

**Report on the Audit of the National Covid-19
Emergency Response Centre (NaCOVERC)
for the Period 1st July to 31st December, 2020**

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1. LIST OF ABBREVIATIONS AND ACRONYMS

ASSL	-	Audit Service Sierra Leone
CEMS	-	Compliance Enforcement Management System
DiCOVERC	-	District COVID-19 Emergency Response Centre
DSTI	-	Directorate of Science, Technology and Innovation
ICT	-	Information and Communication Technology
INTOSAI	-	International Organisation of Supreme Audit Institutions
ISSAI	-	International Standards of Supreme Audit Institutions
IT	-	Information Technology
MMO	-	Mobile Money Operator
NaCOVERC	-	National COVID-19 Emergency Response Centre
NRA	-	National Revenue Authority
SLA	-	Service Level Agreement
SLRSA	-	Sierra Leone Road Safety Authority

2. FOREWORD

The Covid-19 pandemic has caused the Government of Sierra Leone and its development partners to increase spending on public health emergency, while at the same time, reducing tax revenues generation. This motivated the Audit Service Sierra Leone (ASSL) to carry out a real-time audit on the funds of the Emergency Response Centre for the first three-month period, which was considered as the Government's preparedness stage for the fight against the Covid-19 pandemic. This audit report raised issues of weaknesses in internal control systems. We however noted that Parliament has not yet published its report upon review of the first Auditor-General's report on the Management of the National Covid-19 Emergency Response Centre (NaCOVERC) Funds. Therefore, we found it difficult to follow up on our recommendations made in that report.

It is with great pleasure that we submit the second Auditor-General's report on the Management of the NaCOVERC Funds for the period July to December, 2020.

This is in accordance with Section 95(6) of the Public Financial Management Act of 2016 which states that: "Nothing in this Section shall prevent the Auditor-General from submitting a special report for tabling in Parliament on matters that should not await disclosure in the annual report".

We are impressed by the significant improvement in the overall audit outcomes compared to the previous report. These improvements can largely be attributed to strong drivers of internal controls being supported by commendable leadership and governance structures during the period under review. The day-to-day internal control disciplines were enhanced and monitored by the Fiduciary Agent (BDO) that was employed by the Government of Sierra Leone. The role played by the Management Team of NaCOVERC, the Fiduciary Agent and other coordinating departments helped to improve the management of NaCOVERC funds. Less irregular, fruitless and wasteful expenditures were incurred during the period under review, compared to the previous audit. While significant progress has been achieved over the period, substantial attention is needed in financial and performance management. This is especially true in the areas of disbursement and revenue management as these areas continue to remain as key challenges to attaining positive audit outcomes.

Let us take this opportunity to thank the audit team for putting this report together.



Selvin Bell
F/Acting Auditor-General

3. EXECUTIVE SUMMARY

The following is a summary of the issues that are contained in the body of this report:

Revenue Management

1. In a review of the documents regarding payment of fines by businesses, we observed that fines levied on, and paid by certain businesses, were not in accordance with the provisions of Section 6(1&4) and Section 10(1) of the COVID-19 Public Emergency Response Coordination (Protective Measures) Regulations of 2020. This resulted in revenue loss of Le31.75 million. In addition, Le16.03 million was collected as fines by three District Covid-19 Emergency Response Centres (DiCOVERCs) (Kono, Tonkolili and Karene) which was not deposited in the designated NaCOVERC account at the Rokel Commercial Bank for the period under review. Consequently, this amount may not have been captured and reported as part of the revenue from fines in the audited Financial Statements. As such, there is a loss of revenue and a misstatement of the revenue figure in the Financial Statements.
2. We therefore recommend that the Chairman of NaCOVERC should ensure that the Enforcement Team provides a reasonable and convincing explanation with evidence, regarding the inconsistent application of the regulations, or the amount be recovered from the Team. He should also ensure that the fines collected by the DiCOVERCs are captured and reported as part of the revenue in the Financial Statements to ensure completeness.
3. Based on the verification of management's response, we conclude that due to the controls put in place, the explanation given regarding the inconsistent levying of fines on businesses is satisfactory. However, fines collected by the DiCOVERCs were still not captured in the Financial Statements.

Monthly Bank Reconciliations

4. Monthly bank reconciliations were not performed for four NaCOVERC accounts and 18 DiCOVERCs' and Regional Covid-19 Emergency Response Centre accounts for the period under review. The total balance on these unreconciled accounts stands at Le21,034,796,966.12.
5. We recommended that the Chairman of NaCOVERC should ensure that monthly reconciliations are performed for all the 22 accounts in question and evidence of reconciliations forwarded to the Audit Service for review; otherwise, our opinion will be modified.
6. During verification of response, bank reconciliations for five of the DiCOVERCs' accounts were submitted and reviewed. This issue is partly resolved.

Expenditure Management

7. While reviewing payment vouchers and their supporting documents, we observed that payments totalling Le7,423,425,871 were made to various contractors, suppliers, individuals and DiCOVERCs. However, the documentation maintained in respect of these payments was not adequate to confirm the occurrence of the payments or in some instances, to confirm delivery of goods and services. The payments might not have been made in the best interest of NaCOVERC, and this could lead to loss of public funds.
8. We therefore recommend that the Chairman should ensure that the missing documents listed in the appendix are made available to the Audit Service for verification and confirmation; otherwise, the amount in question will be surcharged to those who authorised these payments.
9. During verification of responses, documents were submitted and verified for a total of Le5,760,132,871, which is resolved. However, there is still an amount of Le1,663,293,000 for which no documents were submitted; therefore, they remain unresolved. Details are given in Paragraph 8.1.1 in this report.

Outstanding Commitment and Sustainability of NaCOVERC

10. Our review of documents and discussions with officials of NaCOVERC revealed that, the agency has huge outstanding commitments and debts relating to 2020. As at 30th September 2021, the total estimated debt amount was Le148 billion. This amount relates to backlog payments of allowances, amounts owed to suppliers for goods and services delivered, operational costs and other outstanding requests. It is not clear when NaCOVERC will honour these debts and commitments as the Ministry of Finance has also discontinued the provision of regular financial support to NaCOVERC. Failure to meet financial and other obligations as they fall due, may risk jeopardising the response and raises concern on issues relating to the response.

Conclusion

11. During the audit and up to the time we held the exit meeting (15th October 2021), the Public Accounts Committee (PAC) of Parliament had not provided its own conclusion on the review of the Auditor-General's first report on the NaCOVERC audit. Consequently, we found it difficult to follow up on the implementation of the recommendations of that report. Notwithstanding the progress NaCOVERC has made in putting control measures in place in the management of its financial and other resources during July to December 2020, there is still

room for improvement in the areas of expenditure management, revenue management, bank reconciliations and budgetary control.

12. However, the Chairman of NaCOVERC should ensure that the accounting and internal controls systems are strengthened and effectively monitored to ensure compliance with stipulated regulations which govern the operations of the NaCOVERC. This will improve the effectiveness and efficiency of the entire COVID-19 Response.

4. INTRODUCTION

Background

13. The NaCOVERC was set up mainly to respond to the COVID-19 pandemic in Sierra Leone; and is responsible mainly for the prevention, treatment and control of the spread of the virus. This is achieved through various pillars that are set up within the operations of the NaCOVERC. The current pillars in operation at the NaCOVERC are as follows:

1. Strategic Planning
2. Case Management
3. Surveillance
4. Laboratory
5. Risk Communication
6. Social Mobilisation
7. Nutrition
8. Logistics
9. Quarantine Management
10. Psychosocial
11. Operations
12. Communications

Mandate(s)

14. The Audit Service Sierra Leone is mandated by Section 119(1) of the 1991 Constitution of Sierra Leone and the Audit Service Act of 2014 to audit all institutions that are wholly and partially set up using public funds.

Scope

15. The audit covered the period between 1st March and 31st December, 2020, and is conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

Objectives

16. The objectives of this exercise are to:
- express an opinion on whether the 2020 Financial Statements give a true and fair view of the state of affairs of the NaCOVERC, and whether they were prepared in accordance with an applicable reporting framework and other relevant legislation;

- gain an understanding of whether the books of account and other financial documents are a reasonable presentation of the results of the activities for the period under review; and
- ascertain whether internal control procedures necessary for sound financial management were in place during the period under reviewed.

Audit Approach

17. This audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that in conducting our work, we conduct a risk assessment to focus resources on the areas of greater audit risk. During this engagement we:

- held discussions with key members of staff of the NaCOVERC;
- reviewed key documents;
- tested key controls; and
- performed tests on a sample of financial transactions to prove the Financial Statements' assertions.

Ethical Consideration/Declaration

18. It is ethically correct to confirm our independence to those charged with governance. We have internal quality control procedures which ensure that our independence is upheld. As a Supreme Audit Institution (SAI), the ASSL has internal rotation policy in all divisions. Moreover, members in audit teams signed ethical declaration form at the inception and at the end of the audit, whilst the audit supervisors assess declarations for compliance with the ethical codes of conduct.

19. We can confirm that the ASSL complied with ISSAIS's ethical standards, and in our professional judgement, is independent and objective as per the requirements of those standards, and are able to express an objective opinion on the Financial Statements of the NaCOVERC.

20. Detailed audit findings are presented in the following sections of the report. These findings have been prioritised as high, medium or low according to the criteria set in the table below:

Risk Rating	Description
High	<ul style="list-style-type: none"> ▪ Matters which may pose a significant business or financial risk to the entity; and/or ▪ matters that have resulted or could potentially result in a modified or qualified audit opinion if not addressed as a matter of urgency by the entity.
Moderate	<ul style="list-style-type: none"> ▪ Matters of a systemic nature that pose a moderate business or financial risk to the entity if not addressed as high priority within the current financial year; and/or ▪ matters that may escalate to high risk if not addressed promptly.
Low	<ul style="list-style-type: none"> ▪ Matters that are isolated, non-systemic or procedural in nature; and/or ▪ matters that reflect relatively minor administrative shortcomings and require action in order to improve the entity's overall control environment.

Appreciation

21. We express our gratitude to the Chairman and members of staff of the NaCOVERC, for the cooperation we received during the conduct of our work.

5. REVENUE MANAGEMENT

Passengers lab testing fee payments not in accordance with the stipulated amounts

22. Seven children (3 arriving and 4 departing) under 2 years paid Covid-19 testing fees, contrary to the travel advisory, which exempted them from testing and or payment. The total amount paid for children under 2 years was Le4,200,000.

23. We recommended that the controls around revenue management should be reviewed for weaknesses and necessary action taken to strengthen internal controls.

Official Response

24. The Chairman responded that “while Sierra Leone’s policy is not to test children below the age of 5 (inbound and outbound passengers), if a destination country requires children aged 2 and above to be tested, the child had to be registered on the portal, payment made and tested”.

Auditor’s Comment

25. *The issue on payment of children under 2 years is still unresolved.*

Fines levied not in accordance with Sections 6(1,4) &10(1) of the (Protective Measures) Regulations

26. Three DiCOVERCs (Kono, Tonkolili and Karene) collected Le16,034,000 as fines which were not deposited in the designated NaCOVERC account for the period under review. Consequently, this amount was not captured and not reported by NaCOVERC as part of the revenue from fines in the Financial Statements submitted for audit, as summarised below:

Name of DiCOVERC	Amount Collected (Le)
Karene	5,100,000
Kono	5,360,000
Tonkolili	5,574,800
Total	16,034,000

27. We recommended that the fines collected by the DiCOVERCs should also be captured and reported as part of the revenue in the Financial Statements to ensure completeness.



Official Response

28. The Chairman stated in his response that the DiCOVERCs have been asked to transfer these funds into the account at the Rokel Commercial Bank and these amounts will be included in the Financial Statements.

Auditor's Comment

29. *The fines collected by DiCOVERCs have not been included in the revised Financial Statements; this issue remains unresolved.*

6. CASH AND BANK

Monthly bank reconciliations not carried out for 22 accounts

30. Monthly bank reconciliations were not performed for four NaCOVERC accounts and 18 DiCOVERCs' and ReCOVERCs' accounts for the period under review. The total balances on these unreconciled accounts stands at Le21,034,796,966.12.

31. We recommended that the Chairman of NaCOVERC should ensure that monthly reconciliations are performed for all the 22 accounts in question and evidence of the reconciliations forwarded to the Audit Service for review; otherwise, our opinion will be modified.

Official Response

32. These accounts listed in Appendix 4a are of two categories:

1. Accounts used to collect revenue only
2. Accounts managed by the DiCOVERCs

33. For accounts used to collect revenue: We did not maintain a cashbook for these accounts as we made no payments/transfers from these accounts. We only reported on the balances in these accounts, as it was the understanding that these accounts will never be touched. However, in 2021 when we had a reason to make transfers into the Treasury Account, a cashbook is now maintained and reconciliation required.

34. For accounts managed by the DiCOVERCs: We simply operated on the basis of "Advances given to the districts against liquidation received and accepted". Any amount not liquidated is properly still regarded as an advance to that district. The bank accounts are managed independently by the

DiCOVERCs and was only used as a requirement to receive advances from NaCOVERC. However, your point is noted and we will engage the districts to do reconciliation of the bank accounts as an added control.

Auditor's Comment

35. December 2020 reconciliations were received for five DiCOVERCs (Koinadugu, Tonkolili, Moyamba, Falaba and Kambia). This issue is partly resolved.

7. EXPENDITURE MANAGEMENT

Payments made without adequate supporting documents

36. While reviewing payment vouchers and their supporting documents, we observed that payments totalling Le7,423,425,871 were made to various contractors, suppliers, individuals and DiCOVERCs. However, the documentation maintained in respect of these payments were not adequate to confirm the occurrence of the payments or in some instances, to confirm delivery of goods and services.

37. We recommended that the Chairman should ensure that the missing documents listed in the appendix of this finding should be made available to the Audit Service for verification and confirmation; otherwise, the amount in question will be surcharged to those who authorised these payments.

Official Response

38. The Chairman stated that “these documents are all either attached to the vouchers or maintained in a separate file if they are too bulky. Copies and or samples where applicable have been attached to this response and referenced in the appendix”.

Auditor's Comment

39. Documents were submitted and verified for a total amount of Le5,760,132,871, which is resolved. However, there is still an amount of Le1,663,293,000 which is unresolved.

Payments made in excess of request and Accountant General's computation

40. During our review of payment vouchers and their supporting documents, we observed that a payment amounting to Le413,750,616 on PV00291 was made to beneficiaries as death benefit in respect of one Dr. Sesay, a deceased Medical Doctor. A correspondence from the Ministry of Finance revealed that the Ministry computed the death benefit to be paid to the beneficiaries which amounted to Le257,954,112. This action resulted in an excess payment of Le155,796,504.
41. We recommended that the Chairman should ensure that a convincing explanation is provided with documentary evidence to justify the excess payments made instead of the amount computed by the Ministry; otherwise, the amount would be surcharged to those who authorised the payments.

Official Response

42. The Accountant General communicated this computation based on the final gross salary of these individuals. However, during our review, further documentation was provided to support the fact that the gross salary used for one of the individuals was not correct. In that light, we adjusted the computation. Supporting documentation is attached.
43. Even though there was a budget for the activity, payment is always made based on verifiable actuals. Thus, due to the fact that more people attended the workshop than was budgeted for, the amount paid was more than budgeted. See attached the list of attendees.

Auditor's Comment

44. *The evidence in respect of death benefit to beneficiaries of late Dr. Sesay, was not sufficient and appropriate to justify the excess payments. The matter is still unresolved.*

Withholding taxes not deducted from payments made to suppliers and contractors

45. A review of payment vouchers and their supporting documents revealed that withholding taxes to the tune of Le414,280,613 were not deducted from seven payments made to contractors and suppliers.
46. We recommended that the Chairman should ensure that the taxes are recovered from the contractors listed in the appendix of this finding, and the money paid to the National Revenue Authority and the NRA receipt submitted to the Audit Service for verification; otherwise, this amount will be surcharged to those who authorised the payments.

Official Response

47. Payment to Tamdel Investment was an over-the-counter transaction which is exempted from withholding tax (PV 00230).
48. Withholding tax for the transaction supported by PV 00842 was deducted in a subsequent payment. Kindly find attached, copy of the relevant payment voucher.
49. Withholding tax on payment supported by PV 00116 was not deducted. The tax will be recovered from the supplier and paid over.
50. Withholding tax was not deducted from payment to Swendeh as it was an advance payment. Please be advised that the full withholding tax was deducted from the subsequent (final) payment. Kindly find attached, the payment voucher for the said payment (PV 00109).
51. Withholding tax was not deducted on the payment of the premium in respect of the health workers' Life Assurance Policy as in practice. The NRA exempts premium payments from withholding tax, the same is accorded to payments for fuel and air tickets, among others. The compelling factor is the fact that the payments comprise amounts due to various other parties.

Auditor's Comment

52. *After verification of evidence submitted, we concluded that an amount of **Le1,204,500** still remains as withholding taxes not deducted from two payments.*

8. ICT SUPPORT SERVICES

No provision made in the Service Level Agreements for data archiving and retention

53. From a review of the Service Level Agreements (SLAs) between NaCOVERC and the ICT service providers, we observed that no provision was made as to where the data collected from passengers should be stored and how long it should be in the hands of the ICT service providers.
54. Neither the DSTI nor NaCOVERC has an idea of how long the ICT service providers (Fix Solution) should maintain the data collected from passengers.
55. We recommended a review of the contract to clearly state how long data should be archived according to national data retention policy.

Official Response

56. Data from the travel portal is stored on iCloud. The travel portal is integrated with DHIS2. Currently, data is streamlined to DHIS2 in 3 instances – registration of the passenger and issuance of SI/ SO number, swab collection using USSD 1919 and electronic issuance of negative COVID-19 test result. Data would be archived in DHIS2 and iCloud for as long as the response intends the same to be stored.

Auditor’s Comment

57. *No evidence was provided to indicate that the travel portal is integrated with DHIS2. The issue is partly resolved.*

9. FINANCIAL COMMITMENT AND SUSTAINABILITY

Lack of sufficient funding to pay debts and continue operations

58. During the audit and review of the July to December 2020 Financial Statements, we noted that NaCOVERC has over Le148.35 billion in debts and commitments, while the total current assets as at 31st December 2020 stands at Le61.12 billion.

Table 9	
Details	Million (Le)
Backlog Risk Allowances	34,188.35
Commitment to Suppliers	78,280.11
Operational Costs	4,940.00
Other Outstanding Requests	30,945.00
Total	148,353.46

59. We therefore recommended for the Chairman in collaboration with the Lab Pillar to provide an explanation as to how these conclusions were arrived at. For instance, evidence of testing of non-traveling passengers in relation to the population size would be good evidence for such a conclusion.

Official Response

60. A letter has been sent to the President and the Ministry on this issue.

Auditor’s Comment

61. *A copy of the letter sent to the President was made available as evidence to support the response; but there is no evidence of feedback received from the President. Therefore, the issue remains unresolved.*