



AUDIT SERVICE SIERRA LEONE

VISION

To be a respected, agile, merit-based and ethically transparent Institution dedicated to assuring the productive stewardship of the investments of taxpayers and other stakeholders; and the safeguarding of the Citizens' interests in the public sector.

MISSION

Our Mission is to assess the correctness of the use of taxpayers' and development partners' monies that are entrusted to public institutions.

VALUES

The following key ethical standards must underpin the work of all staff members of the Audit Service at all times:

- Integrity
- Timeliness
- Independence, Objectivity and Impartiality
- Professional Development
- Competence
- Trust, Confidence and Credibility
- No Conflict of Interest
- Political Neutrality

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FOREWORD

It is with pleasure that I present my report on the Annual Accounts and Financial Statements of Sierra Leone for the year ended 31st December, 2008.

In spite of several challenges experienced during the year, I have endeavoured to keep within the timeframe required for the submission of my report to Parliament, as stipulated in the Government Accountability Act 2005.

Through the support of our donor partners, Department for International Development (DFID), African Development Bank (ADB) and the Commonwealth Secretariat, we were able to provide capacity building for our staff and equip them with some logistics to facilitate the implementation of their work.

We have widened the scope of our audit by introducing new areas recently namely: Performance, Information Technology, Procurement and Civil Works Audits.

Unfortunately, the Headquarters is still situated at the 2nd Floor of Lotto Building at Tower Hill, although frantic efforts have been made to acquire additional office space for our staff. With support from DFID, proposals being finalised to erect an office building on State Land at Tower Hill, provided by the Government of Sierra Leone. The preliminary works on the site have already commenced.

Since it is obvious that the funds provided by DFID will be inadequate to finance the total cost of the building some provision has been made by the Sierra Leone Government in its Development Estimates towards the construction of the building. However as a substantial shortfall in funds available still exists, we are appealing to other donors to come to our aid to meet the shortfall envisaged.

Parliament is doing all it can to support the Service and is in the process of providing some office accommodation for the team, assigned to the Public Accounts Committee.

During the year under review, the Audit Service Sierra Leone also benefited from both local and overseas training programmes sponsored by the English Speaking African Organisation of Supreme Audit Institutions (AFROSAI-E) DFID and the Commonwealth Secretariat.

Six members of staff got married, two died and 29 joined the organization during the year under review.

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

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

Finally I wish to record my appreciation to our International Donor Partners namely, the ADB, DIFID and AFROSAI (E) and the Commonwealth Secretariat for their immense contribution towards Capacity Building during the year.

I. STATEMENT OF ASSETS AND LIABILITIES

II. AUDITOR GENERAL'S CERTIFICATE

QUALIFIED OPINION

I have audited the attached Financial Statements and Cash Flow Statement for the year ended 31st December 2008. 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 International Organisation of Supreme Audit Institutions (INTOSAI) Standards. These standards require that I plan and perform the audit to obtain reasonable assurance on 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, except for the effects of matters highlighted below, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Accounts of the Government of Sierra Leone as at 31st December 2008 and its financial performance for the year then ended;

- Revenue Arrears relating to Income Tax and other Income Generating MDAs were not disclosed.
- Commercial Bank balances in the Financial Statements could not be verified as confirmations were not received from the various Commercial Banks.
- Some Payment Vouchers were not produced.
- Other Public Funds including Donor Funds as well as Retained Internally Generated Funds were not included in the Financial Statements
- The amount of NASSIT Accruals in the Financial Statements could not be verified. There was no evidence of reconciliations being carried out between the Accountant General's Department and NASSIT.
- Loan to the Management of SALPOST to meet salary arrears was not disclosed, in contravention of Section 37 (5) of the Government Budgeting and Accountability Act 2005.

Other Matters

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the Public Accounts:

1. Regular revenue reconciliations were not carried out between the Accountant General's Department and the National Revenue Authority

2. Adequate supporting documents were not always available for payments effected in respect of Other Charges.
3. Some inconsistency was observed between records maintained by the Accountant General's Department and the Public Debt Unit.

Anna Caesar (Mrs.)
AUDITOR GENERAL

DATE: 31st DECEMBER 2009

III. INTRODUCTION

Audit of Public Accounts

I am required by Section 119(2) of the 1991 Constitution to audit the Public Accounts of Sierra Leone and all public offices, including the Courts, the accounts of the central and local government administrations, of the Universities and public institutions of like nature, any statutory corporation, company or other body or organization established by an Act of Parliament or statutory instrument and submit my report thereon to Parliament.

The Government Budgeting and Accountability Act 2005 which replaces the Public Budgeting and Accounting Act 1992, spell out clearly the responsibilities of the Auditor General: Section 63 Subsection 1(a-e) and 2 state as follows:

In his examination of the annual accounts, the Auditor General shall ascertain whether in his opinion-

- (a) the accounts have been properly kept
 - (b) all public moneys have been fully accounted for and the rules and procedures applicable are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue.
 - (c) moneys have been expended for the purpose for which they were appropriated and the expenditures have been made as authorized and that departments or budgetary agencies have adhered to the law relating to procurement;
 - (d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public property, and
 - (e) financial business has been conducted with due regard to economy in relation to the results achieved.
- (2) The Auditor- General shall specify the appropriate vote controller, the amount due from any person on whom he has made a surcharge and the reasons for the surcharge and shall report the circumstances of the case to the Minister.

Objectives of the Audit

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.

Audit Scope and Approach

The entire report covers audits undertaken for periods up to 31st December 2008. 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.

Submission of Accounts

The Annual Statement of Accounts for the Financial Year ended 31st December 2008 were submitted by the Accountant General for the purpose of auditing, as required by Section 57(1) and (2) of the Government Budgeting and Accountability Act 2005, within the statutory period provided in the Act. The Accountant General and his staff have to be congratulated on this achievement. The early submission of the Annual Accounts has, in turn, enabled me to complete the audit in time and submit my statutory report to Parliament within the timeframe prescribed by the 1991 Constitution and the GBAA2005.

Submission of the Report

In accordance with Section 119(4) of the 1991 Constitution and Section 66(1) of the GBAA 2005, I am required to submit my report on the audit of the accounts of Sierra Leone to Parliament within twelve months of the end of the immediately preceding financial year. For the period under review, I am happy to report that I have been able to meet this requirement.

Public Accounts Committee

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

The recommendations of the Public Accounts Committee on issues dealt with in the Auditor General's Report for the years up to 2005 have still not been fully implemented. Much has not been achieved with matters referred by the Auditor General to either the Accountant General or the Attorney General.

The PAC had deliberated on the Auditor General's Reports on the Accounts of Sierra Leone 2006 and had commenced the examination of the Report for the year 2007. The Committee's findings, comments and recommendations on the 2006 Report are yet to be published.

THE PUBLIC ACCOUNTS OF SIERRA LEONE 2008

RECORDS MANAGEMENT

Even though strides were made in the previous year in improving the storage and retrieval of prime accounting documents, there were still problems and delays in getting Payment Vouchers. This was evidenced by the fact that 41% of the total sampled vouchers requested were not submitted for audit inspection.

INTERNAL AUDIT

The number of Internal Audit Reports produced did not correspond with the Internal Audit Plan submitted to the audit team and follow-up/verification reports were not submitted to confirm that recommendations relating to these reports were implemented. As a result of this, much reliance was not placed on the work of the Internal Audit Unit.

REVENUE

An under-lodgement of revenue by the National Revenue Authority (NRA) into the Consolidated Revenue Fund was observed and Non Tax Revenue collections from various MDAs were either overstated or understated in the Accounts. In addition, it was noted that revenue collections from NRA were held in various Commercial Banks instead of being transferred into the CRF at the Bank of Sierra Leone. Furthermore, Revenue Arrears for the period under review were not disclosed.

NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (NASSIT) ACCRUALS

The confirmation received from NASSIT revealed that the amounts of Past Validation recognised in the Accounts were overstated by Le1,085M.

CASH AND BANK BALANCES

Third Party Confirmations from Commercial Banks were not received. As a result of this, it was impossible to ascertain the accuracy of the bank balances held in Commercial Banks for the period under review. Bank Confirmations received from the Bank of Sierra Leone revealed that bank balances relating to two institutions were understated by Le15,175,358.68 and Le47,131,010.60 respectively. Bank Reconciliation Statements were not prepared by a senior officer.

DOMESTIC SUPPLIERS' ARREARS

The amount for Domestic Suppliers' Arrears was overstated in the Accounts by Le39,720.4M and an amount verified by the Audit Service Sierra Leone was not included in the balance outstanding. In addition, a payment of Le200,000,000.00 was made in respect of Domestic Suppliers' Arrears without the mandatory deduction of 5% With-holding Tax. A payment of Le183,712,493.80 was not captured by the Public Debt Unit in the Accounts.

DOMESTIC PUBLIC DEBTS AND EXTERNAL PUBLIC DEBTS

Material overstatements and understatements of Domestic Public Debts and External Public Debts were noted and there were inconsistencies between the schedules received from PDU and AGD.

DEBTORS PRIVATISATION

There was a marked difference, between confirmations received from NCP and the Debtors Privatisation balance recognised in the Accounts. Also, the holding of Le159, 965,450.00 by NCP was in contravention of Section 11 (5) of the Government Budgeting and Accountability Act 2005.

MISCELLANEOUS DEBTORS

An amount of Le773, 872,624 given as Loan to the Management of SALPOST to meet salary arrears was not disclosed, in contravention of Section 37 (5) of the Government Budgeting and Accountability Act 2005.

LOANS AND ADVANCES

The figure for Loans and Advances in the Accounts was understated by Le10 million.

PAYROLL

An analysis of the Payroll Cost in the Free Balance Report on a Month- by- Month basis, revealed significant unusual fluctuations. These fluctuations were not clearly explained and evidences for majority of their variations were not made available. It was also observed that a Management Information Report on the performance of the wage bill for the audited period was not prepared. Furthermore, the Budget Performance Module within the Integrated Financial Management Information System (IFMIS) which captures and identifies the variances between the budgeted and actual Payroll Cost was not utilised by the Budget Bureau at the Ministry of Finance and Economic Development for the period under review.

OTHER CHARGES

Twenty-seven (27) PETS Forms II attached to Payment Vouchers, with amounts totalling Le799, 727,126, were not adequately completed by those charged with the responsibility of signing, certifying and authorising expenditure. Thirty-two (32) Payment Vouchers, with amounts totalling Le1,014,773,987.00, were not supported by the relevant supporting documents. Also two hundred and ten (210) Payment Vouchers with amounts, totalling Le12, 619,753,578.00, were observed to have amounts written in figures but not in words whilst 227 PVs and other supporting documents amounting to Le14, 324,822,807.00 were not ruled in red. Payments made for goods and services with amounts totalling Le220,041,136.00 were effected without due regard for three competitive proforma invoices. Out of a total of 1959 Payment Vouchers requested, 805 (i.e. 41% of the total PVs requested) with amounts totalling Le82, 274, 779, 736.00, were not submitted for audit inspection.

DONOR DISBURSEMENT

Donor Disbursements relating to various development projects were not captured.

INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM

The IFMIS modules such as the Performance Budget, Inventory and Fixed Assets were either not utilised or underutilised during the period under review. Other problems identified during the review of the IFMIS range from absence of a Disaster Recovery Plan and I.T Operational Manual to Environmental Concerns.

V. MINISTRIES, DEPARTMENTS AND AGENCIES

LOSSES OF CASH AND STORES UP TO 2007

Losses of Cash and Stores arose mainly from theft, fraud, or serious irregularities in Ministries, Departments and Agencies (MDAs).

▪ Losses of Cash

Total losses of cash for periods up to 31st December 2007 totalled Le109,874,427,557.00; \$4,517,302.41; £12,808.00; €3,596.86; ¥313,639.00 and N100,000. Out of these amounts, only the sum of Le1,625,570,234.00 were verified to have been brought to account by various MDAs.

▪ Losses of Stores

In the same vein, losses from Stores amounted to Le1,619,635,681.00 and \$217,500. These amounts are yet to be recovered from either individuals or the MDAs concerned.

▪ Arrears of Revenue

Arrears of revenue, to the tune of Le17,903,074,676.00; \$324,639.73 and N125,000.00, for periods up to 31st December 2007 had still not been recovered.

▪ Losses from Schools and Other Educational Institutions

Losses from Schools and Other Educational Institutions attracted not only cash but also large arrears of school fees; loans/salary advances unpaid and unclaimed salaries. A detailed analysis of these losses for periods up to 31st December 2007 is given below:

School Fees not Brought to Account Le	Loans/Salary Advances Le	Arrears of School Fees Le	Losses(cash) Le	Unclaimed Salaries Le	Recovery Le	Pending Le
571,212,724	117,967,301	907,802,596	1,128,612,826	163,838,011	398,319,140	2,491,114,310
			£1,400			£1,400
			\$6,875			\$6,875

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

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

DEPARTMENT OF FINANCE

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

Payment Vouchers and Local Purchase Orders

Out of a sample of 118 Payment Vouchers, 12 vouchers, totalling Le5,173,664,850.00, had amounts written in figures but not in words. Payments relating to air tickets, operational activities for PETS and MTEF, amounting to Le347,387,360.00, Le213,723,000.00 and Le152,150,000.00 respectively were effected without due regard for the requirement of three competitive proforma invoices. In addition, these payments were not supported by the relevant business documents. Payment Vouchers, totalling Le286,661,760.00, were not supported by Local Purchase Orders. Also there was no indication of approval on the Local Purchase Order attached to a Payment Voucher for the sum of Le21,034,000.00 paid to IPC Travel Agency for Air Tickets. Stores Verification Certificates were not available in respect of payments, totalling

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

Miscellaneous Expenditure (501)

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

DEPARTMENT OF ECONOMIC DEVELOPMENT

Payments, totalling Le108,496,906.00, were effected without due regard for the requirement of three competitive proforma invoices. Daily Subsistence Allowances (DSAs) for overseas travelling were overstated by Le22, 087,236. The purchase of a business class return air ticket from Freetown to Beijing was overstated by Le12,966,100.00 when compared to the present business class return air ticket price taking into consideration the rate of inflation. A sample of 4 Payment Vouchers and other supporting documents, totalling Le21, 120,000.00, were not ruled in red ink to indicate completion of payment to avoid recycling. A sample of 31 Payment Vouchers, totalling Le1, 220,650,695.00, had amounts written in figures but not in words. Payments to the tune of Le72,599,031.00 were made without adequate supporting evidence. PETS Forms II, attached to Payment Vouchers, totalling Le1,119,832,317.00, were not adequately completed by those charged with the responsibility of signing, certifying and authorising expenditure. Eleven (11) Payment Vouchers, totalling Le87,330,000.00, had Local Purchase Orders prepared before Commitment Control Forms (CCFs) were approved. An imprest of Le3,500,000.00 for the month of April was not retired. Furthermore, out of the total imprest of Le3,500,000.00 for the month of July only Le2,000,000.00 was retired. It was also observed that the imprest retirements were done earlier than the dates shown on the receipts. Neither a Procurement nor a Strategic Plan was in existence. Even though the department maintained an Inventory Register, details such as inventory cost, dates of purchase, code/ type and names of suppliers were absent. It was also noted that no authority was given and no set procedures were followed before assets were classified as scrapped.

Non Governmental Organisations (NGOs)

Thirty (30) NGOs from the 2007 List submitted by the department were not recorded on the 2008 Register as existing NGOs even though they were in operation for the period under review. Fees (Registration and Renewal) in relation to these undisclosed existing NGOs totalled Le5,900,000. It was observed that 182 NGOs (both Local and International) with a total fee of Le73,370,000.00 were found on the register of the department but not on the National Revenue Authority (NRA) Register. Also, 26 NGOs (both Local and International), with a total fee of Le18,210,000.00 were found on the register of NRA and not on the department's register. New rates for NGO registration and renewal were introduced in October 2008. However, owing to the failure of the officers at the department to provide the dates of NGO registration/renewal for the period under review, it was impossible to determine the undisclosed collections using the new rates. Paying-in slips, totalling Le6,500,000.00 and Le250,000.00 in relation to NGO registrations and renewals respectively, were found on the list indicating collections by NRA but not recorded in the Cash Book. There were significant variations in collections of NGO Registration and Renewal fees between the department, NRA and the Accountant General's Department for the period under review. NRA Receipt Books for the period January to October 2008, in relation to NGO Registration and Renewal Fees, were not submitted for inspection.

MINISTRY OF JUSTICE

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

i) Judiciary High Court Treasury

Some Accountable Documents were not produced for inspection. The High Court failed to reconcile its Vote Service Ledgers with the Accountant-General's Printout. Imprests, totalling Le46,420,000.00, were not supported by adequate documents. Salaries, amounting to Le41, 624,540.00, were paid to third parties without proper authority. Unclaimed salaries, totalling Le2,101,675.00, had not been paid back into the Consolidated Revenue Fund. Examination of Client Deposit Account revealed a difference of Le211,303,511.43 between the Clients' Cash Book and payments into bank as indicated in the Bank Statements. Receipts, totalling Le48,633,911.00, were neither entered in the Cash Book nor banked. There were also duplicated receipt numbers totalling Le 1,901,900.00. Revenue collected, totalling Le 72,104,826.52, alleged to have been paid into the bank was not credited in the Bank Statement.

ii) Appeal Court

Neither a Log Book nor an Operating Record was maintained to record fuel and oil bought for the sum of Le49,195,600. Consumption details were also not available for inspection. Various stores items, valued at Le54,144,000 and Le1,155,000 respectively, were neither taken on ledger charge nor issued in a proper manner. Payment Vouchers,

totalling Le3,500,000.00, were not produced for inspection. There were inconsistent signatures on Salary Vouchers for the period under review in respect of 24 employees. The amount involved was Le21,053,714.00. An Inventory Ledger was not maintained. A Vehicle Log Book was not in operation. Fuel Chits were not produced for inspection to account for the receipt and issue of fuel, amounting to Le9,506,250.00, between 1st January and 8th May 2006. The Vote Service Ledger was not properly maintained. Salaries, amounting to Le335,409.00, were paid to third parties without proper authority.

iii) Supreme Court

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

MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATIONS

Sierra Leone Embassy Brussels

The Financial and Accounting Systems operated by the Embassy did not conform with the Sierra Leone Public Sector Financial Systems and Regulations. Payment Vouchers, Cheque Books and Bank Reconciliation Statements were not maintained/carried out by the Embassy. Furthermore, bills, invoices and receipts were made in French and not translated into English. An "Online Banking" was used by the Embassy without the approval of the Financial Secretary or Accountant General. A Temporary Finance Officer was in control of the financial operations of the Embassy (Transactions request and approval were done by the same Finance Officer). Moreover **his** knowledge and skills in the Public Sector Accounting/ Government operations was unsatisfactory. It was observed that the Embassy was operating twelve (12) different Bank Accounts which made it difficult to review and follow-up bank transactions. In addition these accounts were not balanced and reconciled monthly. The sum of £2470 was used out of the Other Charges Allocation to buy official Costumes/Suits for Diplomatic and Home Based Staff on the occasion of the presentation of the Ambassador's credentials, even though Diplomatic Staff were paid Clothing Allowance on first appointment. Expenditures, totalling £21,000, were without authorisation from the Ministries of Finance and Foreign Affairs. A Loans Policy or Register was not maintained in respect of loans issued by the Embassy. Private/Personal Loans of Home Based/Diplomatic

Staff remained unpaid when officers were recalled from duty or transferred elsewhere. Government Funds, totalling £19,340.00, were used to repay Bank loans and other claims of officers without authority from the Ministries of Finance and Foreign Affairs. An outstanding obligation amounting to £40,457 for the period January 1992 to July 2005 due to UNESCO still remained unpaid up to the time of the audit inspection. There was no evidence to confirm that Acting Allowance was paid to a former Ag. Head of Chancery for the period 1st November 2007 to 16th June 2008. There was no compliance with the ceiling on payments and format for use of telephones assigned to the Ambassador and Diplomatic staff. The Assets Register was not properly maintained. A Policy on the movement, additions and disposal of assets was not in existence. The assets at both the Chancery and Residence were not marked with durable identification labels/tags/marks.

Consular Fees

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

Payroll

It was observed that salary payments totalling £17,861.61, for the period February to May 2008 was paid to a former Head of Chancery when, in effect, the officer assumed duty or arrived at post in June 2008. It was observed that a “Last Pay Certificate” was issued to the Accountant General’s Department in January 2008, so that salaries could be sent to the Embassy before the officer vacated the post in the Ministry of Foreign Affairs and without evidence of confirmation that the officer had resumed duty. Salary Vouchers were not signed by all staff to acknowledge receipt of salaries. A short payment of £38,851 was observed in payment of salaries to officers for the period August 2004 – December 2007. There was no evidence that this amount had been paid into the Consolidated Revenue Fund or paid later to officers.

Sierra Leone Embassy –Liberia

Subsistence Allowances, totalling USD2,000.00, paid to a former Ambassador since 2007 was not supported by relevant documents. Payments to various payees, to the tune of USD3,955.70, were without adequate supporting documents. The sum of USD20,000.00 paid as annual rent in respect of the Chancery Building for the years 2005, 2006 and 2007 was paid without a Contract Agreement. Further investigation revealed that the annual rent for 2008 was USD8,000.00 for the same building for which an Agreement signed on the 4th of March 2008 was verified. On the 6th of March 2007, an overdraft of USD10,000.00, was withdrawn from the Embassy’s Bank Account without prior approval from the Ministry of Finance. Also, another amount of USD10,000.00 withdrawn on the 8th of February 2008 was paid without supporting documents. Inventories of the Embassy were not taken on charge in the Inventory Register. Huge sums of money had been spent on regular repairs and maintenance of

motor vehicles. Imprest for the Security Attaché was no longer forthcoming. There was no Conditions of Service for Local Staff. It was also observed that such staff were neither entitled to allowances nor were they awarded any increase to compensate for the increase in cost of living. The accommodation arrangements for the Ambassador left much to be desired. An amount of USD1,000.00 was deducted by the Embassy's banker from every remittance made to the Embassy by the Bank of Sierra Leone.

Sierra Leone Embassy Washington D.C. 1st Jan-2003- 31st Dec.2006

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

Consular Fees / Consular Account

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

- Proper forecast should be made to determine the amount of stickers etc, needed by embassies and missions. This will eradicate the frequent shortages of supply that is occurring in some of the large revenue collecting missions and embassies abroad.
- There is a need to consider the introduction of a robust computerized system which should be generating numbers for the stickers instead of the current printed booklets that are being used by our missions abroad. This will ensure proper and effective control over the use and management of the stickers and the amounts collected as revenue from the different areas.

- Depositing of Consular Fees collected direct into the Consolidated Revenue Fund appears to be a bit cumbersome as it sometimes involves the payment of huge bank charges and other unnecessary expenses that could have been avoided. As a result of this system it will be difficult to carry out regular and proper reconciliation on a periodic basis.
- There is a need to retain the monies collected at the collection point as a portion of the approved Estimates for the embassies and missions. This will avoid the many problems of non-accounting for revenue collected. Proper modalities must be put in place to ensure that the amounts collected and disbursed are accounted for correctly in the Budget and properly recorded in the Final Accounts produced by the Accountant General.

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

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

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

MINISTRY OF AGRICULTURE, FORESTRY AND FOOD SECURITY

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

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

MINISTRY OF LANDS COUNTRY PLANNING AND THE ENVIRONMENT

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

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

It was observed that:

- a) the Vote Controller and the Director of Surveys were signatories to this account.

- b) withdrawals, totalling Le 516,256,700.00, for the period under review were without supporting documents.
- c) in spite of several requests, the Bank Statements for the period 1st February- 31st December, 2008 were not made available for inspection.

MINISTRY OF WORKS, HOUSING AND INFRASTRUCTURE

Some accountable documents on which millions of leones may be lost if improperly used, were not submitted for inspection. Monthly Bank Reconciliation Statements were not prepared to confirm revenue paid into and disbursements out of bank accounts. Furthermore, Cash Books were not maintained in respect of the Emergency Works Account (1100709) maintained at the Bank of Sierra Leone. There were no Internal Audit Reports on the Ministry covering the period under review. In addition, it was observed that the Unit was under resourced in terms of logistics. The Vote Service Ledger (VSL) was poorly maintained. Payments recorded in the VSL, totalling Le109,253,000.00, were not initialled by the Vote Controller. Disbursements, totalling Le64,174,000.00, were without adequate supporting documents. Tariffs in respect of services performed by the various units were not displayed on a Notice Board or in a conspicuous location. An Imprest Cash Book was not maintained to account for imprests allocated to the ministry for the period under review. A Staff Attendance Register was not maintained. Out of a sample of twenty files, only five of them had appointment letters. There was no evidence that stores were inspected periodically by the Vote Controller. Stamps and signatures of both the storekeeper and recipients of stock were not evidenced in the Stores Receipt and Issue Vouchers. Vehicle Log Books were not maintained to control the use of vehicles.

Unauthorised Collection of Revenue

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

MINISTRY OF SOCIAL WELFARE, GENDER AND CHILDREN'S AFFAIRS (SOCIAL WELFARE DIVISION)

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

MINISTRY OF HEALTH AND SANITATION

i) District Medical Officer's Office

Out of the total of Le46,440,000.00 collected as revenue from the sale of Yellow Fever Vaccination Cards, only the sum of Le4,500,500.00 was deposited into the Consolidated Revenue Fund whilst the balance of Le39,147,200.00 was expended as printing and administrative costs. The outstanding balance of Le2,739,300.00 was not brought to account in the Cash Book or banked. In the Waste Management Unit, receipts submitted, totalling Le20,960,000.00, in respect of payments for the hire of a hall and chairs had no business name or stamp. Daily Subsistence Allowances (DSA), totalling Le26,620,000.00, allegedly paid to participants were without supporting documents. It was observed that the receipt of 432 gallons of Diesel and 110 gallons of Petrol, purported to have been issued to the District Medical Officer's office generator, was not acknowledged either by the District Medical Officer or the Generator Attendant. An Assets Register to record assets owned by the Ministry was not maintained.

ii) Environmental Health Unit

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

iii) Health Education Unit

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

CABINET SECRETARIAT

Relevant supporting documents, totalling Le95,030,500.00, were not available for inspection for services provided by a Catering company. Insurance premium amounting to Le1,642,547.00 was paid for two vehicles without the necessary supporting documents. Expenditure details on Computers and Accessories amounting to Le 40,802,000.00 for the period under review were not available for inspection. As such, these items could not be physically verified. Travelling expenses amounting to Le1,680,000.00 were without relevant supporting documents and in some instances these payments were not acknowledged by recipients. It was also observed that receipts were not obtained from Traveling Agencies and an Airline, for payments, totalling Le19,514,800.00. Supporting records for the procurement of stationery were not made available to the auditors. Thus the auditors could not ascertain whether transactions, totalling Le6,682,500.00, for the period under review, were subject to approved tendering processes. Payment Vouchers, totalling Le56,406,000.00, recorded

in the Vote Service Ledger were not initialled by the Vote Controller. A Fixed Assets Register to record assets owned by the Ministry was not maintained. In addition, assets were without identification marks as proof of ownership by the Ministry.

HUMAN RESOURCES MANAGEMENT OFFICE

A Cash Book was not maintained. Bank Reconciliations Statement were not prepared in respect of Account No. (A/c 100-011014694 – 01) held at the Sierra Leone Commercial Bank to discover possible errors in the Bank Account. Stationery purchased, totalling Le3,500,000.00, were neither taken on ledger charge nor were details of usage available for verification. Also, distribution lists were not available to account for stationery amounting to Le261,726,300.00. Various equipment, to the tune of \$15,411, purchased by the Department could not be physically verified. In addition, equipment worth Le22,710,000.00 purchased for the setting up of the Printing Office were neither taken on ledger charge nor were they produced for verification. An amount of Le1,910,000.00, included in the budget as contingency, was expended without supporting documents. Fuel Chits, Vehicle Log Books/Fuel Registers for the Financial Years 2006 and 2007 were not produced for inspection to account for fuel purchased, totalling Le172,115,000.00. An Imprest Cash Book was not maintained in respect of imprests to the tune of Le92,600,000. Amounts of Le60,556,500.00, Le45,000,000 and Le22,965,000.00 were disbursed under the Office & General, Miscellaneous Operational Expenses and Local Travelling subheads respectively for which supporting documents were not produced for inspection. The Human Resources Management Office failed to reconcile its Vote Service Ledgers with the Accountant-General's Printout. Payment Vouchers for a total of Le92,837,500.00 recorded in the Accountant General's printout were not in the Vote Service Ledgers.

PUBLIC SERVICE COMMISSION

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

SIERRA LEONE POLICE

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

Disbursements

Receipts from a Service Provider for a total of Le22,902,000.00 in respect of Local Training was not produced for verification. Officers were paid a monthly allowance called "food and ration". There were no records to confirm acknowledgement by recipients of those payments. In 2006 and 2007, the sums of Le425,500,000.00 and Le535,005,000.00 respectively were paid out under the Incentive Scheme. Signatures of beneficiaries were not available in respect of these amounts. Amounts totalling

Le16,356,000.00 spent on State Security in 2007 were without supporting documents. Insurance payments of Le105,872,250.00 to the Sierra Insurance Pool Limited were without a detailed breakdown of vehicle(s) they covered.

Procurement

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

Stores

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

Police Hospital

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

Banking

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

Year	Cash Book Balances	Bank Statement	Difference
	Le	Le	Le
2007	565,720,000	1,513,036,000	(947,316,000)
2008	1,323,734,000	1,482,350,800	(158,616,800)

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

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IMMIGRATION DEPARTMENT

Several accountable documents were not produced for inspection. A Risk Register was not maintained. Withholding Taxes, totalling Le 2.6 Million, were not deducted from

payments to contractors and suppliers and paid over to the relevant authority. Examination of the Salary Vouchers disclosed that the sum of Le 5.6 million, in respect of salaries, was not acknowledged by recipients. Payment Vouchers, totalling Le91,846,250.00, were neither posted into the Vote Service Ledger nor were they initialled by the Vote Controller to confirm the latter's authorisation. An Assets Register was not maintained to record assets owned by the institution.

Revenue Systems

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

- Application forms for all categories of revenues were in most cases, not pre-numbered.
- Analysis of cash collected from the sale of application forms, passports, Seaman Identity Cards, Visa Stickers and stamps had not been maintained.
- Detailed Cash Books were not maintained for each source of revenue.
- There was inadequate segregation of duties in respect of revenue. It was observed that the processing of Seaman's Identity Cards and replacement of passports were performed by one individual.
- Reconciliations were not carried out between amounts due and amounts actually collected and paid to bank.

Differences between Revenue Assessment Registers and Revenue collected and paid to bank in respect of the supply and sale of Ordinary Passports and Visa Stickers totalled Le1,270,742,000.00 and \$ 2,017,390.76 respectively. In addition, there was no evidence to confirm supervision by the Chief Immigration Officer on the issue of Visa Stickers/stamps and passports produced and distributed. A surprise check was not carried out by the Department as stipulated in the Financial Management Regulations 2007. Bank Reconciliation Statements were not prepared by the Accountant.

Internal Audit Unit

- An Audit Committee had not been constituted as required by FMR 2007.
- An Internal Audit Charter which establishes the purpose, authority, responsibilities, access to records and scope of the Internal Audit Department was not made available to the Audit Team for inspection.
- Interviews with the Head of Internal Audit revealed that the unit had restricted access to records and documents of the department.
- It was observed that the Head of Internal Audit reported directly to the Chief Immigration Officer and not to an Audit Committee.

- There was no evidence to confirm management responses to Internal Audit Reports.
- There was only one staff in the Internal Audit Unit.
- Internal audit operations had been limited.

SIERRA LEONE STATE PRISONS DEPARTMENT

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

METEOROLOGICAL DEPARTMENT

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

VI. SCHOOLS AND OTHER EDUCATIONAL INSTITUTIONS

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

i) Junior Secondary School

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

ii) Senior Secondary School

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

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

An Accountable Documents Register, to record and control documents on which millions of leones could have been collected, was not maintained. Out of a total of Le147,993,000.00, collected as school fees, only the sum of Le134,229,550.00 was paid into the bank leaving a balance of Le 13,763,450.00 which was put into immediate use. Arrears of school fees stood at Le1,580,000.00. Payment Vouchers were not in use for expenditure. Bank reconciliations were not carried out by the Bursar for the period under review to confirm revenue paid into and disbursements out of bank account. Class Attendance Registers were poorly kept. Estimates/budgets were not prepared. Revenue and Expenditure Cash Books were not maintained. There was no segregation of duties in the Accounts Department.

Sierra Leone Muslim Congress Secondary School (2006/2007-2007/2008 Academic Years)

i) Junior Secondary School

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

ii) Senior Secondary School

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

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

The sum of Le31,520,000.00 was paid into bank out of a total of Le45,750,000.00 collected as school fees. The balance of Le14,230,000.00 was put into immediate use. An Arrears Register was not maintained. There was no segregation of duties in the Accounts Division. The Expenditure Cash Book was poorly maintained. An amount of Le11,330,900.00 paid into the bank could not be confirmed from the Bank Statements as the latter produced for audit were incomplete. Bank Reconciliations to confirm revenue paid into and disbursements out of bank accounts were not carried out in this institution as the Bursar was not competent to carry out such a function. The filing system needed some improvement. A safe or strong room for the custody of cash was not in use. Verbal, instead of written authority, was issued in the disbursements of funds.

Young Women's Christian Association (2006/2007 and 2007/2008 Academic Years)

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

Services Secondary School (2005/2006-2007/2008 Academic Years)

i) Junior Secondary School

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

ii) Senior Secondary School

Out of a total of Le167,255,000.00, collected as school fees, only the sum of Le46,445,000.00 was paid into the bank, leaving a balance of Le120,859,704.00 which was put into immediate use. The Expenditure Cash Book was poorly maintained. Expenditure without supporting documents soared to Le10,040,100.00. An Arrears Register was not maintained. Bank Reconciliations were not carried out during the period under review to confirm revenue paid into and disbursements out of bank accounts. The filing system needed some improvement. The School Library was not in use.

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

A total of Le100,895,000.00 was collected as school fees. Out of this amount only the sum of Le23,698,471.00 was paid into the bank leaving a balance of Le77,196,529.00 which was put into immediate use. Revenue collected in respect of fees, totalling Le15,420,000.00, was neither posted into the Revenue Cash Book nor banked whilst fees to the tune of Le24,885,100.00 was not brought to account by the Bursar by the school. Payment Vouchers were not in use to effect payments made by the school.

Various disbursements amounting to Le9,977,500.00 were not recorded in the Expenditure Cash Book. Expenditure without supporting documents soared to Le19,684,500.00. A Petty Cash System for minor disbursements was not in existence. The entire filing system within the school was in shambles.

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

i) Junior Secondary School

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

ii) Senior Secondary School

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

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

Arrears of fees totalled Le8,025,000.00. A total of Le65,925,000.00 collected as school fees was put into immediate use. Loans given out to various teachers amounting to Le6,769,000 were not deducted from their salaries as requested in their application letters. Bank Reconciliations were not carried out to confirm payments into and disbursements out of the bank account. A safe or strong room was not in use for the safe custody of cash. Verbal, instead of written authority, was issued for the disbursements of funds.

Annie Walsh Memorial Secondary School(2005/2006-2007/2008 Academic Years)

i) Junior Secondary School

Out of a total of Le77,720,000.00 collected as school fees, only the sum of Le63,063,834.00 was paid into the bank, leaving a balance of Le 14,656,166.00 which was put into immediate use. Disbursements, amounting to Le32,735,846.00, recorded in the Expenditure Cash Book, were without supporting documents. Arrears of school fees totalled Le260,000.00. Bank Reconciliations to confirm revenue paid into and

disbursements out of bank accounts were not carried out in this institution as the Bursar was not competent to carry out such a function.

ii) Senior Secondary School

A total of Le75,260,000.00 was collected as school fees. Out of this, only the sum of Le72,933,870.00 was paid into the bank leaving a balance of Le2,326,130.00. This was put into immediate use. Arrears of school fees totalled Le2,400,000.00. Disbursements amounting to Le24,728,127.00 recorded in the Expenditure Cash Book were without supporting documents. Bank Reconciliations to confirm revenue paid into and disbursements out of bank accounts were not carried out in this institution as the Bursar was not competent to carry out such a function.

Methodist Boys' High School (2006/2007 and 2007/2008 Academic Years)

i) Junior Secondary School

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

ii) Senior Secondary School

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

Government Independence School (2005/2006-2007/2008 Academic Years)

i) Junior Secondary School

Out of a total of Le84,415,000.00 collected as school fees, only the sum of Le64,828,000.00 was paid into bank, leaving a balance of Le 19,587,000.00 which was put into immediate use. Expenditure without supporting documents rose to Le8,428,050.00. Arrears of school fees soared to Le25,100,000.00. The Expenditure Cash Book was poorly kept. Bank Reconciliations to authenticate movements in and out of the account, were not carried out in this institution as the Bursar was not competent to carry out such a function. The school did not have a library and was without electricity connection.

ii) Senior Secondary School

Out of a total of Le84,415,000.00 collected as school fees, only the sum of Le64,828,000.00 was paid into bank, leaving a balance of Le19,587,000.00 which was put into immediate use. Expenditure without supporting documents rose to Le8,419,050.00. Arrears of school fees soared to Le24,500,000.00. The Expenditure Cash Book was poorly kept. Bank Reconciliations to authenticate movements in and out of the account, were not carried out in this institution as the Bursar was not competent to carry out such a function. The School did not have a library and was without electricity connection.

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

i) Junior Secondary School

Expenditure without supporting documents amounted to Le671,000.00. Arrears of school fees totalled Le1,400,000.00. The electrical wiring of the school buildings was poorly done which may be very dangerous for the safety of both pupils and staff.

Pupils Poor Performance in Public Exams

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

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

ii) Senior Secondary School

Various disbursements, totalling Le28,456,200.00, were without supporting documents. It was observed that revenue amounting to Le6,076,293.00 was banked in excess of revenue generated for the period under review, indicating that a revenue stream may not have been disclosed by the principal. The filing system needed some improvement. It was observed that teachers were in the habit of not signing the Attendance Register. The electrical wiring of the school buildings was poorly done which may be very dangerous for the safety of both the pupils and staff.

Pupils Poor Performance in Public Exams

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

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

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

Pennisular Secondary School, Waterloo (2005/2006- 2007/2008 Academic Years)

i) Junior Secondary School

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

ii) Senior Secondary School

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

Tahir Ahmadiyya Secondary School, Kailahun (2004/2005 - 2006/2007 Academic Years)

An Accountable Documents Register to record documents, on which millions of leones could have been collected and misappropriated was not maintained. Several payments were without supporting documents. It was noted that a large portion of the school fees for academic years under review was not collected by the School Management. A Cash Book was not maintained for the period under review. Revenue, totalling Le16,010,000.00, was neither posted to Cash Book nor banked. Bank Statements submitted for inspection were incomplete and no reconciliation to authenticate movements in and out of the account was carried out by the Bursar of the school. 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 to assess the effective administration of the school. Fixed assets totalling Le1,417,000.00 were not recorded in an Assets Register as the latter was not kept. In addition, Fixed Assets held by the school, were without identification marks to confirm ownership by the school. Procurement procedures were not followed by the school. The filing system was poor which impeded record retrieval.

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

An Accountable Documents Register to record documents on which millions of leones could have been collected and misappropriated was not maintained. Several payments were without supporting documents. It was noted that a large portion of the school fees

for the academic years under review was not collected by the School Management. A Cash Book was not maintained for the period under review. Bank Statements submitted for inspection were incomplete and no reconciliation to confirm revenue paid into and disbursements out of bank account was carried out by the Bursar of the school. 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 to assess the effective administration of the school. An Assets Register was not maintained to record assets owned by the school. In addition, Fixed Assets held by the school, were without identification marks to prove ownership of assets. Procurement procedures were not followed by the school. The filing system was poor which impeded record retrieval.

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

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

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

An Accountable Documents Register was not maintained to record accountable documents, the misuse of which will cause loss of funds to Government. Payments, totalling Le14,557,000.00, were without supporting documents. It was noted that a large portion of the school fees for the academic years under review was not collected by the School Management. A Cash Book was not maintained for the period under review. Bank Statements submitted for inspection were incomplete and no reconciliation was carried out by the Bursar of the school to confirm revenue paid into and disbursements out of bank account. 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 to assess the effective administration of the school. An Assets Register to record assets owned by the school was not maintained. In addition, Fixed Assets held by the school, were without identification marks to prove ownership of such assets. Procurement procedures were not followed by the school. Withholding Taxes, totalling Le377,250.00, were not deducted and paid over to the NRA. The filing system was poor which impeded record retrieval.

VII. PUBLIC ENTERPRISES AND COMMISSIONS

Non Submission of Accounts

As at 31st March 2009, the following Public Enterprises and Commissions had not submitted their Accounts for the 2008 Financial Year:

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

ANTI-CORRUPTION COMMISSION

2005 and 2006 Financial Years

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

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

Office Accommodation

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

Internal Audit Unit

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

2007 and 2008 Financial Years

There was a significant improvement in the Internal Controls and management oversight of the financial operations of the ACC compared to 2005/06 Financial Years. However, there were some areas that still needed improvement:

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

Stores

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

- A Store Ledger was not maintained

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

BANK OF SIERRA LEONE 2008

Headquarters

The Bank's compliance with all required International Financial Reporting Standards (IFRS) for the presentation of its Financial Statements was in-complete. Progress was required by the Bank to eliminate the conflicts between the Bank of Sierra Leone Act 2000 and the IFRS in order to fully comply with all relevant IFRSs. The Provision (Estimates) for revaluation of pipeline items, amounting to Le215bn ought to be retrieved. The Bank recorded a loss of Le12.47bn for the year under review. Revaluation gains were also recorded which significantly improved the negative reserve position from Le598.9bn in 2007 to Le543.3bn in 2008. The Bank was in negotiation with the Government to carry out its responsibilities under Section 10(6) of the Bank of Sierra Leone Act 2000, to protect the capital base of the bank from impairment. Disinvestments recorded in the Treasury Bills Register did not capture the details of bills disinvested by each commercial bank. Several long outstanding issues remained unresolved. Advances, totalling Le55M to former employees of the Bank remained outstanding. The Internal Audit reports were hardly submitted promptly if any at all. In some instances, there had been no responses, to the issues raised, from the Departments concerned. Rent agreements for the Petroleum Unit and the Government Gold and Diamond Office were not available. It was not established whether the income recorded in the account was complete. The policies of the Bank were breached in issuing vehicle loans to staff. The documents for loans granted to Community Banks revealed that interest payments from two banks had been overdue since 2007, after the interest free period of five years.

Kenema Branch

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

GUMA VALLEY WATER COMPANY (GVWC)

2007 Financial Year

The company did not conduct business in accordance with sound commercial principles as contained in Section 86 of the Guma Valley Water Company Ordinance 1961. Debtors were not well managed. Approximately 80% of the trade receivables had been provided for as doubtful debts. The insurance premium on the company's dam and treatment works was not paid during the year under review. Though the company had a Fixed Assets Register, this was not updated to reflect the additions, disposal and

changes in location of assets. The new assets acquired were also not tagged to facilitate identification. There were five hydrants where water was delivered by carting to customers. These hydrants and its pumps did not have meters affixed to them to determine volumes delivered. Although deductions were made from the company's employees' salaries at the end of each month and recorded in the company's books, the amounts withheld were not paid over to the authorities in line with regulations. As at 31st December 2007, the balance outstanding for NASSIT was Le287,745,648.00 and that of NRA was Le651,062,996. The IT risk assessment review around the Information Technology general controls and the Application/Systems controls revealed various areas with significant inherent risks.

2008 Financial Year

In arriving at revenue figures stated in the Financial Statements there were large numbers of manual journal entries passed to correct those bills that were mostly based on straight forward flat and average rates thus rendering the company unable to collect those bills. There was a high risk as regards the viability of the company. The company failed to increase its tariff to cover inflation. The company's billing system were poor resulting in huge provisions for Doubtful Debts. The company's Assets Register was not updated to reflect significant additions, disposal and changes in the location of Fixed Assets. Staff NASSIT deductions outstanding amounted to Le446,476,816; and that of NRA deductions outstanding at the end of 2008 stood at Le 947,524,904. The IT risk assessment review around the Information Technology general controls and the Application/Systems controls revealed various areas with significant inherent risks.

INDEPENDENT MEDIA COMMISSION 2006&2007

The Commission was not fully implementing its Accounting Manual in the execution of its daily financial and accounting activities/operations. Expenditures were not maintained according to their different sub-heads and Payment Vouchers were not pre-numbered. Proper accounting records were not kept by the Commission. This was as a result of the continued use of manual entries even though there was an accounting software available for use. The entire filing system was disorderly and extremely time consuming for records retrieval. There was no proper Fixed Assets Register in place. Neither a Fixed Assets Capitalization nor an Insurance Policy was in existence. Revenue collected by the Commission was not banked on a daily basis. Also there were no set criteria on which licence fees were charged on Radio Stations. Expenditures were wrongly classified in the Cash Book. The Commission did not comply with some sections in the Act.

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

The Finance Section was not adequately staffed to cope with the increase in the workload occasioned, not only by the increase in the student population at Goderich but also by the commissioning of both Brookfields and Congo Cross Campuses. The College did not have an Accounting Manual incorporating all financial rules and regulations as guide in the execution of its financial operations. However it was noted that the College's main source of income was Sierra Leone Government subvention which accounted for over 50% of its annual receipts. Because of this, the requirements

of the Government Budgeting and Accountability Act 2005 was applicable regarding the way and manner the Books of Accounts should be maintained and the Annual Financial Statements submitted. The submission of the Financial Statements for the period October 2001 to December 2004 only in August 2008, some 3-6 years later, clearly contravenes the provision of the Act and makes it difficult to take remedial actions, where necessary. Heads of Departments or Vote Controllers were not involved in the budget process and therefore the element of accountability and responsibility was absent. The Internal Audit Unit was seriously understaffed and without any Audit Manual to guide its operations. Amounts, totalling Le779M and Le415M, had still not been paid over to the National Revenue Authority and NASSIT respectively for the period under review. The Fixed Assets Register excluded the value of the Land and Buildings of the Congo Cross and Brookfields campuses and these assets had still not been valued. Of the Lecture Rooms inspected, only one was found in use, one was closed, one had few damaged chairs and about three others without any furniture. Several encroachments were observed within the College premises at Goderich and Congo Cross. Only three of the confirmed six accounts at the Sierra Leone Commercial Bank were noted in the books of the College.

NATIONAL COMMISSION FOR PRIVATISATION (NCP) 2006 and 2007 Financial Years

The Commission failed to comply with the provision of the NCP Act 2002 in submitting its accounts for the Financial Years under review. The NCP maintained accounting records and produced financial reports using a manual system aided by Excel Spreadsheet. Quite apart from the most obvious disadvantages associated with such system, the system is not tampered proof. Though Management should be commended for having prepared budgets for the Financial Years 2006 and 2007, it was evident that budgetary control procedures were not performed to monitor huge variations between budgeted and actual expenditures. The Commission inherited USD\$947,828.00 as debts from its predecessor (Public Enterprise Divestiture and Reform Commission). However much had not been done to recover this amount. The balance of other payables had increased from Le834,014,000 to Le1,051,934,000. Remuneration and statutory deductions were in some cases settled late by the Commission.

2008 Financial Year

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

NATIONAL POWER AUTHORITY 2006 Financial Year

Action had not been taken on several matters highlighted in a previous Audit Report. Reconciliations were not carried out between the General Ledger and the Billing Register. As such, a difference of Le30,000,000.00 for electricity sales was noted between the two records for District 84 for the month of September 2006. Supporting

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

2007 Financial Year

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

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

NATIONAL REVENUE AUTHORITY (NRA) 2005

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

NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (NASSIT)

An unreconciled difference between the balance in the Inventory Ledger and that in the General Ledger still existed. There were some outstanding reconciling items dating as far back as 2007. It was also noted that the Petty Cash balance in Bo recorded a credit balance of Le109, 900.00 as at 31st December 2008. Among the list of receivables included in the Financial Statements were some long term investments that were treated as equity investments.

SIERRA LEONE INVESTMENT AND EXPORT PROMOTION AGENCY (SLIEPA) 2008

Staff Personal Files were either not maintained or were incomplete. Conditions of Service were not in existence. PAYE deductions for over eight months, totalling

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

SIERRA LEONE ROADS AUTHORITY (2008)

Three donor funded projects valued at \$50,000,000 had exceeded their completion dates of January and February 2009 respectively. A review of the Internal Audit Reports revealed series of unresolved issues. There were significant variances between budget and actual cost for various budget lines that were not investigated Counterpart funds, totalling Le186,000,000.00, for two projects during the first quarter were not received by the Authority. Also funds amounting to Le 4,927,000,000.00 were not received during the fourth quarter. Lapses were observed with the management of Trade Receivables. As a result debt, of approximately Le350million had been long outstanding whilst the sum of Le87.5m was misclassified. Among the debtors was an enterprises which owed Le448,780,120.00

Staff Appraisal procedures were not consistent. The Unit responsible for the monitoring and protection of the road and road assets lacked adequate resources to effectively perform its functions. The staff components at the regions were inadequate. Vacant positions had not been filled in all the regions thus preventing the retirement of a member of staff in Port Loko. Series of control lapses were observed over regional Fixed Assets. These included lack of identification marks on assets and non-physical verification on regional assets on a quarterly basis

SIERRA LEONE PORTS AUTHORITY (2008)

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

Management Information Systems

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

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

SIERRA LEONE MARITIME ADMINISTRATION (SLMA) 2008

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

Outstanding Matters

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

SIERRA LEONE LIBRARY BOARD (2007)

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

SIERRA LEONE COMMERCIAL BANK (2008)

The coverage of Internal Audit at Siaka Stevens Street Branch did not focus on high risk areas such as investment, customer’s accounts, interest and similar income streams, including Net Fee and Commission Income. Other areas such as Finance Department, Canteen, Admin and Medicare, were also not covered. It was observed that inspection visits were not paid to branches like Bo, Kenema and Koidu in 2008. The Central Bank levied fines to the tune of Le 44.7million (Le79.7 million in the previous year) on the

company for non compliance with banking regulations as regards Liquidity breaches. A review of a sample of the items in the Bank's Advances Portfolio revealed that there was no security in the files to support the overdraft facility of Le231,202,123.98 given to a company. Loans, totalling Le38,352,800,022, were given to five clients whose debts exceeded the values of their securities. Significant differences of Le79,364,250.13 and \$562 were noted between Cash Counts and the General Ledger balances at the Siaka Stevens Street and Cline Town Branches respectively. There were also significant differences between the Cash Figures in the Balance Sheet of the branches and those recorded in the Vault Cash Register in respect of five branches. The software used by the bank had serious operational problems which affected customers' withdrawals and postings to Savings Account. The Gratuity Fund, operated by the Bank, was discontinued during the course of the year and proceeds paid to employees net of tax as employees were not contributing under the NASSIT Scheme. Plans were also underway to operate a profit-sharing scheme for its staff as had been approved in principle by the National Commission for Privatization. However Management Staff were not paid bonuses for the year under review. No provision was made, in the Accounts, for the payments of retirement benefits to eligible staff. It was observed that full provision had been made for the loss caused by the alleged fraud of a member of staff of the Bank. An Inventory of Fixed Assets was not carried out by the branches for the year ended 2008. It was further observed that some Fixed Assets purchased and recorded in the Fixed Assets Register during the year were not marked/labelled in the Bank's name to indicate ownership of the assets by the Bank.

SIERRA LEONE AIRPORTS AUTHORITY (2008)

Action had not been taken on several matters highlighted in the 2007 Report which included the following:-

- The overdraft facilities at the Sierra Leone Commercial Bank and the Standard Chartered Bank had been exceeded;
- Recovering debts continued to be a problem, especially Government debts which was on the increase ;
- Shortfall in the assets of the Provident Fund amounted to Le1,334,644,518.76 which was the excess of the fund's potential liabilities amounting to Le1,372,871,688.96 over its assets totalling Le38,227,170.20;
- Although a cash basis policy had been adopted for collecting Aircraft Landing Charges, some airlines continued to accumulate these charges.

Supporting documents, totalling Le159,332,878.66, for payments in respect of Withholding Taxes were not available for inspection. Revenue, totalling \$50,000, due from a client was disputed by the latter on the grounds that no flight check had been conducted by the Authority in the last ten years. A total of Le45, 000,000, recorded in the Rental Income Account, was only a nominal entry as it was not receivable. Adequate supporting documentation was not available in respect of investment income. Contrary to the Authority's policy, Landing Fees for non-scheduled flights and flights

within the West African region were not collected before departure, even though this policy had been adopted to reduce the incidence of bad debts.

SIERRA LEONE ROAD TRANSPORT CORPORATION (2001- 2004)

Much was lacking in the control environment of the Corporation. An Imprest System was not in operation. Part of the cash collected from bus fares and other income was used for making payments and the residue banked. Many of these payments were for the purchase of spare parts. There was an absence of control in the provision of spare parts to defective vehicles. Management was in the habit of withdrawing monies from the Provident Fund Account for its own use and only making refunds in piecemeal or not at all. The sum of Le16M was withdrawn for the purchase of tyres and air ticket to Conakry for the Manager. Only part of this money was refunded. It is observed that there was no record of movement of the issue of bus tickets to the various routes and tickets were also not issued in serial order. A Procurement Unit was not in existence. Instead the Stores Department was responsible for the procurement, storage and issue of goods. A Fixed Assets Register to record assets owned by the Corporation was not maintained.

SIERRA LEONE STATE LOTTERY COMPANY LTD. (2008)

Rent and utility bills due from the National Commission for Privatisation, to the tune of Le989,437,500.00, were 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 to the company. Petty Cash disbursements made by the company in most cases exceeded the limit stated in the Company's Accounting Manual. Outstanding cheques dating as far back as 2007 were included in the Bank Reconciliation Statements as reconciling items. In the circumstance, these were stale as at the end of the year. Bank Reconciliation Statements as at 31st December 2008 were not provided for four (4) accounts. Differences were noted between balances in the Fixed Assets Register and those recorded in the General Ledger.

STATISTICS SIERRA LEONE 2007

Contract documents for six (6) Projects were not available for verification. An opening balance of Le 612,930,000 was observed in a Suspense Account at the start of the year and reduced to zero balance at the end of the year and without adequate explanatory details. A Fixed Assets Register was not maintained to record assets owned by the agency. Grave anomalies were discovered in the treatment of accounting transactions. PAYE deductions of Le6,000,000.00 and Le690,000.00 and Withholding Taxes, totalling Le8,588,013, were not paid over to the National Revenue Authority. Neither a Staff Loans Register nor a Loans Policy was in existence. It was observed that leave allowances, totalling Le5,549,658.00, paid to five staff were not acknowledged by recipients. Also the sum of Le 1,622,757.20 recorded, as leave allowances owed do not have supporting documents to substantiate the authenticity of these transactions. The Accounting Manual was totally ignored and discarded for the period under review. Payment Vouchers were not serially pre-numbered and printed in triplicate. Revenue, in respect of the sale of CPI bulletins, was not paid into bank. The Vote Service Ledger

was poorly maintained. Subventions for salaries and other charges, totalling Le218,700,000.00, were not recorded in the Vote Service Ledger. Records Management in the Finance Division was poor making retrieval of documents difficult. The Internal Audit Unit was grossly understaffed and did not prepare a Work Plan but its work was triggered by Management's request. Regular Risk Assessment of the Council was not carried out and the Internal Auditor reported to Management instead of the Council. Staff in the Finance Division were not trained in the use of the current Accounting Software. There was no clear timetable as to when the new software was going to be used.

SIERRA LEONE TELECOMMUNICATIONS LIMITED (SIERRATEL) (2006)

The general Internal Control System within the organization was very weak. The Internal Audit Unit did not have a formal work plan in place to effectively execute its tasks. As such Working Papers and/or Audit Reports were not produced for inspection. The Accounts were fraught with grave anomalies. Cash received by cashiers were still being used by Management for the day to day transactions and a cheque written later to reimburse the cashier. Bank Reconciliation Statements were not prepared for various bank accounts with a total balance of Le81,842,518. Two Accounts were confirmed by banks which could not be traced to the Trial Balance as there were no reconciliation statements prepared. Moreover, a dollar account held with a Bank was confirmed to have a nil balance whilst the Trial Balance showed a debit balance of Le6,124,620. The system of debts management left much to be desired. The National Telephone Subscribers General Ledger Account recorded a balance of Le55,433,457,887 as at 31st December 2006. Of this balance, the sum of Le35 billion related to the Government of Sierra Leone for which negotiations were still in progress on how it could be settled. The treatments of revenue also fell a short of accepted accounting principles. Differences were also noted between confirmations of balances received from creditors and debtors and those recorded in the General Ledger/Trial Balance. No confirmation was received from a company which claimed to have issues with Sierratel which were yet to be resolved according to Sierratel. The company was undated with unserviceable and obsolete vehicles. With the exception of motor vehicles, the company did not have an Insurance Policy Cover for its Fixed Assets. The net book value of property, plant and equipment as at the end of the year was Le18.7 billion. A Capitalization Policy was not in existence. No provision was able for end of service benefit as at 31st December 2006.

IT General Controls Review 2006.

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

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