

AUDITOR GENERAL'S REPORT
ON THE ACCOUNTS OF
SIERRA LEONE
FOR THE YEAR 2007

The Audit Service Sierra Leone
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Tower Hill, Freetown
Sierra Leone
West Africa

Issued March, 2009

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FOREWARD

It is with pleasure that I present my report on the Annual Accounts and Financial Statements for the year 2007.

Staff continued to be developed in new auditing skills as a result of various training programmes offered by the Department for International Development (DFID) through their implementing partners, Pannell Kerr Forster (PKF). These new skills empowered staff to cope with the increased work expectations.

The Headquarters of the office is still located at the Lotto Building at Tower Hill, although desperate efforts are still being made for staff to be located in one building. Lease documents for state lands have been acquired for lands in Freetown and the provinces. The DFID has agreed to fund the construction of the organisation's office in Freetown.

The Service continues to enjoy the support of Parliament.

The Organisation still continues to receive much needed support from the African Development Bank (ADB) Project on Capacity Building and Institutional Support.

During the year under review, the Audit Service Sierra Leone (ASSL) benefited from Regional Training courses sponsored by the English-speaking African Supreme Audit Institutions (AFROSAI-E), DFID and the Commonwealth Secretariat.

Four members of staff got married during the year under review.

I wish to thank the Almighty God for upholding me in the performance of my task to the nation and staff members for their continued support.

My sincere gratitude also goes to members of the Audit Service Board for their keen interest in the operations of the Audit Service.

Finally I wish to record my appreciation to our International Partners, namely the African Development Bank, the Department for International Development (DFID), the English-Speaking African Organisation of Supreme Audit Institutions (AFROSAI – E) and the Commonwealth Secretariat for their contribution towards capacity building during the year 2007.

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 **2007** **2006**

CONSOLIDATED FUND ASSETS

CASH AND BANK BALANCES

Cash and Bank Balances with the Central Bank	522,081	–
Cash and Bank Balances with Commercial Banks	28,565	19,077
	550,646	19,077

LOANS AND ADVANCES

Staff Loans and Advances	452	1,686
Debtors – Privatisation	2,837	2,984
Miscellaneous Debtors	137,265	115,512
	140,554	120,182

INVESTMENTS

Multilateral Agencies	39,304	37,392
Public Enterprises	99,373	73,374
	138,876	110,766

Total Consolidated Fund Assets	829,876	250,025
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In millions of Leones **2007** **2006**

CONSOLIDATED FUND LIABILITIES

SHORT TERM

Domestic Suppliers Arrears	40,534	1,426
Other Creditors and Accrued Charges	2,615	4,531
Domestic Public Debt	559,812	513,733

Special Marketable Securities	52,500	50,000
Deferred Interest	22,284	12,208
Bank Balances with the Central Bank	-	12,988
	677,746	594,886

LONG TERM

Non-Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leone	453,733	480,233
Creditors	125,173	-
5 Year Bond	50,000	-
External Public Debt	1,049,315	4,210,845
	1,678,221	4,691,078

Total Consolidated Fund Liabilities	2,355,967	5,285,964
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NET CONSOLIDATED FUND LIABILITIES	1,526,091	5,035,939
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Attributable to

GENERAL REVENUE BALANCE

Balance at beginning of year	5,035,939	4,672,917
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Adjustments to Revenue Balance	174,432	-
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Restated Balance	5,210,371	4,672,917
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Capital Grant	0	(7,817)
Special funds	(495,577)	-
Foreign Exchange Loss written off	167,669	288,242
Bad Debt written off	1,184	-
Debt. Relief	-3,301,191	-
Net Movement – Subvented Agencies and Project PIUs	(5,002)	16,905

Net (Surplus)/Deficit for the period	(51,364)	65,693
Balance at end of year	1,526,091	5,035,939

CYPRIAN M. P. KAMARAY

ACCOUNTANT GENERAL

31st March 2008

**STATEMENT OF THE FINANCIAL PERFORMANCE
for the year ended 31st December 2007**

In millions of Leones

	Original Budget	2007 Actual	Variance	2006 Actual	% Increase/ (Decrease)
OPERATING Revenue					
Domestic Revenue Collection					
Income Tax	198,100	146,161	(51,939)	137,658	6.2%
Customs and Excise	364,500	308,363	(56,137)	278,836	10.6%
Mineral Resources	30,003	18,572	(11,431)	14,742	26.0%
Fisheries	11,550	3,848	(7,702)	4,042	-4.8%
Other Departments	33,477	25,573	(7,904)	20,507	24.7%
Road User Charges	37,278	34,364	(2,914)	39,656	-13.3%
Total Domestic Revenue					
	674,908	536,881	(138,027)	495,440	8.4%

Other Revenue

**(Direct Grant
Budgetary Support)**

HIPC Debt Relief

Assistance	47,164	34,953	(12,211)	43,405	-19.5%
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Other Grants

Received	197,683	125,641	(72,042)	134,633	-6.7%
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MDRI Fund Transfer	-	38,207	38,207	-	
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Petroleum Strategic

Fund Transfer	-	5,007	5,007	-	
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Total Other

Revenue	244,847	203,809	(41,039)	178,038	14.5%
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Total Operating

Revenue	919,755	740,690	(179,065)	673,478	10.0%
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OPERATING EXPENSES

Wages, Salaries
and Employee

Benefits	304,602	295,901	8,701	274,677	7.7%
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Non-Salary, Non-
Interest Recurrent

Expenditure	357,772	239,048	118,724	307,183	-22.2%
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o/w Grants to

Tertiary Educational Institutions	29,348	14,383	14,965	29,920	-51.9%
Transfers to the Road Fund	37,278	34,364	2,914	39,656	-13.3%
Transfers to Local Councils	47,083	19,301	27,782	26,910	-28.3%
Domestic Development Expenditures	81,865	42,453	39,412	43,339	-2.0%
Total Operating Expenses	744,239	577,402	166,837	625,200	-7.6%
Surplus/(Deficit) from Operating Activities	175,516	163,288	(12,228)	48,278	238.2%

**STATEMENT OF FINANCIAL
PERFORMANCE**

for the year ended 31st December

2007

Finance Costs	(72,511)	(111,924)	39,413	(117,876)	-5.0%
Domestic Interest	(50,000)	(95,787)	45,787	(88,741)	7.9%
Foreign Interest	(22,511)	(16,137)	(6,374)	(29,135)	-44.6%
Arrears Payments	(1,500)	-	(1,500)	(513)	-100.0%
Wages Arrears	(1,500)	-	(1,500)	(513)	-100.0%
Parastatal Arrears	-	-	-	-	-
Project Arrears	-	-	-	-	-
Gain/(Loss) on Sale of					
Parastatals	-	-	-	4,814	-100.0%
Subsidies and Lending					
minus Repayment	-	-	-	(396)	-100.0%
Total Non-Operating					
Revenue					
(Expenses)	(74,011)	(111,924)	37,913	(113,971)	-1.8%
Net Surplus					
(Deficit) for the period	101,505	51,364	(50,141)	(65,693)	-178.2%

CASH FLOW STATEMENT

during the financial year ended 31st December 2007

In millions of Leones

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) from ordinary activities	51,364	(65,693)
Non-cash movements		
Decrease/(increase) in		
Miscellaneous		
Debtors	(15,289)	(6,030)
Increase/(decrease) in Domestic		
Suppliers Arrears	(3,536)	(282)
Increase/(decrease) in Other Creditors		
and Accrued Charges	(2,500)	-
Loss/(Gain) on Sale of Parastatals	-	(4,814)
Net Movement - Subvented Agencies and		
Project PIUs	5,002	(16,905)
Net cash flows from operating activities	35,040	(93,724)

CASH FLOWS FROM INVESTING ACTIVITIES

Net Decrease in staff loans and advances	50	75
Privatization Receipts	150	3,290
Net cash flows from investing activities	200	3,365

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from external borrowings	59,357	46,301
Repayment of external borrowings	(42,415)	(65,242)
Net increase in domestic borrowing	56,155	17,282
Reduction in Ways and Means		-
Transfer of external borrowing to projects	(59,357)	-
MDRI Relief and Strategic Petroleum fund	495,577	-
Net cash flows from financing activities	509,316	(1,659)
Net increase/(decrease) in cash and cash equivalents	544,557	(92,018)
Cash and cash equivalents at beginning of the year	6,089	98,107
Cash and cash equivalents at end of the year	550,646	6,089

Cash and cash equivalents

As at 31st December 2006

			Change
Cash and Balances with the Central Bank	522,081	(12,988)	535,069
Cash and Balances with Commercial Banks	28,565	19,077	9,488
	550,646	6,089	544,557

AUDITOR'S CERTIFICATE

QUALIFIED OPINION

I have audited the attached Financial Statements and Cash Flow Statement for the year ended 31st December 2007. 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 conducted my audit in accordance with INTOSAI Standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes obtaining on a test basis, evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management. I believe the audit conducted provides a reasonable basis for my opinion.

In my opinion, because of the effects of the matters highlighted below, the Financial Statements referred to above do not present fairly in conformity with the Government Budgeting and Accountability Act 2005 and Financial Management Regulations 2007 the financial position of the Accounts submitted by the Accountant General or the results of its operation for the year then ended;

- * The control environment for the period under review was inadequate. This resulted in a situation where obtaining sufficient records and documents was difficult.
- * Significant payments were made to suppliers for which Payment Vouchers were not prepared.
- * There were instances when the regulations relating to proper segregation of duties in respect of authentication, approval, processing and recording of transactions were not adhered to.
- * Amounts for Domestic Public Debt recorded in the Financial Statements and those found in the records submitted by the Public Debts Unit could not be reconciled.
- * There were inadequate controls over Commercial Bank Accounts opened under the authority of the Accountant General. There was no evidence of reconciliations being prepared to validate these balances.

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 2007.

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 the periods up to 31st December 2007. 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 COMPLIANCE WITH THE PROVISIONS OF THE GOVERNMENT BUDGETING AND ACCOUNTABILITY ACT 2005 AND OTHER FINANCIAL REGULATIONS

4.1 Government Budgeting and Accountability Act (GBAA) 2005

The GBAA 2005 provides for several disclosures to be made in the Annual statements of Public Accounts. However, during the audit process, compliance in respect of Section 56, which deals with the preparation of the Financial Statements by Ministries, Departments and Agencies (MDAs), were not adhered to.

4.2 Financial Management Regulations (FMR) 2007

Even though Section 2(i) of the FMR 2007 makes clear the responsibilities of officers with regard to the maintenance of efficient systems of financial management and control, we observed that the AGD did not have an Operations Manual to support the systems of financial management and control. In addition, even though Section 112(2) of the FMR makes provision for the retention and destruction of accounting books and records, there were no evidence of adherence to the dictates of the FMR since it was very much apparent that the available facilities for storing, archiving and retrieving prime accounting documents were not adequate.

5.0 INTERNAL AUDIT

5.1 Sufficient work on the separate evaluations of Internal Controls was not carried out periodically by the Internal Audit Unit.

6.0 OTHER CHARGES

6.1 Sixteen (16) of the Activity Expenditure Initiation Forms, with amounts totalling Le408,497,035, were signed by one individual that is; one person signed as Professional Head, Programme Manager, Vote Controller and Minister; whilst 73 of these PETS Forms with amounts totalling Le637,721,391 were not properly completed. Furthermore there were instances where 22 Local Purchase Orders (LPOs) with amounts totalling Le207, 650,200 were prepared before Commitment Control Forms (CCF) were approved. Also sixty six (66) Payment Vouchers (PVs) were observed to have amounts written in figures and not in words whilst 27 Payment Vouchers were not ruled in red.

7.0 LOANS AND ADVANCES

7.1 Very serious control weaknesses were also observed in the area of Loans and Advances. Out of 131 sampled Personnel Files requested from the Accountant-General's Department, only 24 of these Files were made available for inspection. This portrayed that the whole system was not properly managed. The write-off of Le1,184million was indicative of the lack of sufficient control to ensure full recovery. As a result, Government suffered a serious financial loss and will continue to do so until adequate controls are put in place. It was unimaginable that advances which are the most easily recoverable debts (i.e. from deductions at source from salaries) have had to be written off. In spite of the series of follow ups and meetings held between the Accountant General's Department and members of the Audit Service the issue was never resolved.

8.0 EXTERNAL PUBLIC DEBT AND DOMESTIC PUBLIC DEBT

8.1 Differences were observed between information received from the Public Debt Unit (PDU) and the Accountant General's Department (AGD) in the areas of External Public Debt with particular reference to Interest on International Monetary Fund (IMF) loans and Domestic Public Debt with special reference to Interest on Treasury Bills, Treasury Bearer Bonds and Interest on Ways and Means. It was clear that recommendations from previous audits were not considered.

9.0 DOMESTIC SUPPLIERS' ARREARS

9.1 There were instances where internal controls were overridden but the circumstances were not fully documented as to the reasons and specific actions taken. A total of Le1,394,906,352 was paid to a supplier for which Payment Vouchers were not prepared.

10.0 RELIANCE ON THIRD PARTIES

10.1 The AGD relies very heavily on records and reports from third parties and these constitute major account balances. Records for account

balances in respect of Commercial Banks, Domestic Public Debt, External Public Debt, Debtors Privatization, NASSIT Accruals, Cash Balances with the Central Bank, Commercial Banks and Investments are not under the control of the Accountant General. The authority of the Accountant General (AG) for access to records of all budgetary agencies is stated clearly in section 9(4) of the Government Budgeting and Accountability Act 2005. Even though the AG has established the Other Government Units within the AGD charged with the responsibility of accessing information from other budgetary agencies, the capacity of staff members to enable them perform this function effectively and efficiently remains a challenge.

11.0 BANK BALANCES

11.1 Effective controls were maintained in respect of Central Bank balances. Bank Reconciliations were performed adequately. However reconciliation exercises on Commercial Bank balances which constitute 5.2% of total bank balances in 2007 were not carried out. There is a risk of misstatement of these balances in the account. I therefore recommend that action be taken to ensure that regular reconciliation is done.

12.0 LOSSES OF CASH AND STORES

- (a) A schedule of Losses of Cash and Stores arising from theft, fraud, or serious irregularities during the period is attached as **Appendix IA and B**.
- (b) A breakdown of total arrears of revenue from ministries/departments for the period under review 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.

13.0 PUBLIC ACCOUNTS COMMITTEE

13.1 The Reports of the Public Accounts Committee on issues dealt with in the 1996/1999, 2000, 2001 and 2002 Auditor General's Report have still not been fully implemented. The Accountant General has not taken 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 Reports for 2003 and 2004/2005. The Volume Two (II) had been examined by the Committee. In exercise of its powers to examine persons and documents, the Committee interviewed representatives of Ministries, Departments and Agencies affected and requested pertinent documents to be produced. Persons were also invited to appear during the sittings. The Committee's findings, comments and recommendations on subsequent deliberations on the Report had not been published. The Committee is yet to examine

the Report of the Auditor General on the Accounts of Sierra Leone for the year 2006.

14.0 MINISTRY OF TRANSPORT AND COM-MUNICATION

14.1 Meteorological Department

An Accountable Documents Register was non-existent. An Imprest Cash Book was not maintained. Imprests, totalling Le2,500,000.00, were not supported by adequate documents whilst imprests for a total of Le1,790,000.00, were not used for their intended purposes. Reconciliations were not carried out between the Accountant General's Print-out and the Vote Service Ledger. Unclaimed salaries, totalling Le333,417.00, had not been paid back into the Consolidated Revenue Fund. Salaries, amounting to Le2,264,607.00, were paid to third parties without proper authorities. An amount of Le3,237,864.00 was paid in respect of Acting Allowances to both the Director and the Deputy Director, even though they were receiving salaries for those substantive positions. Withholding Taxes, totalling Le1,777,500.00, were not deducted and paid over to the relevant authority. An Inventory Register was not maintained. An Attendance Register was also not kept. There was lack of proper documentation within the department. Grave anomalies were discovered with regard to the receipt, issue and custody of stores. There was lack of segregation of duties. Proper procedures were not adhered to in respect of the payments of salaries.

14.2 Civil Aviation Department

An Accountable Documents Register was not maintained. Some salary vouchers in Freetown, Bo and Kenema were neither approved by the relevant authority nor were the payment acknowledged by beneficiaries. Instead, these salaries were paid to third parties without authority. Unclaimed salaries, totalling Le2,130,574.00, had not been paid back into the Consolidated Revenue Fund. Payments, to the tune of Le22,256,420.00, were not acknowledged by recipients nor were cheque numbers written on the vouchers. Stores items, totalling Le104,014,050.00, were without relevant stores records to account for the utilisation of these items. Transport allowances of Le800,000.00 in total were paid to senior officers of the De-partment even though official vehicles were assigned to such officers. An Imprest Cash Book was not maintained and imprests, totalling Le9,000,000.00, were not supported by adequate documents. Reconciliations were not carried out between the Accountant General's Print-out and the Vote Service Ledger. Expenditure, totalling Le7,884,000.00, in respect of local travelling, were without supporting documents. An Inventory Register was not maintained. An Attendance Register was also not kept. There was lack of proper documentation within the department. Grave anomalies were discovered with regard to the receipt, issue and custody of stores. There was lack of segregation of duties. Proper procedures were not adhered to in respect of the payments of salaries.

15.0 MINISTRY OF YOUTH AND SPORTS

15.1 An Accountable Documents Register was not maintained. Various disbursements, amounting to Le76,800,312.00, were made without supporting documents. Payees did not acknowledge receipt of the sum of Le68,632,000.00 paid to them. Reconciliations were not carried out between the Accountant General's Print-out and the Vote Service Ledger. An Imprest Cash Book for the Youth Division was also not kept to record disbursements, in respect of a total of Le6,000,000.00, received as imprests during the period under review. Neither a Log Book nor an Operating Record was maintained to record fuel and oil bought for the sum of Le153,903,100.00. Consumption details were also not available for inspection. An amount of Le596,000.00 was overpaid in respect of Vacation Leave Allowances. Various stores items, valued at Le82,719,100.00, were neither taken on ledger charge nor issued in a proper manner. Expenditure returns, to the tune of Le324,500,000.00, were not produced for inspection. Salaries, totalling Le3,265,100.00, were paid to third parties without proper authorities. Unclaimed salaries of Le601,221.00 had not been paid back into the Consolidated Revenue Fund. A total of Le9,159,195.00 was paid to employees whose names were on the Salary Vouchers and not on the Staff List. Payment Vouchers, totaling Le139,674,279.00, were not submitted for inspection. A difference of Le605,496,136.00 was observed between the Accountant General's Print-out and the Vote Service Ledger. Expenditure, totalling Le44,699,140.00.00, in respect of local travelling were without supporting documents. An Inventory Register was not maintained.

16.0 MINISTRY OF TRADE AND INDUSTRY

16.1 Headquarters

The Internal and Accounting Control Systems were inadequate. An amount of Le60,000,000.00 for a civil works project was not brought to account. Expenditure Returns for a total of Le960,921,365.00, from the Standard Bureau and SLEDIC, as subventions for the period under review were not produced for inspection. Out of a total of Le5,100,000.00, collected as revenue, only the sum of Le3,730,000.00 was paid into the bank, leaving a balance of Le1,350,000.00 to be brought to account. A total of Le9,425,200.00, collected as revenue in respect of Business Registration and Renewal of Registration, was neither recorded in the Cash Book nor banked. An overpayment of Le1,107,000.00, made to a Newspaper Vendor had not been recovered. Fuel purchases, totalling Le145,536,352.00, were not recorded in a Fuel Register, as the latter was not kept. Vehicle Log Books and operating records in respect of the fleet of vehicles held by the ministry were not maintained. Owing to the non-existence of an Imprest Cash Book, details of imprests, totalling Le54,600,000.00 were not brought to

account. The sum of Le165,176,000.00 was paid without adequate supporting documents. An Inventory Register was not maintained.

16.2 Petroleum Unit (Petroleum Fund Account)

A proper system was not in existence to account for financial transactions undertaken by the Unit. Payment Vouchers were not pre-numbered and not in a booklet form in triplicate. Some Payment Vouchers were without adequate supporting documents whilst others comprised of more than one expenditure. A Fixed Assets Register was not maintained. An Imprest Cash Book was not maintained. Budgets were not presented for examination. Differences between Revenue Cash Books and Bank Payments totalled Le168,419,890.80. Details of revenue collected for the periods 2003 and 2004 were not available for inspection. Revenue not recorded in the Revenue Cash Book totalled Le94,929,237.00. Withholding Taxes, totalling Le21,458,639.32, were not deducted from suppliers and paid over to the National Revenue Authority. Spare parts and tyres purchased at a cost of Le6,521,342.82 were neither taken on ledger charge nor were the old parts replaced, retained for verification. Fixed Assets were without identification marks.

17.0 MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL CO-OPERATION

17.1 Headquarters

The sum of Le616,000,835.00 was paid without adequate supporting documents. The Vote Service Ledger was poorly maintained and, as a result, transactions, totalling Le650,817,839.00, were not initialled by the Vote Controller. Many transactions recorded in the Expenses Analysis Report from the Office of the Accountant General were not in the Vote Service Ledger. It was observed that these were payments made directly to payees, by the Accountant General on behalf of the ministry, for which a specific subhead existed from which similar disbursements were made. A reconciliation was not carried out even though these payments totalled over Le2bn. Expenditure on repairs and maintenance, amounting to Le54,790,290.00, was not properly brought to account. Although an Internal Audit Unit was established in the ministry, its function was not evident as the personnel lacked the basic auditing knowledge.

18.0 MINISTRY OF DEFENCE

18.1 Some 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 transactions, totalling Le2,178,537,069.00, for the period under review, were subject to approved tendering processes. In spite of persistent requests, contract documents for the rehabilitation of the 34 Military Hospital and Juba Barracks, totalling Le482,661,929.00, were

not submitted for audit inspection. An unjustified sharp increase was noted in the prices of a contractor's invoices. Consequently, an excess payment of Le183,305,500.00 was made by the ministry to the contractor. The sums of Le500,000,000.00 and Le1,800,000,000.00, from the Ministry of Development and Economic Planning and Department For International Development (DFID) respectively, for the rehabilitation of the Military Barracks, were not brought to account. Assets purchased, totalling Le171,300,000.00, were not recorded in an Assets Register as the latter was not kept. An illegal payment of Le40,500,000.00, in respect of Residential Accommodation, made to an individual had not been refunded. Documents, in respect of a claim for refund for repairs to the tune of Le30,000,000.00, carried out at OAU Villas 37 and 52 by the ministry, were not produced for inspection. Proceeds from the sale of Bid Documents, totalling Le3,000,000.00, were not brought to account.

19.0 MINISTRY OF FISHERIES AND MARINE RESOURCES

19.1 Several of the requested supporting records for revenue collections were not made available for inspection. As a result, the auditors could not ascertain whether all revenue collected was fully brought to account. Vehicle Log Books were not maintained to account for the usage of fuel, totalling Le16,000,000.00. Payments, totalling Le60,500,000.00, in respect of the Marine Activities and Research Expenses were without supporting documents.

20.0 MINISTRY OF INTERNAL AFFAIRS

20.1 National Fire Force

The Fire Station at Aberdeen was poorly constructed. The Certificate of Completion of Job Report was issued to the contractor by the Ministry of Works and Technical Main-tenance even when the work was yet to be completed. Over 80% of the contract price had already been paid. Adequate actions had not been taken by the Ministry of Internal Affairs to ensure that the contract was completed or a refund made by the contractor. There was no proper storage facility in the organization. An Inventory Ledger was not properly maintained.

20.2 National Registration Secretariat

The National Registration Secretariat failed to reconcile its Vote Service Ledgers with the Accountant-General's printout. Payment Vouchers to the tune of Le64,590,000.00 observed in the Accountant General's printout were not in the Vote Service Ledgers. Neither a Log Book nor an Operating Record was maintained. Stores Requisition forms were not prepared, neither did the Storekeeper maintain Store Issue Vouchers. A contract for the supply of an Internet Facility was not performed. The amount involved was Le1,760,000.00. In the absence of Revenue Cash Books and other supporting documents, in respect of revenue collected for the issue of Temporary ID Cards, the auditors were unable to ascertain the total revenue collected and how they were accounted for

by the department. Staff Attendance Register and an Inventory Ledger were not maintained.

20.3 Kenema State Prisons

Several accountable documents were not produced for inspection. Imprests, totalling Le94,000,000.00, received by the Regional Commander, East, were without relevant supporting documents. It was observed that details of the disbursement of the quarterly allocation of Le500,000.00 to the Prisons were without invoices, receipts, claim sheets etc. A total of Le66,000,000.00 was received by the Regional Commander, East, as Ration for Officers. There was no breakdown as to how this amount was allocated to the respective State Prisons in the Region. Discussions with the Officer-in-Charge, Kenema State Prisons, revealed that the sum of Le2,000,000.00 was received on a quarterly basis from the Regional Commander for the period 1st January 2005 to 31st December 2006. Authentic supporting documents were not produced in respect of how these amounts were disbursed. Examination of Treasury Expenditure Analysis disclosed that an amount of Le27,000,000.00 was received by the Regional Commander in respect of Welfare for Officers. Expenditure details in respect of this amount were also not produced for inspection. Interviews with various officers at the Prison indicated that they were unaware of welfare obligations made by the Government for the period under review. A total of Le7,500,000.00 was paid to a supplier for fuel to the Eastern Region State Prisons. Similarly records to determine the number of gallons allocated to the Kenema State Prison could not be produced. Receipts and issues details were not available for a total of 240 gallons of petrol and 240 gallons of diesel received for the period 1st January 2004 to 31st December 2006. A difference of 230 bags of flour and 586 bags of rice was noted between the Store Issue Vouchers and the Allocated Store Ledgers. Although Contract Award Letters were examined, copies of Contract Agreements and Delivery Notes were not made available to the Audit Team for confirmation, acceptance of awards or execution of contracts. It was also observed that:-

- * Controls at both management and staff levels were weak. There was lack of segregation of duties.
- * No surprise visitation was made by the Regional Commander to the Prison.
- * A physical inspection of the execution of a contract awarded in 2002 revealed that it was partly completed by the contractor.
- * Interview of selected prisoners revealed that there was a lack of medical drugs, irregular supplies of toiletries and non provision of breakfast during the period under review.

20.4 Provincial Secretary's Office Kenema

Vital documents requested for the audit inspection were not submitted. Disbursements, totalling Le19,195,000.00, were without supporting documents. A Fixed Assets Register was not maintained and, as a result, assets in the President's Lodge could not be verified. A Lister Generator Machine installed by NaCSA had not been put into use. Neither a Log Book nor an Operating Record was maintained to record fuel and oil. Consumption details were also not available for inspection.

21.0 MINISTRY OF JUSTICE

21.1 Administrator and Registrar General's Department

Stationery purchased at a cost of Le22,500,000.00 was not taken on ledger charge. An Imprest Cash Book was not maintained to indicate how imprests received during the period, totalling Le12,900,000.00, were disbursed. Neither a Log Book nor an Operating Record was maintained to record fuel and oil bought for the sum of Le77,814,000.00. Consumption details were also not available for inspection in respect of such fuel. Revenue, totalling Le303,089,097.30 and Le73,650,000.00, in respect of Rent from Estate and Revenue from Marriages were neither posted to the Cash Book nor banked. Examination of the Trade Marks Files revealed that the sum of Le105,000,000.00 received as revenue was neither posted to the Cash Book nor were the receipts for this amount produced for audit inspection. Also, revenue collected from Business Registration and Licences, totalling Le23,230,000.00, were not brought to account in the Revenue Cash Book. Arrears of renewals of Business Licences totalled Le7,520,000.00. Short payment of revenue to Treasury totalled Le15,268,792.00.

22.0 MINISTRY OF HEALTH AND SANITATION

22.1 Headquarters

Copies of accountable documents were not always retained within the ministry. As a result, the ministry could not effectively manage and monitor its operations. Proceeds from the sale of Tender Documents, totalling Le75,700,000.00, were not brought to account. The Vote Service Ledger was poorly maintained. Fuel purchases, totalling Le549,204,094.00, were not recorded in a Fuel Register as the latter was not kept. Vehicle Log Books and operating records were not maintained in respect of the receipt and issues of such fuel.

22.2 Connaught Hospital

An Accountable Documents Register was non-existent. A difference of Le43,715,000.00 was observed between approved service charges and receipts issued in respect of Theatre Fees for the period under review. Revenue short accounted for totalled Le1,068,300.00. Unofficial receipts were used for revenue collection without authority from the Accountant General. The amount involved was Le220,529,531.00. This was put into immediate use without authority from the Ministry of Finance. Bank reconciliations were not carried out by this institution. An Inventory Register was not maintained.

22.3 Births and Deaths

An Accountable Documents Register was not in operation. Revenue short accounted for totalled Le1,314,800.00. Bank Reconciliations were not carried out in this institution.

22.4 Central Medical Stores

A Lease Agreement was not produced in respect of a Store leased to the Malaria Preventive Control Unit. A Loans Register was not maintained to account for various items given out to staff as loans. Recovery details were also not available for inspection. Stocks recorded in the Tally Cards were in excess of the Physical Stock Take by Le43,682,942.36. Handing Over and Taking Over Notes were not prepared for the period under review. Gate Passes were not issued. Stores items, totalling \$217,500.00, were not taken on charge. The storage facility was inadequate.

22.5 Kingharman Road Hospital

An Accountable Documents Register was not in existence. There was no evidence that items, totalling Le71,130,000.00, allegedly supplied to that hospital were received. The Doctor-in-charge was not aware of such transactions. A Revenue Cash Book was not maintained. Unofficial receipts were used for revenue collection without authority from the Accountant General. The amount involved was Le106,212,500.00. This was put into immediate use without authority from the Ministry of Finance. Bank reconciliations were not carried out by this institution.

22.6 Lumley Hospital

An Accountable Documents Register was not in existence. There was no evidence to confirm that items, totalling Le50,544,900.00, allegedly supplied to that hospital were received. The Doctor-in-charge was not aware of these transactions. Unofficial receipts were used for revenue collected, to the tune of Le76,126,508.00, without authority from the Accountant General. Security over the handling of revenue was inadequate. A total of Le58,116,000.00, in respect of revenue collected, was put into immediate use without authority from the Ministry of Finance. Bank reconciliations were not carried out by this institution.

22.7 Ross Road Dental Clinic

An Accountable Documents Register was not maintained. A total of Le90,955,000.00 collected as Registration and Extraction Fees, between January 2005 and May 2007, was not banked. The sum of Le2,060,000.00 in respect of revenue was deposited into the Hospital Board Account with apparently no authority from the Ministry of Health and Sanitation. Out of a total of Le88,734,037.00 paid to the Head of the Clinic, who also doubled as Chairman of Dental Clinics throughout the country, only the sum of Le5,500,000.00 was accounted

for leaving the balance of Le83,234,037.00 to be brought to account. The Clinic was not adequately equipped and should be renovated.

22.8 Ross Road Health Centre

An Accountable Documents Register was not maintained. A good number of receipts had alterations, cancellations and erasures. Drugs, totalling Le29,505,000.00, supplied to the Health Centre were issued without Store Issue Vouchers. Proceeds, from sales of drugs, totalling Le1,700,000.00 were not banked. The assets of the Centre were in dire need of repairs. The Management should undergo some training in administration. A Community Health Officer was commended for her hard work in keeping the environment clean.

22.9 Jenner Wright Clinic

Several accountable documents were not produced for inspection. Revenue collected, amounting to Le907,000.00 was not banked. Drugs, totalling Le2,456,350.00, were sold without authorization. An amount of Le653,000.00 was retained by a member of staff. It was observed that 568 Mosquito Nets were issued without acknowledgment of receipts. Drugs, totalling Le29,505,000.00, received from the African Development Bank were not brought to account. The management team has engaged the service of volunteers for the cleaning of the Clinic and its environs.

23.0 MINISTRY OF ENERGY AND POWER

23.1 An Accountable Documents Register was not maintained. Four (4) Payment Vouchers were not made available for verification. These missing Payment Vouchers totalled Le443,000,000.00. Liabilities in respect of utility bills were paid directly by the Accountant-General without notifying the ministry. The ministry did not reconcile the Accountant General's Printouts with its Vote Service Ledger. An Imprest Cash Book was not maintained to record details of imprests received for the period under review. In addition, receipts and other supporting documents for imprest retirements were not made available for inspection for the months of January, February and September 2006. A Fixed Assets Register was not maintained. The responsibility for monitoring the ministry's vehicles usage was not defined. There was evidence of budgetary over-expenditure of Le12,560,000.00 and Le3,000,000.00 on the Recurrent Expenditure line item of Fuel and Oil and Overseas Travelling respectively, for the Water Service Division. An adequate Master Inventory was not maintained. A stock-taking exercise was not carried out at the end of the year. Stock records were not properly kept. Some transactions were classified under the wrong codes. Paid-up Salary Vouchers, in respect of the Water Services Division for two districts, for the months of September-December, 2006 were not submitted for examination. Instead, the paid-up vouchers for the month of August 2006 were used to pay salaries for these periods. Unclaimed salaries, totalling Le2,730,037.00, had still not been paid into the Consolidated Revenue Fund. A Payroll Cheque from the Accountant General was not signed to acknowledge receipt by the

Paymaster. It was observed that paid-up salary vouchers for three (3) districts were signed by just a single person on behalf of the entire staff in their respective districts. These payments totalled Le9,937,153.00. An Internal Audit function was non-existent. Despite a number of requests, a large number of documents were only made available for inspection during the exit conference.

24.0 MINISTRY OF LABOUR, SOCIAL SECURITY AND INDUSTRIAL RELATIONS

24.1 An Accountable Documents Register was not maintained. Neither a Revenue Cash Book nor the General Receipts for the Financial Year 2004 was/were produced for inspection. The Vote Service Ledger was poorly maintained. The Imprest Cash Book was not maintained to record details of imprests, totalling Le134,900,000.00. Fuel purchases, to the tune of Le129,540,450.00, were not recorded in a Fuel Register as the latter was not kept. Disbursements, totalling Le472,597,900.00, in respect of the Social Safety Net were without supporting documents. Employees' Personal Files were not properly maintained. A Staff Attendance Register was not maintained neither was there any system for checking and monitoring staff punctuality. Handing Over and Taking Over Notes were not prepared for the period under review. The compound of both the Machinery Testing and the Work Permit Bureau Sections has been left unfenced and exposed to insecurity and uncontrollable use by the public. A section of the compound has been occupied by an unregistered garage and the other by kiosks and the proliferation of illegal buildings, for the sale of food-stuffs and non-alcoholic drinks.

25.0 MINISTRY OF LANDS, SURVEY, ENVIRON-MENT AND COUNTRY PLANNING-KENEMA

25.1 In spite of several requests, vital accountable documents were not produced for inspection. Reconciliation Statements in respect of revenue collected and banked were not prepared and retained for the period under review. Various disbursements, totalling Le65,550,000.00, were without supporting documents. Short payment of revenue to Treasury totalled Le12,455,000.00. An unusual increase of Le1,474,122.00 was noted in the salary of two employees. Assets of the minis-try were not labelled or tagged. The Audit Team could not verify a Typewriter alleged to be obsolete.

26.0 MINISTRY OF MINERAL RESOURCES (MINES DIVISION) – KENEMA

26.1 Several accountable documents were not produced for inspection. Reconciliation State-ments for revenue for the period under review were not carried out by the ministry. Out of a total of Le113,350,000.00, collected as Monitoring Fees, it was noted that the sum of Le103,795,850.00 was disbursed without authority from the Ministry of Finance. The balance of Le9,554,150.00 was not brought to account.

Withholding Taxes, totalling Le1,760,700.00, were not deducted from payments to suppliers. Bank Statements were not submitted in respect of deposits, to the tune of Le184,800,000.00, alleged to have been paid into the Mineral Resources Artesanal Small Scale Mining Rehabilitation and Reclamation Account, held at the Sierra Leone Commercial Bank. Payments, totalling Le4,000,000.00, made to a supplier were not supported by Delivery Documents. NASSIT deductions were not made on the allowances of two employees.

27.0 MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

27.1 Ahmadiyya Muslim Secondary School, Kissy Dockyard

(i) Junior Secondary School

Only the sum of Le220,250,000.00, out of a total of Le285,958,000.00 collected as school fees, was paid into the bank, leaving a balance of Le65,250,000.00 which was put into immediate use. Board Sitting Fees, totalling Le5,500,000.00, were not recorded in the Cash Book. Board members did not sign the Attendance Register.

(ii) Senior Secondary School

Accountable Documents used in 2002/2003 Academic Year were not produced for inspection. Out of a total of Le359,715, 000.00 collected as school fees, only the sum of Le286,315,000.00 was paid into the bank, leaving a balance of Le73,400,000.00 which was put into immediate use. The sum of Le5,500,000.00 paid as Board Sitting Fees, was not recorded in the Cash Book. Board members failed to sign the Attendance Register.

27.2 Albert Academy, Freetown

(i) Junior Secondary School

The sum of Le256,975,685.00 was paid into bank out of a total of Le278,450,000.00 collected as school fees. The balance of Le21,474,315.00 was put into immediate use. Arrears Re-gisters were not maintained and arrears of school fees rose to Le16,616,000.00. A Loans Register was also not maintained. Petty Cash and Payment Vouchers were not in use. Bank Reconciliations were not carried out in this institution.

(ii) Senior Secondary School

A total of Le304,382,500.00, was collected as school fees, out of which only the sum of Le264,600,000.00 was paid into bank, leaving a balance of Le39,782,500.00 which was put into immediate use. Arrears Registers were not maintained and arrears of school fees were Le9,875,000.00. Outstanding loans totalled Le3,085,000.00. Petty Cash and Payment Vouchers were not in use for payments. Bank Reconciliations were not carried out in this institution.

27.3 Bishop Johnson Memorial, Freetown

(i) Junior Secondary School

Out of a total of Le167,380,000.00, collected as school fees, only the sum of Le57,829,924.00 was paid into the bank leaving a balance of Le109,550,075.88 which was put into immediate use. Arrears of school fees were Le7,770,000.00. Expenditure without supporting documents soared to Le13,168,950.00. Revenue collected in respect of fees, totalling Le12,352,032.00, was not brought to account. Bank Reconciliations were not carried out in this institution. The Class Attendance Re-gisters were not properly maintained. Unclaimed salaries, totalling Le11,381,167.00, had still not been paid into the Consolidated Revenue Fund. A Fixed Assets Register was not properly maintained.

(ii) Senior Secondary School

A total of Le20,350,000.00 was collected as school fees. Out of this amount only the sum of Le18,854,000.00 was paid into the bank leaving a balance of Le1,496,000.00 which was put into immediate use. Arrears of school fees totalled Le1,725,000.00. Expenditure without supporting documents amounted to Le2,688,000.00. Revenue collected in respect of fees, totalling Le625,000.00, was neither posted into the Revenue Cash Book nor banked. A safe or strong room was not in use.

27.4 Fattah Rahman Junior Secondary School Freetown

A total of Le67,700,000.00, was collected as school fees. Out of this, only the sum of Le8,969,000.00 was paid into the bank leaving a balance of Le58,731,000.00 which was put into immediate use. School fees, totalling Le1,200,000.00 were not accounted for by the Bursar. Arrears of school fees stood at Le8,380,000.00. The School's Budgets were not produced for inspection. The Imprest Cash Book was poorly maintained. Bank Reconciliation Statements were not prepared by this school. A School Board was not in existence. The filing system needed some improvement. Teachers' personal files were poorly maintained. An Inventory Ledger was not maintained.

27.5 Freetown Secondary School for Girls

(i) Junior Secondary School

Outstanding loans for the period amounted to Le8,200,000.00. Arrears of school fees stood at Le7,357,000.00. The Expenditure Cash Book was not properly maintained. Expenditure without supporting documents amounted to Le1,403,291.00.

(ii) Senior Secondary School

Expenditure without supporting documents totalled Le3,122,200.00. Arrears of school fees were Le24,650,000.00. The Expenditure Cash Book was not properly maintained.

27.6 Government Technical Institute, Kissy Dockyard, Freetown

The Internal Control System was weak. Unclaimed Salaries, totalled Le822,071.00. Outstanding loans for the period amounted to Le5,828,000.00. The sum of Le17,611,784.00 was spent without authority whilst expenditure without supporting documents totalled Le9,245,000.

27.7 Government Model Secondary School, Freetown

(i) Junior Secondary School

Out of a total of Le206,528,000.00, collected as school fees, the sum of Le194,826,650.00 was paid into the bank and Le2,000,000.00 paid to part-time teachers, leaving a balance of Le9,701,350.00 which was put into immediate use. Arrears Registers were not maintained and arrears of school fees were Le11,000,000.00. Expenditure without supporting documents soared to Le19,307,450.00.

(ii) Senior Secondary School

A total of Le225,845,000.00 was collected as school fees. Out of this amount, only the sum of Le216,223,850.00 was paid into the bank leaving a balance of Le9,621,150.00 which was put into immediate use. Arrears Registers were not maintained and arrears of school fees were Le14,125,000.00. Expenditure without supporting documents soared to Le11,239,710.00 Outstanding loans totalled Le2,350,000.00.

27.8 Government Rokel Secondary School, Freetown

(i) Junior Secondary School

A total of Le253,763,000.00 was collected as school fees. Out of this, only the sum of Le152,027,000.00 was paid into the bank leaving a balance of Le101,736,000.00. This was put into immediate use. Arrears of school fees soared to Le18,860,000.00. Expenditure without supporting documents totalled Le4,719,000.00. Payment vouchers, to the tune of Le1,763,000.00, were not signed by the payees. The Expenditure and Imprest Cash Books were not properly maintained. Bank Reconciliations were not carried out in this institution. Segregation of duties was lacking.

(ii) Senior Secondary School

Arrears of school fees soared to Le21,300,000.00. Payments made out of Petty Cash were sometimes not acknowledged by recipients. These amounted to Le2,269,000.00. The Expenditure and Imprest Cash Books were not properly maintained. Bank Reconciliations were not carried out in this institution.

27.9 Methodist Boys High School

(i) Junior Secondary School

Revenue collected in respect of fees, totalling Le19,124,695.00, was not brought to account. Out of a total of Le163,660,000.00, collected as school fees, only the sum of Le50,860,000.00 was paid into the bank, leaving a balance of Le112,800,000.00 which was put into immediate use. Arrears of school fees stood at Le9,340,000.00. An Imprest Cash Book was not maintained. The filing system was poor.

(ii) Senior Secondary School

Details of donations, to the tune of Le750,000.00, were not submitted for inspection. Out of a total of Le181,429,150.00, collected as school fees, only the sum of Le137,829,050.00 was paid into the bank leaving a balance of Le43,600,100.00 which was put into immediate use. Arrears of school fees amounted to Le3,075,000.00. The filing system needed some improvement.

27.10 Methodist Girls High School, Freetown

(i) Junior Secondary School

An Accountable Documents Register was not maintained. Only the sum of Le33,900,000.00, out of a total of Le153,631,000.00 collected as school fees, was paid into the bank leaving a balance of Le119,731,600.00 which was put into immediate use. Revenue collected in respect of Parents Teachers Association (P.T.A) Fees, amounting to Le20,642,000.00, was not brought to account. Arrears of school fees totalled Le5,710,000.00. Expenditure without supporting documents soared to Le13,984,600.00 whilst expenditure without authority totalled Le15,988,235.00. Bank Reconciliations were neither carried out in this institution nor was an imprest system maintained.

(ii) Senior Secondary School

Only the sum of Le109,061,000.00, out of a total of Le283,371,000.00, collected as school fees, was paid into the bank. The balance of Le174,310,000.00 was put into immediate use. Revenue collected in respect of Parents Teachers Association (P.T.A) Fees, amounting to Le9,166,000.00, was not brought to account. Arrears of school fees totalled Le10,166,000.00. Expenditure without supporting documents rose to Le22,299,380.00 whilst expenditure without authority totalled

Le8,733,300.00. Bank Reconciliations were neither carried out in this institution nor was an imprest system maintained.

27.11 Prince of Wales Senior Secondary School

Twenty (20) Receipt Books were not produced for inspection. A total of GBP£1,400 and USD\$2,875 in respect of revenue received from rents on behalf of the school was not brought to account. Out of a total of Le319,400,000.00, collected as school fees, only the sum of Le307,908,919.00 was paid into the bank, leaving a balance of Le11,491,081.00 which was put into immediate use. Arrears of school fees were Le28,840,000.00.

27.12 Richard Allen High School, Freetown

Arrears of school fees totalled Le10,100,000.00. Bank Reconciliations were not carried out at this institution.

27.13 Saint Edward's Secondary School Kingtom

(i) Junior Secondary School

A total of Le329,291,500.00 was collected as school fees. Out of this, only the sum of Le307,306,000.00 was paid into the bank leaving a balance of Le21,985,500.00 which was put into immediate use. A total of Le2,735,000.00, collected as revenue, was not brought to account. Arrears of school fees soared to Le31,147,500.00. Expenditure without supporting documents stood at Le3,299,500.00. Outstanding loans totalled Le9,935,000.00. The Expenditure and Revenue Cash Books were not properly maintained. Financial Administration Regulations provisions were not observed in the printing of Receipt Books. The filing system needed some improvement.

(ii) Senior Secondary School

Out of a total of Le271,892,000.00 collected as school fees, only the sum of Le236,281,767.00 was paid into the bank leaving a balance of Le35,610,233.00 which was put into immediate use. The sum of Le4,514,450.69, collected as revenue was not brought to account. Arrears of school fees stood at Le21,169,000.00. Expenditure without supporting documents soared to Le11,479,300.00. Outstanding loans totalled Le3,300,000. Expenditure and Revenue Cash Books were not properly maintained. Financial Administration Regulations provisions were not observed in the printing of Receipt Books. There was more room for improvement in the filing system.

27.14 Saint Joseph's Secondary School, Brookfields, Freetown

(i) Junior Secondary School

The Imprest Cash Book was poorly maintained. Payment Vouchers, to the tune of Le1,210,000.00, were not initialled by recipients. Expenditure without supporting documents soared to Le16,590,500.00. Various payments, totalling Le2,192,999.00, were not supported by official receipts. Some of the school's assets were not recorded in the Assets Register.

(ii) Senior Secondary School

Only the sum of Le173,667,328.90, out of a total of Le177,255,444.42 collected as school fees, was paid into the bank. The balance of Le3,588,115.52 was put into immediate use. Payment Vouchers, totalling Le3,775,000.00, were not initialed by recipients. A rent of Le1,170,000.00 for the period June 2005 to February 2006 was not brought to account. Expenditure without supporting documents amounted to Le523,000.00. Imprests, totalling Le340,480.00, were disbursed without adequate supporting documents. Procedures for the award of Commonwealth Scholarships to pupils were not explained to the Audit Team. The Board Minutes File was poorly kept. The Parents Teachers Association (P.T.A) Account was not updated.

27.15 Sierra Leone Muslim Congress Boys' Secondary School

(i) Junior Secondary School

The sum of Le137,075,000.00 was collected as school fees. Out of this, only the sum of Le127,924,000.00 was paid into the bank, leaving a balance of Le9,151,000.00 which was put into immediate use. Outstanding loans totalled Le4,100,000. Arrears of school fees stood at Le4,560,000.00.

(ii) Senior Secondary School

The Revenue Cash Book was not properly kept. Arrears of school fees stood at Le3,150,000.00. Outstanding loans totalled Le1,022,000.00. Bank Reconciliations were not carried out in this institution. The Class Attendance Registers were not properly maintained.

27.16 Sierra Leone Muslim Brotherhood Senior Secondary School

School fees, totalling Le8,475,000.00, were not banked. Arrears of school fees stood at Le12,300,000.00. Expenditure without supporting documents soared to Le11,121,000.00. Outstanding loans totalled Le2,320,000.00. The Financial Administration Regulations provisions were not adhered to in the printing of Receipt Books. Bank Reconciliation Statements were not prepared by this school. A school board was not in existence. The filing system needed some improvement. A Procedural Manual was not maintained by the school.

27.17 United Methodist Secondary School for Girls, Freetown

Out of a total of Le155,358,000.00 collected as school fees, only the sum of Le130,326,630.00 was paid into bank, leaving a balance of Le25,031,370.00 which was put into immediate use. Arrears of school fees soared to Le20,940,000.00. Expenditure without supporting documents rose to Le20,270,000.00. Unclaimed salaries totalled Le14,618,004.00. Bank Reconciliations were not carried out in this institution. Teachers' personal files were poorly maintained.

27.18 United Muslim Association Junior Secondary School, Freetown

Out of a total of Le81,520,000.00, collected as school fees, only the sum of Le31,733,000.00 was paid into bank leaving a balance of Le49,787,000.00 which was put into immediate use. Disbursements from the Development Fund Account left much to be desired. Relevant documents in respect of the use of the sum of Le140,000,000.00 paid into this account were inadequate. Revenue, totalling Le513,000.00, was not recorded in the Fees Cash Book. Arrears of school fees were Le9,440,000.00. Expenditure without supporting documents soared to Le4,711,000.00. An Inventory Ledger was non-existent. Bank Reconciliations were not carried out during the period under review.

27.19 Vine Memorial Secondary School, Freetown

(i) Junior Secondary School

Out of a total of Le56,280,000.00, collected as school fees, only the sum of Le51,170,000.00 was paid into the bank, leaving a balance of Le5,110,000.00 which was put into immediate use. Arrears of school fees rose to an alarming rate of Le9,980,000.00. Expenditure without supporting documents totalled Le1,463,500.00. The sum of Le2,840,050.00 was paid without Payment Vouchers.

(ii) Senior Secondary School

A marked difference of Le38,348,440.00 was observed between the Bank Statements and the Receipt Books for the period under review. This was due to the fact that records of some revenue received by the school were not maintained for accountability and control. The sum of Le3,314,250.00 was not brought to account. Arrears of school fees were Le1,950,000.00. Expenditure without supporting documents soared to Le14,087,580.00. The sum of Le4,343,100.00 was paid without Payment Vouchers whilst payments, totalling Le13,838,350.00, were not signed for by the payees. Petty Cash Vouchers to support the disbursement of imprests were not in use.

27.20 West African Methodist Collegiate Secondary School

(i) Junior Secondary School

Out of a total of Le90,496,000.00 collected as school fees, only the sum of Le84,354,000.00 was paid into the bank leaving a balance of Le6,142,000.00 which was put into immediate use. A staff was paid twice for the same periods on different Salary Vouchers. The amounts involved were Le924,653.00 and Le952,492.00 respectively. Arrears of school fees stood at Le9,720,000.00. Payment Vouchers, to the tune of Le5,015,300.00, were without adequate supporting documents. Bank Reconciliation Statements were not prepared by this school. Teachers' personal files were poorly maintained.

(ii) Senior Secondary School

School fees collected totalled Le99,265,000.00, out of which only the sum of Le97,093,000.00 was paid into the bank leaving a balance of Le2,172,000.00 which was put into immediate use. Disbursement details for the total of Le38,475,000.00 paid into the Development Fund Account by a company was not submitted for inspection. Payment Vouchers to the tune of Le3,051,000.00 were without adequate supporting documents. Arrears of school fees for the period under review stood at Le13,350,000.00.

27.21 Education Book Store-Kenema

A large consignment of books and other learning materials was unduly kept in the stores. It was observed that these supplies were meant for past academic years. Stores items were entered in the Allocated Store Ledgers without corresponding Store Issue Vouchers and vice versa.

27.22 Government Secondary School-Kenema (2004/05 and 2005/06 Academic Years)

Revenue not brought to account totalled Le3,070,000. Unclaimed Salaries, to the tune of Le17,725,186.00, were not paid into the Consolidated Revenue Fund. Outstanding loans/salary advances to teachers for the period amounted to Le2,243,000.00. The names of forty-eight (48) teachers were on the salary vouchers but only thirty-six (36) signed the Attendance Register. An Accounting or Operating Manual was not in use. There was no inspection of the school by the Inspectorate Division of the ministry.

27.23 Baduru Deen Islamic Secondary School- Kenema 2004/05 and 2005/06 Academic Years)

Arrears of school fees were Le2,100,000.00. Unclaimed Salaries, totalling Le2,235,885.00, were not paid into the Consolidated Revenue Fund. School budgets were not prepared. The names of twenty (25) teachers were on the salary vouchers but only fifteen (15) signed the Attendance Register. An Accounting or Operating Manual was not in use. There was no inspection of the school by the Inspector of Schools.

27.24 Ahmadiyya Muslim Secondary School-Kenema (2004/05 and 2005/06 Academic Years)

Arrears of school fees stood at Le1,465,000.00. School budgets were not prepared. An Accounting or Operating Manual was not in use. There was no evidence of inspection of the school by the Ministry of Education.

**27.25 Islamic Secondary School-Kenema
(2004/05 and 2005/06 Academic Years)**

The names of some teachers who had left the school continued to be on the salary vouchers. A total of Le24,926,010.00 was not paid into the Consolidated Revenue Fund as unclaimed salaries for the period under review. An Accounting or Operating Manual was not in use. Arrears of school fees were Le1,295,000.00. School budgets were not prepared.

27.26 Ahmadiyya Muslim Senior Secondary School-Bo (2005/06 Academic Year)

An Accountable Documents Register was not maintained. Payments, to the tune of Le8,077,000.00, were not authorised by the principal. Arrears of school fees totalled Le4,040,000.00. There was a complete lack of supervision by the principal over the accounting and financial functions carried out by the bursar. The Cash Book was poorly maintained. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the bursar of the school. Petty Cash Vouchers were used to effect payments for transactions for which Payment Vouchers ought to have been raised. In addition, Petty Cash Vouchers, totalling Le2,577,000.00, were made without adequate supporting documents. Teachers were not appraised by the principal in violation of the Education Act of 2004.

27.27 Methodist High School – Bo (2005/06 Academic Year)

An Accountable Documents Register was not in existence. Bank Reconciliation Statements were not prepared by the bursar. Teachers were not appraised in violation of the Education Act of 2004. There was no inspection of the school by the Inspector of Schools. Inventory of furniture and equipment held by the school was also not maintained. Fixed Assets owned by the school, were without identification marks.

27.28 Government Secondary School-Bo (2005/06 Academic Year)

An Accountable Documents Register was not maintained. Arrears of school fees totalled Le2,130,000.00. The Revenue Cash Book was not properly kept. Bank Balances were not reconciled with the Cash Book Balances. The Ministry failed in its duty to inspect the school. In addition, teachers were not appraised by the principal in violation of the Education Act of 2004.

27.29 Queen of the Rosary Junior Secondary School-Bo (2005/06 Academic Year)

Expenditure without adequate third party documentation totalled Le4,986,200.00. In addition to this, amounts totalling Le5,495,00.00 were expended without authority. There was a complete lack of supervision by the principal over the accounting and financial functions carried out by the bursar. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the bursar of the school. The school budgets were not approved by the Board. There was no record of inspection of the school by the Inspector of Schools. In addition, teachers were not appraised in violation of the Education Act

of 2004. Fixed Assets owned by the school, were without identification marks.

(2006/07 Academic Year)

An Accountable Documents Register was not maintained. Arrears of school fees totalled Le3,640,000.00. Withholding Taxes, amounting to Le789,975.00 were not deducted and paid over to the National Revenue Authority. Payment Vouchers were not serially numbered. Budgets were not prepared by the bursar. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the school. A Cash Book was not maintained. A safe was not in use. Teachers' Personal Files were poorly kept. In addition, teachers were not appraised by the principal in violation of the Education Act of 2004. Inventory of furniture and equipment held by the school was also not maintained.

**27.30 Kakua Junior Secondary School-Bo
(2005/06 Academic Year)**

An Accountable Documents Register was not maintained. There was a complete lack of segregation of duties over the accounting and administrative functions of the school. A Cash Book was not maintained and Bank Reconciliations were not carried out. Teachers' Personal Files were poorly kept. In addition, teachers were not appraised in violation of the Education Act of 2004. The Ministry failed in its duty to inspect the school. Inventory of furniture and equipment held by the school was also not maintained. Identification marks were not inscribed on all the Fixed Assets owned by the school.

(2006/07 Academic Year)

An Accountable Documents Register was not maintained. Payment Vouchers, totalling Le24,722,000.00, were without supporting documents whilst payments to the tune of Le24,847,000.00 were not recorded on Payment Vouchers. Revenue collected but not brought to account amounted to Le3,772,741. Loan/salary advances of Le2,500,000.00 given out to teachers, had still not been recovered. Withholding Taxes, totalling Le798,126.00, were not deducted and paid over to the National Revenue Authority. A Cash Book was not maintained. Teachers' Personal Files were poorly kept. In addition, teachers were not appraised in violation of the Education Act of 2004. Inventory of furniture and equipment held by the school was also not maintained.

27.31 Sierra Leone Brotherhood Secondary School-Bo (2005/06 Academic Year)

Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the Bursar of the school. Teachers' Personal Files were not maintained. In addition, teachers were not

appraised by the principal in violation of the Education Act of 2004. There was no inspection of the school by the Inspector of Schools.

27.32 Centenary United Methodist Secondary School-Bo (2005/06 Academic Year)

There was a complete lack of segregation of duties over the financing and administrative functions of the school. Study Leave was granted to teachers without approval from the Ministry. Teacher's Personal Files were not maintained. The Ministry failed in its duty to inspect the school.

(2006/07 Academic Year)

The Cash Book was not properly maintained. Payment Vouchers, totalling Le1,358,000.00, were without supporting documents. In addition, Petty Cash Vouchers, amounting to Le341,000.00, were made without adequate supporting documents. Withholding Taxes, to the tune of Le973,950.00, were not deducted and paid over to the National Revenue Authority.

27.33 Milton Comprehensive Secondary School- Bo (2005/06 Academic Year)

A Cash Book was not maintained for the period under review. Financial recordings were poor and inadequate. There was no inspection of the school by the Inspector of Schools. Inventory of furniture and equipment held by the school was also not maintained. Identification marks were not inscribed on all the Fixed Assets owned by the school.

(2006/07 Academic Year)

An Accountable Documents Register was not maintained. Payment Vouchers, amounting to Le2,844,000.00, were without supporting documents. Arrears of school fees totalled Le2,485,000.00. A Cash Book was not maintained for the period under review. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the Bursar of the school. Teachers' Personal Files were poorly kept. In addition, teachers were not appraised by the principal in violation of the Education Act of 2004. There was no inspection of the school by the Inspector of Schools. Fixed Assets, held by the school, were without identification marks.

27.34 Kulafai Rashideen Islamic Secondary School-Moyamba (2005/06 Academic Year)

An Accountable Documents Register was not maintained. Payment Vouchers, totalling Le2,204,500.00, were raised and payments effected without adequate third party documentation. Arrears of school fees amounted to Le2,503,500.00. Bank reconciliations were not carried out during the period under review. There was a complete lack of

segregation of duties over the financial and administrative functions of the school. Recording of all financial transactions of the school was grossly inadequate. A Cash Book was not kept. Teachers' Personal Files were not maintained. There was no evidence of inspection of the school by the Ministry of Education. In addition, teachers were not appraised in violation of the Education Act of 2004. Fixed Assets owned by the school, were without identification marks.

27.35 St. Michael's Secondary School- Moyamba (2005/06 Academic Year)

An Accountable Documents Register was not maintained. Arrears of school fees totalled Le4,484,000. The Cash Book was poorly maintained and financial recordings were below expected standards. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the Bursar of the school. There was a complete lack of segregation of duties over the financial and administrative functions of the school. Study Leave was granted to a teacher without approval from the Ministry of Education Science and Technology. Teachers' Personal Files were not maintained. There was no record of inspection of the school by the Ministry of Education. In addition, teachers were not appraised by the principal in violation of the Education Act of 2004.

27.36 Fergusson Memorial Secondary School- Moyamba (2005/06 Academic Year)

An Accountable Documents Register was not maintained. Payment Vouchers, amounting to Le1,292,000.00 were without adequate third party documentation. Arrears of school fees soared to Le 6,624,000.00. There was a complete lack of supervision by the principal over the accounting and financial functions carried out by the bursar. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the school. Teachers' Personal Files were not maintained. In addition, teachers were not appraised by the principal in violation of the Education Act of 2004. There was no inspection of the school by the Inspector of Schools. Fixed Assets owned by the school, were without identification marks.

27.37 St. Joseph's Vocational Secondary School- Moyamba (2005/06 Academic Year)

An Accountable Documents Register was not in use. Payment Vouchers, soared to Le18,895,600.00, without supporting documents. Arrears of school fees totalled Le2,153,000.00. An advance payment of Le800,000.00 was made to a contractor for the rehabilitation of the school library. It was observed that the contractor failed to perform the work. There was a complete lack of supervision by the principal over the accounting and financial functions carried out by the bursar. Bank

Statements submitted for inspection were incomplete and no reconciliation was carried out by the school. Teachers' Personal Files were poorly kept. The Ministry failed in its duty to inspect the school.

27.38 Harford Secondary School for Girl's- Moyamba (2005/06 Academic Year)

An Accountable Documents Register was not maintained. Bank Reconciliations were not carried out by the bursar. Teachers' Personal Files were poorly kept. In addition, teachers were not appraised in violation of the Education Act of 2004. The Ministry failed in its duty to inspect the school.

28.0 PUBLIC ENTERPRISES AND COMMISSIONS

28.1 As at 31st March 2008, the following Public Enterprises and Commissions had not submitted their Accounts for the 2007 Financial Year:

1. Anti-Corruption Commission
2. College of Medicine and Allied Health Sciences
3. Eastern Polytechnique- Kenema
4. Legal Service Commission
5. Milton Margai College of Education
6. Mining and General Services Company Ltd
7. National Assets Commission
8. National Commission for Democracy
9. National Commission for Human Rights
10. National Commission for War Affected Children
11. National Council for Technical, Vocational and Other Academic Awards.
12. National Electoral Commission
13. National Hotel and Tourist Board
14. National Policy Advisory Committee
15. National Power Authority
16. National Public Procurement Authority
17. National Security Office
18. National Shipping Company
19. Njala University College
20. Ombudsman
21. Political Parties Registration Commission
22. Sierra Leone Housing Corporation
23. Sierra Leone Law School
24. Sierra Leone Maritime Administration
25. Sierra Leone Postal Services (Salpost)
26. Sierra Leone Road Transport Authority
27. Sierra Leone Road Transport Corporation
28. Sierra Leone Scouts Association
29. Sierra Leone Telecommunications Company Ltd (Sierratel)

30. Sierra Leone Water Company
31. Sierra National Airlines
32. University Court
33. University of Sierra Leone (IPAM, FBC, COMAHS, and University Secretariat)

28.2 BANK OF SIERRA LEONE 2007

28.2.1 Headquarters

The bank had been negligent in tracking supplies and materials in transit and some dated as far back as 1996. An advance of Le6.07m to a former employee of the Bank had still remained outstanding. The bank had staffing and capacity problems in the Internal Audit Department and as such the latter could not perform its duties required, especially with the expectation that the high risk operations would be audited several times during the year. Owing to the non-provision of lease agreements for inspection, the auditors could not ascertain the completeness of rental income recorded in the Financial Statements for 31st December 2007 in respect of two organisations. The policies of the bank, in respect of vehicle loans to staff, were breached. The amount involved was Le 234.9m. Completion certificates for overhauling of the bank's 820 KVA generator by a company, amounting to Le48m had not been received. The work carried out by the contractor was sub-standard and was never completed. There were variances between the records of fuel stock held by the Accounts and Budget Department and General Services (Stores). In some cases, issues were made without approval from appropriate authority. There was no segregation of duties as the procurement officer who was responsible for purchases acted as the Store Manager at the same time. There were significant variances between physical inventory counts and figures in the Accounts and Budget Department.

28.2.2 Kenema Branch

Deposits and slips were not stamped or properly completed by the Departments depositing funds into the bank. Proper back-up facilities were not maintained in respect of information system at this branch. Daily back-ups were done and maintained in a flash drive and, in the case of disaster, vital information will be lost. The Bank did not maintain an updated list of Fixed Assets for inspection at its Kenema Branch. There was also no evidence of physical verification of the assets and reconciliation to the list nor were the assets marked for identification purposes.

28.3 BUMBUNA HYDRO ELECTRIC PROJECT-2006 and 2007

The Bumbuna Hydro-Electric Project Implementing Unit of the Ministry of Energy and Power did not maintain Cash Books and other financial records to ensure that all monies received and spent were properly

recorded. The auditors could not ascertain, as a result, the existence and completeness of opening and closing cash and cash equivalent balances for the period under review.

28.4 GUMA VALLEY WATER COMPANY (GVWC)-2006

The filing system of processed documents such as overtime record charts, bank statements and payroll vouchers were kept in plastics bags rather than being properly filed. GVWC had invested significantly in IT systems to ensure quality delivery of services to its customers, accurate and complete capturing of transactions for financial reporting purposes and reduced customer turnaround time amongst others. However corporate strategies had not been documented in an IT Strategy document which is supposed to indicate the future plans that the IT department had developed to help the company as a whole achieve its corporate objectives. The Internal Audit Department did not have personnel with the requisite knowledge and skill to perform IT review and risk assessment. Consequently, IT review and risk assessment were not performed during the period under review. Review revealed that user ID's on Expertise Real World application (the accounting application) are based on job functions. It was also noted that user ID's on the Utility 2000 application were generic. It was discovered that flash drives were used for back up of data and application on a daily basis for computers not connected to the server. It was further noted that the 160GB storage device was kept in the General Manager's office, while the 40GB storage device was taken home by the EDP Manager.

28.5 MECHANICAL SERVICE UNIT (MSU) – 2006

Total debts at 31st December 2006 amounted to Le 1,463,548,365 (one billion four hundred and sixty three million five hundred and forty-eight thousand three hundred and sixty five leones). These constitute debts owed by SLRA contractors and other external hirers. It was also observed that some of these debtors were given further credit regardless of their outstanding debts at the beginning of the year. The actual value of the contract for hire of equipment was not captured in the Income Schedule. Time Sheets with a monetary value of Le62m were not attached to invoices for payment. The total Creditors figure stood at Le839m as at 31st December 2006. The Stores Department failed to provide Delivery Notes to the audit team and it was not evident that the external auditors and the Director of the unit were present in time for inventory count. Most Goods Received Notes were not checked by the Store Officer. It was also observed, in some instances, that the invoice numbers were not recorded in the Goods Received Notes. No Store Ledger account was maintained in the Stores Department. A difference of Le7m was observed between the General Ledger figure for closing inventory and the amount shown on the Inventory Valuation Sheet.

Contrary to laid down policy, there was no evidence of medical examination for recruited employees in 2006. We also observed that there were delays in the payments of salaries and wages. Payments were made in the succeeding months rather than at the end of the month to which such payments related. There was no sufficient, reliable, and relevant evidence with regard to physical verification of Fixed Assets for the period. An insurance policy was maintained for three vehicles which had been out of operation. Registration numbers of five insured vehicles did not match up with the unit registration number in the Plants and Vehicles Register in the technical department during the accounting period. Two vehicles were not made available for confirmation of their existence.

28.6 MECHANICAL SERVICES UNIT (MSU) – 2007

The accounting and financial records of the Company were partly manually maintained with the account preparation being done on Microsoft Excel. This eroded audit trail as vital data might be totally deleted and would not be traced. A vast difference of 3,242 gallons in Freetown, 5,145 gallons in Bo and 8,324 gallons in Kenema existed between diesel stock as recorded in the Stores Register and that recorded in the Finance Office Register. Social Security payments were not made for the months of August, September and December 2007. PAYE computations for various employees were overstated by Le143,732. Statutory deductions were not paid on time. No PAYE was deducted for the months of July, August, September and December 2007. Staff were underpaid for overtime worked in March and April 2007. A difference of Le 1,011,206 was observed between the Invoice Amounts and the Income Schedule. Invoice amounts, to the tune of Le59m, in respect of fuel issued to SLRA vehicles and equipment were not included in the Income Schedule. The hire contract forms used by the Unit did not contain any provision for credit period allowed to hirers. Furthermore, no provision had been made for a guarantor or collateral. Almost all deposits in the bank were not analyzed on the back of the paying-in-slips. Monthly Bank Reconciliation Statements were not prepared for November and December 2007. Physical verification(s) of non-current assets was not carried out in the period under review. No receipt was produced to support transactions totalling Le4,605,500.00.

28.7 MINING AND GENERAL SERVICES LIMITED (MAGS)-2002

As there were no formal agreements between MAGS and its overseas customers, some with huge debts could not be traced. MAGS did not have a formal credit policy; some debts were up to ten years old. There was no documentation on credit approval. Some customers owed as much as Le217m, as at the period under review. A proper budgetary control mechanism was not put in place. The financial and accounting

records were to a large extent manually maintained (either hand written or typed). Pre-printed receipts were not issued in a chronological manner; cash takings were not banked intact and carbon papers were not used to ensure figures in original and duplicate receipts were the same for nine (9) receipts. Most of the invoices issued by the Clearing and Forwarding Department were generated through the computer by the secretary; they were not pre-printed and pre-numbered. The company did not have a formal capitalisation policy. Capitalisation was at the discretion of Management. Safeguard controls, such as Log Books, Maintenance Checklists and fuel utilisation records were non-existent and regular physical verification exercises were not carried out. Segregation of duties was inadequate in the safeguard and control of cash balance. The cashier collected all cash, made payments and bank lodgements, maintained Petty Cash Book and was the sole custodian of the cash held in the safe. Controls for the receipt, payment and custody of cash were also lacking for which there were no pre-determined Petty Cash Float and expenditure limits.

28.8 MINING AND GENERAL SERVICES LIMITED (MAGS)-2003

A total of Le 264.90m representing debt owed had been outstanding for over ten years. Balances for clearing and forwarding stood at Le 320m, a substantial proportion of which had been outstanding for more than two years.

28.9 NATIONAL COMMISSION FOR PRIVATI-SATION (NCP) -2005

There was no formal rental agreement between Sierra Leone State Lottery and the Commission for the two floors the Commission was occupying; this made it impossible to substantiate the correct rental amount for the property.

28.10 NATIONAL COMISSION FOR PRIVATI-SATION (NCP) 2006 and 2007

The Commission failed to comply with the provision of Section 29(1) of the NCP Act 2002 as the Accounts for the Financial Years 2006 and 2007 were audited in September 2008. Though the Commission had inherited some amount of debts from its predecessor (Public Enterprise Divestiture and Reform Commission), much had not been done to recover the huge debts of USD575,000 owing at the end of 2007. The other payables continued to increase over the years under review from Le834m to Le1,051m in 2007. The accounting and financial records of the Commission were mostly maintained using Microsoft Excel, which would erode audit trail. Review of the personnel files of NCP revealed that:

- * Except for the two newly recruited staff (the Personal Assistant (PA) to the Chairman and a Finance Analyst), who were provided

with Terms and Conditions of Employment, staff were not provided with such a document;

- * Apart from the Executive Secretary whose functions were outlined in the NCP Act 2002, the rest of the staff were not provided with job description; and
- * Contrary to the above provision, NCP did not give notice to staff on or before the end of the probationary period.

There were no signatures of recipients to confirm that allowances had been paid to Commission members for the months of January, March, April, May, June, August, September, November and December, 2006 and March, April, May, June and July 2007. A Log Book, for the use of the Utility Vehicle and its fuel consumption, was not maintained. Fixed quantity of gallons of fuel to be supplied daily or weekly for the Utility Vehicle and residence generators, belonging to the Chairman and the Executive Secretary respectively, had not been predetermined. Payment vouchers to the tune of Le10.24m were not approved by the appropriate authorities. None of the Commission's computers had stabilizers, anti-virus; save for one that is installed with an expired AVG 7.5 anti-virus; and except when there were computer breakdowns, none of the computers was subject to regular maintenance.

28.11 NATIONAL SOCIAL SECURITY AND INSURANCE TRUST- 2007

An unreconciled difference between the balance in the inventory ledger and that recorded in the general ledger still existed. The Trust held large quantities of identity cards which had not been collected by pensioners, especially those paid through the bank.

28.12 NATIONAL COMMISSION FOR SOCIAL ACTION (NaCSA) – 2006

28.12.1 SOCIAL ACTION SUPPORT PROJECT (SASP/ IDB)

1. EDUCATION PROJECTS

Masankorie Kamakwie: Rehabilitation of BDEC Primary School

The physical status of the project as recorded on NaCSA trek report for December 2006 did not reflect the actual physical status of the project. The staff quarters for which the report mentioned that blockwork had been raised to window height was not visible; only the floor slab had been concreted. This programme was at a complete standstill.

2. COMMUNITY HEALTH PROJECTS

* **Mabarie Village –Bombali: Construction of Community Health Post**

Hand pump wells were improperly constructed and were thus not functioning.

* **Barlie Village: Construction of Maternal and Child Health Post.**

The community provided skilled labour up to wall height without receiving any payment from the contractors. They also provided land, sand, stones, and sticks until the work was completed without receiving any consideration from the contractor. Concerns were also raised by the community about lack of transparency between the contractor and officials of NaCSA.

* **Ngolahun Taninahun Section: Construction of Community Health Post.**

Skilled workers' Time Sheets submitted to NaCSA by the contractor were not signed by them.

* **Kpuwabu Junction Valunia: Construction of Community Health Post.**

Part skilled labour was provided by the community for which no reward was received from the contractor. The community also raised concerns about the lack of transparency by the contractor. Local materials were provided by the community up to wall height, instead of foundation.

* **Vaama Barri: Construction of Community Health Post.**

The community provided skilled labour without receiving any remuneration from the contractors. Both contractor and community workers had abandoned the site for the past five months. Stones, sand and sticks were provided by the community up to wall height.

* **Mandema Kondegbe Section : Construction of Community Health Post**

Stones, sand and sticks were provided by the community up to roof height and also skilled labour for which no payment was received from the contractor. The water pump had not been completed. Furniture had not been supplied by the contractor. Selection of contractors had been done by NaCSA.

* **Magbenka Kongbora- Construction of Community Health Post**

The hospital was closed because NaCSA had not yet paid the final instalment to the contractor.

3. RURAL INFRASTRUCTURE DEVELOPMENT PROJECT (RIDP)

500 km of Feeder Roads

- 6 Markets-Types A
- 6 Markets- Type B
- 12 Community Centres
- 12 Libraries (Regional Districts)

A substantial amount of funds was utilised on other expenditure (Le2,605m) rather than on direct project activities. See below:

i. Rural Infrastructure Le4,500,000

ii. Feeder Roads:

The sum of Le 449,642,000 was spent but not a single road was constructed. This amount was in respect of the acquisition of light roads equipment and tools.

iii. Other Expenditures:

- (a) Management Expenses- Le1,338,574,000.

The following transactions were considered to be unrealistic:

	<i>Le'000</i>
Office Furniture and Equipment	384,153
Vehicle and Spares	114,635
Monitoring and Evaluation	101,146
Stationery	331,488

- (b) Consultancy -Le1,238,836,000.

The following transactions were undertaken even though no feeder roads were constructed.

	<i>Le'000</i>
Consultancy Fees for Supervision of Feeder Roads	859,967
Vehicles and Spares for Consultants	176,903

4. ACCOUNTING AND INTERNAL CONTROL PROCEDURES

Receipts were unavailable for most payments to suppliers made through bank transfers. A net amount of Le1,772m for funding of the RIDP was given as advances to other projects and up to the time of issuing this report most of these amounts had not been refunded. Since the declaration of effectiveness in June 2005 to the commencement of the audit in May 2007, almost 24 months afterwards, not a single sub-project was on the ground.

28.13 ROKEL COMMERCIAL BANK (SIERRA LEONE) LTD -2007

Rokel Commercial Bank (SL) Ltd made payments on behalf of its partners in Kenya and subsequently expected to receive

reimbursements from those partners. The rate of reimbursement from them was at a very slow rate. There was also no form of reconciliation between the bank and its partners. Reconciliations were not done for the money transfer system between the bank and its partners in Ghana between October 2007 and December 2007. The overdrafts, loans and advances agreements for various customers had been violated or ignored by the bank thus increasing the probability of a complete write off in some cases. There was a difference of Le255m between actual drawn down as per financial history report and loan statements and the BSD 3.

28.14 SIERRA LEONE STATE LOTTERY COMPANY LIMITED (LOTTO)

Rent due from the National Commission for Privatisation, to the tune of Le800 Million, was still outstanding. The Company's properties in the United Kingdom (UK) were sold by the Government of Sierra Leone for a net amount of £481,703.34. This amount had still not been paid over by the Government and this may adversely affect the cash flow of the company. Bank Statements relating to Le21,027,986.07 held as Fixed Bank Deposit were not submitted for inspection.

28.15 SIERRA LEONE ROADS AUTHORITY (SLRA)-2006

The Operations Department had not erected missing signposts at most of the approaches to bridges even though Departmental Directors urged the Operations Department to address this issue as soon as possible. Poor performance by some contractors, largely due to lack of, or little, supervision of contractors by SLRA, had not been addressed even though this observation was made at two different meetings. Supporting documents were not available to substantiate the use of advances made to staff to the tune of Le85m. SLRA's accounts recorded advances of Le 99m for Work Programme 5 as Receivables from contractors even though these advances had been fully recovered from the contractors. Retention money, totalling Le156m, for the EU Work Programme 5 was still outstanding. Grave anomalies were discovered in respect of the award of contracts and payments made to contractors. The amount involved was Le198.236m. Withholding Tax was not deducted from payments made to contractors. Registration and Licence Fees paid by Sierra Leone Road Transport Authority (SLRTA) violated best practices as stipulated in the Accounting Manual in several areas. Moreover, in the absence of weekly returns for December 2006, there were no revenue receipts and no payment was recorded in the Cash Book for that period.

28.16 STATISTICS SIERRA LEONE – 2005 and 2006

The file management system of the Finance Office was in disarray; accounting records and other documents were not properly stored and filed. A host of contract documents was not made available for

inspection or verification. A total of Le630m relating to Foreign Exchange Gain, Suspense Account and Cash at Hand could not be verified. The authenticity of a total of Le11.5m paid to staff of Statistics Sierra Leone from project funds could not be ascertained and the required statutory deductions were not made on such payments. A total of Le6m was made without the approval of the appropriate authority. Bank reconciliations were not reviewed by any senior official to ensure that they were true and correct. Receipts issued for the sale of maps, census results, statistical digest and bulletins were not pre-numbered. Tangible Fixed Assets of the organisation were not physically verified on a regular basis to check their existence and condition. PAYE and NASSIT deductions were incorrectly calculated for both periods and were not paid on time as stipulated by the Income Tax Act, 2000 and the NASSIT Act, 2001. Statistics Sierra Leone has over the past two years, excluded inventory items from its Financial Statements.

28.17 SIERRATEL-2005

28.17.1 Stocks

Out of a sample of 70 invoices for stock items requested, only three were provided. The unit cost of two of the three invoices was incorrect. There was a difference of Le1,508,259,016.68 between the draft Financial Statement and the schedule provided for audit. Management had already proposed to write off the amount of Le1,200,000,000 as it could not be supported by schedules. Several anomalies were discovered between the Reconciliation Statement and the Trial Balance in respect of stores items.

28.17.2 Cash and Bank Transactions

Payments made by customers which should have been banked on the following day were received by cashiers on a daily basis and used by managers for day to day transactions. A lot of discrepancies were discovered in the review of monthly Bank Reconciliation Statements. Statements received from foreign bank accounts at the end of the month were used to prepare the Cash Book entries and consequently no reconciliation statements were prepared in respect of such accounts. Reconciliation Statements were also not prepared on a regular basis and some lacked evidence of preparer and reviewer. Bank Reconciliation Statements or Cash Books were not provided for some bank accounts with balances to the tune of Le59,111,372.15. These bank accounts were also not confirmed by the various banks.

28.17.3 Debtors

An unexplained difference of Le2,427,759,056 between the balance as per General Ledger and Debtors Analysis was observed when reconciliation was carried out on National Local Subscribers balance

as at 31st December 2005. Debtors, amounting to Le25,786,328,200.50, were still maintained in the company's Financial Statements as at year end even though they had been fully provided for in prior years; no attempt appeared to have been made to chase these debts during the period under review.

28.17.4 Miscellaneous

There was a difference of Le373, 832,521.23 between international telephone and fax revenue, computed by the external auditors, and the balance as per General Ledger and Trial Balance. An unexplained difference of Le644,220,940 occurred between national revenue using call data in the IT department, computed by the external auditors, and the General Ledger/Trial Balance. Reconciliation of traffic minutes between Sierratel and their interconnect partners was not done. Invoices were raised by Sierratel for services provided to GMK although GMK normally provided their own invoices and, in all cases, made payments to Sierratel, based on their own invoices generated. It was further observed that deductions were made by GMK to the tune of Le234,620,583.19 from their invoices before sending them to Sierratel and these deductions were not backed by supporting documents. There was no tender process for most of the purchases above the limit of Le20 million as prescribed in the company's procurement policy. Purchases amounting to Le18,210,000 for different items were also not supported by proforma invoices from three different suppliers. Sierratel did not have a capitalization policy; assets costing as low as Le6,000 were capitalized during the period. The names of some staff were still included in the payroll even after they had resigned, retired or died.

28.18 SIERRA LEONE LIBRARY BOARD 2004-2006

There was no proper filing system of processed documents such as overtime, bank state-ments, and payroll vouchers etc. The Board lacked a separate Procurement Department as well as an Internal Audit Unit. Quarterly Budget Performance reports were not prepared. The Cash Book was written in pencil and there was no proper documentation of daily transactions. There was no Fixed Assets Register in operation.

28.19 SIERRA LEONE PORTS AUTHORITY- 2007

The Authority was still pursuing the issue of the supply of tipper from Mr. Larose Gaye in court for which the sum of US\$47,500 was paid as an advance. Specifications agreed upon were not adhered to and judgement was yet to be given. Replies had not been received from all of the fifteen debtors who were circularised regarding their balances. Staff Loans Policy had not been adopted and there were still outstanding balances of salary advances at the year end. Prices on the stock of ticket were not printed even though the tickets had

been stamped for validation. The agreed repayment schedule had not been complied with and also the balance owed by an enterprise had increased from Le1,22bn to Le1,35bn. A difference of Le165,133,349 existed between the Summary of Payments for Casual Labour and the Trial Balance.

28.20 SIERRA LEONE AIRPORTS AUTHORITY -2007

It was observed that the provision for pilots to sign the bills for Aircraft Landing Charges to acquiesce the computations and amounts of the bills was omitted. The overdraft facilities granted by Sierra Leone Commercial Bank and Standard Chartered Bank had been exceeded.

28.21 SIERRA LEONE COMMERCIAL BANK-2007

The Central Bank levied fines to the tune of Le79m for breaches of banking regulations. The coverage of Internal Audit at the Siaka Stevens Street Branch was not focused on high risk areas like investments, loans and advances, customer accounts etc. No inspection visit was made by the Internal Audit to Congo Cross, Clinetown and Mobimbi Branches in 2007. There were huge differences between the budget and the Financial Statements. A substantial amount of loans outstanding in individual accounts far exceeded the value of the securities on which the loans were given. Some of the loans and advances amounting to Le5bn were misclassified during the period. There were significant differences between the physical cash count and General Ledger at the Siaka Stevens Street Branch. Differences were also observed between the interest rate approved by Management and that applied for some customers with overdrawn accounts. The banking software (Flexcube) used by the bank had a very slow response and data processing time, especially at the branches. The bank issued various guarantees to a company in support of a contract for the construction of the Freetown-Conakry Highway amounting to Euro 2.3m and Le1.1bn. This contract was terminated in September 2007.

28.22 SIERRA LEONE POSTAL SERVICES (SALPOST)

At the request of the Criminal Investigations Department (CID), which was probing the activities of the Post Office Savings Bank from 1st January 2001 to 31st July 2007, an investigative audit was carried out on the operations of the Bank for the relevant period. The areas covered were SALPOST Loans, Inland Money Orders (IMO), Provincial Cash, Foreign Money Orders (FMO), I owe You Chits (IOUs), and Staff Directors' Loans, all of which were examined in conjunction with Police Exhibits. Finally, an assessment of the Internal Audit Unit was carried out.

28.22.1 Salpost Loans

SALPOST Loans were withdrawn from the Savings Bank to meet the operational costs of SALPOST, including meeting the external obligations of the Multi-Year Integrated Project with the Universal Postal Union (UPU). The account was operational since 2001 with an initial sum of Le 5,000,000.00 which was the first amount withdrawn from the Savings Account on 18th October 2001. The account was called SALPOST Operational Account No: 10-87-43. Although it appeared to be a Customer Deposit Account, it was actually an interest free loan designed to circumvent a Court Order freezing SALPOST Account at the Sierra Leone Commercial Bank. Neither proper records nor internal controls were maintained in respect of the Operational Account. Thus much reliance could not be placed on the available records. As a result of this limitation, it was impossible to determine the quantum of loans given to SALPOST as stipulated by the Police. With the exception of three withdrawals, totalling Le180,000,000.00 transactions that were passed through this account could not readily be identified. The operations of the bank were fraught with irregularities and dubious transactions especially after 17th January 2007, the date on which Savings Bank Customers lodged complaints at the CID. In short, Banking transactions at the Savings Bank were manipulated at will by the Management of SALPOST.

28.22.2 Inland Money Order (IMO)

Inland Money Order was used to transfer money from one Post Office to another within Sierra Leone for the benefit of a known beneficiary referred to as the "Payee". This process was administered by SALPOST with the Savings Bank acting as its agent in Freetown. The *modus operandi* with regard to IMO transactions was grossly violated, as neither requisition requests nor IMOs despatched were available for inspection for the period under review. Furthermore, weekly returns of all IMOs from various Post Offices and the Provincial Cash Book (maintained by the OC Cash Office) were also not produced for audit. Thus, reconciliations of weekly returns of IMOs could not be carried out between the OC Cash Office and the Savings Bank. In the absence of receipts issued by the Savings Bank to SALPOST for IMOs honoured by the former, it was evident that such IMOs were not repaid to the Savings Bank. Several discrepancies were noted between the records of encashed IMOs as per the Police Exhibit and the Savings Bank Counter Cash Book for the period 2003 to 2005. The difference as at 31st December 2005 stood at Le54,707,052.00. However, the Internal Auditor's calculation of encashed IMOs was in agreement with the Police Records although there were no Working Paper Files kept by the Internal Audit Department to substantiate

the efficacy of the Internal Auditor's Report. Payments, totalling Le17,000,000.00 were allegedly made in respect of the misappropriation of Le 88,340,000.00 through the fictitious issuing of IMOs for the period 2003–2005. In spite of a moratorium levied on the encashment of all IMOs in 2006, an IMO for Le 250,000.00 was issued in that year.

28.22.3 Provincial Cash

Provincial Cash comprised Customer Savings Deposits held in Provincial Post Offices on behalf of the Savings Bank, as customers were permitted to deposit/withdraw money at any Post Office within Sierra Leone for onward transmission to the Savings Bank in Freetown, transfers of which were made by SALPOST Head Office. Such transactions were regarded as SALPOST Loans/Advances until the necessary adjustments were made to the Savings Bank. In some instances, Post Offices paid funds collected from customers directly to the Savings Bank. Periodic Statements of such transactions should be submitted by Provincial Post Masters to the OC of Cash Account at SALPOST Head Office in Freetown. Such periodic statements should be reconciled with amounts recorded in the Savings Bank. It was observed that an amount of Le71,722,176.00, recorded as the figure for Provincial Cash as at 31st December 2005 (as per Police's exhibit) was actually Provincial Cash Payment made directly to the Bank by Post Offices. Discrepancies were observed between the amount recorded in the Nominal Ledger and the total of amounts paid directly to the Bank as per duplicate copies of receipt books. A cumulative amount of Le140,703,414.00 could not be explained because of the gross inadequacy of weekly returns records submitted to the Savings Bank by Provincial Post Masters. There was no control over the issuing of receipt books to Post Masters and as a result it could not be confirmed that issues of 52 receipt books were indeed made to Post Masters. It was therefore not possible to determine the exact amount of Provincial Cash owing to the Savings Bank by SALPOST for the period under review.

28.22.4 Foreign Money Order (FMO)

Foreign Money Order, known as International Money Order, was used as an International Money Transfer Service via the International Postal System. It should have been a strictly Post Office to Post Office affair. However, it was observed that the Savings Bank had to step in to provide funds to honour such transactions, which the Bank should have subsequently claimed from SALPOST on a quarterly basis. Records were unavailable of all FMOs paid by the Bank on behalf of SALPOST. For the period 23rd April 2001 to 9th April 2002, it was established, from available information that a total

of Le2,545,200 was paid by the Bank in settlement of FMOs. This amount had not been settled by SALPOST. Although the then Bank Manager quoted a figure of Le 2,784,590 for this item, there was no mention of FMOs as per the Police Records.

28.22.5 I Owe You Chits (IOUs)

I Owe You Chits were acknowledgements on pieces of paper of money owed to the Savings Bank by individuals. There was no system or laid down procedures in place for such transactions. In practice, approvals of IOUs were given by the Managing Director and/or the Financial Controller of SALPOST. They were used to finance the operations of SALPOST (some of which were passed through the Operational Savings Account No:10-87-43) and to meet the personal needs of some members of SALPOST Management and Staff. In short, the system was prone to abuse as it was used by Staff at all levels and even individuals outside SALPOST and the Savings Bank. A total of Le2,140,000.00 in respect of IOUs related to external individuals which were concealed from the Police as well as other IOUs for the sum of Le8,825,000.00 Owing to the chaotic situation of IOU Records and the acute incidence of irregularities, it was not possible to confirm the amount of Le111,138,140.00 i.e. IOUs issued from 2003 to 2006 as stated by the Police. Several IOUs were made using Savings Account Withdrawal Forms to create an impression that these were genuine withdrawals from Savings Accounts. Repayment of IOUs could not be verified for reasons stated above.

28.22.6 Staff/Directors' Loans

Although the Bank's operating instrument did not permit it to grant loans to Individuals, there was a scheme for such loans to be granted. Specific regulations were applicable to the scheme including its *modus operandi*.

(i) Management Staff Loans

The quantum of loans taken out by Management could not be ascertained owing to the inconsistencies of records maintained by the Bank. Discrepancies were noted between Individual Loan Balances as contained in the Staff Loans Ledger and those in Ledger Cards of Management Staff who held accounts at the Savings Bank. As a result, the balances contained in the Police's request letter could not be verified. Several breaches of the scheme as well as irregular transactions by Management were noted.

(ii) Junior/Other Staff Loans

Owing to the non-maintenance of adequate documentation coupled with the non-existence of a proper accounting system

in place for those loans, the quantum of loans granted/balances outstanding in respect of this category of staff could not be verified. Moreover, although deductions were made from the salaries of staff to whom such loans were given, such payments were not made to the Bank since 2004. The accuracy of payments made to the Savings Bank in respect of deductions from salaries between January 2002 and May 2004, totalling Le48,199,276, could not be ascertained. The reason was that Payroll deductions were all lumped together under the heading “Medical Loans”.

(iii) Directors’ Loans

There was no basis for the granting of loan facilities to Directors. Grave anomalies were noted in the accounting system for such loans. Consequently, Directors’ Loan Balances as per Police Exhibit could not be confirmed. Repayment of such loans by Directors could not readily be ascertained as pertinent records were fraught with a lot of irregularities.

28.22.7 Internal Audit Assessment

An Internal Audit Unit should provide Management with a fair appraisal of the performance of an organisation. The unit should preferably be completely independent of Management. In the case of SALPOST, the independence and objectivity of the Internal Audit function were fully compromised. This was because the unit was grossly under-staffed. It was basically manned by one person without either a manual or a work programme. The Internal Audit Unit was therefore ineffective and the only coverage done in the Savings Bank was an investigation into Inland Money Order Operations. As a result, hardly any reliance could be placed on the work of the Internal Audit Unit.

In conclusion, it can be categorically stated that the activities/malpractices of the Bank were grossly interwoven with those of SALPOST, thereby rendering it ineffective to operate as a Savings Bank. The matter is still being investigated by the CID.