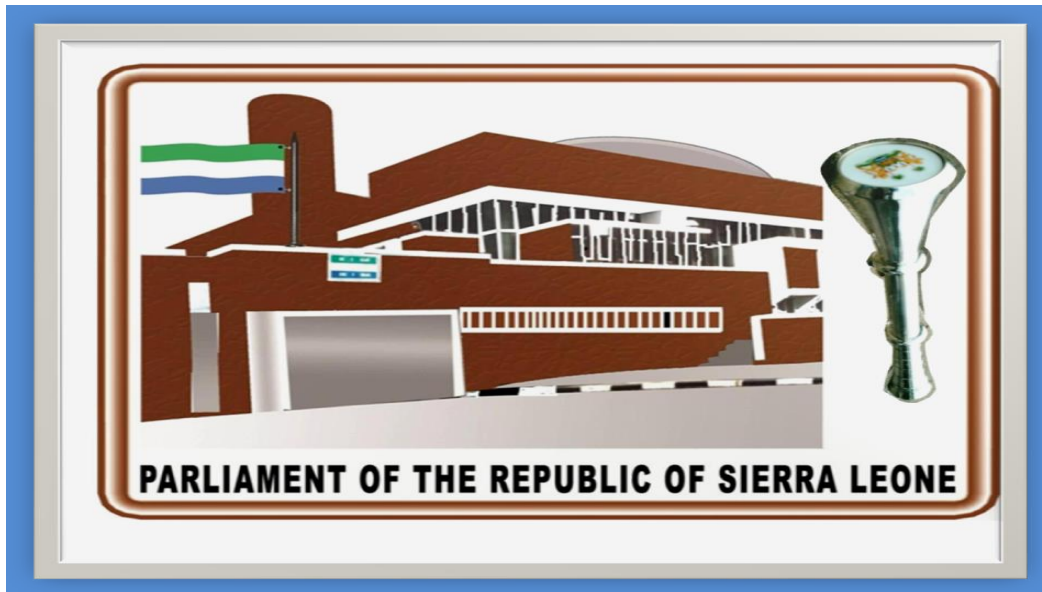




**PUBLIC ACCOUNTS COMMITTEE REPORT
ON
THE AUDIT OF FUNDS MANAGED
BY
THE NATIONAL COVID-19
EMERGENCY RESPONSE CENTER AND OTHER MDA'S**



**SUBMITTED BY:
HON. SEGPOH SOLOMON THOMAS
CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE
SIERRA LEONE PARLIAMENT**



OAU DRIVE, TOWER HILL, FREETOWN

PUBLIC ACCOUNTS COMMITTEE REPORT

ON

THE AUDITOR GENERAL'S REPORT

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LIST OF ACRONYMS AND ABBREVIATIONS

ACC	Anti-Corruption Commission
ASSL	Audit Service Sierra Leone
CHC	Community Health Center
CSOs	Civil Society Organisations
DiCOVERCs	District Coronavirus Emergency Response Centers
GST	Goods and Services Tax
ICT	Information Communication Technology
IHPAU	Integrated Health Projects Administration Unit
MTA	Ministry of Transport and Aviation
NaCOVERC	National Coronavirus Emergency Response Centre
NATCOM	National Telecommunication Commission
NPPA	National Public Procurement Authority
PAC	Public Accounts Committee
SOPs	Standard Operating Procedures

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INTRODUCTION

Mr Speaker, Honourable Members, the outbreak of COVID-19 has posed and continues to pose huge challenge on Africa's resilience. Considering the socio-economic impacts caused by the pandemic, coupled with inadequate funds to mount aggressive response mechanisms, many African countries solicited funds from wealthier nations, organizations and individuals to curtail the contagion.

In Sierra Leone, the Government began the implementation of its readiness in March, 2020 after receiving the first chunk of funds from the Ministry of Finance. The confirmation of the first Coronavirus case on 31st March 2020 by His Excellency the President, Rtd Brigadier Julius Maada Bio, lured individuals, organisations and countries to make material and financial donations to enable Government's response strategy to curb the pandemic. The steady inflow of funds and other resources from local and international donors resulted in the establishment of the National Coronavirus Emergency Response Centre [NaCOVERC] to manage these resources under the direction and leadership of the Interim Coordinator, appointed by the President.

Acting in accordance with Section 119 [7] of the 1991 Constitution of Sierra Leone and Section 11 of the Audit Service Act of 2014, the Auditor General and team decided to conduct a 'real time audit,' covering activities from March to June 2020; as was the case during the Ebola scourge in 2014 and the Mudslide in 2017. This implies that it is not

unusual for Audit Service Sierra Leone [ASSL] to conduct audits on the management of funds and other resources during emergency situations.

The Public Accounts Committee [PAC] noted that countries affected by COVID-19 are yet to call for 'real time audits' in the midst of this pandemic, especially in emergency situations, like this one. Parliament is therefore heartened to note that this COVID-19 audit is an indication of Government's commitment to the principles of transparency and accountability; hence, the Audit Report provoked an extraordinary level of public interest in the form of spirited and in most cases acrimonious discourses, often based on personal opinions, misconceptions, misinterpretations, and thus undermining the role of the PAC.

That situation encouraged Parliament's intervention, reminding the public of the rights of officials and other individuals mentioned in the report to be respected until a fair hearing by the PAC is concluded. It is against this background, and in accordance with the Standing Orders of Parliament and the laws of Sierra Leone, that the PAC conducted public hearings on the Audit Report of COVID-19 Funds in the House of Parliament.

The hearings attracted huge public interest in terms of the number of attendees ranging from government officials and development partners, to non-governmental and civil society organisations and the media. The Committee wishes to state here that audit findings or queries contained in this report are almost reproduced verbatim as mentioned in the AG's Report on the audit of funds managed by NaCOVERC.

ESTABLISHMENT OF THE PAC

The PAC is established pursuant to Section 93 [1][e] of the Constitution of Sierra Leone Act No.6 of 1991 and Section 70[6] of the Standing Orders of the Sierra Leone Parliament.

ROLE AND RESPONSIBILITIES OF THE PAC

The PAC is one of the Standing Committees of Parliament. The duties and powers of the PAC are prescribed in the Constitution of Sierra Leone, Act No. 6 of 1991 and the Standing Orders of the Sierra Leone Parliament. The Committee plays significant role in enhancing transparency and accountability for the use of public funds. Members of the PAC are responsible for reviewing the Auditor General's reports submitted to Parliament, including special and performance audit reports. It focuses on:

- the effectiveness of financial management and service delivery;
- helping Parliament to hold the Executive to account for their actions;
- improving the efficiency and effectiveness of Government operations;
- monitoring the achievement of MDAs in relation to their Annual Work Plan and Strategic Plan; and
- reinforcing transparency and good governance.

The Committee meets in public and publishes its proceedings in the form of reports. Its work helps to ensure transparency and openness of Government by providing a public arena in which government spending is explained and debated and those responsible for the spending are held to account for their actions.

OBJECTIVES OF THE EXERCISE

The primary objective of the public hearings on COVID-19 Audit Report is to ascertain whether the issues raised in the Report are true reflection of what actually transpired at NaCOVERC and other MDAs mentioned.

The specific objectives of the exercise are:

- to enable the public understand that the conclusions in the COVID-19 Audit Report are mere opinions until after a fair hearing is conducted by the PAC;
- to determine whether the funds and other donations received to fight the pandemic were utilised for the intended purpose;
- to ascertain whether disbursements were made in accordance with the required procedures, and were supported by sufficient and appropriate evidence;
- to determine whether overpricing, as repeatedly mentioned in most of the transactions, in the procurement of goods and services, actually take place;
- to determine the extent to which MDAs, including NaCOVERC [the lead in the fight against COVID-10], adhered to procurement regulations and the tax laws of Sierra Leone;
- to identify, where applicable, administrative lapses and suggest ways of improving NaCOVERC's efficiency and effectiveness; and
- to protect the rights and liberties of officials until proven otherwise.

MEMBERSHIP OF THE PAC

In line with SOs 70[1], the Public Accounts Committee comprises the following Members:

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

THE SECRETARIAT

The Committee was supported by the PAC Secretariat which compiled its findings in the form of this report. As principal adviser to the PAC, the Secretariat provided useful information bordering on procedures, as well as the listing of the appropriate officials and experts required to attend the hearings.

COLLABORATION

The PAC worked in collaboration with Audit Service Sierra Leone [ASSL] and Anti-Corruption Commission [ACC]. Whereas ASSL provided technical assistance that enabled the Committee delivered effective public engagement on COVID-19 Audit Report, the Committee referred certain issues deemed to have been criminally transacted to the ACC [which was established by an Act of Parliament with enormous prosecutorial powers], to further investigate and possibly prosecute individuals for their involvement in procurement irregularities.

METHODOLOGY

The hearings comprised a review of COVID-19 Audit Report laid before Parliament and other relevant supporting documents submitted during public hearings. That's beside, the Committee visited NaCOVERC to physically verify the existence of assets that were not made available for audit verification. The PAC further conducted interviews with officials of NaCOVERC and other MDAs who were part of managing COVID-19 funds, aiming at gaining insights into the capacity of the officials involved, their scope of responsibility, general management of the funds, and other specific areas of major concern such as awarding of contracts, payments made to contractors, payments to health workers, payment of withholding taxes, and delivery of materials and services.

Enquiries into these areas started with a presentation by the Deputy Auditor General in charge of specialised audit who explained the findings and recommendations as are contained in the Report. Those explanations enabled Members of the PAC to better understand the issues and to further investigate specific areas of concern. Similarly, the explanations enabled the witnesses to fully understand the issues mentioned in the Report. Examining such specific issues resulted in summoning officials of the relevant MDAs, contractors and implementing partners to respond to queries relating to their involvement in the management and disbursement of COVID-19 funds.

SCOPE OF THE EXERCISE

The public hearings on COVID-19 Audit Report lasted for three [4] days [27th January, 2nd, 3rd and 10th February, 2021], and covered all MDAs, including NaCOVERC that were directly involved in the management of COVID-19 funds.

GENERAL OBSERVATIONS AND RECOMMENDATIONS

Mr Speaker, Honourable Members, summaries of the Committee's general observations and recommendations on some of the salient and critical queries raised in the COVID-19 Audit Report are indicated below:

1. Administrative Lapses

The Committee observed from the review of the AG's Report and its discussions with NaCOVERC's officials that there was widespread systemic failure in administrative responsibilities and management functions in the Ministry of Health, NaCOVERC and other institutions involved in the disbursement of COVID-19 funds. This may be an indication for alertness in government institutions.

In view of the above, the Committee recommends that more attention and support is given to the aforementioned institutions, as well as other service providing institutions and the NPPA to prevent future occurrence of this nature.

2. Withholding Taxes Not Deducted and paid on Time

The Committee observed from the review of COVID-19 Audit Report that withholding taxes were not deducted and paid into the CRF on time until after the intervention of ACC and PAC. The delay could have prevented Government access to such funds at the material time and thus delay the implementation of Government projects.

Thus, the Committee strongly advised NaCOVERC Coordinator and other officials to ensure that in future, the requirement of deducting and paying same and on time into the CRF, are strictly adhered to.

3. Weak Internal Audit Functions

The Committee noted from its discussions with the auditors and the relevant officials that the internal audit units of NaCOVERC, Ministry of Health, and Ministry of Transport and Aviation were indecisive in providing effective internal audit function. Thus, issues bordering on internal controls were not brought to the attention of managements for quick administrative action until flagged up by the external auditors after damages were done.

In view of the above, the Committee heartened managements, especially NaCOVERC, to ensure that in future, the internal audit units provide effective oversights of the operations of the Response as early as possible.

4. Inadequate Supporting Documents

The Committee discovered from the review of the AG's Report and its discussions with officials of the various institutions that accountable documents submitted to the PAC and the auditors were inadequate to sufficiently support several disbursements made by the Response and MDAs.

Contingent upon the above, the Committee advised Management to ensure that in future adequate accountable documents are submitted to the auditors

for inspection, otherwise an uncompromising action would be taken against defaulting officials.

5. Vehicles and Motorbikes Overpriced

Contrary to the auditors' observations that most procurement transactions were inflated, the Committee noted that procurements relating to the vehicles and motorbikes were within the price norm as confirmed by the head of the National Public Procurement Authority [NPPA].

In that regard, the Committee recommends that issues bordering on overpriced transactions regarding the vehicles and motorbikes are closed.

6. Indolence Amongst Civil Servants

From its discussions with the officials appeared before the PAC, lethargy and lassitude were observed amongst civil servants who spent the better parts of their time on social media and thus failed to provide adequate explanations or present sufficient accountable documents on time which had resulted in issuing scandalous inferences by the auditors in the course performing their duties.

Thus, the Committee advised Vote Controllers to ensure that administrative sanctions are taken against erring civil servants who neglect their duties, thereby subjecting the image of this country doubt and ridicule.

7. Assets Management

The Committee observed from a sample of assets examined during its visit to NaCOVERC that all assets that were in use have been coded, an assets register and assets capitalisation policy have been put in place. However, it was observed during an inspection tour that the main store, housing major items, such as mattresses, rice, wheelchairs, etc. at the Joint Logistics Unit was not properly kept, as the floor was littered with some items that could have been racked or placed on pallets.

The Committee urged Management to ensure that:

- **NaCOVERC's assets capitalisation policy is enforced to the letter;**
- **newly acquired assets are properly marked and the fixed assets register updated as and when necessary; and**
- **stock items and materials are appropriately kept using the best methods and are protected from pilfering, damage and deterioration, whilst in transit to their destinations.**

SPECIFIC OBSERVATIONS AND RECOMMENDATIONS

Lack of a Public Financial Management Law in the use of Le92.1bln

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

- the Attorney General published the 'Coronavirus Disease Emergency Fund Regulations' on 7th May 2020, which excluded the application of the Public Financial Management [PFM] Act of 2016 and the National Public Procurement Act [NPPA] of 2016, but failed to provide alternative legislation in the management of funds allocated for that purpose;
- there was however another publication by the Attorney General on 5th August 2020, titled "The COVID-19 Public Emergency Response Coordination Regulations, 2020" which provided alternative PFM framework, but that became applicable after the conclusion of the audit exercise. This situation created by the Attorney General, resulted in the absence of any form of public financial management law/regulation or rules at the same time that **Le92.1bln** of public funds are expended by the NaCOVERC and other MDAs; and
- even though the Attorney General created this PFM lacuna, as far as procurement was concerned, all of the MDAs involved used the PPA, 2016 as the basis for procuring goods and services. As a result, the audit used the PPA, 2016 to test compliance with same.

Asked to react to the abovementioned audit query, the Permanent Secretary [PS] to the Office of the Attorney General and Ministry of Justice refused to comment on the matter, stating that she had no knowledge of the issue.

Lack of a Strategic Direction from a Management Team that was paid Allowances in excess of Le 3.1Bln

From the review of COVID-19 Audit Report, the Committee noted that the Strategic Leadership Team at the NaCOVERC comprised of 42 personnel in April, 77 in May and 61 in June 2020 was paid total allowances of **Le3, 169,200,000** as at 30th June, 2020. The Report however noted that as at the time of audit, the team had not developed a well-focused and costed response strategy to guide the response, but a draft response was developed on 5th August, 2020. The auditors inferred that the lack of a cohesive strategy might have resulted in decisions being made consistently on an ad hoc, uncoordinated and inconsistent manner, which in return might have resulted in hampering the effectiveness and efficiency of the response, thereby leading to more infections and even possible loss of lives.

The Report further disclosed that Sierra Leone took about 126 days, from the date of the announcement of the indexed case on 31st March 2020 to the production of a response plan on 5th August 2020, adding that the small West African state of The

Gambia was able to produce a similar strategy within 71 days of announcing its first case.

The Committee's discussions with Management revealed the following:

- a National Preparedness Plan was developed in August and that the expenditures mentioned in the audit report were approved by the His Excellency the President as Chairman of the Presidential Taskforce Committee;
- the National Preparedness Plan is currently in use and has been very effective to combat the impacts of COVID-19 in the country; and
- the delay in the preparation of the COVID-19 Response Plan was due to the emergency nature of the situation, since all energy and time were directed towards containing the virus in order to save lives.

In view of the above, the Committee noted Management's explanations as reasonable considering the situation at the material time and therefore recommends that this issue be closed.

Procurement of 30 Motorbikes for the ONS, for Le651mln

The Committee observed from the review of COVID-19 Audit Report the following:

- the Accountant General paid **Le651, 060,000** for 30 motorbikes to be supplied to the ONS without evidence to indicate how the procurement and supplier came about. The supplier who may not be GST registered charged **Le84, 920,869** for the same; and
- based on documents reviewed, it turned out that Speedwing Investment Ltd was not in the business of selling motorbikes, but was rather a 'middleman' who was awarded this contract in circumstances that were never made clear to the auditors. Thus, the audit was able to determine that when compared with the primary supplier, KAM 125 Enterprises, the contract price was hugely inflated and resulted in the loss of public funds of **Le276, 060,000**.

The Committee's engagement with ONS Management and other Officials revealed that:

- Speedwing Investment Ltd tendered in evidence a receipt in respect of **Le84, 920,869** paid to the NRA as GST payment;
- Speedwing Investment Ltd has been in the database of ONS as one of the major suppliers for a very long time; and
- the 30 motorbikes were procured within the price norm as confirmed by the Chief Executive Officer of NPPA, Brima Swarray.

Contingent upon the above, the Committee recommends that the issues be closed.

Misuse of Public Funds by the Ministry of Health and Sanitation [Le 5,216,400]

From the review of COVID-19 Audit Report, the Committee observed that funds allocated by government to fight COVID-19 were used by the Ministry officials to procure personal high-end gadgets, including an Apple Airpod, a JBL Bluetooth speakers and a headset Neck Bluetooth, which had no bearing on the response.

The Committee's discussions with Officials of the Ministry of Health and Sanitation revealed that:

- the procurement of the said gadgets was authorised by the Minister of Health and Sanitation and approved by the PS to enable the Minister attend Cabinet and other international meetings via zoom;
- the PS is now the bona fide owner of the said gadgets because the amount in question had been refunded due to directives by the ACC and the receipt was submitted to the Committee for verification;
- the PS submitted documents [i.e., request and approval], showing how this particular procurement transaction was initiated and executed.

After a careful scrutiny of the documents submitted [i.e. refund receipt and the procurement documents] and a thoughtful review of various testimonies proffered by Officials of the Ministry, the Committee recommends that the matter be closed since the amount in question had been rebated.

Procurement of 100 Motorbikes and 30 Vehicles by the MTA for Le20bln

From the review of COVID-19 Audit Report, the Committee observed the following:

- the Ministry of Transport and Aviation [MTA] signed a contract with a "middleman" supplier Anagkazo Ventures on 24th April 2020 to supply 30 brand new assorted vehicles and 100 motorbikes [TVS-ZT-125 Model] for and on behalf of NaCOVERC at a contract value of **Le20, 061,000,000;**
- the Ministry's decision to engage a supplier who was a mere middleman, instead of dealing directly with the primary suppliers resulted in a total inflated price of **Le3, 241,774,484;**
- the Supplier breached the terms of the contract, as two of the vehicles delivered were not brand new; and
- NaCOVERC failed to register and insure the vehicles and motorbikes, despite the fact that the Ministry provided it with quotations from both NIC and SLRSA and the ASSL highlighted this matter in the draft audit report.

The Committee's deliberations with the Ministry's officials, the Supplier and other key stakeholders revealed that:

- Over **90%** of the vendors in this country are 'middlemen' or 'brokers' who earn their living on commission in return for services rendered and that MDAs utilise 'middlemen' in almost all procurement transactions;
- there was no overpricing in the purchase of the 30 vehicles and 100 motorbikes because the costs were within the scope of the NPPA price norm when compared to quotations sent by other bidders;
- after subjecting the two vehicles to yet another expert examination to establish whether they are new or old, the independent examiner's report disclosed the following:
 1. the vehicles in contention were new, but they were not handled properly;
 2. the under carriers needed to be repaired; and
 3. the engine oil, oil filters and fuel filters needed to be replaced.

In view of the above, the Committee recommends that the under carriers are properly serviced and that the engine oil, oil filter and fuel filter are replaced.

Procurement of 60 Motorbikes [KAM125] for RSLAF, costing Le1.3bn

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

- the Ministry of Defence procured 60 motorbikes on behalf of the RSLAF using the Public Procurement Act, 2016;
- the unit price of the motorbikes as per contract was highly inflated, thereby resulting in the possible loss of **Le552, 120,000** of public funds; and
- the supplier who may not be registered for GST with the NRA, charged **Le169, 841,739** for GST, without providing an NRA approved GST Invoice.

Asked to provide an expert opinion whether the unit price of the motorbikes was highly inflated, the Chief Executive Officer of NPPA, Brima Swarray, informed the Committee that the unit price for every motorbike was within the NPPA price norm. The vendor submitted document in respect of the **Le169, 841,739** charged for GST.

Thus, the Committee recommends that this matter be closed.

Procurement of goods and services by the Finance Team of IHPAU for Le143, 950,000

The Committee observed from the review of COVID-19 Audit Report that the sum of **Le143, 950,000** was spent by IHPAU to procure goods and services for the COVID-19 response. The Report however disclosed that evidence to indicate how the procurement came about and the proof of performance/delivery, were not provided for verification.

Questioned the whereabouts of the **Le143, 950,000**, the Deputy Coordinator disclosed that the Communication Pillar of NaCOVERC expended same on Civil Society

Organisations [CSOs] to assist in COVID-19 sensitisation process after a decision to 'realign' those funds [instead of procuring items originally budgeted for] was taken.

Further scrutiny into the audit query revealed that a request showing approval to 'realign' the sum of **Le143, 950,000** was submitted to the Committee for inspection, but was not provided to the audit team for verification. Thus, the Committee inferred that any transaction without proper paper trail casts doubt and suspicion; hence, the issuance of scandalous conclusions by the auditors. The Committee added that presentation of accountable documents should not be an afterthought because "Money matters are serious matters and not of fancy."

The Committee further observed that the outrageous and despicable inferences usually issued by the auditors could also be attributed to the indolent nature of civil servants who hardly account for a day's work.

While recommending the closure of this audit query, the Committee demanded tough administrative actions such as suspension without salary or termination against indolent civil servants who could not properly account for a day's work.

Procurement of 40 Motorbikes [KAM125] for the SLP worth Le868mln

The Committee observed from the review of the AG's Report that the Sierra Leone Police [SLP] was allocated **Le868, 080,000** to procure 40 motorbikes for the institution. The Report disclosed that the unit price of the motorbikes as per contract was highly inflated, thereby resulting in the possible loss of public funds of **Le368, 080,000**.

In his expert opinion, the Chief Executive Officer of NPPA, Brima Swarray, informed the Committee that the unit price for the motorbikes was within the NPPA price norm.

In view of the above, the Committee recommends that this matter be closed.

Payments without Adequate Supporting Documents Amounted to Le3.1bln

From the review of COVID-19 Audit Report, the Committee observed that payments totaling **Le3,107,615,950** in respect of the MoHS, IHPAU, and NaCOVERC were not supported by adequate documentary evidence such as, retirement details for cash advances and Imprest, evidence to confirm that contracts were delivered according to specifications, invoices and receipts, beneficiary list, and reports.

Asked to explain the whereabouts of the documents, the Deputy Coordinator stated that at the time of audit, many transactions were still ongoing; and as a result, it had been extremely difficult to submit complete documents to the auditors at the material time. He however disclosed that during audit verification exercise, documentary

evidence showing considerable reduction of the **Le3, 107,615,950** were made available to the auditors for inspection.

Despondent over Management's failure to treat audit queries with urgency and seriousness, coupled with its intention to submit accountable documents to the PAC in piecemeal, the Committee recommends that the ACC investigates this matter and reports to this House within 30 days of adoption of this Report by Parliament.

Withholding Taxes deducted but not paid to the NRA amounted to Le1.8bn

The Committee observed from the review of the AG's Report that withholding taxes which amounted to **Le1, 831,522,446**, were deducted from the payments made to contractors and suppliers by MoHS, IHPAU, and NaCOVERC, but not paid to the NRA.

Asked to explain why the amount was deducted but not paid to the NRA, the Deputy Coordinator tendered in evidence NRA receipts totaling **Le1, 831,522,446**. The Coordinator apologised for failing provide the documents to the auditors at the time of audit.

Whilst recommending the closure of this matter, the Committee reechoed its earlier admonitions to Vote Controllers that tougher sanctions would be issued against officials who fail to comply with the tax laws of Sierra Leone.

Withholding Taxes of Le39.4mln were not deducted from payments to suppliers

The Committee observed from the review of the AG's Report that withholding taxes which amounted to **Le39, 404,089**, in respect of IHPAU and NaCOVERC were not deducted from certain payments made to contractors and suppliers, even though those payments met the minimum threshold for deduction of the same.

In his response, the Deputy Coordinator submitted documents in respect of **Le39, 404,089** withholding taxes deducted and paid to the NRA.

Thus, the Committee recommends that the issue be closed.

Suppliers' Payments of Le124.7mln made Through a Staff Member

The Committee observed from the review of the AG's Report that cheque payments which amounted to **Le124, 714,280** were made in the name of one staff member of NaCOVERC, instead of the contractors/suppliers whose services were engaged or goods bought. In particular, there was a payment of **Le23, 230,000**, to one supplier in what can only be described as suspicious circumstances as there are too many inconsistencies.

The Committee's discussions with officials of NaCOVERC revealed that:

- the Procurement Lead, Brigadier Augustine Fefegula, received the sum of **Le124,714,280** for onward disbursement to contractors for the maintenance of NaCOVERC's Headquarters at Kingtom as recommended by the 'Needs Assessment Committee; and
- since the payments were made from the Special Imprest and approved by the Coordinator [as argued by the Finance Director, Mr Kaiwa], direct payments to contractors could not have been appropriate due to the fact that funds from such Budget Head required proper retirement at the end of implementation.

Describing such practice as 'brute method of disbursement with grave financial risks which required meticulous probing, the Committee recommends that the ACC conducts proper investigation and prosecutes officials who will fall short of this anomaly and report to the House within 30 days of receipt of this Report by Parliament.

NaCOVERC paid Le6.2bln as Allowances without Even a Basic Human Resource System in Place

From the review of the AG's Report, the Committee observed that the National Interim Coordinator authorised [with the exception of healthcare workers paid in line with an MOU between MoF, MoHS and other stakeholders], the payment of the sum of Le6.2bln for April to June 2020, without any human resource management [HRM] system in place. The recruitment and remuneration process was flawed, it lacked transparency and credibility. The AG's Report further disclosed that:

- a bank error of **Le8, 500,000** in favour of NaCOVERC went unnoticed until it was discovered by the audit team;
- some 46 seconded public sector workers were paid allowances by NaCOVERC of more than **100%** of their current salaries, in contradiction of the advice of the Ministry of Finance to NaCOVERC on this matter;
- the non-deduction of the sum of **Le2.1bln** of withholding taxes and PAYE from the payment of allowances to consultants and public officers respectively; and
- the payment of unjustified additional allowances of **Le194mln** to a selection of workers.

The Committee's enquires into the above mentioned audit queries unveiled that:

- the issues relating to the bank error of **Le8, 500,000** and the **Le2.1bln** withholding taxes had been addressed; and

- the work of the staff who were appointed by the President whilst others were on technical experience requires special remunerations such as risk or life and health insurance, especially the frontline workers whose lives were on the line;

While the PAC applauded Management for resolving issues relating to the bank error of **Le8, 500,000** and the **Le2.1bln** withholding taxes, the Committee however dispelled Management's convoluted and unsubstantiated explanation on the payment of additional allowances of **Le194mln** to a selection of workers.

In view of the above, coupled with Management's failure to submit the original and revised salary structure, the Committee recommends that the ACC investigates the utilisation of the Le194mln and report to the House within 30 days of receipt of this Report by Parliament.

Verification of NaCOVERC Staff/Consultants - Le2.1bln paid to Unidentified Workers

The Committee observed from the review of AG's Report that from a staff strength of 884, the auditors verified a sample of 430 staff members [i.e. 316 government employees on Secondment and 114 NaCOVERC recruited consultants / employees] who were working in Freetown. The Report disclosed that a total of **Le2.1bln** was paid to a list of members of staff who did not report for physical audit verification.

Questioned why the staff failed to avail themselves for physical audit verification, the Deputy Coordinator disclosed that a significant number of the staff, especially the frontline workers, such as contact tracers, were in the field responding to emergency situations; and as such, it would have been inhuman to recall those staff for such exercise as they were fighting to contained the contagion.

Following Management's unconvincing explanation on the failure of those staff members to avail themselves for physical audit verification, the Committee recommends that the ACC investigates this matter and reports to this House within 30 days of adoption of this Report by Parliament.

The Sum of Le8, 016,258,841 was expended on quarantined Facilities without Adequate Supporting Documents.

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

- several guesthouses, hotels and other hospitality businesses were contracted by the MoHS, IHPAU and NaCOVERC to provide quarantined facilities including accommodation and catering services [i.e. providing food and non-food items] for the period under review;'
- in one instance, it was noted that there was a lack of due diligence by both the MoHS and NaCOVERC in the payment of invoices in relation to a particular contract.

These administrative lapses resulted in an overpayment of **Le2, 236,606,251** to Buyas Hotel;

- in another instance, six framework contracts for catering services with total invoice value of **Le2,306,089,000** as at June 2020, were awarded to a small construction company, Swendeh Ltd., whose tax liability for two years was **Le9mln.** The circumstances that led to the selection of this service provider for all six contracts using sole sourcing were opaque.

The Committee's engagements with officials of NaCOVERC, MoHS and Contractors/Suppliers revealed that Swendeh Ltd was exclusively invited by Management to bid for the contracts since the Company had been in the database of the Ministry of Health; and that certain procurement regulations were rendered latent due to the emergency nature of the situation.

Mr Speaker, Honourable Members, after a careful review of contract and procurement documents, and various testimonies from Suppliers and Managements, the Committee observed the following:

- the contract between NaCOVERC and Buyas Hotel was entirely misconstrued because since the hotel facility was used as a quarantined home for Coronavirus patients, lodgers were indirectly prevented from using the same facility as nobody in his/her right frame of mind would have loved to be lodged in such facility with COVID-19 infected persons; and
- the Procurement and Technical Committees constituted in respect of the catering services contract awarded to Swendeh Ltd contravened Section 65[3&4] of the Regulations on Public Procurement. Section 65[4] states: **"To ensure transparency, members of the Evaluation Committee shall not be directly involved in the approval of any award of contract."** The Committee noted that one of the members of the Procurement Committee was also a member of the Technical Evaluation Committee.

Contingent upon the above, the Committee recommends that:

- **the outstanding amount of Le2,103,750,000 is paid to Buyas Hotel with immediate effect and that the contract between both parties is reviewed in the not distant future;**
- **the Ministry of Health and Sanitation adheres to procurement procedures at all time; and**
- **in the not distant future, the Ministry of Health and Sanitation, the parliamentary Committee on Health and the National Public Procurement Authority champion the enactment of a law to guide procurement**

activities during emergency situations. The said law will address questions relating to the time deemed necessary to audit an institution like NaCOVERC or any other institution established for that purpose during emergency situations or the type of procurement procedure to be applied.

Assets with Estimated Value of Le453mln not verified

From the review of COVID-19 Audit Report, the Committee observed that:

- in addition to assets donated to NaCOVERC, various suppliers were paid for the purchase of assets for the period under review, but the auditors noted that the price paid by NaCOVERC was inflated by a total amount of **Le111,914,542**; and
- NaCOVERC failed to confirm the existence of assets with estimated value of **Le453,152,000** as they were not made available for physical verification.

In his response, the Finance Director disclosed that every procurement transaction was approved by the National Interim Coordinator before funds were disbursed; and that payments were made by his Department based on documentation.

On Management's failure to confirm the existence of assets, the Committee visited the offices of NaCOVERC and the Joint Logistics Unit to physically verify the existence of certain assets mentioned in Appendix 16 of the Audit Report. The Committee was presented with samples of wheelchairs, stockpiles of mattresses and pillows, i-5 and i-7 Laptop Computers, Smart Phones, Veronica Standing Pumps and a Milla Tank with a capacity of 10,000 liters.

Questioned the whereabouts of those items at the time of audit, the Logistics Pillar Lead stated that few of the items mentioned in Appendix 16 were readily available for audit verification, but the auditors only requested for the list containing signatures of beneficiaries, which he said was submitted to them.

After protracted arguments between NaCOVERC's officials and the auditors on assets verification, the Committee made the following observations:

- the list of donated assets submitted to the PAC captured the donors, the type of assets and quantities, issue voucher numbers, location and recipients, but the signatures of beneficiaries were elided and thus cast doubt and suspicion;
- there was complete dearth of cooperation on the part of NaCOVERC's Officials which has brought discomfiture to this nation by failing to present samples of the items to the auditors for inspection; and
- the auditors, on their part, failed to realise that real time audit, especially during emergency situations, such as this one, goes with reasonability, carefulness and caution in the way information is sought and accountable documents are demanded.

In view of the above, the Committee makes the following recommendations:

- **the inflated amount [i.e., Le111,914,542 as mentioned by the Audit Report], and the issue dealing with signatures of beneficiaries of donated assets are methodically investigated by the ACC and report to this House within 30 days of adoption of this Report by Parliament;**
- **NaCOVERC should regularly update its assets register as and when new assets are acquired or disposed; and**
- **NaCOVERC's officials should ensure a congenial work environment and provide maximum cooperation to the auditors at all time.**

Vehicle hiring costs of Le2.9bln not supported by Appropriate Evidence

The Committee observed from the review of the AG's Report that a number of payments totaling **Le3, 395,007,000** were made to Moliba Car Rental Services for the hiring of 103 vehicles. The Report further disclosed that majority of those vehicles with estimated costs of **Le2, 966,510,971** were not requested for by end-users. There was no regular needs assessment carried out and no evidence to confirm that end-users confirmed possession of these vehicles for the chargeable periods before payment.

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

- the recommendations made by ASSL have properly informed NaCOVERC's resource management process as requests are now done formally instead of verbally; and
- the demand for vehicles had however dropped from 103 to 78 as part of the reforms being introduced to cut down on wastage;

Mr Speaker, Honourable Members, the Committee would like to note here that mobility is the heartbeat of the response and that mobility needs are always very high in emergency response situations, but the amount of money spent on vehicles without formal end-users requests was not only outrageously bizarre, but astronomically alarming that deserves special attention by the ACC.

In that regard, therefore, the Committee recommends that:

- **the ACC investigates the utilisation of Le2, 966,510,971 and reports to this House within 30 days of adoption of this Report by Parliament; and**
- **NaCOVERC continues to ensure that vehicles are formally requested for before administrative actions are taken in order to avoid nugatory expenditure.**

Anomalies in the Management of Store Items with Estimated value of Le205mln

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

- several weaknesses were noted in the management of donated items by the Logistics Pillar. According to the AG's Report, those anomalies which included improper record keeping and accountability may have created room for the potential loss of store items; and
- in April 2020, it's estimated that of the 4,000 bags of 25kg rice received as donation, 1,356 bags valued at **Le204, 750,000** could not be found or properly accounted for by the Logistics Pillar.

Responding to the above mentioned audit queries, the Logistics Pillar Lead, Brigadier Augustine Fefegula, admitted that indeed there were lapses, but internal control measures had been put in place to deter incidences of theft or misuse. Brigadier Augustine Fefegula maintained that documents in their possession showed that no bag of rice was missing, but rather the beneficiaries were in the field and could not sign the vouchers at the time of audit.

Even though the auditors denied receipt of the vouchers, the Admin Officer disclosed that some documents were given to the auditors, but could not recall the content of the documents submitted therein.

Mr Speaker, Honourable Members, after a careful review of the arguments between the auditors and NaCOVERC officials, the Committee inferred that this matter deserves special probing and thus recommends that the ACC investigates the issue and reports to this House within 30 days of adoption of this Report by Parliament.

Missing 50KVA Generator donated by the Chinese Embassy, valued at Le190mln

From the review of the AG's Report, the Committee observed that a 50KVA generator with estimated value of **Le190mln**, donated to the MoHS by the Chinese Embassy in Freetown has gone missing. The Report maintained that the 50KVA Generator could not be found at the Zimmi Makpele Community Health Center [CHC], where the Ministry claimed it was transferred to from the Medical Stores in Freetown.

Reacting to the audit query mentioned above, the former PS, Mr Fofanah, disclosed that what was on paper was a 50KVA Generator, but it was later discovered that what was actually given to the Ministry was a 65KVA Generator and that grave mistake had embarrassed Management. According to Mr Fofanah, the Chinese Embassy admitted and apologised for that mistake, but the PAC insisted that such apology had to be formal, considering the damages the matter had already caused.

Therefore, the Committee recommends that the ACC continues its investigations and reports to this House within 30 days of adoption of this Report by Parliament.

Inadequate Service Delivery Leading to the Loss of Le229mIn

The Committee observed from the review of the AG's Report that based on the SLA with Sierratel, the required and contracted bandwidth for the NaCOVERC headquarters at Kingtom was 200mbps. The Report however revealed that several tests showed that Sierratel delivered on average a bandwidth capacity of 77.55 megabits per second [mbps]. The service provider meanwhile invoiced for the contracted 200mbps for June and July, thereby resulting in an unjustifiable charge of **Le229, 389,750**.

The Committee's engagement with the ICT Pillar Lead disclosed that at the time of audit, no payment had been made to SIERRATEL for internet services, but acknowledged the fact that the internet was fluctuating and thus could not supply the agreed bandwidth capacity of 200mbps. The Deputy Coordinator further revealed that the National Telecommunication Commission [NATCOM] was involved to assess the situation for a possible review of the contract and that SIERRATEL [through the help of NATCOM], had been able to provide the required service.

In view of the above, the Committee recommends that the ACC investigates the issue and report to this House within 30 days of adoption of this Report by Parliament.

Contract worth Le9.7bln Awarded to Sierratel, a party with conflict of interest

The Committee observed from the review of the AG's Report that after Sierratel was part of the team that carried out a needs assessment of the ICT requirements of the NaCOVERC around the country, they were later awarded a contract for 12 months with an estimated value of **Le9, 682,453,750**, leading the audit to conclude a case of conflict of interest.

Reacting to the audit query, the ICT Pillar Lead stated that the assessment done by Sierratel was not only for the headquarters at Kingtom, but the sixteen districts across the country; and SIERRATEL being the 'last mile solution provider' was asked to assist in the assessment given their capacity as to where the Fibre Optic cables close to the command centers of the various districts.

In view of the above, the Committee advised NaCOVERC and Sierratel to review the contract based on the technical advice given by NATCOM and present copies of the extant and reviewed contracts to the PAC within 30 days of adoption of this Report by Parliament.

47 Laptops valued at Le476 Million are missing

The Committee observed from the review of the AG's Report that 47 laptop computers and other equipment were purchased by IHPAU for and on behalf of NaCOVERC from the House of Electronics [S.L.] Ltd. for **Le475, 113,600**. According to the AG's Report, the Supplier and the end-user [i.e. NaCOVERC], claimed that the 47 computers were delivered in accordance with the contract specifications. The Report concluded that since the laptop computers were not presented to the auditors for physical audit verification, they were missing.

The Committee's enquires into the audit query relating to the 47 laptop computers revealed the following:

- the 47 laptop computers were delivered to NaCOVERC through IHPAU and a sample was presented to the Committee during its verification visit at NaCOVERC;
- the specification quoted in the contract was different from what was supplied and there was no evidence to show that the contract was modified; and
- the ACC had however retrieved over eighty million Leones from the Supplier as difference emanated from the supply of the wrong specification.

Contingent upon the above, the Committee recommends that the ACC continues the investigation and report to this House within 30 days of adoption of this Report by Parliament.

Challenges with Decentralisation of the Response

The Committee noted from the review of COVID-19 Audit Report that NaCOVERC concluded that the Response is better managed at local levels and has therefore established its equivalent at district level in all 16 districts of Sierra Leone. It was however noted that the decentralisation process is not as effective as it could be, as sufficient funds had not yet been made available and there were no uniform Standard Operating Procedures [SOPs] in place. The Report further disclosed that there were no uniform financial management systems in place, despite the transfer of the sum of **Le10, 190,246,500** to the DiCOVERCs.

The Committee's discussions with the Deputy Coordinator disclosed the following:

- NaCOVERC's architecture had improved and evolved phenomenally with international recognition regarding its COVID-19 response strategy;
- Management applauded Audit Service for drawing its attention to some of those lapses, adding that the recommendations of the auditors have been incorporated into NaCOVERC's management systems;

- Even though most of the resources are being managed by NaCOVERC, the Districts Coronavirus Emergency Response Centers [DiCOVERCs] are making returns/retire expenditures appropriately due to the systems being put in place; and
- the HR function of the Response had evolved and Standard Operating Procedures [SOPs] across the response are being developed, even though there are challenges Management is still working to address.

While the PAC recognised and commended Management's efforts in terms of implementing audit recommendations, the Committee further advised the team to ensure that DiCOVERCs are provided with adequate human and material resources, and that the implementation of HR policies or SOPs is properly monitored and across sixteen districts.

CONCLUSION

Mr Speaker, Honourable Members, the Committee adjudged the deliberations as interactive, participative and educative. The public hearings were useful and timely as they gave the witnesses the opportunity to clarify, defend and in some cases exonerate themselves completely. For instance, the much talked about overpricing that almost embarrassed NaCOVERC's officials did not take place as confirmed by the Executive Director of NPPA, Brima Swarray. In instances where certain transactions were not satisfactorily executed, the Committee referred those matters to the ACC, which is the most specialised institution created for that purpose to clampdown fraudsters or prosecute cases of corruption.

The Committee would like to inform this Honourable House and the general public that the transactions on COVID-19 occurred within a difficult period and under unprecedented circumstances without clear emergency regulations. In that regard, the PAC is of the conviction that Sierra Leone needs laws to capture procurement activities during such emergencies as mudslide, flooding, epidemic, pandemic, etc.; an Act of Parliament that include timeframe for the conduct of audit exercise during emergencies, the nature and degree of alleged fraud, laws guiding the efficiency and efficacy of Parastatals, and MDAs internal control audit segments.


This Committee is happy to inform this Honourable House and the general public that due to its radical and uncompromising stance on recovering withholding taxes, two receipts totaling **Le 3,177,048,228.12** paid to the NRA on the 14th January, 2021 upon receipt of the PAC summon were submitted for inspection. The Committee has strongly heartened public officials to strictly adhere to statutory deductions as soon as applicable.

At this juncture, Mr Speaker, Honourable Members, I ask with humility that you grant me leave to thank all those who bore a part in ensuring that the public hearings were

successful. In this vein, I would first of all like to wholeheartedly thank Members of this Committee who sat during the hearings and the PAC Secretariat that worked very hard to document the findings in the form of this report. I would also like to express my sincere thanks and appreciation to Parliament and the Parliamentary Administration, ASSL, CSOs and Media Houses who were present during the exercise. The Committee would also like to thank the general public whose comments on electronic, print and social media adequately informed the Committee's approaches to the public hearings.

Mr Speaker, Honourable Members, the report reflects the unanimous view of the Committee. I therefore move that the recommendations contained therein be adopted by the House.

Hon. Segepoh S. Thomas



Chairman, PAC