



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



On The Compliance Audit of the Special Investigation at the Liberia Telecommunications Authority (LTA)

For the Period January 1, 2023 to December 31, 2023

August 2024

**P. Garswa Jackson Sr. FCCA, CFIP, CFC
Auditor General, R.L.**

Table of Contents

1	DETAILED FINDINGS AND RECOMMENDATIONS.....	10
1.1	Non-Remittance of Accrued Share Revenue	10
1.1.1	Non-Remittance of Government of Liberia Share of LTA Cash Collections from Accrued Revenue in 2023	10
1.1.2	Closing Cash Balance not Reconciled to GoL Unremitted Share of Revenue Collected	13
1.1.3	Irregularities Associated with Telecom International Alliance (TIA) Revenue Sharing Contract.....	15
1.1.4	Violation of the Transitory Memorandum of Understanding (MOU) for Collection of Revenue	21
1.2	LTA Headquarter Building Project	23
1.2.1	Irregularities Associated with the Monitoring and Technical Evaluation of the Headquarters Project.....	23
1.2.2	Irregularities Associated with Payment of Headquarters Construction Contract.....	26
1.2.3	Irregularities Associated with Procurement of Headquarters Project.....	31
1.2.4	Delay in the Construction of the Headquarter Project	34
1.2.5	Non-withholding and Remittance of GoL Revenue/Taxes.....	37
1.3	Liberia Digital Transformation Project.....	39
1.3.1	Irregularities Associated with Digital Transformation Payments	39
1.3.2	Irregularities Associated with Payments to Implementing Partners and the LDTP Bank Account	44
	Annexures.....	51

ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
FCCA	Fellow Member of the Association of Chartered Certified Accountants
AG's	Auditor General's
CEO	Chief Executive Officer
COSO	Commission on Sponsoring Organization
MBA	Masters of Business Administration
ISSAIs	International Standards of Supreme Audit Institutions
CDRs	Call Detail Records
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
GoL	Government of Liberia
INTOSAI	International Organizations of Supreme Audit Institutions
MNOs	Mobile Network Operators
LRA	Liberia Revenue Authority
LDTP	Liberia Digital Transformation Project
LTA	Liberia Telecommunication Authority
MOU	Memorandum of Understanding
IPSAS	International Public Sector Accounting Standards
PPCC	Public Procurement and Concessions Commission
PFM Act	Public Finance Management Act
PFMU	Public Financial Management Unit
REF #	Reference number
Etc	Et cetera
CFE	Certified Fraud Examiner
US\$	United States Dollars
TIA	Telecom International Alliance
L\$	Liberian Dollars

Republic of Liberia



TRANSMITTAL LETTER

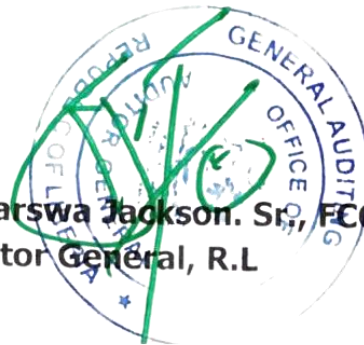
THE HONORABLE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE HONOURABLE PRESIDENT PRO- TEMPORE OF THE LIBERIAN SENATE

We have undertaken a Compliance Audit of the Liberia Telecommunication Authority (LTA) Special Investigation for the period January 1, 2018 to December 31, 2023. The audit was conducted in line with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Finding conveyed in this report were formally communicated to the authorities of the LTA for their responses. The reportable issues were submitted through a Management Letter. Where responses were provided, they were evaluated and were incorporated in this report.

Given the significance of the matters raised in this report, we urge the Honourable Speaker and Members of the House of Representatives and the Honourable Pro- Tempore and Members of the Liberia Senate to consider the implementation of the recommendations conveyed in this report with urgency.

P. Garswa Jackson. Sr., FCCA, CFIP, CFC
Auditor General, R.L



Monrovia, Liberia

August 2024



Auditor General Report

August 30, 2024

Hon. Abdulah Kamara

Acting Chairman

Liberia Telecommunications Authority (LTA)
Menetama Road, Cooper Beach, Paynesville
Montserrado County, Liberia

compliance audit on the Special Investigation at the Liberia Telecommunications Authority (LTA) for the year January 1, 2023 to December 31, 2023

Adverse Conclusion

The General Auditing Commission has conducted a compliance audit of the of the Special Investigation at the Liberia Telecommunications Authority (LTA) for the year January 1, 2023 to December 31, 2023. The compliance audit has been conducted in compliance with relevant laws and regulations consistent with the Auditor General's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as in accordance with other relevant laws.

Based on the audit work performed and because of the significance of the non-compliance matters noted in the Basis for conclusion Paragraphs below, the subject matter is not in all material respect, in compliance with the 1986 Constitution of Liberia, the Public Financial Management (PFM) Act and Regulations of 2009 as Amended and Restated 2019, the PPC Act of 2005, as Amended and Restated 2010 and its Regulations, the LTA Act of 2007 and other relevant LTA Standard Operating Policies and Procedures.

Basis for Conclusion

We identified multiple issues of significant materiality that affect the operations of the Liberia Telecommunication Authority (LTA). These issues can be categorized as follows:

Remittance of GoL Share of Accrued Revenue

- The LTA Management did not remit Government's share of cash collections on accrued revenue totalling US\$3,859,662.18 for the period January 1, 2023 to December 31, 2023.
- Management continues to pay TIA 49% share of revenue during 2023 rather than the 45% stipulated in the contract for the remaining four years of the contract.

- Closing cash balance not reconciled to the Government of Liberia unremitted share of revenue collected amounted to US\$2,943,010.33 for the period under audit.
- Management did not ensure that the nine percent (9%) regulatory fee charge on total revenue of Mobile Network Operators (MTN and Orange) is included as part of the revenue sharing for TIA.
- Management did not open Liberian Dollars transitory bank account at the Unite Bank of Africa Liberia Limited to receive collections paid in Liberian Dollars consistent with the terms of the Memorandum of Understanding.

LTA Headquarters construction contract:

The following irregularities were associated with the monitoring and evaluation of the LTA Headquarters construction contract:

- There was no evidence of a bidding process initiated for the hiring of a project independent evaluator (HQ project technical supervisor) even though a communication was submitted by MPW to LTA providing lists of consultancy service firms for technical supervisors as included in the procurement plan.
- There was no evidence of a procurement process conducted neither was there a contract entered into between the subsequently hired private evaluator, Hasan Al-Turabi Samura, and LTA. Also, there was no evidence of business registration, tax clearance, and ToR for the amount of US\$1,000 paid to assess the status of the project for the next milestone payment term (12% US\$552,491.76).
- The private evaluator, Hasan Al-Turabi Samura, report did not comprehensively catalogued technical details of construction works performed backed by pictorial evidence. However, the report was use as a basis of disbursement of US\$903,368.00 made to Building Material Center Group Incorporated for service performed.
- Management made two payments totalling L\$169,319,769.20 (approximately US\$903,368.00) to BMC Incorporated in excess of the second payment terms in violation of the contract milestone for the 12% payment of the total contract amount. The combined payments totaling L\$169,319,769.20 were based on the technical evaluator, Hasan Al-Turabi Samura, report dated September 9, 2023. Furthermore, the two payments exceeded the 12% second payment term in the contract by US\$360,876.24.
- There was no evidence that the members of the bid evaluation committee had the technical expertise and experience to evaluate a construction project technical proposal.
- There was no evidence that the bid evaluation committee assessed and established the rights and ownership of assets in the bid proposal per the bid evaluation criteria.

- There was no evidence that the bid evaluation committee assessed the certificate of completion from the past services performed for other entities as evidence of experience in such a project.
- There was no evidence of bid committee member individual evaluation scorecards to establish that the scores reported represented each member.
- There was no evidence that Management ensured that the BMC performed a preliminary assessment of the swamp land and soil type before signing the contract and making of initial advance payments. This led to the delay in site preparation works, (including clearing, landfilling, and fencing) as the land was filled with water during the rainy season.
- There was no evidence that Management obtained an Environmental Protection Agency (EPA) permit which led to the halting of construction activities at the HQ project site because of an unresolved environmental issue which is constructing on a wetland.
- There was no evidence that Management obtained legal clearance from all adjacent residents and community members before undertaking the project. This led to a dispute with the community who were claiming ownership which led to construction activities being halted temporarily during July and August of 2023.
- There was no evidence that the land dispute between LTA and the community had been properly resolved by the Land authority or through the court system. However, construction work is currently ongoing.

Digital Transformation Project

Management made payments of US\$450,000.00 and L\$262,844,500.00 to the Liberia Digital Transformation Project (LDTP) account for onward distribution to TAMMA Corporation and 231 Data Incorporated. The following irregularities were associated with the Digital Transformation Project:

- There was no evidence of a contract signed under the LDTP with TAMMA Corporation and 231 Data Incorporated that implemented the project, neither was there a project document for the entire LDTP project showing the scope, timeline of activities, possible impact and outcomes, budget, and work plan. This hindered the ability to identify the criteria with which to assess the implementation of the project activities.
- There was no evidence of how TAMMA Corporation and 231 Data Incorporated were selected, as evidence of the procurement process for the selection of the two entities was never made available.
- There was no evidence of reports of activities conducted under the project by both TAMMA and 231 Data Incorporated to verify the activities for which the amount was spent.

- TAMMA Corporation asserted that they were told to turn over the project to the Ministry of Youth and Sports but evidence of such communication including turnover notes and lists of assets turnover were not made available by TAMMA Corporation.

**P. Garswa Jackson. Sr., FCCA, CFIP, CFC
Auditor General, R.L**



**Monrovia, Liberia
August 2024**

Background

On April 26, 2024, the President of the Republic of Liberia requested the Auditor General to conduct an immediate investigative audit into three areas namely: Non-Remittance of Accrued Shared Revenue, the Headquarter Building Project, and the Digital Transformation Project of the Liberia Telecommunications Authority (LTA), for the year January 1, 2023 – December 31, 2023 following an administrative action suspending the Board of Commissioners of the LTA pending the outcome of the investigative audit.

Pursuant to the President's request, the Auditor General commissioned an audit of the Liberia Telecommunications Authority in keeping with section 2.1.3 of the GAC Act of 2014. An initial meeting was held with the Acting Board of Commissioners of the LTA on May 6, 2024 and subsequently an engagement letter was issued on May 6, 2024 setting the terms and conditions of the audit and was agreed by both parties to officially commence on May 8, 2024.

Management Personnel

The Liberia Telecommunications Authority (LTA) had the following personnel who handled the administrative and financial affairs of the Institution for the period under audit.

Table: 1 Key Management Personnel of the LTA

Name	Rank	Tenure
Mrs. Edwina Crump Zackpah	Chairperson	
Mr. James Gbarwea	Commissioner	
Mr. Isreal M. Akinsanya	Commissioner	
Mr. Zotawon D. Titus	Commissioner	
Mr. Osborne K. Diggs	Commissioner	
Mr. Abdulah Kamara	Acting Chairperson	April 28,2024 -Present
Mrs. Angela Cassell Bush	Acting Commissioner	April 28,2024 -Present
Mr. Clarence K. Massaquoi	Acting Commissioner	April 28,2024 -Present
Mr. Ben A. Fofana	Acting Commissioner	April 28,2024 -Present
Mr. Patrick Honnah	Acting Commissioner	April 28,2024 -Present

Objectives of the Compliance Audit:

- To provide the intended user(s) with information on whether the LTA followed relevant laws, regulations, policies, and procedures and agreed-upon terms;
- To gather sufficient and appropriate audit evidence to form and derive a conclusion whether or not, the subject matters: Non-Remittance of Accrued Shared Revenue, Headquarter Building Project, and the Digital Transformation Project of the Liberia Telecommunications Authority (LTA), for the period January 1, 2023 – December 31, 2023 complied with all material respect, with relevant laws, regulations, policies and procedures.
- To report in terms of the GAC reporting requirements as spelt out in part four (4) of the GAC Act of 2014, the findings and conclusion to the National Legislature.

Subject Matter and Scope

The Special Investigative Audit covers all transactions and activities of the: Non-Remittance of Accrued Share Revenue, Headquarters Building Project, and the Digital Transformation Project of the Liberia Telecommunications Authority (LTA), for the period January 1, 2023 – December 31, 2023.

Audit Criteria

The audit criteria for the subject matter are the 1986 Constitution of Liberia, the PPC Act of 2005, as amended and restated 2010 and its Regulations, the LTA Act of 2007 and other relevant LTA Standard Operating Policies and Procedures.

Audit Methodology

We performed our audit based on the review of contract documents, specifications, financial records, and payment vouchers related to the period under audit. We interviewed LTA staff, carried out physical verification of the LTA's assets and personnel. The audit criteria were applied beach procurement sample selected.

The audit was conducted in accordance with ISSAI 4000 and INTOSAI's International Standards for Compliance Audit. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether LTA complied with laws and regulations.

Our audit also took cognizance of the requirements under the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014. Our audit approach included observation, inquiries, inspections, confirmation, and analytical procedures on areas we considered as high risk.

Limitation of Responsibility

The audit involves performing procedures to obtain audit evidence about the subject matters' compliance with applicable authorities identified as criteria. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of non-compliance material issues of the subject matter, whether due to fraud or error.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some non-compliance material issues may not be detected, even though the audit is properly planned and performed in accordance with the ISSAIs. In making our risk assessments, we considered internal control relevant to the subject matters, but not for the purpose of concluding the effectiveness of the entity's internal control.

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Non-Remittance of Accrued Share Revenue

1.1.1 Non-Remittance of Government of Liberia Share of LTA Cash Collections from Accrued Revenue in 2023

Criteria

- 1.1.1.1 Regulation B.8 of the Public Financial Management Act of 2009 as amended and restated 2019 states (1) All public moneys collected and retained by a government agency, shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of monies collected in any manner between the time of its receipts and payment into the bank except as provided by an enactment”.
- 1.1.1.2 Section 4 “Revenue Sharing” of the LTA & TIA Agreement:
- a) 4.1 The Parties agree to apply a revenue distribution scheme of the total revenues generated under this contract shall be as follows:
 - 4.2 LTA 51% first 4 years, and 55% remaining 4 years
 - 4.3 TIA 49% first 4 years, and 45% remaining 4 years.
- 1.1.1.3 Regulation A.15. of the Public Financial Management Act of 2009 as amended and restated 2019 states:
- a) The head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks”

Observation

- 1.1.1.4 During the audit, we observed that Management did not remit total unremitted to the Government of Liberia amounting to **US\$4,035,147.58** for the period January 1 to December 31, 2023. **See Annexure 1 for details of Sharing Analysis.** See table 1 below.

Table 1: Analysis of Non-Remittance of GoL Share of Revenue Collections in 2023

GoL Share of Cash Collections from Accrued Revenue in 2023 US\$ A	Payments to GoL by LTA for GoL Share of LTA Accrued Revenue in 2023 US\$ B	Variance (Non-Remitted Amount of GoL Share of LTA Accrued Revenue in 2023) US\$ C= A - B
9,382,537.44	5,347,389.86	4,035,147.58

Note * Cash collection amount used was amount confirmed by MTN and Orange

Risk

- 1.1.1.5 Non-remittance of GoL share of revenue collected may deny GoL of much needed revenue. This may lead to misappropriation and misapplication of public funds.

- 1.1.1.6 Management may be non-compliant with Section 4 "Revenue Sharing" of the LTA & TIA Agreement.

Recommendation

- 1.1.1.7 Management should account for the unremitted GoL share of revenue receipt amounting to US\$4,035,147.58.
- 1.1.1.8 Subsequently, Management should facilitate the immediate deposit of the unremitted share of GoL revenue to the consolidated account.
- 1.1.1.9 Going forward, Management should facilitate the timely deposit of GoL share of revenue to the consolidated account. The Revenue Sharing MOU should be amended to incorporate the approved revenue sharing rates decided by the Legislature at the commencement of the fiscal year. The approved revenue sharing rates amongst the TIA, LTA, and GoL should be automatically built in the transitory account such that as fees are remitted to the transitory account, the fees are automatically shared in their approved proportions.
- 1.1.1.10 Management should facilitate periodic reconciliation of revenue sharing analysis among billed raised, amount collected, and payment made to the parties. Variances identified should be investigated and adjusted within subsequent disbursement where applicable. Evidence of periodic revenue reconciliation reports and all other supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.11 *We have reviewed the finding and recommendation in the revised audit observation regarding the amount of Government of Liberia's share of telecommunications' revenue that was not remitted by the LTA during fiscal year 2023. We appreciate the thoroughness of your audit and the opportunity to address the concerns raised.*
- 1.1.1.12 *Upon careful examination, we have noticed that the auditors understated the total remittances in Liberian Dollars as GoL's share of telecommunications' revenue. The auditors reported a total of L\$546,053,627.39 versus L\$575,223,561.55, resulting to an understatement of L\$29,169,934.16. However, please note that remittances of L\$27,678,261.37 and L\$1,490,672.78 (US\$154,264.36 equivalent) included in the total remittance of L\$575,223,561.55, were paid by LTA and remitted to the GoL in 2024. The delay was due to the Central Bank of Liberia being unable to process the Manager Checks in support of the remittances to the GoL timely.*
- 1.1.1.13 *Also, the auditors used average exchange rate versus the daily rates ruling at the time the United States Dollars Revenue Invoices were being paid to determine the United States Dollars equivalent of the total Liberian Dollars remittance to the GoL. As a result of both using average exchange rate and understated/wrong aggregated Liberian Dollars remittance, GoL's share of distributed revenue was understated by US\$234,702.28.*

- 1.1.1.14 Moreover, the auditors excluded the amount of US\$252,758.01 representing GoL's share of distributed revenue evidenced by the UBA Transitory Account 168. The related total revenue was distributed in 2023 at which time LTA receives her share. However, UBA, the bank managing the MFDP/LTA Transitory Account, did not remit GoL's share until January, 2024.
- 1.1.1.15 In conclusion, as a result of the understatement of the total remittances in Liberian Dollars by L\$29,169,934.16, the exclusion of the US\$252,758.01 remitted in 2024 and the use of the average exchange rate by the auditors, the total remittance to GoL was understated by US\$641,724.65.

Please see below summary of our concerns

Summary of Unstated Share of GOL Share by Auditors		
1	Unconsidered UBA Transfer	252,758.01
2	Unconsidered LRD Remittance	154,264.36
3	Understaed GOL Share due to use of average exchange rate by Auditors	234,702.28
	Totals	641,724.65

Auditor General's Position

- 1.1.1.16 We acknowledge Management's assertions relative to the usage of average rates in our computation of Liberian Dollars remittances to GoL. Therefore, we have recomputed the Liberian Dollar remittances using the CBL daily spot (selling) rates and subsequently adjusted the total unremitted revenue to GoL to US\$3,859,662.18 (4,035,147.58 – 175,485.40). **See tables 1A & 1B below.**

Table 1A: Liberian Dollars Remittance Converted using the CBL Daily Spot (selling) rates

Date	Amount L\$	CBL Rates prevailing	Converted Amount US\$
3/1/2023	20,727,918	155.3491	133,428
3/1/2023	76,055,686.18	155.3491	489,579
3/2/2023	36,968,806.09	158.1125	233,813
4/6/2023	68,775,112.56	163.5029	420,635
5/16/2023	32,684,603.62	168.2902	194,216
5/1/2023	35,498,170.42	166.5504	213,138
4/6/2023	20,576,919.37	163.5029	125,850
5/16/2023	78,140,783.30	168.2902	464,322
5/16/2023	41,064,748.19	168.2902	244,012
5/16/2023	30,419,437.67	168.2902	180,756
12/4/2023	34,998,042.97	188.956	185,218

Date	Amount L\$	CBL Rates prevailing	Converted Amount US\$
12/15/2024	4,853,969.22	189.1328	25,664
12/15/2024	33,512,651.20	189.1328	177,191
12/15/2024	31,776,778.60	189.1328	168,013
Total	546,053,627		3,255,835

Table 1B: Analysis of variance adjustment between conversion using spot rates and previous conversion using average rates.

Amount paid to GoL by LTA L\$	Average Rate Used	Converted Amount US\$ A	Converted Amount Using Spot Rates US\$ B	Variance US\$ C = A-B
546,053,627	177.27	3,080,349.90	3,255,835	175,485.40

1.1.1.17 Management's assertions relative to the remittance of US\$252,758.01 in January of 2024 and US\$154,264.36 in March of 2024 for GoL remittance due from 2023 were not supported by documentary evidence. The bank statements or payment advice submitted for audit purposes did not specify that the remittances to GoL were related to arrears from 2023. Additionally, all remittances from MNOs deposited in 2024 were excluded from our projection for remittances due to GoL for 2023. Further, we observed significant remittances from MNOs in 2024. Therefore, we could not ascertain whether remittances to GoL in 2024 were related to arrears from 2023 or based on 2024 revenue due to GoL.

1.1.1.18 Going forward, Management should establish a ledger comprehensively cataloguing all remittances due to GoL, payments made to GoL and outstanding balances. Management should also ensure that all remittances due to GoL are supported by invoices, traffic reports, financial statements of MNOs, and other relevant supporting documents. All remittances to GoL should be adequately supported by bank statements. Management should also prevail on the MNOs and the banking institution to include the period for which the remittances to LTA pertain to, on the payment advice and bank statements respectively.

1.1.2 Closing Cash Balance not Reconciled to GoL Unremitted Share of Revenue Collected

Criteria

1.1.2.1 Regulation B.8 of the Public Financial Management Act of 2009 as amended and restated 2019 states (1) All public moneys collected and retained by a government agency, shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of monies collected in any manner between the time of its receipts and payment into the bank except as provided by an enactment".

1.1.2.2 Section 4 "Revenue Sharing" of the LTA & TIA Agreement:

a) 4.1 The Parties agree to apply a revenue distribution scheme of the total

revenues generated under this contract shall be as follows:

- 4.2 LTA 51% first 4 years, and 55% remaining 4 years
- 4.3 TIA 49% first 4 years, and 45% remaining 4 years.

Observation

- 1.1.2.3 During the audit, we observed performed a reconciliation between GoL share of unremitted revenue from actual receipt and the closing cash balance as at December 31, 2023. See table 2 below.

Table 2: Closing Cash Balance not Reconciled to GoL Unremitted Share of Revenue Collected

No.	Description	Amount US\$
1	Closing Cash Balance as at December 31, 2023	916,651.85
2	Unremitted GoL Revenue Share	(4,035,147.58)
Variance		(3,586,496.97)

Risk

- 1.1.2.4 Funds submitted for subsequent remittance to GoL may be misappropriated.
- 1.1.2.5 Management may be non-compliant with Section 4 of the "Revenue Sharing" of the LTA & TIA Agreement.
- 1.1.2.6 The usage of GoL revenue for unapproved purposes may deny GoL of much needed resources and facilitate fraudulent financial management practices.

Recommendation

- 1.1.2.7 Management should account for the unremitted GoL share of revenue receipt amounting to US\$4,035,147.58 and provide substantive justification why the unremitted GoL share of revenue is not reflected in the closing cash balance.
- 1.1.2.8 Subsequently, Management should facilitate the immediate deposit of the unremitted share of GoL revenue to the consolidated account.
- 1.1.2.9 Going forward, Management should facilitate the timely deposit of GoL share of revenue to the consolidated account. The Revenue Sharing MOU should be amended to incorporate the approved revenue sharing rates decided by the Legislature at the commencement of the fiscal year. The approved revenue sharing rates amongst the TIA, LTA, and GoL should be automatically built in the transitory account such that as fees are remitted to the transitory account, the fees are automatically shared in their approved proportions.

Management's Response

- 1.1.2.10 Management did not respond to this finding.

Auditor General's Position

- 1.1.2.11 On the basis of adjustment made to our recommendation in 1.1.2.7, we have adjusted our

variance of closing cash balance not reconciled to GoL Unremitted Share of Revenue collected to US\$2,943,010,33. **See table 2A below.**

Table 2A: Closing Cash Balance not reconciled to GoL Unremitted Share of Revenue Collected

No.	Description	Variance Amount US\$
1	Closing Cash Balance as at December 31, 2023	916,651.85
2	Unremitted GoL Revenue Share	(3,859,662.18)
Variance		(2,943,010.33)

1.1.3 Irregularities Associated with Telecom International Alliance (TIA) Revenue Sharing Contract

Criteria

- 1.1.3.1 Section 36(1) of the Amended and restated Public Financial Management (PFM) Act of 2019 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister".
- 1.1.3.2 Section 4 "Revenue Sharing" of the LTA & TIA Agreement:
- a) 41. The Parties agree to apply a revenue distribution scheme of the total revenues generated under this contract shall be as follows:
 - 4.2 LTA 51% first 4 years, and 55% remaining 4 years
 - 4.3 TIA 49% first 4 years, and 45% remaining 4 years

Observation

- 1.1.3.3 During the audit, we observed that Management outsourced to Telecom International Alliance the contract to monitor the international gateway traffic for inbound and outbound calls. Forty-nine percent (49%) of revenue received from Mobile Network Operators each year was approved as service charge for the outsourced function.
- 1.1.3.4 Furthermore, we observed that the remaining four years of the contract between TIA and LTA begun 3 September 2022 and ends on 2 September 2026 with provision for approved adjustment to revenue sharing percentage of 45% to TIA and 55% to LTA. However, Management continues to pay TIA 49% share of revenue during 2023 rather than the 45% stipulated in the contract for the remaining four years of the contract.
- 1.1.3.5 We also observed a significant and potential illegitimate issue with the TIA contract as follows:
- There was no evidence of a procurement process conducted for the selection of TIA as the entity to monitor the international gateway traffic for inbound and outbound calls, non-compliant with the PPC Act of 2005 as amended and restated in 2010.
 - The company Telecom International Alliance LLC of Florida with Registration Number L18000204400 was registered in the USA on August 27, 2018.

However, we observed that the contract between the LTA and TIA was signed three days after the formation of the company on August 31, 2018 through their subsidiary Telecom International Alliance Limited. We further observed that the subsidiary company Telecom International Alliance Limited was incorporated in Liberia on June 19, 2019 about nine months after the signing of the contract with the LTA (Registration number 052286700 and Tax ID 500986846). We observed no evidence of request and receipt of prior successful performance of similar service from the vendor.

- The 9% regulatory fee charge on total revenue of Mobile Network Operators (MTN and Orange) was included as part of the revenue sharing for TIA although the 9% regulatory fee regime came into being on February 25, 2019; thus, there was no evidence of an amended contract between TIA and the LTA, beginning February 25, 2019, reflecting TIA entitlement to sharing of the new 9% regulatory regime imposed by the LTA on MNOs.
- TIA was contracted to provide validation of the total revenue of Mobile Network Operators (MNOs); however, we observed no evidence of monthly validation reports for the work performed being submitted to LTA for which the vendor TIA was receiving 49% of the total Monthly 9% Regulatory Fee charge on MNOs total revenue.
- TIA did not submit Call Details Records (CDRs) to the audit team for the inbound and outbound international calls from their international gateway monitoring system for which they determine monthly traffic data reports for LTA. Furthermore, there was no evidence that TIA provided these CDRs monthly to the LTA to enable LTA staff recalculate the 5 cents (outbound) and 14 cents (inbound) per minute of calls billed monthly to MNOs. Only CDRs available were the one submitted from the MNOs along with the traffic data report.

Risk

- 1.1.3.6 Management may be non-compliant with the PPC Act of 2005 as amended and restated in 2010. Non-application of the approved procurement method may impair effective delivery of service, value for money, and facilitate misappropriation of public funds.
- 1.1.3.7 Awarding contracts to vendors without history of successful performance of similar service may lead to the selection of an inexperienced/ineffective vendor. This may impair effective delivery of service, value for money, and facilitate misappropriation of public funds.
- 1.1.3.8 Awarding an additional service to an existing vendor without amendment to approved contract may lead to breach of contract and non-compliance with the PPC Act of 2005 as amended and restated in 2010. In the instance of a dispute, documentation may not be available to facilitate legal redress.

- 1.1.3.9 Outsourcing a function that may be performed by in-house personnel may lead to the loss of significant revenue and misappropriation of public funds.

Recommendation

- 1.1.3.10 Management should provide substantive justification for the application of 49% instead of the 45% in the computation of the TIA share of revenue for the monitoring of inbound/outbound international calls. Management should also justify why the computation of 9% on the total revenue of MNOs cannot be performed by in-house personnel but rather outsourced for such significant contract value.
- 1.1.3.11 Management should provide substantive justification for outsourcing a significant function of the LTA to an inexperienced vendor without the request and receipt of history of successful performance of similar service. Management should also provide substantive justification for awarding an additional service to an existing vendor without evidence of amendment to approved contract.
- 1.1.3.12 Going forward, Management should review the legitimacy of TIA share of the 9% regulatory fees. In the instance where the performance of this service is not supported by approved contract terms, the service should be terminated.
- 1.1.3.13 Management should in the medium/long term consider the procurement of equipment and training of staff to facilitate the monitoring of the international gateway and validation of MNOs revenue. This will facilitate a greater control of revenue monitoring and maximize revenue generation by Management.

Management's Response

- 1.1.3.14 *We acknowledge the observation regarding the incorrect application of the sharing ratio during the distribution of telecommunications revenue between the LTA/GoL and TIA, a third party. The reported anomaly occurred during the tenure of the suspended Board of Commissioners.*
- 1.1.3.15 *The current Board of Commissioners appreciates the GAC's diligence in identifying this issue and bringing it to our attention. The accuracy and transparency in financial transactions are paramount to the integrity and trustworthiness of the LTA. Therefore, we take this matter very seriously.*
- 1.1.3.16 *The current Board of Commissioners will initiate a review to understand the extent of the impact caused by the reported incorrect sharing ratio and to identify the root causes of this situation. Any resulting over/under payments to affected parties will be adjusted immediately.*
- 1.1.3.17 *The LTA acknowledges the observations concerning the decision of the previous Board of Commissioners of the LTA to outsource the function of monitoring and measuring inbound and outbound call traffic data to a third party, as well as the subsequent decision to award additional services to the same party without amending the existing contract.*

- 1.1.3.18 *Firstly, we appreciate the diligence and thoroughness with which the GAC has reviewed our processes and decisions. Your insights are invaluable in ensuring that the LTA operates with the highest standards of transparency, efficiency, and accountability.*
- 1.1.3.19 *Regarding the concerns raised, we wish to address the following points:*
- 1. Outsourcing Decision: The decision to outsource the monitoring and measuring functions was made by the previous Board of Commissioners after a review of available options. The primary objective was to enhance the accuracy and reliability of traffic data, which is crucial for regulatory and operational purposes. However, we recognize that the selection of the service provider should have been more stringent, considering their experience and capabilities.*
 - 2. Experience of the Third Party: The current Board of Commissioners will initiate a review process to assess whether TIA, the selected third party possesses the necessary experience to effectively manage the outsourced functions. This review is necessary to assess the quality of the service provided by the TIA.*
 - 3. Awarding Additional Services: The additional service awarded to the existing third party, TIA, without formal amendment to the contract is concerning. Proper contract management practices necessitate clear documentation and formal amendments to reflect any changes in the scope of work. We acknowledge this lapse and will take steps to rectify it.*
- 1.1.3.20 *The LTA acknowledge the observations and recommendations regarding the review of the legitimacy of TIA, the third party to whom the function of monitoring and measuring inbound and outbound calls traffic data is being outsourced.*
- 1.1.3.21 *We take this observation seriously and are committed to ensuring transparency and compliance with all regulatory and contractual obligations. In response to your concerns, we will initiate the following actions:*
- 1. Review of Legitimacy: We will initiate a thorough review of the legitimacy and qualifications of TIA, the third party provider currently responsible for monitoring and measuring call traffic data. This review will encompass a detailed assessment of the provider's credentials, eligibility, performance, and compliance with industry standards and regulatory requirements.*
 - 2. Contractual Compliance: We will also undertake an internal review to examine the contractual agreements in place with the TIA, the third-party provider. Specifically, we will investigate the circumstances under which any additional service was provided without a formal contract amendment. Should we find that the additional service was indeed provided outside the bounds of the original contract, we will take immediate action to cancel or terminate the service in accordance with relevant laws.*
 - 3. Corrective Measures: Based on the outcomes of our review, we will implement all necessary corrective measures to address any discrepancies or non-compliance issues*

identified. Our goal is to ensure that all operations are conducted with the highest standards of integrity and in full alignment with regulatory guidelines.

- 1.1.3.22 *We appreciate the diligence of the General Auditing Commission in highlighting this important issue. We are dedicated to upholding the principles of accountability and transparency in all our activities and will keep you informed of our progress in addressing this matter.*
- 1.1.3.23 *The current Board of Commissioners acknowledge GAC's recommendation regarding the management of the international gateway monitoring and measurement of international calls traffic and data. The LTA will initiate careful consideration and thorough internal review, after which it will make a determination whether to fully accept and support the GAC's recommendation to manage these functions internally rather than outsourcing them to a third party. The LTA will review the status and legitimacy of the TIA, the third party to whom the function of the international gateway monitoring and measurement of international calls traffic is outsourced.*
- 1.1.3.24 *From our research, the below bullet points are some of the merits of managing the international gateway monitoring and measurement of international calls traffic data by the LTA versus outsourcing to third party.*
- 1. Enhanced Control and Accountability: By managing the international gateway monitoring and measurement internally, LTA will have direct control over all processes and activities. This will enhance our ability to ensure accuracy, reliability, and accountability in the monitoring and reporting of international calls traffic and data.*
 - 2. Data Security and Privacy: Handling sensitive telecommunications data internally will significantly reduce the risk of data breaches and unauthorized access. LTA can implement stringent security measures and protocols to safeguard national data, ensuring compliance with privacy laws and regulations.*
 - 3. Cost Efficiency: Managing the international gateway internally can lead to significant cost savings by eliminating the need for expensive third-party contracts. The funds saved can be reinvested into further programs, infrastructure and other national priorities of the LTA and GoL*
 - 4. Improved Response Time: With direct oversight, LTA can quickly identify and address any issues or anomalies in the data. This will enable faster decision-making and more responsive management of international traffic, ensuring the integrity of our telecommunications network.*
 - 5. Capacity Building: Developing in-house expertise and capacity for international gateway monitoring will strengthen LTA's technical capabilities and foster a culture of continuous improvement and innovation. This will also enhance our ability to adapt to future technological advancements and industry changes.*

6. Alignment with National Interests: Internal management aligns with national interests and priorities by ensuring that the monitoring and measurement of international calls traffic and data are conducted with a focus on national security, economic stability, and public interest.

1.1.3.25 *In conclusion on this observation, LTA is committed to implementing the necessary measures to effectively manage the international gateway monitoring and measurement of international calls traffic and data. We believe that this approach will not only address the concerns highlighted by the GAC but also contribute to the overall improvement and sustainability of our telecommunications sector.*

1.1.3.26 *Please find below the position of four (4) of the suspended commissioners.*

Management's Response - Suspended BOC.

1.1.3.27 *We, the suspended Management team consisting of commissioners Israel Akinsanya, Zotawon Titus, Cllr Osborne Diggs, and James Gbarwea disagree!*

1.1.3.28 *The original LTA-TIA contract outlines a revenue-sharing arrangement of 49% to TIA and 51% to LTA for the first four years, and 45% to TIA and 55% to LTA for the subsequent four years. (see attachment). Clause 6.2 mandates a midterm review of the contract within 30 days after the first anniversary.*

1.1.3.29 *During the midterm review, the TIA contract was amended and restated for a 20-year period effective July 14, 2022. Clause 4.1 of the amended and restated contract specifies a revenue-sharing arrangement of 49% to TIA and 51% to LTA for the first 10 years, and 44% to TIA and 56% to LTA for the following 10 years.*

1.1.3.30 *The reason for TIA receiving 49% of the revenue is outlined in the attached original and "Amended and Restated Contract." See Attach!*

1.1.3.31 *We, the suspended Management team consisting of commissioners Israel Akinsanya, Zotawon Titus, Cllr Osborne Diggs, and James Gbarwea disagree!*

1.1.3.32 *The GAC auditors did not take into consideration that the LTA-TIA agreement was amended and restated with a revenue sharing of 49% to TIA and 51% to the LTA for the first 10 years, effective as at July 14, 2022. LTA thus acted in conformity with the Amended & Restated Contract between the parties. (See attach the amended and restated Contract)*

1.1.3.33 *We, the suspended Management team consisting of commissioners Israel Akinsanya, Zotawon Titus, Cllr Osborne Diggs, and James Gbarwea disagree! LTA did indeed follow the procurement process and has in its possession copies of all the processes followed in awarding the contract to TIA. (See attached procurement the Procurement process followed.)*

Auditor General's Position

- 1.1.3.34 We acknowledge the Suspended Commissioners subsequent submission of amended contract supporting the application of 49% in the computation of TIA share of revenue for the monitoring of inbound/outbound international calls after our audit execution and have therefore adjusted our audit findings.
- 1.1.3.35 Suspended Commissioners' assertion "We, the suspended Management team consisting of commissioners Israel Akinsanya, Zotawon Titus, Cllr Osborne Diggs, and James Gbarwea disagree! LTA did indeed follow the procurement process and has in its possession copies of all the processes followed in awarding the contract to TIA. (See attached procurement the Procurement process followed.)" was not supported by documentary evidence. The Suspended Commissioners did not provide supporting documents for procurement activities as asserted.
- 1.1.3.36 There was a 9% regulatory fee charge on total revenue of Mobile Network Operators (MTN and Orange) which was being included as part of the revenue sharing for TIA. Management should therefore ensure that the 9% regulatory fee charge on total revenue of Mobile Network Operators (MTN and Orange) is not included as part of the revenue sharing for TIA.
- 1.1.3.37 Therefore, relative to the unaddressed findings, we maintain our recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.4 Violation of the Transitory Memorandum of Understanding (MOU) for Collection of Revenue

Criteria

- 1.1.4.1 Section II 'A' 1 of the Transitory Account MOU states "United Bank of Africa Liberia Limited (UBALL) shall establish the transitory account titled "MFDP/LTA transitory fees account".

Observation

- 1.1.4.2 During the audit, we observed that all revenue collected for the Inbound/Outbound Fees for international calls were to be deposited in the Transitory Account domiciled at the United Bank of Africa. However, Management did not open a Liberian Dollars transitory bank account at the UBALL to receive collections paid in Liberia Dollars. Management is currently receiving collections of regulatory fees disburse in Liberia Dollar through its operational account at the CBL in violation of the MOU.

Risk

- 1.1.4.3 Management may be non-compliant with Section II 'A' 1 of the Transitory Account MOU.
- 1.1.4.4 Failure to remit regulatory fee collections in the transitory account may impair the subsequent receipt of lawful revenue by the TIA and GoL. This practice may deny GoL receipt of much needed revenue and facilitate misappropriation/misapplication of public funds.

Recommendation

- 1.1.4.5 Management should immediately open a Liberian Dollar Transitory account at the UBALL for the purpose of receipt of all regulatory fees paid in Liberian Dollar in line with the MOU.

Current Management's Response

- 1.1.4.6 *Management acknowledge the observation regarding the decision of the LTA under the stewardship of the previous Board of Commissioners not to open a local currency account alongside the existing United States Dollar (USD) account. The rationale is grounded in strategic financial considerations and the potential risks associated with local currency transactions.*

1. Currency Risk Management

- 1.1.4.7 *Opening a local currency account could significantly increase the risk of revenue devaluation. The local currency is subject to fluctuations and potential depreciation, which could adversely impact the value of the telecommunications revenue. By maintaining transactions in USD, we ensure stability and predictability in our financial planning and budgeting processes.*

2. Preservation of Foreign Currency Reserves

- 1.1.4.8 *As a regulator, it is imperative to support and help stabilize the country's foreign currency reserves. By conducting transactions primarily in USD, we contribute to the preservation and inflow of foreign currency, which is crucial for the nation's economic stability and international trade operations.*

3. Revenue Maximization

- 1.1.4.9 *Receiving telecommunications revenue in USD maximizes the financial resources available to the regulator and the government. The local currency's volatility could lead to reduced revenue in terms of USD, directly impacting our operational capabilities and the funds available for national development projects.*
- 1.1.4.10 *However, from review of payments by Licensees of billed telecommunication invoices, it has been determined that significant portion of cash receipts are received in Liberian Dollar, a local currency. In view of this, the LTA has opened a Liberia Dollar Transitory Account at the UBALL.*
- 1.1.4.11 *In conclusion, the decision not to open a Liberia Dollar account was based on a thorough assessment of the potential risks and benefits. We are committed to ensuring the financial stability and sustainability of the telecommunications sector, which ultimately supports the overall economic health of the country.*

Suspended Management's Response

- 1.1.4.12 *We, the suspended Management team consisting of commissioners Israel Akinsanya, Zotawon Titus, Cllr Osborne Diggs, and James Gbarwea disagree!*
- 1.1.4.13 *Clause 5.2 of the contract between the LTA and TIA calls for the payment to TIA in USD. Similarly, all invoices submitted to the operators are in USD. However, based on a request*

from the operators, LTA began receiving portions of the payments from the operators in LRD and appealed to the TIA to accept portions of the payments in LRD. That's why the LRD payments are deposited in the LTA's account at the CBL and checks written to TIA for the USD equivalent amounts in LRD."

Auditor General's Response

- 1.1.4.14 Management's assertions did not adequately address the issue raised. Management should have ensured that all remittances from MNOs were remitted in United States Dollars consistent with the contract or alternatively develop, approve, and operationalize an addendum to the contract for the collection of the portion of remittances of revenue from MNOs in Liberian Dollars. Thereafter, Management should have immediately opened a LRD transitory account at UBALL after acceptance of a portion of remittances from MNOs in Liberian Dollars based on the approved addendum to the contract. This control is imperative to facilitate comprehensive, complete and accurate recording, reconciliation and remittances of revenue to GoL, TIA and the LTA.
- 1.1.4.15 Management assertion of opening the LRD account beyond the scope of our audit is acknowledged. Management should therefore facilitate the immediate remittances of all revenue collected in Liberian Dollar to the LRD transitory account at UBALL to facilitate comprehensive, complete and accurate recording, reconciliation and remittances of revenue to GoL, TIA and the LTA.

1.2 LTA Headquarter Building Project

1.2.1 Irregularities Associated with the Monitoring and Technical Evaluation of the Headquarters Project

Criteria

- 1.2.1.1 Section 41 1-7 of the PPC Act of 2005 as amended and restated 2010 states "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:
- a) ensuring that the contractor complies with the specifications and terms of the contract;
 - b) ensuring that the contract is being performed on schedule;
 - c) ensuring that payments made to the contractor are in accordance with the terms of the contract.
 - d) determining when a contract has been successfully performed which will entitle the contractor to final payment; and
 - e) in the case of each contract awarded by the Procuring Entity, designating a contract administration officer who will have responsibility for the administration of the contract consistently with the requirements of this Act and the regulations".

- 1.2.1.2 Section 43.9 of the PPC Act of 2005 as amended and restated 2010 states "Procuring Entities shall forward to the Commission on a quarterly basis a report for monitoring and evaluation purposes of the contracts awarded during the preceding quarter. The content and format of the report shall be detailed in regulations adopted by the Commissioners".

Observation

- 1.2.1.3 During the audit, we observed the following irregularities associated with the monitoring and evaluation of the Headquarters construction contract:
- There was no evidence of a bidding process initiated for the hiring of a project independent evaluator (HQ project technical supervisor) even though a communication was submitted by MPW to LTA providing lists of consultancy service firms for technical supervisors as included in the procurement plan.
 - There was no evidence of a procurement process conducted neither was there a contract entered into between the subsequently hired private evaluator, Hasan Al-Turabi Samura, and LTA. Also, there was no evidence of business registration, tax clearance, and ToR for the amount of US\$1,000 paid to assess the status of the project for the next milestone payment term (12% US\$552,491.76).
 - The private evaluator, Hasan Al-Turabi Samura, report did not comprehensively catalogued technical details of construction works performed backed by pictorial evidence. However, the report was use as a basis of disbursement of US\$903,368.00 made to Building Material Center Group Incorporated for service performed.

Risk

- 1.2.1.4 Management may be non-compliant with the PPC Act of 2005 as amended and restated in 2010. Non-application of the approved procurement method may impair effective delivery of service, value for money, and facilitate misappropriation of public funds.
- 1.2.1.5 Awarding contracts to technical consultants without history of successful performance of similar service may lead to the selection of an inexperienced/ineffective vendor. This may impair effective delivery of service, value for money, and facilitate misappropriation of public funds.
- 1.2.1.6 Disbursement of significant contract amount on the basis of a scanty and incomprehensive technical assessment report may lead to payment for services not perform to approved specifications.

Recommendation

- 1.2.1.7 Management should facilitate full compliance with the PPC Act of 2005 as amended and restated in 2010 for all of its procurement activities.

- 1.2.1.8 Management should facilitate the competitive hiring of an experienced and qualified engineer to serve in the capacity of technical supervisor for monitoring and evaluation of the headquarters construction project. Evidence of successful performance of similar service should serve as a requirement during the recruitment process. Evidence of competitive recruitment exercise should be adequately documented and filed to facilitate future review.
- 1.2.1.9 Management should ensure that the technical supervisor validates the status of all works performed evidence by comprehensive technical assessment report before subsequent milestone payments are disbursed.

Management's Response

- 1.2.1.10 *Management acknowledged the GAC's observation concerning the compliance of procurement activities with the Public Procurement Law.*
- 1.2.1.11 *We appreciate the General Auditing Commission's diligence in reviewing and evaluating our procurement processes. Your observation is a critical component in ensuring transparency, efficiency, and accountability in our operations.*
- 1.2.1.12 *Upon review of your findings, we recognize the areas highlighted for improvement and are committed to taking immediate and comprehensive steps to address them. Specifically, we will:*
- 1. Review and Revise Procurement Policies: We will undertake a thorough review of our current procurement policies and procedures to ensure they are fully aligned with the Public Procurement Law. Necessary revisions will be made to close any gaps identified in the audit.*
 - 2. Staff Training and Development: To ensure our team fully understands and adheres to the Public Procurement Law, we will organize regular training sessions and workshops for all personnel involved in the procurement process.*
 - 3. Regular Internal Audits: We will conduct regular internal audits of our procurement processes to ensure continuous compliance and identify areas for improvement. These audits will be aligned with the standards set forth by the PPC Act.*
 - 4. Engagement with Stakeholders: We will actively engage with our stakeholders, including suppliers and contractors, to communicate our commitment to the Public Procurement Law and ensure their compliance with our updated procurement policies.*
- 1.2.1.13 *In conclusion, we believe that these steps will not only address the current observations but also strengthen our procurement processes, fostering a culture of compliance and integrity within our organization.*
- 1.2.1.14 *We acknowledge the observation of regarding the LTA to undertake a competitive process for hiring an experienced and qualified engineer to serve as the Technical Supervisor or*

Project Manager for the Monitoring and Evaluation of the Construction Works of our Headquarters.

- 1.2.1.15 *We appreciate the GAC's keen interest in ensuring that our processes are transparent, fair, and result in the best outcomes for the organization and stakeholders.*
- 1.2.1.16 *We have initiated a competitive procurement process in search of a qualified technical supervisor or project manager. The LTA remains dedicated to upholding principles of transparency, fairness, and excellence in all its operations. We believe that the competitive process for hiring the Technical Supervisor will significantly contribute to the successful completion of the headquarters construction project of the LTA.*
- 1.2.1.17 *We acknowledge the observation made by the GAC, emphasizing the necessity for a technical supervisor to validate the status of all works performed during the construction phase. We agree that such validation is crucial to ensure that all technical specifications and quality standards are met.*
- 1.2.1.18 *In response to this observation, we are currently, through a competitive process, hiring a qualified Technical Supervisor or Project manager that will implement a robust mechanism to ensure that every aspect of the construction work is meticulously supervised and assessed. Specifically, the technical supervisor will ensure the following:*
- 1. Overseeing of all construction activities. We will ensure that the supervisor is equipped with the necessary expertise to ensure that all works conform to the approved technical standards and project specifications.*
 - 2. Producing and providing comprehensive reports periodically as evidence of the validation process; these reports will detail the status of all works performed, highlight any discrepancies, and document the corrective measures taken to address such discrepancies.*
- 1.2.1.19 *In addition to the aforementioned measures, we will conduct regular audits and reviews of the construction activities. This will provide an additional layer of oversight and ensure continuous compliance with the required standards.*

Auditor General's Position

- 1.2.1.20 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.2.2 Irregularities Associated with Payment of Headquarters Construction Contract

Criteria

- 1.2.2.1 The contract terms of the contract for the Headquarter Constructions require five payment steps based on milestone that include 12%, 20%, 20%, 20%, 20%, and 8% of the contract amount of US\$4,604,098.00.

- 1.2.2.2 Section 36(1) of the Amended and restated Public Financial Management (PFM) Act of 2019 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister".

Observation

- 1.2.2.3 During the audit, we observed that Management made two payments totalling L\$169,319,769.20 (approximately US\$903,368.00) to BMC Incorporated in excess of the second payment terms in violation of the contract milestone for the 12% payment of the total contract amount. We observed that the two combined L\$169,319,769.20 payments were based on the technical evaluator, Hasan Al-Turabi Samura, report dated September 9, 2023. Furthermore, the two payments in the table below exceeded the 12% second payment term in the contract by US\$360,876.24. See Table 3 below for details:

Table 3: Irregularities Associated with Payment of Headquarters Construction Contract

Payment Date	12% second Payment term per contract amount US\$ A	Amount paid for Second payment term L\$	US\$ Rate	Converted amount US\$ B	Amount overpaid in excess of 12% second pmt term US\$ C=A-B
Sept. 12, 2023	552,491.76	92,650,000.00	185.30	500,000.00	
Sept. 29, 2023		76,741,769.20	185.65	413,368.00	
Total:		169,319,769.20		913,368	360,876.24

Risk

- 1.2.2.4 Management may be non-compliant with the terms and conditions of the contract. Payment may be made for service not performed up to approved specifications.
- 1.2.2.5 Payments may not be made consistent with the approved terms and conditions of the contract. This practice may lead to funds not being available for subsequent phases of the project and may impair the achievements of the project objectives.

Recommendation

- 1.2.2.6 Management should provide substantive justification for not facilitating payments consistent with the approved terms and condition of the contract.
- 1.2.2.7 Going forward, Management should develop, approve, and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalogue phases of deliverables and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and

agreed upon with the contractors and included as supplementary documentation to the approved contracts.

- 1.2.2.8 Management should ensure that the contractors submit a job completion certificate upon completion of phases of deliverables and validate the deliverables before further payments are made to contractors.
- 1.2.2.9 Management should facilitate periodic monitoring and evaluation of contract activities to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts.
- 1.2.2.10 Evidence of approved work plans, contracts, budgets, copies of checks and payment vouchers, periodic monitoring and evaluation reports and all other relevant procurement records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.2.11 *The LTA acknowledge the observation of the GAC regarding payments made to the contractor for the construction of our headquarters. We further acknowledge that some of the payments were not entirely consistent with the originally approved payment terms and conditions of the contract. We would like to provide a detailed explanation for this adjustment, emphasizing the exceptional circumstances that necessitated this decision.*
- 1.2.2.12 *The construction site chosen for our headquarters is located in an area that was identified as swampy, and during the rainy season, the site became nearly inaccessible. Significant filling and preparatory work were required to make the site suitable for construction.*
- 1.2.2.13 *The initial site assessment conducted by both the contractor and our technical team acknowledged the swampy nature of the land.*
- 1.2.2.14 *The assessment report indicated that additional preparatory work, including significant filling and stabilization, would be necessary to ensure the land was ready for construction. These conditions were unforeseen and required immediate attention to avoid project delays.*
- 1.2.2.15 *Based on the site assessment, a supplemental agreement was reached with the contractor to address the additional work required.*
- 1.2.2.16 *The supplemental agreement outlined the scope of the additional work, including the filling and stabilization, and provided a revised payment schedule to accommodate these necessary changes.*
- 1.2.2.17 *All payments made to the contractor were in accordance with the terms outlined in the supplemental agreement.*
- 1.2.2.18 *The additional payments covered the unforeseen preparatory work and were essential to*

ensure the integrity and safety of the construction project.

- 1.2.2.19 *The rainy season exacerbated the challenges of the swampy site, necessitating further mitigation measures to ensure that construction could proceed safely and efficiently.*
- 1.2.2.20 *These measures included additional drainage systems and temporary access improvements including the immediate construction of fence to facilitate continuous work on the site.*
- 1.2.2.21 *In conclusion, the payments made to the contractor were justified by the unforeseen and challenging site conditions that required significant additional work to prepare the land for construction. The supplemental agreement ensured that the project remained on track while addressing these challenges effectively. However, no additional cost was incurred as the project total cost remains unchanged.*
- 1.2.2.22 *We trust this explanation provides clarity and addresses your concerns. We remain committed to transparency and diligent project management.*
- 1.2.2.23 *We acknowledge the observation of the GAC of the necessity for the LTA to develop, approve, and adopt a comprehensive work plan for all major contracts.*
- 1.2.2.24 *The LTA recognizes the critical importance of implementing a robust work plan for all major contracts. This acknowledgment is rooted in the following considerations:*
- 1. Enhancing Operational Efficiency: A well-structured work plan ensures that all major contracts are executed systematically, minimizing delays and resource wastage. It provides a clear roadmap for all involved parties, aligning efforts towards common objectives.*
 - 2. Ensuring Accountability and Transparency: By developing and approving a detailed work plan, the LTA reinforces its commitment to accountability and transparency. This aligns with best practices in governance, ensuring that all stakeholders are informed and engaged in the contract execution process.*
 - 3. Risk Management: A comprehensive work plan helps in identifying potential risks early in the process, allowing for the implementation of mitigation strategies. This proactive approach minimizes the likelihood of project disruptions and financial losses.*
 - 4. Compliance with Regulatory Standards: Adopting a structured work plan is essential for compliance with national and international regulatory standards. It ensures that all contractual obligations are met in a timely and efficient manner, safeguarding the interests of the LTA and its stakeholders.*
 - 5. Facilitating Continuous Improvement: The process of developing and approving a work plan encourages continuous evaluation and improvement. It allows for the incorporation of lessons learned from previous projects, fostering a culture of excellence and innovation within the LTA.*

- 1.2.2.25 *In light of these considerations, the management of the LTA fully supports the GAC's observation and is committed to implementing the recommended measures. We are confident that this will significantly enhance our operational effectiveness and contribute to the overall success of our initiatives.*
- 1.2.2.26 *The LTA acknowledge the observation made by the General Auditing Commission concerning the submission of job completion certificates by contractors. We appreciate the thorough audit and the valuable feedback provided.*
- 1.2.2.27 *The observation that contractors should submit job completion certificates upon the completion of each phase of deliverables, which validate the deliverables before payments are made, is duly noted. We recognize the importance of this practice in ensuring accountability, transparency, and the efficient use of resources.*
- 1.2.2.28 *The LTA acknowledge the valuable observation made by the GAC regarding the necessity for the LTA to facilitate periodic monitoring and evaluation of contract activities. The LTA is committed to ensuring that all services paid for are performed in a timely manner and are consistent with established work plans and contracts.*
- 1.2.2.29 *We acknowledge the importance of implementing robust monitoring and evaluation mechanisms. Effective immediately, the LTA will initiate a robust monitoring and evaluation mechanisms that will significantly improve the LTA's ability to manage contracts effectively, ensuring that services paid for are delivered on time and meet the required standards.*
- 1.2.2.30 *The LTA acknowledge the above observation and will improve its internal control processes to ensure all financial transactions are properly supported by all relevant documents.*

Suspended Board's Response

- 1.2.2.31 *The above responses represent the current management positions regarding the 4 observations relating to LTA's Headquarters Project.*
- 1.2.2.32 *Given immediately below is the position of four (4) of the suspended Board of Commissioners.*

"LTA Headquarters Building Project"

- 1.2.2.33 *"We, the suspended Management team consisting of commissioners Israel Akinsanya, Zotawon Titus, Cllr Osborne Diggs, and James Gbarwea agree that there are irregularities associated with the monitoring and technical evaluation of the LTA Headquarters project.*
- 1.2.2.34 *We, however, disagree for the Board to take responsibility for the excess payment to BMC, the company undertaking the construction. Here are our reasons for disagreement:*
1. Madam Edwina Zackpah, the Commissioner with oversight responsibility over the project initiated the payment request and approved its payment. (LTA 2016 Bye Laws, Article 5, Section 5.02.05).

2. Madam Zackpah over utilized Article 2, Section 2.01 of the LTA 2016 Bye Laws to repeatedly justify that once the project was allocated under her department in the budget, she would account for it. "President Weah trusted me and designated me as the Chairperson. I have my 'Green Letter'. No commissioner or group of commissioners will micro manage me. I know what it takes to implement a project under my department."

3. Madam Zackpah, therefore, refused to accept underlying reasons for colleagues objecting (see attached) to paying BMC based on the unverified report it presented.

4. Madam Edwina Zackpah arbitrary payment authorization for BMC in contrast to milestones covered as required under the PPCC payment condition (see attached) is her individual Commissioner decision.

5. Had Madam Edwina Zackpah reasoned with us, her colleagues, to recruit a project manager to monitor and evaluate the project, she would have avoided over paying the contractor because the project manager would have assessed the work to determine payment milestone.

Auditor General's Position

- 1.2.2.35 Management assertion relative to the development, approval and operationalization of supplemental agreement to support amendments to approved payment terms were not supported by documentary evidence. Therefore, we maintain our findings and recommendations.
- 1.2.2.36 We acknowledge Management's acceptance of all other findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.2.2.37 Management is therefore in breach of the PPC Act of 2005 as amended and restated in 2010.

1.2.3 Irregularities Associated with Procurement of Headquarters Project

Criteria

- 1.2.3.1 Section 30 (1 and 2) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: "(1) Each Procurement Committee shall constitute a Bid Evaluation Panel with the required expertise as and when required to evaluate bids solicited by the Procuring Entity. (2) A Bid Evaluation Panel shall be responsible for the evaluation of bids in accordance with the predetermined and Published evaluation criteria as outlined to bidders in the bid documents in accordance with this Act and shall prepare and submit evaluation reports and recommendations for award for the consideration of the Procurement Committee or the Head of the Procuring Entity as provided in the Schedule".
- 1.2.3.2 Section 32 (1, 2 and 3) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: (1) "In order to participate in procurement proceedings, a bidder must qualify by meeting the criteria set by the Procuring Entity, which will normally

include evidence of: (a) Professional and technical qualifications; (b) Equipment availability, where applicable; (c) Past performance; (d) After-sales service, where applicable; (e) Spare parts availability; (f) Legal capacity; (g) Financial resources and condition; and (h) Verification by the internal revenue authority of payment of taxes and social security contributions when due. (2) The qualification criteria set forth in subsection (1) of this Section shall be applied by examining, through investigation and collaboration with other relevant agencies, to ascertain whether or not the bidder meets the minimum qualification criteria established for the bid and not by using a point system for comparing the relative level of qualifications of participating bidders. (3) The Procuring Entity shall be entitled to demand qualification documentation from potential bidders in formal prequalification proceedings, or as a required component of a bid submission”.

- 1.2.3.3 Section 46-56, 57, 58, 59, 61, 62, and 65 requires full compliance when conducting any procurement activity from procurement management, initiation to award of contract as well as contract management.

Observation

- 1.2.3.4 During the audit, we observed that there were two sets of procurement activities conducted for the hiring of the headquarter project contractor. The results of the first procurement activity was rejected by the PPCC for non-compliance.
- 1.2.3.5 In 2023, after the PPCC rejected the MPW technical evaluators’ bid evaluation report, we observed that the Management proceeded and relaunched the procurement process. However, only the BMC Group, one of two entities recommended in the PPC rejected MPW Technical Evaluators’ report responded to the new request for submission of bid. We further observed from the second bid review that the LTA did not include an independent evaluator on the bid review committee from MPW. The LTA used only LTA staff; no bid committee members had technical knowledge and experience in evaluating such a project. The new bid committee team selected BMC Group bid, the sole firm/participant in the second procurement process. Below were the following irregularities associated with the bid committee team:
- 1.2.3.6 Assessment of bid evaluation team and their second evaluation report:
- There was no evidence that the members of the bid evaluation committee had the technical expertise and experience to evaluate a construction project technical proposal.
 - There was no evidence that the bid evaluation committee assessed and established the rights and ownership of assets in the bid proposal per the bid evaluation criteria.
 - There was no evidence that the bid evaluation committee assessed the certificate of completion from the past services performed for other entities as evidence of experience in such a project.
 - No evidence of bid committee member individual evaluation scorecards to

establish that the scores reported represented each member.

- There was no evidence that the procurement committee assessed the outcome of the evaluation panel report and recommendation before awarding the contract to BMC.
- There was no evidence that the procurement committee addressed the below weaknesses identified in the bid evaluation report with the bidder about the capacity of some technical staff and how those threats could be responded to:
 - A) The bidder (BMC) did not provide copies of academic credentials for some key personnel (Lead Engineer/Design, Architect/ Construction, Quality control Manager/Construction, and Construction Foreman) as required.
 - B) There was no evidence of submission for construction Forman, while its Lead engineer (construction) did not meet the required academic qualification.

1.2.3.7 Also, during our review of documents and interview conducted, additional irregularities associated with the second procurement activities of the Headquarter project were as follows:

- No evidence of an approval letter from PPCC approving the special procurement plan (Design and building and technical supervisor for the LTA's HQ project).
- No evidence of bid opening meeting minutes
- No evidence of a letter of acceptance from the selected bidder
- No evidence that bidders purchase LTA bid package

Risk

1.2.3.8 Management may be noncompliant with the PPC Act of 2005 as amended and restated in 2010.

1.2.3.9 The non-application of the requisite procurement methods and processes may impair the achievement of value for money and facilitate fraudulent procurement activities.

1.2.3.10 Failure to ensure that an experienced and independent technical evaluator is included in a bid review team for such a project may lead to contracting an inexperienced/incompetent firm.

Recommendation

1.2.3.11 Management should facilitate full compliance with the PPC Act of 2005 as amended and restated in 2010 for all of its procurement activities.

- 1.2.3.12 Management should ensure that all subsequent bid evaluation committee is capacitated with an experienced and independent technical evaluator and ensure that all relevant procurement documentation is obtained and analyzed to serve as a basis for informed decision making and prudent selection of approved contractor. Evidence of bid evaluation committee meeting minutes and activities report, and all other relevant procurement records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.3.13 *The LTA management acknowledged the observation of the GAC that the LTA will fully comply with the PPC Act of 2005 as amended and restated in 2010 for all its procurement activities.*
- 1.2.3.14 *The LTA acknowledged the observation of the GAC for the LTA to ensure that bid evaluation committees are capacitated with an experienced and independent technical evaluator and ensure that all relevant procurement documentation is obtained and analyzed to serve as a basis for informed decision making and prudent selection of approved contractor.*

Auditor General's Position

- 1.2.3.15 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.2.3.16 Management is therefore in breach of the PPC Act of 2005 as amended and restated in 2010.

1.2.4 Delay in the Construction of the Headquarter Project

Criteria

- 1.2.4.1 Section 41 1-7 of the Public Procurement Act of 2010 states "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:
- (a) ensuring that the contractor complies with the specifications and terms of the contract;
 - (b) ensuring that the contract is being performed on schedule;
 - (c) ensuring that payments made to the contractor are in accordance with the terms of the contract.
 - (d) determining when a contract has been successfully performed which will entitle the contractor to final payment; and
 - (e) in the case of each contract awarded by the Procuring Entity, designating a contract administration officer who will have responsibility for the administration of the contract consistently with the requirements of this Act and the regulations".

Observation

- 1.2.4.2 During the audit, we observed undue delays associated with the construction of the headquarters project due to the following:
- No evidence that Management ensured that the BMC performed a preliminary

assessment of the swamp land and soil type before signing the contract and making of initial advance payments. This led to the delay in site preparation works, (including clearing, landfilling, and fencing) as the land was filled with water during the rainy season.

- No evidence that Management obtained an Environmental Protection Agency (EPA) permit which led to the halting of construction activities at the HQ project site because of an unresolved environmental issue which is constructing on a wetland.
- No evidence that Management obtained legal clearance from all adjacent residents and community members before undertaking the project. This led to a dispute with the community who were claiming ownership which led to construction activities being halted temporarily during July and August of 2023.
- There was no evidence that the land dispute between LTA and the community had been properly resolved by the Land authority or through the court system. However, construction work is currently ongoing.

Risk

- 1.2.4.3 Signing contracts with vendors without ensuring a pre-construction assessment is performed may impair the timely completion of the project.
- 1.2.4.4 Signing a contract with a vendor without ensuring a building permit and environmental permit are obtained from the Ministry of Public Works and the Environmental Protection Agency may lead to project activities being interrupted and impair the timely completion of the project.
- 1.2.4.5 Procuring land without completion of surveying protocols may lead to future dispute with stakeholders. This may impair the timely completion of project activities.
- 1.2.4.6 Untimely achievement of project deliverables may lead to additional expenditure (fixed costs) of the project.
- 1.2.4.7 Project objective may not be achieved in the absence of effective project implementation and coordination. The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables.

Recommendation

- 1.2.4.8 Management should immediately obtain permits from the MPW and the EPA to ensure that the project is in full compliance with relevant laws and regulations.
- 1.2.4.9 Going forward, Management should facilitate timely pre-inspection activities for all phases of construction to ensure that inherent risks associated with project activities are identified and resolved in a timely manner.

- 1.2.4.10 Management should facilitate periodic monitoring and evaluation of project activities to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts. Evidence of periodic monitoring and evaluation activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.4.11 *Management acknowledge the observation of the GAC regarding the LTA adherence to permitting procedures for the construction of our headquarters.*
- 1.2.4.12 *The LTA places a high priority on ensuring that all our projects comply with the relevant laws and regulations. We fully understand the importance of obtaining the necessary permits from the Ministry of Public Works (MPW) and the Environmental Protection Agency (EPA) to ensure that our construction activities are conducted legally and sustainably.*
- 1.2.4.13 *We will initiate the processes of securing the required permits. We will establish contacts with both the MPW and the EPA to ensure that all regulatory requirements are met and that our project aligns with environmental protection standards and construction regulations.*
- 1.2.4.14 *The LTA acknowledge the observation of the GAC regarding the facilitation of timely pre-inspection activities for the construction phases of our headquarters. We appreciate your diligence in highlighting the importance of identifying and resolving inherent risks associated with construction activities.*
- 1.2.4.15 *The LTA places utmost importance on ensuring the safety and efficiency of all construction projects. We acknowledge the significance of conducting thorough pre inspections at every phase of the construction process to mitigate potential risks effectively.*
- 1.2.4.16 *We are committed to enhancing our procedures to ensure that pre-inspection activities are conducted promptly and comprehensively. This proactive approach will enable us to address any identified risks promptly, thereby ensuring a safe and seamless construction process.*
- 1.2.4.17 *The LTA acknowledge the valuable observation made by the GAC regarding the necessity for the LTA to facilitate periodic monitoring and evaluation of project activities to ensure services paid for are performed in a timely manner consistent with approved work plans and contracts activities. The LTA is committed to ensuring that all services paid for are performed in a timely manner and are consistent with established work plans and contracts.*
- 1.2.4.18 *We acknowledge the importance of implementing robust monitoring and evaluation mechanisms. Effective immediately, the LTA will initiate a robust monitoring and evaluation mechanisms that will significantly improve the LTA's ability to manage contracts effectively, ensuring that services paid for are delivered on time and meet the required standards.*

Auditor General's Position

- 1.2.4.19 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.2.4.20 Additionally, Management should ensure that evidence of resolution dispute over the land ownership with community dwellers is obtained, adequately documented and filed to aid in any potential future dispute investigation and to facilitate future review.

1.2.5 Non-withholding and Remittance of GoL Revenue/Taxes

Criteria

- 1.2.5.1 Section 200 Tax Imposed (b) Resident Legal Persons (2) (C) of the amended Liberia Revenue Code States "For income of other legal persons, a regular tax of 25% or a minimum tax of 2% of gross income, whichever is greater".
- 1.2.5.2 Section 905 (J) and (M) of the Revenue Code of Liberia Act of 2000 states that; "Within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".

Observation

- 1.2.5.3 During the audit, we observed that Management did not withhold Goods and Services Tax (GST) amounting to US\$36,708.65 for payments of works to the contractor as required.
See table 4 below for Details.

Table 4: Non-withholding and Remittance of GoL Revenue/Taxes

No.	Date	Details	Amount US\$	Withholding Taxes % to be remitted (Large taxes category)	Total US\$
1	May 12, 2023	To record 25% LRD value at 70% contract amount	231,449.34	2%	4,628.99
2	May 12, 2023	To record the remaining 75% LTA 20% Building contract fee	690,615.10	2%	13,812.30
3	Sept. 12, 2023	To record 15% of the 1st milestone payment of total building project contract	500,000.00	2%	10,000.00

No.	Date	Details	Amount US\$	Withholding Taxes % to be remitted (Large taxes category)	Total US\$
5	Sept. 29,2023	To record 1st milestone of 12% of total contract for LTA headquarters	413,368.00	2%	8,267.36
Total:			1,835,432.44		36,708.65

Risk

- 1.2.5.4 Failure to withhold and remit GST may deny GoL of the much-needed tax revenue.
- 1.2.5.5 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. Please see Section 52 of the Revenue Code of Liberia as referenced above.
- 1.2.5.6 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.2.5.7 Management should provide substantive justification for not withholding and remitting GST.
- 1.2.5.8 Going forward, Management should withhold GST on all goods and services procured and facilitate full remittance of GST to the general revenue account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance including original copies of flag receipts and other supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.5.9 *The LTA acknowledge the observation of the GAC regarding the non-withholding and remittance of service fee and not GST as indicated by the auditors. The LTA will review all payments made to the contractor to determine any applicable service fee and off set it against future payment of the contractor.*
- 1.2.5.10 *The LTA acknowledge the observation on the remittance of applicable service fee and not GST and will fully comply.*
- 1.2.5.11 *The LTA acknowledge the above observation and will fully comply where applicable.*

Auditor General's Position

- 1.2.5.12 *Management assertions did not adequately address the issue raised. Management is required to withhold and subsequently remit to the General Revenue Account 2% of the total contract value, representing goods and services tax as required by Section 200 (b) (2)*

(C) of the Amended Revenue Code of Liberia. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3 Liberia Digital Transformation Project

1.3.1 Irregularities Associated with Digital Transformation Payments

Criteria

- 1.3.1.1 Regulation A.15. of the Public Financial Management Act of 2009 as amended and restated 2019 states "Unauthorised, Irregular, Fruitless and Wasteful Expenditure
(1) The head of government agency must exercise all reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure, and must for this 16-purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks".
- 1.3.1.2 Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the AuditorGeneral, the Comptroller General , the relevant Internal auditor or any officers authorized by them, by the Minister. (2) A public officer who fails to keep or produce any records under this regulation is in a breach of financial discipline as defined in Regulation A.20.

Observation

- 1.3.1.3 During the audit, we observed that the LTA was authorised through a communication from the Minister of State on 16 June 2023 to fund the Liberia Digital Transformation Project (LDTP) that was initially implemented by the TAMMA Corporation. Subsequently, on September 20, 2023, the Minister of State communicated to the LTA to include 231 DATA Incorporated as one of the implementing entities under the LDTP.
- 1.3.1.4 Furthermore, we observed Management made payments of US\$450,000.00 and L\$262,844,500.00 to the Liberia Digital Transformation Project (LDTP) account for onward distribution to TAMMA Corporation and 231 Data Incorporated. The total amounts of US\$440,000.00 and L\$262,500,000.00 were paid to the TAMMA Corporation and 231 Data Incorporated from the LDTP account. However, we observed the following irregularities:
- There was no evidence of a contract signed under the LDTP with TAMMA Corporation and 231 Data Incorporated that implemented the project, neither was there a project document for the entire LDTP project showing the scope, timeline of activities, possible impact and outcomes, budget, and work plan. This hindered the ability to identify the criteria with which to assess the implementation of the project activities.

- There was no evidence of how TAMMA Corporation and 231 Data Incorporated were selected, as evidence of the procurement process for the selection of the two entities was never made available.
- There was no evidence of reports of activities conducted under the project by both TAMMA and 231 Data Incorporated to verify the activities for which the amount was spent.
- TAMMA Corporation claimed that they were told to turn over the project to the Ministry of Youth and Sports but evidence of such communication including turnover notes and lists of assets turnover were not made available by TAMMA Corporation.

Risk

- 1.3.1.5 Management may be non-compliant with PPC Act of 2005 as amended and restated 2010.
- 1.3.1.6 Management may be non-compliant with the required procurement method. Management may override the procurement process by completing disbursement without utilizing the required procurement method.
- 1.3.1.7 Designing a project without evidence of approved project document to guide the implementation of the project may impair the implementation of project deliverables and subsequent monitoring and evaluation of the project.
- 1.3.1.8 Turnover a project without evidence of turnover notes, and project assets may impair subsequent implementation of approved project activities. This may facilitate misappropriation of project assets.
- 1.3.1.9 In the instance of dispute or litigation, documentation may not be available to facilitate legal proceedings without an approved contract.

Recommendation

- 1.3.1.10 Management should provide substantive justification for facilitating disbursement to both TAMMA Corporation and 231 DATA Incorporated without evidence of a contract, project document and periodic activities reports. Management should also account for assets turnover from TAMMA Corporation to Ministry of Youth and Sports which were not made available for our physical verification exercise.
- 1.3.1.11 Going forward, Management should develop, approved and operationalize project documents, contracts, and corresponding work plans to facilitate the smooth implementation of service for all contractors. The work plans should comprehensively catalogue activities, phases of deliverable and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts. Management should ensure that all contractors submit job completion

certificates upon completion of deliverables and validate the deliverables before further payment are made to Contractors.

- 1.3.1.12 Management should facilitate periodic monitoring and evaluation of project activities to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts. Evidence of periodic monitoring and evaluation report should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.1.13 *The LTA acknowledge the observation by the GAC that the LTA has made payments to both TAMMA Corporation and 231 DATA Incorporated, third party implementors of digital transformation project activities without proper documentation, such as contracts, project documents, and periodic reports.*
- 1.3.1.14 *Urgency of Implementation Mandated by the Office of the Minister of State for Presidential Affairs: The LTA was explicitly directed by the Office of the Minister of State for Presidential Affairs to expedite the implementation of critical digital transformation projects. This directive emphasized the urgency and importance of the projects to national interests, necessitating immediate action.*
- 1.3.1.15 *Streamlined Processes for Rapid Execution: In light of the mandate, the LTA had to streamline its usual procedural requirements to ensure timely execution. This included advancing payments to implementing partners to commence work without the standard documentation typically required.*
- 1.3.1.16 *Risk Management Measures: Despite the lack of initial formal contracts and project documents, the LTA implemented several risk management measures:*
- 1. Selection of Reputable Partners: The LTA by the directive of the office of the Minister of State for Presidential Affairs chose partners with proven track records and established reputations in the field of digital transformation to minimize risk.*
 - 2. Interim Agreements: Interim agreements were made, outlining the scope of work, expected deliverables, and timelines. The details of these agreements were detailed on the invoices submitted by the partners and served as a temporary substitute for formal contracts.*
 - 3. Subsequent Formalization: Efforts were made to formalize contracts and documentation retrospectively, aligning with the initial agreements and ongoing project developments.*
- 1.3.1.17 *Periodic Reports and Accountability: Although initial periodic reports were not submitted, the LTA will ensure that implementation reports are provided by the implementing partners. These reports will be reviewed rigorously to ensure transparency and accountability.*

- 1.3.1.18 *In conclusion, the LTA acknowledges the GAC's concerns regarding the documentation and reporting practices. However, it is important to note that the exceptional circumstances dictated by the Office of the Minister of State for presidential Affairs necessitated immediate action to advance the nation's digital transformation goals. The LTA is committed to rectifying any procedural lapses and ensuring full compliance with standard practices moving forward. Steps will be taken to formalize all necessary documentation and improve reporting mechanisms to align with the GAC's recommendations.*
- 1.3.1.19 *We acknowledge the observation made by the GAC regarding the necessity for the LTA to develop, approve, and adopt a comprehensive work plan for all major contracts.*
- 1.3.1.20 *The management of the LTA recognizes the critical importance of implementing a robust work plan for all major contracts. This acknowledgment is rooted in the following considerations:*
- 1.3.1.21 *Enhancing Operational Efficiency: A well-structured work plan ensures that all major contracts are executed systematically, minimizing delays and resource wastage. It provides a clear roadmap for all involved parties, aligning efforts towards common objectives.*
- 1.3.1.22 *Ensuring Accountability and Transparency: By developing and approving a detailed work plan, the LTA reinforces its commitment to accountability and transparency. This aligns with best practices in governance, ensuring that all stakeholders are informed and engaged in the contract execution process.*
- 1.3.1.23 *Risk Management: A comprehensive work plan helps in identifying potential risks early in the process, allowing for the implementation of mitigation strategies. This proactive approach minimizes the likelihood of project disruptions and financial losses.*
- 1.3.1.24 *Compliance with Regulatory Standards: Adopting a structured work plan is essential for compliance with national and international regulatory standards. It ensures that all contractual obligations are met in a timely and efficient manner, safeguarding the interests of the LTA and its stakeholders.*
- 1.3.1.25 *Facilitating Continuous Improvement: The process of developing and approving a work plan encourages continuous evaluation and improvement. It allows for the incorporation of lessons learned from previous projects, fostering a culture of excellence and innovation within the LTA.*
- 1.3.1.26 *In light of these considerations, the management of the LTA fully supports the GAC's observation and is committed to implementing the recommended measures. We are confident that this will significantly enhance our operational effectiveness and contribute to the overall success of our initiatives.*
- 1.3.1.27 *The LTA acknowledge the observation of the GAC regarding the LTA to perform periodic*

monitoring and evaluation (M&E) of digital transformation project implementation activities. The LTA recognizes that performance evaluation and monitoring are critical for a telecommunications regulator authority. Here are some key points that can serve as a justification:

1. Ensuring Alignment with Strategic Objectives

- 1.3.1.28 *Objective Tracking: Regular M&E helps ensure that the project is on track to meet its strategic goals and objectives, aligning with the overall vision and mission of the telecommunications regulator.*
- 1.3.1.29 *Early Identification of Deviations: By periodically reviewing the project's progress, any deviations from the planned objectives can be identified early, allowing for timely corrective actions.*
- 1.3.1.30 *Stakeholder Confidence: Regular reporting and evaluation foster transparency, building confidence among stakeholders, including government bodies, telecommunications companies, and the public.*
- 1.3.1.31 *Documentation of Progress: Systematic documentation through periodic evaluations creates a transparent record of achievements, challenges, and decisions, enhancing accountability.*

2. Optimizing Resource Utilization

- 1.3.1.32 *Resource Efficiency: Continuous monitoring ensures that resources (financial, human, and technological) are being used efficiently and effectively.*
- 1.3.1.33 *Cost Management: Identifying and addressing issues early can prevent cost overruns and ensure the project remains within budget.*
- 1.3.1.34 *Feedback Mechanism: Periodic evaluations provide a mechanism for continuous feedback, allowing the project team to learn and adapt based on real-time data and experiences.*
- 1.3.1.35 *Best Practices and Lessons Learned: Regular reviews help in capturing best practices and lessons learned, which can be applied to ongoing and future projects.*

3. Risk Management

- 1.3.1.36 *Risk Identification: Regular M&E helps in the early identification of risks, enabling proactive mitigation strategies.*
- 1.3.1.37 *Adaptive Strategies: By continuously evaluating the project's environment and progress, adaptive strategies can be developed to address emerging challenges.*

4. Stakeholder Engagement and Communication

- 1.3.1.38 *Regular Updates: Periodic M&E facilitates regular communication with stakeholders, keeping them informed about the project's progress and any changes.*

- 1.3.1.39 *Engagement and Buy-in: Continuous engagement through regular updates fosters stakeholder buy-in and support, which is crucial for the success of the digital transformation initiative.*

5. Measuring Impact and Outcomes

- 1.3.1.40 *Effectiveness Assessment: Regular evaluation helps in assessing the effectiveness of the digital transformation efforts, ensuring that the intended impacts are being achieved.*
- 1.3.1.41 *Performance Metrics: Establishing and monitoring key performance indicators (KPIs) through periodic reviews allows for objective measurement of project success.*

6. Compliance and Regulatory Adherence

- 1.3.1.42 *Regulatory Compliance: For a telecommunications regulator, it is crucial to ensure that digital transformation projects comply with relevant regulations and standards. Periodic M&E helps in maintaining compliance.*
- 1.3.1.43 *Policy Implementation: Continuous monitoring ensures that policies are being implemented effectively and as intended, facilitating regulatory oversight.*
- 1.3.1.44 *In conclusion, the LTA recognizes periodic monitoring and evaluation are indispensable for the successful implementation of digital transformation projects in a telecommunications regulator authority. They ensure that projects remain aligned with strategic goals, optimize resource utilization, manage risks, and foster transparency and accountability. Moreover, regular M&E facilitates continuous improvement, stakeholder engagement, and compliance with regulatory requirements, ultimately contributing to the project's overall success and impact*

Auditor General's Position

- 1.3.1.45 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3.2 Irregularities Associated with Payments to Implementing Partners and the LDTP Bank Account

Criteria

- 1.3.2.1 Regulation A.15. of the Public Financial Management Act of 2009 as amended and restated 2019 states "Unauthorised, Irregular, Fruitless and Wasteful Expenditure (1) The head of government agency must exercise all reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure, and must for this 16 purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks".

Observation

- 1.3.2.2 During the audit, we observed the following irregularities associated with implementing partners of the Digital Transformation Project and the LDTP bank account:
- Copies of all returned-checks received from the bank were observed to be

signed exclusively by the then Chairlady.

- Signatories to the bank account were the then Chairlady of the Board of Commissioners and the then CEO of TAMMA Corporation. The signatory mandate allows for either of the signatories to authorize the transactions of the project.
- Payments were made without evidence of project initiation document, contracts, workplans, milestones, timeline, and liquidation reports. See table 5A, 5B & 5C below of amount disbursed from LTA to the LDTP account and subsequently disbursed to the implementing partners.

Table 5A: Irregularities Observed with the Implementing Partners. Payments to the LDTP Account from LTA

Date	Details	Amount L\$	Amount US\$
November 8, 2023	Liberia Digital Transformation Project (LDTP)	60,000,000	
June 28, 2023	Liberia Digital Transformation Project (LDTP)	79,996,500	
July 27, 2023	Liberia Digital Transformation Project (LDTP)	36,848,000	
June 30, 2023	Liberia Digital Transformation Project (LDTP)		450,000
August 14, 2024	Liberia Digital Transformation Project (LDTP)	66,000,000	
September 29, 2023	Liberia Digital Transformation Project (LDTP)	20,000,000	
Total		262,844,500.00	450,000.00

Table 5B: Payments from the LDTP Account to Implementing Partners Payments to TAMMA Corporation

Date	CHQ#	Description	Amount L\$	Amount US\$
7/8/2023	342805	Liberia Digital Transformation Project	12,000,000.00	
8/7/2023		Liberia Digital Transformation Project	36,000,000.00	
8/19/2023	102	Liberia Digital Transformation Project	65,500,000.00	
7/1/2023	331347	Liberia Digital Transformation Project	65,000,000.00	
7/1/2023	23814	Liberia Digital Transformation Project		300,000
7/1/2023	23827	Liberia Digital Transformation Project		100,000
7/8/2023	23827	Liberia Digital Transformation Project		40,000
Total:			178,500,000.00	440,000.00

Table 5C: Payments to 231 Data Incorporated

Date	CHQ#	Description	Amount L\$
11/13/2023	105	Liberia Digital Transformation Project	50,000,000.00
11/15/2023	106	Liberia Digital Transformation Project	10,000,000.00
11/7/2023	104	Liberia Digital Transformation Project	24,000,000.00
Total:			84,000,000.00

Risk

- 1.3.2.3 Corporate checks signed by a sole signatory may impair the legitimacy of the transactions and facilitate fraudulent financial management practices. Segregation of duties and checks and balances may be impaired.
- 1.3.2.4 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.
- 1.3.2.5 In the absence of adequate supporting documents, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the entity's funds.
- 1.3.2.6 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.3.2.7 Management may override the procurement processes by completing disbursement without utilizing the required procurement methods.
- 1.3.2.8 Failure to ensure that a project is properly planned and has a project document before disbursement of funds may lead to fraud, waste, and abuse of government resources.

Recommendation

- 1.3.2.9 Management should provide substantive justification for issuing a sole signatory mandate for processing of corporate transactions. Management should also provide substantive justification for incorporating a vendor as a signatory to a GoL (LDTP) account.
- 1.3.2.10 Management should also fully account for expenditures made without adequate supporting documents.
- 1.3.2.11 Going forward, Management should immediately regularize the signatory mandate of the LDTP account and ensure that at least two signatories are required to authorize every transaction. Management should also ensure that only authorized employees of government are signatory to GoL corporate accounts.
- 1.3.2.12 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders,

payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.2.13 *The LTA acknowledge the observation of the GAC regarding the inclusion of a non-government employee, who is an implementing partner, as a signatory to a government project account. The LTA would like to provide clarity on the matter and outline the steps taken to rectify the situation.*
- 1.3.2.14 *Initially, a representative of one of the implementing partners (TAMMA CORP) was included as a signatory to the Digital Transformation Project Account. This decision was made based on their critical role in the project's implementation and their extensive expertise in managing project funds.*
- 1.3.2.15 *Upon further review and in consultation with relevant stakeholders, it was recognized that having a non-government or LTA employee as a signatory to a government or LTA account was not in alignment with established protocols and could lead to potential conflicts of interest. This recognition led to immediate corrective measures.*

Corrective Measures Taken:

- 1.3.2.16 *Withdrawal of Signatory Privileges: As soon as the issue was identified, the partner requested to be withdrawn as signatory to the LDTP Account. However, and inadvertently the decision was not timely communicated to the bank to have the partner's withdrawn as a signatory.*
- 1.3.2.17 *No Unauthorized Transactions: The LTA would like to emphasize that the partner did not sign or authorize the withdrawal of any funds from the account during their tenure as a signatory. All checks withdrawn from the LDTP's account were signed by the suspended Chairperson of the LTA.*
- 1.3.2.18 *Revised Signatory List: A revised list of authorized signatories will be immediately prepared and submitted, ensuring that only LTA or GoL's employees are included.*
- 1.3.2.19 *In conclusion, we are committed to adhering to all regulatory requirements and ensuring transparency in our financial management processes. The inclusion of a nongovernment or LTA's employee as a signatory was an oversight, and we will take swift action to address it. Moving forward, we will implement stricter controls and periodic reviews to prevent any recurrence of similar issues.*
- 1.3.2.20 *The LTA acknowledge the observations made by the GAC regarding the expenditures related to the implementation of the Digital Transformation Project. We understand the concerns raised regarding the adequacy of supporting documents for these expenditures.*

- 1.3.2.21 *Rest assured, the LTA takes this observation seriously and is committed to addressing them promptly and comprehensively. We will review the expenditure records in question to provide the necessary justifications, if any and ensure compliance with all regulatory and financial guidelines.*
- 1.3.2.22 *We acknowledge the observation regarding the management of the Digital Transformation project account. We appreciate the GAC's commitment to ensuring the integrity and transparency of financial transactions within our organization.*
- 1.3.2.23 *In response to the GAC's observations, the LTA is committed to immediately implementing the following measures:*
- 1.3.2.24 *Regularizing the Signatory Mandate: o Effective immediately, we will regularize the signatory mandate of the Digital Transformation project account. This will include a comprehensive review and update of the current signatory protocols to ensure compliance with best practices and regulatory requirements.*
- 1.3.2.25 *Ensuring Dual Signatory Requirement: o To enhance accountability and oversight, we will implement a policy that mandates at least two signatories for the authorization of all transactions related to the Digital Transformation project account. This measure will help prevent unauthorized transactions and ensure that all expenditures are properly vetted and approved.*
- 1.3.2.26 *Restricting Signatories to Authorized Personnel: o We will ensure that only authorized employees of the LTA or designated government officials are included as signatories to Digital Transformation Project Account. This will involve a thorough verification process to confirm the credentials and authority of all designated signatories.*
- 1.3.2.27 *Implementing Robust Monitoring Mechanisms: o To maintain ongoing compliance and oversight, we will establish robust monitoring mechanisms. This will include regular internal audits, real- time transaction monitoring, and periodic reviews of signatory mandates to ensure adherence to established protocols.*
- 1.3.2.28 *We believe that these measures will significantly strengthen the governance and management of the Digital Transformation Project account, thereby addressing the concerns raised by the GAC.*
- 1.3.2.29 *We acknowledge your observation in which you highlighted the need for the LTA to ensure that all transactions are supported by the requisite supporting documents in accordance with financial management regulations.*
- 1.3.2.30 *We appreciate the GAC's diligence and commitment to upholding high standards of financial management and accountability. We take your observation seriously and are committed to addressing the issue raised.*

1.3.2.31 *The LTA, under the current management team will endeavor to maintain transparency and accuracy in its financial operations. In response to your observation, we will initiate the following measures to ensure compliance with the financial management regulations:*

1. Review and Update of Financial Procedures: We will initiate the process of reviewing our current financial procedures and policies to ensure they align with the latest financial management practices and regulations of the GoL, and where applicable, best practices. This includes a comprehensive review of all financial transactions to identify and rectify any discrepancies.

2. Enhanced Documentation Protocols: We will implement stricter protocols for the documentation of transactions. This includes mandatory checks to ensure that all financial activities are backed by the necessary supporting documents before approval and execution.

3. Training and Capacity Building: To ensure all staff members involved our check run processes are well-versed with the updated procedures and the importance of compliance, we will ensure training sessions and workshops on financial management and documentation requirements are conducted periodically.

4. Internal Audit Strengthening: We will strengthen our internal audit mechanisms to provide continuous oversight and ensure adherence to the established financial management procedures.

1.3.2.32 *In conclusion, we are confident that these measures will significantly enhance our financial management practices and ensure that all transactions are properly documented and compliant with regulatory requirements.*

Suspended Board's Response

1.3.2.33 *The above responses represent the positions of the current management regarding the observations and accountability anomalies related to the LDTP.*

1.3.2.34 *The four (4) of the suspended commissioners offered their position regarding the observations and anomalies relative to the LDTP. Please find immediately below position of four (4) of the suspended commissioners.*

"Liberia Digital Transformation Project (LDTP)"

1.3.2.35 *"We, the suspended Management team consisting of commissioners Israel Akinsanya, Zotawon Titus, Cllr Osborne Diggs, and James Gbarwea disagree!*

1.3.2.36 *For Management (Board of Commissioners) to take responsibility for the Liberia Digital Transformation Project. The Board can therefore not provide justification for facilitating disbursement of monies to both Tamma Corporation and 231 Data Incorporation. The Board knows nothing about the project.*

- 1.3.2.37 *The Board makes decision through convening a meeting that meets quorum. 3 out of 5 Commissioners present with the Secretary to the Board in attendance is a quorum (See LTA 2016 Bye Laws, Article 4, Section 4.01.03). The Board, at no time, met to determine the scope of work, nor selected the companies to implement the project. The Board didn't decide the cost of any such project and couldn't, therefore, enter into a contract with any company for implementation.*

Access to Bank Account

- 1.3.2.38 *Under its decision-making authority, all five (5) Commissioners serve as "A" Signatories to the holding account at the Central Bank of Liberia and any Operational and disbursement account held at any commercial bank (LTA 2016 Bye Laws, Article 5, Section 5.02. 03). Besides Madam Edwina Zackpah, no other commissioner was a signatory to the LDTP Bank account.*

- 1.3.2.39 *Madam Edwina Zackpah must exclusively provide the justifications regarding the project. (See attached, Exhibit-----"*

Auditor General's Position

- 1.3.2.40 Management assertion did not adequately address the issue raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

Annexures

Annexure 1: Revenue Sharing Analysis

No.	SOURCE OF REVENUE	TOTAL REVENUE	TOTAL COLLECTION PAID TO LTA BY MTN & ORANGE	SERVICE PROVIDER%	REVENUE RECEIPT-LTA	GoL %	LTA %
		US\$	US\$	US\$	US\$	US\$	US\$
		A	B	C	D=B-C	E=D*48.04%	F=D*51.96
1	9% Regulatory Fees	18,597,420.45	12,444,753.34	6,097,929.14	6,346,824.20	3,049,014.35	3,297,809.86
2	Inbound/Outbound International Calls	5,632,688.64	6,272,031.91	3,073,295.64	3,198,736.27	1,536,672.91	1,662,063.37
3	Licenses' Fees	7,314,385.32	8,886,955.35		8,886,955.35	4,269,293.35	4,617,662.00
4	Other Fees from MNOs, Other Revenue	142,775.00	837,337.82		837,337.82	402,257.09	435,080.73
					-	-	
5	Other Sources of Revenue(Other than MNOs)		260,823.80		260,823.80	125,299.75	135,524.05
	Total	31,687,269.41	28,701,902.22	9,171,224.77	19,530,677.45	9,382,537.45	10,148,140.00