid over to the relevant authority.
- III. Examination of the Salary Vouchers disclosed that the sum of Le 5.6 million, in respect of salaries, was not acknowledged by recipients.
- IV. Payment Vouchers, totalling Le91,846,250.00, were neither posted into the Vote Service Ledger nor were they initialled by the Vote Controller to confirm the latter's authorisation.
- V. An Assets Register was not maintained to record assets owned by the institution.

### **Revenue Systems**

The following lapses were observed in the various Revenue Streams of the Department:

- Application forms for all categories of revenues were in most cases, not pre-numbered.
  - Analysis of cash collected from the sale of application forms, passports, Seaman Identity Cards, Visa Stickers and stamps had not been maintained.
  - Detailed Cash Books were not maintained for each source of revenue.
  - There was inadequate segregation of duties in respect of revenue. It was observed that the processing of Seaman's Identity Cards and replacement of passports were performed by one individual.
  - Reconciliations were not carried out between amounts due and amounts actually collected and paid to bank.
- I. Differences between Revenue Assessment Registers and Revenue collected and paid to bank in respect of the supply and sale of Ordinary Passports and Visa Stickers totalled Le1, 270,742,000.00 and \$ 2,017,390.76 respectively.
  - II. In addition, there was no evidence to confirm supervision by the Chief Immigration Officer on the issue of Visa Stickers/stamps and passports produced and distributed.

- III. A surprise check was not carried out by the Department as stipulated in the Financial Management Regulations 2007.
- IV. Bank Reconciliation Statements were not prepared by the Accountant.

#### **Internal Audit Unit**

- An Audit Committee had not been constituted as required by FMR 2007.
- An Internal Audit Charter which establishes the purpose, authority, responsibilities, access to records and scope of the Internal Audit Department was not made available to the Audit Team for inspection.
- Interviews with the Head of Internal Audit revealed that the unit had restricted access to records and documents of the department.
- It was observed that the Head of Internal Audit reported directly to the Chief Immigration Officer and not to an Audit Committee.
- There was no evidence to confirm management responses to Internal Audit Reports.
- There was only one staff in the Internal Audit Unit.
- Internal audit operations had been limited.

#### **The Chief Immigration Responded as follows:**

#### **Governance, Strategic Management, Internal Audit Skills, Independence And Objectivity:**

The Chief Immigration Officer told the Committee that the Head of Internal Audit (HIA) at the Ministry of Finance had been informed accordingly for the formation of Audit Committees. This will enhance the independence and objectivity of the Internal Audit Unit (IA). The unit will then be charged with the responsibility of reporting directly to the audit Committee. In addition, the IA will be properly equipped with the necessary logistics and an unfettered access to records and information.

#### **Lack of Risk Management**

In collaboration with the HIA at the Ministry of Finance the Internal Audit Unit will be capacitated with the requisite staff and logistics to effectively carry out a Risk Assessment in the Department. In carrying out this responsibility, a Risk Assessment Register will be maintained which will be examined by the Chief Immigration Officer (CIO) at least once a week.

#### **Poor Revenue Systems**

The following measures are now instituted in the collection and accounting for revenue in the Department:

- i. Application Forms are now serially numbered
- ii. Daily/Weekly Cash Analysis
- iii. A complete segregation of duties
- iv. Daily postings into the Cash Book

### **Differences between Revenue Assessment and Revenue Collected**

#### **▪ Passport Production List- Le2,007,742,000.00**

Data on the quantity of passports produced comprises of the total passports issued to the Production Unit through the Passport control Officer. It must be noted that in accounting for the total passports produced by the department, we consider the proceeds from sale of passports from the four regions viz:

- a. Passports issued in the Western Area
- b. Passports issued in the Eastern Region
- c. Passports issued in the Northern Region
- d. Passports issued in the Southern Region

During production, passports may be cancelled due to errors either on the part of the department or the applicants. An error on the part of the department does not attract an additional cost. But if on the other hand the error is on the part of the applicants, then such cost will be borne by the applicant(s) concern. Either of these affects the total quantity of production.

We observed that observations raised in the Audit Report only focused on headquarters here in Freetown without taking into consideration revenue collected from the sale of Passports in the Eastern, Northern and Southern Regions. These maintained their individual Cash Books and records of revenue collected and paid to bank.

In an effort to present the true and fair view of the revenue collected by the Department, all revenue returns from the various regions that were not considered by the Audit team, analysis of all passports initially issued out but later considered cancelled, the Revenue Cash Books and analysis of payments of bank had been assembled and can be verified.

#### **▪ Sale of Visa Stickers-\$2,017, 390.76**

The Department is much more concern with the issue of proceeds from sale of Visa Stickers not being brought to account. We are having difficulties in getting the returns from our missions abroad. Despite series of remainders to these missions through the Director General Ministry of Foreign Affairs, under whose supervisions these missions exist much had not been done to account for these monies.

### **Absence of Financial Statements**

Regular Financial Statements have been prepared and submitted to the Accountant General. Every year the department prepares a budget which outline Revenue and Expenditure Projections. Expenditures are incurred based on the projections made on a

budget line. Any expenditure outside a particular budget line must be approved by the Accountant General.

### **Cash Survey**

A Cash Survey is now carried out. A Senior Officer, in addition to the Accountant, had been designated to ensure that the Cash Book is updated on a daily basis by all revenue collectors.

### **Summary Cash Book**

This is now prepared and submitted to the Accountant General.

### **Monthly Bank Reconciliation**

Bank reconciliations are now carried out by the Accountant and approved by the Deputy Chief Immigration Officer.

### **Withholding Taxes on Contracts for Goods and Services- Le2, 662,526.25**

The total of Le2, 662,526.25, in respect of Withholding Taxes, was indeed deducted from payments made for the supply of goods and services to the department. The deductions were not stated on the Payment vouchers prepared but were reflected on the cheques paid in respect of these transactions. These deductions were then paid over to the NRA. Receipts and payment details can be verified.

### **Unclaimed Salaries-Le5, 601,135.00**

It must be noted that there are some staff in the regions that are still on the Payroll in Freetown. These staff normally reports to collect their salaries late. In complying with the provisions of the Financial Orders the unpaid amounts were always paid back into the Consolidated Revenue fund. These monies can only be assessed when the staff in question turned up for their salaries. Staff who received their salaries always signs the Salary Vouchers for the period under review. The relevant documents can be verified.

### **Payment Vouchers not posted into the Vote Service Ledger (VSL)**

The issue of Payment Vouchers not posted in the Vote Service Ledger was an oversight and had since been rectified listed at Appendix F had since been entered in the VSL and initialed by the Vote Controller.

### **Master Inventory Register**

A Comprehensive Inventory is now maintained and all assets of the department had been marked/labeled.

### **Unpresented Documents**

Cash Book for 2006 – This is yet to be forwarded to the Department by the Head, Non-Tax Revenue of the NRA. This can be verified at the NRA office.

**Registers of Visa Stickers 2006 – 2008** – Difficulties still exist in getting returns, proceeds from sale and a register in respect of Visa Stickers issued out to national and International missions overseas.

**Registers of Seaman Identity Cards sold 2006 – 2008** – This is available for verification

**Replacement passport register 2006 – 2008** – This is the same register as the New Passport issued. The difference lies in the remarks column (either new or replacement). However, with effect from January 2010 a new system will be instituted wherein passports are categorized accordingly.

**Bank Statements 2006** – This is yet to be forwarded to the Department by the Head, Non-Tax Revenue of the NRA. This can be verified at the NRA office.

**Paying-in-Slips 2006** – This is available for verification

**Committee Recommendations:**

*The Committee recommends that the Chief Immigration Officer should submit all supporting documents to the Auditor General for verification within 21 days after the adoption of this report by Parliament.*

**15. SIERRA LEONE STATE PRISIONS DEPARTMENT**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Several Accountable Documents, on which millions of Leones would be lost if misused, were not presented for inspection.
- II. Unclaimed salaries, totalling Le5, 761,526.00, were not paid back into the Consolidated Revenue Fund.
- III. Relevant information/documents in respect of local/overseas training were not maintained by the Department.
- IV. Documentation to confirm compliance with the procurement rules and regulations, in respect of three contracts totalling Le500,596,536.00 awarded in 2006 and 2008, were not produced for verification.
- V. The Allocated Stores Ledger was not properly maintained. There were several alterations, miscalculations and omissions in the ledger in respect of store items, totalling Le1, 923,750.

## **Management Response**

- The Director of Prison responded that the accountable documents were available at the time of the hearing and he asked the Committee to inspect the documents. With regard to the unclaimed salaries the Director informed the Committee that evidence of payments of all unclaimed salaries into the CRF, must be made available for his approval and the amount should be recovered and details of recovery forwarded to his office for verification.
- Moreover, the amount of Le 5,761,526 was actually paid to some Prison Officers as salaries. It was rather unfortunate that most of the Prison Officers were in different locations in the country and some did not come for their salaries for some months and the salary payment vouchers must be returned to PQM.
- He also told the Committee that documents related to unclaimed salary are now ready for inspection. The Director reiterated that base on the advice given by the auditors the issue of training of personnel both local/international are now adhered to with the following recommendations:

Discussions on training should be minute and filed for further reference.

Training needs should be identified through a 'training needs assessment approach'

Personnel benefiting from long term training should sign Bonds that would require them to stay in the department for a reasonable period of time, on completion of their training.

On return from training, officers should be required to prepare reports detailing knowledge and/or skills gained.

- Additionally, the Director informed the Committee that all documents relating to procurement were available for inspection. On the other hand, the query on alteration and miscalculation which auditors recommended had been adhered to and store records are now kept in a correct and tidy manner, with documents altered are now initialled.

## **Committee Recommendation:**

***The Committee strongly recommends that audit should make spot check verification and report to Parliament within 7 days after the adoption of this report by Parliament.***

## **16. METEOROLOGICAL DEPARTMENT**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. An Imprest Cash Book was not maintained for the 2007 Financial Year. Imprests, totalling Le14, 100,000.00, were without supporting documents.
- II. The Meteorological Department failed to reconcile its Vote Service Ledgers with the Accountant General's Printout.
- III. Payment Vouchers to the tune of Le81, 640,000.00 observed in the Accountant General's Printout were not in the Vote Service Ledgers.
- IV. The sum of Le34, 100,000.00 was paid without adequate supporting documents. A total of Le2, 059,085.00 was owed to the Guma Valley Water Company for the 2007 Financial Year.
- V. Neither a Log Book nor an Operating Record was maintained to record fuel and oil bought for the sum of Le57, 600,000.00.
- VI. Consumption details were also not available for inspection in respect of such fuel.
- VII. The sum of Le1,100,000.00 was allocated for the insurance of a vehicle with Registration Number ABQ 585 for the 2007 Financial Year.
- VIII. This vehicle had still not been insured. The Allocated Stores Ledgers were not properly maintained and in some instances Store Issue Vouchers were not in use.
- IX. The store room required urgent maintenance to prevent the destruction of stores items and records during the raining season.
- X. A number of stations including those at Tower Hill and Lungi were non-operational. The role of this department is very important, especially with the increase, in recent years, in global warming.
- XI. The department should be provided with all the necessary equipment and vehicles, to enable it carry out its duties which include issuing weather warnings.

**Responses of the Director of Meteorological Department:**

- An Accountable Documents Register is maintained.
- The practice was that all documents to payment Vouchers were forwarded to the Accountant General without retaining copies in the department. Copies of supporting documents to cover the imprest used were now available for your verification. Because of delays in receiving allocations, and considering the exigencies of the activity on hand then, the imprest of Le14, 100,000.00 was actually used. However, the Director stated this situation had been corrected and in future all expenditure will be made under appropriate sub-head. Receipts and other relevant records on how this amount was expended could be verified.

- Efforts are being put in place to compile a comprehensive Inventory Register of all assets and you will be furnished with details after completion soonest.
- On a quarterly basis, reconciliations are carried out between the VSL and the IFMIS printouts.
- **Unclaimed Salaries:** With regards salaries, totalling Le333,417.00, these were actually paid to relative of a staff. However, the staff failed to sign the voucher. The Authority to collect this salary can be verified.
- **Overpayment of Acting Allowance:** The computation of the overpayment of acting allowance to tune of Le3,237,864.00 was an error made by the staff of the Accountant General's Department and a letter was written to inform them for necessary action which followed by monthly reconciliation in collaboration with the Accountant General Department. This issue had since been addressed with the Accountant General's Department.
- Salaries amounting to Le 2,264,607.00 were actually salaries Genuine Workers of the department and Copies of authorised slip are now available for your Verifications.
- **Withholding Taxes:** It was difficult to withhold tax from these payments because the goods were obtained from suppliers on credit basis. The recommendation from audit is noted.
- Attendance Register was now in operation.
- Proper internal control mechanisms had been instituted and records management had improved.

#### **Committee's Recommendations:**

- *The Committee recommends that the Director should submit all supporting documents within 14 days after the adoption of this report by Parliament for verification by the Auditor General.*
- *All withholding taxes which should have been deducted from the contractors, the officer in-charge should collect the 5% tax from the contractors within 21 days after the adoption of this report by Parliament. The receipt copies should be submitted to Audit Service Sierra Leone with a covering letters indicating amount paid.*

## 17. SCHOOLS AND OTHER EDUCATIONAL INSTITUTIONS

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

### a. Ahmadiyya Muslim Secondary School (2006/2007-2008/2009 Academic Years)

#### Junior Secondary School

- I. Arrears of school fees totalled Le 3,480,000.00. Disbursements amounting to Le4, 337,000.00 were without supporting documents.
- II. Bank reconciliations were not carried out by the Bursar for the period under review to confirm revenue paid into and disbursements out of bank account.

#### Management Response Ahmadiyya Muslim Junior Secondary School

##### Outstanding School Fees

The Principal told the Committee that school administration has instituted a robust mechanism in collecting fees from defaulters. Some of the measures adopted were as follows:

- Retaining results until fees are paid
- Enforcing that payments are made before issue of testimonials, Transcripts and other school's documents

As a result of the above out of the total arrears of Le3, 480,000.00, the sum of Le3, 000,000.00 had already been collected as follows

Academic Year	Arrears	Fee Collected Le
2006/2007	240,000.00	Nil
2007/2008	2,800,000.00	2,560,000.00
2008/2009	440,000.00	440,000.00
<b>T O T A L</b>	<b>3,480,000.00</b>	<b>3,000,000.00</b>

##### Expenditure without Supporting Document:

Supporting documents for all the payments totaling Le4, 337,000.00 are now available and can be verified.

##### Bank Reconciliation

The school was faced with the difficulty of obtaining timely Bank Statements from the bank for reconciliation purposes. However, bank statements for the period under review had been obtained and reconciliations carried out by the bursar.

#### **Committee's Recommendations:**

- *The Committee therefore recommends that the school management should employ more efforts in the collection of fees and maintains proper documentation for all pupils withdrawn or leaving the school, before the end of each academic year and supporting documents thus retained for future audit purposes.*
- *The Bursar MUST prepare and presents to the principal a monthly bank reconciliation statement and all monies must be banked. These reconciliation statements should be filed chronologically and retained for both future reference and audit purposes.*
- *The principal MUST submit to the Auditor General all supporting documents for verification in respect of Petty Cash Vouchers, totalling Le 4,337,000 within 21 days after the adoption of this report by Parliament. Failing which the Principal would take responsibility to recover such amount.*

#### **Senior Secondary School**

- i) Expenditure without supporting documents soared to Le3, 012,000.00. The Bank Statements produced for inspection were incomplete and Bank reconciliations were not carried out to confirm revenue paid into and disbursements out of bank account.
- ii) An Arrears Register was not maintained. The Expenditure Cash Book was not properly maintained by the Bursar.

#### **Management Response for Ahmadiyya Muslim Senior Secondary School**

- **Expenditure without Supporting Documents**

The Principal told the Committee that the relevant supporting documents (Requisitions, Invoices, Receipts and Deliveries) in respect of expenditure totaling Le3, 012,000.00 had been verified. In addition, site inspections were also made by the Verification Team

- **Bank Reconciliation**

The school was faced with the difficulty of obtaining timely Bank Statements from the bank for reconciliation purposes. However, bank statements for the period under review had been obtained and reconciliations carried out by the bursar.

- **Arrears Register**

There was no separate Register in respect of arrears. Defaulters were only indicated in the School Fees Register. However, a separate Arrears Register is now maintained.

- **Expenditure Cash Book**

The Expenditure Cash Book is now properly maintained. The principal now inspects the Book on a weekly basis to ensure that transactions are correctly recorded.

**Committee Recommendations:**

- *With immediate effect all payments should be accompanied by the relevant supporting documents e.g. requisitions, invoices, receipts, Delivery Notes etc.), and that all sections of the Payment Voucher should be correctly completed and file.*
- *All supporting documents for the above payments be made available for verification; otherwise the whole amount must be recovered by the Principal.*
- *The bursar should also prepare and present to the principal a monthly bank reconciliation statement. This of course will happen when his/her capacity has been improved. These reconciliation statements should be filed chronologically and retained for both future reference and audit purposes.*

**b. Sierra Leone International Mission Secondary School (2006/2007 and 2007/2008 Academic Years)**

- I. An Accountable Documents Register, to record and control documents on which millions of leones could have been collected, was not maintained.
- II. Out of a total of Le147,993,000.00, collected as school fees, only the sum of Le134,229,550.00 was paid into the bank leaving a balance of Le 13,763,450.00 which was put into immediate use.

- III. Arrears of school fees stood at Le1,580,000.00. Payment Vouchers were not in use for expenditure. Bank reconciliations were not carried out by the Bursar for the period under review to confirm revenue paid into and disbursements out of bank account.
- IV. Class Attendance Registers were poorly kept. Estimates/budgets were not prepared. Revenue and Expenditure Cash Books were not maintained.
- V. There was no segregation of duties in the Accounts Department.

### **Management Response International Mission School Junior Secondary School**

- **Arrears of School Fees – Le 1,580,000.00:**

The Principal informed the Committee that with regards to the above, the period under review, the school management was admonished by authorities to encourage parents/guardians to pay school fees per term and those who can afford should pay yearly. The school after receipt of the Audit Report queries has put in place stringent measures to collect school fees and maintain proper documents for all pupils withdrawn or leaving the school before the end of the academic year.
- **Bank Reconciliation not carried out**

The Principal also accepted the indictment by Auditors that Bank Reconciliation for the period under review was not carried and he underscored the essence of it and further told the Committee that the board of the Mission Board to appoint a Bursar that is financially technical competent to carry out such a function. This problem has been addressed since the start of 2009/10 academic year.
- **Class Register poorly maintained**

A seminar has been organized at the beginning of the 2009/10 academic year wherein facilitators treated in depth how to use and maintain class registers, report cards and continuous assessment record books. The responsibility of monitoring has been delegated to senior teachers to ensure efficient and proper management of school records used by teachers.
- **No Budget produced for Audit**

Budget for the running of the school has now been put in place for the academic year 2009/10 as a guide for the expenditure of school fees.
- **Revenue and Expenditure Cashbook not maintained**

The Revenue and Expenditure Cash book has now been put in place as prescribed by the Accountant General effective 2009/10 Academic year. This will enable the Principal to clearly establish the financial position of the School at any given time.

- **Revenue not accounted for Le 13,765.40**

The Revenue granted from 1<sup>st</sup> September 2006 to 31<sup>st</sup> August 2009 was Le47,993,000.00 in the light of the above; the school has undergone various developmental strides to the surprise of all who knew who the school started in September 2003. With regards to the above, documents relating to the difference is now ready for verification and inspection.

- **Accountable Document Register not properly maintained**

With effect from 2009/10 academic year the above important document is now used Payment Vouchers not maintained. The school will endeavor to maintain payment vouchers as control measures for efficiency and transparency.

### **Committee Recommendations**

**The responses of the Principal were noted and the Committee strongly makes the following recommendations:**

- i. *The school management should double its efforts in the collection of school fees and maintain proper documentation for all pupils withdrawn or leaving the school, before the end of each academic year and supporting documents thus retained for future audit purpose.*
- ii. *That with immediate effect all supporting documents in respect of amount put into immediate use totalling Le 47,993,000.00 MUST be submitted to the Auditor General for verification within 14 days after the adoption of this report by Parliament. Failing which the Principal would take the full responsibility to recover such amount.*

- c. **Sierra Leone Muslim Congress Secondary School (2006/2007-2007/2008 Academic Years**

### **Junior Secondary School**

- I. Five (5) Receipt Books, recorded in the Accountable Documents Register, on which millions of Leones could have been collected were not submitted for inspection.
- II. A total of Le102, 571,000.00 was collected as school fees. Out of this amount, only the sum of Le68, 210,140.00 was paid into the bank leaving a balance of Le 44,360,860.00 which was put into immediate use.

## Verification Report Sierra Leone Muslim Congress Junior Secondary School

- **Revenue Collected Not Banked But Put Into Immediate Use Le44,360,000.00:**  
Although the total of Le44,360,000.00 was not banked intact by the school as required by the provisions of the Financial Management Regulations 2007, copies of receipts, invoices, claim sheets and other supporting documentation of how this amount was expended by the school were submitted and verified.
- In order to avoid the above scenario, it is recommended that an Imprest System is immediately instituted by the School Administration and that in future all monies collected must be banked intact before withdrawals.
- **Receipt Books Not Produced**  
The Receipt Books are yet to be verified. In addition, the Report of the alleged school Riot between the school, Encroachers and the Police as still not been submitted for our attention.

### Senior Secondary School

- I. Eight (8) Receipt Books, recorded in the Accountable Documents Register, on which millions of Leones could have been collected, were not submitted for inspection.
- II. A total of Le90, 551,000.00 was collected as school fees. Out of this amount, only the sum of Le38, 500,000.00 was paid into the bank leaving a balance of Le52, 051,000.00 which was put into immediate use.
- III. Payment Vouchers, totalling Le4, 483,000.00, were not approved by the Principal. Outstanding loans totalled Le5, 827,000.00.

### Committee Recommendations:

- *The Committee recommends further verifications by the Auditor General within 21 days after the adoption of this report Parliament and all monies MUST properly accounted for respectively.*
- *All collection of school fees must be banked before put in to use*
- *In order to avoid the above event, the Committee recommends that an imprest system should be instituted immediately.*
- *Receipt books not produce for verification, the Principal/Audit should ensure that the police should be submitted to Parliament for verification.*

## **Verification Report Sierra Leone Muslim Congress Senior Secondary School**

### **Revenue Collected, not Banked but put into Immediate Use Le52,051,000**

This amount was put into immediate use because there was need for money to be spent on certain important and urgent issues, such as:

- (a) Games and Sports
- (b) Office stationery (chalk, diaries, registers, report cards, A4 duplicating papers etc.)
- (c) Salaries and allowances to non-teaching staff members.
- (d) Salary advances to new unapproved teachers.
- (e) Annual celebrations.

During the period in question, the Principal signatory to the school, the Chairman of the Board of Governors of the school, was often out of the country during school session.

The said amount was spent for the running of the school as follows:

(1) September 2007 – December (First term).....	35,000,000
(2) January 2008 – April 2008 (Second term) .....	10,051,000
(3) May 2008 – August 2008 (Third term).....	<u>7,000,000</u>
<b>Total</b>	<b><u>52,051,000</u></b>

Expenditure for first term was very high, the reasons being that many activities occur during this period – Games and sports, Stationery to start the academic year, etc. Another key reason for putting money into immediate use was that there was suspension of all operations of school boards in October, 2007, during period it was not possible to get access to the school account.

### **Receipt Books Not Produced For Audit Inspection**

This was not a deliberate attempt to flout the regulations stated in paragraph 3.1  
These receipt books:

- |                   |                  |
|-------------------|------------------|
| (1) 85051 – 8550  | (2) 8551 – 8600  |
| (3) 8601 - 8650   | (4) 8651 – 8700  |
| (5) 8701 - 8750   | (6) 8751 – 8800  |
| (7) 10501 - 10550 | (8) 10651- 10700 |

Together with other relevant documents were either stolen or destroyed during the school Land riot between School Land Encroachers and the Police in November 2007. This riot led to the closure of the school for nearly three months. This matter was reported to the Mission and Proprietors of the School, Ministry of Education and the S.L.T.U. A

commission of enquiry was set up by His Excellency to look into the problem. The report from these findings is yet to be made available to the school authorities.

**Unapproved and Designed Payment –Le4, 483,000.00**

Payment voucher not approved or signed was due to work pressure. However, this anomaly has been regularized and these vouchers which were not previously approved or signed have been approved and signed and are now retained in their respective files.

**General Observation – Unrecovered Loans to Teachers – Le5, 827,000**

Most of the loans given out to teachers were salary advances to newly recruited teachers waiting for their approval from government. Once they were approved, the necessary deductions at source. The relevant documents are available for verification. However, we promise to abide to all regulations to avoid recurrence of such anomalies in the future. While looking forward to your kind consideration of these issues, recovery details in respect of loans, totaling Le5, 827,000.00 were verified

**Committee Recommendation:**

- *The Committee recommends further verifications by the Auditor General within 21 days after the adoption of this report Parliament and all monies MUST properly accounted for respectively.*
- *All collection of school fees must be banked before put in to use*
- *In order to avoid the above event, the Committee recommends that an imprest system should be instituted immediately.*
- *Receipt books not produce for verification, the Principal/Audit should ensure that the police should be submitted to Parliament for verification.*

**d. St. Anthony’s Junior Secondary School (2005/2006 – 2007/2008 Academic Years)**

- I. The sum of Le31, 520,000.00 was paid into bank out of a total of Le45, 750,000.00 collected as school fees. The balance of Le14, 230,000.00 was put into immediate use.
- II. An Arrears Register was not maintained. There was no segregation of duties in the Accounts Division. The Expenditure Cash Book was poorly maintained.
- III. An amount of Le11, 330,900.00 paid into the bank could not be confirmed from the Bank Statements as the latter produced for audit was incomplete.

- IV. Bank Reconciliations to confirm revenue paid into and disbursements out of bank accounts were not carried out in this institution as the Bursar was not competent to carry out such a function.
- V. The filing system needed some improvement. A safe or strong room for the custody of cash was not in use. Verbal, instead of written authority, was issued in the disbursements of funds.

**Responding to queries the Principal disposed that:**

**Revenue collected and Put into immediate use- Le14, 230, 00**

On receipt of the audit query, necessary procedure has been put in place and your recommendation has been adhered to fully. Fees collected are now paid to the bank correctly by the bursar. And all expenditures are now expended through a cheque system backed with supporting documents.

**Monthly bank reconciliation not carried out**

A bank reconciliation ledger is now maintained were in monthly bank statements are checked against the cash book and all payment made to bank and withdrawals made for each month. The ledger is ready for your verification.

**Expenditure cash book poorly maintained**

This important document is now maintained in accordance with stipulated financial management regulation. The ledger in operation is ready for your verification.

**No safe maintained in the School**

This area will be addressed soon since requisition has been prepared and submitted for approval.

**No record/register of arrears of Schools Fees**

A defaulters list has been prepared for the period queried and this will be a continuous process for each term in each academic year. This analysis can be verified.

**General Observation**

Before the auditors completed their exercise, a bursar was employed by me just to reduce my work load. His is solely responsible for the collection of all fees and payment to the bank and revenue collected. I am still trying to maintain a proper segregation of duties.

**Poor Filing System**

My filling system has improved in that all personal files and other related documents are kept in order especially expenditure under various sub-heads. This can also be verified.

**Verbal Authorisation to Spending**

Expenditures are no longer incurred on verbal authorization. Mechanism has been put in place for initial requisition, approval before subsequent withdrawal is made for all spending. And this current development can also be verified.

#### **Committee Recommendations:**

- *The Committee recommends that the Bursar MUST prepare and present to the Principal a monthly bank reconciliation statement. These reconciliation statements should be filed chronologically and retained for future references*
- *The Committee also recommends that the principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 14,230,000.00. Failing the Principal should take responsibility to recover such amount.*
- *That a competent bursar MUST be employed which will reduce the work load of the Principal? Audit should verify the statement by the Principal*

#### **e. Young Women's Christian Association (2006/2007 and 2007/2008 Academic Years**

- I. Arrears of school fees totalled Le1, 783,000.00. It was observed that the school fence was partly destroyed.
- II. The incidence of intruders or unauthorised entries was observed to be high.

#### **Verification Report Young Women Christian Association Vocational Institute**

##### **Arrears of School Fees Le2, 393,000**

The Administration promise to re-double its efforts in the collection of fees and maintain proper documents of students leaving school before the end of each academic year, documents of students with arrears will only be released after payment of such arrears.

##### **Bank Reconciliation not carried out.**

The process has now been put in place.

##### **Poor Filing System**

The files and all other school records are maintained in an orderly manner and kept in a safe location.

### **Fencing of School Compound**

The Institute will endeavour to look for funds to fence the school because it does not have sufficient funds now. We will also inform the proprietors.

### **Committee Recommendation:**

- *The Committee also recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence of progress report to the Auditor General on the collection the sum of Le 2,393,000.00. The Principal should age the outstanding school fees, failing he/she will take responsibility to recover such amount.*

### **f. Services Secondary School (2005/2006-2007/2008 Academic Years)**

#### **Junior Secondary School**

- I. The sum of Le140, 750.00 was neither posted to the Cash Book nor banked. Expenditure without supporting documents soared to Le10, 158,000.00.
- II. Out of a total of Le136, 600,000.00, collected as school fees, only the sum of Le60, 455,000.00 was paid into the bank, leaving a balance of **Le76, 145,000.00** which was put into immediate use.
- III. Bank Reconciliations were not carried out during the period under review to confirm revenue paid into and disbursements out of bank accounts.

### **The Principal disposed that:**

#### **Revenue not accounted for Le140, 750.00**

This amount was used as Salary Advances to a teachers awaiting approval from the Ministry of Education. The non recording into the Cash Book was an oversight. The Paid-up Voucher was filed and can be inspected. In addition, your memorandum to bank all revenue collected before expenditure is being strictly adhered to by my school.

#### **Expenditure without Supporting Documents Amounted to Le10, 158,000**

There was difficulty in retrieving and submitting all of the documents requested for because of the poor filing method that was in existence then. However, with the knowledge gained from various training the school had been able to appropriately file

each supporting documents like Requisition, Invoices, Receipts Deliveries, etc to the Payment Voucher and that supporting documents in respect of payments totaling Le10,158,000.00 have been appropriately filed for your examination.

**Revenue collected not banked but put into immediate use- Le76, 145,000**

The use of monies collected and put into immediate use was deliberate our aimed at violating the provisions in the regulations. The school heavily relies on these monies for its day to day functions. There were instances where immediate expenditures were required and in which case readily available cash may to use. This situation was so until an Imprest System was introduced. In addition, when school boards were dissolved, it was difficult to get the principal signatory to my school account to carry out with certain expenditures. In this case, whenever monies were collected some were paid into the bank and the required portions for expenditure were judiciously expended and all relevant documentation maintained. Since the introduction of the imprest system, there had been much improvement in the management of the schools' funds.

**Monthly Bank Reconciliation not carried out**

The bursar was not well trained in basic accounting and book keeping procedures. With some training acquired in this field over the years, monthly bank reconciliations are now carried out by the bursar.

**Verification Report**

**Revenue not accounted for – Le140, 750.00**

Although fees, totaling Le140, 750.00, were not banked but put into immediate use, expenditure details such as invoices, receipts, claim sheets, paid up vouchers etc were verified.

**Expenditure without Supporting Documents Amounted to Le10, 158,000**

Relevant supporting documents in respect of payments totaling Le10, 158.000.00 were verified.

**Revenue collected not banked but put into immediate use – Le76, 145,000**

Although fees, totaling Le76, 145,000.00 were not banked but put into immediate use, expenditure details such as invoices, receipts, claim sheets, paid up vouchers etc. were verified.

**Monthly Bank Reconciliation not carried out**

Monthly bank reconciliations are now carried out by the bursar

**Expenditure without Supporting Documents Amount to Le10, 040,000.00**

There was difficulty in retrieving and submitting all of the documents requested for because of the poor filing method that was in existence then. However, with the knowledge gained from various training, the school had been able to appropriately file each supporting documents like Requisition, Invoices, Receipts, Deliveries, etc to the

Payment Voucher and that supporting documents in respect of payments totaling Le10,040,100.00 have been have been appropriately filed for your examination.

**Revenue collected not banked but put into immediate use – Le120, 859,704**

The use of monies collected and put into immediate use was deliberate our aimed at violating the provisions in the regulations. The school heavily relies on these monies for its day to day functions. There were instances where immediate expenditures were required and in which case readily available cash may to use. This situation was so until an Imprest System was introduced. N addition, when school boards ere dissolved, it was difficult to get the principal signatory to my school account to carry out with certain expenditures. In this case, whenever monies were collected some were paid into the bank and the required portions for expenditure were judiciously expanded and all relevant documentation maintained. Since the introduction of the Imprest system, there had been much improvement in the management of the schools' funds.

**Monthly Bank Reconciliation not carried out**

The bursar was not well trained in basic accounting and book keeping procedures. With some training acquired in this field over the years, monthly bank reconciliations are not carried out by the bursar.

**No Records/Register or Arrears of School Fees**

No separate Book was indeed maintained for arrears. Arrears were just indicated in the School Fees Register. Your recommendation is however noted and that an Arrears Register now maintained

**Expenditure Cashbook Poorly Maintained**

The bursar was now well trained in basic accounting and book keeping procedures. With some training acquired in this field over the years, the disbursement cash book is now properly maintained by the Bursar. All transactions are now entered and recorded correctly.

**General Observation**

- The Filing System is now much improved. Transactions are now filed according to budget heads.
- The library has been repaired and now in use
- Electricity supply to the school is much improving

**Committee's Observations and Recommendations:**

- *The Committee recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 10,040,000.00 and revenue collected and put into immediate use amounting to Le 120,859,704.00.*

- *All monies collected by the school must be banked before put in to use*
- *Audit MUST verify all supporting documents relating to the sum of Le 10,158,000.00 and report to Parliament within 21 days after the adoption of this report by Parliament*
- *A trained and competent Bursar should be employed immediately.*

### **Senior Secondary School**

Out of a total of Le167, 255,000.00, collected as school fees, only the sum of Le46, 445,000.00 was paid into the bank, leaving a balance of Le120, 859,704.00 which was put into immediate use.

The Expenditure Cash Book was poorly maintained. Expenditure without supporting documents soared to Le10, 040,100.00.

An Arrears Register was not maintained. Bank Reconciliations were not carried out during the period under review to confirm revenue paid into and disbursements out of bank accounts. The filing system needed some improvement. The School Library was not in use.

### **Verification Report Senior Secondary School**

#### **Revenue collected not Banked but put into immediate use – Le120,859,704**

Although fees, totaling Le120, 859,704.00 were not banked but put into immediate use, expenditure details such as invoices, receipts, claim sheets, paid up vouchers etc were verified.

#### **Monthly Bank Reconciliation not carried out**

Monthly bank reconciliations are now carried out by the bursar.

#### **No Records/Register of Arrears Of School Fees**

Arrears Register is now maintained

#### **Expenditure Cashbook Poorly Maintained**

The Expenditure/Disbursement Cash Book is now properly maintained by the Bursar. All transaction are now entered and recorded correctly.

### **General Observation**

- The Filing System is now much improved. Transactions are now filed according to budget heads.
- The library had been repaired and now in use.
- Electricity supply to the school is much improving.

**Committee's Observations and Recommendations:**

- *The Committee recommends that the Bursar MUST prepare and present to the Principal a monthly bank reconciliation statement. These reconciliation statements should be filed chronologically and retained for future references*
- *The Committee also recommends that the principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 10,040,000.00 and revenue collected and put into immediate use amounting to Le 120,859,704.00.*
- *A trained and competent Bursar should be employed immediately.*

**g. Kissy Municipal Junior Secondary School, Freetown (2004/2005-2007/2008 Academic Years)**

A total of Le100, 895,000.00 was collected as school fees. Out of this amount only the sum of Le23,698,471.00 was paid into the bank leaving a balance of Le77,196,529.00 which was put into immediate use.

Revenue collected in respect of fees, totalling Le15,420,000.00, was neither posted into the Revenue Cash Book nor banked whilst fees to the tune of Le24,885,100.00 was not brought to account by the Bursar by the school.

Payment Vouchers were not in use to effect payments made by the school. Various disbursements amounting to Le9, 977,500.00 were not recorded in the Expenditure Cash Book.

Expenditure without supporting documents soared to Le19, 684,500.00. A Petty Cash System for minor disbursements was not in existence. The entire filing system within the school was in shambles.

**Committee's Observations and Recommendations:**

*The Committee recommends the Principal and the Board should take full responsibility of all monies not accounted and should be recovered within 21 days after verification by audit and report must be submitted to audit and copy to Parliament.*

**h. King Fahad Islamic Secondary School Old Wharf-Wellington Freetown  
(2006/2007 and 2007/2008 Academic Years)**

**Junior Secondary School**

- I. A total of Le8, 582,000 was put into immediate use. Arrears of School fees totalled Le3, 560,000.00. The Cash Books were poorly maintained.
- II. Bank reconciliations were not carried out by the school to confirm payments into and disbursements out of the bank account.
- III. Payments to illiterate auxiliary staff were not witnessed by third parties. There was inadequate class room space to accommodate 1,000 pupils per shift. The toilet facilities were poor.

**The Committee noted with great concern the responses outlined by the Principal of the King Fahad Junior Secondary School:**

**Revenue Collected not banked but put into immediate use –Le8, 582,000.00**

The Principal told the Committee that the school was in no way aimed at violating the provisions of the Financial Management Regulations. This amount was actually used for the effective running of the school (purchased of stationery, Chalk, Games and Sports, Incentives to teachers etc.) It just happened that during these periods, the School Board was not constituted and there was no imprest system in existence. In order to avoid these occurrences, an Imprest System has been introduced by the school.

**Arrears of Fees**

Arrears of fees are something that the school still continues to fight against. Out of the total arrears of Ld3,560,000.00 the school had been able to recover the sum of Le2,400,000.00 from defaulters. This was true for those who turned up for results, testimonials and other relevant school documents.

**Cash Books**

The Cash Book is now properly maintained. This was due to the absence of a trained officer as bursar. The school is now using the services of a teacher at bursar who is Accounting Bias.

**Bank Reconciliation**

With the service of a teacher as bursar who is Accounting Bias bank reconciliations are now carried out.

**Payments to Illiterates**

All payments to illiterates' staff are now witnessed by a third literate party.

## **General Observations**

The school has been re-located and accommodation is now much improved. In addition, the toilets facilities are also much improved.

### **Committee's Observations and Recommendations:**

- *The Committee recommends that the Bursar MUST prepare and present to the Principal a monthly bank reconciliation statement. These reconciliation statements should be filed chronologically and retained for future references*
- *The Committee also recommends that the principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 8,582,00.00 been put into immediate use.*
- *Revenue collected and put into immediate use is violation of the Financial Management Regulation 2007 must be strictly adhered to*

## **Verification Report Senior Secondary School**

### **Revenue collected not banked but put into immediate use – Le8,582,000.00**

Although the total of Le8,582,000.00 was not banked intact by the school as required by the provisions of the Financial Management Regulations 2007, copies of receipts, invoices, claim sheets and other supporting documentation of how this amount was expended by the school were submitted and verified. Also, it was observed that an imprest system is now in operation in the school.

### **Arrears of School Fees**

Recovery details in respect of arrears of fees totaling Le2,400,000.00 was verified leaving an outstanding balance of Le1,160,000.00

### **Cash Books**

The Cash Book is now properly maintained

### **Bank Reconciliations**

Bank Reconciliations are now carried out.

### **Payments to Illiterates**

Payments to illiterates' staff are now witnessed by a literate party.

## **General**

The schools' accommodation and toilets facilities are now much improved.

**Committee Recommendations:**

- *The Committee recommends that the principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 1,160,00.00*
- *Revenue collected and put into immediate use is violation of the Financial Management Regulation 2007 which must be strictly adhered to*

**Senior Secondary School**

- I. Out of a total of Le90, 050,000.00, collected as revenue, only the sum of Le6, 500,000.00 was banked. The balance of Le9, 000,000 was put into immediate use.
- II. Arrears of school fees amounted to Le10, 900,000.00. Expenditure without supporting documents soared to Le2, 183,000.00.
- III. The Cash Books were poorly maintained. Bank reconciliations were not carried out by the school to confirm revenue paid into and disbursements out of bank accounts.
- IV. Payments to illiterate auxiliary staff were not witnessed by third parties. An Assets Register was not maintained.
- V. As such assets and other items held at different locations were not taken on charge in an Inventory Ledger.

**Committee Recommendations:**

- *The Committee recommends that the Bursar MUST prepare and present to the Principal a monthly bank reconciliation statement. These reconciliation statements should be filed chronologically and retained for future references*
- *The Committee also recommends that the principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 10,040,000.00 and revenue collected and put into immediate use amounting to Le 120,859,704.00.*

**The Committee noted with great concern the responses outlined by the Principal of the King Fahad Senior Secondary School:**

**Revenue collected not banked but put into immediate use Le9,000,000.00**

The Principal told the Committee that the school was in no way aimed at violating the provisions of the Financial Management Regulations. This amount was actually used for the effective running of the school (purchased of Stationary, Chalk, Games and Sports, Incentives to teachers etc.) It just happened that during that during these periods, the School Board was not constituted and there was no imprest system in existence. In order to avoid these occurrences, an Imprest System has been introduce by the school.

**Arrears of School Fees**

The issue of arrears of fees is something that the school still continues to be a problem to the school administration. Out of the total arrears of Le10,900,000.00, the school had been able to recover the sum of Le6,400,000.00 from defaulters. This was true for those who turned up for results, testimonials and other relevant school documents.

**Expenditure without Supporting Documents**

These documents were not properly referenced and filed. During the audit, it was therefore difficult to assembled them and submit them to the auditors. A proper filing system is now in place and all documents have been file and can be verified.

**Cash Books**

The Cash Book is now properly maintained. This was due to the absent of a trained officer as bursar. The school is now using the services of a teacher as bursar who is Accounting Bias.

**Bank Reconciliations**

With the service of services of a teacher as bursar who is Accounting Bias, bank reconciliations are now carried out.

**Payments to Illiterates**

All payments to illiterates' staff are now witnessed by a third literate party.

**Assets Register**

This was indeed not maintained because of lack of knowledge to do it. However, with the service and knowledge of the current bursar, a fixed asset register is now maintained by the school; detailing the following:

- Cost
- Payment Voucher Nos.
- Serial Nos.
- Depreciation

- Location
- Source
- Remarks

This Register is update each time new asset are bought or old one become obsolete and are replaced

### **Verification Report**

#### **Revenue collected not banked but put into immediate use – Le9,000,000.00**

Although the total of Le9,000,000.00 was not banked intact by the school as required by the provisions of the Financial Management Regulations 2007, copies of receipts, invoices, claim sheets and other supporting documentation of how this amount was expended by the school were submitted and verified. Also, it was observed that an imprest system is now in operation in the school.

#### **Arrears of Fees**

Recovery details in respect of arrears of fees totaling Le6, 400,000.00 was verified leaving an outstanding balance of Le4, 500,000.00

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

Expenditure details in respect of the total of Le2, 183,000.00 were verified.

#### **Cash Books**

The Cash Book is now properly maintained.

#### **Bank Reconciliations**

Bank Reconciliations are now carried out.

#### **Payments to Illiterates**

Payments to illiterates' staff are now witnessed by a literate party.

#### **Assets Register**

The Fixes Assets Register is now properly maintained by the school and up to date.

### **Committee Recommendations:**

- *The Committee recommends that the principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 4,500,000.00*
- *All revenue collected and put into immediate use is violation of the Financial Management Regulation 2007 must be strictly adhered to.*

**i. Government Senior Secondary School Kingtom, Freetown (2005/2006-2007/2008 Academic Years)**

Arrears of fees totalled Le8, 025,000.00. A total of Le65, 925,000.00 collected as school fees was put into immediate use.

Loans given out to various teachers amounting to Le6, 769,000 were not deducted from their salaries as requested in their application letters.

Bank Reconciliations were not carried out to confirm payments into and disbursements out of the bank account.

A safe or strong room was not in use for the safe custody of cash. Verbal, instead of written authority, was issued for the disbursements of funds.

**Committee Recommendations:**

- *All monies collected that were put in to immediately be a violation to the Financial Management Regulation 2007 and the monies should be recovered by the Principal within 21 after the adoption of this report by Parliament.*
- *The Principal should account for the loan amounts and those amounts should be collected by the Principal and receipts of those amount should be submitted to audit and copies to Parliament within 21 day after the adoption of this report by Parliament*

**j. The Annie Walsh Memorial Secondary School (2005/2006-2007/2008 Academic Years)**

**Junior Secondary School**

- I. Out of a total of Le77, 720,000.00 collected as school fees, only the sum of Le63, 063,834.00 was paid into the bank, leaving a balance of Le 14,656,166.00 which was put into immediate use.
- II. Disbursements, amounting to Le32, 735,846.00, recorded in the Expenditure Cash Book, were without supporting documents. Arrears of school fees totalled Le260, 000.00.
- III. Bank Reconciliations to confirm revenue paid into and disbursements out of bank accounts were not carried out in this institution as the Bursar was not competent to carry out such a function.

**Verification Report – Annie Walsh Memorial Junior Secondary School – 1<sup>st</sup> September 2005 – 31<sup>st</sup> August 2008**

**Revenue Collected not Banked but put Immediate Use Le14, 656,166**

Although the school presented document to explain the genuine use of the money, but they flout out this policy which says that moneys should be banked before used. However this issue stands. The details of this expenditure by the school authority were genuine transactions/payments details of which have been verified.

**Expenditure without Supporting Document Amounted To Le32, 735,846.00**

Most of the transactions are with r genuine receipt. However, the ones with genuine receipt are to the tune of Le2, 947,668.00, leaving an outstanding balance of Le29, 788,178 without support documents.

**Monthly Bank Reconciliation not carried out**

They are now reconciling.

**Class Register Poorly Maintained**

Now properly maintained

**Arrears of Fees – Le260, 000.00**

No recovery.

**Committee Recommendations:**

- *The Committee recommends that the principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 260,000.*
- *Revenue collected and not is a violation of the Financial Management Regulation 2007.*
- *Expenditure without supporting documents amounting to L29,788,178.00 must be accounted for or the Principal take full responsibility to recover the money within 21 after the adoption of this report by Parliament.*

## **Senior Secondary School**

A total of Le75, 260,000.00 was collected as school fees. Out of this, only the sum of Le72, 933,870.00 was paid into the bank leaving a balance of Le2, 326,130.00.

This was put into immediate use. Arrears of school fees totalled Le2, 400,000.00. Disbursements amounting to Le24, 728,127.00 recorded in the Expenditure Cash Book were without supporting documents.

Bank Reconciliations to confirm revenue paid into and disbursements out of bank accounts were not carried out in this institution as the Bursar was not competent to carry out such a function.

### **Committee Recommendations:**

- *The Committee recommends that the Bursar MUST prepare and present to the Principal a monthly bank reconciliation statement. These reconciliation statements should be filed and retained for future references*
- *The Committee also recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 2,326,130.00 and disbursement amounting to Le 24,728,127.00.*
- *Revenue collected and not is a violation of the Financial Management Regulation 2007.*
- *The Principal and the chairman will communicate with the former the Principal in connection to the recovery of the amounts.*
- *All payments must be accompanied with supporting documents to the audit and copies to the Public Accounts Committee.*

**Inspection- Annie Walsh Memorial School (Senior Secondary School – 1<sup>st</sup> September 2005 to 31<sup>st</sup> August, 2008.**

### **Arrears of School Fees- Le2, 400,000.00**

With effect from the 2008/2009 school year, a school register is in operation to maintain documentation for all pupils withdrawn or leaving the school before the end of the

academic year. The school through the Board of Governors will communicate with the former Principal and Acting Principal to implement the Audit Service recommendation.

**Revenue Collected not banked but put into Immediate Use –Le2, 326,130.00**

Details of this expenditure will be verified by the bursar. Secondly, the school will implement the recommendations detailed by the Audit Service Sierra Leone.

**Expenditure without Supporting Documents Amounted To Le24, 728,127**

Modalities are being put in place to ensure:

1. That all payments are accompanied by all the relevant supporting documents.
2. That all section of the payment voucher are correctly completed and filed.
3. The school through the Board of Governors will communicate with the former Principal and Acting Principal made available the supporting document for the above payment.

**Expenditure Cash Book Not Maintained**

Indeed, there is no record of Bank Reconciliation to cover the period under audit inspection, however with effect from November 2008; the school has documents were available and verified

**Monthly Bank Reconciliation Not Carried Out**

Indeed, there is no record of Bank Reconciliation to cover the period under audit inspection, however with effect from November 2008, the school has documents were available and verified. With regards to the competence of the Bursar, modalities are being put in place to advertise the position of a Bursar.

**Committee’s Observations and Recommendations:**

- *The Committee recommends that the Bursar MUST prepare and present to the Principal a monthly bank reconciliation statement. These reconciliation statements should be filed and retained for future references*
- *The Committee also recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le 24,230,127.00*

**k. Methodist Boys’ High School (2006/2007 and 2007/2008 Academic Years)**

## **Junior Secondary School**

- I. The sum of Le81, 457,000.00 was paid into bank out of a total of Le161,180,000.00 collected as school fees.
- II. The balance of Le79, 723,000.00 was put into immediate use. Expenditure without supporting documents soared to Le27, 654,250.00.
- III. Revenue not posted to Cash Book totalled Le 3,765,537.00. Bank Reconciliations to confirm revenue paid into and disbursements out of bank accounts were not carried out in this institution as the Bursar was not competent to carry out such a function.
- IV. There was more room for improvement in the filing system. The toilets were not good enough as they were mostly unsightly.
- V. Also, the school compound was found to be too bushy. The books in the library had little or no bearing on the school's syllabus.

## **Audit Inspection- Methodist Boys' High School Junior Secondary School – St September 2006 – 31<sup>st</sup> August 2008**

### **Revenue Collected And Put Into Immediate Use – Le79,723,000.00**

As stated in my response of 13 November 2009 , the sum of Le 79,723,000.00 collected as fees for the 2006/ 2007 and 2007/ 2008 Academic years but not banked before use was actually spent on the smooth running of the school .Detail is give below:

Academic Year	Amount
	Le
2006/2007	34,700,000.00
2007/2008	<u>45,023,000.00</u>
<b>Total</b>	<b><u>79,723,000.00</u></b>

These amounts were used for various approved expenditures; purchased of stationery, Printing of report cards, printing of receipt books, Games and Sports, Repairs and Maintenance ,Prize and Thanksgiving Ceremonies ,Salary Advances to teachers awaiting approval from the ministry of Education ,National dues to CPSS etc. Documents in

respect of these transactions are field and can be inspected. In addition, your recommendation to bank all revenue collected before expenditure is being strictly adhered to by my school.

### **Expenditure Without Supporting Documents Amounted To-Le27,654,250**

There were difficult retrieving documents from the suppliers. However, supporting documents like Requisition, Invoices, Receipts, Deliveries, etc. in respect of payments totaling le 27,654,250.00 have been obtained from the various suppliers. Copies are attached for your inspection.

### **Undisclosed School Revenue Le3,765,537.00-**

The amount in question was payments made directly into the school account by plan International in respect of some pupils who were beneficiaries their scholarship programme . There was late notification by plan to in respect of this payment Because the school failed to do reconciliation between the Cash Book and the Bank statements for the period under review, the Cash Book and the Bank Statement for the period under review, the Cash Book was never updated with this amount . These payments had since been recorded in the Cash Book

### **Monthly Bank Reconciliation Not Carried Out**

The bursar was not well trained in basic accounting and book keeping procedures. With some training acquired in this field over the year, monthly bank reconciliations are now carried out by the bursar.

### **General Observation**

- **Poor Filing System:** The School had improved tremendously on their filing system verified.

- **Poor Sanitation:** The School is trying to keep up to standard by keeping our environment clean.
- **Library Condition:** Most of the books observed in the library were donated to the school. Management is strongly in line with your recommendation and will bring this to the attention of the Board for necessary action.

**Committee Recommendations:**

- *The Committee also recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of the remaining Payment Vouchers which were not in compliance*
- *The Committee observes that it was violation of the Financial Management Regulation 2007 and the monies involved must be recovered by the Principal.*

**Senior Secondary School**

- I. Expenditure without supporting documents amounted to Le5,057,056.00. Bank Reconciliations were not carried out in this institution as the Bursar was not competent to carry out such a function.
- II. The toilets were not good enough as they were mostly unsightly. Also, the school compound was not fenced as evidence of intruders or unauthorized entry was high, especially so when it was used as access road by outsiders.
- III. The books in the library had little or no bearing on the school's syllabus.

**Audit Inspection – Methodist Boys' High School**

**Senior Secondary School – 1<sup>st</sup> September 2006 – 31<sup>st</sup> August 2008**

**Revenue Collected and put into Immediate Use – Le79, 723,000**

**Verification Report**

The relevant supporting documents (Staff List, Payment Vouchers, Requisitions, Invoices, Receipts, Deliveries, Claim Sheets etc. in respect of expenditure totaling Le79,723,000.00 for the two academic years – 2006/2007 and 2007/2008 had been

verified. In addition, site/physical inspections in respect of repairs carried out were also made by the Verification Team.

**Expenditure without Supporting Documents Amounted To – Le27, 654,250,000**

The relevant supporting documents (Requisitions, Invoices, Receipts and Deliveries) in respect of expenditure totaling Le27,654,00 had been verified.

<b>Date</b>	<b>Details</b>	<b>Amount</b>	<b>Documents verified</b>
<b>8/9/06</b>	<b>Utility bills</b>	<b>1,451,000.00</b>	<b>Bills and receipts</b>
<b>5/10/06</b>	<b>Repairs and maintenance</b>	<b>1,000,000.00</b>	<b>Requisition, Invoices and Receipts</b>
<b>30/10/06</b>	<b>Furniture</b>	<b>3,000,000.00</b>	<b>Requisition, Delivery Note Invoices and receipts</b>
<b>31/10/06</b>	<b>Printing of Report Cards</b>	<b>2,800,000.00</b>	<b>Requisition, Delivery Note Invoices and Receipts</b>
<b>24/11/06</b>	<b>Repairs and maintenance</b>	<b>250,000.00</b>	<b>Requisition, Invoices and receipts</b>
<b>1/12/06</b>	<b>Printing of School Hymnal</b>	<b>5,000,000.00</b>	<b>Requisition, Delivery Note Invoices and Receipts</b>
<b>23/5/07</b>	<b>Stationery</b>	<b>4,100,000.00</b>	<b>Requisition, Delivery Note Invoices and Receipts</b>
<b>13/11/07</b>	<b>Furniture</b>	<b>3,890,000.00</b>	<b>Requisition, Delivery Note Invoices and Receipts</b>
<b>7/6/08</b>	<b>Furniture</b>	<b>5,663,250.00</b>	<b>Requisition, Delivery Note Invoices and Receipts</b>
<b>16/7/08</b>	<b>Electricity Bills</b>	<b>500,000.00</b>	<b>Bill and receipts</b>
	<b>Total</b>	<b>27,654,250.00</b>	

It was however observed that the school failed to deduct 5% withholding tax on all payment above Le500, 000.00 and paid it over to the NRA. In an interview with the Principal, it was observed that the school had little or no knowledge of this provision in the Income Tax Act.

**Undisclosed School Revenue Le3, 765,537.00**

The amount of Le 3,765,537.00 paid in respect of pupils as fees had been since recorded in the Cash Book.

### **Monthly Bank Reconciliation Not Carried Out**

It was observed that Bank Reconciliations are now carried out by the school. The reconciliation statements are appropriately files for reference purposes.

### **Poor Filing System**

The filing system needed much to be desired.

### **Poor Sanitation**

There is much work to be done in respect of sanitation in the school with particular reference to the toilet facilities.

### **Library Condition**

The recommendation is yet to be implemented. There was no evidence that the principal had brought this to the attention of the Board as stated in his response.

### **Committee Recommendations:**

- *The Committee also recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of the remaining Payment Vouchers which were not in compliance*
- *The Committee recommends that the Bursar MUST prepare and present to the Principal a monthly bank reconciliation statement. These reconciliation statements should be filed and retained for future references*
- *Undisclosed school revenue, audit should verify the autensity of that amount and report to Public Accounts Committee within 21 after the adoption of this report by Parliament*
- *A trained and qualified Bursar must be employed immediately*
- *The Principal and Chairperson of the Board should ensure that the above amount be reconciled and accounted for within 21 days after the adoption of this report by Parliament, failing the Principal and Chairperson must responsible to recover this amount.*

1.

**Freetown Secondary School for Girls (2006/2007-2008/2009 Academic Years)**

## **Junior Secondary School**

Expenditure without supporting documents amounted to Le671, 000.00. Arrears of school fees totalled Le1, 400,000.00.

The electrical wiring of the school buildings was poorly done which may be very dangerous for the safety of both pupils and staff.

### **Pupils Poor Performance in Public Exams**

It was observed that pupils' performances over the years had declined. Interview with some teachers revealed that poor performance of the pupils was due to the following causes:

- Unavailability of prescribed Text Books
- Late payment of salaries to newly recruited teachers thereby reducing their commitments
- The practice of cultism in secondary schools
- Lack of monitoring from the Ministry of Education.
- Insufficient learning time

The lack of commitment from both pupils and parents towards the learning

### **Committee's Observations and Recommendations:**

- *The Committee recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le671,000.00*
- *The school should institute proper performance policy with regard to pupil output in public exams.*
- *The Principal should employ more effort in the collection of school fees arrears totalling Le 1, 400,000.00.*

## **m. Government Independence School (2005/2006-2007/2008 Academic Years)**

### **Junior Secondary School**

- I. Out of a total of Le84,415,000.00 collected as school fees, only the sum of Le64,828,000.00 was paid into bank, leaving a balance of Le 19,587,000.00 which was put into immediate use.
- II. Expenditure without supporting documents rose to Le8,428,050.00. Arrears of school fees soared to Le25,100,000.00.

- III. The Expenditure Cash Book was poorly kept. Bank Reconciliations to authenticate movements in and out of the account, were not carried out in this institution as the Bursar was not competent to carry out such a function.
- IV. The school did not have a library and was without electricity connection.

#### **Committee's Observations and Recommendations:**

- *The Committee recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le19,589,000.00*
- *The Principal and Chairman of Board MUST account for the amount totalling Le 8,428,050.00 within 21 days after the adoption of this report by Parliament*
- *A trained and qualified Bursar must be employed immediately.*
- *All monies collected must be banked before being put in to any use.*
  
- *The Committee recommends that the Bursar MUST prepare and present to the Principal a monthly bank reconciliation statement.*

#### **Senior Secondary School**

Various disbursements, totalling Le28, 456,200.00, were without supporting documents.

It was observed that revenue amounting to Le6, 076,293.00 was banked in excess of revenue generated for the period under review, indicating that a revenue stream may not have been disclosed by the principal.

The filing system needed some improvement. It was observed that teachers were in the habit of not signing the Attendance Register.

The electrical wiring of the school buildings was poorly done which may be very dangerous for the safety of both the pupils and staff.

#### **Pupils Poor Performance in Public Exams**

It was observed that pupils' performances over the years have declined. Interview with some teachers revealed that that poor performance of the pupils was due to the following causes:

- Unavailability of prescribed Text Books
- Late payment of salaries to newly recruited teachers thereby reducing their commitments
- The practice of cultism in secondary schools

- Lack of monitoring from the Ministry of Education.
- Insufficient learning time
- The lack of commitment from both pupils and parents towards the learning process.

#### **Committee Recommendations:**

- *The Committee recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le28,456,200.00*
- *The amount of Le 6,076,293.00 must be verified by audit within 21 days after the adoption of this report by Parliament and report to the Public Accounts Committee.*
- *The school should institute proper performance policy with regard to pupil output in public exam.*

#### **n. Pennisular Secondary School, Waterloo (2005/2006- 2007/2008 Academic Years)**

#### **Junior Secondary School**

- I. Payments without supporting documents totalled Le4,085,000. Arrears of school fees soared to Le35,780,000.00. Various payments, totalling Le6,070,000.00, were not acknowledged by recipients and payments for the sum of Le390,000.00 were made without relevant authority.
- II. Unclaimed Salaries, to the tune of Le923,159.00, were not paid back into the Consolidated Revenue Fund.
- III. Outstanding loans/salary advances to teachers for the period amounted to Le3,920,000.00. An Assets Register was not maintained to record assets owned by the school.

#### **Management Responses Pennisular Junior Secondary School**

- **Payment without supporting documents Le 4,085,000.00:**  
Reacting to the queries the Principal deposed that the above payment vouchers initially had all the supporting documents. During the period when the school

was changed from one to two managements, the supporting documents became detached from the vouchers. They have been traced and attached again.

- **Arrears of School Fees** : The Principal told the Committee that the school management came to realize that the parents of most pupils are not used to pay fees, reasons being that;
  - the pupils are initially sponsored by both international and local NGOs who have stopped funding after the war or have shifted their interest into other areas;
  - In the rural area where the school is located, paying fees is not the parents priority
  
- Another factor management came to realize is that at the beginning of the school year, form lists are prepared that include newly admitted pupils, promoted pupils and repeaters. Those names are entered into the register not knowing that some (especially the repeaters) have move to seek admission into other schools without obtaining the transfer certificate and documents. Further management has instituted mechanism to withhold pupils report, card non-release of testimonials, transcripts and even BECE results and other certificates. These strategies yielded but little fruit. Management hopes that with these strategies in place, the problem will be adequately addressed.
  
- **No Asset Register Maintained:** The Principal noted that having realized that putting in place such a document requires the assistance of a professionals, management have contacted such professional in a bid to assist on this matter.
  
- **Unrecorded Receipts in the Revenue Cash Book:** The School Bursar has since re-structured the revenue cash book and the above amounts have been posted therein as recommended
  
- **Payment Voucher without Receipt Signature Le 6,070,000:** Management with regret noticed this mistake. The recipients of such monies paid out to them did not sign the school payment vouchers for goods bought in their various business entities because the purchasing officer did not take such vouchers for them to sign when doing the purchases. The thinking was that, as long as receipts were issued by the recipients for goods purchased and attached to the vouchers, this was evidence enough that such monies were paid out.
  
- **Unclaimed Salaries Le923,359:** This amount was paid back into the consolidated revenue account and the paying-in-slips attached to the vouchers. What could not be acquired then was the Accountant Generals receipts. Upon the death of this teacher, the Ministry of Education and Accountant General office were immediately informed and request was made for the deletion of his name. This was not done immediately but the monies were deposited into the consolidated fund. The paying-in slips have now been traced.

- **Advanced Salary/Loan with no evidence of repayment Le 3,920,000:** At the start of the academic year in September teachers are employed who need the approval of the Ministry of Education and the transfer of their names into the salary voucher of the school. During this period, the school gives such teachers loan to keep them going. But upon finally receiving their salaries and backlogs such teachers are reluctant to pay their loans. Management has however contacted the defaulting teachers and the repayment schedule has been developed as recommended.
- **Receipt Books not entered in the Account/Table Document Register Le 6,030,000:**  
The accountable document register have now been reviewed and entries of the above documents have been affected as recommended. This is now available for verification.

#### **Committee Observations and Recommendations:**

- *The Committee noted with grave concern school's managements are given less consideration to the various laws enacted by Parliament relating sound financial management principles such as; the Government Budgeting and Accountability Act and the Financial Regulation Act which are geared towards good financial management practices. The Committee further recommends that the school management should bank all monies collected and not put in to immediate use since is a violation of Financial Regulation Act and they should be accounted for with supporting documentations.*
- *Payment without supporting documents totalling Le 4,085,000 that audit should verify and report to the Public Accounts Committee within 21 days after the adoption of this report by Parliament.*
- *All school must be aged and efforts should be employed to collect all school fees arrears.*
- *The officer in charge must pay back or produce relevant receipts within 21 days after the adoption of this report by Parliament.*
- *The Committee recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le4,085,000.00 and an arrears of school fees soared to Le35,780,000.00 should recovered*

## **Senior Secondary School**

- I. Out of a total of Le96,643,000.00, collected as school fees, only the sum of Le90,708,998.00 was paid into the bank leaving a balance of Le5,936,002.00. Details of how this amount was expended were not available for inspection.
- II. Arrears of school fees totalled Le13,990,000.00. Payment Vouchers to the tune of Le500,000.00 had no supporting documents.
- III. An Assets Register was not maintained to record assets owned by the school.

## **Management Responses Pennisular Senior Secondary School Waterloo**

### **Revenue collected but not banked intact Le 5,936,000**

The Principal told the Committee that the amount of Le 5,936,002 was collected and put into immediate use on essential expenditure during the first term of the year, 2006 on the following:

1. Payment of unapproved teachers
2. Payment of part-time teachers
3. Wages to watchmen and labourers
4. Purchase of touch light batteries for watchmen
5. Buying of receipts books, text books for the teacher, printing of letterheads and other school documents
6. Conduct of 1<sup>st</sup> term examination
7. Revolving loan to teachers.

Notwithstanding, the above transactions were recorded in the payment vouchers with their supporting documents attached. They were seen and acknowledge by the Auditors. They were for the months of September, October and November. The reasons why the said amount was not banked before expenditure were as follows:

1. The late approval of the school budget for 2006/2007 school year which was done only on the 23<sup>rd</sup> of November 2006. The Chairman of the Finance Committee could only sign cheques to withdraw money from the account after the approval of the budget. The said amount was spent prior to the approval of the school budget purposely to keep the school running.
2. Also the Chairman of the Finance Committee went out of the country a few days after the signing of the budget and some expenditures were made within the stated sum.

All these occurred during the first term of the year 2006 when I was appointed Principal for the Senior Secondary School. In the school year that followed, the auditors reported that all school fees collected were banked intact before expenditure. This was an indication of our readiness

to adhere to the rules and regulations. However the payment vouchers with their supporting documents for the said amount were available in their files during audit and are available for your verification.

### **Payment without supporting documents – Le 500,000.00**

The Principal confirmed to the Committee that the above attachments were missing as they got detached from the payment vouchers due to poor filing system. However, all supporting documents in relation to the above payment vouchers are now seen and are available for your verification.

**Arrears of School Fees Le 13,990,000:** The Principal told Committee that those arrears of school fees have accumulated in 2006/2007 and 2007/2008 summing up to the Le 13,990,000. Pupils and parents are prone to evade the payment of school fees because of the following reasons:

1. Their low income level
2. They have been used to NGOs like Plan International paying the school fees for their children
3. Knowing fully well that the Ministry of Education frowns at driving pupils out of school for non-payment of their school fees
4. WASSCE fees are paid for pupils by Government in SSS III and that makes them eligible for the WASSCE examination.

However, to combat this problem, management has been discussing meetings, withholding the report cards and testimonials of a school fee defaulter and also preventing them to be promoted from one form to the other. The report cards of school fees defaulters are available for your verification.

### **No Asset Register Maintained**

Asset Register is now maintained the school management will employ an expert to do it more professionally.

### **The Committee Observations and Recommendations:**

*The Committee noted with grave concern school's managements are given less consideration to the various laws enacted by Parliament relating sound financial management principles such as; the Government Budgeting and Accountability Act and the Financial Regulation Act which are geared towards good financial management practices. The Committee further recommends that the school management should bank all monies collected and not put in to*

*immediate use since is a violation of Financial Regulation Act and they should be accounted for with supporting documentations.*

*The Committee recommends that the Principal MUST submit within 21 days after the adoption of this report by Parliament all the relevant evidence to the Auditor General for verification in respect of Payment Vouchers, totalling Le5, 936,000.00 and report to the Public Accounts Committee*

*All school fees must be aged and management must ensure the collection of the sum of Le 13,900,000.00 and submitted to the audit with copies to the Public Accounts Committee.*

- o. Tahir Ahmadiyya Secondary School, Kailahun (2004/2005 - 2006/2007 Academic Years)**
  - I. An Accountable Documents Register to record documents, on which millions of Leones could have been collected and misappropriated, was not maintained.
  - II. Several payments were without supporting documents. It was noted that a large portion of the school fees for academic years under review was not collected by the School Management.
  - III. A Cash Book was not maintained for the period under review. Revenue, totalling Le16, 010,000.00, was neither posted to Cash Book nor banked.
  - IV. Bank Statements submitted for inspection were incomplete and no reconciliation to authenticate movements in and out of the account was carried out by the Bursar of the school.
  - V. Teachers' Personal Files were poorly kept. In addition, teachers were not appraised by the principal in violation of the Education Act of 2004.
  - VI. There was no inspection of the school by the Inspector of Schools to assess the effective administration of the school.
  - VII. Fixed assets totalling Le1, 417,000.00 were not recorded in an Assets Register as the latter was not kept.
  - VIII. In addition, Fixed Assets held by the school, were without identification marks to confirm ownership by the school.
  - IX. Procurement procedures were not followed by the school. The filing system was poor which impeded record retrieval.

### **Committee Recommendations:**

*Since the Tahir Ahmadiyya Secondary School did not respond to the audit query, which is a violation of the 1998 Audit Act and the Government Budgeting and Accountability Act 2005 as amended. Failure to answer audit query, the Committee recommends that the Principal salary must be withheld until answers are provided to these queries*

#### **p. Luawa Islamic Secondary School, Kailahun (2004/2005 - 2006/2007 Academic Years)**

- I. An Accountable Documents Register to record documents on which millions of leones could have been collected and misappropriated was not maintained.
- II. Several payments were without supporting documents. It was noted that a large portion of the school fees for the academic years under review was not collected by the School Management.
- III. A Cash Book was not maintained for the period under review. Bank Statements submitted for inspection were incomplete and no reconciliation to confirm revenue paid into and disbursements out of bank account was carried out by the Bursar of the school.
- IV. Teachers' Personal Files were poorly kept. In addition, teachers were not appraised by the Principal in violation of the Education Act of 2004.
- V. There was no inspection of the school by the Inspector of Schools to assess the effective administration of the school.
- VI. An Assets Register was not maintained to record assets owned by the school. In addition, Fixed Assets held by the school, were without identification marks to prove ownership of assets.
- VII. Procurement procedures were not followed by the school. The filing system was poor which impeded record retrieval.

### **Committee Recommendation:**

*Since Luawa Islamic Secondary School did not respond to the audit query, which is a violation of the 1998 Audit Act and the Government Budgeting and Accountability Act 2005 as amended. Failure to answer audit query, the Committee recommends that the Principal salary must be withheld until answers are provided to these queries*

**q. National Secondary School, Kailahun (2004/2005 - 2006/2007 Academic Years)**

- I. An Accountable Documents Register to record documents on which millions of leones could have been collected and misappropriated was not maintained. Payments, totalling Le14,043,200.00, were without supporting documents.
- II. It was noted that a large portion of the school fees for the academic years under review was not collected by the School Management.
- III. A Cash Book was not maintained for the period under review. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the Bursar of the school to confirm revenue paid into and disbursements out of bank accounts. Teachers' Personal Files were poorly kept.
- IV. In addition, teachers were not appraised by the principal in violation of the Education Act of 2004.
- V. There was no inspection of the school by the Inspector of Schools to assess the effective administration of the school.
- VI. An Assets Register was not maintained to record assets owned by the school. In addition, Fixed Assets held by the school, were without identification marks to prove ownership of such assets.
- VII. Procurement procedures were not followed by the school. The filing system was poor which impeded record retrieval.

**Committee Recommendation:**

*Since National Secondary School did not respond to the audit query, which is a violation of the 1998 Audit Act and the Government Budgeting and Accountability Act 2005 as amended. Failure to answer audit query, the Committee recommends that the Principal salary must be withheld until answers are provided to these queries*

**r. Methodist Secondary School, Kailahun  
2004/2005 - 2006/2007 Academic Years**

- I. An Accountable Documents Register was not maintained to record accountable documents, the misuse of which will cause loss of funds to Government. Payments, totalling Le14,557,000.00, were without supporting documents.

- II. It was noted that a large portion of the school fees for the academic years under review was not collected by the School Management.
- III. A Cash Book was not maintained for the period under review. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the Bursar of the school to confirm revenue paid into and disbursements out of bank account.
- IV. Teachers' Personal Files were poorly kept. In addition, teachers were not appraised by the Principal in violation of the Education Act of 2004.
- V. There was no inspection of the school by the Inspector of Schools to assess the effective administration of the school.
- VI. An Assets Register to record assets owned by the school was not maintained. In addition, Fixed Assets held by the school, were without identification marks to prove ownership of such assets.
- VII. Procurement procedures were not followed by the school. Withholding Taxes, totalling Le377, 250.00, were not deducted and paid over to the NRA. The filing system was poor which impeded record retrieval.

**Committee Recommendations:**

*Since Methodist Secondary School did not respond to the audit query, which is a violation of the 1998 Audit Act and the Government Budgeting and Accountability Act 2005 as amended. Failure to answer audit query, the Committee recommends that the Principal salary must be withheld until answers are provided to these queries.*

**18. ANTI-CORRUPTION COMMISSION**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

**2005 and 2006 Financial Years**

- I. The Anti-Corruption Commission (ACC) operated an Accounting Software (Sage Line 50 Financial Controller) to which the only major access control was the Pass Word.
- II. There were no further access rights or limitations beyond this one that could restrict certain levels in the accounting system.

- III. The ledgers and journals for the year ended 31/12/2005 were inundated with reversals and mispostings, which in some cases, were done repeatedly.
- IV. The ACC did not recognise monies transferred into its USD Account from DFID as revenue, but only recognised it as income when monies were transferred from the USD Account to their Leone Account.
- V. The sums of \$35,606, \$5,078.32 and \$1,672 were neither recognised as income in the Financial Statements nor did they form part of their bank balance in 2004, 2005 and 2006 respectively.
- VI. This was only revealed upon receipt of Standard Chartered Bank's response to a bank confirmation letter. Foreign exchange differences and interest on this account were also not disclosed in the Financial Statements.
- VII. Expenditure proposals with a total value of Le37M were approved for payment by the Commissioner but not authorised by the various Heads of Department which was an implicit requirement of the Commission's financial and accounting procedures.
- VIII. The Commission received an "Intelligence Software" known as 'I 2' from DFID. Several anomalies were discovered which rendered it non-operational. Furthermore it was not brought to account by the Commission.
- IX. Control over fuel usage was weak. The celebration of the International Anti-Corruption Day was fraught with anomalies.

### **Office Accommodation**

- I. The Commission rented a one storey building at 73 Rogbaneh Road Makeni in September 2006 to be used as one of its Regional Headquarters.
- II. The Commission had not established its presence in that region and the building had never been occupied. In effect, 17 months rent (Le24,502,500) had been wasted.

### **Internal Audit Unit**

- I. The Internal Audit Unit was seriously handicapped to carry out any value for money service to the Commission.
- II. The Internal Auditor did not have the appropriate qualifications or technical skills to carry out the task and there was no clear work programme.

## **2007 and 2008 Financial Years**

There was a significant improvement in the Internal Controls and management oversight of the financial operations of the ACC compared to 2005/06 Financial Years.

However, there were some areas that still needed improvement:

- Owing to the deficiencies in the unit, the work of the Internal Audit Unit could not be relied on.
- The capital transactions of the Commission since its inception had been considerable.
- Verification of Fixed Assets revealed that there were existing assets, which were not included in the Fixed Assets Register.

## **Stores**

The following lapses or inadequacies were observed upon reviewing the stores processes:

- A Store Ledger was not maintained
- Some requisitions were not signed by the recipients
- Stores records were not reconciled with physical items in the year under review. It was also noted that Stores Bin Cards were not updated.
- The Admin/Procurement Manager did not conduct any inspection on stores or spot check on stores in the year under review.

## **Management Response**

- Responding to the Audit Queries the Acting Commissioner told the Committee that access rights to the sage accounting system has been defined and implemented. Staff using the software both within and without the finance unit has defined access rights according to their different areas of responsibility and the information they need.
- The Commission has developed an IT policy and has purchased 2 external backup drives. We are currently seeking support from donor partners to acquire among other things back tapes and external hard discs for off site back-ups
- Management has noted the audit comments and agreed that 12 software will be included in the fixed asset register. Contrary to your observation since it was inadvertently corrupted it has never been repaired. The Commission had engaged in discussions with a prospective donor for us to repair and purchase an up to-date version of the software. If and when the system is restored we will take the necessary steps to ensure that the data contained in it is well protected with adequate back-ups.

- Subsequently, the Commission's terms and conditions of service stipulate that leave shall not be accumulated above stipulated limits. In 2006, the Commission informed that the release of staff to proceed on leave was determined solely by the then Commissioner without reference to the Heads of department's recommendation. However, steps have now been taken to ensure that all backlogs of leave are cleared and staff are encouraged to proceed on leave every year.
- Meanwhile, Management notes the audit observation. However the Commission is pleased to inform you that the office has been occupied and was officially opened by His Excellency the President in October this year.
- The Le2,259,077 was not issued as loans to ACC personnel in 2005, rather it was a balance brought forward from 2004. Details of names of recipient (s) cannot now be provided as there are no records available to the Commission at present.
- The Finance Unit is currently compiling and writing letters to suppliers informing them about the under deduction of the withholding tax and the payment of same to the National Revenue Authority. Your office would be appraised with further developments. We trust that you will appreciate the challenge involved in recovering withholding tax for 2005 in 2008/9
- It is regretted that before 2005, no proper fixed assets register existed. However, steps have since been taken to address this issue and the Commission is pleased to state that there is now in place a comprehensive and regularly updated fixed assets register.
- The observation is noted. The challenge was due to the absence of a strong legal basis contained in the Act for the same. Management wishes to state that steps have been taken to address the issue. Sections 81, 82 and 83 of the Anti-Corruption Act 2008 now provide the required legal basis for the protection of witnesses and informers.
- The turnover of activities in the Bo office during the audit period did not justify the operation of full fledged finance office. However, as the operations improved, the Commission has established a finance unit in each of its regional offices.

### **Internal Audit**

Management notes the audit observation and recommendation. In response, the Commission has commenced an investigation on the activities of the former Director of Finance and Administration

- The Internal Auditor is presently pursuing recognized accounting course and partly completed the Certified Accounting Technician (CAT). She has also been

attending a number of internal audit courses organized by the Ministry of Finance and Economic Development.

- The Commission now has an Audit Committee which will put in place a performance measurement framework for the Internal Auditor.
- The Internal Auditor had training in the use of the Sage software. Management will ensure the Internal Auditor gets a firm grip of the operation of the said software in use in the Commission.
- Management has taken steps to implement most of the recommendations made by the internal Auditor.

The Commission confirmed that in order to save costs the Commission reduced the number of stand-alone printers and installed networked central printers. Due to inadequate storage facilities, all the printers could not be kept in one location. However, the IT unit has located all the disabled printers. Some have been repaired and redistributed whilst others have been disposed of.

Action has been taken to reconcile the ledger and cash book balances for both the SLCB 01 & 02, and has also reconciled the Standard Chartered USS account balance in the financial statements.

## **Stores**

- Moreover, the Commission notes your observation. However we will like point out that since 2007 there has been effective monitoring of fuel supply. Since 2007 minimum run per gallon have been proposed. The minimum average run per six gallons established by the Transport Unit is 470 kilometers or 78.3 km per gallon. Fuel is supplied to vehicles, including Bikes, on a bi-weekly basis to maximize the usage of fuel chits supplied by our supplier. The bikes are kept by the dispatchers for effective security and to prevent risk of fire in the office. The Commission is considering a number of measures to discontinue the practice of giving the motorbike drivers fuel in containers.
- We appreciate your observation and recommendation and in response, action has been taken to revise the recognition of the grand and the related exchange gains have been reflected in the financial statements.
- Management notes your observation and recommendation. However we must state that the cheque received from Sam-King Services Limited was never cashed. This could be confirmed with Sam-King Services Limited.
- The Commission has taken steps to request copies of the original of missing payment vouchers from DFID. The latter has consented to furnish us with the requested copies as soon as they are received from the DFID office in the UK. The Audit team will be provided with same for inspection on receipt. DFID Funds Used to Pre-finance GTZ Activities. As stated in the management letter, DFID funds were used to pre-finance GTZ activities due to delay in receipt of funds

from GTZ. However, the balance of Le15,897,000 (Le95,897,000 – Le80,000,000) was paid back to DFID bank account on 29<sup>th</sup> November 2006 by Standard Chartered Bank cheque number 1356560 dated 27<sup>th</sup> November 2006.

The project funds provided were paid into a special ACC/GTZ account managed by the Commission, and accessed through the then Finance Manager.

- The responsibility of making arrangements for the 2005 IAC Day was assigned to Ms Sankoh by the then Deputy Commissioner in her capacity as Acting Public Relations Officer. She assures us the OIC Bo office was involved in the project from the proposal writing stage right on to the end of the project. Contrary to your assertion. I am informed that the organization of the Northern Province programme was outsourced and was not done by Mr. Sankoh.
- The project proposal submitted to the GTZ was for the exhibition of the winning entries of the competition and a road show of activities. The project budget clearly shows the quantum of money required for the cash prizes which led to the disbursement by GTZ upon approval and signing of a contract between GTZ and ACC. There is therefore no deviation therefore from the stated purpose of the project.
- The amount allocated as transport allowances was not to cover merely the bus ticket fee but also pocket allowance for participants. The indicated unit cost was approved within the project budget and this is the amount paid out as recorded in the payment vouchers signed by the recipients.
- The prize giving ceremonies were witnessed by local dignitaries, members of the diplomatic corps, eminent public and private sector representatives, GTZ and ACC staff. Pupils were accompanied by teachers who verified their identity. Video recordings were done for all sessions. This should be adequate evidence that the reward ceremony did not take place and the right winners received their prizes.
- Prior to the award ceremony, cash prizes were enveloped and sealed by three people in the presence of security officer.

The transactions referred to were undertaken by the DFID expatriate staff attached to the department of Investigations as well as the head of Intelligence and local staff. According to the key players, given the use of both vehicles would be put the aspect of confidentiality was given prime consideration. As such not even the Administrative of finance unit was involved in the transaction except in relation to the release of funds following the approval of the payment.

Since 2005, a capitalization policy of Le500,000 (five hundred thousand Leones) has been put in place and no changes had been made to date.

#### **The Committee Observations:**

- *The Committee registered with grave concern, the failure of the Commission to adhere to some procedure and compliance issues relating the commission accounting software which major control lapses were highlighted by the Auditors. A senior ranking Member pointed out that the Anti-Corruption Commission should have been the prime prayer to maintain procedure and compliance and in this case they have failed to convince this Committee and what will be their role in term of investigation other institutions who found wanton on the above mentioned issues.*
- *Furthermore, the Committee told the Commission that all transactions must be approved by a responsible authority but the Commission failed to adhere to the provisions in the Government Budgeting and Accountability Act and the Financial Regulating Act by non submission of accountable documents for audit exercise.*
- *Subsequently, the Committee also reiterated on the lapses or inadequacies observed by the Auditors during the review of the store processes of which the Commission by mandate should be an exemplenary institution among others to promote transparency and accountability in the use of public resources but it is conspicuously clear here that the Commission lacks some internal control measures.*
- *Finally, the Committee pointed out that the Commission needs to double its compliance effort to regularise some of these issues raised in the Audit Report to which our donors and the general public are not satisfied with. Meanwhile the Commission should strengthen the internal Audit Department which serves a mechanism to promote checks and balances within the institution.*

#### **Committee Recommendations:**

- *The Commission should ensure that a trained and qualified audit staff is recruited to man the internal audit Department with immediate effect.*
- *The Commission should investigate why vouchers were not submitted to the Auditors on demand during the audit exercise which is a violation of the Audit Act. The Commissioner should report to Auditor General within 21 days after the adoption of this report by Parliament with the investigation outcome.*
- *Failing to respond to audit query the salary of the vote controller must be withheld.*

- *Management should ensure that cash certificates are produced for audit purposes and the exercise must be done regularly and any difference must be investigated immediately.*
- *Cash counts must be done on at least a monthly basis for Management internal control mechanism*
- *The Commission should have a comprehensive fixed asset register that will include all assets of the Commission and this could reflect at any point in time in the Financial Statement.*
- *There should be regular reconciliation signed by the store manager and detailed store ledger must be maintained.*

## **19. BANK OF SIERRA LEONE 2008**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

### **Headquarters**

- I. The Bank's compliance with all required International Financial Reporting Standards (IFRS) for the presentation of its Financial Statements was in-complete.
- II. Progress was required by the Bank to eliminate the conflicts between the Bank of Sierra Leone Act 2000 and the IFRS in order to fully comply with all relevant IFRSs.
- III. The Provision (Estimates) for revaluation of pipeline items, amounting to Le215bn ought to be retrieved. The Bank recorded a loss of Le12.47bn for the year under review.
- IV. Revaluation gains were also recorded which significantly improved the negative reserve position from Le598.9bn in 2007 to Le543.3bn in 2008.
- V. The Bank was in negotiation with the Government to carry out its responsibilities under Section 10(6) of the Bank of Sierra Leone Act 2000, to protect the capital base of the bank from impairment.

- VI. Disinvestments recorded in the Treasury Bills Register did not capture the details of bills disinvested by each commercial bank. Several long outstanding issues remained unresolved.
- VII. Advances, totalling Le55M to former employees of the Bank remained outstanding. The Internal Audit reports were hardly submitted promptly if any at all.
- VIII. In some instances, there had been no responses, to the issues raised, from the Departments concerned.
- IX. Rent agreements for the Petroleum Unit and the Government Gold and Diamond Office were not available.
- X. It was not established whether the income recorded in the account was complete. The policies of the Bank were breached in issuing vehicle loans to staff.
- XI. The documents for loans granted to Community Banks revealed that interest payments from two banks had been overdue since 2007, after the interest free period of five years.

#### **Kenema Branch**

- I. The records of the Kenema Stores revealed that there were differences between the Stores Ledger maintained by the Human Resource Section and the Bin Cards held at the stores.
- II. The list of Fixed Assets at the Kenema Branch was not updated. A physical verification and reconciliation of the assets were not carried out with records maintained at Head Office.

#### **Management Response**

- The Deputy Governor in her response apologised to the Committee for the absent of the Governor due to an unavoidable state matter which is equally important to that of attending this hearing today. With regard to the query concerning the bank failure to comply with International Financial Reporting Standard (IFRS), the Deputy Governor responded that the IFRS was not in operation at the time the audit exercise was conducted but she told Committee that the process is on-going. She also updated the Committee that, the bank is in close collaboration with other central banks within the sub-region concerning the IFRS. Precisely the bank had thought fit to review the Bank of Sierra Leone Act of 2000 with help of the Parliament. On the issue of Provision of Revaluation of Pipeline (unrealized foreign exchange gain/loss) the Deputy Governor responded that the bank is

awaiting second-buy-back programme by the close of the year 2010 during which a discounted price applied to the programme will be adopted to compute the present value of all outstanding claims not settled under the above programme.

- Moreover, she pointed out that government continues to honour its responsibilities to protect the capital base of the bank from impairment. Substantial amount of the stock of non-negotiable, non interest bearing securities has already been converted to 5-year medium term bonds at a concessionary rate of 9% per annum. Also based on the Government's approval action has been taken in 2010 to convert the losses in 2006 and 2008 totaling Le 15.57 billion to Marketable Securities in July,2010. Added to the above subject Management had continued to monitor the replacement of the book entry system under the ADB sponsored payment system project in progress with the completion date of 2012. In relation to supplies and materials in transit she told the Committee that some of the outstanding transactions in respect of currency notes and coins ordered have been cleared from the records. Work is in progress to clear the remaining transactions in regard of currencies notes and coins from the records. Also several meetings have been held with staff of West African Monetary Agency (WAMA) in a bid to address the issue of the net outstanding balance in the WAMA settlement Account.
- Furthermore, she informed the Committee that the advances and others have been cleared from the records. The board had given approval in principle to clear the amount outstanding in the name of the then Deputy Governor, since it was not a personal loan to him and we have worked assiduously to settle this matter with the Ministry of Finance since it has been a gentle man's agreement to settle the advances with the Ministry. Eventually, the current outstanding balance is now Le 3,036,259.05. She also informed that the problem of synchronizing the physical assets at the Kenema Branch with the related Sun (Computerised system) code has been resolved. Meanwhile, a risk based audit approach has been adopted and implementation is in progress. There is also much improvement in response time and regular Audit Committee meeting within the bank.
- In addition, the Deputy Governor stated that the tenancy agreement in favour of Messrs GDO and Petroleum Unit are completed and the issue on PAYE has been resolved and the bank is now in compliance with the income tax laws. She admitted that the loan application forms were not signed by the representative of the bank and they are now duly signed. She also reiterated that there are indications that the Committee banks lack capacities to repay these loans but policies have been put in place to enforce the repayment of these loans. Finally, she told the variances between the physical stock and the stores ledger balances had been investigated and corrective action had been taken to reconcile the records.

#### **The Committee Observations:**

- *The Committee noted that the bank should follow up on the huge balance in their books relating WAMA and the bank get close collaboration with other Central Banks with in the sub-region in terms of International Financial Reporting Standard.*
- *The Committee point out that our donors do disgust at the nation concerning this huge of monies over a time appearing in our books. Also, the Committee considered it that with the printing of new resized notes more pressure will be on the bank in addition to the loses they have incurred for the past years.*
- *Furthermore, the Committee thought it fit that with regard to the pipe line funds the bank management should draft a proposal to the board to write-off these amount since its seem like irrecoverable items in the books and it long outstanding nature.*
- *The Committee noted great concern that the bank should review all policies relating staff welfare such as; Loans and other Advances, Rent, Vehicle and Housing for prudence in Financial Management Practice. Audit should also make follow up verification on the issues mentioned above.*

#### **Committee's Recommendations:**

- *The Committee recommends that Management should focus its attention on high risk investment areas such as revaluation gains and pipeline items in their books;*
- *Management should recruit trained and qualified person preferably an Econometrics to do forecasting for the Bank so as to minimize the huge differences between the Budget and the Financial Statement in due course;*
- *With respect to the issue of various commercial papers to the public in support of an open market operation, the Committee recommends that in view of the colossal sum involved in the operations, management should speedily address this issue with the various commercial banks involved.*
- *The Committee also recommends that the Governor MUST submit all supporting documents within 14 days for verification by Auditor General after the adoption of this report by Parliament.*

#### **20. GUMA VALLEY WATER COMPANY (GVWC)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

## **2007 Financial Year**

The company did not conduct business in accordance with sound commercial principles as contained in Section 86 of the Guma Valley Water Company Ordinance 1961.

Debtors were not well managed. Approximately 80% of the trade receivables had been provided for as doubtful debts.

The insurance premium on the company's dam and treatment works was not paid during the year under review.

Though the company had a Fixed Assets Register, this was not updated to reflect the additions, disposal and changes in location of assets.

The new assets acquired were also not tagged to facilitate identification. There were five hydrants where water was delivered by carting to customers.

These hydrants and its pumps did not have meters affixed to them to determine volumes delivered.

Although deductions were made from the company's employees' salaries at the end of each month and recorded in the company's books, the amounts withheld were not paid over to the authorities in line with regulations.

As at 31<sup>st</sup> December 2007, the balance outstanding for NASSIT was Le287,745,648.00 and that of NRA was Le651,062,996.

The IT risk assessment review around the Information Technology general controls and the Application/Systems controls revealed various areas with significant inherent risks.

## **2008 Financial Year**

In arriving at revenue figures stated in the Financial Statements there were large numbers of manual journal entries passed to correct those bills that were mostly based on straight forward flat and average rates thus rendering the company unable to collect those bills.

There was a high risk as regards the viability of the company. The company failed to increase its tariff to cover inflation.

The company's billing system were poor resulting in huge provisions for Doubtful Debts. The company's Assets Register was not updated to reflect significant additions, disposal and changes in the location of Fixed Assets.

Staff NASSIT deductions outstanding amounted to Le446,476,816; and that of NRA deductions outstanding at the end of 2008 stood at Le 947,524,904.

The IT risk assessment review around the Information Technology general controls and the Application/Systems controls revealed various areas with significant inherent risks.

### **Management Response**

- The Managing Director of Guma Valley Water Company in his brief introductory remark updated the Committee on their recent strives to rejuvenate the company. Meanwhile he responded to the issue of the company failure to comply with sound commercial principle that the company has submitted an application for tariff increment to National Commission for Privatisation each year since 2007 but the tariff increase application has not been approved. Recently Management had just submitted tariff application for 2010 to the Ministry of Energy and Water Resources awaiting Cabinet approval on tariff increment.
- Moreover, on the issue on debt Management he told the Committee that in the long past the company levied general water rates and charges on all properties based on City Council Valuation, irrespective of whether they are connected or not. This practice was done in compliance with the Guma Ordinance of 1961. This led to the accumulation of huge areas that are uncollectible thus giving rise to the provision of 80% of trade receivables as doubtful debts. Also with the introduction of universal metering in 2006 which has drastically discouraged the billing of general water rates. In addition he told the Committee that the payment of the premium for dam insurance has been made and the dam insurance cover was reinstated with effect from November 2008.
- Subsequently, he informed the Committee that the inspection and verification of fixed assets has been carried out by the Internal Audit. Revaluation of the assets would be carried out in due course. The fixed assets register would then be reconciled with the general ledger; impaired assets identified will be written off. New assets acquired have now been tagged. Management has commenced installation of meters on the remaining hydrants at Africanus Road and Earl Street. The hydrants on Wilkinson Road are now impracticable to install meters due to the pending road works. Management has agreed to pay the sum of Le50 million monthly, to meet the current obligations and defray accrued liability.
- On the issue of PAYE, Management has deemed fit for a cross debt arrangement with the government. At the moment the government arrears for water rates and charges is Le8.9 Billion as at 31 December 2009. The IT risk assessment has been rectified by introducing new forms, modification and deletion users of the Company's business application.

Password security settings have been strengthened to include minimum password length, life and session time out. The internal audit now performs monitoring and risk assessment activities that identify weaknesses and make recommendations. In addition he informed the Committee that regular backups on the 250GB and 1TB drive, external storage devices are now kept in a safe box at Rokel Commercial Bank, Congo Cross which is updated on a weekly basis. He referred the Committee to the answers provided above for 2007 which could be sufficed for the remaining queries for 2008.

## **2008**

- The Managing Director reiterated on the issue of journal entries that Management is very much concerned about the large number of bills generated based on flat and average charges which eventually end up being disputed by customers and have to be reversed through journals. A customer survey report on household connections and public stand posts is being finalised aimed at identifying connected customers which will form the basis for cleaning the database, and significantly minimize or eliminate the need for flat and average charges.

### **The Committee Observations:**

- *The Committee referred the Board of Guma Valley Water Company Ordinance, 1961 which means the Corporation should conduct its business in accordance with sound commercial principles and earn a reasonable return on its capital. This could be done by sensitizing users to pay reasonable tariffs to help ensure the water systems are maintained and expanded in time. Also the Management is required to adopt strategies and implement them to ensure that trade and other receivables are collected on a timely manner. Provision for doubtful debt should only be considered when there is evidence that efforts made at collection of the debt over a long period of time have failed.*
- *Furthermore, efforts should be made in paying over amounts withheld from employees' salaries in line with the tax regulations. Consideration should be given towards repairing the leakage in the roof, rearranging the inventory and ensuring they are safeguarded against weather conditions.*
- *The existing information security and safety policies are required to be reviewed by the appropriate personnel with a view to update including standards and procedures supporting the policies and procedures.*

*Additionally, information security policies should be re-enforced and communicated to all personnel; not only IT personnel.*

- *The Committee expresses with serious concern that the Internal Audit should be entrusted with the responsibility of performing regular entity Financial Operations and wide risk assessment reviews to identify significant risks especially in IT related processes relevant to Financial Reporting considering the fact that IT is critical to the operations of the company.*

***Committee's Recommendations:***

*That Guma Water Company was undergoing a painful recovery which the Central Government needs to intervene promptly on behalf of the general populace.*

*That Management should develop collaboration with IT department in relation to time bound IT strategy document detailing how the company intends to achieve its corporate objectives with support of the IT department.*

*The Committee recommends that the Auditor General should follow-up on these issues and responses from the Guma Valley Water Company and should submit all supporting documents within 21 days for verification by Auditor General after the adoption of this report by Parliament.*

**21. INDEPENDENT MEDIA COMMISSION 2006&2007**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

- I. The Commission was not fully implementing its Accounting Manual in the execution of its daily financial and accounting activities/operations.
- II. Expenditures were not maintained according to their different sub-heads and Payment Vouchers were not pre-numbered.
- III. Proper accounting records were not kept by the Commission. This was as a result of the continued use of manual entries even though there was accounting software available for use.
- IV. The entire filing system was disorderly and extremely time consuming for records retrieval. There was no proper Fixed Assets Register in place.

- V. Neither a Fixed Assets Capitalization nor an Insurance Policy was in existence. Revenue collected by the Commission was not banked on a daily basis.
- VI. Also there were no set criteria on which license fees were charged on Radio Stations. Expenditures were wrongly classified in the Cash Book.
- VII. The Commission did not comply with some sections in the Act.

**Committee Recommendations:**

*Failure to answer Audit query, this shall result to the withholding of salary and allowances of the Vote Controller as so long as fail to reply.*

**22.**

**MILTON MARGAI COLLEGE OF EDUCATION AND TECHNOLOGY  
(MMCET) 2004**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

The Finance Section was not adequately staffed to cope with the increase in the workload occasioned, not only by the increase in the student population at Goderich but also by the commissioning of both Brookfields and Congo Cross Campuses.

The College did not have an Accounting Manual incorporating all financial rules and regulations as guide in the execution of its financial operations.

However it was noted that the College's main source of income was Sierra Leone Government subvention which accounted for over 50% of its annual receipts.

Because of this, the requirements of the Government Budgeting and Accountability Act 2005 was applicable regarding the way and manner the Books of Accounts should be maintained and the Annual Financial Statements submitted.

The submission of the Financial Statements for the period October 2001 to December 2004 only in August 2008, some 3-6 years later, clearly contravenes the provision of the Act and makes it difficult to take remedial actions, where necessary.

Heads of Departments or Vote Controllers were not involved in the budget process and therefore the element of accountability and responsibility was absent.

The Internal Audit Unit was seriously understaffed and without any Audit Manual to guide its operations.

Amounts, totalling Le779M and Le415M, had still not been paid over to the National Revenue Authority and NASSIT respectively for the period under review.

The Fixed Assets Register excluded the value of the Land and Buildings of the Congo Cross and Brookfields campuses and these assets had still not been valued.

Of the Lecture Rooms inspected, only one was found in use, one was closed, one had few damaged chairs and about three others without any furniture.

Several encroachments were observed within the College premises at Goderich and Congo Cross.

Only three of the confirmed six accounts at the Sierra Leone Commercial Bank were noted in the books of the College.

**Responding to queries the Principal disposed that:**

**Finance/Accounting Function**

Audit observation and recommendation on this matter has been considered by the College administration and action has been taken as follows:

- a) One staff had been employed in the Goderich Finance Office.
- b) An Accounting Manual work has been developed and computerized.
- c) With regards the presentation of Financial Statement to the Auditor General tremendous work has been done, the college is now up-to date.
- d) A Vote Service Ledger has been established in the college.

The Administration is not able to allocate funds for specific work in the college because the funds allocated to the college by Government are not enough to pay salaries of staff; as a result the administration uses fees to augment salaries of staff every quarter of the financial year.

**Internal Audit Function**

Management notes the observations and recommendation on this matter. The status of the internal account office will be up-graded to meet the modern practice of Internal Audit function, upon improvement of the college's annual financial provision. Additional staff will then be employed.

**Statutory Payments (NASSIT and PAYE)**

Audit observations and recommendation on the matter is noted. With regard to the NASSIT contribution, the administration is up-to date with the payment the case of PAYE the college is making frantic effort to pay the accumulated debt

**Land and Buildings**

Audit observation and recommendation on this matter is noted. However please note that the College council is handling the matter.

**Motor Vehicle**

Action has been taken as recommended, the unserviceable college vehicles had been disposed of by tender to the public.

**Cash and Bank**

Audit observation and recommendation on this matter is noted. However the payment of cash to the office was for a brief period as we were engaged with the bank finding solution to the problem of students' fraud.

**Budget head/Cod**

Audit observation and recommendation on this matter is noted and action will be taken to correct these lapses in the future. We thank the Auditors for their observations, and recommendations made in the report which we note is geared towards improving our work.

**Committee Recommendations:**

- *The Committee recommends that the Ministry of Education and MMCET Management Staff and Principal to be summoned to the Public Accounts Committee for further public hearing.*
- *Amounts totalling Le 779,000,000 and Le 415,000,000 which shall to the National Revenue Authority and NASSIT respectively, the Auditor General should verify immediately and copy of the verification report should submitted to Parliament within 21 days after the adoption of this by Parliament.*
- *The college management should employ trained and qualified internal auditor with immediate effect.*

23.

**NATIONAL COMMISSION FOR PRIVATISATION (NCP)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

**2006 and 2007 Financial Years**

- I. The Commission failed to comply with the provision of the NCP Act 2002 in submitting its accounts for the Financial Years under review.
- II. The NCP maintained accounting records and produced financial reports using a manual system aided by Excel Spreadsheet.

- III. Quite apart from the most obvious disadvantages associated with such system, the system is not tampered proof.
- IV. Though Management should be commended for having prepared budgets for the Financial Years 2006 and 2007, it was evident that budgetary control procedures were not performed to monitor huge variations between budgeted and actual expenditures.
- V. The Commission inherited USD\$947,828.00 as debts from its predecessor (Public Enterprise Divestiture and Reform Commission).
- VI. However much had not been done to recover this amount. The balance of other payables had increased from Le834, 014,000 to Le1, 051,934,000. Remuneration and statutory deductions were in some cases settled late by the Commission.

### **2008 Financial Year**

- I. Much had not been done to recover outstanding debts owing at the end of 2007. Other payables continued to increase for the period under review.
- II. Significant differences were noted in respect of administrative expenses. The absence of an effective expenditure performance analysis attracted excessive overspending patterns.

### **Management Responses**

- Reacting to the query relating the Commission failure to comply with the provision of Section 29 (1) of the NCP Act 2002 as the Account for the financial year 2006 and 2007, the Commissioner stated that they noted the observation and appreciated the benefits computerized accounting system would bring to the Commission and the risk inherent in the current system. The Commission was therefore taking an immediate action to computerize the system to eradicate this risk.
- With regard the debt accumulated to the tune of \$947,828.00 the Commissioner informed the Committee that steps have been taken to regularize the servicing of this debt. Management has started paying the current rent based on the amount allocated in the budget for 2008. Management had started negotiating the rental payment for the arrears and thereafter, will regularise the lease agreement. Furthermore we have submitted the arrears to the Ministry of Finance & Economic Development to be included under domestic debts as requested by them.
- As you indicated there is a serious mismatch between the budget and actual allocations and also between the allocations appropriated and allocation received.

This has made it difficult to do exceptional reporting. Management has now come up with a flexible budgeting approach based on the allocations appropriated.

- Subsequently, he further told the Committee that effort had been put in place to correct the anomalies of given allowance to Commissioners without adequate signatory provided.
- The Commissioner confirmed with the Committee that the payment vouchers to sum of Le834, 014, 00 which has been increased over the years to the tune of Le 1, 051, 934, 00.00 are now available for verification.

## **2008**

- With regard to withstanding debts owing at end of 2007 this had been considerable improved by settling some of the debts by Sierra Leone Sate Lottery and NCP had agreed to the balance in a reasonable frame and further the Ministry of Finance to be its domestic debt.

### **Committee Recommendations:**

- *The Committee recommends that the Commission MUST comply with every provision contained in the NCP Act 2002 especially those that affect stakeholders' interest.*
- *Further, the Committee underscored the need for the Commission to institute adequate debt monitoring and payment mechanism to reduce these debts.*
- *In light of the above responses, the Committee recommends that the Director MUST submit all supporting documents within 21 days for verification by Auditor General after the adoption of this report by Parliament. Failing which to answer audit query shall result in withholding emoluments and allowances for so long as the officer failed to reply.*

## **24. NATIONAL POWER AUTHORITY**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

### **2006 Financial Year**

- I. Action had not been taken on several matters highlighted in a previous Audit Report. Reconciliations were not carried out between the General Ledger and the Billing Register.

- II. As such, a difference of Le30, 000,000.00 for electricity sales was noted between the two records for District 84 for the month of September 2006.
- III. Supporting documents in relation to adjustments made to electricity sale for five districts were not made available for inspection.
- IV. Several differences were noted between the General Ledger, Adjustment Journals and Billing Register. Adjustment Journals for October and November 2006, Billing Registers for eleven districts for several months and two districts for the three months were not made available for inspection.
- V. Revenue Grant included in the Financial Statements was without supporting documents. Bank Reconciliation Statements were not signed by the preparers nor reviewed and approved by a senior officer.
- VI. The Bank Reconciliation Statement in respect of a bank account was not made available for inspection.
- VII. As a result, the difference between the Bank Statement and the Cash Book was not explained.
- VIII.** In the absence of relevant documents, the balance of Fixed Deposits held at the Sierra Leone Commercial Bank could not be verified.
- IX. Differences were noted between the Trial Balance and the Creditors Schedules for oil suppliers and foreign creditors.
- X. An unexplained difference was noted between the Creditors Statement received from a company and the balance in the Creditor's Schedule.
- XI. Creditors Statements for some suppliers were not available. Most of the Store Issue Vouchers (SIVs) and Goods Received Notes were either not authorised or signed by a responsible official.
- XII. There was no evidence that the goods were physically checked and verified. Contract Agreements between the Authority and its fuel suppliers were not submitted.
- XIII. Works Completion Certificate was not provided to support the transfer from work-in-progress worth Le11,700,892,395.60 to Property, Plant and Equipment.
- XIV. Prior year adjustment of Le39, 232,000 relating to the Financial Year ended 31<sup>st</sup> December 2005, was not supported by schedules or any other necessary documentation.

- XV. The Operations and Accounting Manuals had not been updated for several years now even though the systems had changed significantly.

**2007 Financial Year**

- I. Huge differences were noted between the General Ledger and the Billing Register in respect of electricity sales for three districts.
- II. The February Electricity Sales for District 40 were credited thrice to the General Ledger and in October the sales for District 83 were credited twice.
- III. The July electricity sales of Le259, 662,556 for District 40 could not be traced in the General Ledger.
- IV. Technical and line losses of electricity generated were 36.1%. Supporting documents were not produced for the sums of Le1, 000,000,000.00 and Le143, 675,000.00 received from Government as Revenue Grant and Miscellaneous Income respectively.
- V. Some of the expenses for hired transportation incurred in 2006 were accounted for in the 2007 Financial Year.
- VI. PAYE and NASSIT contributions, deducted from staff emoluments, were not paid over to the respective authorities.
- VII. Staff Personal Files were not updated regularly. Increases in staff remuneration were awarded but there was no supporting correspondence to authenticate such increases.
- VIII. Bank Reconciliation Statements were not signed and approved by a responsible officer.
- IX. Included in the payables figure was an amount of Le150,000,000.00 in respect of a loan from the bank which was shown in the Accounts in favour of the Authority.
- X. However, the Bank Statement and bank confirmation letter showed that the Authority was indebted to the bank to the tune of Le154,261,889.10.
- XI. Bank Reconciliation Statements were not prepared in respect of this account to explain the reason for this huge difference.
- XII. There was an outstanding amount of Le2,593,376,581.91 relating to PAYE as far back as 2002.
- XIII. The draw down of the Sierra Leone Commercial Bank loan could not also be verified as the debit advices were not made available for inspection.

- XIV. Several differences were between the General Ledger and the respective Creditors Schedules.
- XV. A difference of Le20,914,152.32 was also between the General Ledger and calculations made by the Audit Team in respect of City Rates.
- XVI. The Authority had not carried out a revaluation of its properties for several years. Although a Procurement Committee was in existence, Minutes of the Committee were either not maintained or were not produced for review.
- XVII. The Procurement Unit of the Authority did not maintain records of all procurement proceedings as required by the Public Procurement Act 2004.
- XVIII. In the absence of Stores Issue Vouchers it was not possible to determine some of the Marine Fuel Oil (MFO) consumed.
- XIX. Stores Issue Vouchers (SIVs) were not signed as approved and the values on the SIVs were either written in pencil or for some, not stated at all.
- XX. Contract Agreements, Bidding Documents and Minutes between the Authority and its oil suppliers and other documentation of the process were not available.
- XXI. Documents and records were not maintained by the Authority. In most cases, documents were being prepared, reconciled and printed only when required.

## **Management Response**

### **2006**

- The Managing Director of the National Power Authority responded that Management has formalized the rental agreement with tenants occupying part of the Authority's premises. These agreements are now available for your perusal of the Committee. Main while Management has also officially contacted ESKOM to provide a certificate of work done in 2005, but they are yet to receive any correspondence from ESKOM in relation to certificate of work done.
- With regard to revenue collection the Managing Director told the Committee that reason for the difference between the billing register and the general ledger was as a result of timing difference. Initially, the adjustments were raised from the Commercial Department and some of the adjustments due were actioned after considerable period. As a result, most of the adjustments as per the billing registers and the general ledger do not match. This was the case for both district 80 and 82 in 2006. He promised that all corrections will be addressed in the 2008 accounts.

- Furthermore, Management has instituted robust measures to control inventory and all documentations relating to inventory are properly accounted for and duly signed by the authorized personnel. However, He told the Committee that the Authority has not entered into formal contracts with its fuel suppliers because the Authority does not have the required fund to so public tender as required by NPPA. Thus, the Authority purchases fuel as needed from existing creditors while negotiating payment arrangements for old debts. As the liquidity of the Authority improves, the Authority would do public tender and formalize the agreements with future fuel supplier(s)
- Subsequently, the bank reconciliation statements for all our bank accounts are now prepared, checked and approved by senior personnel regularly and on time. Management has requested for detailed information/documentation in relation to the fixed deposits account held at Sierra Leone Commercial Bank.
- In view of the above mentioned transaction, the said account has a small amount of Le1 million which is maintained for a short time and transferred into our current account. Management also noted that the differences were as a result of additional foreign creditors recorded in the creditors' ledger but not captured by the Accounting software. Also payment made to foreign creditors was wrongly debited to expense account.
- Management has taken appropriate action by reconciling the creditors schedule and payable ledgers.
- Moreover, the Manager explained to the Committee that Management has officially contacted ESKOM to provide certificate of work done in 2005, but they are yet to receive any correspondence from ESKOM in relation to certificate of work done.

## 2007

- The Committee noted that the differences between the general ledger and the billing register was not reconciled, responding to that the Managing Director told the Committee that was due to customers billing twice within a month. The bills were produced on Bi-monthly basis.
- However, these differences have been taken into account for the 2008 Accounts as the 2007 balance have already been rolled over to 2008. Also the July 2007 electricity sales of Le259,662,556 for districts 40 reported by external auditors as missing figure was not correct which was reported by the Manager that the figure was understated and the amount has been accounted for. Conversely, Management recognises that industry standard of technical and line losses were

10%. That was only true in the development World. In third world countries the technical losses are high as 20% to 30%.

- He told the Committee that the transmission and Distribution system has outlived its useful economic life of 30 years and very little investment has been made over the last 10 years. This is responsible for the high technical losses. Nonetheless, he affirmed that the goal is to invest in the network to reduce technical losses.
- In addition, the Manager reiterated that there were no official document obtained from the government to support the grant of Le1 billion. The grant was in the form of fuel which the Authority was obtaining fuel supply from National Petroleum (NP) and Government making payment directly to NP.
- However, Management has instituted robust measures to control inventory, and all documentations relating to inventory are properly accounted for and duly signed by the authorized personnel. Also the financial situation of the Authority was so bad that PAYE and NASSIT contributions deducted from staff salaries were not paid over to the relevant Authority.
- He further told the Committee that the current management is now paying these arrears together with current deductions to the relevant Authority and on time. This has prevented predatory interest charges and penalties with all personnel files updated.
- Subsequently, He also updated the Committee that the bank reconciliation statements for all their bank accounts are now prepared, reviewed and approved by senior personnel regularly and on time. Management has taken appropriate action by reconciling the creditors schedule and payable ledgers. These include payables figure of Le150 million erroneously credited in favour of the Authority instead of the opposite. Management has taken the necessary corrective measures by reconciling its books.
- The Manager told Committee that the Authority revalued its properties in 2004 and since then it has not revalued its properties. Meanwhile, Management has written to estate agencies seeking for quotations to carry out the revaluation of the Authority's properties. Additionally, the Authority is in full compliance with all procurement rules and regulations. Minutes of meetings of Procurement Committee are now properly recorded and maintained for reference purposes.

**Committee Recommendations:**

- *The National Power Authority must ensure cordial collaboration with ESKOM to submit certificate of work done in a very reasonable time frame.*
- *The company must come up with a policy that states the number of credit days for all departments and must be within a reasonable time frame. There should be a policy that stipulates credit limits and ensures that all credits go for the appropriate approval which should be submitted to Parliament within 21 days after the adoption of this report by Parliament.*
- *Documented procedures should be put in place for effective debt management such as monthly bank reconciliation, dispatching of monthly debtors statements. Invoice discounting and factoring can also be looked into as a possibility of recovering some of the hardcore debtor's balances.*
- *It was also recommends that the supervision of the company procurement by National Public Procurement Authority will help to detect such any irregularity. Also receipts must be issued in a sequential Request for quotation and date order.*
- *On the observations relating to budgetary control, the committee noted that monitoring mechanism over expenditure is lacking. Budget lines would be exceeded without adequate justification and the Committee recommended that a quarterly budgetary control mechanism should be instituted where the actual transactions for the quarter are compared with their respective budgeted figures. Variances should be identified and explanations sought for significant variances as to their causes and effects. The performance of the budgetary control should be the responsibility of the Accountant in consultation with the Managing Director and other heads responsible for specific operations and activities.*
- *All Liabilities such as NASSIT and PAYE must be paid to the various authorities. A limit should be set above which, payments should be made in cheque.*
- *The petty cash system should be operated properly.*

## 25. NATIONAL REVENUE AUTHORITY (NRA) 2005

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Given the strategic importance of the entity, it was of concern that NRA's 2006, 2007 and 2008 Accounts had not been audited to date.
- II. My office had made several contacts with the NRA to conclude on the fees for the audit of the 2006 – 2008 Accounts but to no avail.
- III. A number of lapses were observed in the tax collection procedures of the Authority. There were significant lapses over the movement of tax revenue collected in the Bo and Kono offices.
- IV. Bank Reconciliation Statements for January to November for all of the bank accounts maintained by the Authority were not available for review.
- V. The December Bank Reconciliation Statements for the Imprest Accounts were also not produced for auditing.
- VI. The cash balances recorded in the General Ledger did not reflect the actual Petty Cash balances for the various agencies as at 31<sup>st</sup> December 2005.
- VII. Differences of Le18, 958,060.00 and Le392, 420.00 were also noted between the cash balances stated in the Cash Book and those recorded by the Internal Audit Department.
- VIII. There were grave Internal Control lapses in the payroll process. The names of some staff that had left the organisation were reflected on the Payroll of the following month.

**Committee Recommendation:**

*The Committee recommends that; without prejudice to any other provisions of the Government Budgeting and Accountability Act 2005 as amended, every person who fail or refuse to reply to an audit query or observation within the appropriate period specified in subsection (3) of Section (64) if the Auditor General so direct the emoluments and allowances to be withheld for so long as the officer fail to reply. The Vote Controller/General Manager salary must be withheld until they reply to the audit query.*

**26. NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (NASSIT)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. An unreconciled difference between the balance in the Inventory Ledger and that in the General Ledger still existed.

- II. There were some outstanding reconciling items dating as far back as 2007. It was also noted that the Petty Cash balance in Bo recorded a credit balance of Le109,900.00 as at 31<sup>st</sup> December 2008.
- III. Among the list of receivables included in the Financial Statements were some long term investments that were treated as equity investments.

### **Management Response**

- The Director General told the Committee that the issue on the reconciled difference between inventory ledger and general, the audit observation is noted. The stock difference is as result of timing differences. The Trust has agreed with internal audit, Admin and Accounts that we should establish a new stock procedure, that will address these timing and unreconciled differences.
- However, the issue of invalid transaction correction is a major activity of our inspection programs. The outcome of an inspection in every establishment is to correct invalids which are temporarily put in suspense accounts. Furthermore, the issuance of annual social security statements further ensures all contributions are correctly captured.
- A change in employment by a member means change in employment details which must be notified to the Trust through a letter by the employer or employee. Failing to do so will result to NASSIT producing a statement for an employee in the wrong establishment. A record of all payments is credited to all employees as long as the Trust is notified because of the portability of the scheme.
- **Petty Cash balance in Bo:** the Director General told the Committee that letters were written to the various banks to provide us with advices so that these items will be treated accordingly in our books. There has been considerable delay by the banks to provide us with this information. We will endeavor to make sure that the banks provide this information so that action is taken to clear these reconciling items. The debit balance on the Bo petty cash has been corrected
- Furthermore, he informed the Committee that detailed stock records are maintained by the stores officer by Local Purchase Order (LPO) and by suppliers. This is because payments are made on LPO and to keep track of the issue of stock items by LPO. However we will endeavor to maintain additional spreadsheet to categorize stock items. These are potential investments of the Trust. The receivables balance indicates that the investment processes have not yet been completed as at year end. However, these balances will be translated to equity

upon the full completion of documentation and issue of shares certificates by the respective companies.

***Committee Recommendation:***

***The Committee recommends that the Director General should ensure that the unreconciled differences and the petty cash issue in the sub-office of BO must be addressed, rectified and verified by audit with 21 days after the adoption of this report by Parliament.***

**27. SIERRA LEONE INVESTMENT AND EXPORT PROMOTION AGENCY (SLIEPA) 2008**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

- I. Staff Personal Files were either not maintained or were incomplete. Conditions of Service were not in existence.
- II. PAYE deductions for over eight months, totalling Le54,052,565.00, were not paid over to the National Revenue Authority.
- III. In some instances payments were not done on a timely basis. Documentation in respect of the purchase of capital items and contract for the refurbishment of the office building were not produced for inspection.
- IV. It was therefore not possible to ascertain whether Procurement procedures were followed by this institution.
- V. The company did not have a Fixed Assets Capitalization Policy in place nor are high value items (with the exception of vehicles) insured.
- VI. There was no review of Bank Reconciliation Statements by a more senior staff nor were there cash counts conducted during the year.
- VII. Some Payment Vouchers, totalling Le22,010,000.00, were without supporting documents whilst others, totalling Le14,692,490.00, were without adequate supporting documents
- VIII. There was no clear documented policy with regard to cash disbursements to Directors in relation to fuel, telephone and entertainment expenses.

**Committee Recommendations:**

- *All payment without supporting documents should verified for amount of Le 22,010,000 and Le 14,692,490 without a supporting documents report to the Public Accounts Committee within 21 days after the adoption of this report by Parliament.*
- *The Committee also recommends that there should a clearer recommended policy with regard to cash disbursement to directors for fuel, telephone and entertainment expenses*
- *That PAYE deduction for over 8 months totalling Le 54, 052,565.00 to be verified within 21 days after the adoption of this report by Parliament and report to the Public Accounts Committee.*

## **28. SIERRA LEONE ROADS AUTHORITY (2008)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. Three donor funded projects valued at \$50,000,000 had exceeded their completion dates of January and February 2009 respectively.
- II. A review of the Internal Audit Reports revealed series of unresolved issues. There were significant variances between budget and actual cost for various budget lines that were not investigated Counterpart funds, totalling Le186,000,000.00 , for two projects during the first quarter were not received by the Authority. Also funds amounting to Le 4,927,000,000.00 were not received during the fourth quarter.
- III. Lapses were observed with the management of Trade Receivables. As a result debt, of approximately Le350million had been long outstanding whilst the sum of Le87.5m was misclassified. Among the debtors was an enterprises which owed Le448,780,120.00
- IV. Staff Appraisal procedures were not consistent. The Unit responsible for the monitoring and protection of the road and road assets lacked adequate resources to effectively perform its functions.
- V. The staff components at the regions were inadequate. Vacant positions had not been filled in all the regions thus preventing the retirement of a member of staff in Port Loko.
- VI. Series of control lapses were observed over regional Fixed Assets. These included lack of identification marks on assets and non-physical verification on regional assets on a quarterly basis

### **Management Response**

- I. The Director General Sierra Leone Road Authority responding to the audit queries in respect of the delay of completion of the project worth \$ 50,000, he stated that the delay on this project was due to the manner in which the contract was designed (against the will of SLRA) which permitted unlimited sub-contracting. The contract was awarded to Burhan, but was almost 100% sub-contracted to BAO. Whiles, BAO was a local company with very limited and inadequate capacity to implement the project. SLRA still recognize “Burhan International Construction Company” as the legal Contractor. All transactions were therefore directed to the company. He further informed the Committee that owing to non performance, the contract with Burhan has been terminated. Bids from two tenders have been evaluated and a new contract for this project will soon be signed. On the contrary, there has been no delay in the implementation of the Bo- Mile Shaika project. The project have been completed and inaugurated.
- II. On the issue of the Internal Audit Report the Director General told the Committee that they accepted that the issue with RTA has still not been resolved. It is a fact that various firms, such as “Dat. Voc.Com”, “Complete Solutions”, and “Morotech” were some of the firms awarded maintenance contracts. However, different services were provided by each of the firms to the Authority. “Dat Voc Com” provided internet service, whilst “Complete Solutions” provided the anti virus software, with “Morotech” carrying out the repairs and maintenance of computers. Retention was not paid as contractors did not turn up to request for their retention money / payment. Withholding tax was paid on a monthly basis and the amount outstanding relates to December 2008, which has been paid over to NRA.
- III. However, he told the Committee that the variances totaling Le 186,000,000.00 was due to the Administrative Department adverse variance due to two major activities namely; the payment of terminal benefits, and construction of water wells (bore holes) within SLRA compound. From this back drop, over seventy employees were retired and payment of terminal benefits was not included in the approved budget for 2008. Similarly, the construction of water wells even though it was not part of the budget but it was deemed necessary due to the continuous shortage of water. Also as a result of the software malfunctioning the Finance Department budget was overdrawn as a result of Microsoft GB software acquired during the year.
- IV. With regard to Government counterpart funding in arrear amounting to Le 4,927,000,000.00 the Director General responded that Management will take the appropriate action by approaching Government of Sierra Leone through the Ministry of Finance as per Audit Recommendation. He also informed the Committee that a data base is now maintained for effective monitoring of utility debtors and collection of all receivables. Aged debtor analysis is currently being maintained in each debtor enquiry report of receivables management.

- V. Management will take action to comply in accordance with the Terms and Condition of Service for staff. Also on the issue of store records he told the Committee that Management has already taken steps to correct this anomaly. Meanwhile, Management notes Audit Recommendations and action would be taken to correct the issue of inadequate resource to effectively perform their functions. Subsequently, he informed the Committee that he Internal Audit Unit, Finance Department, and Logistics Manager made a tour to check on the status of vehicles and other assets in all the regions and at headquarters. The Internal Audit had also recommended a survey and verification exercise to be conducted by an insurance broker. The insurance broker and estate division had concluded the survey with the intension of insuring all the noncurrent assets of the Authority. Also all vacant positions are advised by the advised of the board and relevant procedures are followed.

**Committee Observation and Recommendations:**

- *The Committee noted that Management should strengthen its monitoring, supervision and ensure complaints at the site which prompt actions are taken and communicate such issues to the appropriate authority. This would enhance the objectives of the project been achieved. Management should attend to issues raised by the Internal Audit. It must also be emphasised that points raised have varied level of impacts.*
- *The Authority should perform regular budgetary control (comparing budgeted figures to actual figures). All significant variances should be investigated and appropriate explanations given. The Authority should formally approach the Government of Sierra Leone on the issue, highlighting the constraints affecting the Authority and the impact this would have on the implementation of these projects.*
- *The Committee recommends that the Authority should follow up with the Ministry of Finance for Government counterpart funding to be paid which will enhance the authority to effectively perform it functions.*
- *All sub-contractor debtors analysis (updated) MUST be submitted to Audit Service Sierra Leone and the Public Accounts Committee within 21 days after the adoption of this report by Parliament*
- *Audit should verified counterpart funds in arrears amounting to Le 4,927,000,000.00 to see whether the amount has been settled by government.*
- *Audit should verify the insurance policies of the vehicles owned by the Authority.*

## **29. SIERRA LEONE PORTS AUTHORITY (2008)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. The Authority was still pursuing a court matter for the supply of a tipper for which an advance payment of US\$47,500 was made to a supplier.
- II. No reply had been received for seventeen debtors' balances that were circularised. A Staff Loans Policy had not been adopted.
- III. There was an outstanding balance of salary advance at the end of the year. The balance of Le1.35bn owed by an enterprise was still outstanding.
- IV. A list of casual workers (both regular and irregular) was not provided for the period under review.
- V. Additionally, it was observed that recruitment of regular casual workers was not done by or in concert with the Personnel Department but was undertaken by the Operations Department. Some debtor balances have been disputed.

### **Management Information Systems**

The following anomalies were noted in the operating environment of the Information Systems Unit:

- there was no evidence of regular password changes;
- access to the computer room was not restricted;
- there were no smoke detectors, fire alarms and fire extinguishers within the department;
- there was no evidence of off-site back-ups of files being maintained;
- The air conditioning system in the computer room was not in working order.

### **The Managing Director (MD) Sierra Lone Port Authority informed that:**

- **Supply of Tipper:** The Managing Director stated that this matter was going through a long drawn-out battle between Sierra Leone Ports Authority and the alleged supplier (Tipper Truck) in court.
- On Debtors Circularisation the MD said that a second set of reminder letters were sent to the fifteen debtors for confirmation of their balance as at 31<sup>st</sup> December 2007 followed by telephone calls to urge them to take prompt action. Copies of these letters are available for verification.

- On Staff Loan Policy/ Salary Advances, the MD said that Management had reviewed the staff loans and advances policy as directed by the previous board and was still awaiting the constitution of the New Board so that this policy can be re-submitted for their consideration. Approval for advance of salary is normally given in exceptional cases after the closing date of the payroll, thus giving rise to the outstanding advance not recovered in the same month. Modalities have been put in place to reduce such occurrence.
- On the variance between the Summary of Payments for casual Labour and the Trial Balance, the Committee noted that the existence of a significant difference meant one could not verify the accuracy and completeness of the amount reported for casual wages expenses. The Managing Director was requested to explain the rationale for these huge differences.
- Responding, the Managing Director explained that the issue has been investigated and as a result of payments included in the summary of payments to casuals which were not separately analyzed in the Trial Balance.

***Committee Recommendations:***

- ***The Committee recommends that Management should inform the Committee about the outcome of the investigation within 21 day after the adoption of this report by Parliament.***
- ***That whenever variances were observed Management should immediately investigate and take corrective measures***
- ***The Auditor General should submit a follow-up Report on the implementation of recommendations by the Sierra Leone Port Authority within 14 days after the adoption of this report by parliament.***

**30. SIERRA LEONE MARITIME ADMINISTRATION (SLMA) 2008**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. There was no evidence that Bank Reconciliations prepared by the organisation were reviewed by a senior officer.
- II. A Capitalisation and Insurance Policy (except for vehicles) was not in existence. The calculations of staff NASSIT contributions were wrongly based on the total of basic plus allowances, instead of basic only, thereby overcharging staff on their payroll.
- III. Total investment of SLMA could not be confirmed as there was no comprehensive register of all investments as at 31<sup>st</sup> December 2008.

#### **IV. Outstanding Matters**

- V. According to an agreement between SLMA and a private company in New Orleans USA, the registration and collection of freight levy was done by the agent.
- VI. Clause 3 of the agreement states “they shall keep a register of all ships registered by it and forward the register to the Principal at the end of every three months”.
- VII. There was no independent means of verifying the Shipping Register sent by the agent as to its accuracy or completeness.
- VIII. There was no evidence that the Shipping Register was independently reviewed. Section 11 (1) of the SLMA Act 2000 gives the mandate to impose freight levy on all vessels in respect of the manifested cargo discharged or loaded in Sierra Leone.
- IX. Subsection 2 of the same section states that the rate should be approved by the Board from time to time.
- X. Shipping levy was calculated according to predetermined standards. Freight levy charges were properly invoiced during the year; however there was no independent verification of the basis on which these freight levy charges were based. As from mid 2008, the collection of freight levy charges of Government has been removed from SLMA to NRA.

#### **Management Response**

- The Executive Director of the Sierra Leone Marine Time Administration informed the Committee that bank reconciliation reports are prepared by the account officer and reviewed by the accountant.
- Furthermore, he told the Committee that Management has sent request for quotations for the preparation of an accounting procedural manual which will incorporate a formal capitalization and insurance policy for its assets.
- He also confirmed with the Committee that Management is faced with problem of adequate office space which the building the administration currently occupied does not has enough rooms to store all the files. Base on the above mentioned problem the Administration decided to improvise the Board Room as store for all the Administration documents.
  
- On payroll related matters, he told the Committee that they have communicated with NASSIT and effort has put in place to settle all the anomalies within their system. The failure of Management to reveal the total investment to the auditors,

he informed the Committee that a contract for the design of the account manual would soon be awarded which will combat the inability to produce the total of investment as at December 2008 and subsequent periods.

- Finally, he updated the Committee that as at the start of 2010 the administration has started implementing the Pre-numbered Registration Forms. The Government of Sierra Leone has invited an agent for a review of the contract agreement for the registration of ships. He assured the Committee that the matter will be incorporated in the new agreement particularly in the area of reporting by the Agent to the Principal. In addition, he stated that a monthly reconciliation of freight levy debtors is now conducted and all freight levies are now collected by the Ministry of Finance.

**Committee recommendations:**

- *All bank reconciliation reports should be reviewed by the appropriate authorities*
- *All capitalization policy should be maintained and fixed assets should be revalued.*
- *The administration should provide adequate storage facilities for its documentation and life jacket*
- *The accounting manual should be introduced to assist and guide the Financial Operations of the Administration.*
- *All registration forms for ships/vessels should be pre-numbered and analysis should be submitted to Audit Service Sierra Leone and copy the Public Accounts Committee.*

**31. SIERRA LEONE LIBRARY BOARD (2007)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

There were no regular bank reconciliations done for the year for the period under review. NASSIT contributions and PAYE were deducted but not paid over to the respective authorities.

## **Management Response**

The Committee noted that the queries concerning the Sierra Leone Library Board in the Audit Report for 2008 failure to produce bank reconciliation reports and both PAYE deductions and NASSIT contributions which were deducted but not paid over to the respective authorities under the period of review. The Chief Librarian responded that bank reconciliation reports are now prepared monthly and all statutory deductions are paid to the respective authorities every month.

## **Committee Observations and Recommendations:**

*The Committee however observed from evidences tendered by management of the SLLB and from Follow-up Reports from the Auditor General on the implementation of audit recommendations that the SLLB had addressed all of the issues raised above.*

*In the light of the above, the committee considered this matter closed.*

## **32. SIERRA LEONE COMMERCIAL BANK (2008)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008;

- I. The coverage of Internal Audit at Siaka Stevens Street Branch did not focus on high risk areas such as investment, customer's accounts, interest and similar income streams, including Net Fee and Commission Income.
- II. Other areas such as Finance Department, Canteen, Admin and Medicare, were also not covered. It was observed that inspection visits were not paid to branches like Bo, Kenema and Koidu in 2008.
- III. The Central Bank levied fines to the tune of Le 44.7million (Le79.7 million in the previous year) on the company for non compliance with banking regulations as regards Liquidity breaches.
- IV. A review of a sample of the items in the Bank's Advances Portfolio revealed that there was no security in the files to support the overdraft facility of Le231,202,123.98 given to a company.
- V. Loans, totalling Le38, 352,800,022, were given to five clients whose debts exceeded the values of their securities.
- VI. Significant differences of Le79,364,250.13 and \$562.00 were noted between Cash Counts and the General Ledger balances at the Siaka Stevens Street and Cline Town Branches respectively.

- VII. There were also significant differences between the Cash Figures in the Balance Sheet of the branches and those recorded in the Vault Cash Register in respect of five branches.
- VIII. The software used by the bank had serious operational problems which affected customers' withdrawals and postings to Savings Account.
- IX. The Gratuity Fund, operated by the Bank, was discontinued during the course of the year and proceeds paid to employees net of tax as employees were not contributing under the NASSIT Scheme.
- X. Plans were also underway to operate a profit-sharing scheme for its staff as had been approved in principle by the National Commission for Privatization. However Management Staff were not paid bonuses for the year under review.
- XI. No provision was made, in the Accounts, for the payments of retirement benefits to eligible staff. It was observed that full provision had been made for the loss caused by the alleged fraud of a member of staff of the Bank.
- XII. An Inventory of Fixed Assets was not carried out by the branches for the year ended 2008. It was further observed that some Fixed Assets purchased and recorded in the Fixed Assets Register during the year were not marked/labelled in the Bank's name to indicate ownership of the assets by the Bank.

### **Management Response**

- In his responds the Managing Director told the Committee that they have attempted to recruit an Internal Auditor following the retirement of the last Inspector in August 2008. An advert was published and interview conducted. The prospective employee was approved at the board level and was issued a letter of appointment to start work on 1st February 2009. He wrote later declining the offer. Meanwhile the team at the Inspection Unit will be groomed and additional manpower resources including specialized training will be provided to enhance their capacity after a comprehensive document on the internal control functions is finalised with the assistance of competent Auditing firms.
- However, he told the Committee that management had strengthened control measures to prevent recurrence of fines with respect to liquidity breaches. As previously reported in the last management letter, our efforts are further frustrated by delayed access to our account position coupled with undue delays in receiving statement of account from the Bank of Sierra Leone.

- Furthermore, he did also mentioned that the variance in interest income is the outcome of significant drop in treasury bills yield during the year which plummeted due to unforeseen market conditions to the extent that it was even below the inflationary rate a development that was generally considered unusual. In addition, the impact of the impairment review and the subsequent down grading of some large exposures resulted in interest suspension and reversal of interest from income which ultimately led to the reported variance in interest earnings for the period under review
- However, management is hopeful that the recovery effort will reverse this trend in the coming year and further action including timely review of forecast to narrow adverse variances in the future
- Subsequently, overdraft of Le200m was initially granted to SRL on clean basis given their corporate status and level of account operations with the bank. The performance of the account deteriorated following the collapse of the main mining dredge but with operations now gradually restored to previous level, we have recently written a reminder letter for settlement of the overdraft. The excess overdraft which resulted in the account going above the standing limit had the prior authorisation of Head Office. The limit has expired and the branch has been requested to pursue renewal and regularisation of the excess overdraft. The position is being monitored closely. Although, the cash collateral held is relatively small, management is comfortable with the operations of the account and have recently approved customer's proposal to convert the outstanding overdraft to a term loan repayable over 24 months.
- Turnover on the account is satisfactory and the loan repayment is on course. Actions are in train to address issues raised as stated in our individual responses under each borrowing account stated above. Management is fully aware of this challenge and sustained actions have been mounted to reconcile the differences. The reconciliation of variances has been ongoing during the last twelve months with significant progress made as the root cause of the problem has been identified and discussions are underway with our support partners for a lasting solution.
- On the issue of the bank operation software, he informed the Committee that the critical challenge of Flexcube (software) is the operation of Flexbranch which is the front line application for cashier operations. He further confirmed that the operation of Flexcube Corporate is satisfactory.
- Moreover, he told the Committee Management took steps to conduct physical verification and labeling of all fixed assets bank wide as recommended and he confirm that this exercise was successful. Branches have been advised to display asset listing as a matter of urgency and internal audit will subsequently carry out

routine checks to confirm whether action has been taken and documents relating to fixed assets procured are all available for inspection.

- On the issue of gratuity fund he informed the Committee that management intends to implement the staff profit sharing scheme in 2009. In terms of the retirement benefits, the Board and Management are reviewing the clause to include staff employed after 1st January 2002. With regard to the new Compliance and Control arm of Inspection being developed, one of their mandates is to enforce strong control environment for the early detection and prevention of fraud in the bank. He assured the Committee that they will be optimistic that these measures to a large extent will reduce the incidence of fraud and other omission in the bank.

**Committee Recommendations:**

*The Committee recommends that audit should conduct further verification on the above subject matters within 21 days after the adoption of this report by Parliament.*

**33. SIERRA LEONE AIRPORTS AUTHORITY (2008)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

- I. Action had not been taken on several matters highlighted in the 2007 Report which included the following:-
- II. The overdraft facilities at the Sierra Leone Commercial Bank and the Standard Chartered Bank had been exceeded;
- III. Recovering debts continued to be a problem, especially Government debts which was on the increase ;
  - Shortfall in the assets of the Provident Fund amounted to Le1,334,644,518.76 which was the excess of the fund's potential liabilities amounting to Le1,372,871,688.96 over its assets totalling Le38,227,170.20;
  - Although a cash basis policy had been adopted for collecting Aircraft Landing Charges, some airlines continued to accumulate these charges.
- IV. Supporting documents, totalling Le159,332,878.66, for payments in respect of Withholding Taxes were not available for inspection.
- V. Revenue, totalling \$50,000.00 due from a client was disputed by the latter on the grounds that no flight check had been conducted by the Authority in the last ten years.

- VI. A total of Le45, 000,000, recorded in the Rental Income Account, was only a nominal entry as it was not receivable.
- VII. Adequate supporting documentation was not available in respect of investment income. Contrary to the Authority's policy, Landing Fees for non-scheduled flights and flights within the West African region were not collected before departure, even though this policy had been adopted to reduce the incidence of bad debts.

### **Management Response**

- The Managing Director briefed the Committee on the queries highlighted in the 2008 report, which apparently action had not been taken he further stated that some have been rectified with detail breakdown of each of the queries below:
- Most of the long outstanding items in the Advances to Suppliers Account have been cleared. The related documents are available for inspection. On the other hand, he mentioned that the SLAA is still very severely constrained by the liquidity crisis situation it got dragged into as a result of the non-realization of a great proportion of its revenues remaining tied up in debts owed by government agencies mainly on account of government waivers or interventions. He further told the Committee that the situation is so bad that SLAA for some time now has not been able to meet all of its liabilities (including PAYE Tax). Management will continue pursuing efforts to have government agreeing to a set-off of the tax liabilities against debts owed SLAA by government agencies.
- The Committee point out that, the computerization of the accounting systems is an issue, the Managing Director informed the Members that the computerization project is now at final stage of completion. The new system is being test-run in parallel with the manual accounting system, with 1st January 2010 set as the switching-over date when the computerized version takes over fully.
- Furthermore, the bank overdraft facilities being exceeded, he told the Committee that this situation arose once in a while given the fragile financial situation of the Authority; these temporary distortions resulted in the cases when customers' payments by direct bank transfer into SLAA accounts delayed in maturing which much improvement have been done. Recovering debts continued to be a problem, especially government debts which are accumulating: This is actually the case. Management as a last resort has been requesting for a cross-debts settlement where by the Authority's tax liabilities become set-off against the debts of the government agencies. Management will continue pursuing this line of action.
- Although a cash basis policy has been adopted for collecting Aircraft Landing Charges, some airlines continue to accumulate these charges. This is true for airlines that ply the regional routes, which are quite problematic in settling bills. Because of the extremely small number of airlines operating into Freetown International Airport, the Authority is forced to continue contending with these problematic airlines. The withholding tax remittances were made on the basis of a

fully compiled list indicating the names of the payees from whom the taxes were withheld, the related payment voucher numbers, dates of payment, the invoiced amounts and the amounts of tax withheld. Incidentally, the National Revenue Authority's (NRA) auditors were at that time conducting an audit, and they verified the list quite thoroughly.

- He further told the Committee that the issue that formed the basis for Roberts FIR objecting to pay the sum of \$50,000 has already been resolved with them, and they have accepted to pay to SLAA the amount outstanding. Bank reconciliation statements were prepared monthly and then reviewed and signed by the Senior Revenue Accountant and/or the Chief Accountant. A file of these signed statements was maintained and kept by the Revenue Accountant. Apparently, the External Auditors carried out their review without reference to the signed copies in the file

#### **The Committee Recommendations:**

- *The Committee recommends that Management should inform the Committee about the outcome of the investigation within 21 day after the adoption of this report by Parliament.*
- *That whenever variances were observed Management should immediately investigate and take corrective measures*
- *The Auditor General should submit a follow-up Report on the implementation of recommendations by the Sierra Leone Airport Authority within 21 days after the adoption of this report by parliament.*

#### **34. SIERRA LEONE ROAD TRANSPORT CORPORATION (2001- 2004)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

- I. Much was lacking in the control environment of the Corporation. An Imprest System was not in operation.
- II. Part of the cash collected from bus fares and other income was used for making payments and the residue banked.
- III. Many of these payments were for the purchase of spare parts. There was an absence of control in the provision of spare parts to defective vehicles.
- IV. Management was in the habit of withdrawing monies from the Provident Fund Account for its own use and only making refunds in piecemeal or not at all.

- V. The sum of Le16M was withdrawn for the purchase of tyres and air ticket to Conakry for the Manager.
- VI. Only part of this money was refunded. It is observed that there was no record of movement of the issue of bus tickets to the various routes and tickets were also not issued in serial order.
- VII. A Procurement Unit was not in existence. Instead the Stores Department was responsible for the procurement, storage and issue of goods.
- VIII. A Fixed Assets Register to record assets owned by the Corporation was not maintained.

### **Management Response**

- The General Manager responded to the audit query on control environment that, since the king walker and associates (External Audit) audit of the Corporation's account in 2004, attempt were made to address issues and concerns raised with special attention paid to the financial control environment. He said the following are now implemented:
- Management had reviewed the position of the corporation's internal audit department with regard to the professional attitude, awareness and actions in executing its duties.
- Practicable internal control system is developed to enable the Corporation to withstand future financial challenges with a focus to eliminate potential fraud/financial mismanagement.
- All stock/store items purchase are physically verified as well as procurement process evaluated to ensure that the transaction is followed it diligence.
- Routine monthly internal audit is carried out to constantly monitor the Corporation's business in Freetown as well as its operations in the provinces.
- Moreover, he propounded that in compliance with the recommendations of the external auditor report of 2004, Management has introduced a petty cash imprest system and also instituted mechanism that all revenue collected is paid directly in to the Corporation's respective bank accounts without delay. He also confirmed with the Committee that spare parts are issued on work ticket bases for all faulty vehicles are now in place which a letter of request is made, signed by the Technical Manager and proper records are kept for reference purpose. On the other hand, he told the Committee that since the advent the National Social Security Insurance Trust (NASSIT) in 2002 which took over precedent to the then existing provident funds which prevented a possible tampering by the Corporation accounting staff. Employees in the Corporation prior to the era of NASSIT were inevitably transferred as a statutory requirement for all employers. On the issue of bus ticket he responded that the Corporation highly operates secured serial number ticket system. In addition tickets stubs are regularly audited to ensure the consistency of ticket sales and due process of its serial system has been followed.

- Subsequently, he informed the Committee that in compliance with Audit Recommendation on the setting up of a separate procurement unit this has been followed and added to that he underscored that constant touch with the National Public Procurement Authority for relevant advice is in place. Finally, he stated that Management is awaiting the outcome of an evaluation by a consulting firm called FORESEES which was recently contracted by National Commission for Privatisation (NCP) to evaluate the Corporation Assets and set up an asset register for the following years.

#### **Committee Observations and Recommendations:**

- *The Committee pointed out that the Management of Sierra Leone Transport Corporation were not transacting with the government owned banks and as a state own institution there is a need to bank with the indigenous banks. Although, the Managing Director explained that during the period of crisis the indigenous banks were nowhere to rescue them and this prompted them to make Eco-bank as the right option for savings and other products and services. Also he told the Committee that they took a loan to buy a set of buses with an interest rate of 14% while the other banks were trading at 24%. With regard to the above, the Manager begged the indulgence of the Committee to use this channel to ask the government to review the subvention happens to be given to the Corporation and which just stopped over years.*
- *The Committee also noted that the Road Transport Corporation Act of 1964 is obsolete and its content is now questioned by people, such as bus fare and other related matters need to be revisited. In addition to the above paragraph, the Committee recommended that the Corporation should review the 1964 Act through the supervisory Ministry and forward it to Parliament for ratification. The Committee also recommends further audit verification on the issues of the Corporation.*
- *The Committee recommends that audit should conduct further verification on the above subject matters within 21 days after the adoption of this report by Parliament.*

#### **35. SIERRA LEONE STATE LOTTERY COMPANY LTD. (2008)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

- I. Rent and utility bills due from the National Commission for Privatisation, to the tune of Le989,437,500.00, were still outstanding.

- II. The Company's properties in the United Kingdom (UK) were sold by the Government of Sierra Leone for a net amount of £481,703.34.
- III. This amount had still not been paid over to the company. Petty Cash disbursements made by the company in most cases exceeded the limit stated in the Company's Accounting Manual.
- IV. Outstanding cheques dating as far back as 2007 were included in the Bank Reconciliation Statements as reconciling items.
- V. In the circumstance, these were stale as at the end of the year. Bank Reconciliation Statements as at 31<sup>st</sup> December 2008 were not provided for four (4) accounts.
- VI. Differences were noted between balances in the Fixed Assets Register and those recorded in the General Ledger.

### **Management Response**

- The Committee noted that the Sierra Leone State Lottery Company and National Privatisation Commission should hold an in-house consultation on the issue of rent and utility bills which had been accrued for the past years.
- The Managing Director told the Committee that, they have reached an agreement with the retainers which they are willing to pay the amount of Le 989,437,500.00 at the end of August 2010. Furthermore, he informed the Committee that the company properties in the United Kingdom (UK-54 Southwark Bridge Road and 70/72 Union Street London) were sold by the Sierra Leone government at the cost of £ 481,703.34 and the transactions were done without the consent of the then management.
- He also comments that before the sale of the properties the company had been generating huge amount from these properties every month but this had been stopped over the years and a bottle neck had been created in the revenue stream of the company.
- On the issue of petty cash disbursement the Managing Director told the Committee that they have followed the recommendation from the auditors and much improvement had been done to prevent a repeat in the following years. He confirmed to the Committee that all outstanding cheques have been reversed and the bank reconciliation reports for the four accounts are now prepared every month. The differences between the fixed asset register and general ledger had been reconciled and the process is on-going.

### **Committee Observations:**

- *The Committee recommended that the Company Management should advice the Board of Directors to write off the amount (the proceeds of the sale of*

*company asset in the UK) from their books because of the long outstanding nature of the amount in their books.*

- *The Committee also recommends that the auditors should verify all the issues on Sierra Leone State Lottery Company under review.*

**Committee Recommendations:**

- *The Managing Director of the Sierra Leone State Lottery should ensure that the current management of NCP speedily finalise the arrangements for the settlement of these rents*
- *With regards the proceeds from the sales from the property in the United Kingdom totalling £481,703.34, the Committee recommends that the matter should be forwarded to the Anti Corruption Commission for further investigation.*
- *All relevant documents should be forwarded to the Auditor General and copy the Public Accounts Committee within 21 days after the adoption of this report by Parliament.*

**36. STATISTICS SIERRA LEONE 2007**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

- I. Contract documents for six (6) Projects were not available for verification. An opening balance of Le 612,930,000 was observed in a Suspense Account at the start of the year and reduced to zero balance at the end of the year and without adequate explanatory details.
- II. A Fixed Assets Register was not maintained to record assets owned by the agency. Grave anomalies were discovered in the treatment of accounting transactions.
- III. PAYE deductions of Le6,000,000.00 and Le690,000.00 and Withholding Taxes, totalling Le8,588,013, were not paid over to the National Revenue Authority.
- IV. Neither a Staff Loans Register nor a Loans Policy was in existence. It was observed that leave allowances, totalling Le5,549,658.00, paid to five staff were not acknowledged by recipients.
- V. Also the sum of Le 1,622,757.20 recorded, as leave allowances owed do not have supporting documents to substantiate the authenticity of these transactions.

- VI. The Accounting Manual was totally ignored and discarded for the period under review. Payment Vouchers were not serially pre-numbered and printed in triplicate.
- VII. Revenue, in respect of the sale of CPI bulletins, was not paid into bank. The Vote Service Ledger was poorly maintained.
- VIII. Subventions for salaries and other charges, totalling Le218,700,000.00, were not recorded in the Vote Service Ledger.
- IX. Records Management in the Finance Division was poor making retrieval of documents difficult.
- X. The Internal Audit Unit was grossly understaffed and did not prepare a Work Plan but its work was triggered by Management's request.
- XI. Regular Risk Assessment of the Council was not carried out and the Internal Auditor reported to Management instead of the Council.
- XII. Staff in the Finance Division was not trained in the use of the current Accounting Software. There was no clear timetable as to when the new software was going to be used.

**The Committee noted the explanation given by the Statistician General, Statistic Sierra Leone as follows:**

- The Statician General informed the Committee that the suspense account was not created by management in the financial statements sent to the auditors for audit but was emanated during the course of the audit.
- We realise that this amount was adjusted from fund balances figure provided in management's financial statement. Management noted the findings and have taken measures to develop standard agreements for all future contracts. Some of the services SSL render do not have a standing contract. When request for services are made to SSL, a proposal is being developed for funding. Explanation from the auditors reveal that Project capital grants acquired the course of the 2004 were not amortised over the period from acquisition to year ending 2006. Therefore the reversal was made through the fund balances account to restate the figures gain.
- Management recognises the risks and implications of not maintaining a comprehensive Fixed Assets Register and has not taken action inter alia in valuation of fixed assets taken over from Central Statistics Office.
- Management has awarded a certified professional Consultant to carry out an independent and credible valuation exercise on the Tangible Fixed Assets of the Institution. The final comprehensive asset register is available.

- The amount owing for PAYE to the tune of Le 6,000,000.00 and Le 8,000,000.00 have been to the respective authorities, Management has reviewed this query and from investigation it was revealed that withholding taxes were not deducted from project expenditures. In this case, it relates to expenditures on CWIQ project funded by DFID.
- A loan register is maintained both in the Quick Books and a manual version. A loan policy is currently being locked into the general strengthening of the policy framework at SSL.
- A Vote Service Ledger is now maintained
- An internal Auditor is recruited and is now in full operation
- The staff in the finance department is well trained with the new accounting package and the new accounting software is in operation.

**Committee Recommendations:**

*The Committee recommends that the Statistician General MUST submit all supporting documents within 21 days for verification by Auditor General after the adoption of this report by Parliament.*

**37. SIERRA LEONE TELECOMMUNICATIONS LIMITED (SIERRATEL)  
(2006)**

Mr. Speaker, Hon. Members, below are audit queries for the year 2008

- I. The general Internal Control System within the organization was very weak. The Internal Audit Unit did not have a formal work plan in place to effectively execute its tasks.
- II. As such Working Papers and/or Audit Reports were not produced for inspection. The Accounts were fraught with grave anomalies.
- III. Cash received by cashiers were still being used by Management for the day to day transactions and a cheque written later to reimburse the cashier.
- IV. Bank Reconciliation Statements were not prepared for various bank accounts with a total balance of Le81, 842,518.00

- V. Two Accounts were confirmed by banks which could not be traced to the Trial Balance as there were no reconciliations statements prepared.
- VI. Moreover, a dollar account held with a Bank was confirmed to have a nil balance whilst the Trial Balance showed a debit balance of Le6,124,620.
- VII. The system of debts management left much to be desired. The National Telephone Subscribers General Ledger Account recorded a balance of Le55,433,457,887 as at 31<sup>st</sup> December 2006.
- VIII. Of this balance, the sum of Le35 billion related to the Government of Sierra Leone for which negotiations were still in progress on how it could be settled.
- IX. The treatments of revenue also fell a short of accepted accounting principles. Differences were also noted between confirmations of balances received from creditors and debtors and those recorded in the General Ledger/Trial Balance.
- X. No confirmation was received from a company which claimed to have issues with Sierratel which were yet to be resolved according to Sierratel.
- XI. The company was undated with unserviceable and obsolete vehicles. With the exception of motor vehicles, the company did not have an Insurance Policy Cover for its Fixed Assets.
- XII. The net book value of property, plant and equipment as at the end of the year was Le18.7 billion. A Capitalization Policy was not in existence. No provision was able for end of service benefit as at 31<sup>st</sup> December 2006.

#### **IT General Controls Review 2006**

- I. Management of Sierratel was yet to develop and document its information security policy requirement to ensure that the system was working satisfactorily.
- II. The IT Department was not equipped with adequately skilled and trained personnel. Consequently, the operations of the IT Department were not well coordinated to ensure congruency with the company's wide goals.
- III. The IT Staff were not exposed to training courses to keep them abreast with developments in the industry.
- IV. An IT Strategic Document was not submitted for inspection. Proper controls were instituted over the IT operations although Sierratel had invested significantly in the acquisition of telecommunication infrastructure.
- V. However, it was observed that Sierratel was yet to develop a Disaster Recovery Plan/Business Continuity Plan to ensure its critical infrastructure was always available.

- VI. The back-up process was not adequate as CDs used for backup were not kept in an offsite location. Sierratel was yet to develop an Antivirus Policy and Procedure Document to guide the management of viruses.
- VII. Consequently, Sierratel had not implemented a corporate antivirus solution for its systems.
- VIII. A Revenue Assurance function to effectively identify and correct revenue leakages within the revenue streams to an acceptable level was not in existence.
- IX. The Billing Summary for both local and international calls was not checked for completeness and accuracy by an independent unit/individual.

### **Management Response**

- The Managing Director responded that the internal control system established by management is very sound and effective. However, as highlighted in the report, the department was understaffed it has been extremely difficult to effectively monitor these controls. Management has addressed the above mentioned problem by employing extra personnel in the Monitoring and Evaluation Division of the department to strengthen the department.
- Moreover, stock take of fuel is always carried out on the last day of the year by a combined team of external auditors, internal audit and the head of the finance team which conducts the count. The physical quantity counted is recorded on the stock card. This quantity is also recorded on stock sheet together with its value.
- Subsequently, the Managing Director informed the Committee that the difference of Le632.5m highlighted by the auditors was as result of wrong treatment. He said during the 2006 financial year the company was going through very serious financial difficulties as a result of which it was incapacitated to purchase fuel in large volume as it used to do in the past. The fuel purchased just to keep the machine intermittently running were supplied directly to the exchanges and not taken to the fuel station at Tower hill as stock. This anomaly was explained to the personnel conducting the audit but it has still been mentioned in the management report. The difference between the stock valuation sheets and the trial balance of Le966.9 million is been investigated and findings will be forwarded soonest.
- On the other hand, He told the Committee that they disagreed that controls over company cash are inadequate. The system of utilizing cash from treasury and then reimbursing cashier by cash has long been discontinued. Corrective measure had been taken from the auditors' Management report of 2005 and collections are now banked intact. A petty cash float system is now in operation. The issue related to fraud committed by some cashiers in 2003. Investigations were conducted by both

the Management and Board. The culprits were dismissed from service without benefit. As these amounts were irrecoverable Board paper was prepared for approval to write-off.

- The issue of bank account the Managing Director told the Committee that the company had only one foreign bank account outside the country in the United Kingdom which is Barclays Bank Knightsbridge. As a result of reduction in company operations in 2004, 2005, 2006 and part of 2007 much banking activity was not recorded in this account. Only minimal amount was kept in this account to service fees until the bank advised the closure of the account in 2008. Hence, no regular reconciliations were carried out on a monthly basis. There was also a legitimate account owned by SIERRATEL in Lungi after the war, as there were not much operational activities going on in Lungi a letter was written to the Standard Chartered Bank to provide the company with balance on the account and at the same time to transfer such balance to the company account No.0100125000-01 at the bank's headquarters in Freetown.
- Contrary to audit observation, revenue raised for each interconnect partner is calculated on a monthly basis. All invoices raised for traffic termination, both for local and international are done on a monthly basis and never accumulated. They are also posted on a monthly basis. The duplications in posting are human errors and these were reversed the sooner they were highlighted to management.
- The Committee also noted that during 2006, the indebtedness of SierraTel to other network operators was a course to alarm other networks blockaded SIERRATEL traffic from termination into other networks. Hence, traffic was only one way and that was from other networks to SIERRATEL network.
- Also on the issue of impairment of fixed assets, the Managing Director told the Committee that SIERRATEL had made recommendation to the Board Management to perform an impairment review exercise to determine the actual current value of each asset by comparing the carrying amount against the recoverable amount so as to adjust the values where impairment has taken place. In addition to company assets the motor vehicles and the gateway equipments are insured. However, they are in agreement that all assets of the company should be adequately insured. Contrary to the audit observation, the company has a capitalization policy
- Subsequently, staff list as at December 2006 was prepared by the Human Resources and Administration Department and submitted to one of your auditors. Based on the required data provided for that schedule, it was expected that the external auditors will prepare the required provision for the end of service benefits for all staff members as at year end 2006. SIERRATEL has well defined organizational structure and job descriptions detailing the scope of the duties and

responsibilities of all personnel. However, due to the acute shortage of personnel in some departments, adequate segregation of duties has not been ensured as one personnel was responsible to do one or two different jobs at the same time but not compromising the relevant controls in place.

- Finally, the Managing Director confirmed to the Committee that with the emergence of new projects and the restructuring is going on, job descriptions and responsibilities are distributed to both old and new staff.

### **The Committee Observations and Recommendations**

- *It was observed by the Audit General that debtors' reconciliations are now carried out by the Finance Department for Local National subscribers. The reconciling balances in the general ledger with the detailed analysis from the Billing Department and all differences noted, investigated promptly and corrected. In addition, a Credit Policy had been developed to reduce the risk of debt going bad.*
- *The company must put in place adequate finance staff that efficiently carry out the financial operations of the company such as the monthly preparation of bank reconciliation statement*
- *The Committee recommend that traffic minutes between the company and it's interconnect partners are reconciled on a monthly basis and significance variance identified, properly investigated and resolved promptly.*
- *That detail of staff leaving the company should be communicated to the Payroll Section prior to the last day of employment so that payroll records can be updated.*
- *The Auditor General should follow-up on the Committees' recommendations and submits a report to the Committee within 21 days after the adoption of this report by Parliament.*

## **CONCLUSION**

*Let me take this opportunity to thank Honorable Members of the Public Accounts Committee for their cooperation and commitment to work.*

*Special thanks also goes to the former Auditor General and staff of Audit Service Sierra Leone for providing technical assistance and working documents to enhance the operations of the PAC.*

*The Committee is also grateful to the WORLD BANK and the Ministry of Finance and Economic Development through the Public Financial Management Reform Unit in the Ministry for their support in the form of capacity building programmes to enhance the efficiency and effectiveness of its operations*

*Noted here, is the endless effort of the Public Accounts Committee Clerk (Mr. David Saffa) for his commitment to work and in facilitating the inscription of this Report.*

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

### **MOTION OF THE PUBLIC ACCOUNTS COMMITTEE**

**PROPOSER: HON. VICTOR CHUKUMA JOHNSON**

**SECONDER: HON. KOMBA ERIC KOEDOYOMA**

**BE IT RESOLVED:**

**THAT THIS HONOURABLE HOUSE RATIFYS THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF SIERRA LEONE FOR THE YEAR 2007 AND THAT THE RECOMMENDATIONS CONTAINED THEREIN ARE FULLY IMPLEMENTED BY THE EXECUTIVE.**

