

AUDITOR GENERAL'S REPORT
ON THE ACCOUNTS OF
SIERRA LEONE
FOR THE YEAR 2006

The Audit Service Sierra Leone
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West Africa

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FOREWARD

It is with pleasure that I present my report on the Annual Accounts of Sierra Leone for the year 2006 and the Financial Statements of 2005.

The continuous development of staff in new skills in Auditing as a result of In House and several training programmes offered by the Department For International Development (DFID), through their implementing partners, Pannel Kerr Forster (PKF) London and Sierra Leone, empowered the staff to cope with the great demands of the workload and our work programmes expanded.

The Headquarters of the Office is still located at Lotto Building at Tower Hill, although frantic efforts are being made to acquire lease documents for state lands both in Freetown and the Provinces. There are positive signs of funding for the construction of the organisation's office in Freetown by one of our donor partners.

A private building has been rented to house our offices in Kenema and Makeni, the latter being opened only in February, 2008.

The Service continues to enjoy the support of Parliament.

The second tranche of the African Development Bank (ADB) project on Capacity Building and Institutional Support is well underway. The Department for International Development (DFID) has provided extensive support in the area of vehicles and capacity building through courses both local and overseas.

During the year under review the Office continued to benefit from Regional Training Courses sponsored by the Training Committee of the Assembly of English Speaking African Supreme Audit Institutions (AFROSAI-E and courses sponsored by the African Development Bank (ADB), the Department For International Development and the Commonwealth Secretariat. Officers of the Service were also facilitators in some of these courses.

The Service also sponsored its Board Members and one officer to participate in a course in Governance and Financial Reporting held in Banjul The Gambia.

The organisation has retained its membership of the Regional Training Committee (RTC) of the Assembly of English Speaking Regional Supreme Audit Institutions (AFROSAI-E) and also the Technical Committee on Harmonisation on Quality Assurance.

Two members of staff got married during the year 2006.

I wish to thank the Almighty God for upholding me in the performance of my task to the nation and staff members for their loyalty and support. My sincere appreciation also goes to members of the Audit Service Board for their keen interest in the Audit Service.

Finally, I wish to record my profound gratitude to the African Development Bank (ADB), the Department For International Development (DFID) the African Organisation of Supreme Audit Institutions (AFROSAI-E), and the Commonwealth Secretariat for their contribution towards capacity building in the year 2006.

Anna Caesar (Mrs.),
AUDITOR GENERAL.

STATEMENT OF THE FINANCIAL ASSETS AND LIABILITIES OF THE CONSOLIDATED FUND

as at 31st December, 2005

In millions of Leones **2005** **2004**

CONSOLIDATED FUND ASSETS

CASH AND BANK BALANCES

Cash and Bank Balances with
the Central Bank 64,168 32,558

Cash and Bank Balances with
Commercial Banks 33,939 25,636

98,107 58,195

LOANS AND ADVANCES

Staff Loans and Advances 1,761 1,277

Debtors – Privatisation 1,365 1,510

Miscellaneous Debtors 83,264 0

86,390 2,787

INVESTMENTS

Multilateral Agencies 35,089 37,081

Public Enterprises 73,451 73,451

108,540 110,531

Total Consolidated Fund

Assets 293,036 171,513

In millions of Leones **2005** **2004**

CONSOLIDATED FUND LIABILITIES

SHORT TERM

Domestic Suppliers Arrears 1,708 14,073

Other Creditors and Accrued
Charges 4,531 4,846

Domestic Public Debt 496,450 417,869

Deferred Interest 4,247 0

506,936 436,789

LONG TERM

Non-Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leone	530,233	530,318
External Public Debt	3,928,784	4,018,793
	4,459,017	4,549,111

Total Consolidated Fund Liabilities	4,965,953	4,985,900
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NET CONSOLIDATED FUND LIABILITIES	4,672,917	4,814,387
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Attributable to

GENERAL REVENUE BALANCE

Balance at beginning of year	4,814,387	4,425,295
Prior year adjustments	(11,408)	0
	4,802,979	4,425,295

Non-Marketable, Non-Interest Bearing Securities redeemed during the year	(85)	(562)
Capital Grant	–	0
Foreign Exchange Loss written off	(41,885)	437,880
Net Movement – Subvented Agencies and Project PIUs	(11,546)	(5,030)
Net (Surplus)/Deficit for the period	2,472	(43,197)
Balance at end of year	4,751,934	4,814,387

CYPRIAN M. P. KAMARAY
ACCOUNTANT GENERAL

STATEMENT OF THE FINANCIAL ASSETS AND LIABILITIES OF THE CONSOLIDATED FUND

as at 31st December, 2006

In millions of Leones **2006** **2005**

CONSOLIDATED FUND ASSETS

CASH AND BANK BALANCES

Cash and Bank Balances with the Central Bank	0	64,168
Cash and Bank Balances with Commercial Banks	19,077	33,939
	19,077	98,107

LOANS AND ADVANCES

Staff Loans and Advances	1,686	1,761
Debtors–Privatisation	2,984	1,365
Miscellaneous Debtors	115,512	83,264
	120,182	86,390

INVESTMENTS

Multilateral Agencies	37,392	35,089
Public Enterprises	73,374	73,451
	110,766	108,540

Total Consolidated Fund Assets

250,025 **293,036**

CONSOLIDATED FUND LIABILITIES

SHORT TERM

Domestic Suppliers Arrears	1,426	1,708
Other Creditors and Accrued Charges	4,531	4,531
Domestic Public Debt	513,733	496,450
Deferred Interest	12,208	4,247
Bank Balances with the Central Bank	12,988	0
	544,886	506,936

LONG TERM

Non-Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leone	480,233	530,233
Special Marketable Securities held by the Bank of Sierra Leone	50,000	0
External Public Debt	4,210,845	3,928,784
	4,741,078	4,459,017

Total Consolidated Fund Liabilities	5,285,964	4,965,953
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NET CONSOLIDATED FUND LIABILITIES	5,035,939	4,672,917
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Attributable to

GENERAL REVENUE BALANCE

Balance at beginning of year	4,672,917	4,814,387
Prior year adjustments	0	(11,408)
Restated Balance	4,672,917	4,802,979

Non-Marketable, Non-Interest Bearing Securities redeemed during the year	-	(85)
Capital Grant	(7,817)	(79,017)
Foreign Exchange Loss written off	288,242	(41,885)
Net Movement – Subvented Agencies and Project PIUs	16,905	(11,546)
Net (Surplus)/Deficit for the period	65,693	2,472
Balance at end of year	5,035,939	4,672,917

CYPRIAN M. P. KAMARAY
ACCOUNTANT GENERAL

AUDITOR'S CERTIFICATE

DISCLAIMER OF OPINION

I have audited the attached Balance Sheet and related Statements of Revenue and Expenditure in conjunction with relevant cash flows for the years ended 31st December, 2005 and 31st December, 2006. The preparation of these Financial Statements is the responsibility of the Accountant General and his Management. My responsibility is to express an opinion on them, based on our audits.

I was unable to satisfy myself on the correctness of some of the schedules and figures. Furthermore, the scope of the work undertaken by my team was insufficient, owing to the extensive reliance on third party information submitted by the Accountant General.

I cannot therefore express an opinion on the Financial Statements, taken as a whole, for the Financial Years 2005 – 2006, owing to the reasons given above and those highlighted below:

- * The Internal Control Systems for the periods under review were extremely weak, resulting in a situation where obtaining records and documents became a difficult task.
- * There was no effective Internal Audit Function within the department for the period under review.
- * A substantial number of account balances in the Financial Statements were not confirmed by the relevant third parties. Huge differences of over and understatement of Domestic Public Debt were noted in the Financial Statements.
- * There were instances in which information from two different sources in respect of the same account balance was different and could not be reconciled.
- * Differences were established between the figures confirmed by NASSIT and those stated in the Financial Statement.

Anna Caesar (Mrs.),
AUDITOR GENERAL.

INTRODUCTION

1.0 In accordance with the provisions of Section 119(4) of the 1991 Constitution of Sierra Leone, Section 8 of the Audit Act 1962 and Section 66(1),(2),and (3) of the Government Budgeting and Accountability Act 2005, I present the Report on the Accounts of the Government of Sierra Leone for the year ended 31st December, 2006.

2.0 OBJECTIVES OF THE AUDIT

2.1 The objectives of the audit are:
To express an opinion as to whether the Financial Statements give a true and fair view of the state of affairs of the Government of Sierra Leone and that they have been prepared in accordance with acceptable accounting framework and comply with applicable regulations.

3.0 AUDIT SCOPE AND APPROACH

3.1 The entire report covers audits undertaken for periods up to 31st December, 2006. The audit was conducted in accordance with INTOSAI Auditing Standards which include assessing or examining on a test basis, evidence supporting amounts in the Financial Statements as well as assessing presentations and relevant disclosures. The methodology used was to examine amounts recorded in the Accounts, notes and schedules. Additionally, separate schedules provided by the Accountant General were compared with the figures indicated in the Financial Statements.

4.0 LOANS AND ADVANCES

4.1 Individual debtors' accounts for each borrower were not maintained as required by Section 93 (1) of the Financial Administration Regulations 1998 for the period under review.

5.0 DEBTORS-PRIVATIZATION

5.1 Some monies received from the sale of the Forest Industries Corporation (FIC) were paid into the Consolidated Fund. An amount of \$1.035m was paid into the Consolidated Fund and a balance of \$0.730m was paid into a Trust Account. The agreement pertaining to this transaction was not produced for inspection. The confirmation received from the National Commission for Privatization(NCP) recorded an amount of Le260,000,000 as receipt from privatization of the FIC whilst that in the Financial Statements stated an excess in receipt of Le3,290,000.

6.0 DOMESTIC PUBLIC DEBT

- 6.1 There was an understatement of Le4,895.2m in 2005 and an overstatement of Le4,036m in 2006 in respect of Interest on Treasury Bills. Interest on Treasury Bearer Bonds was overstated by Le7,336.7m in 2005 and Le2,274.3m in 2006 respectively.

7.0 EXTERNAL PUBLIC DEBT

- 7.1 There were long delays in updating the External Public Debt records by the Public Debt Unit of the Ministry of Finance. This was due to the fact that reconciliation between the Bank of Sierra Leone records and those of the Ministry of Finance was not done on a regular basis. There were also no details of exchange rates used during the period to ascertain the correctness of amounts stated for External Public Debt in the Financial Statements under review.

8.0 NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (NASSIT)-ACCRUALS

- 8.1 Information for the Financial Year 2005 was not made available for inspection. It was also observed that a NASSIT liability of Le294,624m was not recognized in the Accounts. Furthermore, there was a difference of Le3,979m between the amount stated in the Accounts and that recorded in the Integrated Financial Management Information System (IFMIS) for contributions to Social Security.

9.0 WAGES, SALARIES AND OTHER BENEFITS

- 9.1 In the year 2005, Salary Vouchers for the Police for the months of January and December were not produced to the Audit Team for inspection. Some Payroll Vouchers did not give a summary of the Gross Payroll Totals per ministries, departments and agencies. As a result of this, it was difficult to agree the cheque listing figures with those on the Payroll Vouchers. Similarly, in 2006, it was observed that Payroll Vouchers for the Ministry of Information and Broadcasting, Office of the President and the Ministry of Defence were not produced for the months of January and December. The total for this account balance was overstated by Le3,979m.

10.0 INTERNAL AUDIT

- 10.1 Some Internal Audit Reports were made available to the team during the audit exercise. However, the degree of adequacy of the Internal Audit function could not be fully determined. There were only eight (8) Internal Audit Reports during the period under review.

11.0 CONFIRMATION FROM THIRD PARTIES

11.1 Although several requests for third party confirmation were sent to various institutions, only 29.2% attracted responses in 2005 and 29.4% in 2006. These were from NASSIT and NCP. There was a difference of Le30,030m between the figures confirmed by the NCP and those in the Cash Flow Statements relating to the sale of Forest Industries Corporation.

12.0 GENERAL COMMENTS

12.1 Lack of Supporting Documents

Most of the requested Payment Vouchers were not made available to support payments made out of the Consolidated Fund. In some instances, the requested samples of Payment Vouchers were not the ones made available; instead a separate set of Payment Vouchers was produced.

12.2 Review of Public Debt Balances

There is an urgent need for the Accountant General to perform regular reconciliation between the figures obtained from the Bank of Sierra Leone and those obtained from the Ministry of Finance on the Public Debt of the Government of Sierra Leone.

12.3 Control Environment of the IFMIS System

There were instances of differences between figures in reports from the IFMIS System and those in the Financial Statement. There is therefore the need for proper reconciliations to be carried out between these two sources of information to ensure that records are accurate.

12.4 Full Disclosure in the Public Accounts

Some items of disclosure requirements as per the Government Budgeting and Accountability Act 2005 were not included in the Financial Statements submitted for audit.

12.5 Accounting Standards

There is an urgent need for the development of local accounting standards, catering for the needs of the Sierra Leone environment. The introduction of this will go a long way in ensuring uniformity and consistency in Financial Statement preparation in the future

13.0 LOSSES OF CASH AND STORES –

CASH – Le 101,416,878,890.40

USD 4,552,302.46

£12,808

¥313,639

€ 3,596.86

N100,000

STORES –Le105,059,000

ARREARS OF REVENUE – MINISTRIES AND DEPARTMENTS

Le 17,895,554,676

USD 324,639.73

N 125,000

SCHOOLS AND OTHER EDUCATIONAL INSTI-TUTIONS

Le 2,545,820,467

USD 4,000

- (a) A schedule of Losses of Cash and Stores arising from theft, fraud, or serious irregularities during the period is attached as Appendix 1A & B.
- (b) Total arrears of revenue for ministries/de-partments for the period under review so-ared to Le17,895,554,676, USD 324,639.73 and N125,000. A breakdown is given at Appendix II
- (c) Schools and other educational institutions have been singled out in Appendix III as they attract not only Cash losses in respect of revenue collected but also large arrears of school fees, advances unpaid and unclaimed salaries.

13.1 PUBLIC ACCOUNTS COMMITTEE

The Reports of the Public Accounts Committee on issues dealt with in the 1996/1999, 2000, 2001 and 2002 Auditor General's Reports have still not been fully implemented. The Accountant General has not taken action to recover from the salaries/pensions of defaulters as requested by the Auditor General. In the same vein, much has not been achieved with matters referred to the Attorney General. Parliament has issued its Report (Vol. I) on the Auditor General's Report for 2003 and 2004/2005. Volume II is now being examined by the Committee.

14.0 MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL CO-OPERATION

14.1 Sierra Leone Embassy –Addis Ababa, Ethiopia

In the absence of Approved Estimates to the missions, there was lack of proper control over expenditure and non-adherence to the system of prioritizing expenditure. A difference of US \$33,841.81 was noted

between remittances received by the embassy and the remittances schedule from the Bank of Sierra Leone. Arrears of contributions to the regular Budget of the African Union (AU) by the Government of Sierra Leone stood at US \$923,648. An amount of US\$2,266 was owed to the embassy by an individual.

14.2 Sierra Leone Embassy – Beijing, China

Revenue collected from Consular Fees, amounting to ¥313,639, was used to meet general expenditure relating to the embassy, with apparently no authority from the Ministry of Finance through the Foreign Ministry. Local fees were not banked though there had been changes in the Chinese Government Regulation on Local Currency Account.

14.3 Sierra Leone Embassy – Moscow, Russia

Consular Fees, totalling \$5,940, were used to meet general expenditure relating to the embassy, with apparently no authority from the Ministry of Finance through the Foreign Ministry. Outstanding rent of the embassy up to 30th September, 2006 amounted to \$37,840.79. In view of this, the Administration for Services to the Diplomatic Corps (GLAVUPDK) in Moscow had no legal base to grant the embassy's request for any additional flat for lease, until the debt was settled.

14.4 Sierra Leone Embassy -Saudi Arabia

An Accountable Documents Register was not maintained. A Revenue Cash Book was not in operation. Revenue collected was not paid regularly into bank. The embassy had no safe or strong room for the custody of cash and other valuable items. Payments made in respect of Other Charges were without any form of Payment Vouchers. Neither a Cash Book nor a Re-mittances Register was maintained in respect of remittances, totalling \$2,945,240, received between February 2001 and July 2005. An Advances Register was not maintained for advances issued during the period. Operating records were not kept for the maintenance of vehicles of the Mission. Arrears of rent of \$106,000 remained unpaid at the end of 2005. This amount was still outstanding as at 31st July 2006. Examination of available records revealed that a colossal sum of \$84,609 was owed to staff in respect of Station Allowances for Hajj duties during the Annual Pilgrimage of Sierra Leoneans to Mecca. Cheque stubs were initialled by one (1) instead of two (2) signatories. In spite of the recommendations in the last Audit Report, invoices and other bills in respect of Petty Cash payments were not translated into English. A Master Inventory Register was not maintained.

14.5 Sierra Leone Embassy-Conakry, Guinea

Cash value documents found on hand were not taken on charge in an Accountable Documents Register. Bank Reconciliation Statements were not prepared within the period under review. Between 28th

August 2002 and 9th October 2005 the sum of FG48,191,170 was collected as Consular Fees. This amount was spent on utilities for the Mission, without prior approval from the Ministry of Finance through the Foreign Ministry. In spite of the recommendations in a previous audit report, the embassy continued to pay rent to a landlord for a house used as Chancery, without a valid Rent Agreement. A total of \$96,485 was withdrawn from an account without supporting documents to indicate the purpose(s) for which this amount was withdrawn. The sum of \$43,170 was remitted to the embassy on the 4th of May 2005 for the rehabilitation of the Chancery. No rehabilitation work was undertaken. There was an absence of a robust Internal Control System. The Mission did not maintain a Vote Service Ledger. Vehicle Log Books were not in operation at the embassy. The Inventory Ledger was not properly maintained. The records management system in the Chancery was far from satisfactory. The Ambassador's residence was totally dilapidated.

14.6 Sierra Leone High Commission, Banjul

A total of D256,450 collected as Consular Fees, between 9th and 13th October 2003, was not recorded in the Revenue Cash Book. Out of a total of D1,248,135 collected as Consular Fees between 13th October 2003 and 31st December 2006, only the sum of D987,840 was paid into the bank leaving a balance of D260,295 which was used to meet the general expenditure of the Mission, with apparently no authority from the Ministry of Finance through the Foreign Ministry. Financial and Administration Regulations were not observed in the treatment of accounting transactions. Monthly Bank Reconciliation Statements were not prepared for the various accounts held by the High Commission even though frequent transfers occurred between them. Payments, totalling D76,086.18, were not supported by invoices or receipts to confirm that payments were genuine. Proper inventory of the Commission's properties had not been maintained.

Outstanding Matters

The following issues in a previous Audit Report had still not been addressed by the High Commission:

- * Consular Fees totalling D11,350.00 not brought to account;
- * Vote Service Ledger not maintained;
- * Balance of US2,000 in respect of renovation of the commission not paid;
- * Expenditure returns not prepared.

15.0 MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

15.1 Sierra Leone Grammar School

Various disbursements, amounting to Le64,889,318, were made without supporting documents. Payees did not acknowledge receipt of the sum of Le13,759,518 paid to them. Revenue and Expenditure Cash Books were not maintained. Payments made to illiterate staff were not witnessed by third parties. Loans allegedly given to teachers were without documentary evidence. This totalled Le15,712,000. Arrears of school fees stood at Le3,211,000. Neither a budget nor a Bank Reconciliation Statement was prepared during the period of audit. An Accountable Documents Register as well as Inventory Ledger was non-existent. The principal still remained the sole signatory to the school's account.

15.2 Behesti Secondary School

Unclaimed salaries not accounted for totalled Le1,257,182. An Imprest Cash Book was not maintained. Receipt Book No.651-700 was not produced for inspection. Attendance Registers and Expenditure Cash Books were poorly maintained. An Inventory Ledger was not kept and Bank Reconciliation Statements were not prepared.

15.3 St. Helena Junior Secondary School

An Accountable Documents Register was not maintained. Arrears of school fees for the period under review soared to Le 23,220,000.

15.4 St. Helena Senior Secondary School

An Accountable Documents Register was not maintained. Arrears of school fees for the period under review soared to Le19,235,000. Outstanding Loans to Teachers amounted to Le1,050,000. Expenditure for a total of Le6,057,500 was not authorized by the Principal. Payment Vouchers to the tune of Le6,923,000 were without adequate supporting documents. Several Payment Vouchers, totalling Le 4,927,000, were not produced for inspection. Salary Vouchers were not made available to the Audit Team. Financial Administration Regulation provisions were not observed in the printing of Receipt Books. Bank Reconciliations were not carried out in this institution. The Class Attendance Registers were not properly kept.

15.5 Dr. June Holst Ronness Junior Secondary School

An Accountable Documents Register was not maintained. Out of a total of Le7,500,000 collected as fees, only the sum of Le4,205,000 was paid into the bank leaving a balance of Le3,295,000 which was put into immediate use. Payment Vouchers were not in use at this school. Expenditure exceeded Income by Le2,781,354.75. The

school's budgets were not produced for inspection. Bank Reconciliation Statements were not prepared by this School. A School Board was non-existent.

15.6 Bishop Johnson Memorial Junior Secondary School

An Accountable Documents Register was not maintained. Out of a total of Le259,773,500 collected as fees, only the sum of Le180,690,000 was paid into the bank, leaving a balance of Le79,083,500 which was put into immediate use. Arrears of school fees soared to Le35,667,000. Unclaimed salaries totalled Le1,895,038. A Cash Book was not maintained. Individual files for teachers were not properly kept. Bank Reconciliation Statements were not prepared by this school.

15.7 Ansarul Islamic Secondary School

Payment Vouchers, totalling Le720,000, were without adequate supporting documents. Payment Vouchers, to the tune of Le1,555,000, were not signed by recipients. Outstanding loans to teachers totalled Le750,000. Arrears of school fees for the period stood at Le9,558,000.

15.8 St. Joseph's Senior Secondary School – Brookfields

Out of a total of Le495,566,648, collected as revenue, only the sum of Le494,194,040 was banked. The balance of Le1,372,608 was put into immediate use. The sum of Le8,796,000 was spent without supporting documents. Payment Vouchers, totalling Le1,737,000, in respect of the Brass Band were not signed by payees. A loan of Le225,000 was outstanding. Unclaimed salaries of Le2,400,889 in respect of eight teachers were apparently not paid back to revenue. Bank Reconciliations were not carried out during the period under review.

15.9 St. Joseph's Junior Secondary School – Brookfields

An Imprest Cash Book was not maintained. Payment Vouchers, totalling Le1,210,000, were not signed by recipients. Payment Vouchers, for the sum of Le16,590,500, were without adequate supporting documents. Hand written, instead of printed official receipts, were used to support payments, totalling Le2,192,000. Some of the school's assets were not recorded in the Fixed Assets Register.

15.10 Annie Walsh Memorial School

A total of Le3,276,000 in respect of school fees was not brought to account in the Cash Book. Arrears of school fees totalled Le3,531,000. Sixty three (63) Receipt Books were not available for inspection. Expenditure without authentic supporting documents totalled Le47,936,000. Payment Vouchers for the sum of Le3,726,000 were not signed by the payees. Teachers' Personal Files were poorly main-tained. Bank Reconciliations were not carried out during the period under review.

15.11 United Methodist Church Secondary School – Freetown

Out of a total of Le77, 945,000 collected as fees between 2002 and 2005 only the sum of Le72, 475,725 was paid into the bank, leaving a balance of Le5,469,275 which was put into immediate use. Arrears of school fees for the period totalled Le19,980,000. Expenditure to the tune of Le10,101,500 was not authorized by the principal. The sum of Le357, 800 was spent as Petty Cash without supporting documents. Payments made out of Petty Cash were sometimes not acknowledged by recipients. These amounted to Le378,600. Unclaimed salaries totalled Le2,772,063. Teachers' Personal Files lacked complete records of teachers. An Inventory Ledger was not maintained. Bank Reconciliation Statements were not produced for inspection.

15.12 Government Secondary Technical School

An Accountable Documents Register was not maintained. Arrears of school fees totalled Le16,319,000. Payment Vouchers for Le5,116,000 were not authorized by the principal. An Imprest Cash Book was not maintained and part of the school fees collected was used as imprest. Payments to illiterate personnel were not witnessed by third parties as required by existing regulations. Bank Reconciliation Statements were not prepared by the school.

15.13 Laura Dove Vocational Secondary School

An Accountable Documents Register was not maintained. Payment Vouchers without supporting documents totalled Le2,470,000. Payments, without expenditure details, posted to the Expenditure Cash Book amounted to Le16,227,000. Outstanding loans for the period totalled Le2, 855,000. Arrears of school fees stood at Le4, 696,000. Revenue collected not posted into the Cash Book amounted to Le908,000. Eleven Receipt Books were not produced for inspection as well as 26 copies of Salary Vouchers. The filing system needed some improvement. A Procedural Manual was not maintained by the school.

15.14 Government Rokel Senior Secondary School

An Accountable Documents Register was not maintained. Various payments, totalling Le6,827,000, were not approved by the principal, whilst payments without supporting documents amounted to Le4,333,500. Arrears of school fees stood at Le16,300,000. Bank Reconciliation exercises were not carried out at this school. Class Attendance Registers were not properly maintained.

15.15 Government Rokel Junior Secondary School

Payments for a total of Le895,000 were not authorized by the principal. Payments without supporting documents amounted to Le3,390,700. Arrears of school fees soared to Le14,988,000. Bank Reconciliation was not carried out at this school. Teachers' Personal Files as well as Class Attendance Registers were poorly maintained.

15.16 Young Women's Christian Vocational Institute

A total of Le28,241,754, collected as school fees, was put into immediate use. Expenditure, amounting to Le6,704,358, was not recorded in the Cash Book. Expenditure without supporting documents totalled Le9,212,650. Some items of expenditure were wrongly classified. The sum of \$4,000 was paid in 2005 to a company in Beijing for the purchase of computers and accessories. The computers had still not been delivered in 2007. Bank Reconciliation Statements were not prepared at this school. A Fixed Assets Register was not maintained. The system of record keeping left much to be desired. There was no proper segregation of duties in the Accounts Division. Several anomalies were discovered in connection with the composition and operations of the Board. There was no Maintenance Policy in place for Fixed Assets. The organizational structure needed some improvement. Bank Statements for the 2005/2006 academic year were not produced for inspection.

15.17 Peninsular Secondary School Waterloo

An Accountable Documents Register was not maintained. Arrears of school fees soared to Le14,275,000. School fees not brought to account amounted to Le602,700. There was a difference of Le13,445,000 between school fees collected and the General Receipts issued. Unclaimed salaries totalled Le3,333,503.

15.18 Ahmadiyya Agricultural Secondary School-Newton

An Accountable Documents Register was not maintained. A detailed scrutiny of the Fees Register and Revenue Cash Book revealed that a total of Le15,340,000 was put into immediate use without going through the relevant banking procedures. The sum of Le7,262,000 was collected as school fees but not posted to the Fees Register. Arrears of school fees soared to Le9,140,000. Illegal payments of salaries to two teachers who had left the school amounted to Le1,121,326. Although a Loans Register was not maintained, an outstanding loan of Le275,000 was noted. Payments without supporting documents amounted to Le3,572,000. An Assets Register was not maintained and Bank Reconciliation Statements were never prepared by the officer responsible for doing so.

15.19 Kelly's Vocational and Agricultural Secondary School, Hastings

An Accountable Documents Register was non-existent. An Income and Expenditure Statement prepared by the Inspecting Team revealed that the sum of Le2,326,250 was not brought to account. Payments without supporting documents totalled Le255,000. Arrears of school fees soared to Le12,796,000. An Assets Register was not maintained.

15.20 Tomlinson Secondary School ,Songo

An Accountable Documents Register was not maintained. It was observed that a total of Le7,260,500 was not brought to account.

Arrears of school fees stood at Le4,128,000. Differences were noted between the amounts recorded on cheque stubs and those appearing in the Bank Statement. Monthly Bank Reconciliation Statements were not prepared. Payments without supporting documents totalled Le6,920,000. School fees not banked amounted to Le10,589,000. It was discovered that a total of Le1,929,000 was short posted to the Fees Register. An Assets Register was also not maintained.

15.21 Methodist Secondary School, Kenema

Monthly financial reports were not produced for audit inspection. School fees collected and not brought to account totalled Le820,000. Arrears of school fees amounted to Le3,840,000 for the period under review.

15.22 Holy Trinity Secondary School, Kenema

Proper systems were not put in place to ensure that financial records were reliable and complete. A procedure was not in operation for the safeguarding of the school's assets, including buildings. There was no evidence of compliance with Financial and Administration Regulations. Expenditures without recipients' signatures, authorization and supporting documents amounted to Le792,000, Le592,000 and Le1,282,000 respectively. It was noted that school budgets were not presented for the period under review. Unclaimed salaries, totalling Le5,753,722 in 2004/2005 and Le9,063,788 in 2005/2006 Academic Years, were not paid back into the Consolidated Revenue Fund.

15.23 Luke's Commercial Secondary School, Kenema

Monthly financial reports were not produced for the principal's information. It was noted that school budgets were not prepared for submission to the School Board for approval for the entire period under review. Arrears of school fees totalled Le1,875,000. The auditors could not obtain evidence that a detailed and comprehensive inventory of the assets of the school was maintained. The sum of Le2,009,632 was paid to teachers who were absent for the 2005/2006 Academic Year.

15.24 College Secondary School, Kenema

An amount of Le3,040,500 collected as school fees was not brought to account whilst arrears of school fees soared to Le10,786,500. During the 2003/2004 Academic Year some pupils were overcharged a total of Le6,882,000 by the principal in respect of school fees. The sum of Le7,064,162 was paid as salaries to teachers whose names were not found in the Attendance Register. It was discovered that loans were given out to the tune of Le15,222,000 without proper documentation. The sum of Le2,879,000 was taken out of the school fund and used for entertainment for which records were not available. A total of Le6,164,500 was expended from the school account without proper documentation.

- 15.25 Ansarul Islamic Secondary School, Kenema**
Monthly financial reports were not produced for audit inspection. School budgets were not prepared for submission to the School Board for approval for the entire period under review. There was no procedure in place for the safeguarding of the school's assets, including buildings.
- 15.26 Sierra Leone National Islamic Mission Primary School, Kenema**
Two names noted in the Salary Vouchers were not found in the Teachers Register. A total of Le492,083 was paid to them. Vital documents requested for the audit exercise were not provided.
- 15.27 Roman Catholic Mission Primary School Kenema**
The names of forty-seven teachers on the Salary Vouchers were neither traced in the Staff List nor in the Attendance Registers. The amount paid to them for the period 1st January 2000 to 31st July 2005 was Le10,934,847.
- 15.28 Seventh Day Adventist Primary School, Kenema**
The names of two teachers on the Salary Vouchers were neither traced in the Staff List nor in the Attendance Registers. The amount paid to them for the period 1st January 2000 to 31st July 2005 was Le524,905.
- 15.29 Sierra Leone Church Primary School (SLC), Kenema**
It was noted that a total of Le9,867,700 was spent in 2003/2004 and 2004/2005 to purchase chalk by the SLC AM1, 11 and PM for which supporting documents were not available. Although the mission had benefited from rehabilitation projects, the school still purported to have spent an amount of Le7,617,000 on the purchase of cement and other building materials. The disbursements were without third party documentation.
- 15.30 Ahmadiyya Muslim Secondary School, Blama**
Arrears of school fees totalled Le2,570,000 for the period under review. It was observed that school budgets and monthly financial reports were not prepared by this school.
- 15.31 Saint Joseph's Secondary School, Blama**
The sum of Le1,675,000, collected as school fees, was not brought to account. School budgets and monthly financial statements were not submitted for inspection for the period under review. Arrears of school fees totalled Le3,235,000. Unclaimed salaries for the months of July 2004, August 2005, November and December 2005 totalled Le1,633,941.
- 15.32 Birch Memorial Secondary School, Makeni**
A total of 123 pupils had not paid their school fees. Arrears of school fees soared to Le8,571,000. The Revenue and Expenditure Cash Books had a number of alterations, cancellations and erasures and

the Bank Reconciliation Statements were prepared and retained by the Bursar. The Estimates of Revenue and Expenditure presented were neither approved by the Board nor stamped with the school stamp.

15.33 Benevolent Islamic Senior Secondary School, Makeni

An Accountable Documents Register was not maintained and it was therefore not possible to ascertain the correct position/quantity of all cash value documents received and utilised by the school. The Loans and Advances Register was poorly maintained. Records inspected revealed outstanding loans of Le1,677,000. Arrears of school fees for the period soared to Le12,131,000 and it appeared that little or no effort was made to recover such arrears. The Revenue and Expenditure Cash Book and a few other books of accounts had a number of alterations, cancellations and erasures. Individual files for staff were not maintained. An Attendance Register was poorly maintained. Bank Reconciliation Statements were not prepared during the entire period under review. Invoices and Delivery Notes or Goods Received Notes in support of the school's items/assets received were not available for inspection. An Inventory Ledger was not maintained.

15.34 Benevolent Islamic Junior Secondary School, Makeni

An Accountable Documents Register was not maintained. The Estimates/Budgets pre-sented to the Audit Team were not approved and stamped by the necessary authorities. Unclaimed salaries totalled Le2,166,522. A bank account for the school was only opened in the 2004/2005 school year. The sum of Le38,121,850 collected in 2003/2004 school year, was not brought to account by the Bursar. In the 2004/2005 school year, the collection of fees amounted to Le29,420,000 but deposits into the new bank account totalled only Le6,535,000. The Revenue and Expenditure Cash Books and other records had a number of alterations, cancellations and erasures. Bank Reconciliation Statements were not prepared at this school. Individual files for staff in academic and support categories were not maintained. An Attendance Register was also poorly maintained. The school operated a school shop but records of transactions and Profit and Loss Account Statement were not made available for inspection. Other areas like the sale of school colours, revenue from market sellers, social groups' activities on the school campus and sales from agricultural products were not brought to account. No correspondence from the Ministry of Education Science and Technology was produced to confirm that a total of eight (8) teachers were on study leave with pay. An Inventory Ledger was not in operation and documentation in respect of the school's numerous items/assets received was also absent.

15.35 Saint Joseph's Secondary School, Makeni

An Accountable Documents Register was not maintained. Arrears of school fees amounted to Le1,493,000 for the 2003/2004 school year.

Arrears for 2004/2005 could not be calculated in the absence of proper records. Proceeds from the sales of textbooks, totalling Le46,943,000, were neither paid into bank nor transferred to the Task Force in Freetown. Many cancellations and erasures were observed in the Revenue and Expenditure Cash Book. During the period under review the school did not prepare Bank Reconciliation Statements. A Staff Attendance Register was not available for inspection. Expenditure without supporting documents totalled Le16,799,350. An Inventory Ledger was not maintained.

15.36 Saint Francis Junior Secondary School – Makeni

An Accountable Documents Register was not maintained. The Estimates presented to the Audit Team were not approved and signed by the respective authorities. A loan of Le156,000 given to a staff member had not been repaid. Unclaimed salaries of Le1,754,050 were not paid back to revenue. Arrears of school fees for the period under review soared to Le8,016,000. Several alterations, cancellations and erasures were discovered in the accounting records. Staff Personal Files were not maintained by the school. The Attendance Register was poorly maintained and an Inventory Ledger was not in existence. The school neither had a Cash Book for cash transactions nor did it prepare any Bank Reconciliation Statement during the period under review. The school did not operate a separate account for salaries.

15.37 Saint Francis Senior Secondary School, Makeni

An Accountable Documents Register was not maintained. The Loans and Advances Register was poorly maintained. Outstanding loans for 2003/2004 and 2004/2005 totalled Le250,000 and Le1,875,000 respectively. Arrears of school fees soared to Le6,837,000. In spite of the Board's recommendation for a Bank Account to be opened, no action had been taken by the school; instead school fees collected were privately kept. Staff Personal Files were not maintained. The Attendance Register for academic staff was poorly kept and none was in operation for support staff. An Inventory Ledger was not maintained. Estimates were not approved by the Board. The school should explore the possibility of earning revenue from other sources.

16.0 MINISTRY OF HEALTH AND SANITATION

16.1 Principal Medical Officer's Office, Cline Town–Environmental Health Division

Large quantities of assorted items and drugs received by the Logistics Officer were not taken on charge in the Stock Cards. These items were also not found in stock. The amount involved was Le111,363,500. Revenue received, totalling Le2,143,500, was neither posted into the Revenue Cash Book nor banked. Drugs/items, totalling Le15,906,000, were alleged to have been issued by the hospital authorities to various Health Centres/Clinics. Such issues were not posted into the Stock Cards. A difference of Le122,000 was

noted between amounts on receipts and those posted in the Cash Book. It was discovered that quantities of drugs supplied to various Health Centres/Clinics were in excess of those that had been requisitioned by Le5,413,000. Also, Le1,643,000 worth of assorted drugs were issued to various Health Centres/Clinics without requisitions. Over 2,000 gallons of fuel were misappropriated by the Officer-in-Charge of the Fuel Store. Records were not available at the Environmental Health Division in respect of large quantities of items/equipment supplied by the Central Medical Stores. Neither an Inventory Register nor a Log Book was maintained.

16.2 Kissy Mental Hospital

It was observed that drugs, totalling Le1,804,000, supplied to the hospital were not taken on ledger charge. The names of twenty-two employees on the Salary Vouchers were not traced in the Attendance Registers. Several issues were not reflected in the Store Ledger.

16.3 Primary Health Care Delivery Systems, Kenema

Vital documents requested for the audit inspection were not submitted. Drugs of different specifications, costing US\$21,407.77 in the year 2006, were never supplied by a pharmacy to the Primary Health Care Pharmacy. A review of the Pharmacy Health Unit's (PHU) individual account balances disclosed that the sum of Le46,971,261 was owed by several officers who were in charge of such Units for the period under review. Cash balances of Le6,925,000 and Le4,858,040 respectively were not accounted for by a District Health Officer and a nurse. The cost of drugs supplied to the PHU in the district was quoted in Dollars rather than the accepted medium of exchange in Sierra Leone. Operating policies were not put in place for the receipt, storage and use of assets in the PHUs. Though contractors had gone through the necessary processes and contracts awarded to them, a number of uncompleted Health Centres in the districts were noted.

16.4 Government Hospital Kenema

Vital documents were not produced for inspection. Revenue not brought to account totalled Le74,455,310. Recovery details were not seen in respect of a loan of Le1,000,000 given to a radiographer to buy films in Guinea since 2004. An amount of Le135,894,000 was short accounted for in respect of drugs supplied during the period under review. Drugs supplied to the pharmacy by the hospital storekeeper were not taken on ledger charge, whilst drugs were sometimes supplied to the pharmacy direct from Medical Stores. A perennial backlog in the supplies of drugs was noted in every fiscal year. The firm that supplied drugs to the hospital quoted the cost in dollars.

17.0 OFFICE OF THE PRESIDENT

The Vote Service Ledger was poorly maintained. The office did not comply with procedures for the purchase of goods. Only one individual signed for the total subsistence allowances in respect of

several officers. An Inventory Register was not maintained. Log Books were not in use and fuel chits were not issued serially. With the exception of a small incomplete exercise book, the office did not maintain a Stores Ledger for the entire period. Contracts for the supply of stationery between the office and some suppliers revealed certain anomalies. The handwriting on several Proforma Invoices was similar. Local Purchase Orders were not properly completed. Many “imported transactions” were recorded in the Expenses Analysis Report from the Office of the Accountant General. These payments totalled over Le1bn.

18.0 VICE PRESIDENT’S OFFICE

An Accountable Documents Register was not maintained. An Imprest Cash Book for the Security Division was also not kept to record disbursements, in respect of a total of Le943,441,936, received as imprest during the period under review. General Imprest Cash Book was also not produced for inspection to indicate how imprests received during the period, totalling Le127,265,300, were dis-bursed. A Staff Attendance Register was not maintained. Requisition and Issue Vouchers were not available in respect of stationery, the cost of which was Le240,805,270. The office safe was not in good working order. A Spare Parts Register was not maintained. Spare Parts bought during the period amounted to Le417,076,519.

19.0 MINISTRY OF SOCIAL WELFARE

Payments without supporting documents totalled Le36,185,000. An Imprest Cash Book was not maintained in respect of imprest received during the period, totalling Le12,400,000. Neither a Log Book nor an Operating Record was maintained to record fuel and oil bought for the sum of Le25,282,000. Consumption details were also not available for inspection. Proper records were not kept in respect of Grants-in-Aid and Social Programmes to Welfare Organisations. A proper Staff List was not maintained and photocopies of paid Salary Vouchers were not available for inspection. An Inventory Ledger was not in operation.

20.0 MINISTRY OF JUSTICE

20.1 Law Officers’ Department

Payments without supporting documents totalled Le14,860,000. Expenditure returns in respect of donations/grants to the Sierra Leone Law School, totalling Le601,003,358, were not produced for inspection. An Inventory Register was not maintained

20.2 Magistrate Court - Waterloo

An Accountable Documents Register was not maintained. Duplicate copies of receipts in respect of revenue, totalling Le4,770,050, were not available for inspection. An Inventory Ledger was not produced for inspection. Neither a safe nor a strong room was in use by the court for the custody of cash

21.0 MINISTRY OF ENERGY AND POWER

Neither a Log Book nor an operating record was maintained in respect of fuel and oil bought, totalling Le260,285,000. Stationery purchased at a cost of Le594,049,500 was not taken on ledger charge. Various purchases, totalling Le58,380,000, were neither taken on ledger charge nor issued in a proper manner. Payments without supporting documents amounted to Le28,200,000. An Imprest Cash Book was not maintained. Imprests, totalling Le77,500,000, were not retired. Expenditure returns on grants/subvention made to several organisations were not available for inspection. Vehicle Log Books and operating records were not maintained in respect of vehicles. A Staff Attendance Register was not in use. Copies of Salary Vouchers were not available for inspection.

22.0 MINISTRY OF DEFENCE

22.1 Procurement

Few of the requested supporting records for procurement tendering, payment schedules and stores in the Ministry of Defence were not made available to the auditors. As a result, the auditors could not ascertain whether any of the contracts awarded, totalling Le33,504,387,405, implemented in the 2003 Financial Year, were subject to approved tendering processes. Difficulties in obtaining records were due to the frequent change of officers in charge of such records. To make matters worse, the Central Tender Board was suspended in April 2003 and replaced by the Procurement Reform Steering Committee. This facilitated the non-compliance with relevant regulations regarding procurement. Several procurements were split up into a number of Local Purchase Orders for the same supplier to evade the Le25m threshold set for formal tendering. Eleven (11) contracts valued at Le10,964,434,392 were not advertised in newspapers to give interested parties an equal opportunity to bid for such contracts. Bid Records were not provided for eleven (11) contracts valued at Le18,078,675,200 and no Bids Register was available for inspection. The genuineness of these contracts could not be ascertained. Technical Committee Evaluation Reports were not available for fifteen (15) contracts valued at Le29,601,276,517. Only three (3) contracts, totalling Le10,692,768,933, had evidence that the draft agreements were endorsed by the Attorney General prior to their signing. Contracts for Le22, 811,691,472 may not have been subject to an appropriate legal review. There was no evidence available to confirm that contracts awarded were published in the Gazette or newspapers. Copies of Bank Guarantees, as required under the contract agreements were not made available for six (6) contracts for which advance payments of Le10,400,683,470 were made. It was observed that 50% or more advance payments on contracts was made which was very risky in case the contractors defaulted. A comprehensive Master Inventory of Fixed Assets was not available in any of the sites visited to indicate the location of assets acquired by the ministry.

22.2 Disbursement

Two Payment Vouchers did not have standard supporting documents while the supporting documents of most of those that had were not adequate. Advance payments of between 50-100% of contract prices were made on all contracts except monthly supply contracts (In one case, an amount of Le1.6 billion was paid which was in effect highly risky for performance). Expiry terms were different from those specified in the contract agreement in respect of six (6) Bank Guarantees presented for inspection. In the case of three (3) contracts, even though deliveries were expected to be made monthly, advance payments were made for the total contracts which were expected to run for a year. The adequacy of Bank Guarantees could not be determined in respect of seven (7) contracts for which advance payments, totalling Le906,142,400, were made. During the year 2003 there was a pricing issue for monthly supply of various items. The supplier refused to supply under the fixed priced contract. As a result, the Ministry of Defence had to agree on the revised contract prices.

22.3 Central and Regional Stores (2003, 2004 and 2005)

In the absence of proper accounting systems in respect of Store Operations the audit trail on contractual procurement will be lost. Although there was some improvement in the stores system, the latter remained non-compliant with Financial Administration Regulations. In one case where a contractor's supplies had been found inadequate, a letter of complaint was not sent to the contractor promptly. There was no system of recording and reporting such delivery of stock. A Stores Ledger was not maintained in 2003 and even up to 2005. Records were not produced in respect of Stock Taking exercises for the year 2003 and, as a result, deficiency of stock could not be ascertained. Weekly Review Reports maintained disclosed discrepancies between physical stock and recorded quantities. Surprise sample review of Bin-Cards was not evident in the absence of the identity of the reviewer. The twice yearly independent inspection by the Vote Controller as required by existing financial regulations was not undertaken. No independent Board of Survey was carried out; only internal Stock Verifiers were used to determine stock at the end of the year. A formal Stock Losses Register was not maintained in the year 2003. Quarterly stock deficiencies were investigated in 2004. It was indicated that only material losses which were not quantified were subject to investigation. Standard Issue Vouchers used to write off material stock deficiencies could potentially be used to conceal theft at the Joint Logistic Unit. The general storage condition and physical security at the Joint Logistic Unit and Wellington Stores were not good. Disposal records were not available for stores that were disposed of in the years 2003 to 2005. There was no independent Board of Condemnation for disposal of stores in 2005 although official disposal documents for ammunition destruction were

available. The Pharmacy Board of Condemnation of expired drugs was also not presented for inspection. There was significant wastage of X-ray supplies.

22.4 Operation Pebu Sites

Major procurement was carried out for the acquisition of building materials for the construction of seven (7) sets of Barracks in the provinces. The labour was to be provided by employees in the Ministry of Defence. The failure to implement appropriate monitoring system for this operation was a major contribution to delays and curtailment of the project. At the time of the audit, only two (2) of the seven (7) projects were on course to completion. Inconsistencies were noted between issues and receipts in a number of transfers of materials from the construction sites, which had been suspended, to the remaining two sites. There was no evidence of a formal monitoring system to check on the progress of Barracks construction, under Operation Pebu, or the security of materials supplied to the construction sites in 2003. A summary Monitoring Report sent to the President in May 2003 gave no indication of the problems prevalent in the Project. A Progress Report for Operation Pebu was submitted which revealed that most sites had significant differences between recorded and actual holdings. It was also pointed out that at Operation Pebu Site, weak recording systems still persisted. It was not possible to determine to what extent any of the procured supplies were used for their intended purposes. At 31st December 2003, considerable balances of different types of material were yet to be delivered at the site by a supplier, even though the contract was for a twelve (12) weeks period with effect from 29th September, 2003. An advance payment of 50% had been made in October 2003, and the remainder, less retention, paid on 18th November, 2003. Another report as at April 2004 on a supplementary contract for Kabala disclosed that 100% advance payment (Le873,939,970) was made to a supplier on 27th November, 2003 for a twelve (12) weeks delivery period. As at 22nd April, 2004, a few of the supplies had still not been delivered. Similarly, for the Teko Barracks site contract, 50% had been paid before the commencement of the contract (which was also to have been concluded within twelve (12) weeks up to 19th February 2004). However one third of the cement and one quarter of the Panel Doors had not been delivered up to the time of writing this report.

22.5 Provincial Sites

22.5.1 Kono

At the Kono site which was suspended, minor variances were discovered between stores records and physical holdings. Owing to incomplete receipt information, auditors were unable to reconcile issues from Joint Logistic Unit to receipts at Kono. Physical balances were different from those recorded on outdated tally-cards while

there was a marked absence of other stores records. Evidence of stock-taking or action taken over stock losses was not available.

22.5.2 Kailahun

At Kailahun, material receipt records were inadequate and one Store Ledger was unavailable. One stock line had a large variance. Some timber was stored in the open shed and there was no evidence of stock taking or recording of losses. Significant Kono materials were transferred to Kailahun but there was no evidence of their receipt in Kailahun. These included 6,500kg Cement, 950 pieces of Timber, 100 Doors and Frames and 1,186 Bundles of Zinc Sheeting and Sundry Fittings.

22.5.3 Pujehun

At Pujehun, which was ongoing, Stores Ledger balances were inconsistent with actual holdings as they were not up to date. There was also a marked absence of other stores records.

22.5.4 Kabala

At Kabala, which was suspended, Store Ledger balances were not up to date and were inconsistent with actual holdings. Receipts and issues were incompletely recorded and tally-cards were not posted up to date. There was also a marked absence of other stores records. Significant materials from the Kabala site, which had been transferred to Kailahun, had not been received at the latter site. These included 24,800kg of Cement, 550 Wooden Boards and 360 Iron Rods.

22.6 General

It was observed that weak recording systems existed at the Operation Pebu Sites. There was an awareness of such a problem in January 2004. In spite of this, a formal report by the Joint Force Command into the reasons for the failure of the Operation Pebu Project was not forthcoming.

23.0 PUBLIC ENTERPRISES AND COMMISSIONS

As at 31st December 2007, the following Public Enterprises and Commissions had not submitted their Accounts for the 2006 Financial Year:

1. Eastern Polytechnic
2. Milton Margai College of Education and Technology (MMCET)
3. College of Medicine and Allied Health Science (COMAHS)
4. Njala University
5. Institute of Public Administration and Management (IPAM)
6. University of Sierra Leone Court
7. National Commission for Democracy and Human Rights

8. Sierra Leone Library Board
9. Sierra Leone Law School
10. National Commission for War Affected Children
11. Sierra Leone Housing Corporation (SALHOC)
12. Sierra Leone Water Company (SALWACO)
13. Sierra Leone Telecommunication Com-pany (SIERRATEL)
14. National Co-operative Development Bank
15. National Assets Commission
16. Sierra Leone Postal Services (SALPOST)
17. Office of National Security (ONS)
18. National Shipping Company
19. Ombudsman
20. National Development Bank
21. Sierra Leone Road Transport Authority (SLRTC)
22. Sierra National Airlines
23. National Council for Technical, Voca-tional and other Academic Awards (NCTVA)
24. National Commission for Democracy (NCD)
25. National Electoral Commission

23.1 NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (NASSIT)

Action had not been taken on the following matters highlighted in the 2005 Report:

- * Bank Reconciliation Statements not sent to Head Office by Provincial Branches
- * High inventory levels being maintained at year end
- * The non- provision of Share and Debenture Certificates in respect of the Trust's investment.

Significant increases in the value of inventory were noted on 31st December 2005 and 2006. A physical inventory count was carried out at the year end to which external auditors were not invited to facilitate ascertaining the accuracy of its value. There was a difference of Le7,705,687 between the stock sheets provided and the figure of Stationery Inventory recorded in the Accounts. Similarly, a difference of Le21,738,254 emerged between the summary of basic salaries and wages in the Payroll Vouchers and that in the Trial Balance.

23.1.1 Provincial Offices

Some provincial contributions were without Social Security numbers. A huge amount of invalid contributions in respect of them was held within the Suspense Account. The Accounting Software (NAPOS) could not produce a continuous Statement of Accounts in respect of contributions to the Trust when employees changed employment. Mispostings were noted, within the Bank Statements of the account

held at the Sierra Leone Commercial Bank, between the Imprest Account and the Pension Account. This resulted in a negative balance on the former at the end of the year.

23.2 ANTI-CORRUPTION COMMISSION

Refusal of the Commissioner to follow relevant procedures in connection with the audit of the Accounts led to the non-auditing of the Commission's Accounts for the Years 2005 and 2006.

23.3 STATISTICS SIERRA LEONE

The Audit Team was unable to undertake any meaningful review of the Project's Annual Work Plan owing to the non-presentation of the implementation document. Thus, it was not possible to determine the extent to which project activities were implemented. Recommendations in the previous year's report in respect of Monthly Project Financial Reports and Internal Management Reports were yet to be implemented. No action had been taken on the institution of a management policy for the repair and maintenance of Fixed Assets with a view to guaranteeing the extension of such assets' useful lives. Reports on monitoring and evaluation were not produced for inspection.

23.4 LAW REFORM COMMISSION

An Accountable Documents Register was not maintained but was introduced after the audit exercise. Several stale cheques, totalling Le853,250, discovered during the audit were subsequently written off by journal entries. Errors made by the bank were not rectified. Cheque reference numbers were not stated on supporting documents. A policy for the purchase and distribution of top-up cards was not in place at the time of the audit. This was subsequently instituted. An Allocated Store Ledger was not maintained. Store Requisition Forms and Store Issue Vouchers were not utilized for the supply of stores items for the period under review. The institution did not observe the requirements for purchasing as stipulated in the Public Procurement Act 2004. Expenditure for the years 2003, 2004 and 2005, totalling Le30,899,664, Le47,761,423 and Le18,616,600 respectively, were not supported by third party documentation. It was observed that there was no Accounting Manual in use by the Accounts Department and there was no proper segregation of duties. Records Management in that department left much to be desired. The Fixed Assets Register was not maintained and assets were not properly labelled at the time of inspection. It was also observed that there was no Maintenance Policy in place for Fixed Assets. Payment Vouchers were not utilized in this organization for the period under review. Action had been taken on only one out of 14 recommendations submitted by the organization to the Attorney General's Office. It was observed that there were no Conditions of Service at the Commission. Staff Personal Files were poorly maintained.

23.5 NATIONAL POWER AUTHORITY

The Authority recorded a loss of Le15.3bn in 2005. This was mainly due to technical and line losses of electricity, huge exchange losses and interest charged on foreign currency borrowing. Gross trade debts due to the Authority continued to increase. Enormous provisions for the irrecoverability of these debts have contributed immensely to the Authority's negative operating results in the recent past. The liabilities of the Authority continued to increase in far greater proportion to the debtors. The Internal Audit Section failed to carry out work on International Procurement. Salary advances were not fully recovered at the end of the year. Rental agreements were not available to ascertain whether outstanding rents from tenants and Rent Income were correctly recorded in the Accounts. Certificates of work done/supplies, for which the sum of US\$ 913,639.60 was paid in respect of Electricity Supply Upgrading Project, were not provided. Supporting documents were not available for two payments, totalling Le23,872,415, for some overseas purchases. It was observed that procurement procedures were not followed with regard to such purchases. The amount involved was Le229,095,141.

23.6 SIERRA LEONE STATE LOTTERY

The execution and coverage of Internal Audit programmes continued to be a problem owing to the volume of work not being commensurate with the staff strength which was notably at a very low level. The recommendations in a previous Audit Report for a risk-based audit approach were not adopted.

23.7 SIERRA LEONE COMMERCIAL BANK

The following issues raised in the 2005 Reports had still not been addressed:-

- * Non compliance with Banking regulations;
- * Automated Teller Machine (ATM) facilities not available to customers;
- * Inadequacy of staff in the Internal Audit Department.
Several files were not produced for inspection. The Internal Audit had not been focused on high risk areas. Inspection visits were not made to branch offices. Huge dis-parities were observed between the budget and the Financial Statements. Certain irregularities, including the adequacy of securities, were discovered in a review of the advances and loans. Anomalies were discovered in the physical balances of cash at the Bo and Kenema branches. Similar problems were encountered with Treasury Bills holdings in Freetown. Some fraudulent incidents perpetrated by unscrupulous staff were discovered.

23.8 NATIONAL AGRICULTURAL RESEARCH COORDINATING COUNCIL (NARCC)

At the request of the Council an investigative audit was carried out on the NARCC. The following observations emerged:

Poor Records Management and weak Internal Controls existed at all levels in the Council. An Internal Audit function was non-existent. Quarterly returns were not sent regularly by the Rokupr Rice Research Station (RRRS) to the NARCC. Proper accounting records in support of quarterly subventions from the Government of Sierra Leone were not maintained. Foreign sums received, in most cases, were not recorded in the Cash Book. Project funds were not kept and accounted for separately from donor funds. Project implementation at RRRS was severely handicapped in terms of meeting deadlines and set objectives. There was unnecessary interference in terms of control over funds. This was exercised by the Acting Director/Officer-in-Charge instead of the Project Implementation Unit Senior Personnel.

23.8.1 Use of Donor Funds

A second tranche of payments amounting to Le73,703,370 from the African Development Bank (ADB) was not recorded in the books of the RRRS. This amount was paid directly to the NARRC. The equivalent amount of this payment was not ascertained. The sum of \$20,000 provided by United Nations Development Project (UNDP) as support to the NERICA Project in Bo and Kenema was not effectively utilized. The sum of \$6,000 withdrawn for the launching of the project was expended without adequate supporting documents. The propriety of the withdrawals of \$6,000 and \$5,000 from the Foreign Exchange Account to settle a loan from the Ministry of Agriculture and Food Security is seriously questioned especially so when the amounts in question were not the subject of a bank transfer of funds to the Ministry's Account. Out of a project cost of \$11,000 only the sum of \$7,454 was paid to the Scientist/Project Implementer. Supporting documents were not available to establish the receipt of \$2,537 by the RRRS. Records to support the use of \$6,000 donated for Baseline Studies for selected areas, where the NERICA Project was to be located, were not produced.

23.8.2. General

Proceeds from sales of harvested rice, totalling Le3,600,000, were neither posted into the Cash Book nor banked. Stock management procedures and practices for the receipt and issue of rice was rudimentary and lacked transparency. Vouchers in respect of four months' wages, covering the period March to June 2006, were not signed by the staff involved. Salary vouchers for casual workers, amounting to Le20.9m, were not produced during the investigation. Rehabilitation Works on stations were sub standard. A Store Ledger was not maintained. Some of the building materials purchased were discovered at the residence of the Acting Director instead of the store. The sums of Le84.47m and Le150.99m deducted from employees' salaries, as Income Tax and NASSIT contributions respectively, were not paid to the relevant institutions. Lists in respect of leave allowances paid to staff were not produced. Amounts owing to

suppliers soared to Le111,638,500. Several Payment Vouchers were raised in the name of Accounting Personnel of the Council instead of suppliers. Payments to suppliers did not comply with the official banking procedures. Cases were observed of apparent overpayments on vouchers in relation to invoices/claims. The cost of lunch for two experts at Le20,000 per day for 90 days was calculated as Le7,200,000 instead of Le3,600,000. Withdrawals from the Foreign Exchange Accounts did not follow laid down procedures. An unidentified supplier was paid the sum of \$10,700 outside the official banking system. Supporting documents for the Chinese Hybrid Rice Project, totalling Le163,100,000, were not produced for in-spection.

23.9 National Revenue Authority 2004

Only 33 Entry Forms were provided, out of a total of 68 requested. It was observed, on two occasions, that pre-shipment inspections were not undertaken on the goods imported, even though they were above the \$2,000 threshold for such inspection. Furthermore, fines were not levied on the defaulting importers. There was no invoice attached to an Entry Form that would have enabled the Audit Team arrive at the actual value of goods imported. The processing of virtually all Entry Forms and computation of duties were done manually. It was noted, with grave concern, that neither a full scale Financial Audit nor a Systems Audit of the Authority was undertaken by the Internal Audit Department.

23.9.1 Kambia Office

The Kambia Office only banked revenues collected, averaging Le250m once a month. There were instances in which revenue collected had to be kept in a relatively insecure office cabinet when both safes at the outstation got filled up. Some assets lacked identification numbers and their locations were not stated in the Fixed Assets Register. The insurance cover on Fixed Assets revealed that insured values were less than the assets' replacement cost. Taxpayers' files were not regularly updated when payments were made.

23.9.2 Bo Office

In spite of fairly adequate staffing, there was lack of segregation of duties in Bo where spot assessments were carried out by staff, who were also empowered to receive payments from and issue receipts to taxpayers.

23.9.3 Outstanding Matters

* The whole process of tax/revenue assess-ment, collection and recording has not been addressed.

* The problem of provisional assessments based on turnover had not been resolved.

- * Amounts were still being held over for taxpayers for more than one assessment period and, in certain cases, for periods exceeding one year.
- * Penalties were still not being levied/enforced against employers who submitted their PAYE returns late.
- * Duty free exemptions and waivers continued to be substantial.
- * The Internal Audit Department in 2004 continued to audit only the internal controls.
- * The Lungi Airport Station cash count was not being undertaken on a daily basis.
- * No evidence could be obtained on the conduct of physical verification of assets.
- * The PAYE tax was still being calculated before deduction of NASSIT contributions (as was then recommended by the National Revenue Authority or Income Tax Department.)

23.10 PETROLEUM RESOURCES UNIT

Several lapses were observed in the Fixed Assets Register. An advance payment of Le162,891,000, which was a prepayment in the year 2004 for surpassed rental, was not taken into account in the 2005 Accounts. There was no proper segregation of duties in the Accounts Department. Interest credited to a bank account was not brought to account in the 2005 and 2006 Financial Years. Some fuel chits issued to officers were not approved by the Director General and others were issued to officers who were not entitled to receive fuel. A proper Filing System was not maintained. There was no maintenance policy in place for Fixed Assets. Withholding Tax of 5% was not deducted from payments to suppliers. Bank Reconciliation Statements were not independently verified and approved by an appropriate member of staff. In 2005, payments, totalling Le6,539,033, were without supporting documents whilst in 2006, payments, totalling Le34,938,000, were made without adequate supporting documents. There were inconsistencies between the actual quarterly expenditures and those submitted to the National Commission for Privatization. Evaluation of the office building could not readily be ascertained. Matters outstanding in previous audit reports had not been addressed.

23.11 SIERRA LEONE INSURANCE COMPANY (SLICOM)

The Budget of the Commission was not approved by Board Members. Staff bonuses were not linked to staff appraisal. Some expenditure was misclassified. An agreement between a supplier and SLICOM was not signed. Income Tax calculations in respect of some staff were understated by Le1,300,249. The Fixed Assets Register was not

properly maintained. The Filing System should be improved. Conditions of Service for staff had not been instituted. An Accounting Manual was also not in use. The Cash Book and Petty Cash Books were not properly maintained. Some matters raised in the previous audit report had not been addressed.

23.12 NATIONAL COMMISSION FOR DEMOCRACY AND HUMAN RIGHTS

An Accountable Documents Register was not maintained. A Strategic Plan was not prepared by the organization. The Commissioners of this commission rarely met to discuss matters relating to policies and procedures. It was discovered that a commercial business was being carried out in part of the premises occupied by the commission. The Filing System at the Accounts Department needed a lot of improvement. Bank Reconciliation Statements were not prepared in this organisation. Staff of the commission did not sign the Attendance Register regularly. A Fixed Assets Register was not maintained. There was no insurance cover on Fixed Assets. A capitalization policy was not in existence as well as a maintenance policy in respect of Fixed Assets. Several weaknesses were observed in the Expenditure Process. Petty Cash Vouchers were not maintained in respect of the Petty Cash Imprest for which a sum of Le2m was received monthly. It was also discovered that there was an excess of cash in hand at the time of the audit. Expenditure, totalling Le225,240,344, were without adequate supporting documents. The office building was in dire need of repairs. Much activity was not carried out on democracy by the commission. A Fixed Assets Register was not maintained and assets did not have identification marks at both the Bo and Kenema Regional Offices. At the Makeni Office, there was no sign post or board to identify the office. It was observed that officers were not punctual at work at this station.

23.13 SIERRA LEONE ROADS AUTHORITY (SLRA)

A difference of Le81,875,757 on the European Union Road Works Account could not be substantiated by relevant documents. Alterations to some supporting documents were not initialled by the relevant authority. Bank Reconciliation Statements were not carried out in respect of an account held at the Rokel Commercial Bank. No report on advances to Contractors' Accounts was provided. Some contractors, whose contracts with the Authority had expired, had outstanding advances of Le72,532,942. The Authority was unable to provide Contract Certificates to support long outstanding debit balances, totalling Le36,139,390, for small Works Rehabilitation Contracts. The July Bank Transfer Letters revealed that a member of staff was paid for the month of July 2005, even though he resigned on 1st June 2005. The Authority lacked control over the completeness and correctness of Registration and Licence Fees, collected on its behalf, by the Sierra Leone Road Transport Authority (SLRTA). It was also noted that Registration and Licence Fees, totalling Le 113,655,000, were collected by the SLRTA, on behalf of

the Authority, for the period 20/11/05 to 31/12/05. These were not accounted for in the 2005 Financial Year. With the exception of Motor Vehicles, it was noted that all assets were not insured. Even the Motor Vehicles that were insured did not have adequate insurance cover on them. Owing to the non-reconciliation of accounts monthly, there was a difference of Le433,889,081 between the Authority's Account balance and that of the Mechanical Services Unit's Account.

23.14 SIERRA LEONE AIRPORTS AUTHORITY

Cash in hand at year end in respect of the Ground Handling Project was not submitted for verification. This balance stood at Le30,989,700. There was no contractual agreement to indicate whether an airline was operating on a credit basis. Bills were not raised for rent in respect of two customers. Advances paid to staff for the purposes of procurement or facilitating operations of the Authority were in most cases not retired on time. No schedule was provided in respect of taxes withheld on payments to suppliers to indicate details of the suppliers and the amounts withheld. It was observed that in the case of one supplier, the balance as per the supplier's statement differed from that in the General Ledger by Le49,812,738. Total debtors stood at Le85,295,212. Employees had not been assigned Personal Identification Numbers (PINs).

23.14.1 Outstanding Matters

- * The computerization of the accounting system was in progress and staff training was ongoing;
- * Salary advances granted to staff continued to exceed the limits of one third of basic salary, as stipulated in Article 56 of the Staff Terms and Conditions of Service, and advances granted were sometimes not fully recovered at the end of the month;
- * A few transactions were undertaken without observance of acceptable procurement procedures;
- * Fuel through-put concession fee continued to be computed on the basis of returns made by the concessionaries;
- * Differences were noted between the number of passengers on manifest, the number of tickets sold and the daily sales returns;
- * Long outstanding advances to suppliers were still carried in the books of the Authority;
- * PAYE deductions continued to accumulate as they were not promptly paid over to the National Revenue Authority;

- * Recovering debts was still a problem, especially Government debts which continued to accumulate;
- * A risk-based audit approach has not been adopted by the Authority;
- * Actions on some issues of non-compliance with the Sierra Leone Airports Authority Act were still being contemplated;
- * The issue of shortfall in the assets of the Provident Fund had not been addressed.

23.15 SIERRA NATIONAL AIRLINES

An Accountable Documents Register was not maintained. The Organization Chart was not updated. An Internal Audit function was non-existent as there was no Internal Audit Unit for the period under review. The Budget for 2003 was not produced for inspection. In 2004, there was no effective budgetary control system. Significant variances between actual and budgeted figures were not computed or reported. The Finance Department was either understaffed or lacked trained and qualified personnel. General Ledgers were not maintained. The Filing System was in disarray. The Credit Management Policy was not properly documented and communicated. An Investment Policy was non-existent and an Investment Register was not maintained. A Fixed Assets Register was not kept and the assets lacked identification marks. A Maintenance Policy was not in operation. Procurement procedures were not followed. There was no documentation in respect of Title and Ownership of the organization's properties. There was a considerable time lag in the revaluation of Fixed Assets. The last revaluation was done in December 1992. There was no insurance cover on Fixed Assets except Motor Vehicles and Mobile Equipment at Lungi. Bank Reconciliation Statements were not prepared for the period under review. Foreign Cash was held at various locations with no insurance coverage. Cash counts were not conducted nor were Cash Certificates produced for the period under review. Supporting documents in respect of various accounts held by the organization were not produced for inspection.

23.15.1 Control of Cash

A separate Cash Book was not maintained for separate bank accounts. The Petty Cash Book was poorly maintained. Control procedures relating to receipts were weak. Expenditures/payments were incurred out of daily takings without authority. Cash receipts,

totalling \$32,979 (Le75,266,865), were neither entered in the Cash Book nor banked. Significant differences were observed between amounts on receipts and those in the Cash Book. These amounted to \$56,759.05, £1,805 and €3,596.86 respectively. Differences between amounts in Cash Book and those recorded in the paying in-slips totalled \$13,304. Expenditure without supporting documents amounted to US\$50,315.

23.15.2 Issue of Air Tickets

It was observed that 11,271 Air Tickets were issued out without requisitions. Also, Air Tickets not accounted for totalled 13,568 and 4,877 Air tickets were issued out without acknowledgement from recipients.

23.1.5.3 General

Several lapses were noted in the processing of payroll. An Attendance Register was not maintained. There was a significant misstatement of debtors in the Financial Statements. Several anomalies were observed in respect of debtors' accounts. Some Directors and Staff stood as Guarantors for the issue of tickets on credit to customers with no documentary evidence. At the end of 2003, outstanding debtors amounted to \$99,356.98. The Creditors Ledger was not produced for auditing. Withholding Taxes, totalling US\$12,140, were not deducted and paid over to the National Revenue Authority. Store Rules were not instituted for the period under review. It was noted that this organization recorded a net current liability of over Le6bn.