ANNUAL REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF MINISTERIES, DEPARTMENT, AGENCIES AND LOCAL COUNCILS FOR THE FINANCIAL YEAR 2015

SUBMITTED BY:
HON. KOMBA E. KOEDOYOMA
DEPUTY CHAIRMAN PUBLIC ACCOUNTS COMMITTEE
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Contents</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of acronyms</td>
<td>3</td>
</tr>
<tr>
<td>Background</td>
<td>4</td>
</tr>
<tr>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td>Mandate of the Committee</td>
<td>5</td>
</tr>
<tr>
<td>Procedure</td>
<td>6</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>7</td>
</tr>
<tr>
<td>Membership of the Committee</td>
<td>7</td>
</tr>
<tr>
<td>Office of the Auditor General</td>
<td>7</td>
</tr>
<tr>
<td>Scope of the Exercise</td>
<td>8</td>
</tr>
<tr>
<td><strong>PART ONE [LOCAL COUNCILS] - 2015</strong></td>
<td>9</td>
</tr>
<tr>
<td>General Observations and Recommendations</td>
<td>10</td>
</tr>
<tr>
<td>Specific Findings and Recommendations</td>
<td>15</td>
</tr>
<tr>
<td>Kambia District Council - 2015</td>
<td>15</td>
</tr>
<tr>
<td>Tonkolili District Council - 2015</td>
<td>16</td>
</tr>
<tr>
<td>Port Loko District Council-2015</td>
<td>18</td>
</tr>
<tr>
<td>Koinadugu District Council - 2015</td>
<td>20</td>
</tr>
<tr>
<td>Makeni City Council-2015</td>
<td>23</td>
</tr>
<tr>
<td>Bombali District Council - 2015</td>
<td>25</td>
</tr>
<tr>
<td>Freetown City Council - 2015</td>
<td>28</td>
</tr>
<tr>
<td>Bo District Council-2015</td>
<td>32</td>
</tr>
<tr>
<td>Bo City Council - 2015</td>
<td>33</td>
</tr>
<tr>
<td>Moyamba District Council- 2015</td>
<td>36</td>
</tr>
<tr>
<td>Bonthe District Council-2015</td>
<td>40</td>
</tr>
<tr>
<td>Bonthe Municipal Council-2015</td>
<td>42</td>
</tr>
<tr>
<td>Pujeahun District Council - 2015</td>
<td>43</td>
</tr>
<tr>
<td>Koidu New Sembehun City Council</td>
<td>47</td>
</tr>
<tr>
<td>Kenema City Council</td>
<td>48</td>
</tr>
<tr>
<td>Kenema District Council - 2015</td>
<td>53</td>
</tr>
<tr>
<td>Kailahun District Council - 2015</td>
<td>56</td>
</tr>
<tr>
<td><strong>PART TWO [MINISTRIES, DEPARTMENTS AND AGENCIES] - 2015</strong></td>
<td>57</td>
</tr>
<tr>
<td>General Observations and Recommendations</td>
<td>58</td>
</tr>
<tr>
<td>Specific Observations and Recommendations</td>
<td>60</td>
</tr>
<tr>
<td>Public Accounts of Sierra Leone</td>
<td>60</td>
</tr>
<tr>
<td>National Electoral Commission [NEC]</td>
<td>63</td>
</tr>
<tr>
<td>Ministry Of Finance and Economic Development [MoFED]</td>
<td>65</td>
</tr>
<tr>
<td>Ministry Of Mines and Mineral Resources [MMMR]</td>
<td>68</td>
</tr>
<tr>
<td>Accountant General’s Department – 2015</td>
<td>72</td>
</tr>
<tr>
<td>National Social Security and Insurance Trust [NASSIT] 2013-2014</td>
<td>73</td>
</tr>
<tr>
<td>Sierra Leone Telecommunications - 2014</td>
<td>89</td>
</tr>
<tr>
<td>Title</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Sierra Leone Roads Authority-2014</td>
<td>101</td>
</tr>
<tr>
<td>Road Maintenance Fund Administration-2014-2015</td>
<td>112</td>
</tr>
<tr>
<td>Sierra Leone Airport Authority-2015</td>
<td>119</td>
</tr>
<tr>
<td>Ministry of Internal Affairs 2013– 2015</td>
<td>123</td>
</tr>
<tr>
<td>Conclusion</td>
<td>134</td>
</tr>
</tbody>
</table>
LIST OF ACRONYMS

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

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

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

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

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

Thus, Parliament, through its oversight of the Executive, is charged with the responsibility of ensuring accountability and openness of government. This is based
on the conviction that transparent budgetary practices can ensure that funds raised by the state for public purposes are spent as promised by the government, while maximising the benefits derived from those expenditure.

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

The Committee on Public Accounts has a statutory mandate to examine all reports of the Auditor-General that are presented to Parliament, and present the findings and recommendations to the House for consideration. In reviewing audit reports, the Committee considers:

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

The Auditor General, after a review of the accounts of Local Councils, and Ministries, Departments and Agencies [MDAs] for 2015 financial year, compiled a report that was presented to Parliament at the end of 2016, which formed the basis of PAC's deliberations. The Committee then conducted its hearings on the Audit Report and hereby presents its findings to the House, clearly highlighting the actions to be taken on officials put in charge of managing those resources.

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

3. MANDATE OF THE COMMITTEE
Mr Speaker, Honourable Members, the Standing Orders are in effect the rules of procedure governing the work of the Sierra Leone Parliament. This indicates that much of Parliament’s work is carried out by various parliamentary Committees. One such Committee is the PAC, which is one of the Standing Committees in the House, with the power to subpoena witnesses and documents. This shows that the PAC has the power to generate evidence in the use of public funds.
The Committee draws its legal mandate from Section 93[1] of the 1991 Constitution of Sierra Leone, and Section 70, Sub-section 6 of the Standing Orders of the Sierra Leone Parliament. The Committee is expected to represent Parliament as a whole and not the separate political parties to which individual members belong, and its authority is enhanced by its unanimous decisions.

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

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

4. PROCEDURE

The Committee received and examined the Auditor-General’s report on the Accounts of Sierra Leone for the year 2015 on Local Councils and MDAs, submitted under Section 119[4] of the 1991 Constitution, as laid before Parliament at the end of 2016. Technical officials from the Auditor-General’s office assisted the Committee in its deliberations, which formed the contents of this report.

Mr Speaker, Honourable Members, before the exercise commenced, summon letters on the Auditor-General’s Report on Local Councils and MDAs for 2015 were sent out to all Vote Controllers, requesting their physical presence and that of past and present core staff; i.e., Permanent Secretaries [PS], Directors General, Executive Secretaries, Chief Administrators [CAS], Finance Officers [FOs], Accountants, Procurement Officers [POs], Internal Auditors [IAs], Store Clerks [SCs] and other senior officials to respond to queries reported by the Auditor General. The Committee further requested Vote Controllers to state their challenges, if any, and provide explanation on how they have been carrying out their responsibilities.
During the course of examining the queries raised in the 2015 Audit Report, the Committee observed traditionally established parliamentary procedures. For instance, reading the relevant provisions in the Constitution and the Standing Orders to accentuate the Committee’s legal standing, and putting auditees on oath to ascertain the authenticity and accuracy of their submissions to the Committee, as provided for in Section 93, Sub-section 6[a] of the 1991 Constitution of Sierra Leone. Besides, in line with S.O. 73[20], the hearings were open to the public, but the Committee admonished media houses about premature publications of Committee decisions as contained in S.O. 75[1 – 3].

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

6. MEMBERSHIP OF THE COMMITTEE
According to the provisions of Standing Order 70 [1], the Public Accounts Committee comprises the following Members:
Hon. Chernor R.M. Bah, Chairman;
Hon. Komba E. Koedoyoma, Deputy Chairman;
Hon. Hassan B. Sheriff, Member;
Hon. Sulaiman M. Sisay, Member;
Hon. Alpha B. Lewally, Member;
Hon. Francis A. Konuwa, Member;
Hon. Lahai Marah, Member;
Hon. Alhassan Jero Kamara, Member;
Hon. Dr Foday I. Suma, Member;
Hon. Helen Kuyembeh, Member; and
Hon. P.C. Alhaji Bai Shebora Yek II, Member.

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

8. SCOPE OF THE EXERCISE
Mr Speaker, Honourable Members, for the financial year 2015, the hearings were conducted in Parliament and at various District and City Council Halls in the provinces. The exercise covered 17 Local Councils and 12 MDAs.

The Report is structured in two parts: Part One deals with Local Councils and Part Two MDAs, for the period under review.
PART ONE

LOCAL COUNCILS - 2015
9.1 GENERAL OBSERVATIONS AND RECOMMENDATIONS

Mr Speaker, Honourable Members, summaries of the Committee’s observations and recommendations on some of the salient and critical queries raised in the Auditor General’s Report on Local Councils for 2015 are indicated below:

[I] During the course of the hearings, the Committee observed that over 70% of Councils’ core staff, especially the CAs and FOs were not within the country to respond to queries raised about their Councils in the 2015 AG’s Report. The Committee learnt that the officials in question went on an official trip to China. The Committee further noted that a majority of those who went to China were on suspension due to allegedly misuse of EU funds. The Committee was bewildered by that news and questioning how a suspended official embarked on an official trip, when issues relating to his/her suspension have not been addressed.

In that regard, the Committee recommends that the oversight Committee on Local Government and Rural Development investigates the issue and report back to the Committee for further action.

[II] The Committee observed ineffective management of the Councils’ budgets and budgetary processes. The Committee further noted that terms of reference for the Budget and Finance Committees were not submitted for audit verification and there were no pieces of evidence to prove that the budgets were tabled and approved by the Budget and Finance Committees.

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

[III] The Committee observed that the PETRA System is still posing serious problems to all the Councils. Some Local Councils were noted to be using the manual system, while others were using stand-alone computers, thereby inhibiting the Chairmen, Chief Administrators and Internal Auditors from accessing the system, though they are supposed to monitor all transactions posted in the PETRA System. Further enquiries into the issue revealed that the Public Financial Management Reform Unit [PFMRU] in the Ministry of Finance and Economic Development did little to resolve the issue. Besides, the PETRA System was observed to be faulty in most Local Councils, and as a result users were unable to access it.

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

[IV] the Committee observed that the Internal Audit Units in the Local Councils were indecisive in executing their functions. The indecisiveness, the Committee noted,
was due to the failure of the CAs to ensure conducive working environments in terms of providing the required documents to aid the work of the Internal Auditors. The Committee was reliably informed that some CAs usually quarrel with their Internal Auditors, thereby denying them the opportunity to access information vital to their work. The Committee further observed the various Audit Committees in the respective Councils were not properly functioning in terms of monitoring the work of those Units. The Committee also noted lethargy, inefficiency and ineptness on the part of the Internal Auditors in providing their quarterly reports. Over **60%** of the Internal Auditors in those Councils could not provide their audit reports to the Committee.

**Contingent upon that, the Committee recommends that:**

[i] The CAs in all Local Councils should ensure that the Internal Audit Units are capacitated and enhanced, so as to enable them undertake audit exercises consistently and free from harassment, threats or intimidation from superiors;

[ii] Vote Controllers of the said councils should always ensure they provide all documentation requested by Internal Auditors, and accept that Internal Auditors are partners in ensuring prudent financial management, transparency and accountability; and

[iii] The Independent Audit Committees that are charged with the responsibility of approving the Units’ Work Plans and monitoring the implementation of all Internal Audit recommendations should be immediately overhauled and reconstituted to effectively aid the work of the Internal Auditors. In that respect, Chief Administrators are entreated to ensure a friendly working environment for all parties within their Councils.

[V] the Committee noted from the review of the AG’s Report that the regulation of deducting and paying withholding taxes to the National Revenue Authority [NRA] was not strictly observed by Accounting Officers. This failure to deduct **5%** withholding taxes and pay same to NRA has deprived the government the much needed revenue to provide basic social amenities to the citizens. In this respect, the Committee recommends that:

[i] Finance Officers and Accountants adhere to requirement for deducting **5%** withholding taxes from all payments above Le500, 000 made to suppliers and contractors; and evidence of such payments made be maintained and provided upon request and the salaries of defaulters be suspended for a period of two months, when such information is seized by the Committee.

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

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

[VII] Also, the Committee observed that almost all Councils’ committees which include but are not limited to health, education, sports, Agriculture, were found to be latent. That was made clear when the Councils failed to provide documentary evidence in the form of minutes to show that those committees were actually meeting. In view of the above, the Committee hereby recommends that:

[i] all CAs should ensure that meetings are regularly held and minutes of such meetings properly preserved for the Committee’s inspection; and

[ii] the Ministry of Local Government and Rural Development should put in place a policy that will spell out the penalties to be imposed for non-performing Council committees; and that the same penalties be imposed on any CA or Senior Official whose actions may foil the work of Council committees.

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

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

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

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

[iii] any Council Official who fails to prepare and submit handing over notes prior to his/her transfer within the stipulated number of days should be suspended for two months without salary.
Another key observation of the Committee was the permissiveness of the councils in the matter of maintaining financial records. That was clearly demonstrated by their failure to prepare bank reconciliation statements for the institution's accounts and erroneous Cash Book records.

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

Of cruciality also, the Committee noted that the accountability regulations were and still are not adhered to by Councils in most cases. Some Councils failed to respond to queries raised by Audit Service – an act which in itself was in contravention of the financial management regulations.

In this respect, the Committee recommends that the financial regulations be strictly adhered to, and for any deviation, Accounting Officers be held personally liable by withholding their salaries for as long as they fail to reply, hence evoking Section 65 of GBAA 2005 and Section 165[2] of FMR 2007.

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

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

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

The Committee recommends that:
[i] Vote Controllers endeavour to clear all outstanding audit issues that have not been resolved due to lack of adequate supporting documents; and
[ii] Council Officials who failed to provide documents for audit verification at the time of audit without valid cause be held accountable for the payment of the monetary value attached to those documents.

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

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

10.1 KAMBIA DISTRICT COUNCIL - 2015

Mr Speaker, Honourable Members, Kambia District Council had a qualified audit opinion for the period under review. However, the Committee observed that most of the issues were resolved. The following issues were reported against Kambia District Council:

- lack of supporting documentation of recognised/claimed expenditures;
- withholding taxes not paid to the National Revenue Authority;
- inadequate controls over the generation, banking and recording of revenue;
- payment of sitting fees for inadequate purposes;
- withholding taxes amounting to Le72, 441,793 were not deducted at source and paid to the NRA in 2014;
- 22 receipt books supplied by the Government Printers to the Council for revenue collection were not made available for inspection;
- minutes of meetings were not made available to justify that Council committees such as health committee, sport committee, education committee, were operational;
- no provisions for virus protection for computers being used by Council personnel; and
- Cadastre System which was set up by the Japanese International Cooperation Agency [JICA] was not operational during the period under review.

During scrutiny, the auditors informed the Committee that issues relating to the 22 receipt books, virus protection for computers, minutes of meetings by Council committees, withholding taxes amounting to Le72, 441,793 in 2014, and withholding taxes not paid to the NRA for the period under review, had been addressed. Nevertheless, the following issues were still noted as unresolved:

Lack of supporting documentation of recognised/claimed expenditures

The AG reported that as part of their audit exercise, the auditors tested a total of 250 transactions out of 400 transactions to assess whether expenditures recognised/claimed by the Kambia District Council were incurred for the intended purpose and in accordance with the Financial Management Regulations. According to the Report, the auditors were unable to conclude on a total of forty [40] transactions due to a lack of documentation. An average of 16% of the transactions with amounts totaling Le151, 127,800 did not have adequate supporting documents like receipts, delivery notes, distribution list, etc.
During the hearings, however, the Principal Auditor attached to the PAC, Mr Alfred Saffa, revealed that out of the total queried amount of Le151, 127,800 supporting documents for transactions amounting to Le137, 927,800 were provided, leaving a balance of Le13,200,000 without supporting documents.

Reacting to the query, the Accountant told the Committee that the FO, who was expected to provide the remaining documents for the Le13, 200,000 died before the audit exercise began. However, he provided documents in respect of the said amount to the Committee and the auditors for inspection. The documents were verified and the auditors informed the Committee that the issue had been addressed.

**Therefore, the Committee recommends that the issue be closed.**

**Inadequate controls over the generation, banking and recording of revenue.**

According to the AG’s Report, the controls over the generation, banking and recording of revenue were far from being adequate. This, according to the Report, was evident by the fact that material variances were identified among the revenue receipt book listings, bank statements and recognitions made in the financial statements. The Report revealed that, differences of Le 24, 615, 000; 35,849,008; and 60,464,008 between the FS and Bank Statement, Receipt Books and FS, and Receipt Books and Bank Statement were noticed respectively.

The Report further stated that the differences among the receipt books, bank statements and financial statements could indicate that the reconciliation process was not robust enough to allow for follow-up action to be taken on reconciling items. It could indicate that receipt books were either not made available or issued to justify the correct amount of own-source revenue generated. *“There could also be the possibility for the miscoding of revenue,”* the Report concluded.

In his response, the Accountant informed the Committee that reconciliations had been done. The Committee faulted the CA for allowing those lapses to take place, stating that as Vote Controller, he should always ensure that those internal control measures are properly monitored by his office.

**The Committee however asked the auditors to keep an eye on the said issue during the next audit exercise.**

On the issues relating to the PETRA and the Cadastre Systems, the Committee reiterated its earlier advice that if those two systems are not user friendly, Management should think of resorting to the manual system until a more user friendly software is recommended.

**10.2 TONKOLILI DISTRICT COUNCIL - 2015**
Mr Speaker, Honourable Members, the Chief Administrator, Alhaji Alhaji Bangura and team appeared before the Committee to respond to queries raised in the 2015 AG’s Report. It was revealed that Tonkolili District Council [TDC] had an unqualified opinion for the period under review. That notwithstanding, few issues were identified against TDC. These are:

- stale cheques not replaced/withdrawn;
- lack of supporting documentation for recognised/claimed expenditure; and
- lack of training for the Environmental & Social Officer [ESO];

**Stale Cheques not Replaced/Withdrawn**

A cross examination of the above mentioned issue indicated that cheques issued for the payment of withholding taxes, in respect of transactions relating to rural water and the Ministry of Education, Science & Technology, amounting to Le6, 664,005 and Le800, 000 respectively have been held for more than six months by the NRA without withdrawal or replacement.

In his reaction, Alhaji Alhaji Bangura stated that all the transactions relating to those cheques were cancelled, which implied cancellation of payments. He however mentioned that reconciliation had been done and the issue addressed. The auditors confirmed to the Committee that the matter under discussion had been resolved.

Thus, the Committee recommends that the matter be closed. However, the Committee counseled Management to inculcate the practice of addressing issues before they are flagged up by external auditors.

**Lack of Supporting Documentation for Recognised/Claimed Expenditure**

A close look at the AG’s Report revealed that transactions with amounts totaling Le29, 000,000 did not have adequate supporting documents like receipts, delivery notes, distribution lists, etc.

Asked to explain what steps had been taken to address the issue, the CA submitted a document relating to the above mentioned issue to the auditors for verification. The document was verified and the Committee was informed that the issue had been resolved.

In light of the above, the Committee recommends that the issue be closed.

**Lack of Training for the Environmental & Social Officer [ESO]**

The AG reported that the auditors reviewed the personal file and work done by the Environmental & Social Officer [ESO]. According to the AG’s Report, even though they observed from that review that the official in question was qualified, the auditors noted that he lacked the necessary training and knowledge of the current environmental standards and practices.

Questioned why trainings had not been organised for the ESO, Alhaji Alhaji Bangura told the Committee that environmental issues were initially elided from Councils’ annual budgets. However, he admitted that environmental issues are now taken
very seriously in the local governance system. He informed the Committee that a meeting with the Environmental Protection Agency [EPA] had been convened and that issues relating to the environment were explicated, including empowering the ESOs.

The Committee stated that possessing the requisite qualification is one thing, but ‘on the job training’ is a very important component in terms of ensuring the efficiency and efficacy of any office. Therefore, the Committee advised the CA and Management team to take environmental issues with the utmost seriousness, stating that there must be a budget line to support the work of the ESO.

Mr Speaker, Honourable Members, the Committee noted the efforts of the CA in terms of addressing audit queries. The Committee recalled that Mr Alhaji Alhaji Bangura was almost suspended when he was serving as the CA for Kambia District Council for failing to respond swiftly to audit queries last year. “This time round,” the Committee appraised, “Mr Alhaji Alhaji Bangura has heeded the Committee’s advice and the Committee is very pleased with his performance for the period under consideration.” The Committee noted that the PAC is not meant to witch-hunt anybody, but to ensure that records are straightened. The Committee asked Mr Alhaji Alhaji Bangura to continue the good work and called on other CAs to work towards achieving excellent results.

10.3 PORT LOKO DISTRICT COUNCIL-2015

Mr Speaker, Honourable Members, core staff of the Port Loko District Council appeared before the Committee to respond to few queries that have not been addressed. Like Tonkolili District Council, Port Loko District Council had an unqualified audit opinion during the period under review. During the Committee’s scrutiny, however, the following issues were still standing against the Council:

- inadequate supporting documents for recognised/claimed expenditure;
- payment of sitting fees and other allowances for meetings not held;
- procurement procedures not followed; and
- poor control over fixed assets.

**Inadequate supporting documents for recognised/claimed expenditure**

A review of the AG’s Report revealed that transactions with amounts totaling Le6, 650,000 did not have adequate supporting documents like receipts, delivery notes, distribution lists, etc.

Asked to provide answers to the issue, the Acting CA, Mr Foday Marah, presented photocopied documents to the Committee and the auditors for verification. Questioned on what had happened to the originals, he stated that the original documents were taken away by staff of the Ministry of Finance and Economic Development. The Committee disallowed acceptance of the said documents
presented to it, stating that in the absence of the originals, it meant the matter had still not been addressed.

**Thus, the Committee advised the Acting CA and the FO to ensure that the original documents are retrieved from the Ministry of Finance and Economic Development as soon as possible and presented to the auditors.**

**Procurement procedures not followed**

The AG reported that there was no evidence in the form of Request for Quotations [RFQs] to justify that procurement of goods, works and services amounting to **Le462, 866,082** were conducted in accordance with Section 45 [1] and the First Schedule of the Public Procurement Act, 2004. According to the Report, however, the auditors were able to verify RFQs for goods, works and services amounting to **Le407, 741,082**, leaving an outstanding amount of **Le55, 125,000** for which RFQs were not made available to the audit team.

In his response, the FO presented documents relating to the **Le55, 125,000** to the auditors for inspection. The Committee instructed the Principal Auditor attached to the PAC, Mr Alfred Saffa, to verify the documents. After verification, he told the Committee that the documents were authentic and that the matter had been resolved.

**The Committee recommends that the matter be closed.**

**Payment of Sitting Fees and Other Allowances for Meetings not Held**

The Committee’s engagement with Management on this issue disclosed that:

- the sum of **Le118, 056,249** was paid to Councilors as sitting fees and transport allowances for a period of ten [10] months without any evidence to indicate that meetings were held; and
- **Le23, 169,135** was paid to Ward Committee members as allowances without any evidence to indicate that meetings were held.

Queried on why sitting fees and transport allowances were paid to Councilors and Ward Committee members without evidence to point out that meetings were held, the Acting CA stated that meetings were indeed held. He insisted that attendance lists for audit inspection were submitted. The Committee blamed the FO for the delay in providing those pieces of evidence to the auditors.

The Committee further stated that issues relating to payment of sitting fees and other allowances to councilors and ward committee members kept appearing every year in the AG’s Report.

The Committee therefore asked the Chairman of the parliamentary Committee on Local Government and Rural Development, Honourable Abu A. Koroma, to engage the Ministry of Local Government and Rural Development, and the Local Government Service Commission on how to address issues relating to:
- payment of sitting fees and other allowances to Councilors and Ward Committee members;
- guidelines to justify the payment of sitting fees to Councilors; and
- other internal control issues.

**Poor Control over Fixed Assets**

According to the AG’s Report, a vehicle amounting to Le50,000,000 was procured by Council during the review period. The Report disclosed that there was no evidence in the form of a life card and transfer of ownership documents to the Council, to confirm that the vehicle was owned by the Council. The AG maintained that the vehicle number plate had not yet been converted to a Government number plate.

Queried on why the vehicle number plate had not been converted to a Government number plate, the Acting CA disclosed that the life card had been prepared, including all other relevant documents relating to the transfer of ownership from private to Council. Asked to tender the documents to the Committee for inspection, he claimed that the documents were with the substantive CA, who he said had travelled to China.

Questioned on the whereabouts of the vehicle, the Acting CA stated that the vehicle in question was parked in the substantive CA’s compound. The Committee faulted the Internal Auditor for allowing the vehicle to be moved from Council’s premises, stating that as Council’s Internal Auditor, “he is under obligation to provide constructive advice to Management.” Further interrogations revealed that the Internal Auditor had written two reports; he however admitted that the issue under discussion was not mentioned in those reports. The Committee informed the Internal Auditor that as the principal adviser to the CA, he should not be seen conniving with other staff to misuse or misappropriate funds and assets of Council.

As part of its oversight responsibilities, the Committee took time to visit the CA’s compound so as to ascertain whether the said vehicle was parked there as claimed by the Acting CA. Upon arrival, the Committee discovered that one of the front tyres has been removed. The Committee shadowed a young man who it [the Committee] believed to be the house keeper, to tell the Committee what wrong with the vehicle in question. Though the young man stated that nothing happened with the vehicle, after few minutes of pause, the Committee noticed that he was reticent to divulge any information regarding the vehicle.

The Committee ordered the Deputy CA and FO to ensure that the vehicle is brought back to Council’s premises within forty-eight [48] hours. Mr Speaker, by the time the Committee left Kambia District, the vehicle under discussion had already been towed back to Council’s premises.
10.4 KOINADUGU DISTRICT COUNCIL - 2015
Mr Speaker, Honourable Members, officials of Koinadugu District Council appeared before the Committee to reply to queries raised in the AG’s report. The auditors informed the Committee that Koinadugu District Council had an unqualified audit opinion for the period under investigation. It was nevertheless revealed that out of five issues that were reported by the AG, the issue relating to lack of supporting documents for transactions valued at Le18,705,000 was still outstanding. The documents were submitted to the auditors for verification. The documents were found to be authentic, but stated that four issues as listed below, were still standing against Council:

- stale cheques not replaced/withdrawn;
- withholding taxes not paid to the NRA;
- inadequate controls over the generation, banking and recording of revenue; and
- procurement procedures not followed.

**Stale Cheques not Replaced/Withdrawn**
The AG reported that cheques issued for the payment of withholding taxes in respect of the Primary Health Care Account, Own-Source Revenue Account, and Secondary Health Care Account with amounts totaling Le7,971,900, Le2,509,700 and Le23,507,100 respectively, had been held for more than six months by the NRA without withdrawal or replacement.

According to the FO, the issue under consideration was first reported in 2014, an indication that he inherited the problem. He stated that the cheques in question were still with the NRA. Mr Alfred Saffa, Principal Auditor attached to the PAC, informed the Committee that the FO was required to carry out reconciliation in the FS. The FO replied that those cheques were part of the reconciliation process, stating that if those cheques are not available, it would be difficult for reconciliation to be carried out. He however revealed that the cheques had been cleared around June, 2016. Mr Alfred Saffa maintained that “if the issue was not addressed before the verification exercise, it is still outstanding.”

The Committee instructed the FO to provide the bank statement to the auditors for verification, but warned that if the matter is discovered not to have been resolved as purported by him [the FO], he would not like the action of the Committee against him.

**Withholding Taxes not Paid to the National Revenue Authority**
It was reported that withholding taxes amounting to Le46,067,454 were not deducted at source from the payment made for goods and services, and paid to the NRA. The FO stated that “the issue under consideration is linked to the stale cheques.” He stated that payment had been made to the NRA and it had acknowledged receipt on the schedule.
Questioned on how the said transaction was treated in the books of accounts as at January, 2016, the FO stated that it was treated as un-presented. The Committee informed the FO that a reversal of entry should have been done in order to address the issue. The FO replied that a possible reversal or cancellation of the entry could only be done with pieces of evidence available.

**The Committee exhorted the FO to work closely with the auditors in order to address the matter.**

**Inadequate Controls over the Generation, Banking and Recording of Revenue**

The AG reported that controls over the generation, banking and recording of revenue were far from adequate, stating that material variances were identified among the revenue receipt book listings, bank statements and recognitions made in the financial statements. It was reported that the difference between the receipt books and bank statements could indicate that revenue generated was not banked. The AG was of the view that the reconciliation process was not robust enough to allow for follow-up action to be taken on reconciling items.

Speaking to the Committee on the above mentioned query, the FO explained that whereas the auditors listed all revenue recorded in the receipt books, Council on the other hand considered revenue received. The Committee observed that Council has not done enough to address the matter, stating that audit queries are expected to be resolved through the provision of documents instead of verbal submission. The Committee emphasised the importance of proper record keeping as the institution’s memory. The Committee maintained that record keeping or proper record filing forms the most important part of financial accountability and transparency in public financial management. Therefore, documents regarding transactions undertaken by Council must be maintained and provided upon request.

**Procurement Procedures not followed**

According to the AG’s Report, it was observed that some contracts amounting to Le494, 712,819 were awarded to various suppliers for the supply of goods, works and services during the period under review. The Report stated that the procurement processes for such actions were neither open nor competitive or transparent. The auditors maintained that there was no evidence in the form of Request for Quotations to justify that some of the procurement activities were done in accordance with Section 45 [1] and the First Schedule of the Public Procurement Act, 2004. The Report further revealed that there were instances wherein payments for goods, works and services were made in full without any evidence in the form of certificate of completion.

However, the Report noted that out of the queried amount of Le494, 712,819, documents in respect of procurement activities amounting to Le451, 460,524 were
made available and verified. The remaining documents in respect of a procurement action amounting to **Le43, 252,295** for the maintenance of a bridge at Mongo-Gberefeh were still not be made available for verification.

Reacting to the query, the CA stated that the **Le43, 252,295** in question was never expended on bridge maintenance but road maintenance. He submitted documents in respect of the amount queried for the maintenance of the road at Mongo-Gberefeh. He further revealed that Abass Jen did the road maintenance, but never repaired any bridge as purported by the auditors.

Questioned on whether the CA read the AG’s Report, he frankly told the Committee that he had never read the Report. The Committee concluded that if he had read the Report, he would have had the opportunity to find out the truism of what had been reported.

**The Committee advised the CA and the auditors to crosscheck the issue and make the necessary correction.**

**Budgets/Projects of Devolved Sectors and other Institutions not Environmentally Sensitive**

The AG reported that there was no evidence in the form of minutes, correspondences, reports, etc. to indicate that the Council coordinated with non-governmental organisations for their projects to be environmentally sensitive.

Questioned why Council had not been collaborating with non-governmental organisations, the FO informed the Committee that the documents in question were available. He however stated that the frequent transfer of staff from one Council to the other had been “posing some of the difficulties we are facing.” He revealed that the officer-in-charge of the said documents was transferred and he failed to leave those documents with the CA or the FO. He maintained that some staff had developed the habit of personalising their offices. When he was asked to submit contact details of defaulting staff for further action, he failed to do so.

The Committee blamed the CA for the anomaly because “**before a staff is transferred, a correspondence must have been sent to the CA, informing him/her about the staff to be transferred. That could be the appropriate time for the CA to request for every document under the custody of the staff slated to be transferred.**” The Committee reiterated that indeed the issue of frequent transfer of staff had been one of the major challenges impeding the work of the Committee and the auditors.

The Committee advised the CA to make sure that those staff are pursued and the documents in question retrieved. Again, the Committee underscored the relevance of record keeping as a sine qua non in modern public administration.

**10.5 MAKENI CITY COUNCIL-2015**
Mr Speaker, Honourable Members, examination of the AG’s Report unveiled the following as outstanding issues against Makeni City Council

- inadequate management of waste;
- budgets/projects of devolved sectors and other institutions not environmentally sensitive;
- ineffective operation of the PETRA System; and
- Council staff failing to proceed on leave.

Inadequate management of waste [garbage]
The AG reported that Council had only one approved dump site to meet the needs of the various communities in the city. The Report mentioned that the site in question was not manned by any officer/staff member. According to the Report, there were no permanent refuse receptacles or containers in the city. It was also noted that the plastic rubbers which were used were normally stolen on a regular basis. Thus, the auditors were not able to verify whether their recommendation was implemented.

Asked to respond to the above mentioned query, the CA stated that plans were underway to address the matter. He admitted that waste management had been a challenge in the urban settings, including Makeni City. He informed the Committee that an organisation like DFID had been contacted for a Waste Management Project. He said that the project had been approved for the construction of a control dumpsite to overcome the challenge. He further explained that the construction exercise would start in September, 2017.

Speaking on the economic benefits of the new dumpsite and its management, the CA mentioned that if completed, the project would provide employment to many people, pointing out that people would be employed to empty the dumpsite and trashcans. He reiterated that there would be a command center that would be charged with the responsibility of informing those concerned to empty the trashcans when full.

Addressing the issue of the safety and security of the trashcans, the CA explained that the stolen ones had been replaced and that those that had just been installed are being padlocked.

The Committee commended the CA and team for their innovations and called on other CAs present at the hearings to take ‘a leaf out of the CA’s book.’

Budgets/projects of Devolved sectors and other institutions not environmentally sensitive
An examination of the AG’s Report disclosed that budgets and projects undertaken by the devolved sectors were not environmentally sensitive; i.e., environmental effects on the various communities and public concerns were not factored into the devolved sectors budgets. The Report maintained that there was no evidence in the
form of minutes, correspondence, reports etc. to indicate that Council coordinated with non-governmental organisations for their projects to be environmentally sensitive. It was also revealed that evidence that arrangements had been made with the EPA for in-house training to be provided to the relevant stakeholders was not made available.

In his reaction, the CA said that environmental issues are new phenomena to Local Councils, stating that it was only when the Environmental Protection Agency [EPA] Act was passed into law that Local Councils were involved in addressing issues affecting the environment. "Presently," the CA informed the Committee, "Makeni City Council has trained an Environmental Officer." The Committee noted that employing and training an Environmental Officer is one thing, but providing the logistics and setting up the necessary structures is another. The Committee stated that the Environmental Officer should be seen as one who is responsible to:

- research and develop educational programmes and resources for schools, adults, families, community groups or visitors to sites of special environmental interest;
- promote educational programmes and resources to the target audience through leaflets, newsletters, websites, and in some cases, social media;
- liaise with community groups on the design and delivery of educational programmes;
- give talks in schools or to community groups on environmental issues;
- organise events and activities to raise awareness of environmental issues;
- train others, such as teachers, in the use of resources and in delivering educational sessions;
- research and collate scientific data;
- supervise and work with volunteers; and
- carry out risk assessments, particularly for outdoor activities.

The Committee called on the CA to support the work of the newly trained Environmental Officer in whatever capacity.

On the issues relating to the PETRA and the failure of Council staff to proceed on leave, the CA explained that the PETRA System had not been in use for a very long time. He revealed that despite the correspondences being sent to the PFMRU for a review of the System, nothing had happened. He lamented that with the exception of the FO and the Accountant, the Mayor, CA and Internal Auditor had no access to the System for the period under review. "Presently," the CA told the Committee, "we are using a stand-alone desktop computer."

Moreover, the CA noted that a leave policy had been put in place for Category Six, stating that not every staff would be allowed to proceed on leave. He told the Committee that Management had started allowing staff to proceed on leave. The Committee stressed on the importance of proceeding on leave and encouraged the
CA and team to ensure that those entitled to proceed on leave are given the opportunity.

Mr Speaker, Honourable Members, the Committee rated the Makeni City Council as one of the few performing Councils in the country in terms of its robustness in addressing audit queries. The Committee applauded Management’s efforts, which resulted in the issuance of an unqualified audit opinion on the financial statements.

10.6 BOMBALI DISTRICT COUNCIL – 2015

Mr Speaker, Honourable Members, during the Committee’s engagement with officials of Bombali District Council, the Principal Auditor attached to the PAC, Mr Alfred Saffa, outlined the following issues from the AG’s Report:

- disclosures and recognitions not made in the financial statements;
- poor budgetary performance;
- procurement procedures not followed;
- lack of supporting documentation for recognised/claimed expenditure;
- duplication of salaries to core staff; and
- management and disposal of waste.

Disclosures and Recognitions not made in the Financial Statements

The AG reported that payments made by other Government entities were not recognised in statement 1 of the financial statements. According to the Report, the Ministry of Finance & Economic Development, for instance, hired a consultant for the setting-up and installation of the Cadestre system for the Bombali District Council. The Report further disclosed that the amount of money paid for consultancy services by the Ministry was not recognised under the payment by other Government entities column in statement 1. It was also stated that evidence to indicate that the Cadestre system was in operation was not made available to the auditors.

Asked to provide response on the present status of the said query, the Acting CA informed the Committee that the issue had been addressed, and that “the Cadestre System is now functional. We now have a licensed Cadestre System that captures property rates.” He went further to state that Council had recruited an Evaluation Officer who had received training from the PFMRU.

The Committee urged Mr Alfred Saffa, Principal Auditor, to substantiate the truism of what the Acting CA had told the Committee. In his response, Mr Alfred Saffa stated that indeed the recommendation of the AG’s Report had been implemented.

In this regard, Mr Speaker, Honourable Members, the Committee commended Management for being proactive in resolving that issue; but counseled that in future, such should not be allowed to be flagged up by external auditors.

Poor Budgetary Performance
The AG reported that a comparison was done between the budgeted and actual own-source revenue generated in 2015 to determine the Council’s performance in the generation of revenue and the realistic nature of the budget. According to the Report, the auditors noted that the actual own-source revenue generated in 2015 was less than the budgeted amount by 74% from Le759, 654,000 to Le198, 270,107. It meant that the Council was only able to generate 26% of the own-source revenue that it budgeted to collect in 2015. The Report maintained that that could be attributed to over-ambitious budgeting, emanating from the use of unrealistic basis of budgeting or it could also mean that controls were not in place for the proper collection and banking of revenue. Furthermore, the Report attributed the anomaly to the ineffective performance of the Budget and Finance Committee, as was evident during the audit engagement. The AG concluded that evidence to indicate that the Budget and Finance Committee was operational was not made available for verification.

Answering to the aforementioned query, the Acting CA stated that the Budget and Finance Committee had been reconstituted and that the leadership of that Committee is proving to be effective. The Acting CA promised that with a functional Cadastre System and a trained Valuation Officer now in place, the issue under discussion would not happen again.

The Committee advised Management to be discussing issues of such nature with the auditors for possible assistance.

Procurement Procedures not followed

“From a sample of procurement actions,” the AG’s Report stated, “it was observed that some contracts amounting to Le707, 786,979 were awarded to various suppliers for the supply of goods, works and services during the period under review.” According to Report AG’s Report, procurement processes for such actions were not open, competitive and transparent because:

- there was no evidence in the form of Request for Quotations to justify that some of the procurement actions were taken in accordance with Section 45 [1] and the First Schedule of the Public Procurement Act, 2004;
- valid business registration certificates were not made available to justify that some of the selected contractors were pre-qualified suppliers of goods, works and services; and
- there were instances wherein payments for goods, works and services were made in full without any evidence in the form of certificate of completion/certificate of satisfactory work done.

However, the Report revealed, out of the queried amount of Le707, 786,979; the auditors were able to verify documents for procurement actions amounting to Le 662,756,979 with Le 45, 030,000 still outstanding.
The Acting CA presented documents to the Committee in respect of the Le 45, 030,000. Again, documents such as receipts, list of beneficiaries, delivery notes, distribution lists, etc. relating to the transactions valued at Le Le5, 149,240 were also submitted for verification. The Committee reminded the team that the PAC hadn’t enough time to receive and review documents relating to transactions undertaken by Councils during the hearings. The Committee maintained that documents should have been provided to the auditors on or before the verification exercise.

Thus, the Committee condemned the practice of late submission of documents to the auditors, stating that it undermined the credibility and authenticity of such documents.

Further probing questions revealed that Council lacked an Accountant, a Procurement Officer and a Chief Administrator. The Committee called on the Acting CA to liaise with the Local Government Service Commission on the issue under discussion.

**Duplication of Salaries to Core Staff**
The AG reported that salaries paid to core staff for the month of February, 2015 were duplicated. The Report stated that the sum of Le6, 470,713 was paid from Council’s Administrative Account as salaries to core staff and the same amount was paid from the Own-source Revenue Account to the same core staff members. It was also revealed that evidence to justify that the duplicate salary payment was related to the 2014 financial year was not made available for verification.

The Acting CA told the Committee that the anomaly was due to the delay in the payment of salaries by Government. He however presented documents to show that the amount in question had been rebated. The Committee resolved that those documents should be corroborated with the bank statement for further action. The Committee also asked the Acting CA to ensure that the names of core staff who received double salaries during the period under review should be forwarded to the auditors, including the time the said amount was refunded.

**Management and Disposal of Waste**
It was reported that sanitary tools in the form of refuse disposal buckets, with amounts totaling Le12, 326,250 were procured for the collection of garbage in the various chiefdoms. The Report, however, noted that those tools were never distributed to the beneficiary communities. According to the AG’s Report, the auditors were still unable to see evidence that the sanitary tools had been distributed to the various communities in the District.

The Committee stated that if the sanitary tools were not distributed to the targeted beneficiaries, it implied that those tools were not in the first place needed; and thus,
the Committee described such inaction as reckless and nugatory expenditure. The Committee urged Management to urgently address the issue.

10.7 FREETOWN CITY COUNCIL - 2015
Mr Speaker, Honourable Members, during the Committee’s, engagement with officials of the Freetown City Council, a number of issues were found to be still unresolved, including those reported in 2014. These are:

- inconsistencies in amounts reported in the FS;
- contingent liability not supported by documentary evidence;
- local tax;
- statutory deductions not paid;
- sitting fees paid to absentee Councilors; and
- frame work contract for the supply of stationery.

Inconsistencies in amounts reported in the Financial Statements
The Committee observed from the review of the AG’s Report that the opening and closing balances for cash and cash equivalent of Le2, 842,955,599 and Le2, 445,235,495 respectively disclosed in Statement 4 [Statement of Financial Assets and Liabilities] were not consistent with the opening and closing balances for cash and cash equivalent disclosed in Statement 1 [Statement of Cash Receipts and Payments] of the financial statements of Le 5,776,163,654 and Le7, 982,425,407 respectively.

In his response, the Accountant acknowledged the anomaly, but informed the Committee that adjustments had been made. The Committee observed that regular reconciliation had not been conducted.

Therefore, the Committee advised the Accountant to be conducting regular reconciliations so as to detect and correct any errors in a timely manner.

Contingent liability not supported by documentary evidence
It was observed from the review of the AG’s Report that amounts of Le104,472,986 and Le148,203,940 reported as contingent liabilities in respect of FBI International and Door-to-Door Construction Company respectively were disclosed in statement 15 [Statement of Contingent Liabilities]. The Report maintained that documents to substantiate such contingent liabilities were not provided for audit review. It was however disclosed by the auditors that during their second visit, documents in respect of Le 104,641,020 were provided. The Report also revealed that no document was provided in respect of Door-to-Door Services for Le 148,203,940 stated as contingent liability.

Reacting to the above issue relating to Le 148,203,940 [a contract agreement between FCC and Door-to-Door Services], the CA told the Committee that the issue was in court because the Company failed to complete the contract. According to the
CA, Door-to-Door Services demanded full payment for the construction of the Circular Road Cemetery. A documentary evidence to prove that there was a contract agreement between FCC and Door-to-Door Services was shown to the Committee. The Committee suspended further discussion on the issue whilst awaiting court's decision.

**However, the Committee advised Management to update the auditors and the Committee on the court's final judgement on the issue.**

**Local tax**  
It was observed from the review of the AG’s Report that 138 local tax receipt books valued at Le 34,500,000 were neither returned to the Council nor was the money paid to the Council by the individuals concerned. The Report disclosed that local tax not brought to account totaled Le 6,125,000. “*This indicates the difference between value of total receipt books printed and value of receipt books accounted for in the Financial Statements.*”

Again, the audit report disclosed that out of the outstanding 69 receipt books claimed by Management, only 3 books were submitted for verification, outstanding receipt books were 66 costing Le 33,000,000 which were not produced for verification.

Asked to react to the query, the Accountant stated that local taxes are usually collected by the Cash Office. He disclosed that Council had properties that are valued every year and payments are made in different accounts. The Committee reminded the Accountant that the auditors were not challenging the assessment, but the failure of Council to provide the necessary documents.

The CA informed the Committee that all documents relating to the query had been assembled for audit verification. The Accountant further revealed that moneys are usually paid to the Cash Office and the Cash Office pays to the bank. He frankly informed the Committee that the source documents were not available because “*all payments are made in the demand note for all property.*”

The Committee questioned the statement made by the Accountant; i.e., how would you receive payments without documents to support the source of those moneys. The Committee asked the auditors to verify Management’s claims that the documents in question were available for audit inspection. The Deputy Auditor General, Mr Tamba Momoh, told the Committee that a similar claim was once made by Management, but upon the arrival of the auditors, the documents were not availed for verification. Mr Tamba Momoh disclosed that if the issue was to be revisited, the amount involved would be surcharged.

Speaking on the issue concerning the 66 receipt books costing Le 33,000,000 that were not produced for verification, the Accountant agreed with the audit observation but revealed that the local chiefs who voluntarily accepted to collect taxes on behalf
of Council disappeared. He further unveiled to the Committee that two of the tribal heads had died. The Committee suggested that Council should exploit other means of collecting taxes; i.e., issuing out receipt books to Heads of schools and work with the Accountant General to be deducting those taxes from source.

In his response, the Mayor of Freetown City Council frankly informed the Committee that collecting local tax in Sierra Leone at the moment is very difficult. He stated that the suggestion of the Committee had been experimented, but proved futile. He implored the Committee for stringent local tax laws to be enacted.

The Committee noted Mayor’s plea, but advised Management to be more proactive and robust in the collection of local tax. The Committee further advised that the death certificates for the two tribal heads who had dealings with the issue under consideration be provided to the auditors.

Statutory Deductions not Paid
The Committee noted from the AG’s Report that the sums of Le 99,523,420 and Le 91,143,464 were deducted from staff salaries in respect of Social Security Contribution and Pay-As-You-Earn tax due to NASSIT and the NRA respectively. The Report stated that there was no evidence that those amounts were paid to the respective statutory bodies. It was however observed from the AG’s Report that the sum of Le 100,000,000 was paid to the NRA in respect of PAYE for the months of June, October and November, 2015. The Report further disclosed that no payment was made to NASSIT.

In his response, the Mayor stated that he inherited over Le1bln debt and had almost paid that amount. On the issue under discussion, the Mayor revealed that funds were not enough to pay those statutory institutions. He further disclosed that he wanted to ensure that staff are paid on time and later work towards paying NASSIT. He expressed dissatisfaction over the slow pace at which people are paying local tax, pointing out that this had plunged Council into financial brouhaha.

The Committee questioned why the Mayor prioritised staff salaries over the payment of those moneys to NRA and NASSIT, stating that delays could lead to surcharging. He promised that payments would soon be made when funds are available.

In that regard, the Committee urged Management to exercise urgency and ensure that the amounts in question are paid to the NRA and NASSIT without further delay.

Sitting fees paid to absentee Councilors
From the review of the AG’s Report, the Committee observed that amounts totaling Le 59,200,000 were paid as sitting fees to councilors that were not present at Council’s meetings.

The CA explained that the sum of Le 59,200,000 was paid to those councilors as travel and sitting allowances for the period under review. He stated that the
absentees from Council meetings sent letters of excuse. Citing the provision in the Local Government Act, 2004 the CA revealed that “if a councilor fails to attend Council meetings for three consecutive times, he/she loses his/her seat as councilor; but if he/she sends a letter of excuse, he/she will not lose his/her seat.” He further disclosed that if a councilor failed to attend Councilor meetings without a letter of excuse, he/she is not eligible for travel and sitting allowances. He added that Council is expected to pay travel and transport allowances on a monthly basis.

The Committee noted the CA’s explanation, but counseled that:
- Council should withhold allowances of absentee Councilors who fail to provide written excuse; and
- Management should produce such written excuses as evidence to the auditors upon request.

Frame work contract for the supply of stationery
From the review of the AG’s Report, the Committee observed that procurement documents revealed that only two business entities [i.e. Liverpool Investment and Eddie K. Enterprises] submitted bids in respect of the award of a frame work contract for the supply of stationeries which was eventually awarded to Eddie K. Enterprises. The audit report disclosed that the two business entities were owned/managed by the same individual.

In his submission, the CA told the Committee that they assessed bidders and not an individual with two firms. He maintained that Council evaluated bidding documents and not individual. The Committee rebuffed the CA’s argument, stating that in the event one bidder presented five bidding documents, Council should have performed due diligence by studying every document submitted to it as a way of verifying the material facts related to the bidding documents. The Committee further noted that the two could not have bided as one bidder.

Thus, the Committee recommends that in future, the Procurement Unit should properly check documents during the procurement process.

10.8 BO DISTRICT COUNCIL-2015
Mr Speaker, Honourable Members, officials of the Bo District Council appeared before the Committee to respond to the Auditor General’s queries raised in the 2015 Audit Report. The Bo District Council had an unqualified audit opinion because the audited financial statements conformed to the Generally Accepted Audit Principles [GAAP] and represented Council’s accounts fairly. During cross examination of the 2015 Auditor General’s Report, however, the following issues were noted:
- inconsistencies in the Recognition of Financial Information in the Financial Statements;
- incorrect application of International Public Sector Accounting Standard [IPSAS];
- expenditures from DSDP 2 and RCHP 2 Funds;
- withholding taxes not paid to the NRA;
- non reconciliation of own source revenue records;
- funding for Solid Waste Activities; and
- poor management of Assets.

The CA informed the Committee that all the above-mentioned issues had been resolved. Accordingly, a systematic review of the Auditor General's Report revealed that those issues under discussion had been cleared, with the exception of the used Toyota Landcruser – AEJ 488, which was allocated to the Director of Agriculture. The auditors confirmed that all the issues had been resolved with the exception of used Toyota Landcruser. Asked to update the Committee on the present status of the said vehicle, the CA informed the Committee that the Toyota Landcruser under discussion was donated to Council and it was handed over to Mr Joseph Bangura, one of the Directors in the Ministry of Agriculture. “When he was transferred to the headquarter office in Freetown,” the CA revealed to the Committee, “He went with the vehicle.” The Committee could not ascertain the condition under which Mr Joseph Bangura went with the vehicle.

In that regard, the Committee asked the CA what measures were being taken to recover the Toyota Landcruser from Mr Joseph Bangura. He asserted that a series of letters had been written to Mr Joseph Bangura to return the said vehicle, but to no avail.

Thus, the Committee advised the CA and Management team to send another reminder to Mr Joseph Bangura and copy the PAC, Audit Service and the Permanent Secretary of the Ministry of Agriculture.

10.9 BO CITY COUNCIL - 2015

Mr Speaker, Honourable Members, core staff of the Bo City Council appeared before the Committee to respond to the Auditor General’s queries flagged up in the 2015 Audit Report. Like Bo District Council, the Bo City Council had an unqualified audit opinion. During scrutiny, it was however observed that issues relating to 'inconsistencies in the recognition of financial information in the financial statements, payments without adequate supporting documents, poor management of fixed assets, procurement procedures not followed, and personal files not updated with relevant documentation' were reported to have been resolved, leaving the following still standing against Bo City Council:

- revenue from vehicle rental not accounted for;
- overdrafts obtained by Council without authority; and
- ineffective operations of the PETRA system.

Revenue from Vehicle Rental not accounted for
According to the AG’s Report, the Bo City Council entered into a vehicle rental agreement with a contractor, Universal Venture on 1st March, 2015. It was reported that Council agreed to rent out its water bowser vehicle with registration number ADN208 to the said contractor for a contract fee of $150 for the period March to June 2015 for six working days a week. The Report further stated that 100% payment at signing of the rental agreement was to be made before the release of the said vehicle.

According to the AG’s Report, the estimated number of days was calculated to be 104 days with estimated revenue of $15,600. The Report revealed that that amount was never accounted for in the bank statements, receipt books, cash book or FS and there were no records to support the utilisation of that amount. “During the exit meeting in a discussion on the above query,” the Report said further, “it was stated by Council officials that the bowser had never worked since it was taken over by the contractor. But in the minutes of the Ordinary Council Meeting [OCM/2015/03/025] of 14th April, 2015 it was observed under ‘matters arising’ from the ordinary council minutes held on 26th March 2015 [OCM/2015/02/019] that a 30 days payment was made to the Finance Officer [FO] for onward payment into the BCC Transport Account. There was no evidence in the form of bank payment slips or statements to confirm payment by the FO.”

The Committee was made to understand that the bowser was only brought back to Council’s premises on 8th May, 2016; after 14 months and 6 days it had been contracted. Thus, the estimated revenue calculated by the auditors as at 1st July, 2015 to 31st December, 2015 was $39,150.

Reacting to the auditors findings, the CA informed the Committee that the contractual agreement and the letter for the termination of the said contract had been submitted to the auditors for inspection. Responding to the CA’s claims, the Principal Auditor and Head of the audit team in the Southern Province, Mr Murray Lansana, stated that the auditors usually look for the paying slips and compare the figures with the bank statement. According to him, the figures on the paying slips were not disclosed on the bank statement, which suggested that the money was not banked. Again, the CA rebuffed Mr Murray Lansana’s assertions, stating that the vehicle was rented and the amount collected from the contractor was banked on the 24th April, 2015. He however admitted that the Finance Officer [FO] failed to provide the bank statement for audit verification at the time it was requested by the auditors.

Asked to tell the Committee the amount he claimed to have been banked, the CA said that the vehicle in question worked for 26 days at $50 per day. He concluded that the sum of $1,300 was banked. He provided bank statement and receipts to the Committee and the auditors in respect of what was collected.
Reacting to the Committee’s enquires as to why the vehicle was rented and the contract was terminated before the agreed period stated in the agreement, the CA frankly told the Committee that Council’s water bowser was unable to compete with the Sierra Leone Water Company [SALWACO], stating that SALWACO had long established a healthy relationship with almost all the customers within Bo City. On the termination of the contract under discussion, the CA said that the breakdown of the water bowser resulted in the termination of the contract. He also provided correspondences on the termination of the contract.

In view of the above, therefore, the Committee advised the auditors to thoroughly review all documents submitted for inspection and report back to the Committee for final decision.

**Overdrafts Obtained by Council without Authority**

According to the AG’s Report, the Statement of Financial Assets and Financial Liabilities as at 31st December 2015 revealed that the balances in respect of five bank accounts [Education, Development, GoSL Solid Waste, Library and DSDP Solid Waste] recorded an overdraft amount of **Le32, 855,662.00** without approval from the Ministry of Local Government and Rural Development or the Ministry of Finance.

Asked to provide explanation on the issue, the FO informed the Committee that Council had never requested an overdraft from any bank, and those mistakes occurred as a result of mis-posting. The Committee reprimanded the FO for failing to correct the ‘so called mis-posting or mistake’ when the issue was first raised by the auditors. The Committee maintained that the said miss-posted figures in the cash book would have been corrected before the Committee’s engagement with Management.

The CA apologised for the lackadaisical attitude demonstrated by the FO and members of the Finance Department. He however stated that it was very difficult to provide effective monitoring mechanisms because other officials were unable to access the system. Though the auditors acknowledged that it was a system problem, the Committee was of the view that if the system was posing challenges, the entries could also have been done manually to avoid such embarrassments.

In that light, the Committee suggested to the auditors and Management that if the PETRA System continued to pose problems, the issue under discussion should be written off and Management should revert to the old manual system.

**Ineffective Operation of the PETRA System**

A review of the AG’s Report on the operations of the PETRA System during the period under discussion revealed that:

- there was no server being installed for the PETRA in the Council to enable other users access the system for monitoring and review of accounting information;
the networking of the system was not done and that made it impossible for other users to access the system in their offices through the network;
- only two users [FO and Accountant] have access to the system because the system was installed on a standalone lap top computer;
- there were delays in posting transactions into the system and there was no batch control system within the PETRA;
- licenced antivirus software had not been installed on the computer hosting the PETRA System;
- the system did not automatically transfer closing account balances of the previous accounting period to the current period as opening balances. Instead the Accountant/FO had to manually input this information into the system;
- there was no control mechanism in place within the PETRA system to ensure that the previous year's data are closed from input of new transactions;
- there was no control to ensure that incomplete transactions at the end of the accounting period are moved to a separate account or location within the system; and
- the PETRA server at the BCC is using Windows server 2003 version even though there is an updated 2012 version. The end of life for Windows server 2003 was 14th July 2015. Using end-of-life software is a risk since the vendor ceases to offer product support. Therefore, the system software may not function properly leading to frequent breakdowns.

Mr Speaker, Honourable Members, the Committee drew the attention of the CA to the variety of issues being flagged up under the PETRA System. Responding to the Committee’s enquiries, the CA told the Committee that the issue of the PETRA System had been a perennial problem in his Council. He maintained that only the Finance Officer and Accountant had access to the System. The CA, the Chairman and the Internal Auditor had no access to it because they had no passwords that could grant them access. He further stated that the Public Financial Management Reform Unit [PFMRU] in the Ministry of Finance and Economic Development “is responsible to install the PETRA Software into the computers and not the responsibility of Council.” The CA said that frantic efforts had been made and that the issue had been communicated to the Local Government Finance Department for possible collaboration with the IT Unit in the Ministry of Finance, so that the problem could be resolved for once. The CA lamented that his efforts had not yielded any dividend because those who were supposed to resolve the issue gave it deaf ears. However, the CA could not provide any tangible evidence to authenticate his claims.

The Committee emphasised the importance of the PETRA System, stating that it is meant to ensure checks and balances in Council’s financial operations. “In view that,” the Committee maintained, “The FO and Accountant have operational rights, whereas the CA, IA and Mayor have a responsibility to monitor the activities of the FO and Accountant.”
Further cross examination on the issue revealed that the PETRA Server was installed but after few months, the system became latent. The Committee faulted Management, stating that certain officials did not want the system to operate effectively and efficiently.

Mr Speaker, Honourable Members, the issues raised under the PETRA System are still outstanding and the Council is facing serious challenges with regards to the operational effectiveness of the PETRA. The issues relating to the PETRA System have been reported for the past three years, but there seemed no headway.

Thus, the Committee recommends a review of the entire PETRA software or that the system be replaced with a more user friendly accounting software.

10.10 MOYAMBA DISTRICT COUNCIL- 2015

Poor Budgetary Performance in Revenue Generation

Mr Speaker, Honourable Members, the Auditor General’s Report revealed that Council made 35.3% increase in its budgeted revenue for 2014 and 2015 financial year, even though Council was unable to collect up to 71.7% of the budgeted revenue in 2014. Also, it was also observed that only 28.8% of the total budgeted revenue for 2015 was collected by Council, leaving a balance of 71.2% uncollected.

The FO stated that the outbreak of the Ebola virus disease adversely affected Council’s ability to generate the required budgeted revenue. The Principal Auditor and Head of the audit team in the Southern Region, Mr Murray Lansana, rejected the FO’s submission, stating that what the FO was telling the Committee was totally indifferent to Management’s earlier response. According to Mr Murray Lansana, Council’s earlier response did not state Ebola as a factor responsible for its inability to generate budgeted revenue, but that the persistent interference of Chiefdom Administration in Council’s activities had foiled its revenue generation drive.

The Committee observed that Council was too ambitious to collect revenue, pointing out the fact that despite Council’s inability to meet its budgeted revenue target in 2014 financial year, it still went ahead to set a revenue target with 35.3% increase. The Committee further noted that Council had not done a proper job in terms of assessing its property. The Committee informed officials of the Moyamba District Council that “if you want to collect property tax, they must assess their property before setting a revenue target that they will not meet.” The Committee maintained that assessing the existing property is sine quo non for meeting budgeted revenue targets.

In that regard, the Committee advised the FO to first of all evaluate all property owned by Council, so as to avoid further embarrassment.

Unreliable Budget Figures
A thorough examination of the audit report revealed that there were no records to help the audit team ascertain the basis used by the Council to support budgeted or estimated revenue figures disclosed in the 2015 FS. According to the auditors, the increase/decrease in revenue estimates was not substantiated. For instance, Council failed to maintain a database of registered businesses or organisations. The report further stated that Council failed to maintain a list of property owners to whom demand notices were issued for the period under review.

Asked to respond to the above mentioned query, the FO explained that a database had been created and an Evaluator employed. He concluded that the issue under discussion had been resolved.

**The Committee took the FO at his word, but strictly advised him to ensure that a manual backup system is put in place, rather than solely relying on the software system.**

**Account balances not reconciled**
Again, the AG’s Report revealed that bank reconciliation statements for the months of November and December were not prepared in 2015 for all the accounts operated by the Council for the period under review. It was reported that the total transactions of receipts and payments in respect of those accounts [as reported in the financial statements] amounted to Le3.1bln and Le2.4bln respectively. The auditors commented that reconciliations were later prepared, but the DSDP Primary & Secondary Health Accounts were not correctly reconciled. According to the auditors’ comment, a difference of Le36,110,000 was noticed.

Further investigation into the issue revealed that the above stated issue was the reason why Moyamba District Council had a qualified audit opinion during the period under review. **“In the opinion of the auditors,”** the Committee maintained, **“Reconciliation issues are fundamental components in terms of expressing an audit opinion.”** In fact, the Principal Auditor, Mr Murray Lansana, told the Committee that the issue under consideration would also reappear in the 2016 Auditor General’s Report.

**The Committee asked the FO to ensure that the issue under watch is resolved before the 2016 Auditor General’s Report is laid before Parliament.**

**Withdrawals not recorded in cash books**
The Auditor General reported that comparison of debit entries in the bank statements with expenditure recorded in the cashbooks for a sample of accounts revealed that withdrawals, totaling Le372,426,756 were not recorded in the cash books. According to the FO, the anomaly was a negative consequence of the PETRA System, stating that the link between the PETRA and IPSAS was faulty and had been posing serious problems.
Again, the Committee counseled that if the system continued to pose problems, Management should start thinking of using the manual system to make all entries into the cash books. The Committee further advised Management to work towards resolving the issue amid the numerous challenges posed by the PETRA through the use of the counterfoils to crosscheck all entries.

Inadequate Collection, Monitoring and Recording of Own Source Revenue
A systematic review of the AG’s Report revealed that Moyamba District Council’s controls over revenue were observed to be inadequate because reports on the total demand notices issued and collected were not made available by the valuation office, and rental charges from the mini stadium were not included in the revenue service charter.

Reacting to the query, Mr Speaker, Honourable Members, the FO revealed that the issue under discussion had been forwarded to the police because the Evaluator was suspected to have misappropriated those funds. On the issue of rental charges from the mini stadium, the FO stated that those revenue from mini stadium were included in the other revenues being collected. The Committee told the FO that revenues collected from the mini stadium should have been recorded separately, so as to distinguish it from other revenues. The Committee inferred that the FO had not been doing his work properly.

In light of the above, therefore, the Committee encouraged the FO and Management to ensure that:

- all revenue collected from the mini stadium during the period under review should be separated from other revenue sources;
- evidence relating to the Evaluator and the police should be provided to the auditors for verification; and
- Management should outsource the collection of revenue to a private company.

Internal Audit [IA] Unit not Effective
The AG reported that there was no charter or any formal document [approved by the relevant authorities] that outlined the scope, authority, responsibilities and purpose of the IA Unit. The Committee also discovered that there was no evidence that the IA Unit had a suitable audit manual that incorporated written policies and procedures, work programmes for individual assignments and reporting lines at each level of management.

Asked to provide explanation on the issues relating to audit charter and audit manual, the FO stated that the Ministry of Finance “is responsible to develop and distribute audit manuals to all Councils.” He said that the attention of the
Ministry had been drawn to the issue, but they had not received any response. The Committee demanded proofs of communication between the Council and the Ministry of Finance in the form of correspondences, which were not made available to the Committee.

Questioned on the effectiveness of the Internal Audit Unit, the FO submitted that since the resignation of the Internal Auditor, the Internal Audit Unit had not been effective. He further revealed that the resignation of the Internal Auditor came as a result of the Auditor’s intention to vie for the position of a Member of Parliament in the forthcoming presidential and parliamentary elections. The Committee told the FO and Management team that the resignation of erstwhile auditor should not, in any way, disrupt the smooth operations of the said office, stating that continuity is one of the hallmarks of an effective management team.

Emphasising the importance of the Internal Audit Unit, the Committee stated that the said Unit is meant to identify and report certain foibles to Management, so that remedial actions are taken before the arrival of the external auditors. The Committee maintained that in the absence of an Internal Auditor, Council’s finances and assets are susceptible to mismanagement.

Thus, the Committee encouraged Management to:

- liaise with the Local Government Service Commission via correspondences for a replacement of the former Internal Auditor; and
- communicate with the Ministry of Finance and Economic Development through correspondences for the provision of a charter and a suitable audit manual that incorporate written policies and procedures, work programmes for individual assignments and reporting lines at each level of management.

Mr Speaker, Honourable Members, during the Committee’s engagement with the Management team, it was discovered that issues of ‘inadequate control over the management and security of assets, payments without adequate supporting documents and sitting fees paid to absentee Councilors had already been resolved.

At the end of the Committee’s engagement with officials of the Moyamba District Council, however, the Committee expressed dissatisfaction over what it saw as Management’s lackadaisical attitude towards addressing audit queries, stating that the unresolved issues had material effects on the Financial Statement, which led the AG to express a qualified audit opinion.

The Committee repeated its earlier warnings that non-performing Councils would not be slated for budget hearings and they would have their budgets withheld by Parliament if they failed to address those audit queries. The Committee reiterated that about five Councils had been earmarked by the PAC to suspend the entire
Management teams of those Councils and replace them with Management Committees for a period of two years.

10.11 BONTHE DISTRICT COUNCIL-2015

Mr Speaker, Honourable Members, at the time of the Committee’s engagement with officials of the Bonthe District Council, four issues were still standing against their Council; i.e., inadequate control over own source revenue generation, inadequate control over the management and security of assets, withholding taxes not deducted and paid to NRA and NASSIT deductions not paid. However, the auditors advised the Committee that the issue relating to withholding taxes had been addressed, leaving three issues still unresolved.

Inadequate Control over Own Source Revenue Generation

The AG reported that the Revenue Mobilisation Committee had not been proactive in the collection of revenue. Section 45[4a] of the LGA 2004 requires that frantic effort should be made by the Council to ensure that much is realised from revenue sources. The AG’s Report revealed that during 2015 eight [8] receipt books, with an estimated amount of Le254,583,206 were not submitted for audit inspection.

The report further noted that revenue mobilisation for property taxes was very poor, stating that Bonthe District comprised 11 chiefdoms, but only one was targeted in terms of issuing demand notices for property taxes. The Report maintained that in an interview with key officials, it was revealed that the Valuation Department was unable to perform effectively in its revenue mobilisation drive within the district because of the following:

[i] The Cadastre System was not operational and information could not be added to the database. Therefore, revenue arrears and budget figures cannot be correctly estimated.

[ii] There were inadequate personnel [only one staff] in the department to cover the entire district.

[iii] Insufficient resources such as motor bike, fuel, and stationery for revenue mobilisation.

[iv] Non-compliance by the people in paying taxes for their properties.

[v] Interference by the Native Administration [N/A] in terms of revenue generation in the municipality.

[vi] Non enforcement of bye-laws/ court action against defaulters.

Asked to provide a situational report on the current status of the matter under consideration, the Principal Auditor attached to the PAC, Mr Alfred Saffa, informed the Committee that out of Le413,757,710 generated as own source revenue for 2015, only Le242,012,567 was paid to the bank, leaving the balance of Le171,745,143 unbanked. He maintained that three out of eight receipt books were submitted and verified. The estimated revenue for the remaining five receipt
books was **Le83, 861,570**. According to the AG’s Report, the own source revenue not banked was **Le9, 572,143**.

Furthermore, it was also reported that receipt No. 545, with an amount of **Le162, 113,000**, was issued twice, which inflated the own source revenue as per receipt books.

Responding to the issues stated above, Madam Bintu A. Vaugahu, who is the current CA for Bonthe District Council, explained to the Committee that much had not been achieved on the area of property Cadastre System. She admitted that there was only one staff in that department to cover the entire district. The CA said that Council had not been able to get the required resources such as motor bike, fuel, and stationery for revenue mobilisation. “**That has been a serious challenge for Bonthe District Council,**” she noted. She added that the non-compliance of people in paying taxes for their properties and the insistent interference by the Native Administration [N/A] in terms of revenue generation within the municipality had negatively affected Council’s revenue collection drive.

The Committee observed that the CA and Management team had not done enough to overcome those challenges, pointing out the fact that proper sensitisation and the enforcement of bye-laws/court action against defaulters could have helped to generate the required revenue.

Reacting to the query relating to the receipt No. 545, with an amount of **Le162, 113,000** that was issued twice to Sierra Rutile, the FO stated that Sierra Rutile denied having received the first receipt issued to them. Therefore, Council had to write and issue out another receipt to Sierra Rutile.

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

- ensure that provision is made in Council’s budget for the procurement of motor bike[s] and stationery for revenue mobilisation;
- put in place effective sensitisation mechanisms, so that people could see the need to pay taxes for their properties;
- put modalities in place so as to deter any other interference by the Native Administration [N/A] in revenue generation within the municipality; and
- ensure that the existing bye-laws are enforced against defaulters.

**Inadequate Control over the Management and Security of Assets**

The AG reported that an updated assets register for the period under review was not made available for audit inspection. According to the Report, assets totaling **Le88, 008,965** were not recorded in the assets register. The Report further revealed that some assets in the Council’s assets register were not available for physical verification. It was also noted that no evidence that inventory or stock takes were
done when officers are usually transferred to other Councils or resigned from the job.

In her response, the CA informed the Committee that the assets register had been updated and that all queries relating to the assets register had been addressed. The Committee noted the response made by the CA, but stated that in the absence of a comprehensive assets register, Council’s limited assets are susceptible to theft and misuse. The Committee therefore encouraged the auditors to keep an eye on the issue but warned that if those issues are reported again, an uncompromising action would be taken against the CA for perjury.

**NASSIT Deductions not Paid**

It was reported that there was no evidence, such as NASSIT receipts to ascertain that the **Le17, 722,609** that was disclosed in the financial statements as NASSIT contribution was paid to NASSIT. However, the AG’s Report revealed that NASSIT receipts totalling **Le 11.1mln** were verified, leaving a balance of **Le6.6mln**.

Queried on why the sum of **Le6.6mln** had not been paid to NASSIT, the CA showed a prepared cheque of **Le6.6mln** to the Committee. The cheque was repudiated by the Committee, stating that the Committee wanted to see evidence of payment to NASSIT and not a cheque that could likely bounce. Nevertheless, the Committee is happy to report that payment has been made to NASSIT and evidence of payment was submitted to the Committee for verification.

**Therefore, the Committee recommends that the issue be closed.**

At the end of the Committee’s engagement with Bonthe District Council Management team, the Committee applauded their efforts. That notwithstanding, the Committee reiterated its earlier cautions that any Council that failed to address audit queries would not be slated for budget hearings and would have its budget withheld by Parliament. The Committee reiterated that some Councils had been identified by the PAC for possible suspension of their entire Management teams and replacement with Management Committees for a period of two years. The Committee advised the team to be doing the right thing so that Bonthe District Council would not be a victim.

**10.12 BONTHE MUNICIPAL COUNCIL-2015**

Mr Speaker, Honourable Members, the Mayor of Bonthe Municipal Council and other core staff appeared before the Committee to respond to audit queries reported in the AG’s Report. The Principal Auditor and Head of the audit team in the Southern Province, Mr Murray Lansana, revealed to the Committee that Bonthe Municipal Council had been under investigation since almost a year ago by the ACC for various withdrawals from Council’s accounts. Mr Murray Lansana further stated that the Internal Audit Department in the Ministry of Finance, the Ministry of Local Government and Rural Development, and the Local Government Service Commission
were aware of the issue. He maintained that the signature of the Mayor was falsified and a series of withdrawals was made without the knowledge of Mayor.

Mr Speaker, Honourable Members, the Committee discovered that the criminals threw a monkey wrench during the course of investigation when the FO suddenly died, so as to foil the investigation process.

Asked whether he would like to say a word to the Committee, the Mayor maintained his earlier submission to the auditors that he had no knowledge of the contents of the FS and that all undertakings or information contained therein were not his views. He said that all the signatures appended in the FS were scanned without his approval.

Empathising with the Mayor, the Committee stated that he was being surrounded by criminal gangs whose interest is “to steal from the people.” The Committee discovered that Council’s activities are currently under siege. It authorised the Mayor to use the 2017 allocations to run the affairs of Council.

10.13 PUJEHUN DISTRICT COUNCIL – 2015

Mr Speaker, Honourable Members, during the Committee’s engagement with officials of Pujehun District Council, the Committee discovered many issues which were still standing against Council. These are:

- inconsistencies in the recognition of financial information in the financial statements;
- over/understatement of revenue/expenditure in the FS;
- incorrect application of International Public Sector Accounting Standard [IPSAS]
- payments without adequate supporting documents;
- bank withdrawals not supported by payment vouchers;
- procurement procedures not followed;
- poor management of fixed assets;
- inadequate control over the collection of own source revenue;
- non-reconciliation of own source revenue records;
- ineffective operations of the PETRA System;
- no existing stores;
- no proper and documented waste management procedure;
- inadequate staff for the management of solid wastes;
- lack of equipment/machines for solid waste management;
- funding for solid waste activities;
- NASSIT deductions and payments; and
- Internal Audit Unit not effective.

Inconsistencies in the Recognition of Financial Information in the Financial Statements
The AG’s Report stated that presentation of financial information was observed to be inconsistent in the various statements in the 2015 Financial Statements [FS]. The Report revealed that during a review of the FS and its related components [Report of the CA, Core FS and the supplementary disclosures] and Notes to the FS, it was revealed that:

- the amount disclosed as budget in the CA’s report was different from the budget figure in statement 2 of the core FS by **Le 853,200,000**;
- outstanding debt to the tune of **Le32, 999,000** was disclosed, but it was not included in statement 12 [Statement of outstanding debts as at 31st December 2015];
- in statement 1 [Statement of cash receipts and payments [all funds] of the core FS, the 2014 figures were not correctly brought forward into the 2015 FS as comparative figures. A net difference of **Le978, 518,496.82** was observed between the figures;
- Statement 2 [Statement of comparison of budget and actual amounts [all funds] as at 31st December, 2015] of the core FS, the amount for cash outflow reported was different from the total payments in statement 1 by **Le 281,382,837**.
- the budget and revised budget figures for Dom. Taxes on G&S, etc. in statement 2 were presented in a negative, instead of positive form. As a result, the variances and percentage variances calculated for cash inflow were incorrect;
- a difference of **Le14,600,000.00** was observed between total payment in statement 1 and total expenditure in statement 3;
- a net difference of **Le4, 000,000.00** was observed between net assets in 2014 brought forward as a comparative figure in the 2015 FS. Details are given below:

  [i] The total cash and bank balances in the statement 4 [Statement of financial assets and liabilities [all funds] as at 31st December, 2015] was different from the cash and cash equivalents as at 31st December, 2015 disclosed in statement 1.

  [ii] Also, the cash and cash equivalent disclosed in statement 5 as at 31st December, 2015 was different from that disclosed in statement 1 by **Le 1,335,404,336**.

  [iii] In statement 6 [Statement of revenues received during the year ended 31st December, 2015], it was observed that:

  [a] GoSL local council grant of **Le 644,275,057** for Secondary Health was disclosed as DSDP 2 assistance.

  [b] Two different balances were disclosed for DSDP 2 Secondary Health.

The AG’s Report also revealed that in note 12 & 14 of the FS, it was stated that there was no outstanding debt for the period under review. This was inconsistent with note 5 in the report of the CA which disclosed **Le 32, 999,000** as outstanding debts as at 31st December, 2015.

However, the Report indicated that although financial statements had been revised and some of the errors corrected, records revealed that cash and cash equivalent as
at 1st January, 2014 was not included in the revised FS and differences were still noted between total cash and bank balances in the statement 4 [statement of financial assets and liabilities {all funds} and the cash and cash equivalents as at 31st December, 2015 disclosed in statement 1.

In his response, the FO stated that the cash and cash equivalent disclosed in statement 5 as at 31st December, 2015 was responsible for the Auditor General to issue a qualified opinion. He further explained that there was no database because the PETRA System was not working. He told the Committee that the PFMRU was adequately informed but nothing was done to fix the PETRA System. He however disclosed that new computers had been installed and that the FS had been reconciled.

The auditors confirmed that the issue had been resolved. The Committee advised the FO to always ensure that regular reconciliations are done in the FS before the start of the audit exercise.

Incorrect Application of International Public Sector Accounting Standard [IPSAS]

The Committee observed the following from the AG’s Report:

[a] receipts/payments made by other entities controlled by Government

Statement 1 of the FS requires the recognition of receipts/payments controlled by other government entities. The Council benefitted from cash and non-cash donations, as indicated in Note 2[f]. It was stated that receipts/payments by other entities controlled by government could not be disclosed. This signified a material limitation, considering the fact that cash donations were straight forward and can be objectively recognised, whereas the non-cash donations without documents to aid objective valuation and recognition can be disclosed in a narrative manner.

[b] Contingent liabilities and Contingent assets.

The statement that "Contingent assets are neither recognised nor disclosed" in note [l] on page 22 of the financial statements, violated the requirement of IPSAS 19- Provisions, Contingent liabilities and Contingent assets. Even though contingent assets should not be recognised, they can be disclosed based on the non-remoteness of the probable receipt. The Report further revealed that “there has been no adjustment in the revised financial statement to reflect the appropriate application of the provisions in the IPSAS on these issues.”

Speaking on the above-mentioned issue, the FO explained that the matter had been addressed and in 2015, Council had not received any donations. He told the Committee that the FS was not edited to delete that special provision from it.

On the issue relating to contingent liabilities, the FO stated that Council had no contingent liability issues during the period under review. The Committee observed a lot of reconciliation issues to be carried out in the tri-balance and the general ledger.
Contingent upon the above, the Committee advised Management, particularly the FO to ensure that outstanding reconciliation issues are resolved within the shortest period; and that reconciliations should be performed on a regular basis.

Payments Without Adequate Supporting Documents
The Committee observed from the AG’s Report that the sum of **Le872,770,639.00** was expended without adequate supporting documents such as receipts, reports, list of beneficiaries, request, minutes, etc. However, the Report disclosed that out of **Le872,770,639.00**, supporting documents were presented for **Le872,770,639**, leaving a balance of **Le70,900,000** without adequate supporting documents.

The FO challenged the auditors on the aforesaid issue, stating that all documents relating to **Le872,770,639.00** were submitted to the auditors for verification. The auditors on the other hand maintained that the documents submitted were insufficient to address the issue under consideration.

The Committee advised both parties to revisit the issue and report back to the Committee. However, the Committee informed the FO and team that if the claims of the auditors are found to be true, an action would be taken against him for time wasting.

Bank Withdrawals not Supported by Payment Vouchers
The Committee noted from the review of the AG’s Report that Section 73[1] of the Financial Management and Regulation [FMR] 2007 was breached, which states that all disbursements of public money should be supported by appropriate payment vouchers and other relevant documents. The Report stated that payment vouchers and their supporting documents for bank withdrawals made by Council in respect of Reproductive and Child Health Project Phase 2 [RCHP 2] and Decentralised Service Delivery Programme Phase 2 [DSDP2], totalling **Le64,960,177.00** were without PVs and supporting documents. The Report further disclosed that those payments were not included in the subsidiary agreement of the Reproductive and Child Health Project Phase 2 [RCHP 2] and Decentralised Service Delivery Programme Phase 2 [DSDP2] for the fiscal year 2015.

It was further observed from the AG’s Report that evidence [notification for transfer] from LGFD, indicating that **Le13,656,927.00** was meant for PBF activities to be implemented by DHMT was presented and verified. Nonetheless, the **Le6,000,000.00** incentive to cleaners on cheque no.446363 5/11/15 was not found in the subsidiary agreement of RCHP 2.

The Committee inferred from the FO’s submission and auditors confirmation that the issue had been addressed. However, the Committee counseled that whenever Management wanted to procure or divert funds from purpose ‘A’ to ‘B,’ there should be a minute of committee meeting where the decision was taken. The Committee
noted that such transactions are usually declared ‘void ab initio’ because of the absence of adequate supporting documents.

**Thus, the Committee recommends that the issue under discussion be closed.**

**Poor Management of Fixed Assets**
The Committee observed from the review of the Ag’s Report that there was no policy on the use and maintenance of the Councils’ fixed assets. The Report maintained that there was no evidence that inventory or stock takes were done when officials are transferred to other Councils or resigned from the job.

Questioned on why an assets policy had not been put in place, the Acting CA stated that Management had started developing a fixed assets policy. Management was therefore exhorted by the Committee to exercise urgency in terms of ensuring that a fixed assets policy is developed and enforced, so as to avoid pilferage of Councils’ assets.

**Procurements Procedures not followed**
A review of the AG’s Report revealed that procurement documents presented disclosed that development projects undertaken for which engineers’ reports [certificates of work done and work completion certificates] were not submitted, amounted to **Le1, 204,165,151**.

In his response, the FO argued that certificates of work done and work completion were unavailable at the time of the audit exercise because the work was still in progress. He however presented the said documents to the Committee and the auditors for inspection. The documents were verified and the auditors stated that the issue had been resolved.

Appraising Council’s general performance for the period under review, the Committee frankly expressed dissatisfaction over Pujehun District Council’s abysmal performance. The Committee believed that the plethora of issues being raised by the auditors is an indication that Pujehun District Council’s Management team has not taken the necessary actions to address audit queries.

**The Committee called on the team to ‘take a leaf’ from the CA in Makeni City Council’s book and save themselves from shameful discomfiture.**

**10.14 KOIDU NEW SEMBEHUN CITY COUNCIL**
Mr Speaker, Honourable Members, officials of Koidu New Sembehun City Council failed to appear before the Committee to respond to audit queries raised in the 2015 AG’s Report because the Committee was reliably informed that key officials of the Council were on suspension and that their documents were still with the ACC pending investigations. The Committee recalled that this same ACC’s investigation was reported to the Committee last year. The Committee expressed dismay over the
sluggish nature of the investigation, stating that the report of the ACC investigation should have been released long before this time. In the estimation of the Committee, the investigation has taken close to two years now.

Mr Speaker, Honourable Members, amidst the ongoing ACC investigations, the Committee was informed that Council continued to receive budgetary allocations from Government. If Council’s documents were withheld by the ACC for transactions undertaken in 2013/2014 financial year, the Committee sees no need why documents relating to the period under review are not made available to it.

In view of the above, therefore, the Committee recommends that Council’s 2018 allocations be withheld until the matter with ACC is concluded.

10.15 KENEMA CITY COUNCIL

Mr Speaker, Honourable Members, a review of AG’s Report revealed that eleven [11] issues were still standing against Kenema City Council. However, the auditors confirmed to the PAC that the following issues had been resolved:

- inconsistencies in the recognition, reporting and presentation of financial information;
- comparative information not disclosed in the financial statement; and
- over/under statement of revenue/expenditure in the FS.

However, the following are still unresolved:

- inadequate control over the collection, recording and banking of revenue;
- ineffective internal controls;
- ineffective management of the Council's budget and budgetary process;
- ineffective management of cash and bank transactions;
- inadequate control of the distribution and usage of fuel;
- ineffective human resource management;
- inadequate control of the management and security of furniture and equipment; and
- ineffective internal audit unit.

Inadequate Control of the Collection, Recording and Banking of Revenue

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

[i] There were delays in the posting/recording of own source revenue as postings were made only when cash collected had been deposited into the bank. Deposits of cash normally take one or two months after collection.

[ii] Based on the agreements signed between the Council and Ndoma Enterprise on the 2nd March, 2015 for the collection of market dues, the following were noted:

- the Report disclosed that the contract agreement should have ended on September but that was not the case because the contractor continued to collect and bank the market dues till the end of the year; and
it was agreed, according to the contract that 80% of the monthly collection should be paid into the Council's bank account. However, the Report revealed that there was no evidence to justify that the amounts paid amounted to 80% of the monthly revenue collected by the contractor.

The Report maintained that there was no evidence to confirm that Council has started posting/recording own source revenue and that own source revenue collected and that was not banked amounted to Le180,000,000. It was also noted that the contract between the Council and Ndoma Enterprise for the collection of market dues was not revised.

Asked to react to the issues mentioned above, the FO informed the Committee that there were delays in posting or recording own source revenue. He stated that Council had no business in collecting revenue because that function had been given to Ndoma Enterprise. He however disclosed that Council had about seven staff who were in charge of recording revenue collected. He further revealed that some customers were in the habit of keeping their paying slips, which he noted had been a challenge for Council. The Committee mentioned that customers are expected to go to the bank and pay into Council’s account and take the paying slips to Council for them to be issued receipts.

The Committee noted that revenue collected should be banked before expended and that collected revenue should be followed by the issuance of receipts. The Committee further stated that training for staff in the revenue section would be of help to Council’s revenue generation drive.

Further enquiries into the issue revealed that Council collected the sum of Le1,646,000,000 during the year under review. The Committee noted Council's inconceivable performance in that direction, stating that if more revenue is raised, Government would be able to provide more social amenities for the people and more development projects would be carried out.

**However, the Committee advised Management to ensure that:**
- monthly reconciliation is carried out;
- staff in the revenue section are trained; and
- more sensitisations are carried out.

**Ineffective Internal Controls**

According to AG’s Report, the Committee observed a few weak internal control issues. These are:

[i] No risk assessment process for the identification and management of fraud and fraud related matters was in place.

[ii] No disaster recovery/business continuity plan in place.

[iii] Committees formed by the Council were ineffective as their terms of reference and composition to justify formation were not submitted. In addition, minutes of
meetings to justify their contribution towards the development of the Council were not submitted for audit.

[iv] The following information were not posted on the Council’s notice board:
- monthly financial statements;
- an updated inventory register; and
- Monthly Council meetings.

Giving a general overview of the issues highlighted above, the CA told the Committee that when she took over the management of Kenema City Council, she wrote a memo to the Internal Auditor, requesting him to review all queries raised in the 2015 Auditor General’s Report as a starting point for the implementation of the AG’s recommendations. The CA disclosed that the control weaknesses were further identified by the Internal Auditor and measures had been put in place to address those issues. She stated that Council had started posting information on the Council notice board, a committee in charge of disaster recovery plan had been constituted and the inventory register had been updated. She produced minutes of meetings of Council committees.

**The Committee applauded Management’s efforts in terms of addressing those issues, but counseled that in the absence of effective internal control measures, fraud and other irregularities are bound to take place. The Committee further admonished Management to ensure that those control processes are made to work effectively.**

**Ineffective Management of the Council’s Budget and Budgetary Process**

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

[i] Terms of reference for the Budget and Finance Committee were not submitted /provided for audit.

[ii] Minutes of Ward, Budget and Finance Committee meetings to justify participation and ownership of the budget at community level were not submitted for audit. In addition there was no evidence justifying that the budget was tabled and approved by the Budget and Finance Committee.

[iii] Monthly actuals versus budget variance reports were not submitted to the Budget and Finance Committee and regular meetings were not held by the Committee.

[iv] A comparison of the Council’s performance in actual revenue generation against budgeted revenue for the 2015 financial year revealed a decrease of 29%.

The Committee further observed from the AG’s Report that major transactions were undertaken almost at the end of the financial year. However, this was mainly due to the timing of the receipt of the 3rd and 4th quarter allocations. Review of these transactions revealed that expenditures totalling Le 96mln were not in the approved budget.
The CA told the Committee that all the committees under consideration had been reconstituted and they are now working effectively. She revealed that expenditures regarding the **Le 96 mln** were approved and she presented documents relating to those transactions to the Committee and the auditors for verification.

The Committee implored the auditors to keep the issue in view in their next audit exercise. The Committee further stated that unapproved transactions are considered to be illicit because they lack credibility and authority.

**Therefore, the Committee advised Management to improve on its records management system and ensure that Council’s committees function properly and effectively.**

**Ineffective Management of Cash and Bank Transactions**

Review of the Council’s cash and bank balances revealed the following:


[ii] KCC licence account is a new account that was opened in 2015 but no evidence of authorisation was submitted for audit inspection.

[iii] Bank reconciliation statements for all the accounts were not submitted for audit inspection.

[iv] Bank confirmation letters from Guarantee Trust Bank, Zenith Bank, First Bank, Eco Bank, Union Trust Bank and Sierra Leone Commercial bank were not submitted for audit inspection.

There was no evidence that the Finance Officer investigated these discrepancies or adjusted and submitted revised cash books. In addition relevant documents were not made available to the auditors during the verification exercise.

The Committee observed from the AG’s Report that bank reconciliation statements were provided during the verification exercise, but bank confirmation letters were not received by the Audit Service office on behalf of the Council.

The CA informed the Committee that the issue had been addressed, but complained that there was no FO in Kenema City Council for a couple of months. The Committee requested for documentation to authenticate her claims, which was not readily available.

**The Committee however noted the concerns raised by the CA, but encouraged her and team to ensure that they liaise with the Local Government Service Commission so that an FO is posted to Kenema City Council.**

**Inadequate Control of the Distribution and Usage of Fuel**
The AG’s Report revealed that there were no fuel usage reports, chits, register and distribution list to justify the allocation of fuel, amounting to Le224 mln.

Requested to respond to the above mentioned query, the CA disclosed that Kenema City Council had been dealing with only one supplier. She further revealed that Council had put in place two registers for the supply and usage of fuel; i.e., one for Council and the other Council.

The Committee condemned the sluggish response in terms of addressing audit queries, stating that measures would have been put in place before the audit exercise commenced. Though the Committee learnt earlier that the Internal Audit Unit had become effective, the Committee faulted the Internal Auditor for failing to advise Management on the issues raised in the AG’s Report.

Thus, the Committee admonished Management to ensure that the fuel log book is updated regularly, so as to enhance proper monitoring, control and efficient use of fuel. In other words, Management should work towards maintaining a fuel coupon/chit register, and generator and vehicle log books to ensure control over fuel management.

Ineffective Human Resource Management
A review of the AG’s Report revealed the following:

- A leave roster detailing how and when staff should go on annual leave was not submitted and Council staff did not go on annual leave for the entire period under review;
- Council staff were not appraised for the entire year under review;
- Deductions totalling Le24 mln from staff salaries were made, but no evidence of payment to NASSIT was submitted; and
- Salaries totalling Le306 mln paid to staff and casual workers were without payment vouchers and other supporting documents.

Responding to the aforementioned issues, the CA informed the Committee that issues relating to staff appraisal, NASSIT deductions and payment made to staff and casual workers had been addressed. On the issue of staff annual leave, the CA stated that “before a staff proceeds on leave, he/she must have served Council for a period of two years.” The Committee rebuffed the CA’s submission, stating that as long as a staff is in active service, he/she is entitled to proceed on leave, even if the staff had just been transferred.

The CA apologised to the Committee and promised to ensure that those who are entitled proceed on leave.

Inadequate Control of the Management and Security of Furniture and Equipment
The Committee observed from the review of the AG’s Report that the master inventory register was not updated regularly and furniture and equipment acquired
during the period under review to the tune of **Le70.2 mln** were not recorded in the fixed assets register. The Report disclosed that Council's fixed assets register did not report fixed assets controlled by devolved sectors and a furniture and equipment movement report was not prepared by the Council.

Reacting to the query, the CA informed the Committee that the issue under discussion had been noted and Management was now putting modalities in place to ensure that fixed assets controlled by devolved sectors, including furniture and equipment are captured in Council’s master inventory register.

The Committee disclosed that in the absence of a comprehensive inventory register that records all Council’s fixed assets, including those controlled by devolved sectors, Council’s assets are susceptible to misuse and theft.

Thus, the Committee exhorted Management to exercise urgency in making sure that a comprehensive inventory register for Council’s fixed assets, including those controlled by devolved sectors, is created and updated regularly.

### 10.16 KENEMA DISTRICT COUNCIL - 2015

Mr Speaker, Honourable Members, the Committee was informed by the auditors that that Kenema District Council had an unqualified audit opinion for the period under review. However, the Committee noted from the review of the AG’s Report the following issues:

- ineffective management of the Council’s budget and budgetary control processes;
- ineffective internal controls;
- inadequate control of the collection, recording and banking of revenue;
- inadequate control of the general processing of payment vouchers;
- inadequate control of the distribution and usage of fuel;
- ineffective management of personnel and related matters; and
- environmental issues identified during the audit.

**Ineffective Management of the Council’s Budget and Budgetary Control Processes**

From the review of the AG’s Report, the Committee observed that monthly actuals versus budget variance reports were not submitted to the Budget and Finance Committee. It was also noted that budgeted expenditure reported in the financial statements exceeded budgeted revenue by **Le1, 725,264,020**, leading to a deficit which does not conform to the IPSAS cash basis requirements. According to the AG’s Report, budgeted own source revenue of **Le851,582,000** could not be supported as a cadastre/database for the number of market traders, diamond dealers, billboards, NGOs, CBOS, government properties, mining companies and other properties was not provided for audit purposes because the cadastre/database was not functional.
Answering to above mentioned queries, the Acting CA stated that the Cadastre System set up by the UNDP had not been working. The Committee noted that it was no fault of either the CA or the FO. However, the Committee observed that Council’s revenue projection was higher than what should be collected. Further probing questions revealed that Council had not valuated its property.

**In that regard, the Committee encouraged Management to review their revenue projection and employ the services of a Valuator within the shortest possible time.**

**Ineffective Internal Controls**
The AG reported that there was no risk assessment process in place for the identification and management of fraud and fraud related matters.

In his response, the Acting CA faulted the PETRA System, pointing out the fact that the non-functionality of the System had resulted in some of those internal control lapses. He however mentioned that an Integrity Management Committee had been constituted to look at those internal control gaps. Questioning the effectiveness of the said Committee, the Acting CA disclosed that the Integrity Management Committee had just been constituted and it would be ‘a dream come true’ if it proved to be effective.

**The Committee advised the Acting CA to ensure that the Integrity Management Committee works effectively through regular meetings at least once per every quarter.**

**Inadequate Control of the Collection, Recording and Banking of Revenue**
The Committee observed from the AG’s Report that taxes collected on property for the year under review were **Le2, 453,000** which was very low compared with the previous year’s [2014] which had been **Le22, 961,000** even though it was at the height of the Ebola crisis.

The FO informed the Committee that during the period under review, the Cadastre System was not functioning properly. He however revealed that the issue had been resolved, stating that the documents that were previously misplaced had been found. The Committee observed that Management failed to keep proper record of Council’s documents, which is an indication of control weakness. The Committee further noted that if this control weakness is not addressed, it may lead to fraud and other irregularities.

**The Committee condemned Management’s inattentiveness in handling documents, stating that records are a valid source of information. Thus, the Committee recommends that in future, measures are put in place, so that documents are properly filed and produced upon request.**

**Inadequate Control of the General Processing of Payment Vouchers**
According to the AG’s Report, an amount of Le98, 000,000 meant for school fees subsidies was spent on the rehabilitation of a primary school in Pandaru. The Report further disclosed that there were no correspondences to confirm why the funds were diverted.

Asked to explain why the relevant correspondence was not provided to confirm the diversion of the school fees subsidies to the rehabilitation of a primary school in Pandaru, the CA stated that he was not in office when the transaction was undertaken. The Committee was reliably informed that the issue was under ACC investigation.

The Committee told the FO, who was at post when this transaction was executed, to make sure that he provides minutes of meeting of the Budget and Finance Committee where the decision was taken and other documentation to the auditors or the money be rebated by the FO.

Inadequate Control of the Distribution and Usage of Fuel
The AG revealed that there were no operating records such as log book to show how the sum of Le68, 897,000 was spent for servicing and repairs of motor vehicles, motor bikes and generators.

In his response, the FO stated that the issue had been resolved and documents in respect of Le68, 897,000 were presented to the Committee and the auditors for inspection. He further revealed that the Le68, 897,000 included the devolved sectors.

The Committee noted the issue as an indication of internal control weakness and therefore urged Management to ensure that the fuel log book is updated regularly and maintained for reference purposes.

Ineffective Management of Personnel and Related Matters
According to the AG’s Report, a leave roster detailing how and when staff proceeded on annual leave was not submitted and Council staff did not go on annual leave for the entire period under review.

The FO informed the Committee that the matter had been addressed because Management had prepared a leave rooster. The Committee stated that creating a leave roster is one thing, but allowing the staff to proceed on leave is another issue. The CA disclosed that “implementation of the leave rooster is in progress because staff have started proceeding on leave.”

The Committee admonished Management to ensure that staff proceed on leave; and that the length of time should not prevent any staff from his/her entitlement.

Environmental Issues Identified During the Audit
From the review of the AG’s Report, the Committee observed that no investigation has been done on whether companies/individuals have the environment impact licenses as stipulated in Sections 14-18 of the Environmental Protection Act [2000].

Requested to explain whether Management had started implementing the recommendation of the auditors, the CA disclosed that a Disaster Management Committee had been constituted. The said Committee, the CA noted, is chaired by the Chairman of Kenema District Council. He however revealed that the Committee had not been able to mobilise the various NGOs for support. Regarding forest reserves, the CA informed the Committee that Council had employed forest guards for the purposes of protecting those forests.

The Committee referred Management to the ‘Environment Impact Licenses as stipulated in Sections 14-18 of the Environmental Protection Act [2000]. The Committee noted the looming environmental hazards in the country. The Committee made reference to a meeting with officials from World Bank and other prominent stakeholders in the country on issues relating to the environment.

In light of the above, the Committee called on Management to pay rapt attention to climate change and other environmental issues. The Committee also admonished members of the Disaster Management Committee to redouble their efforts.

10.17 KAILAHUN DISTRICT COUNCIL - 2015

During the Committee’s engagement with officials of Kailahun District Council, the Committee noted the following issues from the AG’s Report:

- ineffective management of the Council's budget and budgetary process;
- ineffective revenue management;
- inadequate control of the general processing and management of expenditures;
- inadequate costs control of the distribution and use of fuel and repairs and maintenance;
- ineffective management of personnel and related matters;
- management and security of furniture and equipment;
- sitting fees and other allowances paid to councillors; and
- outstanding issues from prior year’s audit.

Asked to give an overview of the status of the above-mentioned issues, the CA stated that over 80% of those issues had been resolved. The Committee wasted no time but informed Management that all the issues highlighted above must be resolved before the end of 2016 audit exercise.
PART TWO

MINISTRIES, DEPARTMENTS AND AGENCIES [MDAs] – 2015
11. GENERAL OBSERVATIONS AND RECOMMENDATIONS

[I] The Committee observed that procurement rules were not fully adhered to, which led to a huge amount of transactions undertaken by MDAs regarding goods and services procured for the period under, but review left unaccounted for.

Thus, the Committee recommends that the National Public Procurement Act, 2014 be strictly adhered to.

[II] The Committee observed that there were no standard rules relating to the distribution of airtime/top-up cards to officials in MDAs.

In light of the above, therefore, the Committee recommends that standard rules for the distribution of airtime/top-up cards be developed and approved by management for onward implementation.

[III] During cross examination of the issues raised by the auditors, the Committee noted some amount of deceit in the use of fuel. In fact, the non-availability of guidelines for the distribution of fuel chits to officials further worsened the situation.

In this light, the Committee recommends that guidelines are put in place for the distribution of fuel chits.

[IV] The Committee observed that Vote Controllers deliberately failed to deduct withholding tax at source. Besides, it was observed that some MDAs withheld taxes, but refused to remit same to the NRA. However, 97% of defaulters paid a week preceding the Committee’s engagement with those MDAs.

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

[V] The Committee further observed that Management queries were not responded to within 30 days by many MDAs as stipulated by the Audit Service Act, 2015.

The Committee recommends that Section 94 of the Public Financial Management Act be invoked by Audit Service Sierra Leone; [without prejudice to any other provisions of the Public Financial Management Act any person who fails or refuses to reply to an audit query or observation within the appropriate period specified in Section 93[3] shall, if the Auditor General so directs, have his/her emoluments and allowances withheld for as long as the officer fails to reply].

[VI] Most MDAs cross examined failed to submit their annual financial accounts for auditing on time, thereby contravening the provisions of the Public Financial Management Act, 2015.

In light of the above, therefore, the Committee recommends that institutions that failed to submit their annual accounts on time be dealt
with appropriately; and Section 94 of the Public Financial Management be invoked.

[vii] It was indeed observed, especially regarding revenue generating MDAs that receipt books, Fixed Assets Registers and Inventory Ledgers were not properly maintained.

The Committee recommends that the various accounting manuals are developed and implemented.

[VIII] The Committee noted weak internal control systems in almost all the MDAs under consideration. As a result, it has been very difficult for public institutions to implement accurate and reliable accounting procedures, or keep accurate records of office equipment and store items.

Therefore, the Committee recommends that effective internal controls are put in place and enforced in all MDAs to minimise and/or eradicate wastage.
12.0 SPECIFIC OBSERVATIONS AND RECOMMENDATIONS

12.1 PUBLIC ACCOUNTS OF SIERRA LEONE

Mr Speaker, Honourable Members, the Committee engaged core officials of the National Revenue Authority [NRA], Accountant General’s Department and the Ministry Finance and Economic Development to respond to queries raised by the AG on the public accounts of Sierra Leone. The Report revealed the following:

[1] Material uncertainties over domestic revenues due to:

- The absence of a defined process by which the amounts assessed by revenue collecting Ministries, Departments and Agencies [MDAs] are compared to the revenue collected by National Revenue Authority, on behalf of these MDAs;
- The absence of regular reconciliation records between NRA and the transit banks and between the transit banks and the consolidated revenue fund; and
- System deficiencies in the collection of taxes.

[2] Uncertainty regarding the accounting for Public debts


Domestic Revenue

The Committee observed from the AG’s Report that perhaps the biggest areas of concern are the major issues that continue to be identified in the assessment, collection and reporting of government revenue. In the area of assessment, the Report disclosed that ‘many of the key revenue streams are operated on a self-assessment system, with individuals and businesses completing their own returns. Consequently, there is a risk that deliberate or accidental inaccuracies in self-assessments may lead to under collection of tax.’

On the query relating to collection, the Committee noted from the AG’s Report the following:

- inadequate reconciliation between assessment and moneys collected by NRA; and
- inadequate reconciliation between NRA cashbooks and transit bank statements.

The Committee further observed from the Report that taxes due for collection from individuals, corporate bodies and other institutions by the Domestic Tax Revenue and Customs Divisions of the NRA had remained uncollected for stated reasons. The Report disclosed that during the period under review, arrears stood at approximately Le1.5 billion based on the auditors’ samples tested. According to the AG’s Report, most of the irregularities arose from assessed tax unpaid as well as poor supervision of Schedule Officers and a failure to enforce tax laws and financial regulations, and management’s failure to promptly settle disputes and sanction offenders.

On the matter relating to reporting, the Committee observed from the AG’s Report that once moneys from the NRA are received by the transit banks, they should be transferred to the Bank of Sierra Leone and recorded in IFMIS. The AG reported that the reconciliation between money received and the NRA records is still not being
performed properly and differences were identified between moneys collected as per the NRA, money in the transit bank accounts, money in the Bank of Sierra Leone and revenue as disclosed in the public accounts. Without regular reconciliations, the Report maintained, government revenue would remain relatively uncontrolled, funds are likely to be misused and it would prove impossible to ascertain whether revenue disclosed in the public accounts is free from material misstatement. The Report further stated revenue received would not be correctly classified to the correct revenue stream.

Reacting to issues raised in the AG’s Report, the Finance Director of the [NRA] informed the Committee that regular reconciliations are done among the Accountant General, the transit banks and the directorate of finance at the NRA. He however explained certain challenges regarding the IFMIS System. An official from the NRA informed the Committee that the mandate of the NRA is to collect revenue and MDAs are responsible to assess that ‘x amount’ has been paid.

The Internal Auditor of the NRA, Mr Alpha Kargbo, informed the Committee that they had been raising reconciliation issues, but Management had been telling them that they had not received returns for them to reconcile. According to the NRA official, “NRA does not accept funds without return slips. NRA collects revenue and evidence of receipt is usually sent to MDAs concerned.”

Asked to update the Committee on the present status of the issue, the Commissioners of Domestic Tax and Customs Department of the NRA informed the Committee that periodic reconciliations had been carried out between the transit banks and the Central Bank. The Committee noted that reconciliation had always been major challenge for almost all MDAs. It was also observed that domestic revenue collections in the MDAs are not properly coordinated; and as a result, huge sums of public funds are misdirected into individual hands.

Thus, the Committee advised the Commissioner General, Commissioners of Domestic Tax and Customs Department of the NRA and other core staff to ensure that:

- a compliance risk management process is introduced so as to enable the NRA focus on the underlying drivers of the inaccuracies in self-assessment, non-compliance and the promotion of diversity in the treatment of major tax compliance issues; i.e., registration, filing, reporting, and payment;
- all the NRA cashbooks are regularly reconciled in order to ensure that all assessments made are recorded and that moneys are received with the relevant bank statements to ascertain whether moneys received are actually banked; and
- internal control procedures and supervision are strengthened in the public financial management and necessary sanctions applied against
offending officers and clients/organisations that default in the collection, accounting and protection of revenue, as well as the settlement of tax obligations.

**External Public Debt**

The Committee observed from the AG’s Report that differences continued to exist between the external public debt figures recorded in CS-DRMS, the Schedule of Outstanding Debt prepared by the Public Debt Unit and external confirmations received directly from creditors. “Over the years,” the Report stated, “these differences were only identified after our audit work. The lack of regular reconciliation between these three information sources means that it is impossible to be sure that the figure, as presented in the Public Accounts, is free from material misstatement.” The Report revealed that apart from the implications over the Public Accounts, those figures should be reconciled on a monthly basis to ensure that an accurate and up to date debt position could be provided at any point in time. The AG maintained that information could then be used by Government to properly plan cash flows and to have access to the best information when making decisions on the most desirable debt structure for Government.

On the issue relating to ‘confirmations from third parties,’ the Report stated that the auditors “audit procedures to confirm the completeness and accuracy of debts recorded involve the requesting of confirmation from external creditors and obtaining roll forward schedules detailing the movement of individual debts during the year.” According to AG’s Report, confirmation letters were sent by the Financial Secretary to the creditors on the 7th June, 2016. The Report unveiled that “of a total External Debt of Le.5.60tln disclosed in the Public Accounts Le4.32 tln, which accounts for 77% were confirmed. Le1.3tln which represents 23% of the total debt was not confirmed.”

The AG stated that despite the improvements in the amount of debts confirmed by external creditors, confirmations received as part of the 2015 audit identified a number of errors in the Public Accounts that have now been corrected in the final version.

In his reaction, the Director of Public Debts in the Ministry of Finance and Economic Development told the Committee that his Department did write to all creditors, both local and international, on a regular basis and did follow-ups to underscore the importance of circularisation. He however stated that there were certain bi-lateral and multi-lateral creditors that deliberately refused to respond. He disclosed that the deliberate refusals created the challenge to reconcile the domestic debt figures. He informed the Committee that evidence of periodic reconciliations was provided to the auditors during the verification exercises.
The Committee noted that public debt liability is a major government liability, and is key to Government. Therefore, it requires comprehensive, accurate and timely records for good financial management. Effort is required from all key players to ensure that all creditors confirm their debts.

The Committee advised the Director of Public Debts in the Ministry of Finance and Economic Development to always ensure that external confirmations and statements are used to reconcile the correct debt position, rather than wait for the annual audit to identify problems. The Committee underscored the importance of the use of external confirmation and statements, stating that they help to ensure the correctness of Public Accounts submitted for audit and provide updated information on which Government could base its fiscal and macroeconomic policy decisions.

12.2 NATIONAL ELECTORAL COMMISSION [NEC]
Mr Speaker, Honourable Members, for the past three years, the National Electoral Commission [NEC] has been making tremendous progress in the areas of accountability and internal controls. For instance, in the 2014 Audit Report, the Committee noted that only four issues were reported against this Commission. Comparatively though, the 2015 Audit Report recorded about three issues, different from those reported in 2014. The Committee noted that the issues recorded in the 2015 Audit Report are issues bothering on compliance. The outstanding issues are:

- no procurement plan for 2014 was submitted for audit inspection;
- no vehicle assessment report;
- fire extinguisher not serviced; and
- lack of comprehensive assets register and policy.

No Procurement Plan for 2014 was submitted for audit inspection
The Committee noted from AG’s Report that an approved Procurement Plan for 2014 was not submitted for audit inspection. The Executive Secretary told the Committee that an approved Procurement Plan for 2014 was provided to the auditors, only that the signed copy was said to have been with the Chief Electoral Commissioner, who was not present at the time of the audit. Further probing questions put to the Executive Secretary revealed that the Commission’s approved Procurement Plan for 2014 had been made available for audit inspection.

Thus, the Committee asked the auditors to make follow-up in their subsequent audits on this issue and report back to the Committee for further action.

No Vehicle Assessment Report
The Committee observed from the AG’s Report that the sum of Le 50, 174,750 was spent on repairs and maintenance of vehicles without obtaining assessment report from SLRSA.
Updating the Committee on the above mentioned issue, the Executive Secretary stated that the Commission had duly noted the findings and in future, it would work with the SLRSA to obtain an assessment report before undertaking any vehicle maintenance.

In that regard, the Committee advised the auditors to follow-up on the issue during their subsequent audit exercise, but counseled that in future, the Director of Logistics should obtain an assessment report from SLRSA before undertaking vehicle repairs.

**Fire Extinguisher Not Serviced**
The AG’s Report revealed that fire extinguishers, which were supposed to have been serviced every year, had not been serviced since 2013. According to the Executive Secretary, plans had been put in place to engage the services of the Sierra Leone Fire Force for the inspection and servicing of all fire extinguishers in the Commission. The Committee explained the importance of fire extinguishers and told the team that what the auditors did was not to witch hunt any individuals, but to protect Government’s assets.

**Therefore, the Committee advised the auditors to also follow-up on this issue in their subsequent audits, but cautioned the Director of Logistics to ensure that those fire extinguishers are regularly serviced to comply with relevant safety laws and regulations.**

**Lack of Comprehensive Assets Register**
The Committee noted from the AG’s Report the following:

- lack of a comprehensive fixed assets register that records all the necessary details of assets owned and controlled by the Commission. Information such as date received/purchased, asset identification code and cost were not included in the assets register maintained by the Commission;
- lack of fixed assets policy for its generators, computers and other assets. However, these issues have been raised in the previous report, but they have still not been addressed;
- lack of evidence of an approved disaster recovery plan being operational in the Commission; and
- evidences of debits in the Commission’s bank account at the Sierra Leone Commercial Bank for amounts totalling Le384, 055,917 dating as far back as 2012.

As asked to respond to those queries, the Executive Secretary told the Committee that a Fixed Assets Register had been put in place, and that all assets had been coded. He further disclosed that the Commission had put in place an asset policy in order to protect the Commission’s assets. He also said that the formulation of a disaster recovery plan was in progress and it would be soon completed.
On the issue relating to the debits in the Commission’s bank account at the Sierra Leone Commercial Bank for amounts totaling Le384,055,917, the Director of Finance informed the Committee that the amount in question had been reconciled and documentary evidence was provided to the auditors and the Committee for verification. The documents were verified, but the Director was questioned why the issue was not cleared till the auditors picked it up in 2015. The Committee maintained that the issue under discussion was reported in 2014. The Executive Secretary apologised for being complacent. He disclosed that an Audit Committee had been constituted to ensure that those issues are resolved. He further revealed that the Audit Committee would help to identify certain Management foibles.

In light of the above, the Committee advised the auditors to verify the Director of Finance’s claims. The Committee however counseled that if any of the above mentioned issues reappear, the team would have to suffer the consequence.

12.3 MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT [MOFED]
Mr Speaker, Honourable Members, during the Committee’s engagement with the Ministry of Finance and Economic Development [MoFED] on the 2014 Auditor General’s Report, the Committee discovered that the issue relating to the payment of wages and salaries amounting to Le775,000,000 which was paid to staff on the payroll database, but who were not on the Ministry’s staff list. However, a review of the 2015 Auditor General’s Report revealed that the issue has been resolved. The Committee applauded the efforts made by the Ministry and encouraged the team to always be on top of situations rather than waiting for the auditors to unearth some of these issues.

That notwithstanding, an examination of the 2015 Auditor General’s Report revealed the following:

- RFQ used instead of NCB and evidence of distribution not seen;
- non-maintenance of fuel log book for assigned vehicles and generator plant; and
- withholding tax not deducted and paid to the NRA.

RFQ Used instead of NCB and Evidence of Distribution Not Seen
The Committee observed from the AG’s Report the following issues:

- RFQ method was used instead of NCB as was indicated in the procurement plan.
- The Ministry did not maintain a distribution list for uniforms procured and distributed to drivers and messengers thereby making it difficult to confirm that these uniforms were distributed to drivers and messengers.
- There was no report from stock verifiers in support of the receipt of stock of uniforms and payment.

The Committee asked the Deputy Financial Secretary [DFS], Mr Emmanuel T. Komba, to provide reasons why his Ministry failed to provide the distribution list for
uniforms purchased and distributed to drivers and messengers. The DFS told the Committee that the process of distributing the uniforms was ongoing when the auditors went to the Ministry for the audit exercise, stating that he promised to avail the document in question to the auditors for verification when the process would have been completed. However, even though the DFS promised to provide the distribution list to the auditors for verification, the Committee was reliably informed by the Deputy Auditor General, Mr Tamba Momoh, that the distribution list was never produced to them for verification.

Asked to exonerate himself from that accusation, the DFS told the Committee that the process of preparing the list took three months before it was finally completed. He however presented a copy of the list to the auditors for confirmation. When asked to provide answers as to why the process took longer than expected, the DFS outlined some of the challenges the Ministry encountered with the tailors.

During cross examination of the distribution list submitted to the Committee, it was observed that:

- some of the staff who failed to sign the list have already been transferred to other MDAs or retrenched; and as a result, they could not collect and sign for their uniforms;
- the list submitted to the Committee contained names of staff who did not receive uniforms; and
- some staff were without pin codes.

Further examination of the list revealed that it was spurious because it lacked the necessary evidence to substantiate their claim. The Committee asked the DFS to go and review the list and submit a detailed report, showing the names of recipients and quantity of uniforms received. The Committee maintained that the report should include staff who were retrenched.

The Committee is happy to report to this House that the distribution list was eventually provided to the auditors and the Committee for confirmation.

**In that regard, the Committee recommends that the aforementioned issue be closed. However, the Committee advised Management not allow some of these control lapses to be identified by the auditors, especially when the Ministry has an Internal Auditor who is expected to be the whistleblower.**

**Non-Maintenance of Fuel Log Book for Assigned Vehicles and Generator Plant**

The Committee observed from the review of the AG’s Report that the Ministry did not maintain a fuel log book for assigned vehicles and generator plant for the period under review. The Report stated that the absence of a log book for assigned vehicles and the generator plant made it impossible for the auditors to determine the use of
the fuel and distances covered and the number of litres consumed by the generator on daily basis.

Requested to provide explanation as to why his Ministry did not maintain a fuel log book for assigned vehicles and generator plant for the period under review, the DFS told the Committee that that had been the case, but that the issue had been resolved. However, what beat the imagination of the Committee was when Mr Emmanuel T. Senesie, Principal Accountant, Ministry of Finance, told the Committee that “there is no need to maintain log books for the vehicles because the same quantity of fuel is provided for all official vehicles.” The Committee challenged Mr Senesie’s utterances and described his statement as disingenuous, stating that “whether the vehicles were allocated with the same amount of fuel or not, there should be log books to enable the auditors determine the use of the fuel and distances covered, and the number of litres consumed by the generator on a daily basis.”

The DFS apologised on behalf of the Principal Accountant and informed the Committee that the logbook for the power plant would be provided to the auditors for inspection. Speaking on the issue of a logbook for the vehicles, he admitted that there had never been a fuel logbook for vehicles but promised to resolve that issue before the next audit exercise.

Based on the forgoing, the Committee advised the auditors to make follow-up on the issue in the subsequent audit. By the same token, the Committee promised to take an unfriendly decision against all those concerned if the issue is reported again.

**Withholding tax not deducted and paid to the National Revenue Authority [NRA]**

The AG reported that payment of professional fees in respect of FreeBalance was not included in the annual procurement plan and hence not in the budget. However, the Report disclosed that during 2015, one payment amounting to **Le 844,007,847** was made to FreeBalance, but for which a withholding tax of **Le 42,200,392.35** was not deducted and paid to the NRA.

Requested to update the Committee on the issue, the Principal Accountant told the Committee that the Ministry failed to deduct and pay the said amount because that payment was made directly to FreeBalance by World Bank. He added that it had been a difficult issue for the Ministry to settle. The Committee informed Management that it would have been in their best interest to advise World Bank to go by the tax laws of Sierra Leone. Mr Ibrahim Sorie, one of the NRA Commissioners, informed the Committee that “nobody or institution is exempted to deduct withholding tax.” He advised that a copy of the contract Agreement be sent to the NRA, so that debtors are hounded.
Taking a position on the issue under investigation, the Committee informed Management that withholding tax “is not an issue the Public Accounts Committee usually compromises,” stating that the Committee had been asking defaulters to pay upfront before further discussions.

Thus, the Committee advised Management to provide the contract agreement to the NRA and the auditors for follow-up. However, the Committee warned that if the issue is reported again, an uncompromising action would be taken against Management.

12.4 MINISTRY OF MINES AND MINERAL RESOURCES [MMMR]

Mr. Speaker, Honourable Members, the Committee observed from the review of the AG’s Report the following outstanding issues:

- additional fuel issued to vehicles without justification;
- bank account not disclosed for audit;
- personnel not available for physical verification;
- staff List not regularly updated;
- scrap vehicle still receiving fuel;
- cash withdrawals to the tune of Le 5, 000,000 paid to Mr Mustapha G. M. Roberts on behalf of the Supplier without supporting documents for the supply of stationery, sundry items, and computer accessories;
- store ledger not maintained; and
- performance contract not implemented.

Additional Fuel Issued to Vehicles without Justification

The AG reported that apart from the weekly fuel issued to the Ministry’s official vehicles, it was observed that additional fuel amounting to Le13, 500,000 was issued to other official vehicles of the Ministry without any documentary evidence to substantiate the purposes for which the fuel was allocated.

The Permanent Secretary [PS] was asked to provide explanation as to why additional fuel amounting to Le13, 500,000 was given to official vehicles without documentary evidence to support the purposes for which the fuel was allocated. The PS informed the Committee that the additional fuel was issued to those official vehicles because it was needed to monitor other activities upcountry, especially the mining sites and regional offices. He however told the Committee that documentary evidence for the distribution of extra fuel was available for audit inspection.

When requested to provide reason[s] why detailed evidence of specific activities undertaken by recipients to justify the utilisation of the additional fuel received was not submitted to the auditors for confirmation, he stated that the fuel returns or reports were not available at the time of the audit. The Committee maintained that whether the process was ongoing or not, a distribution list should have been
maintained by the officer-in-charge, showing the dates of receipt, quantity of fuel received, the vehicle number and for what purpose. The PS admitted that it was not initially done, but the report had been prepared and a copy was submitted to the auditors for verification.

The auditors verified the report and advised the Committee to close the issue. However, the Committee further advised officials of the Ministry to always make sure that internal control measures are implemented, so as to ensure effectiveness and efficiency in financial management.

Bank Account Not Disclosed for Audit
The Committee noted from the review of the AG’s Report that the list of bank accounts submitted for audit revealed that the Diamond Area Community Development Fund [DACDF] Account maintained at the Sierra Leone Commercial Bank was not disclosed for audit purpose.

Requested to update the Committee whether the bank statements and other relevant documents were later provided for audit inspection, the Deputy Auditor General, Mr Tamba Momoh, informed the Committee that the documents were later submitted; and upon reviewing the bank statements and other relevant documents, they discovered that withdrawals totalling Le704, 431,448 were made from the DACDF Account to pay six months allowances to engineers and geologists who were staff of the Ministry, but the said staff were being utilised by the National Minerals Agency [NMA]. He further disclosed that during the verification exercise, a correspondence was submitted which showed that the said amount was a loan to NMA. Mr Tamba Momoh stated that there was no repayment plan for that loan and that the fund was meant to carry out development in the diamond mining communities.

Responding to the query, the PS informed the Committee that indeed the fund was meant for community development and it was out of that Account the said amount was withdrawn to pay top-up allowances to engineers and geologists being utilised by the NMA. He however informed the Committee that a letter had been sent to the NMA, reminding them to fulfill their part of the agreement. Upon the Committee’s request, a copy of the reminder letter was submitted to it and the auditors to substantiate their claim.

That notwithstanding, the Committee encouraged Management to recoup the said amount and pay same to the DACDF Account without further delay before the next audit exercise.

Personnel Not Available for Physical Verification
From the AG’s Report, the Committee observed that seven personnel of the Geological and Administrative Departments of the Ministry were not present for physical verification, although they had received salaries amounting to Le45,
The Report divulged that the seven staff in question were not signing the attendance register.

Replying to the audit query, the Human Resource Officer [HRO] of the Ministry stated that the anomaly was due to the fact that three of the seven staff were absent on grounds of illness and that they had already been transferred to different work stations before the audit exercise. He maintained that that was one of the reasons why they were not physically present during the audit exercise. Queried on why they have not been signing the attendance register, the HRO informed the Committee thus: “The staff in question are Mines Monitoring Officers who do not reside in Freetown. Though we have not undertaken personnel verification, but they always sign the attendance register at their regional offices.” The HRO further stated that he had written a letter to the regional Engineer for the salaries of the said staff to be withheld, starting from April, 2017 if they failed to present themselves for audit verification.

Speaking on the remaining four personnel, the PS told the Committee that those staff had reached the statutory retirement age of 60 years and the HRO had submitted a reminder letter to the HRMO to take necessary action. The auditors confirmed that the issue was partly resolved.

Based on the forgoing, the Committee recommends that:

- correspondence to confirm that the staff in question were indeed transferred or sick as reported be provided to the auditors for verification; and
- the HRO should ensure that the personnel are physically verified and their medical reports and letters of transfer are submitted to the auditors for verification within 30 days of receipt of this report; otherwise, their names should be forwarded to the HRMO for necessary action.

Staff List not regularly updated

The Committee noted from the AG’s Report that the Ministry's staff list was not regularly updated. According to the Report, 21 staff had no NASSIT numbers and the dates of birth of 61 staff were not indicated in their personal records. The locations of 64 Mines Monitoring Officers [MMOs] were also not stated in the staff list. Thus, the auditors could not physically verify those staff who had received a total salary of Le589, 112,184.

Asked to update the Committee on why the Ministry's staff list had not been regularly updated and the current status of the issue, the HRO of the Ministry informed the Committee that the list in question had been updated and all necessary information about those staff had been captured in the staff list. He however informed the Committee that eight personnel failed to show up. He presented a reminder letter from the HRMO, stating that if they failed to avail themselves before
the end of March, 2017, their salaries would be withheld. The Committee noted a lackadaisical attitude on the part of the HR Department, stating that similar issues were flagged up during the Committee’s engagement with the Ministry in 2014 Audit Report. The Committee advised the Human Resources Officer to ensure that NASSIT numbers are obtained for every staff of the Ministry and that personnel records are updated and in particular, the duty stations of the Mines Monitoring Officers.

Thus, the Committee recommends that:

- a staff list updated with staff personal records such as date of birth and duty stations should be properly maintained for audit purposes;
- the HR Department ensures that copies of all relevant documents are duly filed; and
- the salaries and other emoluments of staff be withheld if they fail to avail themselves to the auditors for physical verification.

Scrap Vehicle Still Receiving Fuel
The Committee noted from the AG’s Report that physical verification of the Ministry’s motor vehicle with the registration number AFI 131 had remained undone and was parked in a garage at Tengbeh Town since 2015 without any evidence of repairs and maintenance work carried out on it. There was also no examination report from SLRSA on its status. It was also observed that the AG’s Report stated that fuel amounting to Le4, 725,000 was issued to the said vehicle even though it was not roadworthy during the year under review.

Interrogated on the present status of the above mentioned audit query, the PS informed the Committee that he had instructed the officer-in-charge to bring the said vehicle to Youyi Building Compound. He gladly revealed that the vehicle had been brought to Youyi Building Compound. When asked to educate the Committee on which vehicle the fuel, amounting to Le 4, 725, 000 was used, the PS said that the fuel was issued to the officer who was in charge of the scrap vehicle, but since the official vehicle was not roadworthy, the fuel in question was used by the officer for his private vehicle. The Committee noted that if that had been the case, why then the life card for the private vehicle was not produced to the auditors for inspection? The PS produced the life card for the private vehicle to the Committee and the auditors for verification. The Committee informed Management that if the life card had been provided at the time it was requested, the issue would not have been flagged up by the auditors. The PS apologised to the Committee for failing to act swiftly at the most appropriate time and promised that such would not happen again.

In that regard, the Committee informed Management that accounting for every cent being spent is a sine qua non to ensuring prudent financial management; and that public officials must act in that direction. The Committee maintained that as professional heads, they should not allow some of those control measures to be
disinterred by external auditors, stating that “the essence of having an internal auditor is to bring to light some of these administrative gaps to the knowledge of Management before the arrival of the external auditors.”

Therefore, the Committee recommends that:

- the issue be closed since the official vehicle in question has been brought back to Youyi Building premises; and
- the PS should ensure that the official vehicle is examined by SLRSA to determine its present status for appropriate action.

Mr Speaker, Honourable Members, further probing questions put to the team revealed that the following issues, as previously reported in 2014 Audit, were still unresolved:

[i] Cash withdrawals to the tune of **Le 5, 000,000** was paid to Mr Mustapha G. M. Roberts on behalf of the Supplier without supporting documents for the supply of stationery, sundry items, and computer accessories, etc.;
[ii] store ledger not maintained; and
[iii] performance contract not implemented.

Reacting to the first issue, the Accountant informed the Committee that the Cheque was written in Mr Mustapha G. M. Roberts’ name because the supplier asked them to do so. In doing so, the Committee maintained the auditors’ stance, a ‘letter of authority’ from the supplier should have been provided to Mr Mustapha G. M. Roberts for reference purposes. The Committee continued that there was no evidence to show that the said amount was indeed paid to the supplier as purported by the Accountant.

Speaking on the store ledger not maintained, the PS disclosed that it had been the case, but the situation had been put under control. The Deputy Auditor General, Mr Tamba Momoh, underscored the relevance of maintaining a store ledger, stating that “it is only the store ledger that usually shows the date when such items were received, distributed and how they were distributed.” He maintained that there was no delivery note to show that the items in question were indeed delivered. The PS claimed that the items were delivered to the store and later distributed. The Committee asked for materiality of evidence to authenticate his claim that the items were delivered, pointing out that “if what you are claiming is something to go by, please produce the delivery note and a document showing how many items were supplied and how the said items were distributed.” The delivery note was not produced for the Committee’s inspection.

On the ‘Performance Contract,’ the PS told the Committee that there was no performance contract for the period under review. The Committee advised the PS to put that statement in writing and submit it to the auditors for reference purposes.
After careful consideration of the first two issues, the Committee hereby recommends that:

- the Accountant should refund the sum of Le 5,000,000 paid to Mr Mustapha G. M. Roberts on behalf of the Supplier without a ‘letter of authority;’ and
- the auditors should go and evaluate, in monetary terms, all items that have been supplied without delivery notes and report back to the Committee for necessary action.

12.5 ACCOUNTANT GENERAL’S DEPARTMENT – 2015

Mr Speaker, Honourable Members, at the time of the Committee’s engagement with officials of the Accountant General’s Department, the Committee discovered that only the issue relating to ‘non-preparation of annual financial statements by Vote Controllers was still lingering against the Department.

Non-Preparation of Annual Financial Statements by Vote Controllers

The Committee noted from the review of the AG’s Report that the Accountant General’s Department [AGD] did not prepare financial statements as required by Section 56 [1] of the Government Budgeting and Accountability Act, 2005 [GBAA 2005]. It states that “every vote controller shall, within one month after the end of the financial year, prepares financial statements for that year, in accordance with generally recognised accounting practice approved by the Auditor General, and submit them to the Accountant General to enable him consolidate and prepare the annual accounts of the Government.”

Responding to the above query, the Deputy Accountant General, Mr Lawrence Caulker, acknowledged that the Accountant General’s Department “is responsible to prepare the public accounts of Sierra Leone with a centralised accounting system.” He candidly told the Committee that that did not happen during the period under review. He apologised on behalf of the Department and promised it would not recur.

Based on the forgoing, the Committee advised the team to ensure that the Department’s financial statements are prepared to enable them consolidate and prepare the annual accounts of Sierra Leone.

12.6 NATIONAL SOCIAL SECURITY AND INSURANCE TRUST [NASSIT] 2013-2014

Mr Speaker, Honourable Members, during the Committee’s engagement with officials of NASSIT, the Committee disinterred, from the AG’s Report, a number of unresolved issues as listed below:

- non-compliance with international Accounting and Reporting Standard 26 for retirement benefit plans [IAS 26];
- advance payments exceeding 30% of total contract values;
the use of inappropriate procurement method;
• comprehensive bids register not submitted;
• staff loan policy not observed in respect of loans given to two staff;
• additional loans to executive staff given without making fifty percent repayment on existing loan;
• payments to SBTS without completion of upgrade to NAPOS-II Application Systems;
• long outstanding items in the bank reconciliation statements;
• fixed assets register relating to investment not submitted for audit inspection;
• land acquisition at Gloucester and advance payment made above 30% stipulated by the regulations on public procurement;
• land acquired by the trust not protected;
• permanent structures constructed by MSF;
• investment under construction;
• Sewa Grounds Project;
• Sierra Akker Agricultural Project;
• benefits payment vouchers not submitted;
• receivables overstatement; and
• Business Continuity Plan and Disaster Recovery Plan not submitted

Non-compliance with international Accounting and Reporting Standard 26 for Retirement Benefit Plans [IAS 26]
The Committee observed from the AG’s Report that the audit opinions on the 2012, 2013 and 2014 financial statements of NASSIT have been adverse. That is to say, the financial statements do not give a true and fair view of the financial position of the Trust. While collectively many issues are raised in our observations on NASSIT that give rise to this professional judgment, of greatest significance is the Trust’s non-compliance with International Accounting Standard 26 [IAS 26], Accounting and Reporting by Retirement Benefit Plans. The Trust investment properties and other investments are carried in the 2014 Statement of Net Assets Available for Benefits at historical cost, that is to say, at their original cost, to the amount of Le459bln [Le371bln in 2013]. IAS 26 requires they be carried at ‘fair value’, that is to say, their actual present worth or market value. It also requires that the actuarial present value of promised retirement benefits is disclosed. Actuarial present value is a mathematical calculation to determine value today of the future stream of payments that an entity expects to make, under a retirement benefit plan, to its existing beneficiaries based on contributions made. No such disclosure has been made in the financial statements.

The Report further stated that as ‘IAS 26 has not been properly applied, it is not possible for the user of the financial statements to understand the value of the assets held by the Trust, the present value of promised pension payments and, critically, the net surplus/deficit. The Report maintained that the auditors are yet to
receive the 2015 financial statements for audit. While it is a matter for NASSIT management, it does seem unlikely that application of IAS 26 will be corrected in the preparation of those financial statements. The AG disclosed that in order to do so, it requires both a professional appraisal of the fair value of the many investments held and an actuarial determination of the present value of the Trust’s liabilities. The full valuation of NASSIT investments and the actuarial valuations are not small undertakings. The Report revealed that if Management decides to update both before the end of 2016 it would require months to get them done properly.

Asked to respond to the above mentioned query, the Director General [DG] admitted that the Trust had not revalued its assets, but that the exercise would soon be completed. The Committee cautioned Management to be aware of the fact that the Trust is managing assets belonging to the people of Sierra Leone and those who are placed in charge of managing those assets should not indulge in nugatory investments, pointing out that every investment undertaken by the Trust should be geared towards maximising profit. As custodians of the people’s assets, they should be able to give detailed account of assets that are available and future liabilities. The Committee maintained that the people’s money must be properly managed and accounted for.

The Committee expressed fear over the Trust’s quest for the acquisition of new assets almost on a monthly basis. The Director General assured the Committee that the Trust would not reach a situation wherein it would not be able to pay retirees their benefits. He informed the Committee that the Trust had done an assessment in 2010 and that another assessment would soon be completed to attain equilibrium.

**In view of the above, the Committee recommends that the Director General of NASSIT should ensure that an evaluation report is compiled and a copy is sent to the auditors before the next audit exercise.**

**Advance Payments Exceeding 30% of Total Contract Values**

Citing Section 137[3] of the Regulations on Public Procurement 2006, which states that “The total amount of an advance payment shall not exceed 30% of the total contract price,” the Committee observed from the AG’s Report that the Trust made advance payments of 70% and 90% amounting to Le6, 572,146,526 and US$142,624 on several contracts during the period under review.

In his response, the head of Procurement Unit, Mr J.J. Kamanda, stated that Section 135[3] of the National Public Procurement Act [NPPA], 2006 states that the “total amount of an advance payment shall not exceed 30% of the total contract price.” He also referred the Committee to Section 135[4], which states that “unless otherwise specified in the contract, any advance payments shall only be made against the provision by the supplier of an advance payment guarantee, covering the full amount of the advance payments.” He said it was against that backdrop that the payment was made. He further disclosed that
there was already a risk incurred. The DG, however, informed the Committee that all advance payments made by the Trust had been included in all contract agreements and such payments were made against advance payments guarantee.

Interestingly, the Deputy Auditor General, Mr Tamba Momoh, stated that indeed Section 135[3] of the Procurement Regulation 2006 clearly 'states that advance payment must not exceed 30% of the contract price,' but he however informed the Committee that Section 135[4] "deals with the issue of advance payment guarantee and not the percentage of advance to be given." The Committee maintained the auditors’ position, stating that whatever transaction undertaken by the Trust should be documented for future reference. The Committee inferred that Section 135[3] of the said Regulation had been breached by Management. The Committee told the team that those regulations were not made to be toyed with by any individual or group of individuals. The Committee maintained that laws are made to guide the operations of every institution and those in charge are expected to go by the dictates of the laws of this country.

Contingent upon the above, the Committee advised the Trust to ensure that all relevant laws and regulations are complied with in executing its activities.

The Use of Inappropriate Procurement Method
Referencing Section 42[2] of the Public Procurement Act 2004, which state that “When restricted bidding is employed on the grounds referred to in paragraph [b] of Section 41, the procuring entity shall solicit bids from a minimum number of five bidders if possible,” the AG reported that the Trust procured electrical equipment and furniture in 2014 for the furnishing of Sea View Estate valued at Le217,672,000 and Le1,498,680,000 respectively using the restricted bidding procurement method for which only three suppliers were invited to bid for the supply of electrical equipment and two for the supply of furniture. The Report disclosed that evidence of authorisation from the Procurement Committee for the use of that method was not provided for inspection. The AG’s Report further revealed that Section 46 of the Public Procurement Act, 2004 states the circumstances which permit the use of the sole-sourcing procurement method. It was observed that sole-sourcing procurement method was used for the procurement of generators for the Bo Plaza valued at US$614,794 for which these circumstances were not evidenced.

Reacting to the above query, the DG explained to the Committee that various suppliers were invited to submit quotations based on their line of business. The Committee observed that the contract in question was divided into three; i.e., electrical, cotton and furniture. By every indication, every contract should have at least five bidders and a total of fifteen bidders for the three contracts.
Speaking on the generator at the Bo Plaza, the DG told the Committee that the generator in question was part of the construction cost not supplied as an independent action for the facility. The Committee maintained that it was a deliberate attempt to circumvent procurement procedures. The DG however noted the flaws and promised to do the right thing in future.

**Based on that, the Committee advised the auditors to close the issue, but warned the head of Procurement to ensure that in future, the Trust complies with all relevant procurement laws and regulations.**

**Comprehensive Bids Register Not Submitted**
The Audit Report revealed that a comprehensive register of bids submitted in 2013 and 2014 was not availed for audit review; therefore, the auditors were unable to ascertain the total amount received in respect of sale of bids for the period under review.

Requested to explain to the Committee why the bid register was not submitted for audit inspection, the DG affirmed that the register was submitted for audit review. Asked to react to the DG’s claim, Mr Tamba Momoh maintained that no bid register was seen and the documents provided for which samples were copied did not adequately serve the purpose for which the bid register was required. According to the auditors, as long as the bid register was not produced and submitted for audit review, the issue remained unresolved.

The Head of Procurement Unit, Mr J.J. Kamanda, informed the Committee that the moneys were paid directly to the bank and copies of the receipts were submitted to them [the Trust]. The Committee observed that the relationship between the various departments had not been cordial, stating that if the various departments were working in unison, they would have been in a better position to know the number of people who have paid. The Committee told Mr Hassan M. Bangura, Director of Internal Audit that “**this particular issue falls under his purview.**” He assured the Committee that remedial actions would be taken to address that query before the conclusion of the next audit.

The Committee condemned the half-hearted attitudes of some officials of the Trust in responding to audit queries, asserting that the report under consideration for the periods 2013 and 2014 was done in 2015, and that Mr Hassan M. Bangura’s proposed remedial actions should have been done long ago. The Committee noted, with dismay, that some of those promises to the Committee were only meant to hoodwink the Committee into believing that the issues would not appear again in the next audit report.

**Contingent upon the above, the Committee recommends that:**
- the Acting Head of Procurement designs and maintains, in an appropriate format, a bids register in which the bids sold and received are recorded; and
an action to suspend those concerned if this query reappears will be taken against them.

Staff Loan Policy Not Observed in Respect of Loans Given to Two Staff
Referencing Section 1604 [1] of the loan policy, which states that the amount of loan will be dependent on the staff’s category and ability to repay as assessed by the Finance Department, subject to the limit of 40% of net pay, and salary advances shall not exceed 10% of net pay. Thus, total exposure shall be a maximum of 50% of net pay. The Committee observed from the AG’s Report in 2013, two staff took loans with repayment of more than 50% of their net pay.

In his response, the DG explained that the entire loan in question was being covered by the staff’s terminal benefit. He however informed the Committee that the issue had been resolved because Management had reviewed its loan policy and instituted a more robust control in the application and processing of loans to ensure that the policy is adhered to. The Committee noted that most of the issues, as reported by the auditors, had been in the audit report since 2012 and Management had done little or nothing to address them. The Committee advised the DG not to be complacent and allow those issues to bring discomfiture to himself as an individual and the Trust as an institution. The Committee counselled that every query being reported by the auditors should be addressed immediately, instead of allowing it to fester and cause more harm to the image of the institution.

In view of the above, the Committee took the DG at his words and therefore recommends that the issue under consideration be closed.

Additional Loans to Executive Staff given without making Fifty Percent Repayment on Existing Loan
Section 1604[8] of the loan policy states that staff will be eligible for one personal loan at a time and top-up only after 50% of existing loan had been paid. The Committee noted from the Report that executive staff were allowed to take additional loans even though the 50% repayment of existing personal loan was not made.

The DG mentioned that those were exceptional loans and approval of such loans was done exclusively by the Director General, based on exceptional circumstances. He however informed the Committee that the issue had been resolved and that it would not reappear in the next audit report.

The Committee recommends that the issue be closed, but counseled that in future, the head of Human Resource should ensure that the loan policy is always complied with when loans are given to staff.

Payments to SBTS without Completion of Upgrade to NAPOS-II Application Systems
The audit report revealed that in 2013, the Trust signed a maintenance contract worth **US$576,069** per annum for the maintenance and upgrading of the NAPOS-II application systems. The upgrading works among other things included cluster for operational improvements for matching and operational redundancy, operating system compatibility tests, future proof research and implementation, compatibility improvement, patch fixes, performance tuning, algorithmic integration and fine tuning, application visioning, server maintenance, server OS maintenance, to implement all BRS-NAPOS II upgrades and biometric templates data merging for all-registered members into one single database and maintain compatibility and upgrades that have backward compatibility with the existing operation components algorithms.

The AG further disclosed that in 2013 and 2014, the Trust made payments to SBTS of **Le2,353,244,783** and **Le2,470,304,396** respectively for which evidence of certificate of work done was not submitted for audit inspection. “In addition,” the AG maintained, “from our review of the Board of Trustee minutes and other relevant supporting documents in 2014, it was observed that the Acting Director General informed the Board of Trustees that the BRS-NAPOS II is still not fully functional, and that the processing of benefits payments is being done manually; deficiencies and bugs were yet to be fixed and the source code and the BRS license authorisation yet to be handed to the Trust.”

Even though the problems highlighted above were communicated to the Board of Trustees, the Committee deciphered from the AG’s Report that authorisation was given by the Board of Trustees for payment totalling **Le2, 470,304,396**. The Report recommended that the DG should in future ensure that payments to consultant are made after work done is certified by the responsible officer of the Trust; and to stop more payments to this company directly.

According to the DG, the SBTS Group was awarded the contract to develop the NAPOS II System and integrate it with the Biometric Systems. He added that the system had been deployed since September, 2014 he but intimated the Committee that “as it is the case with most systems, there are still challenges with the system and the SBTS Group is working to resolve those challenges.” Further enquiring questions put to the DG revealed that despite the huge amount of moneys being paid to the contractor for the service under consideration, the system was not working. Asked to give a fair view of the service provider, the DG said that a lot of funds had been wasted because the SBTS Group lacked the capacity to deliver what they had been paid to provide.

Mr Speaker, Honourable Members, what baffled the Committee was when it came to learn that despite SBTS Group’s incapability to deliver, the Board of Trustees approve another huge chunk of money for the company in 2014. The Committee
also noted from the DG that as recently as in 2016, the sum of $84,000 was also approved by the Board for maintenance of the system. The Committee described the decision of the Board of Trustees as untenable, stating that the decision of the Board of Trustees had led the Trust into a kind of mindless spending. When asked to tell the Committee about the present status of the issue, the DG stated that a new proposal had been developed and presented to the Board for its consideration.

Furthermore, the Committee asked the DG whether there was a kind of collateral between the Trust and the SBTS Group before the contract was signed and executed. The DG disclosed that there was bid security, but he honestly told the Committee that the contract had elapsed. The Committee was, however, informed that the matter was before the High Court.

In that regard, the Committee was unable to take a decisive decision until a verdict is passed by the High Court of Sierra Leone. However, the Committee told the DG and team that as soon as the High Court of Sierra Leone passed judgment on the said issue, the Committee should be informed for its final decision.

Long Outstanding Reconciling Items in the Bank Reconciliation Statements
The Committee observed from the AG’s Report that there were long outstanding reconciling items in the bank reconciliation statements amounting to Le1, 171,426,183 and Le2, 282,537,334 for 2013 and 2014 respectively. The Report further stated that credits in bank statement, not in cash book, amounted to Le2, 225,906,876 and Le9, 848,463,459 for 2013 and 2014 respectively.

Responding to the aforementioned issue, the DG said that a stakeholders’ retreat, comprising Managing Directors from various banks, had been convened and the way forward in clearing un-reconciled items had been mapped out. He added that their inspectors had also been given details of credits outstanding in the accounts for the collection of credit advices and contribution schedules from establishments making such payments into the accounts. He further disclosed that stale cheques were mostly pensions/benefits cheques paid to beneficiaries who had not presented them to the banks. He however mentioned that they were returned as stale and rewritten upon verification as and when the member showed up to claim his/her benefit.

Asked to provide a lucid explanation as to why those long reconciling items and credit in bank statement were not in the cashbook, the Deputy Accountant told the Committee thus: “Usually, when companies pay on behalf of their staff to the banks, they receive advices from those banks, but if they failed to provide a list of their employees to the banks, it will be very difficult for reconciliation to be carried out, especially companies we cannot identify.” According to DG, payments of NASSIT contributions to the banks should be
accompanied with a list of contributors, pointing out that “**NASSIT usually credits companies and not individuals.**” The Committee sympathised with the DG and team, but insisted that if those companies were contacted directly to provide the lists, the issue under consideration wouldn’t have appeared in the AG’s Report.

Asked to further enlighten the Committee on the issue, the DG said that:

[a] his team and the Managing Directors of the various banks had held a series of meetings to ensure that all payments are made to NASSIT Collectors;

[b] a committee had been set up in 2017 to specifically handle the collection of NASSIT contributions;

[c] NASSIT Inspectors had been dispersed to the various organisations or companies involved, so that they provide comprehensive lists of NASSIT contributors; and

[d] the issue under discussion would not appear in the 2016 audit report, stating that robust monitoring mechanisms had been put in place to deter possible recurrence.

**Based on the foregoing, the Committee applauded the team for the ensuing remedial actions, stating that if all those proposals are fully implemented, there would be no cause for a reappearance of the issue. However, the Committee stated that Stale Cheques should be rewritten and payables created for the unpaid amounts and that other reconciling items should be cleared and recorded in the appropriate cashbook. Also the journals created should be submitted for audit inspection.**

**Fixed Assets Register Relating to Investment Not Submitted for Audit Inspection**

A review of the AG’s Report revealed that fixed assets register relating to investment was not submitted for audit inspection; and as a result, it was difficult for the audit team to perform any physical verification to confirm the physical existence of those assets. The Report added that the auditors were unable to re-compute depreciation charges recorded in the draft financial statements for 2013 and 2014 totalling Le1, 665,550,000 and Le1, 616,767,000 respectively.

Replying to the aforementioned audit query, the DG informed the Committee that creation of a comprehensive fixed assets register for Sea-View Estate was ongoing as at the time of the audit. The Committee questioned the DG what took him so long to put in place a fixed assets register. The DG explained that a Fixed Assets Register for Sea-View Housing Estates was submitted for audit inspection. However, it was revealed that the Trust had other investment properties that were recognised in the Financial Statements for which a Fixed Assets Register was not submitted for audit inspection. According to the DG, the process of putting in place a comprehensive Fixed Assets Register to include investment properties that were recognised in the Financial Statements, had begun and it would be completed before the end of 2017.
From the DG’s response, the Committee concluded that whether the process had begun or was partially completed, they must submit a comprehensive Fixed Assets Register for all of the Trust’s investment properties for audit inspection within 30 days of the adoption of this Report by Parliament or face the wrath of the Committee if Management fails to develop and continuously maintain an up-to-date non-current Asset Register.

Land Acquisition at Gloucester and Advance Payment Made Above 30% Stipulated by the Regulations on Public Procurement

The AG reported that the Board of Trustees approved the acquisition of an additional 39.2 acres [455.1 town plots at **Le18,500,000/town plot**] of land at Gloucester, Bathurst Road for **Le8,419,350,000** from the Scott Family even though there were claims laid by other persons on the 100 acres bought earlier by the Trust from this vendor. According to the AG’s Report, a **40%** advance payment of **Le3,367,740,000** was made on the 19th December, 2014, but signed sales agreement, survey report and conveyance were not submitted for audit inspection. The cost of this land was omitted from investment properties.

The DG stated that a survey plan was prepared in the name of the Trust and a signed sales agreement was also done. He also mentioned that the conveyance was yet to be prepared as the payment was only **40%**. He however asserted that the conveyance would be prepared and signed when the entire agreement is completed. The Committee expressed worrying concerns over the delay in the provision of the conveyance and signed sales agreement, stating that the documents in question should have been provided earlier than now because the transaction took place in 2014. Questioned on the commitment of the DG and Management team to address the issue within the shortest possible time, he assured the Committee that the issue would be addressed as soon as possible.

The Committee accepted the DG’s assurance in good faith, but advised that a signed survey plan, signed conveyance and evidence of journal entries be submitted to the auditors within 30 days of the adoption of this Report by Parliament.

Land Acquired by the Trust Not Protected

The Committee noted from the AG’s Report that the Trust had lands [total acreage of 700.69] at different locations in the country which were not protected from possible encroachment, even though the Board of Trustees instructed this in its 53rd Emergency Meeting. The Report disclosed that the Investment Division identified lands with total acreage of 584.18743 as being under threat because the Trust had not done anything to date to protect those lands from encroachment. The AG maintained that during the verification of NASSIT land [57.4594 acres] at Old Mattru...
Road in Bo, it was observed that a house had already been constructed on the Trust’s land.

Asked to provide explanations as to why the lands acquired by the Trust had not been protected to avert possible encroachers, the DG informed the Committee that the lands were not fenced as recommended by the Board due to the huge amount of money involved in carrying out that exercise. He however said that Management had put modalities in place to protect those lands as the issue of encroachment had been a serious challenge for Management. He said that steps had been taken to resurvey those lands and caretaker shelters had been constructed on some of the lands and would be replicated in all the Trust’s lands. The Committee expressed uncertainty and fears over the deployment of caretakers on those lands, stating that those ‘so called caretakers’ could connive with potential criminals “to sell those lands and run away.”

Further probing questions put to Management revealed a number of challenges connected with state lands, pointing out the fact that “leased lands to the Trust are usually problematic than private lands.” According to the DG, some plots of lands being leased to the Trust by the Ministry of Lands had been leased again to other people by the same Ministry. The Committee noted the concern expressed by the DG, but by the same token, condemned the DG and Management team for having done little to safeguard the Trust’s lands, pointing out that in the absence of robust measures to protect those lands, the said pieces of land are susceptible to not only encroachment, but loss as well.

Again, the Committee asked for information relating to the status of an encroacher on the 57.4594 acres of land at Old Mattru Road, Bo. In his response, the DG said that with respect to the Mattru on the main land, a court action had been instituted against the encroacher and the Trust is awaiting the court’s verdict on the issue.

Based on the foregoing, the Committee counseled the DG and Management team to:

[a] provide the writ of summons and other pieces of evidence to the auditors before the 2016 audits, to prove that a court action was instituted;
[b] install NASSIT sign boards at the border points of every piece of land legally owned by the Trust as a way of showing ownership and deterring possible encroachers;
[c] employ land guards or construct perimeter fences to protecting the Trust’s lands; and
[d] pay regular visits to all lands owned by the Trust.

Permanent Structures Constructed by MSF

The 2015 Audit Report revealed that Agreement between the Trust and Médecins Sans Frontières [MSF] was submitted for the rental of the Bo Affordable Houses.
According to the agreement, the Report disclosed, MSF was authorised to make alterations to the affordable houses structures, but these should be removed by MSF unless agreed otherwise. The Committee observed from the AG’s Report that MSF constructed permanent structures at the back, and an office block and security post at the front of the Affordable Houses during the Ebola epidemic for treatment of patients, but those structures had not been demolished even though MSF had vacated the property.

Requested to respond to the query why MSF failed to demolish the said structures as stated in the contract agreement and why supporting evidence of the Trust’s action to demolish or retain those structures was not provided to the auditors, the DG informed the Committee that the said structures would be useful to the Trust and there would be no additional cost to be incurred. He added that the other structures that were constructed were makeshift and would be used as temporary structures to carry out the other phase of the pilot project. The buildings, he told the Committee, were handed over to the Trust after three months, when the Ebola epidemic had been repelled and said the entire place was detoxified and disinfected to mitigate any unforeseen health hazards.

Asked to explain the usefulness of the structures under consideration to the Trust, the DG remarked thus: “In order to scare away possible encroachers, these structures are maintained so as to instil the presence and ownership of the Trust on the land until proper security arrangements are put in place.”

The Committee described the intention of Trust as ‘genuine,’ stating that if the said structures could serve for other purposes that would be of benefit to the Trust, those structures should be allowed to serve those purposes. However, the Committee maintained the auditors’ earlier recommendation that provision must be estimated and recognised in the financial statement in respect of the demolition of those structures.

**Investment under Construction**

The Committee noted from the examination of the AG’s Report that the Trust made payments for the construction of the Bo Plaza, totalling **US$332,026** above the approved contract cost. The Report confirmed that evidence of Board of Trustees authorisation for that payment was not submitted for audit inspection.

According to the DG, the total Board approval for the entire contract as at 31\textsuperscript{st} December, 2014 was **US$4,142,261** less retention fee. However, further enquiries revealed that the sum of **US$4,642,636** was expended. “The extra sum,” he said, “was paid in order to expedite outstanding works such that the plaza could be completed in time, commissioned and become operational.”

Speaking on the Board’s approval, he told the Committee that it was sought at their 91\textsuperscript{st} and 92\textsuperscript{nd} General Meetings when it was properly constituted. Dr Brima I. B. Kargbo, Director of Investments & Trust, tendered the documents relating to the
Board’s approval to the auditors for verification. The said documents were inspected by the auditors and the Committee was advised that the issue had been resolved.

**In light of the above, therefore, the Committee recommends that the issue be closed.**

**Sewa Grounds Project**
The 2015 AG’s Report stated that the Trust had spent **Le45,016,915,171** as at the end of 2014 on the Sewa Ground Project for the acquisition of lands, buildings, and other construction costs. The Committee observed from the Report that evidence of signed conveyance, Memorandum of Understanding [MoU] between the Trust and the Freetown City Council were not submitted for audit inspection.

The DG informed the Committee that all necessary documents relating to the Sewa Grounds Project were available for audit inspection. When he was asked why the documents were not provided to the auditors at the time of the audit exercise, he candidly told the Committee that the MoU had not been signed, though in principle the agreement had been endorsed. He disclosed that certain amendments that should be reflected in the agreement caused the delay in providing the MoU to the auditors. He further revealed that a series of letters had been sent and consultative meetings were held with the Freetown City Council [FCC] with respect to the survey plan. “That process,” he informed the Committee, “was closely monitored to ensure that the document is handed over to the Trust.” He assured the Committee that the issue would not recur in the 2016 audit.

The Committee reiterated the auditors’ earlier recommendations that the MoU, conveyance evidence of letters and minutes of consultative meetings held with the Freetown City Council in respect of those acquired properties must be submitted for audit inspection.

**Sierra Akker Agricultural Project**
A review of the AG’s Report showed that the Trust acquired 30% stake in Sierra Akker Agricultural Project valued at **Le6, 943,135,000** in 2014 for which shares certificate was not submitted for audit inspection. According to Report, audited financial statements were also not submitted for audit inspection. The Committee further noted from the Report that the Trust approved a loan of **US$5mln** which was secured on the fixed and floating assets of the company, but at the end of 2014, it had disbursed **Le10, 245,000,000** [40% of the total loans]. Evidence of the title documents for the fixed and floating assets used as security for this loan was not submitted for audit inspection.

The DG mentioned that the shares certificate and assets register were submitted for audit inspection. He also informed the Committee that the audit process of its financial statements was ongoing at the time of the audit, but the finalised copy of that exercise would be submitted for audit verification. The auditors confirmed that a
shares certificate in respect of the Trust’s 30% holdings was submitted to them for inspection. They also affirmed that a Fixed Assets Register was submitted, but evidence of the title documents of fixed and floating assets used as security for the loan were not submitted for audit inspection. “Additionally,” the auditors maintained, “evidence of the ongoing audit [for instance an engagement letter] was not submitted for inspection.”

In the light of the above, the Committee advised Management to ensure that the title documents of the fixed and floating assets used as collateral and the audited financial statement are submitted for audit inspection within 30 days of the adoption of this report by Parliament.

Benefits Payment Vouchers Not Submitted
The Committee observed from the AG’s Report that benefit payments totaling Le38, 658,004,000 and Le63, 712,021,000 were made to beneficiaries during 2013 and 2014 respectively. “However,” the Report revealed, “supporting documents such as payment vouchers, benefit computations schedule and other relevant supporting documents were not submitted for audit inspection.”

Responding to the aforementioned query, the DG stated that Management instituted an investigation into the account in order to retrieve the payments vouchers and benefits computational schedules. He revealed that a majority of the beneficiaries were unreachable because their phones were switched off. He told the Committee that a majority of the files were in the regional offices in the provinces at the time of the audit. When asked to react to the DG’s claim, the Principal Auditor, Mr Alfred Saffa, challenged the truthfulness of that claim, stating that the auditors had been in all the regional offices in the provinces and they did not, by any chance, come across any of the said files. The Committee faulted the DG and the Deputy Director of Finance for the delay in addressing the issue.

Therefore, the Committee counseled that the documents relating to the said sums should be provided for audit inspection within 30 days of the adoption of this report by Parliament; otherwise a hardnosed action will be taken against them.

Receivables Overstatement
It was observed that start-up cost in respect of Sierra Estate Management Company, which amounted to Le426, 510,000 was disclosed as receivables, even though there was no agreement indicating that it was a loan to Sierra Estate Management Company. According to the AG’s Report, the auditors could not verify receivables amounting to Le222, 588,000 for both 2013 and 2014 from the sales of affordable houses as HFC Mortgage and Savings [SL] PLC were yet to confirm those amounts.

The DG informed the Committee that the issue related to pre-incorporation expenses incurred in setting up Sierra Estate Management Company. He said that a
reconciliation of those accounts had been launched to ensure that the appropriate journals were passed to write off those expenses. He stated that a letter confirming the said amount had been forwarded to Audit Service Sierra Leone.

Speaking on the **Le222, 588,000** for both 2013 and 2014 from sales of affordable houses as HFC Mortgage and Savings [SL] PLC, the DG informed the Committee that Management had requested HFC Mortgage and Savings PLC to confirm the sale of those affordable houses. When asked to tell the Committee the present status of the matter, he said that documents relating to the issue were available for inspection. The Committee maintained that if those documents are not provided for inspection, the auditors would not be able to make further investigation into the issue.

**In that regard, the Committee asked the auditors to take note of the DG’s assertions on both issues; but advised that in future, any property being sold should be deleted from the books.**

**Business Continuity Plan and Disaster Recovery Plan Not Submitted**

From the AG’s Report, the Committee observed that an approved Business Continuity Plan and Disaster Recovery Plan were not submitted for audit inspection.

In his response, the DG explained that the documents in question had been assembled and were awaiting audit inspection. Questioned why he delayed to update the Business Continuity and Disaster Recovery Plans, he said that the process was ongoing when the auditors went to audit the Trust.

**Thus, the Committee requested that all documents relating to the above mentioned issues be submitted to the auditors for verification; and warned that if those issues reappear in the 2016 Audit Report, the DG would be held responsible for perjury.**

Mr Speaker, Honourable Members, a review of the 2015 Auditor General’s Report revealed that the following were still outstanding:

- The Trust did not have a system of monitoring survivors in order to determine when they became ineligible to receive benefits.
- The NAPOS system did not automatically capture defaulters of late payments after the 15th of the following month.
- The Trust did not have an approved asset capitalisation policy.
- **Le6, 666,915,000** was stated as a loan to RG [SL] Ltd. as a result of loan repayment it made as a RG [SL] Ltd.’s guarantor. This loan could not however be substantiated as documents in respect of the agreement and other adequate supporting documents were not provided for audit inspection.
- Interest which amounted to **Le11, 294,095,000** had been accrued in respect of a loan given to Sierra Block Concrete Ltd. a subsidiary of the Trust. The loan was given in 2004; but payment has not been forthcoming from Sierra Block Concrete Ltd. This subsidiary did not have an audited financial statement. The total loan
[principal and interest charges] to SBCL in the books of the Trust now stands at \textbf{Le15, 789,019,821}.

- SCPL was making payment of \textbf{8\%} of its quarterly revenue in respect of this loan but evidence of agreement for these payment terms was not submitted for audit inspection.
- The Trust did not disclose any related party transaction. During the audit, it was observed that the Trust had a number of related party transactions such as Sierra Block Concrete Ltd., Regimanuel Gray [SL] and Sierra Ferries Ltd.
- There was no evidence of any documented funding policy.
- A contract worth \textbf{Le825, 573,666} was awarded to Posseh Hotel & Catering Services for the supply of household goods in 2011. The Trust terminated the contract as the goods could not be delivered as planned.
- As evidenced by a report, the procurement unit critically looked at the fact and circumstances, they advised the Trust to evaluate the situation and determine the most practical solution without liquidated damages but the Trust refused to re-evaluate the circumstances. Posseh’s Hotel had to take the matter to court for which the Trust lost \textbf{Le400, 000,000} in an out of court settlement.
- Payment of \textbf{Le704, 700,000} for the sale of house at 10 Atlantic Street was disclosed as rental income. No sale agreement was submitted for audit inspection.
- The Trust had \textbf{60\%} share holdings in this investment valued at \textbf{Le5, 296,415,000}. The hotel has been under construction since 2009. There have been lot of changes in the project. The project completion date had been postponed several times over the years. At the time of the audit, the hotel was still under construction. No audited financial statement for 2007, 2008, 2009, 2010, 2011 and 2012 was submitted for audit review. Sierra Ferries Ltd. is \textbf{100\%} owned by the Trust. The auditors observed that as at 2012, the Trust had capitalized \textbf{Le26, 348,372,033} in respect of expenditure undertaken by the Trust on behalf of Sierra Ferries Ltd. Most of the expenditure undertaken were administrative and repair costs for the ferries. No evidence of audited financial statement of Sierra Ferries Ltd. was provided to the audit team. The Trust subsidised its operations. These ferries would be depreciating over the years and there was an indication of impairment.
- The auditors were unable to confirm the value of the Trust’s share holdings. No share certificates were provided for audit inspection.
- The amount decreased by \textbf{Le389, 367,000} over the year. This amount related to work contracted to Class Diving Co. [SL] which was not executed and the Trust asked for refund. The amount was recognised as receivable. There was no supporting document provided for audit review to show that this money had been paid or accepted to be paid by Class Diving Co.
- The Trust’s human resource policy manual stated that no transport allowance should be paid directly to a senior executive or senior management staff with car
loan. It was observed that senior management staff with car loans were receiving direct monthly transport allowance for the period under review. The total transport allowance paid to senior management with car loans for the period under view amounted to **Le303, 149,891**.

- It was observed that the agreement between NASSIT and Kenema City Council was a joint venture with NASSIT holding **80%** and Kenema City Council holding **20%**. This was not indicated in the financial statement. A loan of **Le21, 192,838,000** has been capitalised in respect of this investment. As per the loan agreement, the Trust was supposed to accrue interest for these loans but this was not evidenced in the account. No audited financial statements were submitted for audit inspection.

- It was observed that an aggregate sum of **Le21, 840,000,000** was approved by the Trust as loan. Of which, **Le21, 407,921,000** was paid in 2012 to Kimbima Hotel, a subsidiary of the Trust for the completion of the project. Included in the amount paid as loan was **US$2,000,000**. There was no evidence to confirm that the Trust converted this **US$2** million to shares as stipulated by the loan consolidation agreement. As per the loan agreement, the Trust was supposed to accrue interest for these loans, but this was not evidenced in the account. No audited financial statement was submitted for audit review.

- A loan of **Le25, 143,838,000** was given to West Africa Holdings Ltd. for the rehabilitation and refurbishment of Radisson Blu, Mammy Yoko Hotel. As per the loan agreement, the Trust is supposed to accrue interest for these loans, but this was not evidenced in the account. No audited financial statement was submitted for audit review.

When asked to provide explanation as to why a plethora of issues were still unresolved, the DG said that over **80%** of those issues under consideration had been resolved and documents were available for audit inspection. The Committee decried the lackadaisical attitude of the entire Management team to audit queries, stating that the number of outstanding issues outweighed the current issues that the Committee was supposed to look into.

**Therefore, Mr Speaker, Honourable Members, the Committee urged Management to exercise urgency in ensuring that those issues are resolved once and for all.**

**12.7 SIERRA LEONE TELECOMMUNICATIONS - 2014**

Mr Speaker, Honourable Members, the Committee noted from the review of the AG’s Report that the following are still standing against Sierra Leone Telecommunications:

- no agreement for site sharing location;
- procurement procedures not followed;
- procurement documents not submitted;
Request for Quotations and Local Purchase Orders not produced;
• payments made directly to individuals;
• mismanagement of fuel;
• schedule and supporting documents not submitted in respect of exchange loss;
• loan register not properly supervised;
• debtors’ confirmations circularised not received;
• lack of Debtor Management Policy;
• outstanding receivables;
• lack of a comprehensive fixed assets register;
• advances from TELTAC;
• terminal benefits;
• payable aged listing;
• creditors’ confirmation circularised;
• unpaid tax
• non-submission of statutory documents;
• revaluation reserve; and
• adequate supporting documents not submitted in respect of inventory;

No Agreement for Site Sharing Location
The AG revealed that the co-location agreement for the income of the Site Sharing Location which amounted to Le510,993,000 disclosed in the financial statement was not made available for audit inspection.

According to the General Manager [GM], the documents in question were submitted for inspection. Asked to react to the GM’s claims, the Principal Auditor, Mr Alfred Saffa, told the Committee that indeed some co-location agreements were made available for audit verification; but the auditors also asked for the schedule or evidence to match the values in the agreement to the figures included in the financial statement, which was not submitted for audit verification.

Again, the Committee asked the GM to update members on the issue. The GM said that the issue was for two collaborating parties; i.e., Rokel Commercial Bank and AFCOM. “For Rokel Commercial Bank” he told the Committee, “it was a service for lease line between Clock Tower and Head Office. However, this service was terminated in December, 2014. In the case of AFCOM, we had a contract which was not updated. We have hired an in-house lawyer who is currently updating all contracts.” He concluded that they had zero un-reconciled balances with all their co-locating partners.

The Committee was happy to note that the issue has been resolved. However, the Committee advised Management to ensure that in future, all income disclosed should be supported with the relevant documents.

Procurement Procedures Not Followed
The Committee noted from the AG’s Report that procurement procedures were not followed and adequate supporting documents such as adverts, bidding documents, bid opening minutes, technical evaluation report, contract agreement and evidence of payment for bidding documents were not provided for the procurement of one Toyota 4Runner; four routers and two transformers worth Le1,882,185,888.

In his reply, the GM stated that with the exception of Request for Quotation and Purchase Order documents, all other documents were submitted to the auditors for verification. Further enquiry into the issue revealed that Sierra Leone Telecommunications encountered an emergency which needed immediate action to restore power to two of their operational areas. “Besides,” the GM remarked, “the purchases were approved by the Procurement Committee.” He assured the Committee that the issue had been resolved and it would not reappear in the 2016 Audit Report.

The Committee counseled that the Procurement Manager should provide the relevant supporting documents for audit inspection; and in future, he should comply with all relevant procurement laws and regulations in the procurement activities of the company.

Procurement Documents Not Submitted
The observed from the review of the AG’s Report that procurement documents [such as contract agreement, advertisements and signed bidders’ documents] relating to an amount of Le500,000,000 disclosed in the financial statement for the procurement of CDMA phones were not provided for audit inspection.

According to the GM, all procurement documents relating to the Le500,000,000 for the procurement of CDMA phones had been assembled, together with a covering letter from the National Public Procurement Authority [NPPA]. The GM stated that the major supplier of CDMA Phones [Huawei], stopped manufacturing and Sierratel was in desperate need of phones. Therefore, they had an MoU with a supplier of another brand of CDMA Phones to address the situation. When he was questioned on how the payment was done, the GM informed the Committee that the phones were not bought by Sierratel, stating that the phones were supplied by the supplier and later paid for after sales.

The Committee took note of the explanation, but cautioned Management to always comply with all relevant procurement laws and regulations in its procurement activities.

Request for Quotations and Local Purchase Orders Not Produced
The AG disclosed that Request for Quotations and local purchase orders, etc. were not produced to substantiate procurement which totaled Le321, 425,684 and Le333, 526,688 for consumables and computer accessories respectively for 2014.
Mr Speaker, Honourable Members, the Committee asked the GM to provide reasons why he failed to produce those documents, he informed the Committee that procurement procedures were followed, only that most of the documents under consideration were misplaced during the process of moving to headquarter office. Queried on whether the said amounts were used to procure consumables and computer accessories for the period under review, the GM explained that the said sums were used to procure 28 items.

The Committee decried Management and demanded explanation whether there was a back-up system being put in place. The GM stated that “for procurement, you can only have hard copies because the documents have to be signed.” The Committee described the excuse as fallacious and untenable, stating that duplicate copies should have been retained by the Procurement Officer, the Accountant or the Internal Auditor for due reference.

Thus, the Committee observed laxity on the part of the GM and the PO to adhere to procurement procedures.

In that regard, the Committee advised Management to:
- provide a detailed breakdown of expenditure to the auditors before the end of the 2016 Audits; and
- ensure that in future, it complies with all relevant procurement rules and regulations.

Payments Made Directly to Individuals
The Committee observed from the AG’s Report that the sum of Le170, 000,000 was paid directly to an individual staff rather than to the beneficiary of the said sum.

According to the GM, the said amount was meant to honour the burial ceremony of erstwhile President of the Republic Sierra Leone, Dr Ahmed Tejan Kabba. “However,” he told the Committee, “when President Ernest Bai Koroma said that no Agency of Government should be charged for the funeral of the late President, the sum of Le 130mln was recovered.” He said that the remaining amount; i.e., Le 40mln was requested for Public Relation activities. The Committee reminded Management that the auditors were not against the use of the said sum, but the provision of documents relating to how the said amount was utilised.

In light of the above, therefore, the Committee asked the auditors to take note of the issue and make follow-up accordingly. Nevertheless, the Committee warned that if the issue is signaled in the 2016 Audit Report, the GM and his Accountant would have to refund same.

Mismanagement of Fuel
From the AG’s Report, the Committee noted that the sum of Le7, 374,161,537 was spent on fuel and lubricants without a fuel distribution list, generator usage log
According to the Report, the vehicle log book for fuel submitted was not comprehensive and did not include required details such as mileage and destinations.

Responding to the above query, the GM stated that the documents relating to fuel reconciliation statement and vehicle logbooks were actually provided to the auditors for inspection. However, he mentioned that fuel distribution list and generator usage log books were not readily available at the time of audit. The Committee asked the GM to comment on the contract agreement between Sierratel and the supplier. The GM stated that the auditors were more concerned with the fuel sent to exchanges and sites. He added that the agreement they had with the supplier was ‘to make sure that the Company’s sites are running on a daily basis.’ He also said that the generator set had been calibrated in all those locations to determine consumptions per site. “Therefore,” he concluded, “Invoices and supply of fuel was based on this.” The GM added that the contract agreement was available for audit inspection.

Explaining the current status of the issue under scrutiny, the Principal Auditor, Mr Alfred Saffa, informed the Committee that documents relating to fuel distribution lists, generator usage log and fuel reconciliation statements totaling Le4, 474,643,600 were adduced for audit inspection. He however stated that fuel usage to the tune of Le2, 899,517,937 was without supporting documents. The GM promised to provide the said documents to the auditors as soon as possible.

The Committee observed that:
- Sierratel had poor internal control system with regards to accountability;
- Sierratel had weak Internal Audit Unit; and
- Sierratel had poor filing system.

**Therefore, the Committee recommends that:**
- Management exercises urgency in the production of all necessary supporting documents to ASSL, including documents relating to fuel usage undertaken by the company;
- Management works towards improving its internal controls by putting in place a viable Internal Audit Unit; and
- Management provides all documents relating to fuel usage to the tune of Le2, 899,517,937 within 30 days of the adoption of this report by Parliament.

**Schedule and Supporting Documents Not Submitted in Respect of Exchange Loss**

The Committee learnt from the review of the AG’s Report that schedules, relevant supporting documents and the reliable basis for calculation in respect of foreign exchange loss disclosed in the financial statement, totaling Le1, 065,364,000 were not submitted for audit review. The Report however disclosed that evidence of
ledger print out from the system was submitted to support the amount of Le1,065,564,000 disclosed in respect of foreign exchange loss, but the relevant supporting documents and reliable basis for calculation in respect of this amount were not submitted for audit verification.

In his response, the GM told the Committee that the relevant supporting documents and reliable basis for calculation in respect of the said amount had been retrieved and were awaiting audit verification. Questioned what had led to such a huge exchange loss, the Director of Finance [DF] stated that the exchange loss was a result of the fixed exchange rate for a whole year in the ERP as against the fluctuating current exchange rate in the country. However, the GM guaranteed the Committee that Management would strive to ensure that the basis of exchange rate computation remained simple.

The Committee observed that it was not the fault of Management, but at the same time advised the Director of Finance to submit schedules and necessary documents for audit verification.

Loan Register Not Properly Supervised
From the review of the AG’s Report, the Committee noted that there was no evidence indicating that the loan register submitted by the Company was being regularly updated, reviewed and approved by the appropriate officer. The Report added that the sum of Le25, 000,000 given to members of staff as a loan at the end of the year was not accrued or provided for in the year under review and this amount was not included in the loan register. In fact, the loan register did not reconcile with the amount disclosed in the financial statement.

The Director of Finance explained that Sierratel had stopped giving loans to staff and that "the current staff loan balance is zero." He maintained that although there were balances in the general ledger due to migration from the Dolphin Accounting Software to the new Enterprise Resource Planning [ERP], all loans had been fully paid up by the staff, and that any outstanding balances relating to those staff would be reclassified.

The Committee applauded the remedial actions taken by Management to avoid future occurrence, but however advised Management to ensure that an updated loan register is submitted to the auditors. Again, PAC also advised the Finance Director to ensure that the loan register is reconciled with the amount disclosed in the financial statement.

Debtor’s Confirmations Circularised Not Received
The Committee observed from the Report of the AG that debtors’ circularisation sent to clients, to the tune of Le14, 801,082,287 had no responses received.

The GM notified the Committee that all documents relating to the above issue had been recovered for audit verification. The Committee asked the GM to brief it [the
Committee] on the measures being put in place to prevent any recurrence. The GM responded that Management had put in place regular reconciliations with debtors to avoid a reappearance of the issue under discussion. He promised to strengthen those measures, so that clients would respond to debtors’ confirmation circularisation.

The Committee noted Management’s assurance, but faulted it [Management] for failing to have done so before the issue was picked up by the auditors. When asked to explain to the Committee whether that managerial decision was approved by the Board, the GM stated that the issue was 90% government related and he had evidence of the Board’s approval. The Committee inferred that in the absence of documentations, the said transactions were suspect.

Contingent upon the above, therefore, the Committee recommends that Management engages their debtors to recover the amounts involved, which are material and could impact opinion on the account.

Lack of Debtor Management Policy
According to the AG’s Report, there was no formal debtor policy governing the management of debtors. The Committee observed from the Report that net receivable balance of Le51, 353,286,000 disclosed in the financial statement would have been better managed and controlled if there was a policy. The Committee further noted from the Report that a formal debt policy would provide the following benefits:

- demonstrate the company’s commitment to sound financial management and establish transparency for audit purpose;
- ensure a considered approach on each outstanding amount, having regard to possible impairment and on a consistent basis; and
- set out the required approach, responsibilities and processes for staff to properly administer the debt of the company in accordance with its wishes and consistent with statutory requirements to minimise the risk of liquidity problems.

The GM stated that at the time of the audit exercise, there was no formal policy in place; however, they had requested permission from the Board and the Board had given them the permissions to write off many of those debts, including IDD, National calls, and more. The Committee questioned the GM why a copy of the said policy was not submitted for audit verification. In his response, the GM mentioned that an unapproved draft policy was submitted to the auditors, but it was rebuffed because it had not yet been approved by the Board; and as such, it was not considered as appropriate audit evidence. Asked to update the Committee on the current situation, the GM said that a Debtor Management Policy had now been put in place and awaits Board’s approval.

In that regard, if what the GM told the Committee is anything to go by, the Committee appreciated the efforts made so far, but questioned the commitment of
Management to adequately address audit queries. The GM assured the Committee that these queries would not appeared again in the 2016 Audit Report as they would work towards an unqualified opinion.

The Committee advised Management to influence the approval of a formal debtor policy and ensure that it enforced in order to minimise the possibility of bad debts. Management should also make sure that the audit team is provided with evidence of efforts being made to recover those long outstanding debts.

Outstanding Receivables
A review of the receivable schedule revealed that the sum of Le8, 759,149,969 in respect of moneys owed by distributors, dealers, and others was included as part of the total amount disclosed as short term receivable in the financial statement. The Committee noted from the AG’s Report that the said amount had been outstanding for more than two years and there was no evidence submitted as to its recoverability.

The Committee asked the GM to provide explanation why those amounts had not been paid or the necessary provision made in the financial statement if collection was remote. The GM stated that they had sought the permission of the Board and that had been granted to write off many of those receivables, including IDD, National calls, etc. He added that a journal entry had been booked and the evidence was submitted to the auditors for inspection. Asked why the issue was flagged up if his claims were true, the GM maintained that the only concern expressed by the auditors was that the said Board approval was not properly written; and as a result, it was not considered as appropriate audit evidence. Further enquiry into the issue revealed that most of those debts were from Government institutions.

Thus, the Committee urged Management to exercise urgency and ensure that the proper thing is done in the shortest possible time as humanly possible.

Lack of a Comprehensive Fixed Assets Register
A close examination of the AG’s Report revealed that fixed assets register submitted was not reconciled to the amounts disclosed in the financial statement. For instance, accumulated depreciation recorded in the fixed assets register summed up to Le62,461,125,337, whilst the amount recorded in the financial statement was Le108,873,820,000. The Committee observed that Sierratel did not maintain a comprehensive fixed assets register that recorded all the necessary assets such as motor vehicles. “Some assets verified in the provinces,” the Report maintained, “were missing in the register, and those assets physically present were not coded and there were no record details of the status of the assets etc.” The Report stated that it was very difficult for the audit team to verify the existence
and completeness of the assets disclosed in the financial statement for the year 2014.

The Committee demanded explanation why the GM failed to maintain a fixed assets register. He admitted that up to 2013, there had never been a fixed assets register in the company, though the software had been installed and loaded in 2014. He however revealed that by 2016, Sierratel had been working towards putting in place a fixed assets reconstruction program. He maintained that Management had taken a three-pronged approach to resolve the issue; i.e., identifying and reconciling the fixed assets module to that of the General Ledger which had been completed, reviewing the physical verification process and updating the fixed assets module.

Nevertheless, he explained that the second and third stages would need financial resources for full implementation. The Committee asked for information relating to the present status of the second and third stages of the issue. The GM reacted, saying that the approval of the Board had been sought and they were currently awaiting its endorsement. The Committee demanded a copy of the correspondence that would have been sent to the Board in order to stand down the issue, but it was not provided to the Committee. In that regard, the GM could not convince the Committee with his verbal submissions because of the absence of written documents in the form of correspondences. Thus, the Committee was of the view that no effort was made by the GM to resolve the issue. He however assured the Committee that an updated assets register would be completed before the end of 2017. The Committee informed Management that “the 2016 Audit process is ongoing and it is the expectation of the Committee that the issue is addressed before the completion of that exercise.”

Speaking on the second aspect that has to do with assets that were not coded, the GM told the Committee that those had now been coded and that the auditors would now be able to verify the existence and completeness of the assets disclosed in the financial statement for the year 2014. The Committee advised the auditors to ‘keep the issue in view.’ The GM furthered that it had been very difficult for telecom companies to identify and quantify their assets “because many of the assets are buried underground.” The Committee maintained that in the absence of a comprehensive assets register, the Company’s properties are susceptible to theft.

The Committee empathised with Management for that challenge, but advised that:

- Management must develop and implement a comprehensive fixed asset register which must be regularly updated to record any movement by way of addition or disposal;
- Management must ensure that the financial statement is reconciled to the fixed assets register; and
• Management must ensure that all assets of the Company are coded with indelible ink.

Advances from Teltac
Referencing the AG’s Report, the Committee discovered that Le8, 600,000,000 was disclosed as advances from shareholder in the financial statement for the year ended 31st December, 2014 as non-current liability. The Report stated that the money was given by TELTAC to the Company. The schedule related to this amount was not submitted for audit review. The AG further revealed that there was neither share certificate nor loan agreement submitted to substantiate whether the amount related to capital commitment or a loan to the Company.

According to the GM, the said description was inadvertently made; and that the said transaction was not a loan, but an advance payment made by TELTAC to Sierratel in order to enable it [Sierratel] address some emergency payments. He said that the only shareholder for Sierratel is the Government of Sierra Leone. When he was asked whether the Board was aware of the said transaction, he responded in the affirmative, stating that the advance payment was approved by the Board and the National Commission for Privatisation [NCP]. He stated that documents relating to the Board and NCP’s approval were available for audit inspection.

The Committee advised Management to ensure that:
• the schedule and all relevant supporting documents are provided to the audit team for verification; and
• the amount in question is removed from the financial statements, so that it would not form the basis for qualification.

Terminal Benefits
The 2015 AG’s Report revealed that the company provided end of service benefits to their retirees. “The entitlement to those benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period as stipulated in the conditions of service.” The Committee noted from the AG’s Report that the expected cost of these benefits was not accrued and there was no provision made in the financial statement as required by IAS37, Provisions, Contingent liabilities and Contingent Assets.

The GM stated that Sierratel had never set aside funds or made provisions for terminal benefits. Those benefits, he said, were paid when the need arose. He however mentioned that the issue had been resolved. The Committee accepted the GM’s claims, but requested the auditors to make follow-up on the issue.

However, the Committee warned that if the issue appears in the 2016 Audit Report, the GM would be charged and punished for deceiving the Committee.
Payable Aged Listing
The Committee observed from the review of the AG’s Report that the company did not submit aging analysis of its creditors. The payable schedules presented were not reconciled to show the stated amount for each creditor.

The Committee asked the GM to give a synopsis of the present status of the issue. In his response, he informed the Committee that all documents relating to the aforementioned issue had been assembled and “are currently awaiting audit verification.”

Again, the Committee asked the auditors to make follow-up, especially with the documents relating to the regular reconciliations that were not initially submitted for audit verification.

Creditor’s Confirmation Circularised
Creditors’ circularisation which amounted to Le14, 131,329,671 was sent to clients, but responses were only received for 11%. Furthermore, the response received from Airtel disagreed with the records of Sierratel by Le1, 659,970,570. It was recommended that the management should initiate action to get their clients to respond to the circularisation. The audit team should be informed of such action accordingly.

According to the GM, the debts confirmed by Airtel had been investigated and reconciled, and the necessary corrections had been effected in the financial statements. He informed the Committee that as at the time of meeting with PAC, they had zero un-reconciled differences between Sierratel and other operators. He maintained that Management had also put in place a regular reconciliation mechanism with suppliers, so as to avoid a repetition of such.

The Committee observed that measures had been taken by Management to resolve the issue. In that regard, the Committee informed the audit team to keep the issue in view during their next audit exercise.

Unpaid Tax
From the AG’s Report, the Committee observed that amounts totaling Le13,502,783,321, Le522,692,101 and Le3,183,279,355 with respect to sales tax, witholding tax and tax due on terminal benefit respectively had been outstanding to NRA. The Committee noted that some of them had been there for over three years.
Answering to the above query, the GM said that the Le13, 502,783,321 had already been reversed and the amount in question was corporate tax booked in error. He assured the Committee that the accrual would be reversed. For the Le3, 183,279,355, the GM disclosed that that amount was withheld as sales and terminal benefits taxes, and it was not remitted into the NRA Account because NRA owed Goods and Services Tax [GST] credits to Sierratel and said that the two institutions were in the process of negotiations.

In view of the above, therefore, the Committee advised Management to ensure that the issue is critically examined by both Management teams and submit a report to the Committee and ASSL within 30 days of the adoption of this Report by Parliament. In that report, the two teams must provide a breakdown of the amount owed to each party and the present status of the issue.

Non-Submission of Statutory Documents
Statutory and other records such as memorandum of association, share certificate, register of members etc. which are to be maintained by the company in order to confirm establishment and ownership were not submitted for audit review.

Speaking on the status issue, the GM stated that the documents under discussion were available for audit verification. He also said that “Sierratel is 100% Government owned and Government shares had never been diluted. The Committee was in agreement with the GM that ‘Sierratel is 100% Government owned’,” but asked Management to ensure that the relevant supporting documents are provided to the auditors.

Revaluation Reserve
Again, the Committee noted from the review of the AG’s Report that the sum of Le22, 526,630,000 related to property revalued since 2008 disclosed as revaluation reserve in the financial statement had been constant over the past five years and depreciation had been charged on the property. This reserve can only be utilised:

- when the asset was revalued to a lower figure in the following period;
- annually whereby an amount equivalent to the depreciation on the re-valued proportion of the asset is transferred from the revaluation reserve to distributable reserve; and
- when the asset is sold.

The Committee further observed from the Report that the company did not release its revaluation reserve to income over the past five years as per the requirement above.

The GM, in his response, stated that the Company did not segregate property from buildings, and is currently in the process of putting in place a fixed assets register.
He maintained that all necessary adjustments to the revaluation account would be done after the completion of that exercise.

The Committee noted Management’s response, but asked the auditors to make follow-up on the issue in their subsequent audits.

Adequate Supporting Documents Not Submitted in Respect of Inventory

Schedules, inventory register and other relevant supporting documents in respect of items on the inventory, which amounted to Le17, 908,958,413 disclosed in the financial statement for the year under review were not submitted for audit inspection.

According to the GM, the inventory software was installed in 2016 and “are now in the process of doing same for the technical inventory.” He added that stock sheets and stock bin cards were provided to the auditors for verification.

Thus, the Committee recommends that the Director of Finance provides all necessary supporting documents for audit inspection and that a complete documentation is maintained in respect of all inventories.

Mr Speaker, Honourable Members, a critical review of the 2015 Auditor General’s Report revealed that the Management did little to address audit queries because the previous audit queries were not addressed. The following are the outstanding issues from the Previous Audit Report:

- there was no evidence of an approved internal audit charter and audit manual;
- there was no evidence that the company established an approved IT policy document for operational activities;
- there was no evidence of an approved business continuity plan and disaster recovery plan;
- there was no evidence of a documented maintenance and capitalisation policy in operation in the company;
- amount stated as revenue from National Telephone, IDD, CDMA and collocation totalling Le 8,457,800,000 could not be verified as adequate supporting documents such as receipts, were not submitted for audit inspection;
- we observed that the IT system which processed the bills to charge customers had no access restriction. Data input was not controlled by a password. Therefore, generated information could be unreliable;
- no evidence of performance appraisal of staff;
- there was no evidence of a documented policy that guided the management of inventory in the company for the periods 2012, 2013 and 2014; and
- it was observed that there was no approved financial management manual for the period under review.

Speaking on the current state of the issues, the GM assured the Committee that those issues had been resolved and that the ongoing audit exercise would vindicate
his submission. The Committee noted the remedial actions taken by Management, but at the same time observed some amount of permissiveness on its part to adequately address audit queries. This laxity demonstrated by the GM and team, especially in the production of documents to authenticate those transactions, has the tendency to foil Government’s continued efforts in ensuring transparency and accountability. The Committee concluded that any transaction without adequate supporting documents is suspect.

12.8 SIERRA LEONE ROADS AUTHORITY-2014

Mr Speaker, Honourable Members, Sierra Leone Roads Authority [SLRA] appeared before the Committee to respond to audit queries mentioned in the 2015 AG’s Report. During the Committee’s engagement with the Authority’s officials, the Committee observed from the review of the AG’s Report a number of issues still standing against the SLRA. These are:

• omission and revaluation of fixed assets;
• insurance of property, plant and equipment;
• efficient use of the Authority’s assets;
• controls over use of the Authority’s buildings/equipment [records; physical checks];
• fixed assets cost and depreciation reconciliation;
• fixed assets clearing account;
• ownership of vehicle;
• Acting Director’s allowance;
• omission of construction and rehabilitation cost of roads;
• long outstanding payables;
• long outstanding receivables;
• availability, integrity and confidentiality of Management Information System [MIS];
• back-up data;
• road signs, road markings and reflectors;
• monitoring and supervision of roads;
• staff attendance in regional offices; and
• detailed findings and results.

Omission and Revaluation of Fixed Assets

The Committee noted from the AG’s Report that fixed assets from completed road projects transferred to the Authority were completely omitted from the Authority’s financial statement. The Committee further noted that a revaluation of plant, equipment and motor vehicles was carried out in 2000. However, the relevant class of plant, equipment and motor vehicles was neither carried at cost nor at market value since a revaluation at 2000 may not reflect the market value as required in the 2014 financial statement.
The Director General [DG] of SLRA confirmed the truism of the audit query, but the assets in question, he told the Committee, were donated to the Authority without knowledge of their actual cost. He added that Management had already prepared a detailed list of all the assets transferred to the Authority from the completed road projects. He further stated that Management had requested the approval of the Board to hire the services of a quantity surveyor, so that all the assets omitted/donated could be incorporated into the Authority’s fixed assets register.

Asked whether the approval had been granted, the DG informed the Committee that the Board had approved and Management had also developed the ‘Terms of Reference’ [ToRs]. He added that an advert had been placed in the newspapers to secure the services of a Valuator or Quantity Surveyor.

Mr Sheku Kanneh, one of the Directors at the SLRA, told the Committee that at the time of the audit exercise, the Authority was still using the old server, which had been in use for a very long time. However, Mr Kanneh noted that the old server had been replaced and reconciliation had also been done. The Committee asked the auditors to confirm the claims made by Management.

That notwithstanding, the Committee advised Management to always ensure that:

- assets received or transferred from completed road projects to SLRA are appropriately valued and incorporated into the Authority’s fixed assets register and financial statement for proper monitoring, control and accountability; and
- revaluation is done with sufficient regularity to ensure that the amount does not differ materially from that which will be determined using fair value/market value at the end of the reporting period.

Insurance of Property, Plant and Equipment

The AG revealed that with the exception of motor vehicles which were insured on the general third party insurance rather than the comprehensive insurance policy for replacement value as stated in the Authority’s standard contract agreement [1.6.6 Provision of vehicles], the Authority’s assets were not insured against the risk of fire, theft, damage or any natural or man-made disaster.

Speaking on why the Authority failed to insure its assets, the DG said that it was Management’s desire to insure all assets, but this could not be done in piecemeal. He said that after the valuation of the donated assets [which are mainly buildings in campsites] and revaluation of the existing assets, they would continue to request for funds to insure all the assets owned by the Authority. The auditors confirmed that the implementation of their recommendations was ongoing and promised to monitor the situation.

Thus, the Committee counseled Management to:
consider insuring assets which are of high value or difficult to repair and replace; and

• compel contractors to adhere to the contract agreement of insuring motor vehicles on a comprehensive insurance cover rather than the preferred third party insurance.

**Efficient Use of the Authority’s Assets**
The AG reported that assets in the form of camp sites received/transferred from completed roads project, especially Lungi, Mange, Bo and Mile 91 had not been properly secured by the Authority as most of the furniture and equipment in those camp sites were either being stolen, damaged and or were wearing out.

The DG stated that fixtures and fittings at the Mange camp were vandalised, but that was done before the camp was officially transferred to SLRA. With regards to the Bo and Mile 91 camp sites, he informed the Committee that the Authority already had staff members residing in those quarters. He however said that the Lungi camp site was properly secured. He also mentioned that they had caretakers residing at the campsite until the end of DLP when management would then decide on how to efficiently use the site. The Principal Auditor, Mr Alfred Saffa, informed the Committee that “the implementation of the previous audit’s recommendations is in progress.”

The Committee noted the efforts of Management and reiterated the auditors’ earlier recommendations that:

• the DG should consider transferring the furniture and office equipment to either the Authority’s headquarters or its regional offices that are in need of those assets; and

• the DG should take action to either utilise such assets through rental of the camp site or transfer to another Government Department or Agency.

**Controls over Use of the Authority’s Buildings/Equipment [Records; Physical Checks]**
During the auditors’ assets verification exercise, the Committee noted from the review of the AG’s Report that road contractors/consultants were using the authority’s buildings and other assets without any formal contract agreement signed for the use of the assets.

In his response, the DG informed the Committee that the buildings and laboratory equipment in question had been donated to the Authority at the end of each road project. He stated that the use of those assets by consultants, particularly those in Bo, was authorised by Management to avoid deterioration of the assets. He maintained that the equipment in question could deteriorate if left alone without human presence. "The equipment in Bo,” the DG stated, "should serve for quality control for projects in both the Eastern and Southern provinces;
and the laboratory facilities at the headquarters are meant to complement the Bo laboratory as and when required.” He assured the Committee that all the assets donated to the Authority would be included in the register after the valuation, so that they could be capitalised.

After a thorough review of the audit query, the Committee agreed with Management’s decision, but cautioned the DG to formalise the use of those assets; and said the appropriate department should be notified to undertake regular monitoring exercise in order to ensure that those assets are properly used.

Fixed Assets Cost and Depreciation Reconciliation
According to the AG’s Report, discrepancies were noted between the fixed assets register and the amount stated in the trial balance for cost [Le 240,054,666.77] and depreciation [39,757,660.97]. According to the Report, the discrepancy arose from the trial balance not from a summary of the general ledger because there was no regular reconciliation of the fixed assets register during the year.

Responding to the above audit query, the DG acknowledged that they had a very old system [Great Plains] that regularly malfunctioned. He stated that the vendor was not usually available to review the system, especially when his services were needed. The Committee asked Management’s commitment towards addressing the issue. The DG promised to ensure that those discrepancies are cleared and regular reconciliation exercises are conducted.

Based on that assurance, the Committee advised Management to ensure that regular reconciliations of additions, disposals, balances of fixed assets, tools and supplies are performed between the fixed assets register and the general ledger on a monthly basis, documented and approved by Management. Any differences encountered should be investigated and necessary action taken to resolve the matter.

Fixed Assets Clearing Account
The Committee observed from the review of the AG’s Report that assets stated as furniture and office equipment clearing and motor vehicle clearing in the trial balance at Le192, 383,750 and Le7, 125,000 respectively relate to assets that were held under the suspense account awaiting transfer into the assets register. The Committee further noted that those assets were transferred from the clearing account to the asset register, but the relevant account still contained the above amount in the clearing account.

In his response, the DG told the Committee that the Fixed Asset Clearing Account had direct link with fixed asset and depreciation reconciliation and it also served as a suspense account. He noted that once those discrepancies are cleared, the clearing account would read nil. Asked to update the Committee on the present status of the
audit query, the DG said that the issue had been resolved and would not reappear in the 2016 Audit Report. Questioned as to his commitment in terms of what he had done to avoid a repetition, he assured the Committee that mechanisms had been put in place to ensure that all postings are monitored by senior personnel; and that training, monitoring and supervision would be a continuous process.

The Committee took the DG at his words and hoped to see that those promises are fully carried out and said that any contrary report would attract punitive measures.

Ownership of Vehicle
The Committee noted from the review of the AG’s Report that vehicle registration number AFH 124 Toyota Land Cruiser Jeep [SUV] with chassis number JTGEB73JA79003B owned and possessed by the Authority transferred from CYMAIN SL had not been registered in the name of the Authority as recorded in the said vehicle’s life card.

The DG stated that like many other vehicles, AFH 124 was a project vehicle transferred/donated to the Authority by CYMAIN, a contractor who was working on the Kambia-Lunsar Township Road, but the contract was later terminated. He affirmed that Management would register and license the vehicle in the name of SLRA, during the renewal of SLRA vehicle license.

Mr Speaker, Honourable Members, when the Committee demanded an update on the audit query it was made to understand that the issue had been addressed. The DG further assured the Committee that the Authority now had full ownership of the said vehicle because it had been licensed and registered in the name of the SLRA.

The Committee encouraged Management to always ensure that any property received in the name of the Authority is registered and/or catalogued in the Authority’s assets register.

Acting Director’s Allowance
The Committee observed from the review of the audit report that directors’ acting allowances were not included as part of the employee’s taxable income in applying the applicable PAYE rates. The Committee further noted from the testimonies of the DG that SLRA is no longer handling issues relating to payrolls. According to him, “issues relating to payrolls are now handled by the Accountant General’s Department.” He however informed the Committee that the query, as mentioned by the auditors, had been resolved before the Accountant General’s Department took full responsibility for paying salaries and other emoluments to staff.

The Committee applauded the remedial actions taken by the DG to address the query, but asked the audit team to keep the issue in view during their next audit exercise.

Omission of Construction and Rehabilitation Cost of Roads
It was noted that transactions relating to the construction and rehabilitations of roads were omitted from the Authority’s books. The Committee observed that the total value of these construction and rehabilitation works could not be determined. The AG’s Report maintained that road construction contracts are awarded by SLRA as the sole employer of roads construction in Sierra Leone. Contract agreements are made and signed between the Authority and the contractor [CSE, CRSG etc.]. The Report stated that contract fees are agreed and progress payments on value of work are certified and endorsed by the Authority and thereafter, the contractor invoices the Authority and the Authority’s request for payment is sent to MOFED or RMFA or any financier.

Nevertheless, the Authority received and accounted for funds relating to administrative costs and for engineering works on the same road and compensation payment arising from project affected persons.

The Sierra Leone Roads Authority Act, 1992 defines the functions of the Authority thus:

Section 5[1] states that “notwithstanding any existing law to the contrary the authority shall be responsible for the administration, control, development, and maintenance of all roads and related ferries in Sierra Leone.” Section5 [2g] further explained that for the purpose of discharging the responsibility in Section 5[1], the authority shall “keep adequate records and operate a management information system providing managers at all levels with timely and accurate information on commitments and expenditure for works and services for which they are responsible.”

Reacting to the audit query, the DG highlighted the challenges Management has been encountering in carrying out their maintenance and rehabilitation works. He said that although the SLRA had been charged to administer, control, develop and maintain all roads, ferries and bridges, some agencies had engaged in road construction and rehabilitation without reference to the Authority. He also stated that contractors like CSE, CRSG and others had been signing contract agreements with the SLRA, but direct payments were made by MoFED and other donors to the contractors without getting regular advice from MoFED to update the disbursement status. Thus, details available for such expenditures had been very sketchy at the time of preparing the Authority’s financial statement. The DG revealed that it had been very difficult for the Authority to capture the total expenditures on road works in the financial statement without those required details.

Furthermore, the DG noted that the Road Maintenance Fund Administration [RMFA] had also been awarding contracts and making direct payments to contractors. From the DG’s submission, the Committee inferred that the authority and performance of the SLRA had been grossly understated since most of the activities undertaken on road works were not reflected in the financial statement and it would be very
difficult for the financial statement to portray a true and fair view of the Authority’s performance as an institution in charge of all road works in the country.

The Committee demanded an explanation on the devolved functions of Local Councils on roads construction and maintenance. The DG acknowledged that Local Councils could construct and maintain roads, but those functions should be supervised by the SLRA.

Furthermore, the Committee questioned the commitment of Management to address the issue under consideration. In his response, the DG said that Management had written to the National Commission for Social Action [NaCSA] to look into the issue, but to no avail. He also mentioned one of the Committees responsible for such issues, known as the National Feeder Roads Committee. He however stated that the committee in question had not been holding meetings and described it as ‘a defunct committee.’ When the Committee asked the DG to rate Management’s commitment and determination to put the situation under control, he expressed doubt and skepticism on the methodologies that should be employed to put such state of affairs to rest, stating that “the ministries and agencies that are involved in road maintenance activities are doing so without SLRA’s involvement; thereby making it extremely difficult to resolve this issue once and for all.”

The Committee dispelled the DG’s cynicism on addressing the audit query, pointing out that the DG should focus on finding lasting solutions to the queries raised by the auditors, rather than dwelling on pessimism. His cynicism, the Committee maintained, would not help the team to carry out its functions effectively.

In that regard, the Committee recommends that:

- Management should take active steps in ensuring that the Authority’s financial statement accounts for all road activities undertaken by the Authority during the period, as stated in the Act; and
- the said defunct committee should be reconstituted and revived with immediate effect.

Long Outstanding Payables

The AG’s Report revealed that there were long outstanding payables in the books and movement in six accounts for over three [3] years.

The DG admitted that there were long outstanding payables with no movement in the last three years, but stated that SLRA had created the liabilities some years ago with the expectation of receiving the Le 16bln withheld by the oil companies. He said that the amount in question was never received, despite the many appeals to the Ministry of Finance. The DG stated that Management had discussed the issue with the Board and negotiations were ongoing for those debts.

The Committee advised the Authority’s Management team to ensure that robust measures are put in place and they work with the relevant
authorities; i.e., the Ministry of Works, Ministry of Finance and Economic Development, and other relevant stakeholders to settle those long outstanding debts to avoid further legal and other action against the Authority by aggrieved suppliers.

As most of these debts existed before the transition of the Road Maintenance Fund to RMFA, it was strongly recommended the Authority’s Management should take steps to inform the appropriate authorities [Ministry of Works, Ministry of Finance and Economic Development etc.] and try all possible means of settling those long outstanding debts to avoid further legal and other action being taken against the Authority by those aggrieved suppliers.

**Long Outstanding Receivables**
The Committee also noted from the review of the AG’s Report that there were long outstanding payables in the books and movement in six accounts for over five years.

Queried on why the issue was still lingering against Council, the DG admitted that there were still outstanding payables in the books, stating that those categories of debtors had been in the account for over five years. He said that the Authority had created liabilities some years ago, with the exception the Le 16bIn withheld by all the companies. He stated that the money in question was never received, even though many appeals were made to the Ministry of Finance. The Committee questioned Management’s commitment to recover the moneys from those debtors. The DG frankly told the Committee that efforts had been made to get the utility companies to pay, but the responses had been very sluggish. He however noted that few companies had paid some of their debts, but others still owed the Authority. He maintained that Road Maintenance Fund Administration [RMFA] had taken over the responsibility of collecting those moneys. He also informed the Committee that the Judiciary and Anti-Corruption Commission [ACC] had been making efforts to recover the outstanding balance.

The Committee took time to question whether the Board was aware of this issue and/or the actions taken to address the said issue. The DG stated that the issue under consideration was brought to the attention of the Board and efforts were ongoing to resolve the problem. The Committee noted the DG’s submission, but sought confirmation from the auditors whether they detected any of those efforts. The Principal Auditor, Mr Alfred Saffa, said that steps had been taken to resolve the issue, but they needed action.

**The Committee was a bit satisfied with the confirmation received from the auditors; it however urged Management to exercise urgency and ensure that the issue is resolved within the shortest possible time.**

**Availability, Integrity and Confidentiality of Management Information System [MIS]**
According to the AG’s Report, there were limited users of the Great Plains Dynamics and the current users could not adequately operate the system as heavy reliance of support service was sought from a service provider of the software, thereby leading to most of the general ledgers requested at the inception of the audit process being unavailable. The Committee observed that Management Information System’s involvement or knowledge of the system was not adequate enough to enable its effective operations in order to closely monitor, resolve issues and control users of the system. This, however, led to delays in information availability during the audit exercise most especially in soft copy form.

On integrity, the Committee noted that the system lacked data integrity as adequate controls were not instituted in the system to limit the level of involvement or modification of entries within the system without adequate authorisation. The Report disclosed that there were several reversals of entries in the general ledger for which adequate documentation and approval was not found.

Moreover, it was detected that the Authority did not have policies, procedures and controls in place over the Authority’s information system and infrastructure. This led to people using their private computers to undertake the authority’s functions and using their private emails to transmit private and confidential information to external parties because the draft IT policy was not in operation.

Asked to provide explanations on the concerns raised by the auditors with regards to the availability, integrity and confidentiality of Management Information System [MIS], the DG informed the Committee that the MIS Unit had not been actively involved in running the system and the Great Plain Dynamics had been in operation for over ten years. He stated that the functionality of the system had been very critical and it had also been extremely difficult to operate the system without reliance on the vendor.

However, he told the Committee that an official from MIS Division had been attached to the Finance Department to assist in certain areas and that “Management intends to offer additional trainings in the use of GP Dynamics.” He further stated that Management had even replaced the Server and an updated version of the software would be procured within the shortest possible time. The DG acknowledged that the majority of the personnel in the regional offices were using their personal computers to undertake the Authority’s functions. He however mentioned that Management intended to procure desktop computers and photo copiers for all the regional offices.

The Committee noted the efforts being made by Management, but cautioned that:
- the Authority should develop an IT policy and ensure that strict adherence is communicated to all users and defaulters should be dealt with appropriately;
- the staff of the MIS Unit should be given additional training or refresher courses in operating the Accounting software GP and adequate controls be instituted to
restrict the level of involvement and modification of information recorded by subordinate or junior staff;

- additional users should be made accessible and restrictive measures instituted; and
- the Authority’s work should be done and saved on the authority’s IT infrastructure and not on personal PCs.

**Back-up Data**

During the review of the AG’s Report, the Committee noted that the data at the Authority is backed up daily, weekly and monthly on to external hard drives. It was however observed that they were kept in the same room and building as the server.

In his reaction, the DG stated that one external hard drive had been in use as back-up and Management would ensure proper arrangement in terms of putting in place a disaster management recovery system and an offsite back-up. The Committee underscored the importance of having a back-up data system that could be easily accessed to retrieve any missing documents.

The Committee took special time to question the Chief Internal Auditor in the SLRA on what he had been doing in that institution when a range of issues was flagged up by the auditors, stating that he should have been the first person to highlight those issues and advise Management accordingly. The Chief Internal Auditor, Ibrahim A. Mustapha, informed the Committee that he had been advising Management on those issues highlighted in the Audit Report, but his pieces of advice fell in deaf ears.

Thus, the Committee condemned the nonchalant attitude exhibited by the DG and team to adhere to the advice of the Chief Internal Auditor, pointing out the fact that the Internal Auditors should not be considered as foes, but friends who are usually the first people to identify internal control weaknesses and ensure that any issues that affect the survival and prosperity of the institution are dealt with before the arrival of the External Auditors.

The Committee, therefore, advised Management to always listen to the Internal Auditor’s advice for the progress and development of the Authority. Also, the Authority should prepare regular back-ups of operational and financial records in a data storage back-up server or any other safe mode.

**Road signs, Road markings and Reflectors**

During cross examination on the AG’s Report, the Committee observed that road signs were not found along the roads, road markings were not visible and reflectors were not found in most of the areas where they were required. Those items were found in the Authority’s store.

Speaking on the audit query, the DG informed the Committee that majority of the road signs installed along the highway had been removed, which he noted had been
a very big challenge for the Authority. He added that the road signs that were currently available in store were meant for the Freetown municipality. When asked to update the Committee on the current status of the issue, he stated that Management would seek funding to replace all the road signs that had been removed and also erect new ones at critical points. He however noted that the Authority had been encountering serious financial challenge to address the said query.

The Committee told the DG that lobbying the appropriate authority would be of great importance to address the issue, stating the fact that “if road signs are not erected on conspicuous areas, the illiterate drivers will continue to do the wrong thing.” The Committee maintained that the non-availability of road signs along the roads had been a threat to pedestrians, especially the children. It was also observed that even the ‘zebra crossings are not always visible for the drivers, especially the aged.’

Therefore, the Committee called on Management to:
- improve on the quality of its work;
- erect the road signs that are available in the store within the Freetown Municipality; and
- solicit funding from other institutions, including the Authority’s Board.

Monitoring and Supervision of Roads
The Committee observed from the Report that there was no proper monitoring and supervision of roads. According to the Report, Management was faced with little or no mobility [Vehicle or motor bike].

The DG stated that even though they had difficulties at that time, the supervision was carried out in all the regions and that was reflected in the quality of the development projects. He stated that at the time of the audit exercise, the Authority lacked mobility in the regions, which he said posed a serious challenge for the engineers. Asked to update the Committee on the current status of the said issue, he revealed that all the regions had been provided with brand new vehicles for supervision of roads projects and other maintenance activities.

The Committee commended the efforts made by Management, but counseled that Management should not be sitting contentedly and allow the external auditors to unearth issues they could have handled without the knowledge of an external party.

Staff Attendance in Regional Offices
From the AG’s Report, the Committee observed that monitoring of attendance of staff in the various regional offices was not effective, especially at the regional office of Mile 91, where the auditors were unable to obtain audit evidence from key Management staff due to their absence from work.
The DG said that although the staff strength in the regions had reduced considerably due to old age and death, Management had taken the necessary steps to ensure regularity and punctuality of staff. He assured the Committee that staff attendance would be closely monitored and defaulters are punished accordingly.

**The Committee advised Management to ensure that any staff who ceases to report for work without written excuse should be punished.**

**Detailed Findings and Results**

The Committee observed that the auditors obtained a listing of assets from the general ledger for purposes of the verification exercise. Based on these listings, it was disclosed that most of the assets introduced during the formation of the Authority in 1994 were assets burnt down, or used by MOW, or MSU, or consultants etc. they were not in direct use by the Authority. The Report stated that laptop computers stated in the Authority’s register as being in various parts of the regions were not physically verified except the one in the Kenema Regional Office.

According to the AG’s Report, some of the moveable assets verified were not tagged. The Report however disclosed that all assets in the register had been coded, but some of the codes could not be linked to the physical asset. Nevertheless the auditors were able to physically verify the assets bought during the period and the values of those assets were vouched for, based on book values derived from suppliers’ invoices.

The Committee questioned the DG on what measures were being taken to resolve the issue. The DG said informed the Committee that Management had decided to employ a Quantity Surveyor, so that an updated assets register would be put in place. He further stated that most of the assets in question were transferred to the Authority after the completion of a project without valuation. He added that the Valuator would be employed to investigate the status of those laptops, and assets in the regions would be coded after the valuation exercise.

Mr Speaker, Honourable Members, for the past seven to eight years, Government placed high priority on road construction and maintenance across the country. Therefore, those who are put in charge of expending funds set aside for that purpose are expected to do so without any iota of doubt from the public. The Committee observed laxity on the part of Management to address audit queries and urged it to exercise urgency in resolving those issues before the 2016 audit exercise.

**12.9 ROAD MAINTENANCE FUND ADMINISTRATION-2014-2015**

**Procurement Procedures Not Followed**

Section 44 of the Public Procurement Act of 2004 requires that Request for Quotation procedures should be followed for the procurement of goods and services below the threshold of **Le60mLn.** However, the Committee observed from the review of the AG’s Report that those procedures were not followed for the
procurement of various goods and services amounting to **Le 89,603,500** and **Le 107,852,000** for 2014 and 2015 respectively.

Section 39(2) of the Public Procurement Act of 2004 requires that National Competitive Bidding procedures should be employed for the procurement of goods and services above **Le60mln**. It was however observed that those procedures were not followed for the procurement of various goods and services amounting to **Le149, 061,000 for 2015**. In the above instances, the Report noted, expired framework contracts were extended instead of new procurement procedures being undertaken.

The Chief Executive Officer [CEO], Mr Abdul Kalokoh, was asked to provide explanation why procurement procedures were not followed. In his opening statement, Mr Abdul Kalokoh said that he ‘first of all agreed and disagreed with the auditors for a number of reasons.’ He demanded proof from the auditors to show that they had contravened the NPPA Act. According to him, what they did was consistent with their mandate and ‘the guidelines are very clear; i.e., for any procurement above **Le60mln**, you are expected to use the Competitive Bidding method. He stated that documents relating to that transaction were adduced for audit verification; and that he was perturbed to have learnt again that the issue was still lingering against the Administration.

The Committee reiterated the earlier comments made by the auditors that the act of extending a contract is in contravention of Section 44 of the NPP Act, especially when the contract values were increased. The Committee agreed with the auditors that framework contracts should be executed within the time covered by the contract using the fixed unit prices specified in the contract; and that the idea of extending a contract due to satisfactory performance by the contractor prevents open and competitive procurements.

In his reaction, the CEO said that for most of the instances cited, particularly in 2015, the Administration had completed the full procurement process as prescribed by the Act in 2014 and only thought it fit to renew the existing contracts based on the satisfactory performance of the supplier as was provided for in the original contract.

The Committee faulted the CEO for failing to get back to the NPPA for them to have quoted in their reply that the act had been done and they would note your concerns and work towards that. The Committee condemned the CEO’s unfriendly utterances against the auditors, stating that Audit Service is a legally constituted authority with specific mandate to probe into both human and financial transactions of every Government institution.

**Thus, the Committee advised the CEO and team to ensure that in future, they must follow procurement procedures.**
Addendum to King Jimmy Embankment

A review of the Administration’s road maintenance expenses revealed that a contract agreement was signed with Benton Villa Limited for the reconstruction of King Jimmy Embankment with an initial contract price of **Le4, 700,098,250**. The auditors noted that this contract was modified which resulted in an increase in the contract value by **Le 25,820,330,239**. In accordance with Section 144[5], the AG’s Report revealed, the Administration should have initiated a new procurement proceeding. It was however observed that an additional contract was awarded to the existing contractor. The Report further disclosed that the modification did not relate to the reconstruction of the King Jimmy embankment, but was for the rehabilitation of other feeder roads in the vicinity of King Jimmy.

As a cautionary note preceding the CEO’s response on this issue, the Committee counseled that the purpose of the hearing was to find solutions to the issues raised by the auditors and the Committee would not tolerate convoluted arguments that would sway the attention of the Committee. The Committee further stated that its engagement with the Administration should be conducted in a peaceful and convivial atmosphere. The CEO noted the concern expressed by the Committee; but questioned the factuality and credibility of the audit reports, stating that “**these reports are public documents that have the tendency to meddle down the image and reputation of not only the institution, but that of the individual**.”

Speaking on his mandate as the CEO of the Administration, he added that if the auditors could read his mandate, they would find out that the CEO’s mandate is to finance what had been approved. He stated that the issue should have been taken up with the SLRA because it had been the procuring entity. The Principal Auditor, Mr Alfred Saffa, maintained that as financier and custodian of the Administration’s funds, the CEO is held accountable for the utilisation of such funds.

Taking the Principal Auditor’s line of argument, Mr Speaker, Honourable Members, the Committee dismissed the CEO’s submission, pointing out the fact that as custodian of the funds, he should not only be responsible to release funds, but should also vet every contract and provide both financial and professional advice. In an angry tone of voice, the CEO disagreed with the Committee’s observation, maintaining his earlier stance that his functions, as the CEO, are very clear in the Act, and that any attempt to examine procurement activities signed and forwarded by the SLRA would appear as if his institution had intentions to micromanage the SLRA. He added that he could verify the authenticity of the contract, but not examine procurement details.

Further scrutiny into the issue revealed that the initial contract price was **Le4, 700,098,250** and the contract was later modified which resulted in an increase in
the contract value to **Le 25,820,330,239**. The Committee asked the CEO if he questioned the hexagonal increase that had been made in the agreement. The CEO disclosed that he verified and discovered that the increase was meant for the feeder roads within the King Jimmy vicinity. He added that their role is to provide the available funds to the Authority or a Local Council.

The Committee made reference to Section 9[1] of the Roads Maintenance Fund Administration Act, 2010 which states that ‘the object for which the Administration is established is to ensure proper, efficient, economic and sustainable management and administration of the Fund.’ Thus, the Committee is of the view that RMFA, as financier, does not only make payment for contracts that are forwarded by the Authority or any other institution, but also should vet such contracts so as to be satisfied that the procurement processes are followed and competitive.

**In that regard, the Committee asked the CEO to avail the Committee and the auditors the following documents:**

- contract agreement submitted to the Administration by the Authority; and
- progress work report.

**Supporting Documents for Expenses Not Provided**

During the review of the road maintenance expenses of the Administration, payments totaling **Le13, 623,145,256** and **Le4, 247,571,450** for 2014 and 2015 respectively were made. However, supporting documents such as contract agreement, returns, APG, progress reports etc. were not submitted for audit inspection. In addition, payment vouchers and supporting documents in respect of payment of **Le142, 768,470** to SLRA contractors were not submitted for audit inspection for the period 2014.

Again, Mr. Abdul Kalokoh questioned the way and manner the auditors usually write their reports, stating that any payment above **Le 50 mln**, should be done via swift transfer. He said that copies of the electronic transfer were presented to the auditors, but were totally rebuffed. The Committee was convinced that swift payment should be accepted by the auditors as a best practice. The Committee asked the CEO whether the Board was aware of those payments made to the engineers. Mr. Abdul Kalokoh informed the Committee that the Board was fully involved; and that the Board even expressed dissatisfaction over the damning audit report against the RMFA. He called on the auditors to change their style of writing because ‘things have changed dramatically.’ The Committee condemned the CEO’s utterances and demanded a retraction of those statements, pointing out the fact that ‘it is not in his place to tell the auditors what to do.’

The Principal Auditor maintained their earlier submission that the auditors queried the absence of progress reports, contract documents and advance payment guarantee. The CEO said that the provision of those documents was the
responsibility of the SLRA and not the RMFA. The Committee rejected that explanation in its entirety, arguing that if the CEO had been receiving contract agreements from the SLRA for funding, he should also be in a position to ask for any other documents after payments had been made.

**Thus, the Committee requested the CEO and team to provide all supporting documents for those transactions and ensure that all necessary supporting documents are provided to the Committee and the auditors for inspection.**

**Loan Given to BETON VILA Ltd**
The AG’s Report revealed that the Administration signed an MOU with FIMET/BETONVILA Limited for a loan of **USD$2,000,000**. The Report furthermore disclosed that an addendum was made to the MOU, increasing the loan to **USD$5,000,000**. According to the Report, the Administration did not have the mandate to give out loans to contractors and there was no repayment period in the signed MOU. There has also not been any significant movement in the repayment of the loan as the outstanding amount as at 31st December, 2015 was **Le24,350,505,000**.

In his initial response to the auditors, the Report revealed, the CEO accepted that the Administration did not have the mandate to give out loans to contractors. He however drew the attention of the auditors to the signed MOU, where the RMFA and the SLRA agreed to provide funding to the contractor on behalf of the Government of Sierra Leone, who could not meet their obligation at that time. The AG’s Report further stated that in the Management letter, the CEO also told the auditors that steps had been taken to skillfully convert those payments into advance payments for the Waterloo township roads contract, which RMFA was committed to finance. He said that those advances would be recouped in the normal way against future payments on Interim Payment Certificates on measured works, submitted by the contracting agents – SLRA.

During the Committee’s engagement with RMFA’s Management on the issue, the Committee observed inconsistency in the CEO’s responses to the auditors and the Committee. He argued before the Committee that the transaction was never a loan given to the Beton Villa Ltd because they entered into an MOU; and that Government owed the contractor, who wanted payment at all cost. He said that the Ministry of Finance was unable to pay and that was why RMFA was requested to intervene. He revealed to the Committee that RMFA held a meeting with the auditors, where they were informed that in the next contract they would have to award to Beton Villa Ltd, the said amount would be skillfully recouped.

The Committee demanded the production of the signed MOU, minutes of subsequent meetings and other relevant supporting documents and those documents were provided for verification. The Committee asked the auditors to
follow up on the recoupment of the said amount in subsequent audits; though they expressed fear on how the whole arrangement would significantly impact the execution of the Waterloo township roads contract.

**Advance Payment Guarantees Not Submitted for Advanced Payments Made**

The Committee observed from the 2015 AG’s Report that the Administration made advance payments to its various contractors in 2014 and 2015 the sums of **Le15, 823,296,534** and **Le50, 023,183,186** for which valid Advance Payment Guarantees [APGs] or any other form of security in respect of these advance payments were not submitted for audit inspection. According to the auditors, this contravenes Sections 135[4] and 139 of the Procurement Regulations, 2006.

Reacting to the above query, the CEO informed the Committee that due to the difficulties contractors usually encounter with the commercial banks to obtain an APG from them, and the stringent conditions they imposed on the contractor, RMFA entered into an unwritten agreement with implementing agencies, not to request for an APG for contracts less than **Le150 million**. “Therefore,” he told the Committee, “APGs are not available for contracts less than Le150 million.” He said that the issue was previously discussed with the auditors that when the RMFA took up responsibility, all advance payments were submitted to the SLRA and not the RMFA. According to him, it was after several appeals that all APGs for all contracts signed should be provided to the RMFA.

The Committee noted some challenges faced by the CEO and team, but asked the auditors to keep this issue in view in their next audit exercise.

**Payments not Refunded after Termination of Contracts**

The audit report stated that an outstanding amount of **Le1, 459,968,081** had not been refunded by BEGEC-TP in respect of a terminated contract. The Committee noted from the AG’s Report that the Administration did not disclose the amount as receivables in its financial statements and the audit procedures revealed that a contract with Providian Group amounting to **Le1, 421,178,596** was terminated because the contractor abandoned the site and didn’t complete the work. Further examination of the audit Report disclosed that the Administration had paid **Le1, 049,401,229**, but the interim payment certificate to justify the contract amount paid was not submitted for audit review. Thus, the auditors could not ascertain that the work done was equal to the progress payment.

In his reaction, the CEO informed the Committee that before the contract was terminated, the contractor made it quite clear that part of the money would be utilised for the procurement of additional equipment. When the Committee asked the whereabouts of the equipment, the CEO said that at the time of terminating the contract, it was agreed that the contractor should be allowed to keep the equipment,
which technically should belong to RMFA. According to the CEO, RMFA and SLRA were expected to work towards engaging the contractor on future contracts, from which deductions would have been made until the outstanding balance was eventually recouped. He told the Committee that that never happened as planned, because either the contractor did not bid for contract works or was not awarded the contracts. The Committee warned that recouping payment from future contracts is not a justifiable means of managing funds, reiterating the earlier comment of the auditors that contracts are expected to be watertight, so as to prevent such from happening.

Speaking on the current situation of the issue under investigation, the CEO stated that the contract was terminated because of poor work. When the Committee demanded explanation on how the requests were made to the bank, Mr Abdul Kalokoh revealed that the SLRA made the request because the guarantee was prepared in their name.

The Committee recommends that:

- the Director of Finance and Investment should make the necessary adjustments to reflect that amount in the account;
- steps should also be taken to ensure that those moneys are recovered from the contractors; and
- in future, performance bonds should be obtained for all major contracts and progress payments made only for certified work.

Recruitment Procedures Not Followed

It was observed from the review of the AG’s Report that during the two years under review, some vacancies existed, which were not advertised and the persons appointed were given service contracts for specific periods. “At the end of their service contracts,” the Report disclosed, “they were given full employment.” The Report further stated that four and six persons in 2014 and 2015 were employed respectively without evidence of the recruitment procedures being followed.

The Committee questioned the criteria used to recruit the staff under consideration since the auditors said that the vacancies were advertised. Reacting to the Committee’s request, the CEO said that most of the vacant positions were initially available on a short-term basis because as a new institution, there was need for a little bit of trials and tests until they could get the correct batch of staff for the Administration. In that regard, the CEO maintained, recruitment was done on a short-term basis until the Administration could reasonably assure itself that the positions would indeed add value to the operations of the Administration. He said that following the period of reassurance and of course the performance of the short-term contractors, they were given permanent contracts, approved by Management and endorsed by the Board.
The CEO further stated that they took the decision to absorb those people without advertisement because it was not deemed financially prudent to pay so much money to advertise for the recruitment of office cleaners. The Committee reiterated the auditors’ earlier comments that recruitment, whether short-term or long-term, should be done on competitive and open bases. In fact, it was observed that Management failed to comply with the Administration’s Approved Human Resources procedures manual.

The Committee advised the CEO and team to ensure that in future, recruitment procedures are followed to the letter.

12.10 SIERRA LEONE AIRPORT AUTHORITY-2015
No Rental Agreement for Sierra Leone Airports Authority Clients
The AG reported that contracts between the Authority and its clients were in full operation even though some rental agreements valued at US $27,315 had either expired or were yet to be signed. The Committee observed, during its engagement with officials of the Authority, that the process of renewal of most of the contracts was ongoing when the auditors went to audit the Authority.

On the contracts between the Authority, and Asky Airlines and DHL, the Committee was made to understand that Asky was no longer in full operation and there was no need to sign another contract with them. Queried on why the Airlines ceased operations, the General Manager [GM] informed the Committee that Asky Airlines ceased operations in 2014 due to the Ebola epidemic and vacated the office in April 2016, after full settlement of their outstanding debts. When asked whether there were plans for Asky Airlines to resume operations, the GM stated that plans were underway for the Airlines to restart operations. He added that deliberations between Asky and Sierra Leone Embassies within the ECOWAS countries were ongoing.

For DHL, the GM told the Committee that the contract had been renewed and signed by both parties. He presented the renewed signed contract agreement to the Committee for verification.

The Committee commended the efforts of the GM and team to resolve the issue; it however warned that contract agreements should be signed at all times before the commencement of the contracts, as that would have the benefit of ensuring that both parties to the contract are aware of their rights, responsibilities and obligations; and if for any reason disputes arise, there would be a legal document to fall back on.

Procurement Procedures Not Followed
From the review of the AG’s Report, the Committee observed that Request for Quotations [RFQs] and Local Purchase Orders [LPOs] were not used consistently for all the procurements undertaken by the Authority, that required the use of those documents during the period under review. From a sample of procurement activities
reviewed, the Committee noted that procurements valued at **Le144, 590,000** were undertaken without the use of RFQs and LPOs.

Investigation into the issue revealed that evidence of LPOs and RFQs was provided to the auditors for procurements valued at **Le 101,560,000**, leaving a balance of **Le 43,030,000**. In his response, the GM mentioned that the procurements in question were supported by LPOs and RFQs, but stated it was an issue of misfiling. He however informed the Committee that the misplaced documents had been found and were available for inspection. The documents in question were presented to the auditors and the auditors advised the Committee to close the issue. Again, the Committee commended Management for a job well-done.

**Thus, the Committee recommends that the issue be closed. However, the Committee advised the GM and team to ensure that in future, such documents are provided beforehand.**

**Long Outstanding Debts**

The AG’s Report stated that the sum of US **$341,843** [**Le1,796,386,488**] was owed by airlines, agencies and others for landing, passenger service charges and infrastructural development charges and was included in the total amount disclosed as short term receivable in the financial statements. The Report disclosed that the said amount had been outstanding for more than two years and no evidence was submitted as to the recoverability of the amount. Such long outstanding debts would have been better managed and controlled if there had been a policy in place for the management of debts.

Asked to provide explanation as to why no action was taken by Management and the Board in terms of putting in place a formal policy to address issues relating to debts management and what action had been taken to recover the said amount, the Finance Director said that a policy to address debts collection had been put in place. He however stated that at the time of audit, the necessary action had not been taken to address the issue, but “**plans are ongoing and Management has intensified the collection of long outstanding debts in the recent past through various means such as meetings with customers and letters of reminder.**”

Speaking on the amount involved, the Finance Director stated that over **$300,000** was involved; and that Doorway, a cafeteria at the Terminal owed the sum of **$62,000**, but Management and the Board had waived off **50%** of that amount. He added that **120mln** [$**20,000**] had already been paid. He provided documents relating to that payment to the Committee and the auditors for verification. Though the Committee commended Management for the steps taken to resolve the issue, it informed the team that the commendation would be of no value if the outstanding **$11,000** is not recouped.
Dilating on the issue relating to FIR, the GM stated that Management had held a meeting with FIR and both parties discussed the issue. The GM mentioned that FIR claimed to have been affected by the Ebola scourge; therefore, he did not see any possibility of them settling their arrears. He revealed that the issue had been brought to the attention of the Minister for a lasting solution. He produced supporting documents to show the existence of FIR’s debt. The Committee buttressed the GM’s proposition, stating that “it is an issue that has to do with Sierra Leone, Liberia and Guinea. Therefore, the supervising Ministry should be adequately informed.”

In light of the above, the Committee urged Management to expeditiously commence formal discussions with the Board and other relevant entities, and said a debtor policy should be developed and enforced in order to minimise the event of bad debts.

**IT Steering Committee Not Established**

The AG reported that there was no evidence of the existence of an IT Steering Committee to ensure effective day to day operation of the Authority’s IT infrastructure.

In his response, the GM affirmed that an IT Steering Committee had been established in August 2016 and had commenced work. He provided supporting documents, showing its formation and minutes of inaugural meetings, to the Committee and the auditors. Having scrutinised the documents submitted by the GM, the Principal Auditor advised the Committee to close the issue.

**Thus, the Committee recommends that the issue be closed.**

**Non-Compliance with Terms and Conditions of Service**

The Authority’s actual practices were not in line with its documented terms and conditions of service. For instance, Article 53 of the current terms and conditions of service required the operation of a Provident Fund. The Committee also observed from the AG’s Report that the scheme was no longer in operation and there was no evidence to suggest the dissolution of the scheme or approval from the Board. Of utmost importance was the fact that no mention was made in the terms and conditions of service as to when it should be subject to review.

Speaking on the above issue, the Head of Finance, Mr Alimamy A. G. Turay, stated that the Provident Fund Scheme had been abolished and replaced with the statutory scheme, the National Social Security and Insurance Trust [NASSIT]. Asked to provide explanation as to what had happened to the moneys collected, he stated that those moneys had been rebated to the employees. He added that the terms and conditions of service had been reviewed and the issue under discussion had been accordingly addressed.
The Committee asked Management to provide the bank statement to the auditors, where those payments are being liquidated.

PAYE not Paid over to NRA and Social Security Contributions Not remitted to NASSIT

Deductions of PAYE tax for the period under review, totaling Le2, 807,982,331 and previous outstanding balances of Le 3,637,505,792 were not paid over to the NRA.

The Head of Finance stated that through a debt set-off agreement, the Authority settled all its tax liabilities up to June 2013. He added that the Ebola virus disease affected the Authority’s capability to mobilise revenue during the period under review. The Committee informed Management that payment to the NRA should not be compromised, stating that the outbreak of Ebola virus affected all revenue generating institutions in this country. The Committee reminded Management that the Authority owed the NRA a little over Le 6bln. However, the Head of Finance assured the Committee that modalities had been put in place to settle their liabilities by giving a monthly standing order to address the issue.

Further enquiry revealed that deductions of Social Security Contributions for 11 months, totaling Le 1,059,499,690 were not paid to NASSIT. The Head of Finance also attributed their inability to pay NASSIT contributions to cash flow problems, exacerbated by the EBOLA crisis. He noted that Management had worked out a payment plan to settle the arrears in which a standing order of Le200m was given to SCB. He added that the standing order was meant to address both the current obligations and part of the arrears. The standing order, he mentioned, is being serviced every month.

The Committee questioned the commitment of Management to offset those payables, as the Committee noted some amount of laxity on its [Management] part to settle those arrears. Thus, the Committee called on Management to take proactive measures in ensuring that all outstanding payables are paid over to NRA and NASSIT

No Evidence of Impairment Review Conducted

The audit Report revealed that no evidence of impairment review was carried out on assets owned and controlled by the Authority. According to the Report, the auditors physically verified two generators, 220 KVA and 650 KVA, amounting to Le437, 440,400 that were unserviceable.

According to the Head of Finance, the Authority found it very difficult to get experts to do impairment review. However, he assured the Committee that the issue would be addressed before the conclusion of the next audit exercise. When asked whether there had been an assets register in existence, he answered in the affirmative, stating that “there is an up-to-date assets register.”
In view of the above, Mr Speaker, Honourable Members, the Committee recommends that:

- **the Authority should write off all assets that were not in good working condition, based on its laid down policies; and**
- **Management should carry out impairment reviews to write down all impaired assets to their recoverable amount and evidence of action taken should be made available to the auditors for inspection.**

**Encroachment at Hastings Airfield**

From the review of the AG’s Report, the Committee noted that the audit team undertook a physical verification of the Hastings Airfield with the sole purpose of verifying assets, personnel and the general condition of the airfield. The Report mentioned that Hastings Airfield was unprotected by a perimeter fence which indicated a possible security threat to the physical assets of the Authority. There was no evidence on site of the Authority’s efforts to protect this land from possible encroachment.

In his response, the GM informed the Committee that it had been a convoluted issue to handle. He however stated that Management had been mandated by the Board to erect columns around the perimeter of Hastings Airport. He added that the process had begun and when completed, those who would want to encroach would be deterred. Questioned on the Authority’s line of action against those who have already encroached on the land, the GM disclosed that Management had taken a court injunction against current encroachers. The GM was optimistic that the court would rule in favour of Management.

The Committee noted Management’s steps taken to address the issue, but urged Management to exercise urgency in putting modalities in place to clearly demarcate its land and erect a perimeter fence.

**10.11 MINISTRY OF INTERNAL AFFAIRS 2013–2015**

Mr Speaker, Honourable Members, officials of the Ministry of Internal Affairs appeared before the Committee to react to audit queries mentioned in the 2015 AG’s Report. During the Committee’s review of the Report, the following issues were still unresolved:

- contract for upgrading of the immigration control system;
- payroll anomalies;
- special Imprest without supporting documents; and
- inadequate control over the recording and management of store items and assets.

**Contract for Upgrading of the Immigration Control System**

On 1st March 2012, the Ministry signed a 15-year contract, subject to renewal, for the upgrading of the Immigration Control System to a complete Integrated Biometric Control System under the Build-Operate-Transfer modality. The Committee observed
from the review of the AG’s Report that the contract was geared towards providing immigration processing and profiling through Integrated Immigration Control Systems [IICS] service.

According to the Report, the contract agreement provided that Securiport and the government should receive US$54 and US$10 respectively per passenger travelling in or out of the country through the airport. The Ministry was to also issue fee directive to all the airlines operating at Sierra Leone’s Lungi International Airport, informing and compelling them to include in their air fare the immigration fee of US$64 and pay it over to the Securiport and the government with effect from 1st June, 2012. Apart from the US$54 which Securiport shall charge for the provision of the service for themselves, it shall not receive any compensation unless GoSL fails to enforce the payment of the immigration fee of US$64 by the airlines.

From the contract signed between the Ministry and Securiport, the Committee observed, from the review of the AG’s Report, the following:

- based on the amended agreement signed on 14th March, 2013 Securiport should charge $40 per passenger since the date IICS started operating, 8th October, 2012;
- the Ministry failed to enforce the payment of the fee by the airlines. It was obvious that the Ministry did not effectively negotiate and collaborate with the airlines and other key stakeholders in the transport industry for the inclusion of this fee in the price of the air tickets. Therefore, Securiport had claimed payment from the government which resulted in an accumulated liability of US$18,375,424 to the Government of Sierra Leone of which US$1,800,000 has already been paid by government leaving an outstanding claim of US$16,575,404;
- included in the claim of US$18,375,424, was an invoice Securiport issued to government dated 2nd June, 2014 that was overstated by US$1,005,704;
- if the provisions under the amended contract were not critically examined and the number of passengers continued to increase in future post-Ebola years, it would cost the Government of Sierra Leone huge sums of money. Such charges were likely to be unsustainable over time;
- the Ministry also gave tax exemptions to Securiport without the contract going through Parliament for ratification as provided in Section 110[1&2] of the Constitution of Sierra Leone, 1991;
- a review of a minute dated 13th October 2015, with reference number MIA/01/41 sent by the Permanent Secretary to the Financial Secretary, the Solicitor General, the Chief Immigration Officer and other stakeholders, revealed that the President had given directives for all outstanding matters relating to the contract to be resolved with the aim of termination. However, this was not done. Instead, further negotiations and commitments were entered into with the aim of
sustaining the contract for another five years, contrary to the President’s directives; and

- the Director General of Sierra Leone Civil Aviation sent a protest letter recommending the termination of the service of Securiport, claiming that the service is available worldwide and believed that the cost of providing it is far less than all the various charges that had been proposed by MIA/Securiport adding that the service should be financially beneficial to the government and not the other way around.

The DG, Civil Aviation further said that the government could buy the equipment and charge a minimal fee of **US$2-US$5** per passenger; or contract the service to West Minister Aviation Security at a lesser cost.

In his explanation, the PS stated that a meeting had been held with the Company to inform them of an additional **$54** for Securiport and **$10** for the government. Critical examination of the issue revealed that the said contract had not been brought to the attention of Parliament for ratification. “**Parliament,**” the Committee noted, “**is the only legally and constitutionally recognised assembly that has the mandate to ratify such transactions on behalf of the government of Sierra Leone.**”

Besides, the Committee discovered that despite the President’s earlier directives and advice from the Director General of Sierra Leone Civil Aviation to terminate the service of Securiport, the Ministry made a clandestine arrangement with the Company and continued executing the contract. The PS claimed that it was not a surreptitious arrangement because the agreement had been sent to the Attorney-General and Minister of Justice for legal advice. He added that a committee was also formed to look into the issue and that the Chairman of the Committee on Transport and Aviation was also aware. The Committee maintained that the agreement had not been brought to the attention of Parliament for ratification; and that it was perpetuated despite the advice of His Excellency the President and the Director General of the Sierra Leone Civil Aviation Authority to terminate the contract.

**The Committee condemned the Ministry’s covert arrangement with Securiport and asked the Chairman of the Committee on Transport and Aviation, Honourable Alpha B. Lewally, who is also a member of the PAC, to investigate the issue and report back to the Committee for a final decision.**

**Payroll Anomalies**

An examination of the attendance register and the payroll vouchers revealed that the payroll voucher was crowded with names that are not on the updated staff list for the period under review. During the review of the AG’s Report, the Committee observed that there were about 129 staff of the Ministry whose names were not found on the updated staff list of the Ministry and there were no personal files
containing their appointment letters and letters of transfer. They received a total salary of **Le317, 686,041** for the period under review. Attendance registers for 2013 and 2014 were also not submitted.

Reacting to this issue, the PS informed the Committee that a correspondence had been sent to the HRMO to address the Ministry’s payroll problem. He however stated that the HRMO had still not taken action on the issue. The PS also revealed that the Ministry had 33 staff, but the National Registration Secretariat staff were included in the Ministry’s payroll. He assured the Committee that he had called on them to rectify that anomaly.

The Committee observed a lack of commitment on the part of the PS to resolve the issue, stating that the correspondence he claimed to have been sent to the HRMO was done in March, 2016 and the Audit Report came out in December, 2016. The Committee asked the PS to explain the delay in resolving the issue. The PS candidly accepted that he was at fault, but assured the Committee that the issue would not reappear in the next audit report. The Committee inferred that the action of the PS was not only inadequate in fixing this internal control problem, but had the tendency to encourage ghost workers feeding from the Consolidated Fund.

**Thus, the Committee ordered the PS to collaborate with the HRMO with immediate effect for necessary action to be taken; and directed that the registers in question should be provided to the auditors without further delay.**

**Special Imprest without Supporting Documents**
The AG reported that imprest documents retired to the tune of **Le385,199,500** were considered to be inadequate as the dates on some of the receipts were changed or tampered with, while some of the receipts were issued a month before the activities took place.

Asked to provide answers relating to the above, the PS indicated that the information gathered from the former Permanent Secretary and Accountant was conflicting and therefore he could not provide an appropriate response to the auditors. He however stated that the reconciliation process had started; and that the issue under review is being investigated by the Anti-Corruption Commission [ACC]. “As we speak,” the PS maintained, “the ACC is dealing with the matter.”

**Contingent upon the above, the Committee asked the auditors to keep an eye on the issue and report back to the Committee after the ACC investigation. However, the Committee also advised Management to provide the relevant retirement details to the auditors whilst awaiting the outcome of the ACC investigation.**

**Inadequate Control over the Recording and Management of Store Items and Assets**
It was observed from the AG’s Report that store documents such as store receipt vouchers [SRVs], store issue voucher [SIVs], distribution list with recipients’ signatures and Allocated Store Ledger were not made available for audit inspection with regards procured store items worth **Le694, 111,050**, for the period under review. The Committee also observed that delivery notes for procured items worth **Le43, 700,000** were not signed by the recipients upon accepting deliveries.

Questioned on the steps taken so far to resolve the issue, the PS stated that the situation remained the same, yet revealed that efforts had been made to retrieve the documents in question. The PS further stated that a majority of the documents under investigation were misplaced during the process of moving to where the Ministry of Foreign Affairs and International Cooperation was located.

A critical examination of the issue revealed that it was first identified and reported in 2013 and the relocation took place in 2014. With that in mind, the Committee questioned the competence of those who were put in charge of managing the store records. In the Committee’s candid opinion, the missing files were deliberately removed and destroyed, so that the issue under examination could be forgotten. Reacting to the Committee’s observations, the PS also doubted the capability of those staff, pointing out that the Ministry had no official storekeeper to manage stores effectively; and that the staff assigned to stores could not manage store records efficiently. The Committee reminded Management that “the sum of Le694.1mln is a colossal amount to be callously misappropriated.”

Further probing questions revealed that the PS had sent an official request to the HRMO for the deployment of a storekeeper. He also mentioned that it was an oversight by the recipients to ignore signing delivery notes of items procured by the Ministry, adding that Management had directed that all future delivery notes must be signed by recipients.

**Based on the Committee’s observations, Management team was advised to:**

- retrieve those missing files within two weeks and submit same to the auditors for perusal or pay the amount in question within 30 days of the adoption of this Report by Parliament; and
- consider replacing inept staff if they continue to demonstrate incompetence.

Speaking on the issues relating to Special Imprest to the tune of **Le48, 350,000** and management of government’s assets, the PS assured the Committee those two issues had been resolved. The Committee took him at his word, but cautioned that if those issues are flagged up in the 2016 Audit Report, the Committee would take an uncompromisingly action against Management.
The Committee observed from the review of the AG’s Report that the following issues have still not been resolved:

- inadequate guidance for the consistent application of Sierra Leone Laws overseas;
- poor working relationships;
- comprehensive register of visa stickers issued to overseas missions not maintained;
- diplomatic passports issued to ineligible individuals;
- splitting of procurement in order to evade NCB;
- tendering procedures not followed;
- overseas travelling;
- poor supervision and management of personnel records;
- inadequate control over the management of ICT equipment; and
- outstanding issues from previous audit report.

**Inadequate Guidance for the Consistent Application of Sierra Leone Laws Overseas**

Mr Speaker, Honourable Members, the AG’s Report noted that the operational effectiveness of any institution depends on the processes and procedures in place to guide its smooth operations. However, the Committee observed from the review of the AG’s Report that even though guidance had been provided in the form of rules and regulations to ensure probity in the use of public funds, it was realised that during the audit of embassies and high commissions, those laws and regulations were not always being followed to the letter, as a result of the jurisdictions in which the missions operate. The Report continued that in the case where Sierra Leone legislation could not practically be applied [for example, seeking a NASSIT, NRA and Council certificate from potential suppliers], it was difficult to ascertain how an embassy or high commission could function effectively.

The AG’s Report further revealed that the Ministry of Foreign Affairs and International Cooperation [MFAIC] had not provided guidance in the following areas where Sierra Leone laws could not be applied in full:

- terms and conditions for employing locally engaged staff;
- general guidelines on procurement;
- general guidelines on medical claims for diplomats;
- finance manual for the processing of payments and the remittance of monies to the CRF; and
- guidelines on what constitute furnished accommodation commensurate with the status of the officers.
Reacting to the auditors’ claims, the DG informed the Committee that the Ministry developed a five-year strategic transformation plan called the Sierra Leone Foreign Service Transformation Strategy [2014- 2018]. She further stated that other documents such as guidelines for recruitment and terms and conditions for locally engaged staff were included in the Foreign Service Transformation Strategy developed by the Ministry. The DG disclosed that the documents were circulated to all the twenty-one [2] Sierra Leone Missions.

Questioned on the steps taken to ensure that all foreign missions adhere to the Sierra Leone Foreign Service Transformation Strategy and the Civil Service Code, Regulations and Rules in terms of recruiting local staff, the DG explained that a circular memorandum was written to all missions, informing them to follow the provisions of the Sierra Leone Foreign Service Transformation Strategy and the Civil Service Code, Regulations and Rules. Relevant portions of the SLESTS and a copy of the circular memorandum were submitted for verification. She also stated that a circular memorandum has been written to all Embassies and Missions abroad, asking them to adhere to rules 9.69 and 9.70 of the Civil Service Code, Regulations and Rules that deal with Foreign Service Officials. A copy of the Circular Memorandum was submitted to the Committee and the auditors as evidence of action taken. She also submitted copies of key policy guidelines, including terms and conditions for recruiting local staff, medical claims for diplomats, etc.

In light of the above, the Committee advised the DG to ensure that the terms and conditions for employing locally engaged staff, procurement, medical claims and the general processing of payments are enforced within the shortest possible time.

Poor working relationships
The AG’s Report noted that the set objectives of any institution could only be achieved if those charged with the responsibilities of running that institution had a cordial working relationship. The Committee observed from the AG’s Report that in some of Sierra Leone’s embassies and high commissions audited, there was poor cordial working relationship particularly between Heads of Missions [HoM] and Heads of Chanceries [HoCs]. The Report revealed that differences were noted in the coordination and allocation of roles and responsibilities of staff. In some instances, the Report stated, directives were given to administrative staff by HoMs instead of HoCs. The Report maintained that “this strenuous relationship seriously affected the smooth functioning of some overseas missions.”

In her reaction to the Committee, the DG stated that the Ministry had started implementing audit recommendations in respect of the working relationship between the HoCs and HoMs. She noted that documents had been dispatched to all 21 missions in terms of improving their working relationships. She submitted a copy of the memorandum that gears towards addressing key policy issues on the working
relationship between HoM and HoC in all Embassies. The Committee informed the DG that the issue would be kept in view and follow-up would be made during the next audit exercise.

**The Committee however advised the DG to ensure that diplomats serving in the various overseas missions are admonished to work in the best interest of Sierra Leone.**

**Comprehensive Register of Visa Stickers Issued to Overseas Missions Not Maintained**

From the review of the AG’s Report, the Committee observed that the Ministry did not maintain a register to record the serial numbers of visa stickers issued to the various overseas missions. According to the Report, it was very difficult for an effective audit of revenue collected from visa stickers to be carried out.

Answering to this query, the DG stated that mechanisms had been put in place to ensure that all visa stickers issued to the various embassies and high commissions are serially recorded. She however noted the observations of the audit team in respect of anomalies in the processing of payments and the remittance of moneys into the CRF. She further stated that the Ministry had taken necessary steps to direct all missions abroad to strictly follow the provisions of the Public Financial Management Act, 2016, particularly in area of the processing of payments and remittance of moneys into the CRF.

**The Committee recommends that MFAIC should put in place a comprehensive register, containing the serial numbers of visa stickers issued to overseas missions without further delay.**

**Diplomatic Passports Issued to Ineligible Individuals**

The Committee also observed from the review of the AG’s Report that diplomatic passports were issued to 11 persons, who did not belong to the categories specified in the cabinet conclusion of 15th July, 1998 and the beneficiaries were also not authorised by the President as per executive order.

The DG stated that measures had been taken to retrieve the passports issued to the 11 persons, who are not in the categories specified in the cabinet conclusion of 15th July, 1998 and would have them recoded for audit inspection. From the submission made by the DG, the Committee inferred that the diplomatic passports in question are still in the possession of the eleven staff. The Committee stated that those diplomatic passports could be unscrupulously used in the wider global village.

**Thus, the Committee recommends that the Ministry takes proactive steps in retrieving all diplomatic passports that are in the custody of those unauthorised personnel.**

**Splitting of Procurement in order to Evade National Competitive Bidding**
The audit report revealed that the procurement of computers, stationery, installation of vertical window blinds and other office equipment, which cost Le 1,530,566,500, were split into several orders, so as to evade the NCB procurement process.

The DG noted the query, but stated that though the Ministry usually prepares its annual budget, allocations are only released on a quarterly basis to MDAs. Each financial year stands independent of the other and allocations are not released on time. According to the DG, the Ministry usually receives its quarterly allocations after certain goods and services would have been taken on credit. She noted that the NCB would not be practicable in such circumstances and the Ministry of Finance had advised that no MDA should commit government when one is not certain when the next allocation would be accessible. Based on the various estimations, the DG maintained, the required procurement method should have been NCB, which normally takes 14 weeks from the bid invitation to final payment.

The Committee noted the responses of the DG, but condemned the wrong procurement method being used. Thus, the Committee advised Management to work with officials of the NPPA for detailed guidance on procurement processes, as the Ministry should always adhere to procurement rules and regulations.

**Tendering Procedures Not Followed**
A cross examination on the AG’s Report revealed that contracts worth Le713, 103,483 were awarded to various suppliers for the provision of services during the period under review. The Committee observed from the Report that tendering procedures were not followed, as procurements were neither advertised nor bids evaluated; thus making the procurement processes not open and competitive.

The DG apologised for not submitting the documents in question. However, documentary evidence regarding the procurement activities undertaken by the Ministry were submitted for audit inspection. The Committee stated that the tendering aspect is key in the entire procurement process. Therefore, the Committee counseled Management to ensure that in future, the procurement of goods and services should be done in accordance with the NPPA Act, 2004.

**Overseas Travelling**
The Auditor General reported that payments which totaled Le2, 979,821,066 incurred on overseas travels were made without adequate supporting documents such as invitation letters, back-to-office reports, receipt for air tickets, etc.

The DG disclosed to the Committee that all relevant documents relating to the query had been found. She further informed the Committee that the Ministry had compiled all other documents relating to overseas travels, including receipts from the travel agencies and back-to-office reports for inspection.
The Committee advised the DG and team to ensure that receipts for payment of tickets and reports are properly filed for record purposes.

**Poor Supervision and Management of Personnel Records and Inadequate Control over the Management of ICT Equipment**

The Public Accounts Committee observed from the review of the AG’s Report the following:

- in spite of repeated requests from the HRO, twenty-three [23] personal files were not presented for audit inspection; and
- The Ministry did not have an approved information technology policy for its information technology infrastructure. Also, the IT system was not installed with firewall licensed antivirus software to protect it from malware, virus manipulation, data infiltration and unauthorised intrusion.

Reacting to the issue relating to poor supervision and management of personnel records, the DG stated that all personnel files in question were now available for inspection. On the matter regarding the inadequate control over the management of ICT equipment, the DG informed the Committee that a draft information technology policy had been prepared by the ICT Manager and it had been submitted to Management for approval. She added that the Policy is currently under Management’s scrutiny before it is implemented. She disclosed that the Procurement Committee of the Ministry allocated funds required for the provision of UPSs, Servers, License, Antivirus software and installations. She concluded that work would commence when the funds are available.

The Committee commended the DG for the steps taken to resolve those issues, but advised the DG and team to take action to address the issues and work towards preventing a recurrence.

Mr Speaker, Honourable Members, the Committee further noted from the review of the AG’s Report that outstanding issues from the previous audit report are still standing against the Ministry. These are:

- Ambassadors, Members of Parliament, Cabinet Ministers and public officials failing to surrender their diplomatic passports and government properties when recalled, dismissed, sacked, terminated and in case of parliamentarians, when they lose their seats in Parliament.
- Staff returning from official overseas duties, with no evidence of their submission of back-to-office reports for travelling expenditure which amounted to **Le100,850,413.**
- Valid vehicle life-cards and insurance certificates for staff [who benefited from Government fuel], not submitted for audit verification. The amount involved totalled **Le389,590,000.**
Responding to the issues stated above, the DG informed the Committee that Ambassadors, Members of Parliament, Cabinet Ministers and Public Officials should surrender their diplomatic passports and Government properties when they are recalled, dismissed, sacked, terminated and in the case of parliamentarians, when they lose their seats in Parliament. She concluded that back-to-country reports are being prepared and are available for audit inspection. She further informed the Committee that all vehicle life cards are well kept and secured.

The Committee reiterated the auditors’ earlier observation that diplomatic passports issued to authorised officials are expected to be surrendered, especially when they are no longer serving in the official capacity to enjoy such benefits.

The Committee advised the DG and team to ensure that all diplomatic passports are withdrawn from Ambassadors, Cabinet Ministers, Public Officials and Members of Parliament who are no longer serving in the official capacity.

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

The activities of the PAC have steadily progressed throughout the past years to its current state, where it is possible to speak of the revival of public interest in issues of corruption, misappropriation of public resources and abuse of office. Through naming and shaming irresponsible public officials, recovery of significant quantum of public resources wrongly appropriated, has been achieved and recommendations leading to withholding of salaries and allowances of offenders have vastly contributed to improvements in public accountability.

Towards the end of the Fifth Session of the Fourth Parliament, the Committee deems it appropriate to state here that its activities for the past years [in outgoing Parliament], have greatly helped to signal the following:

- the restoration of public confidence in Audit Service Sierra Leone as an institution that is capable of dealing with the excesses of the Executive to the extent that whistle-blowers are turning over to PAC instead of the Executive;
- the exposure that corruption is not limited to political officeholders; but inclusive of many categories of public servants and service providers who appeared before the Committee. This indicates the pervasive nature of corruption;
the focus on transactions in this report does not preclude other law enforcement agencies from investigating some major institutions which form the content of this Report; and
that system failure rather than poor supervision by political authorities appears to be the cause of poor accountability in the public sector.

For the Local Councils, Mr Speaker, Honourable Members, the Committee noted that the number of audit queries have dwindled as compared to the 2015 AG’s Report on Local Councils. Local Councils have generally employed competent and qualified staff, especially in areas such as Finance, Internal Audit and Procurement. In spite of the good work of the PAC, some issues have continued to arise year in year out. The Committee is of the view that mechanisms must be put in place to enforce the recommendations of the PAC with specified actions prescribed to serve as a deterrent.

It is the Committee’s belief that if these observations and recommendations are taken into account and implemented, they will enhance accountability, effectiveness, transparency, efficiency, prudent management of resources and yield better service delivery in Local Government Councils in our beloved country Sierra Leone. However, PAC must be adequately supported to take up these challenges with a specific budget line. The budget must be adequate to enable the Committee hires the services of experts as and when required to support effective deliberations on the Auditor General’s Reports.

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

K. Koedoyoma

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Hon. Komba E. Koedoyoma
Deputy Chairman Public Accounts Committee