

**ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO)
LIBERIA**

Italian Agency for Development & Cooperation (AICS) Funded Project

"Disability and Startup (DASU) - AID 011516

**"When civil society becomes a protagonist of inclusive development
in Liberia."**

INDEPENDENT AUDITOR'S REPORT AND MANAGEMENT LETTER

For the period 2 May 2019 to 1 July 2020

DRAFT REPORT

February 1, 2022

Entity subject to audit	: Associazione Italiana amici di Raoul Follereau (AIFO) Liberia
Country	: Liberia
Auditor	: Parker & Company, LLC
Period subject to audit	: 2 May 2019 to 1 July 2020
Dates of audit fieldwork	: 17 August 2021 to 13 October 2021

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ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
Italian Agency for Development & Cooperation (AICS) Funded Project: DASU

FINANCIAL STATEMENTS AND MANAGEMENT LETTER FOR THE FOURTEEN (14) MONTHS
ENDED JULY 1, 2020

LIST OF ABBREVIATIONS

Acronym	Meaning
AICS	Italian Agency for Development Cooperation
AIFO	Associazione Italiana amici di Raoul Follereau
CBR	Community Based Rehabilitation
DASU	Disability and Start-up
DPI	Disabled People International
DPO	Disabled People Organization
EU	European Union
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
IDDC	International Consortium for Disability and Development
ILEP	International Federation of Anti-Leprosy Associates
ISA	International Standards on Auditing
NCD	National Commission on Disabilities
NUOD	National Union of Organizations of People with Disabilities
OISG	Italian Global Health Watch
PHM	People's Health Movement
PWD	People with Disabilities
RIDS	Italian Network on Disability and Development
SIHAN	Italian Society of Leprosy
SBI	Small Business Initiative
WHO	World Health Organization

ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
Italian Agency for Development & Cooperation (AICS) Funded Project: DASU

FINANCIAL STATEMENTS AND MANAGEMENT LETTER FOR THE FOURTEEN (14) MONTHS
ENDED JULY 1, 2020

GENERAL INFORMATION

Location : 19th Street (Beach side), Sinkor
Tubman Boulevard, Monrovia, Liberia

Management Team : Melany Oey – Country Director
Rebecca Stubblefield – CAD-L Project Manager
Lionel Williams – CAD-L Accountant
Willie Dada Peters – Finance, Admin and Logistics

Bankers : United Bank for Africa (UBA)
Broad & Nelson Streets
Monrovia, Liberia

Auditors : Parker & Company, LLC
81 Sekou Toure Avenue
Mamba Point
Monrovia, Liberia

ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
Italian Agency for Development & Cooperation (AICS) Funded Project: DASU

FINANCIAL STATEMENTS AND MANAGEMENT LETTER FOR THE FOURTEEN (14) MONTHS
ENDED JULY 1, 2020

MANAGEMENT REPORT

The management presents their report and audited financial statements for the fourteen months ended July 1, 2020.

Management's Responsibility for the Financial Statements

The Institution's management is responsible for the preparation and fair presentation of the financial reports, comprising of the Statement of Receipts and Expenditures, the Statement of Fund Balance, and the Statement of Budget and Actual Comparison for the fourteen (14) months ended 1 July 2020 and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the report of the management following the Generally Accepted Accounting Principles (GAAP).

The management responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances of **ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA**.

The management's responsibility includes maintaining adequate accounting records and an effective risk management system.

Principal Activity of the Institution

In Liberia, AIFO started with a local NGO, SSBI, in 1997 with relief items to be distributed to the communities and persons with disabilities affected by the ongoing civil war.

AIFO, Liberia is a professional non-profit health and development organization that enables opportunities for persons affected by leprosy, persons with disabilities, women, children, and members of poor and vulnerable groups, through focused healthcare, education, and economic empowerment initiatives in Liberia to provide a better quality of life and create large scale positive change.

AIFO has been the implementing partner for the EU co-funded project titled: 'From Exclusion to Equality Promoting Community Based Rehabilitation in Liberia', which has brought AIFO to partnering with the National Commission on Disabilities (NCD) for the Community Based Rehabilitation (CBR) National Program which was implemented in 6 Liberian counties: Margibi, Bong, Nimba, Grand Gedeh, Rivergee, and Maryland. The CBR program is the most relevant and systematized approach and, among other things, seeks to develop a national system of community-based rehabilitation by providing improved access to health, education, livelihood, and social services for persons with disabilities in Liberia.

AIFO DASU PROGRAMMING IN LIBERIA

AIFO implemented the three-year project entitled: "Disability and Start-Up. When civil society becomes the protagonist of inclusive development in Liberia" (DASU), financed by the Italian Agency for Development and Cooperation (AICS). The project contributes to reinforcing the role of Disabled People Organizations (DPOs) in the socioeconomic development processes and fulfilling People with Disabilities (PWDs) rights. The project started successfully in Liberia, in the three reference counties (Bong, Nimba, Grand Gedeh) and Monrovia, in May 2018. This annual report covers the project's second year, which started on 2 May

2019 and ended on 30 June 2020. It is important to note that a 2-month extension up to July 1, 2020, was requested and approved to adapt the project to the new working environment in the COVID-19 era. The pandemic outbreak caused several changes in the activities and operational management of the project.

Scope of DASU Project

The main objectives of the DASU project are outlined below:

- Implement diagnostic study of NUOD and (9) DPOs' institutional and management capacities
- Carry out a baseline study of Liberian business and economic landscape for social inclusiveness
- Conduct emancipatory research study for the inclusion of mental health users in the processes of economic empowerment
- Promote PWD's rights.
- Empower PWDs through an inclusive business start-up.
- Exchange of best practices with other African countries through regional bodies.
- Perform national consultations with stakeholders and policymakers.
- Carry out County consultations with stakeholders and policymakers.
- Conduct communication programs on the rights of PWDs through media outlets.

Results

The results of the year and the state of the Institution's affairs are shown in the attached Financial Reports.

Going Concern


The financial statements have been prepared on a going concern basis of accounting, which assumes that the Institution will and can continue to exist and operate for the foreseeable future. The management has assessed AIFO 's ability to continue as a going concern and has not identified any material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly, none is disclosed in the financial statements.

FUNDING

AIFO Liberia received funding totaling EUR 436,822 from AIFO's headquarters during the year. The Executor of the DASU project initiative was financed 90% by AICS and 10% by AIFO to implement its programs in Liberia.

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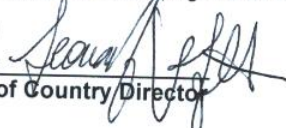
4th February 2022



Date and Signature of Head of Admin and Finance

APPROVAL OF FINANCIAL STATEMENTS

These financial statements, set out on pages 8 to 19, have been approved by the Country Director and herewith signed accordingly:

04/02/22 

Date and Signature of Country Director

PARKER & COMPANY, LLC

Certified Public Accountants & Business Advisors
81 Sekou Toure Avenue
PO Box 1921, Mamba Point
Monrovia, Liberia
Tel: +231.770.484.133

INDEPENDENT AUDITOR'S REPORT

The Management

Associazione Italiana Amici di Raoul Follereau (AIFO) Liberia

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial statements of the development cooperation initiative entitled "Disability and Start up. When civil society becomes the protagonist of inclusive development in Liberia" (DASU) number AID011516 co-funded by the Italian Agency for Development & Cooperation (AICS) and implemented by Associazione Italiana Amici di Raoul Follereau (AIFO) Liberia, which comprises the statement of receipts and payments, the statement of fund balance, the statement of budget, and actual comparison for the reporting period from 2 May 2019 to 1 July 2020, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes set out on pages 14-19.

In our opinion, the accompanying financial statements for the development cooperation initiative implemented by Associazione Italiana Amici di Raoul Follereau (AIFO) Liberia present fairly in all material respects the results of its operations for the fourteen (14) months ended July 1, 2020, following Generally Accepted Accounting Principles (GAAP) and the accounting policies adopted by the organization as stated in note 2 on page 14 of the financial report.

Basis for Opinion

We conducted our audit following Generally Accepted Auditing Standards (GAAS), International Standards on Auditing (ISA), and the terms of the Engagement Letter. Under those standards and instructions, our responsibilities are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Associazione Italiana Amici di Raoul Follereau (AIFO) Liberia according to the ethical requirements relevant to our audit of the financial statements in Liberia, and we have fulfilled our other ethical responsibilities following these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

The management of AIFO Liberia is responsible for the preparation and fair presentation of these financial statements following the significant accounting policies described in note 2 to the financial statements and to determine the eligible income and expenditure, forming an acceptable basis for the preparation and fair presentation of the financial statements in the circumstances; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and selecting and applying appropriate accounting policies;

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit following Generally Accepted Auditing Standards (GAAS) and the terms of the Engagement Letter. Those standards and instructions require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. As part of an audit following GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design appropriate procedures in the circumstances but not to express an opinion on the effectiveness of the internal control.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information for the development cooperation initiative implemented by Associazione Italiana Amici di Raoul Follereau (AIFO) Liberia to express an opinion on the financial report. We remain solely responsible for our audit opinion
- Evaluate the appropriateness of accounting policies used and the related disclosures made by management.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PARKER & COMPANY, LLC

Certified Public Accountants (Liberia)

Date: **4 FEBRUARY 2022**

Monrovia, Liberia

ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
Italian Agency for Development & Cooperation (AICS) Funded Project: DASU

FINANCIAL STATEMENTS FOR THE FOURTEEN (14) MONTHS
ENDED JULY 1, 2020

STATEMENT OF RECEIPTS AND PAYMENTS

(All amounts in Euro)

Receipts	Notes	Fourteen Months to July 1, 2020
Transfer from HQ (AICS Grant 90%)	3	393,140
AIFO Contribution (10%)		43,682
Total Receipts during the Period		<u>436,822</u>
Payments		
Human Resources	4	146,309
Expenses for Carrying out Activities	5	229,176
Equipment and Investments	6	744
On-site Management Fees	7	53,010
Purchase of Services	8	7,023
Communication, External Relations, and Dissemination of Results	9	6,803
Monitoring and Evaluation	10	9,580
General Expenses (maximum 11% of the general subtotal)		49,190
Total Payments		<u>501,835</u>
Excess of Payments over Receipts		<u>(65,013)</u>

The notes on pages 14 to 19 form an integral part of these financial statements.

ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
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FINANCIAL STATEMENTS FOR THE FOURTEEN (14) MONTHS
ENDED JULY 1, 2020

STATEMENT OF FUND BALANCE

(All amounts in Euro)

	Notes	Fourteen Months to July 1, 2020
Balance Brought forward on May 2, 2019: Unspent amount in Y1 AICS & AIFO Contribution (AICS 90% EUR 77,334.327 & AIFO 10% EUR 8,592.70)		85,927
Add: Receipts from AICS (Receipts per confirmation for 393,129 Euro & bank/transfer charges for 11 Euro)	3	393,140
Add: Receipts from AIFO (10% of total cost)		43,682
Total Fund Available		522,749
Less: Total Actual Expenditures for the Period	4-10	(501,835)
Total Fund Balance as of July 1, 2020		20,914

The notes on pages 14 to 19 form an integral part of these financial statements.

ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
Italian Agency for Development & Cooperation (AICS) Funded Project: DASU

FINANCIAL STATEMENTS FOR THE FOURTEEN (14) MONTHS
ENDED JULY 1, 2020

STATEMENT OF BUDGET AND ACTUAL COMPARISON (Cost Category- Note 12)

(All amounts in Euro)

Budget Line	Cost Category	Approved Budget	Actual Cost	Variance	% Variance	Comment
		a	b	c=a-b	d=c/a	
1.1.1	Project Manager (quota parte)	4,320	4,680	360	8%	Salary payment was budgeted for 12 months @360; however, one month was paid.
1.1.2	Administrative / accounting (part share)	1,440	1,920	480	33%	Salary payment was budgeted for 6 months @240; however, additional 2 months were paid.
1.2.1.1	Senior Expatriate Project Leader	59,150	56,036	(3,114)	-5%	Variance due to exchange rate USD/EUR difference
1.3.1.1	Local Junior Project Coordinator	13,235	12,810	(426)	-3%	Variance due to exchange rate USD/EUR difference
1.3.1.2	Administrator and Junior Logistician	13,385	12,482	(903)	-7%	Variance due to exchange rate USD/EUR difference
1.3.1.3	Junior Communications Manager	11,815	11,328	(487)	-4%	Variance due to exchange rate USD/EUR difference
1.3.1.4	Junior Regional Coordinator	9,393	8,307	(1,085)	-12%	Variance due to exchange rate USD/EUR difference
1.3.1.5	Community Workers - Junior	21,393	21,971	577	3%	The community workers were paid 8.75 over the budgeted amount of 324.
1.3.1.6	NUOD Senior Coordinator (part time)	4,914	3,809	(1,105)	-22%	Variance due to exchange rate USD/EUR difference
1.3.1.7	Accountant NUOD Junior (part time)	3,276	2,539	(737)	-22%	Variance due to exchange rate USD/EUR difference
1.3.3.1	Driver	6,035	5,428	(607)	-10%	Variance due to exchange rate USD/EUR difference
1.3.3.2	Housekeeping staff (2 persons)	3,699	4,822	1,123	30%	The housekeeping staff were paid 40.10 above the budgeted amount of 132.12.
1.3.3.3	Communication assistant - internship	200	176	(24)	-12%	Variance due to exchange rate USD/EUR difference
2.1.1	Insurance and visas Expatriate Project Manager	3,000	2,599	(401)	-13%	Variance due to suspended travel due to Covid-19
2.1.2	Insurance and visas International experts on mission	470	288	(182)	-39%	Variance due to suspended travel due to Covid-19
2.2.1	Airline flights Italy-Liberia A / R	5,728	5,846	118	2%	The project budgeted 5,728 Euro for four trips at 1,432 Euro per trip. However, each trip cost 1,461.45 Euro, causing an over-budget of 118 Euro for the four visits.
2.3	Local transportation	1,592	1,166	(426)	-27%	Variance due to Covid-19 restrictions on the collection of people and movement to counties

Budget Line	Cost Category	Approved Budget	Actual Cost	Variance	% Variance	Comment
		a	b	c=a-b	d=c/a	
2.4.1	Reimbursement of Italian experts on mission	3,200	1,742	(1,458)	-46%	Activity suspended due to Covid-19
2.4.2	Reimbursement of local staff on business trips	4,060	3,821	(239)	-6%	Variance due to Covid-19
2.6	Funds for sub-granting, endowment, rotation, and micro-credit funds	45,000	45,892	892	2%	Each sub-grantee was budgeted to receive 3,000 Euro as micro-credit; however, actual disbursement to sub-grantee was 3,059.48 Euro each. Causing incremental spending of 892 Euro over budget.
2.7.1	Institutional diagnostics on DPOs and NUODs: 4 meetings, 1 3-day workshop, print 100 copies of the report (R1.1)	100	-	(100)	-100%	Not Implemented. The follow up/revision of the Study by the International Expert Technician, scheduled for June 2020, has been postponed to the third year due to the COVID-19 pandemic.
2.7.2	Training courses in the institutional area and inclusive business for DPOs (R1.2)	19,300	19,325	25	0%	AIFO budgeted 9,650 Euro per training course; however, they paid 9,662.72 each. Resulting in an over-budget of 25.43 Euro during the period.
2.7.5	National and county seminars with local authorities (R1.4)	16,000	16,485	485	3%	The project budgeted seven seminars at 2,285.71 each; however, AIFO spent 2,355.07 per seminar.
2.7.6	Community Radio Training Workshop (R1.5)	12,000	12,356	356	3%	AIFO budgeted two training workshops at 6,000 Euro per workshop; however, they spent 12,356 on one workshop.
2.7.7	Radio programs (R1.5)	12,400	7,033	(5,367)	-43%	Community outreach meetings were planned for the second half of the second year but were suspended due to the COVID-19 pandemic, as the activity involved gathering people at the community level.
2.7.9	Baseline Survey of the social economy: materials, carrying out interviews, elaborating research reports, printing 300 copies (R2.1)	2,700	2,571	(129)	-5%	Activity temporarily suspended due to Covid-19
2.7.10	Social entrepreneurship training courses (R2.3)	19,650	24,825	5,175	26%	AIFO budgeted three entrepreneurship training at 6,550 Euro per training; however, they spent 24,825 on the three trainings during the period.
2.7.11	Start-up: preparation of skills reports, business plan selection, follow-up meetings, professional training courses, consultancy for non-selected BPs (R2.4, R2.5)	26,000	33,827	7,827	30%	AIFO budgeted fifteen-setup training at 1,733 Euro per training; however, they spent 2,255.15 per training resulting in an over-budget of 7,827 Euro for the fifteen trainings.
2.7.12	Emancipatory Research: 1 3-day training course for 10 researchers, 12 thematic meetings, production of thematic reports, data collection,	26,000	26,184	184	1%	The project planned to research a budgeted cost of 26,000 Euro; however, they spent 26,184 over the budgeted amount, as indicated in this comparison report.

Budget Line	Cost Category	Approved Budget	Actual Cost	Variance	% Variance	Comment
		a	b	c=a-b	d=c/a	
	printing of 150 copies of the final report (R3.1)					
2.7.13	Meetings for the training of resource persons on mental health (R3.3)	7,318	7,008	(310)	-4%	Activities were temporarily suspended due to Covid-19
2.7.14	Community Meetings on Mental Health (R3.3)	11,400	10,474	(926)	-8%	Activities were temporarily suspended due to Covid-19
2.7.16	Purchase and distribution of COVID-19 prevention health kits	7,574	7,733	160	2%	AIFO spends 160 Euro above budget for COVID 19 prevention health kits as indicated therein.
3.5.1	Purchase of IT KIT (laptop, multifunction printer, modem, digital camera, recorder, other)	350	359	9	3%	Variance due to exchange rate USD/EUR difference
3.5.2	Purchase of office furniture for AIFO (2 offices) and NUOD (1 office)	342	386	43	13%	Variance due to exchange rate USD/EUR difference
4.1.1	Central office rental in Monrovia	23,296	20,813	(2,483)	-11%	Variance due to exchange rate USD/EUR difference
4.1.2	Rent regional office in Ganta	3,500	3,837	337	10%	AIFO budgeted to pay 250 Euro per month for fourteen months; however, they paid 274.06 Euro per month for the same period.
4.2	Stationery and small supplies, utilities and small maintenance (including office generator maintenance)	14,700	15,678	978	7%	AIFO budgeted to spend 1,050 Euro per month for fourteen months on stationery; however, they paid 1,119.87 Euro per month for the same period.
4.3.1	Costs for two 4x4 vehicles	11,060	9,932	(1,128)	-10%	Variance due to exchange rate USD/EUR difference
4.3.2	Costs for 6 motorcycles	2,520	2,750	230	9%	Repair expense was budgeted at 180 Euro per month for fourteen months; however, 196.45 was expended per month for the same period.
5.2	Bank costs in Italy and on the spot	2,520	2,153	(367)	-15%	Variance due to exchange rate USD/EUR difference
5.3	Audit following Italian law (1.2% of the project cost)	4,870	4,870	-	0%	Fund to be expended in the third year
6.1.1	Material production (brochures, banners, panels, stickers, t-shirts, other)	4,350	4,587	237	5%	Material production was planned at 4,350 Euro, but actual expenditure was 4,587 Euro during the period.
6.1.2	Mass media and web communication	1,970	888	(1,082)	-55%	Variance due to Covid-19
6.1.3	Meetings/relations with Disability Alliance Liberia	1,300	1,328	28	2%	One meeting was planned with Disability Alliance Liberia at 1,300 Euro, but the actual expenditure was 1,328 Euro during the period.
6.2.1	Produzione e divulgazione video	7,000	-	(7,000)	-100%	The production of the video has been postponed to the third year. AICS asked AIFO to use those funds in the third-year project showing final results.

Budget Line	Cost Category	Approved Budget	Actual Cost	Variance	% Variance	Comment
		a	b	c=a-b	d=c/a	
6.2.2	Produzione e divulgazione graphic novel	540	-	(540)	-100%	AICS asked AIFO to use funds for the graphic novel in the third-year project showing final results.
7.1.1	Meetings of the Management and Monitoring Committee and the Technical Scientific Commission	3,080	3,285	205	7%	3,080 Euro was budgeted as meeting cost with the monitoring committee, but AIFO went over budget by 205 Euro.
7.1.2	Field Supervision	2,400	2,295	(105)	-4%	Supervision and monitoring visits in the field by AIFO staff, suspended since March 2020 due to Covid-19
7.1.3	Monitoring missions from AIFO headquarters	1,600	1,529	(71)	-4%	The second monitoring mission of AIFO headquarters, scheduled for April 2020, has been canceled due to covid-19
7.2	Independent mid-term evaluation (2% total project cost)	9,800	2,472	(7,328)	-75%	The external mid-term evaluation started in February 2020 but was interrupted in March and the field visits were not completed.
8.0	General Expenses (maximum 11% of the general subtotal)	51,804	49,190	(2,614)	-5%	Variance due to Covid-19
	Total	522,749	501,835	(20,915)		

The notes on pages 14 to 19 form an integral part of these financial statements.

ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
Italian Agency for Development & Cooperation (AICS) Funded Project: DASU

FINANCIAL STATEMENTS FOR THE FOURTEEN (14) MONTHS
ENDED JULY 1, 2020

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

AIFO is an International NGO founded in 1961 with headquarters in Bologna, Italy, focusing on the field of international health cooperation and disability; since 1961, AIFO is a founding member of the International Federation of Anti-leprosy Associations (ILEP), International Consortium for Disability and Development (IDDC), Italian Network on Disability and Development (RIDS) and Disabled Peoples' International (DPI), People's Health Movement (PHM), Italian Global Health Watch (OISG), and Italian Society of Leprosy (SIHAN). It is also an official partner of the World Health Organization (WHO). AIFO is present in 12 countries in Africa, Asia, and South America, with 33 projects supporting people with disabilities through the Community Based Rehabilitation (CBR) strategy.

AIFO began its Liberia operation in 1997. AIFO Liberia's mission is the promotion of disability rights, building the capacity of local Disabled People Organizations (DPOs), and fostering economic independence for People with Disabilities (PWDs)

AIFO has been the implementing partner for the AICS co-funded project titled: EU co-funded project titled: 'From Exclusion to Equality Promoting Community Based Rehabilitation in Liberia', which has brought AIFO to partnering with the National Commission on Disabilities (NCD) for the Community Based Rehabilitation (CBR) National Program which was implemented in 6 Liberian counties: Margibi, Bong, Nimba, Grand Gedeh, Rivergee, and Maryland. The CBR program is the most relevant and systematized approach and, among other things, seeks to develop a national system of community-based rehabilitation by providing improved access to health, education, livelihood, and social services for persons with disabilities in Liberia.

Moreover, since May 2018, AIFO has been the implementing partner for the AICS three-year co-funded project titled: "Disability and Start-Up. When civil society becomes the protagonist of inclusive development in Liberia" (DASU).

2. Summary of Significant Accounting Policies

The financial statements have been prepared following the recommendations of the accounting standards issued by the Financial Accounting Standards Board (FASB nos. 116 and 117) specifically for non-profit organizations, in compliance with the laws in force and according to the general principle of prudence. The principal accounting policies applied in preparing these financial statements are set out below.

a. Basis of Preparation

The financial reports have been prepared on the cash basis of accounting, whereby revenue is recognized when received, and expenses are recognized when paid. The accounting policies have been applied consistently throughout the period.

b. Payments

The payments are effected by Associazione Italiana Amici Di Raoul Follereau (AIFO) Liberia. Payments are made through checks and petty cash.

c. Reporting Currency & Foreign Currency Translation

The AIFO Liberia financial reports are drawn up in Euro; For reporting purposes, transactions in other currencies carried out in Liberia are converted to Euro at the average rate prevailing on the date of these transactions. Exchange rates are obtained from an Italian exchange rate website with the following web address (<https://tassicambio.bancaditalia.it/terzevalute-wf-ui-web/AverageRates>).

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FINANCIAL STATEMENTS FOR THE FOURTEEN (14) MONTHS
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NOTES TO THE FINANCIAL REPORT CONT'D

d. Comparative Financial Statements

Under Generally Accepted Accounting Principles and applicable presentation standards, financial statements are required to be presented comparatively with prior periods. However, as shown in this report, we could not provide comparative figures due to the absence of comparable financial statements for fourteen (14) months in the previous period. *The reason for using a more extended period than one year (14 months) was due to the two (2) months extension for COVID 19.*

3. Transfers from HQ (AICS Grant)

Transfers from headquarter represent funds received from the Italian Agency for Development Cooperation (AICS). The funds are first transferred to AIFO Italy and then sent to Liberia through a periodic request by the implementing Agency (AIFO Liberia). The table below shows the funds received during the period 2 May 2019 to 1 July 2020:

Description/Detail	2020
First transfer two-year project	26,000
Second transfer two-year project	58,000
Inward transfer from HQ to AIFO AID -11516 account	36,000
Inward transfer from HQ to AIFO AID -11516 account	36,000
Transfer from HQ (7th installment in 2019 for the DASU Project)	45,000
income(transfer) from HQ to DASU Project /AICS UBA Account	70,000
income (transfer) from HQ	55,000
funds transfer from AICS LBDI Account to AICS UBA Account	68,000
TOTAL	394,000
Deduct: AIFO Co-funding Contribution, which forms part of the funds' transfer	(860)
Total AICS Contribution during the Year	393,140
Total AICS contribution 393,140 EURO is composed of the following:	
AICS Contribution	393,129
AICS cost of Transfer Fees	11
Total AICS Contribution during the Year	393,140

4. Human Resources

Human resources are personnel (AIFO Italy and Liberia) costs. Human resources include costs of salaries and benefits paid to personnel during the second year project period as follows:

Budget line	Description/Detail	2020
1.1.1	Project Manager (quota parte)	4,680
1.1.2	Administrative / accounting (part share)	1,920
1.2.1.1	Senior Expatriate Project Leader	56,036
1.3.1.1	Local Junior Project Coordinator	12,810
1.3.1.2	Administrator and Junior Logistician	12,482
1.3.1.3	Junior Communications Manager	11,328
1.3.1.4	Junior Regional Coordinator	8,307

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Budget line	Description/Detail	2020
1.3.1.5	Community Workers - Junior	21,971
1.3.1.6	NUOD Senior Coordinator (part time)	3,809
1.3.1.7	Accountant NUOD Junior (part time)	2,539
1.3.3.1	Driver	5,428
1.3.3.2	Housekeeping staff (2 persons)	4,822
1.3.3.3	Communication assistant - internship	176
TOTAL		146,309

5. Expenses for Carrying out DASU Activities

Expenses for carrying out DASU activities include general project expenditures incurred in the second year project activities, namely costs for insurance on staff, airline flights, local transportation, and local staff reimbursement of per diem and accommodation in Zwedru Bong, Nimba counties during DASU NUOD national Seminar. It also consists of grants and donations to help business start-ups, training costs for Disabled People Organization (DPO), radio programs and training of disabled individuals as presenters, social economy baseline survey, start-up entrepreneurship, and capacity building training for people with disabilities. Total expenses for carrying out DASU activities are indicated below:

Budget line	Description/Detail	2020
2.1.1	Insurance and visas Expatriate Project Manager	2,599
2.1.2	Insurance and visas International experts on mission	288
2.2.1	Airline flights Italy-Liberia A / R	5,846
2.3	Local transportation	1,166
2.4.1	Reimbursement of Italian experts on mission	1,742
2.4.2	Reimbursement of local staff on business trips	3,822
2.6	Funds for sub-granting, endowment, rotation and micro-credit funds	45,892
2.7.2	Training courses in the institutional area and inclusive business for DPOs (R1.2)	19,325
2.7.5	National and county seminars with local authorities (R1.4)	16,485
2.7.6	Community Radio Training Workshop (R1.5)	12,356
2.7.7	Radio programs (R1.5)	7,033
2.7.9	Baseline Survey of the social economy: materials, carrying out interviews, elaborating research reports, printing 300 copies (R2.1)	2,571
2.7.10	Social entrepreneurship training courses (R2.3)	24,825
2.7.11	Start-up: preparation of skills reports, business plan selection, follow-up meetings, professional training courses, consultancy for non-selected BPs (R2.4, R2.5)	33,827
2.7.12	Emancipatory Research: 1 3-day training course for ten researchers, 12 thematic meetings, production of thematic reports, data collection, the printing of 150 copies of the final report (R3.1)	26,184
2.7.13	Meetings for the training of resource persons on mental health (R3.3)	7,008
2.7.14	Community Meetings on Mental Health (R3.3)	10,474
2.7.16	Purchase and distribution of COVID-19 prevention health kits	7,733
TOTAL		229,176

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6. Equipment and Investments

Equipment and investments for the period May 2, 2019, and July 1, 2020, are expenses incurred on the purchase of IT KIT and office furniture as follows:

Budget line	Description/Detail	2020
	Purchase of IT KIT (laptop, multifunction printer, modem, digital camera, recorder, other)	359
3.5.1		
	Purchase of office furniture for AIFO (2 offices) and NUOD (1 office)	385
3.5.2		
	TOTAL	744

7. On-site Management Fees

On-site management fees are payments made for Monrovia and Ganta office rental and security expenses. It also constitutes cost incurred for the purchase of stationeries, office consumables, supplies, utilities, maintenance, purchasing of spare parts, and fueling of AIFO motorbikes and vehicles. Details are indicated below:

Budget line	Description/Detail	2020
4.1.1	Central office rental in Monrovia	20,813
4.1.2	Rent regional office in Ganta	3,837
4.2	Stationery and small supplies, utilities, and minor maintenance (including office generator maintenance)	15,678
4.3.1	Costs for two 4x4 vehicles	9,932
4.3.2	Costs for 6 motorcycles	2,750
	TOTAL	53,010

8. Purchase of Services

Purchase of services represent bank charges incurred for the transfer of funds to AIFO staff in the counties (Bong, Nimba, and Grand Gedeh Counties) and audit service fees for the period May 2, 2019, and July 1, 2020, as follows:

Budget line	Description/Detail	2020
5.2	Bank costs in Italy and on the spot	2,153
5.3	Audit following Italian law (1.2% of the project cost)	4,870
	TOTAL	7,023

9. Communication, External Relations, and Dissemination of Results

Communication, external relations, and dissemination of results cost include printing of banners, stickers for awareness-raising activities, and annual registration fee paid to Liberia Disability Alliance (LDA) as follows:

Budget line	Description/Detail	2020
6.1.1	Material production (brochures, banners, panels, stickers, t-shirts, others)	4,587

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Budget line	Description/Detail	2020
6.1.2	Mass media and web communication	888
6.1.3	Meetings / relations with Disability Alliance Liberia	1,328
TOTAL		6,803

10. Monitoring and Evaluation

Monitoring and evaluation account for the cost involved in the facilitation of AIFO, NUOD NCD committee meetings including feeding and transportation, monitoring and field supervision of AIFO projects including Feeding accommodation and transport, and payments incurred for mid-term and final reviews conducted by AIFO headquarters. Details are indicated below:

Budget line	Description/Detail	2020
	Meetings of the Management and Monitoring Committee and the	3,285
7.1.1	Technical Scientific Commission	
7.1.2	Field Supervision	2,295
7.1.3	Monitoring missions from AIFO headquarters	1,528
7.2	Independent mid-term evaluation (2% total project cost)	2,472
TOTAL		9,580

11. Cash Ending Balance Versus Fund Balance

AIFO Liberia has three (3) bank accounts with the United Bank for Africa (UBA). The cash ending balance comprises the cash in the bank and the money on hand. As of July 1, 2020, the AIFO cash ending balance totaled Eur 41,245.73. The balance above does not agree with the fund balance presented in the statement of fund balance on page 9 above for Eur 20,914, and as indicated in the table below, because the financial report considers the expenses made by AIFO Italy, the Italian partner (the University of Florence called DISEI) and local partners (NOUD) and the contract with AICS is signed between the donor and AIFO Italy who receives the grant and later remit to AIFO Liberia and the partners. In summary, all the funds from the DASU development cooperation initiative were not placed in a single dedicated bank account in Liberia. Still, they were shared among AIFO Italy, the Italian, and local partners to implement the DASU project. As a result, the cash ending balance would be the aggregation of all the residual balances with AIFO Italy, AIFO Liberia, and the various partners.

Description	Account #	Financial Institution	Currency	Account Balance 1- July-20 USD
Cash at Bank				
AIFO AICS 11516	53060160000373	UBA	USD	41,670.73
AIFO COORD	53060160000366	UBA	USD	107.11
AIFO Regional Office AICS 11516	53060160000549	UBA	USD	2,828.49
Subtotal				44,606.33
Cash on Hand				
AICS Cash on hand	-	-	USD	2,672.98
Coordination Cash on Hand	-	-	USD	0.67
Total Cash & Bank			USD	47,279.98
Total Cash & Bank converted to Euro @ 1 USD = 0.872372 Euro as of July 1, 2020			Euro	41,245.73
Total Fund Balance			Euro	20,914.00
Variance			Euro	20,331.73

ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
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FINANCIAL STATEMENTS FOR THE FOURTEEN (14) MONTHS
ENDED JULY 1, 2020

NOTES TO THE FINANCIAL REPORT CONT'D

12. Statement of Budget and Actual Variance

The budget and actual comparison statement present the original budget, the actual results for the fiscal year, the variances between the budgeted and the exact amounts, and the percentage over budget and under budget. Explanations for the reason for these variances were provided by AIFO Liberia management.

13. Contingent Liabilities

On July 1, 2020, there are no contingent liabilities to be disclosed in the financial statements or notes.

14. Subsequent Events

After the reporting date, there have been no events that require adjustment of or disclosure in the financial statements or notes.

**Associazione Italiana Amici di Raul Follereau (AIFO) Liberia
Italian Agency for Development & Cooperation (AICS) Funded Project: DASU**

**MANAGEMENT LETTER
For the period 2 May 2019 to 1 July 2020**

PARKER & COMPANY, LLC

Certified Public Accountants & Business Advisors

81 Sekou Toure Avenue
PO Box 1921, Mamba Point
Monrovia, Liberia
Tel: +231.770.484.133

INTRODUCTORY LETTER

To the Management
Associazione Italiana Amici Di Raoul Follereau (AIFO) Liberia.

In planning and performing our audit of the financial report of AICS co-funded project number AID011516 as of July 1, 2020, titled: "Disability and Start up. When civil society becomes the protagonist of inclusive development in Liberia" implemented by Associazione Italiana Amici Di Raou Follereau (AIFO) Liberia, following International Standards on Auditing (ISA), we considered AIFO Liberia internal control over financial reporting as a basis for designing our auditing procedures to express our opinion on the financial statements, but not to express an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the efficacy of these controls.

However, during our audit, we became aware of several opportunities for strengthening internal controls and operating efficiency.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with your management. We will be pleased to discuss them in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

PARKER & COMPANY, LLC

Certified Public Accountants (Liberia)

Monrovia

Date: *4 FEBRUARY 2022*

**ASSOCIAZIONE ITALIANA AMICI DI RAOUL FOLLEREAU (AIFO) LIBERIA
MANAGEMENT LETTER
FOR THE FOURTEEN (14) MONTHS ENDED JULY 1, 2020**

SUMMARY OF FINDINGS

No	Subject Area/Control Issues	Title	Finding Category	Priority Rating	Amount EUR
1.	Accounting system and expenditure controls	Cash Payment Above the Authorized Cash Ceiling	Management control	Priority 1	Nil
2.	Accounting system and expenditure controls	The discrepancy between the Payroll and Personnel Transaction Listing	Management control	Priority 1	Nil
3.	Others	Incomplete HR Policies/Staff Handbook	Management control	Priority 2	Nil
4.	Accounting system and expenditure controls	Payments not Properly Authorized	Management control	Priority 1	Nil
5.	Accounting system and expenditure controls	Transactions Posted to the Wrong Budget Line	Management control	Priority 1	Nil
6.	Others	Incomplete Personnel File	Management control	Priority 2	Nil
7.	Others	Non-compliance with the Prescribed Exchange Rates by the National Taxation Law	Compliance	Priority 1	Nil
8.	Others	Late Payment of Withholding Tax	Compliance	Priority 3	Nil
9.	Others	Late Payment of NASSCORP Contribution	Compliance	Priority 2	Nil
10.	Others	Service Tax not Withheld from Service Fees and Rent	Compliance	Priority 1	Nil
11.	Others	Employment Injury Scheme and National Pension Scheme not Deducted from Country Directors Salaries	Compliance	Priority 1	Nil
12.	Others	Non-compliance with the Procurement Policy	Compliance	Priority 2	Nil
13.	Others	Lack of Tax Clearance Certificate for Vendors/Service Providers	Compliance	Priority 2	Nil

1. Findings and Recommendations

During our audit, we identified some internal control and compliance weaknesses that require improvements or modifications to strengthen the controls in payments processes, procurement procedures, human resources policies, and local taxation. We have set these out in detail below:

1.1 Management Control Findings

Finding n°: 1	Cash Payments above the Authorized Cash Ceiling
Management control issue: <i>Accounting policies and procedures - cash and bank</i>	

Basis, i.e., article reference:

According to AIFO Liberia Internal procurement procedures for the purchase of goods and services and the reward of construction tenders, Section 9' Payment Methods' - Payments must be made in a traceable manner whenever possible (bank transfer or checks). Barring exceptions (authorized by AIFO on a case-by-case basis), cash payments are only allowed for amounts totaling under 500 euros.

Description of the Finding:

During our review of petty cash transactions, we found that several expenditures incurred for payments for a stipend for researchers, catering services, media coverage, and other expenses were made in cash out of the petty cash fund in amounts above the authorized ceiling for cash payments of EUR 500 which violates the policy aforementioned. Many cash payments were significant and increased the risks associated with using cash; Payments were made in cash for expenditures as high as EUR 4,071.

To adhere to the policy aforesaid and maintain adequate controls over cash, AIFO should avoid excessive use of money whenever possible as follows:

- Payments to vendors and service providers in any location (in and outside of Monrovia) should be made in the form of checks in the name of the entity, and AIFO should only deal with businesses that accept checks; and
- Stipend for researchers should be paid in check if more than EUR 500.

However, cash payments can be acceptable for some expenses on program activities such as per diem /allowances for training participants due to the high cost of issuing a small check for each participant and the challenges they may face for cashing out these checks. See transactions for these cash payments above the threshold highlighted in the table below:

Table 2: List of Transactions for Cash Payments above Ceiling

No.	Date	Ref#	Description	Payment Amount €	Cash Payment ceiling €	Variance €
1	11/01/2020	6220.00066	Kukeba - rif. Del 11/01/2020, fornitore [62.kukeba] kuku`s net bar & resturant	685	500	185
2	06/04/2020	6220.00793	Jsyrob - rif. del 06/04/2020, fornitore [62.jsyrob] j. Sylvester Roberts	1,197	500	697
3	06/04/2020	6220.00795	Jonada1 - rif. del 06/04/2020, fornitore [62. jonada1] Jonathan. S. Davies	834	500	334
17	12/06/2020	6220.01093	Jsyrob - rif. Del 12/06/2020, fornitore [62.jsyrob] j. Sylvester roberts	509	500	9
18	17/06/2020	6220.01184	Elohim - rif. Del 17/06/2020, furniture [62. elohim] Elohim group of companies, Inc.	2,488	500	1,988
19	18/06/2020	6220.01228	Gateway - rif. Del 18/06/2020, furniture [62. gateway] gateway holding & investment Inc.	4,071	500	3,571
20	19/06/2020	6220.01230	Dura Plast - rif. Del 19/06/2020, fornitore [62. duraplast] duraplast lib. Inc.	2,443	500	1,943

No.	Date	Ref#	Description	Payment Amount €	Cash Payment ceiling €	Variance €
21	23/06/2020	6220.01253	Elohim - rif. Del 23/06/2020, furniture [62. elohim] Elohim group of companies, Inc.	817	500	317
22	23/06/2020	6220.01257	Convenant - rif. Del 23/06/2020, fornitore [62.convenant] covenant ventures rental services	533	500	33
23	24/06/2020	6220.01307	Naklee - RIF. Del 24/06/2020, Fornitore [62.Naklee] Naklee Business Center	733	500	233
				29,612		18,112

Financial impact: NIL

Impact or Risk:

- Non-compliance with the cash payment policies and procedures encourages management override.
- Large quantities of cash payments place the project fund at the risk of theft.

Recommendation:

An effective measure in achieving an accurate set of financial files is reducing the reliance on cash payments wherever possible. This is because cash is associated with a higher risk and error than other payment methods, and these risks include fraudulent activities and the potential for individuals to misappropriate funds. To reduce the risk of inaccurate financial reporting, AIFO should decrease its reliance on cash payments, and it could achieve this by:

- Limiting the level of cash payments and petty cash balances held by adhering to the upper limits of EUR 500, which is solely used for transportation, per diem, and other minor office running costs. Bank payments should be used for all transactions unless this is not possible.
- Making payments to vendors and service providers in checks and checks for vendors/service providers should be written in the entity's name.

Recommendation Priority: *Priority 1 – Urgent remedial action is required*

AIFO's Comment:

The limits placed by AIFO procedures on the use of cash are exclusively applicable to procurement.

Financial transactions between AIFO bank accounts are not subject to this limitation, and payments to a list of beneficiaries. In addition, given the emergency due to Covid, it was not always possible to follow the procedures. Due to a pandemic, the CD was not in the country, and she could not sign the cheque.

Auditor's Comment:

The auditors cleared financial transactions between AIFO bank accounts and payments to a list of beneficiaries.

Finding n°: 2	Discrepancy between the Payroll and Personnel Transaction Listing
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Management control issue: *Reconciliation between the Payroll & the transaction listing*

Basis, i.e., article reference:

Description of the Finding

The credibility of the financial information determines the flow of the data from the source of information to the financial report. In the case of AIFO Liberia's financial information relating to personnel, we noticed a significant difference between the payroll and the transaction listing for local staff, amounting to EUR 3,264.51; This difference resulted from AIFO omitting employers' share for NASSCORP from the payroll, although it formed part of the transaction listing. This situation poses a severe problem for the transparency and the financial integrity of the financial reports. See table 5 below for the differences observed.

Table 3: Variances between Salaries on the Payroll & the Transaction Listing

Budget Code	Staff Name	Position	Payroll Amount (USD)	Transaction Listing Balance (USD)	Variance (USD)	Variance (EUR)
Local Staff						
1.3.1.1	J. Sylvester	Regional Coordinator	9,530.00	10,101.83	(571.83)	(458.40)
1.3.1.2	Willie Dada Peters	Finance, Administrator & Logistician	9,950.00	10,547.50	(597.50)	(479.19)
1.3.1.3	Luther Sangar Mendin	Communication Officer & Program Advisor	9,050.00	9,593.00	(543.00)	(433.64)
1.3.1.4	Jonathan Saye Davis	Field Coordinator	6,530.00	6,921.81	(391.81)	(314.01)
1.3.3.1	Joseph P. Bealded	Driver/Logistic Support & Community Worker	4,237.70	4,491.97	(254.27)	(211.42)
1.3.1.5	Krubo Boway	Community Worker	2,966.35	3,144.34	(177.99)	(142.30)
1.3.1.5	Arthur Bondo	Community Worker	2,966.35	3,144.34	(177.99)	(142.30)
1.3.1.5	Nenlay G.Doe	Community Worker	2,966.35	3,144.34	(177.99)	(142.30)
1.3.1.5	August N. Makor	Community Worker	2,966.35	3,144.34	(177.99)	(142.30)
1.3.1.5	Franklin W. Blaye	Community Worker	2,966.35	3,144.34	(177.99)	(142.30)
1.3.1.5	T. Patrick Jarwleh	Community Worker	2,966.35	3,144.34	(177.99)	(142.30)
1.3.3.2	Vivian J. Massaquoi	Cleaner & Cook	2,560.00	2,713.60	(153.60)	(122.69)
1.3.3.2	Maron Y. Veawolo	Cleaner	1,712.70	1,854.66	(141.96)	(116.14)
2.7.12	Mathew Nyanplu	Emancipatory Disability Research Report & Prog	500.00	530.00	(30.00)	(26.39)
4.1.1	Cyrus Kpawolo	Guard	1,955.80	2,117.94	(162.14)	(132.69)
4.1.2	John F. Flomo	Guard	1,712.70	1,854.66	(141.96)	(116.14)
Total Local Staff						3,264.51

Financial impact: NIL

Impact or Risk:

Differences between the payroll and the transaction list can raise confusion during the preparation of the financial reports as to which figure is the primary financial information.

Recommendation:

We recommend that AIFO Management ensures that the financial information on the payroll is similar to the information contained on the transaction listing at all times to preserve financial integrity and transparency.

Recommendation Priority: *Priority 1 – Urgent remedial action is required*

AIFO's Comment:

The variance is the Nasscorp paid by AIFO for the employees (6% of gross salary).

Finding n°: 3

Incomplete HR Policies / Staff Handbook

Management Control Issue: *Accounting policies and procedures - general*

Basis, i.e., article reference: Best Practice

Description of the Finding:

Human Resources Policies and Procedures are essential as they provide structure, control, consistency, fairness, and reasonableness for human resource activities. During our review of the AIFO staff handbook, we noted that the manual does not have any recruitment policies and procedures to guide employment, namely recruitment procedures, application procedures, selection/interview procedures/ appointment, and staff transfer policy. We also identified other deficiencies in the manual, such as a lack of policy on personnel development, including staff appraisal procedures and staff training policy, and the absence of timesheet procedures.

Financial impact: NIL

Impact or Risk:

Without a recruitment policy and procedures, there is a risk that unqualified staff will be employed to fill high positions. Moreover, in the absence of a staff development policy, personnel may not perform their job effectively. This control risk may affect the operations of the entity and slow productivity.

Recommendation:

We recommend the management of AIFO Liberia incorporate recruitment processes, employment procedures, personnel documentation requirements, and personnel development/training policies in the human resource manual to boost the company's operations and productivity and ensure that the recruitment and selection processes are carried out competitively.

Recommendation Priority: *Priority 2 – Prompt specific action is required*

AIFO's Comment:

AIFO follows a strict staff recruitment procedure to evaluate candidates' CV and references. In addition, the staff to be recruited undergoes a written and an oral test.

Staff appraisals are available but are shown upon request due to privacy policy.

Until 2021, AIFO did not consider necessary timesheets of staff because they were totally charged in one project. In fact, timesheets are introduced in 2021 since part of staff work for more than one project.

Staff Handbook is considered an information document made by AIFO Liberia for Liberian staff. At the same time, any policy/procedure must be approved by AIFO Italy President and members of boards because must be in line with laws of each Country where AIFO works.

Auditor's Comment:

AIFO should strive to formalize its informal policies over recruitment.

Finding n°: 4

Payments not Properly Authorized

Management Control Issue: *Accounting policies and procedures - payments*

Basis, i.e., article reference:

According to AIFO Liberia Internal procurement procedures for the purchase of goods and services and the reward of construction tenders, Section 8 'Authorization' – **(a)** Within the framework of cooperation projects in developing countries with institutional donors, purchases are authorized by the Project Manager, who must follow precisely what is allowed for in the approved project; **(b)** For projects, which institutional donors do not fund, purchases are authorized by the Country Representative, in full respect of the expenditure plan, or, where this does not exist, in full respect of the Foreign Services Office (Servizio PE).

Description of the Finding:

We noticed several payment vouchers were not authorized as required by the internal procurement procedures stated above during our audit. In these cases, the voucher existed, but the 'approved by' sections were not filled. Even though these vouchers were not authorized, payments were made using these unauthorized vouchers against the procedures. See the table below for details on these transactions:

Table 4: List of Transactions not Properly Authorized

No.	Date	Ref#	Description	Payee	Euro	USD
1	18-May-19	6219.01456	Periderm for seven days for national county seminar, Emmanuel Sekey	62.Emmsek - Emmanuel Sekey	224	250
2	20-Jun-19	6219.01827	Lunch /refreshment for the participant during acquaintance meeting with a night on r3.3 engagement	62. Traper of the list of participants	151	170
3	7-Sep-19	6219.02631	Stipend for EDR researcher	62.Stiresear – stipend for research	917	1,020
4	7-Sep-19	6219.02633	Local transportation and evening meals(dinner) for researchers	62. Traper of the list of participants	804	895
5	7-Sep-19	6219.02637	Feeding, lodging, and hall rental during 6th EDR activity in Ganta City, Nimba County	62.Kukeba – Kuku's Net Bar and Restaurant	854	950
6	7-Sep-19	6219.02639	Lodging and hall rental during 6th EDR activity in Ganta City, Nimba County	62.Leeguhou-Leela Guest House	539	600
7	13-Sep-19	6219.02753	Printing of 120 baseline report	62.Elohim - Elohim Group of Company INC.	333	370
8	17-Sep-19	6219.02765	1 st Instalment payment for project mobilization, to provide structure feedback on PMWS On Business plan evaluation	62.Bustucemo – Business Start-Up Center Monrovia	8,139	9,055
9	18-Sep-19	6219.02775	Part-payment for breakfast and lunch during baseline study lunch event	62. Firfoodcent - First Food Center	674	750
10	19-Sep-19	6219.02784	One night per diem each for two participants from Nimba and Bong for baseline event	62. Traper of the list of participants	108	120

No.	Date	Ref#	Description	Payee	Euro	USD
11	25-Sep-19	6219.02978	Final payment for breakfast and lunch for baseline event.	62.Firfoodcent - First Food Center	682	750
12	26-Sep-19	6219.02871	Sign language interpreters fees during radio training in Ganta, Mathew & Joshua	62. Silent - Sign Language Interpreters	360	400
13	26-Sep-19	6219.02875	Local transportation & periderm for participants during radio training in Ganta	62. Traper of the list of participants	3,514	3,910
14	26-Sep-19	6219.02879	Lodging for participants during radio training in Ganta	62.Traveler's - Traveller's Motel	2,022	2,250
15	26-Sep-19	6219.02982	Lodging for participants during radio training in Ganta and hall rental fees	62. Zoelodge - Zoe Lodge	1,363	1,500
16	26-Sep-19	6219.02984	Feeding and lodging for participants during radio training in Ganta	62.Kukeba – Kuku's Net Bar & Restaurant	3,097	3,408
17	10-Oct-19	6219.03046	AIFO Vehicle(A6-11203) Toyota Cruiser registration	62. - Ministry Of Transport	195	215
18	10-Oct-19	6219.03048	Registration for three motorbikes	62. - Ministry Of Transport	145	160
19	27-Oct-19	6219.03156	General maintenance for servicing three field motorbikes	62. a - wind of glory auto parts	72	80
20	27-Oct-19	6219.03158	General maintenance for servicing coordinators' field motorbikes	62. a - wind of glory auto parts	152	168
21	2-Nov-19	6219.03217	Local transportation for participants during the 7 th EDR meeting in Zwedru	62. Traper of the list of participants	1,285	1,420
22	2-Nov-19	6219.03219	Stipends for a researcher for the 7 th EDR meeting in Zwedru	62. stiresear - stipend for researchers	923	1,020
23	3-Nov-19	6219.03223	Five nights periderm for 7 th EDR meeting in Zwedru/Luther	62.lutmen2 - Luther S. Mendin 2 (Perdiem)	226	250
24	3-Nov-19	6219.03225	Five nights periderm for 7 th EDR meeting in Zwedru/ Joseph	62.Josbeal2 - Joseph P. Bealder (Perdiem)	226	250
25	3-Nov-19	6219.03227	Two nights periderm for 7 th EDR meeting in Zwedru/ Jonathan	62.jondav1 - Jonathan S. Davies (Perdiem)	136	150
26	3-Nov-19	6219.03229	Catering for 19 Persons for two days during the 7 th EDR meeting in Zwedru	62. cash enters - cash enterprise inc.	516	570
27	3-Nov-19	6219.03231	Accommodation for participants for the 7 th EDR meeting in Zwedru	62.b2guehou - b2 group of enterprise Inc. guest house	403	445
28	11-Nov-19	6219.03352	Five Accommodation for MOH staff for R3.3 training in Sanniquillie	62.Boffa - F. Boffa Washington	226	250

No.	Date	Ref#	Description	Payee	Euro	USD
29	11-Nov-19	6219.03354	Four-night accommodation for CFUH President during R3.3 training in Sanniquellie	62. Bill - Bill S. Jallah	181	200
30	13-Nov-19	6219.03374	Local transportation and periderm for participants during five days of R3.3 training in Sanniquellie	62. Traper of the list of participants	3,000	3,315
31	13-Nov-19	6219.03382	Accommodation for four nights for participants for R3.3 training in Sanniquellie	62. – Sunny's Guest House	688	760
32	14-Nov-19	6219.03395	Hall rental fees for three days during R3.3 training in Sanniquellie	62. Ministry of Health Nimba County Health System	271	300
33	14-Nov-19	6219.03397	Catering service for three days during R3.3 training in Sanniquellie	62. Happy Inn Guest House	1,482	1,638
34	22-Nov-19	6219.03439	Key starter amateur for AIFO vehicle A611203 AND labor cost	62. Gabriel Garage	299	330
35	22-Nov-19	6219.03441	Purchase spare parts for vehicle AIFO A611203	62. Master Trading Center	873	965
36	27-Nov-19	6219.03503	Four nights' accommodation for lead facilitator IT training(R1.2) in Gbarnga	62. Rebecca Stubblefield	181	200
37	27-Nov-19	6219.0351	Local transportation and evening meal for participants during its (r1.2)training in gbarnga city	62. Traper of the list of participants	2,000	2,210
38	6-Dec-19	6219.03565	Consultancy service for its training(r1.2) and drafting of an advocacy plan along dpos in gbarnga	62. Rebecca Stubblefield	540	600
39	6-Dec-19	6219.03561	Part-payment two days catering service during AIFO staff two days strategy meeting	62. Panashk Fast Food Bar & Restaurant	351	390
40	7-Dec-19	6219.03563	Three nights lodging for regional staff during AIFO staff two days strategy meeting	62. Happy Inn Guest House	283	315
41	7-Dec-19	6219.03593	Local transportation and evening meal for the regional staff during AIFO staff two days strategy meeting	62. Traper of the list of participants	463	515
42	9-Dec-19	6219.03607	Facilitator during R3.3 training In Sanniquellie	62. Bill - Bill S. Jallah	135	150
43	14-Dec-19	6219.03673	Six nights periderm in Bong, Nimba, and Grand Gedeh counties during dasu project monitoring mission/Luther	62. Luther S. Mendin 2 (Perdiem)	270	300

No.	Date	Ref#	Description	Payee	Euro	USD
44	14-Dec-19	6219.03675	Six nights per diem in Bong, Nimba, and grand gedeh counties during dasu project monitoring mission/joseph	62. Joseph P. Beaded (Perdiem)	270	300
45	14-Dec-19	6219.03671	Fuel oil for aifo vehicle(a611203) during dasu project monitoring in Bong, Nimba, and grand gedeh counties	62. Jewel Enterprise	109	122
46	14-Dec-19	6219.03677	Six nights per diem in the bong, Nimba, and grand gedeh counties during the dasu project monitoring mission/Evelyn	62. Evelyn N. Deh-Perdiem	270	300
47	14-Dec-19	6219.03679	Six nights per diem in bong, nimba and grand gedeh counties during dasu project monitoring mission/dagbeh	62. Daniel N.O Dagbe	270	300
48	14-Dec-19	6219.03681	Six nights per diem in Bong, Nimba, and grand gedeh counties during dasu project monitoring mission/ Joshua	62. Joshua C. Bull/ Deputy Director Tech. Serves NCD	270	300
49	14-Dec-19	6219.03683	Six nights per diem in Bong, Nimba, and grand gedeh counties during dasu project monitoring mission /Mathew	62. Matbobow - Mathew T. Bobowhe, JR	270	300
50	14-Dec-19	6219.03685	Fuel oil for aifo vehicle(a611203) during dasu project monitoring in the bong, Nimba, and grand gedeh counties	62.amison - Aminata & Sons, INC	135	150
51	17-Dec-19	6219.03713	Repair and installation of aifo vehicle a611203 water tank with labor cost	62.sidiki - Sidiki Auto Part	211	235
52	21-Dec-19	6219.03761	Changing of oil filter, fan belt & engine oil &, etc./a613263	62. Blessed Amazon Auto Service	139	155
53	7-Jan-20	6220.00019	Five nights per diem in bong and nimba counties, Daniel	62. - Daniel N.O Dagbe	225	250
54	7-Jan-20	6220.00011	Changing of oil filter, fan belt & engine oil &, etc./a611203	62. Casey Karlumot Auto Parts	198	220
55	11-Jan-20	6220.00063	Four nights lodging each for seven persons for edr participants during the edr meetings	62. Traveller's – Traveller's Motel	500	555
56	11-Jan-20	6220.00065	Two days feeding for (19) nineteen persons during edr meeting	62.Kukeba – Kuku's Net Bar and Restaurant	685	760
57	11-Jan-20	6220.00069	Six nights lodging for three (3) persons during edr meeting	62. Traveller's – Traveller's MOTEL	293	325

No.	Date	Ref#	Description	Payee	Euro	USD
58	11-Jan-20	6220.00077	Local transportation reimbursement & per diem during the 8th edr meeting for participants	62. Traper of the list of participants	1,151	1,278
59	11-Jan-20	6220.00079	Stipend for EDR researchers	62.STIRESEAR - STIPEND FOR RESEARCHERS	919	1,020
60	16-Jan-20	6220.00103	Stationery for county seminar in Bong, Nimba & Grand Gedeh Counties	62.UNOFSU - United Office Supplies & Equipment	270	300
61	17-Jan-20	6220.00117	Second installment payment for selected pwds & manage access to finance fund for selected pwds business	62.BUSTUCEMO - Business Start-Up- Center Monrovia	6,526	7,244
62	29-Jan-20	6220.00222	Local transportation reimbursement for participants for a one-day seminar in Nimba county	62. Traper of the list of participants	514	570
63	11-Feb-20	6220.00315	Gasoline & engine oil for Nimba County cw motorbike	62. God Willing Filling Station INC.	41	45
64	10-Mar-20	6220.00492	Five nights in Nimba & Grand Gedeh during 9th edr meeting in Zwedru	62 - Luther S. Mendin 2 (Perdiem)	226	250
65	12-Mar-20	6220.00552	Consultancy fee, first instalment payment foreval midterm evaluation on AIFO starts up	62. Dev-Consulting Program Evaluation & Research	2,452	2,713
66	13-Mar-20	6220.0077	Local transportation & evening meal for participants during 9th EDR meeting held in Zwedru, Grand Gedeh	62. Traper of the list of participants	1,010	1,118
67	14-Mar-20	6220.00566	Local transportation reimbursement for participants during radio program from Nov. 2020 - march 2020	62. almecov - allowance for media coverage	994	1,100
68	14-Mar-20	6220.00566	Local transportation reimbursement for participants during radio program from Nov. 2020 - march 2020	62. alcove - Allowance for Media Coverage	994	1,100
69	14-Mar-20	6220.00562	Stipend for EDR researcher during the 9th edr meeting in Zwerdu	62. stiresear – Stipend for Researchers	922	1,020
70	15-Mar-20	6220.00568	Five nights each ten rooms lodging for participants during 9th EDR meeting held in Zwedru, Grand Gedeh	62. Traper of the list of participants	814	900
71	15-Mar-20	6220.0057	Two days of breakfast & lunch for participants during the 9th EDR meeting held in Zwedru, Grand Gedeh	62. cash enter P – Cash Enterprise Inc.	515	570

No.	Date	Ref#	Description	Payee	Euro	USD
72	20-Mar-20	6220.00605	Scratch cards for r3.3 volunteers/chas	62.Auakamin - Auakamin Inc.	235	260
73	20-Mar-20	6220.00607	26pcs of 25kg bags of rice for r3.3 volunteers/chas	62.jahsbus - Jahs Business Center	353	390
75	25-Mar-20	6220.00677	The incentive for April 2020, john k. flomo paid by mobile money	62. johflo - John K. Flomo	134	149
76	27-Mar-20	6220.00733	Production of one cheque book for AIFO UBA account	UBA bank	45	50
77	6-Apr-20	6220.00814	Transfer fees on the end of contracts benefit to aifo Liberia staff in countries (Bong co., Nimba County, & Grand Gedeh County)	62. Gateway - Gateway Holding & Investment INC	54	59
78	6-May-20	6220.0091	Spare parts and labor cost for servicing Grand Gedeh County cw motorbike	62. - Might God's Choice Business Center	165	180
79	29-May-20	6220.01051	Printing in braille noud's letter to the president	62. Lion Club - The Lion Club Computer Institute of the Blind	197	215
80	12-Jun-20	6220.01128	Scratch cards for 1st & 2nd round of fgds for dpos volunteers	62.Auakamenin-Auakamenin INC	133	150
81	12-Jun-20	6220.01132	Flip chartpad for chas meeting and fgds	62.toistpri - Tormental Inc. Stationary & Printing Press	213	240
82	12-Jun-20	6220.01134	Focus group discussion organizing by dpos volunteers 1st and 2nd segment fgds	62. Traper of the list of participants	533	600
83	12-Jun-20	6220.01136	Focus group discussion organizing in Nimba co by dpos volunteers 1st and 2nd segment fgds	62. Traper of the list of participants	533	600
84	12-Jun-20	6220.01138	Focus group discussion organizing in Nimba co by dpos volunteers 1st and 2nd segment fgds	62. Traper of the list of participants	533	600
85	12-Jun-20	6220.0114	Focus group discussion organizing in Nimba co by dpos volunteers 1st and 2nd segment fgds	62. Traper of the list of participants	533	600
86	12-Jun-20	6220.01142	Focus group discussion organizing in grand gedeh co by dpos volunteers 1st and 2nd segment fgds	62. Traper of the list of participants	533	600
88	23-Jun-20	6220.01284	Local transportation reimbursement for human right officer & health workers appearing on dasu radio program in Nimba county	62. Traper of the list of participants	173	195

No.	Date	Ref#	Description	Payee	Euro	USD
89	23-Jun-20	6220.01284	Local transportation reimbursement for human right officer & health workers appearing on dasu radio program in Nimba county	62. Traper of the list of participants	173	195
90	23-Jun-20	6220.01268	Feeding for participants during refresher meeting in bong county	62. - Hanna Sibley Business Center	149	168
91	23-Jun-20	6220.0127	Feeding for participants during refresher meeting in Nimba county	62.Kukeba - Kuku`s Net Bar & Restaurant	149	168
92	23-Jun-20	6220.01272	feeding for participants during refresher meeting in Grand Gedeh County	62. - Super Mama Food Center	149	168
93	23-Jun-20	6220.0125	Printing of Ganta office sign board	62.ELOHIM - Elohim Group of Companies, Inc.	124	140
94	23-Jun-20	6220.01252	Final payment for printing & purchasing of t-shirts, flyers & stickers on covid-19 awareness	62. Elohim Group of Companies, Inc.	817	920
95	24-Jun-20	6220.01316	Local transportation reimbursement for human right officer & health workers appearing on dasu radio program in bong county	62. Traper list of participants	160	180
96	24-Jun-20	6220.01316	local transportation reimbursement for human right officer & health workers appearing on dasu radio program in bong county	62. Traper list of participants	160	180
97	24-Jun-20	6220.01314	Scratch cards for 3rd & 4th round of fgds for dpos volunteers	62. Auakameni – Auakameni Inc.	133	150
98	25-Jun-20	6220.01328	Local transportation reimbursement for human right officer & health workers appearing on Dasu radio program in Grand Gedeh county	62. Traper list of participants	160	180
99	25-Jun-20	6220.01328	Local transportation reimbursement for human right officer & health workers Appearing on DASU radio program in Grand Gedeh	62. Traper list of participants	160	180
100	25-Jun-20	6220.01322	Motivational package for Chas and supervisors(26 bags of rice)	62.JAHSBUS - Jahs Business Center	347	390
101	26-Jun-20	6220.01345	Focus group discussion organizing in Bong. by DOPs volunteer 3 rd and 4 th segments FGDS	62. Traper list of participants	533	600

No.	Date	Ref#	Description	Payee	Euro	USD
102	26-Jun-20	6220.01347	Focus group discussion organizing in Nimba. by DOPs volunteer 3 rd and 4 th segments FGDs	62. Traper list of participants	533	600
103	26-Jun-20	6220.01349	Focus group discussion organizing in Grand Gedeh Co. by DOPs volunteer 3 rd and 4 th segments FGDs	62. Traper list of participants	533	600
104	26-Jun-20	6220.01351	Focus group discussion organizing in Grand Gedeh Co. by DOPs volunteer 3 rd and 4 th segments FGDs	62. Traper list of participants	533	600
105	26-Jun-20	6220.01353	Focus group discussion organizing in Grand Gedeh Co. by DOPs volunteer 3 rd and 4 th segments FGDs	62. Traper list of participants	533	600
106	27-Jun-20	6220.01357	Local transportation for buckets, colrax, rexoguard, soaps, face masks, and faucets from Nimba County to Grand Gedeh	62. ECOTRAUNILIB - ECOWAS Transport Union of Liberia	355	400
107	29-Jun-20	6220.01365	Purchase of oil for sanitary distribution in Nimba County	62. Ministry of Health, Nimba Co.	178	200
108	30-Jun-20	6220.01379	AIFO vehicle(A6-13263) Toyota 4unner registration	62. Ministry of Transport	189	212
109	1-Jul-20	6220.01392	One year rental fees for Ganta Office(June 19, 2020 - June 18, 2021)	62. Edward Teah /leasor	1,413	1,620
110	2-Jul-20	6220.01398	BUSTUCEMO		6,319	7,244
111	2-Jul-20	6220.01432	Feeding for 23 participants during 2nd IBT Training of training held in Monrovia	62. Panashk Fast Food Bar & Restaurant	39	45
112	28-Jul-20	6220.01567	ICALIB		762	901
TOTAL					79,823	88,992

Financial impact: NIL

Impact or Risk:

Without reviewed and approved payments, inappropriate expenditures such as non-project activities and personal purposes could go undetected.

Recommendation:

To ensure adequate control over expenditures, we recommend that AIFO Liberia management ensure all payments represent approved transactions before disbursement.

Recommendation Priority: *Priority 1 – Urgent remedial action is required*

AIFO's Comment:

Our Partner NUOD does not have a P.O. system (expenditures no. 1, 60, 62).

Until 2020, AIFO did not have a written document for the authorization of payments, but they were authorized by email or verbally by the PM or CD. Since March 2020, there has been a P.O. to be signed, however, due to the pandemic in March and June 2020, the CD worked remotely and could not sign.

For per diem/reimbursement (exp. No. 64) we do not use to make a P.O. unless the accommodation and food is not booked by the administration.

For incentives to the staff (exp. No. 75) we do not issue a P.O. because it is something decided and authorized in advance by the CD.

Instalments foreseen by a contract with a supplier are not subject to a Purchase request since the payments between AIFO and the vendor are already agreed upon from a formal written document.

For the expenses no. 74, 77,78,80, 81, 82, 83, 84, 85, 86, 87, 97, 100, we have a Purchase order authorised attached to the payments as supporting document.

Auditor's Comment:

AIFO procurement procedures must be updated to clarify any exceptions to its established policies.

Finding n°: 5

Transactions Posted to the Wrong Budget Line

Management Control Issue: *Accounting policies and procedures - budgeting***Basis,** i.e., article reference: Accounting policies**Description of the Finding:**

It is prudent and in the best interest of an entity to provide an accurate financial report. Our review process observed that sixteen (16) transactions of our samples selected were posted into the wrong budget line. See the table below for reference:

Table 5: List of Misclassified Expenditures

No.	Ref#	Budget line posted to	Payee	Description	Euro	USD	Recommended budget Category
1	N/a	4.1.1 – Central office Rental in Monrovia	Cyrus Kpowolo office security Monrovia	Salaries for May 2019 to June 2020	1,774	1,976	Human Resources
2	6219.01289	4.1.1 – Central office Rental in Monrovia	Cyrus Kpowolo office security Monrovia	End of contract benefit and yearend bonus – Nov 2, 2018, to May 1, 2020	109	122	Human Resources
3	6219.03647	4.1.1 – Central office Rental in Monrovia	62. - Grand Gedeh County Freedom of information Network	Six months share office rent for AIFO Grand Gedeh office (Nov. 2019 - May 2020)	162	180	Rent regional office in Ganta
4	6219.02355	4.1.2 – Rent regional office in Ganta	62. - Grand Gedeh County Freedom of information Network	Six months share office rent for AIFO Grand Gedeh office	162	180	Rent regional office in Grand Gedeh
5	6220.01019	4.1.2 – Rent regional office in Ganta	62. Grand Gedeh County Freedom of information Network	Six months share office rent for AIFO Grand Gedeh office	165	180	Rent regional office in Grand Gedeh
6	N/a	4.1.2 – Rent regional office in Ganta	John K. Flomo	Salaries for May 2019 to June 2020	1,597	1,736	Human Resources
7	6219.01291	4.1.2 – Rent regional office in Ganta	John K. Flomo	End of contract benefit and yearend bonus – Mar 2, 2018, to May 1, 2020	38	43	Human Resources
8	6219.01879	4.1.1 – Central office Rental in Monrovia	Liberia National Fire Service	Purchase of fire extinguishers refiling and processing service certificate for offices	266	300	Stationery and small supplies, utilities, and small maintenance (including office generator maintenance)
9	N/a	4.1.1 – Central office Rental in Monrovia	62. LIREAU - Liberia Revenue Authority	Withholding tax for May 2019 to June 2020	67	79	Human Resources

No.	Ref#	Budget line posted to	Payee	Description	Euro	USD	Recommended budget Category
10	N/a	4.1.1 – Central office Rental in Monrovia	62.NASSCORP - nasscorp	Nasscorp contribution for May 2019 to June 2020	174	194	Human Resources
14	6219.01574	2.7.12 Research Emancipatory: 1 corso di 3 gg di formazione dei 10 ricercatori, 12 incontri tematici, produzione dei report tematici, raccolta dati, stampa 150 copie report finale (R3.1)	Mathew Nyanplu	Salary for May 2019, Mathew Nyanplu Emancipatory Disability Research Reporter	387.11	432.98	Human Resources
15	6219.01713	2.7.12 Research Emancipatory: 1 corso di 3 gg di formazione dei 10 ricercatori, 12 incontri tematici, produzione dei report tematici, raccolta dati, stampa 150 copie report finale (R3.1)	NASSCORP	Nasscorp Contribution for May 2019	44.28	50.00	Human Resources
16	6219.01660	2.7.12 Research Emancipatory: 1 corso di 3 gg di formazione dei 10 ricercatori, 12 incontri tematici, produzione dei report tematici, raccolta dati, stampa 150 copie report finale (R3.1)	62. LIREAU - Liberia Revenue Authority	Withholding tax for the month of 2019, MATTHEW NYANPLU	42.04	47.02	Human Resources

Financial impact: NIL

Impact or Risk:

Misclassified expenses result in misleading and incorrect reporting, leading to inaccurate judgments and decision-making by management and other users of the financial report.

Recommendation:

To meet the requirement of providing accurate information to the donors and other stakeholders, we recommend the management of AIFO Liberia ensure that expenses fall into the correct accounts/budget lines as using the wrong code for a cost causes the payment to be misclassified.

Recommendation Priority: *Priority 1 – Urgent remedial action is required*

AIFO's Comment:

Cyrus Kpowolo and John Flomo are security guards of AIFO offices. Due to donor restrictions in defining the Budget, it was not possible to create a budget line in Human Resources called "security guards". For this reason, salaries and taxes are loaded into the line to which they report i.e. "Office".

Mathew Nyamplu, was a researcher with a specific function on a project activity, which is why it is not loaded in HR.

The expenditures in red, are bank charges. The description and the vendor name of your tab are wrong.

Auditor's Comment:

The auditors cleared the bank charges from the table above.

Finding n°: 6	Incomplete Personnel File
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Internal control issue: Personnel file

Basis, i.e., policy reference: Best Practice

Maintaining a complete personnel file is essential to human resources management. To ensure employees files and personnel records are accurate, complete, and up-to-date, documentation on the following items should always be present:

- Job application/Letter of Application
- Resume
- Curriculum Vitae (CV)
- Academic credentials
- Job description
- Letter of employment/contract agreement
- Passport size photo
- Staff performance appraisals
- Performance evaluation

Description of the finding:

However, during our audit, we noticed that some employees' files did not contain application letters, evidence of reference check, and performance appraisal as required by the human resource management for complete personnel documentation. Please see the table below:

Table 6: Employees with Missing Personnel Records

No.	Name of Staff	Position	Employment Date	Comment
1	Franklin Blaye	Community Worker	2-Jul-18	No letter of application
3	Jonathan S. Davies	Field Coordinator	31-Mar-12	No reference check, letter of application, and performance appraiser
4	J. Sylvester Roberts	Regional Coordinator	1-Sep-12	No reference check, letter of application, and performance appraiser
5	Joseph P. Bealded	Driver	1-Aug-15	Lack of reference check and performance appraiser
6	Patrick Jarwleh	Community Worker	22-Oct-18	Absence of reference check, letter of application, and performance appraiser
7	Martu L. Marshall	Community Worker	16-Sep-20	No letter of application
8	Jonathan S. Davies	Field Coordinator	31-Mar-12	No reference check, letter of application, and performance appraiser

Financial impact: NIL

Impact or Risk:

Without a complete personnel file, Management would not track employees' work performance and history.

Recommendation:

The personnel file can provide important supportive data and a global view of the employee work history in one file. Hence, we recommend AIFO Liberia Management maintain a complete personnel file for all employees and update all personnel records with necessary required documents.

Recommendation priority: *Priority 2 – Prompt specific action is required*

AIFO's Comment:

A Staff Handbook was developed in 2020. For personnel, unfortunately, all the staff in the table have been working for us for quite some time and therefore we did not yet have a reference check system. Therefore I cannot provide what is outstanding.

1.2 Compliance Finding

Finding n°: 1	Non-Compliance with the Prescribed Exchange Rates By the National Taxation Law
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Compliance issue: *Non-compliance with the tax rate*

Basis, i.e., policy reference:

Section 212 (a) of the Revenue Code 2000 states that "Except as otherwise provided by this Code, when necessary to translate the foreign currency into Liberian or U.S Dollars or U.S Dollars to Liberian Dollars, the exchange rate shall be the rate published by the Central Bank of Liberia."

Section 11 Interest Rate states, "Except as otherwise provided by this Code when it is necessary to determine an interest rate, the rate shall be the market rate as published by the Central Bank of Liberia."

Section 14 (a) Underpayments also indicates, "If any amount of tax is not paid by the due date, the taxpayer is obligated to pay Interest, compounded monthly, at the rate determined under Section 11, on the unpaid amount for the period from the due date to the date the tax is paid".

Description of the finding:

During our re-computation of AIFO Personnel Income Tax (PIT) payments, we identified significant discrepancies between the total PIT calculated by the AIFO team and Parker's audit team due to the considerable LRD-USD exchange rates differences. We noticed that the rates approved by LRA, the Central Bank rates, were not used by AIFO to compute the income tax deductions from employees' salaries to convert staff salaries from United States Dollars to Liberian Dollars equivalent. Instead, according to Mr. Willie Peters, the Finance & Logistician personnel, AIFO obtained the rates used to calculate the PIT from a unit at the Ministry of Finance called ASU, which violates the revenue code mandate. The rate used should be the CBL rate. As a result, PIT amounts calculated by AIFO were materially understated and, in some instances, by more than half of the amount. Kindly see the table below for more details:

Table 7: Re-computation of PIT & Resulting Variances

Month	Total Gross	Rates used by AIFO	Rates approved by LRA (http://www.lra.gov.lr/index.php)	Recalculated PIT per Parker's Staff -a-	PIT per AIFO Payroll -b-	Difference (c=a-b)
May-19	5,968.89	69.99	180.32	880.95	465.91	415.04
Jun-19	5,507.81	69.99	193.87	836.41	421.69	414.72
Jul-19	5,516.63	69.99	199.46	844.95	421.06	427.37
Aug-19	5,514.57	69.99	201.95	848.43	420.86	427.57
Sep-19	5,503.06	69.99	207.85	855.57	419.71	435.86
Oct-19	5,503.06	69.99	209.98	859.05	419.71	439.34
Nov-19	5,175.30	208.00	193.97	813.67	734.79	78.88
Dec-19	5,175.30	208.00	191.67	810.03	734.39	75.64
Jan-20	4,230.00	208.00	191.63	618.71	640.21	(21.50)
Feb-20	5,150.72	196.71	195.72	810.29	717.49	92.80
Mar-20	8,560.80	198.30	196.71	1,664.33	1,058.94	605.39
Apr-20	8,550.00	197.33	197.73	1,663.17	1,058.30	604.87
May-20	9,288.45	198.33	197.73	1,779.62	1,169.44	610.18
Jun-20	9,404.45	198.30	196.71	1,806.93	1,181.04	625.89

Financial impact: NIL

Impact or Risk:

Non-compliance with the rates prescribed by the revenue code of Liberia to convert staff salaries from USD to LRD for the computation of income tax may lead to significant issues such as the understatement of the tax liability and the payment of interest and penalties, which could adversely affect the project budget.

Recommendation:

To preclude the risk associated with the imposition of fines, penalties, and interest by the Government of Liberia, and understatement of the tax liability due to non-compliance with the revenue code, AIFO Liberia Management should ensure they comply with all the tax regulations and refer to the Central Bank of Liberia (CBL) for the source of the tax rates required for conversion of staff salaries from United States Dollars to Liberian Dollars to compute income tax; For this purpose, AIFO Liberia should request from CBL the published rate every month.

Recommendation priority: *Priority 1 – Urgent remedial action is required*

AIFO's Comment:

AIFO did not receive any complaints from LRA about the rate used and therefore believed it was correct despite what was stated in the Revenue Code.

In any case, from October 2021 the payment of taxes is made with the efile system and the exchange rate will be automatically calculated by the system

Finding n°: 2

Late Payment of Withholding Tax

Compliance issue: *Non-compliance with tax payment on the due date*

Basis, i.e., policy reference:

According to the Revenue Code of Liberia, Section 905 (j) Withholding Requirements, Remittance, and Statement – "Within ten days after the last day of a month, a payor described in (a) is required to remit to the tax authorities the total amount required to be withheld during that month."

Section (904) Advance Payments of Income Tax states, " An advance payment is timely made if payment is made at the designated hour and place for payment following Section 50 and if payment is made by the 15th day following the end of each quarter of the taxpayer's tax year. For a calendar-year taxpayer, the payments are due on April 15, July 15, October 15, and January 15. Failure to make timely payment is subject to the rules of Section Section 52". Section 52. Penalty for Failure to Pay Tax (a) Failure to Pay Amount Shown. A taxpayer is required to pay the correct tax liability on or before the payment due date. A penalty is imposed if a taxpayer does not pay by that date (determined concerning any granted extension of time to make payment) the amount shown as tax liability on the taxpayer's return.

(1) If the delay in payment is for not more than a month, the penalty is 5 percent of the amount of tax shown. For each additional month (or partial month) the delay continues, an additional 5-percent penalty is imposed on the balance, which is the sum of—

(A) the tax shown, plus

(B) previously imposed Section 52(a) penalty.

(2) If the taxpayer makes a partial payment after the due date, the tax liability is reduced by the payment, and for succeeding months, the penalty is calculated based on the remaining unpaid balance.

(3) The total penalty under this subsection is not permitted to exceed 25 percent of the amount of tax shown on the return.

Description of the finding:

While performing verification of personnel tax payment, we observed that management withheld taxes for staff for January 2020 of USD 640.21 but did not remit said amount to the tax authority on or before the due date, which is the 10th of February 2020, as required by the revenue code, thereby accruing a penalty of USD 43.04. The payment was not made until the 10th of March 2020.

Financial impact: NIL

Impact or Risk:

Breach of the provisions of the Liberia Revenue Code and failure to make timely payment of due taxes results in the payment of interest and penalties for late payment, which could adversely affect the project budget.

Recommendation:

To avert the imposition of fines, penalties, and interest due to non-compliance with the Liberia Revenue Code, we recommend that AIFO Liberia pays its tax liabilities on or before the 10th of every subsequent month to the tax authorities as required by sections 14 and 52 of the Liberian Revenue Code.

Recommendation priority: *Priority 3 – Specific remedial action is desirable*

AIFO's Comment:

Following the handover between the former CD and the new CD, AIFO Liberia had some problems in requesting a transfer of funds from Italy and therefore paying the fees for the staff according to the revenue code 2020. For this reason we received a fine that was duly paid and not charged to the project.

Finding n°: 3

Late Payment of NASSCORP Contribution

Compliance issue: *Non-compliance with NASSCORP payment on the due date*

Basis, i.e., policy reference:

According to the National Social Security and Welfare Corporation Act, Section 89.16 – "The contribution payable in respect of each month shall ordinarily fall due on the last day of the month."

Description of the finding:

During our examination of Nasscorp contribution to test compliance with the Nasscorp Act, we observed that for the fourteen (14) months under review, AIFO Liberia did not comply with the payment due date for eleven (11) months (May, July, August, October, November 2019 and January to June 2020). Though payments were made in full, they were done after the due date. See the table below the list of late payments with Nasscorp payments due date and the actual date of payments by AIFO Liberia.

Table 8: List of Late Payments for Nasscorp

No.	Payroll period	Nasscorp Date of payment	Due date per Nasscorp Act	Number of days past the due date
1	May-19	6/3/2019	5/31/2019	3
2	Jul-19	8/1/2019	7/31/2019	1
3	Aug-19	9/3/2019	8/31/2019	3
4	Oct-19	11/6/2019	10/31/2019	6
5	Nov-19	12/6/2019	11/30/2019	6
6	January-20	3/9/2020	1/31/2020	37
7	February-20	3/9/2020	2/28/2020	10
8	April -20	5/4/20	4/30/2020	4
9	May-20	6/15/20	5/31/2020	15
10	June-20	7/3/20	6/30/2020	3

Financial impact: NIL

Impact or Risk:

Noncompliance with the statutory remittance law for NASSCORP may expose the entity to penalties and interest for late payment, adversely affecting the project budget. According to the National Social Security and Welfare Corporation Act, Section 89.18 (defaulting employer) – "Where a principal employer defaults in paying contribution prescribed by the NASSCORP Act subsequent regulation, a sum equal four percent (4%) of the amount unpaid shall be added to each month after which payment is due".

Recommendation:

To comply with the law of NASSCORP, we recommend that all NASSCORP contributions from employers and employees be remitted monthly to the National Social Security Authority to avoid payment of penalties and interest.

Recommendation priority: *Priority 2 – Prompt specific action is required*

AIFO's Comment:

Except for January 2020, which as a result of the handover between the old Country Director and the new one led to a delay in the request for funds and, therefore, a delay in fee payments. All other months AIFO paid NASSCORP within the next 15 days according to with "general practice" adopted by NASSCORP.

Section 89.16 of the amended Act creating the NASSCORP provides that contribution payable in respect of each month shall ordinarily fall due on the last day of the month. Albeit, and given the impracticality of the provision of

Section 89.16 and because most, if not all employers make salary payment on the last day of the month, the Authority at NASSCORP has opted and is the current practice to use the 15 days requirement for Registration under Part II, Sections 4 and 9 of the NASSCORP (General) Regulations 2017 as the basis for the determination of late payment.

The current practice defines late payment to be all payments made 15 days after the payment of salary.

Finding n°: 4**Service Tax not Withheld from Service Fees & Rent****Compliance issue:** *Non-compliance with service tax payment***Basis**, i.e., policy reference:

Chapter 10, Section (905) Withholding of Tax on Payments to Residents of the Liberia Revenue Code subsection (f) payments for services rendered states, "If a payor makes a payment to a resident for services rendered, and the services are not the subject of a contract of employment, the payor is required to withhold tax at the rate of 10 percent of the amount of the payment. This subsection applies only if— (1) the payment is of a sort includible in gross income under Section 201 (including Board fees, management fees, commissions, and the like); and (2) the payment is \$100,000 or more (or of any amount if the total amount of payments made to the payee is (or is expected to be) \$1,000,000 or more for the payer's tax year)".

Also, Section 905 (d) "Payor of Rent" states – "A payor who makes a payment to a resident of rent is required to withhold tax at a rate of 10 percent of the amount of each payment if the total amount of rental payments made during 12 months is expected to be \$70,000 or more".

Description of the finding:

During our audit, we noted that AIFO did not withhold tax from payments to service providers as provided for in Section 905 (f) of the Revenue Code of 2000, as we did not see evidence of withholding and payments of 10% service tax on all disbursements made by AIFO for services rendered by the radio station and the caterers; We also did not see any evidence of withholding on rent.

Table 9: List of Transactions with Service Tax Not Withheld

No.	Date	Ref:	Descriptions	Vendor/ Payee	Amount In Euro	Amount In USD	Service Tax Not Withheld USD
3	9-Jul-19	6219.02029	One year rental fees for Monrovia office(June 25, 2019 - June 24, 2020)	62.EDBWIL - Edith B. Wilson/Leasor	16,045	18,000	1,800.00
9	29-Nov-19	6219.03832	Contribution to radio per activity di divuzione	62.GEFOINET - Grand Gedeh County Freedom of Information Network	5,042.00	5,572.00	557.20
10	29-Nov-19	6219.03832	Contribution to radio per activity di divuzione	62.GEFOINET - Grand Gedeh County Freedom of Information Network	5,042.00	5,572.00	557.20

Financial impact: NIL**Impact or Risk:**

Failure to withhold and pay service tax leads to the payment of interest and penalties, adversely affecting the project budget. According to Liberia Revenue Code, Section 52. Penalty for Failure to Pay Tax (a) Failure to Pay Amount Shown. A taxpayer is required to pay the correct tax liability on or before the payment due date. A penalty is imposed if a taxpayer does not pay by that date (determined concerning any granted extension of time to make payment) the amount shown as tax liability on the taxpayer's return.

Moreover, the default from AIFO Liberia Management could deny the Government of Liberia (GOL) revenue to finance development projects.

Recommendation:

Going forward, we recommend that AIFO Liberia Management always ensure due compliance with Section 905 (f) of the Revenue Code of 2000; that is, AIFO Management should withhold service tax on all disbursement made on

services rendered that meet the criterion and remit said amount into the Government's revenue account within the stipulated time to avoid tax penalties and interest.

Recommendation priority: *Priority 1 – Urgent remedial action is required*

AIFO's Comment:

For service tax, it is not catering. They just provide food and beverage or a room for our participants. So there is no tax payment receipt, was paid SGT (included in the receipt) but not shown to us from the supplier. Vendors provided food and beverages but not a service (catering) for participants. Since they are not a service they are not subject to taxation as per the revenue code. For what it concerns the office rental, the first year the rental fees were paid by the owner, then AIFO complied with national laws and makes the 10% payment itself.

Auditor's Comment:

The auditors cleared the food and beverages expenses from the table above.

Finding n°: 5

Employment Injury Scheme and National Pension Scheme not Deducted from Country Directors Salaries

Compliance issue: *Non-compliance with NASSCORP payments*

Basis, i.e., policy reference:

According to National Social Security and Welfare Corporation Act, Section 89. 8 Applicability

The provisions of this Part shall apply initially to:

- a. Every employer with one (1) or more employees and to every employee hired by such employer in so far as the Pension Scheme for Retirement, Invalidity, and Death is concerned.
- b. Every employer with one (1) or more employers and every employee employed by such employer in the Employment Injury Scheme.

According to the National Social Security and Welfare Corporation Act, Section 89. 15

Persons to whom this Act shall not apply

Members of the Armed Forces of Liberia, members of naval and air forces of a country other than the Republic of Liberia, a person employed in the civil or diplomatic service of the government of another country, or any international Organization of the United Nations family where the person employed was engaged outside of Liberia; Casual workers and domestic servants; persons, employed on-board vessels, ships, boats or canoes.

Description of the finding:

During our review of Nasscorp contributions, we observed that for the fourteen (14) months under audit, AIFO Liberia did not deduct and did not pay Pension Scheme for Retirement, Invalidity, and Death and Employment Injury Scheme for the Country Directors whom AIFO Liberia Office employed for a total amount of USD 2,480.49. As seen in the Nasscorp Act cited above, Country Directors do not form part of the persons this act does not apply. Though we saw evidence of Nasscorps deductions and payments for the other employees, we did not see any such evidence for the two (2) Country Directors, Silvia Poglioli and Melany Renata Oey, who were on the payroll; This contributed to AIFO understatement and underpayment of total Nasscorp contribution as depicted in table 14 below.

Table 10: Re-computation of Nasscorp & Resulting Variances

Months	Gross Salary	Recalculated Nasscorp	Nasscorp Per AIFO Payroll	Difference	Comment
	a	b= a*10%	c	d=b-c	
	USD	10% (USD)	USD	USD	
May 2019	5,968.89	596.89	500.78	96.11	Variances exist between the recomputed Nasscorp per Parker team and Nasscorp per AIFO payroll due to the employment Injury Scheme and National Pension Scheme not being deducted from Country Directors salaries. This shows that Total Nasscorp contribution was understated on AIFO payroll and underpaid to the Nasscorp authorities.
Jun 2019	5,507.81	550.78	453.00	97.78	
Jul 2019	5,516.63	551.66	456.00	95.66	
Aug 2019	5,514.57	551.46	456.00	95.46	
Sept 2019	5,503.06	550.31	456.00	94.31	
Oct 2019	5,503.06	550.31	456.00	94.31	
Nov 2019	5,175.06	517.51	423.00	94.51	
Dec 2019	5,175.06	517.51	423.00	94.51	
Feb 2020	5,150.72	515.07	423.00	92.07	
Mar 2020	8,560.80	856.08	423.00	433.08	
Apr 2020	8,550.00	855.00	423.00	432.00	
May 2020	8,852.85	885.29	492.45	392.84	
Jun 2020	8,968.85	896.89	492.45	404.44	
	83,947.36	8,394.76	5,877.68	2,517.08	

Financial impact: NIL

Impact or Risk:

According to the National Social Security and Welfare Corporation Act, Section 89.18 (defaulting employer) - Where a principal employer defaults in paying contribution prescribed by the NASSCORP Act subsequent regulation, a sum equal to four percent (4%) of the amount unpaid shall be added to each month after which payment is due. If AIFO does not abide by the law of NASSCORP, they will be fined by the payment of interest and penalties.

Recommendation:

Management should ensure they comply with the law of NASSCORP to avoid the payment of penalties and interest.

Recommendation priority: *Priority 1 – Urgent remedial action is required*

AIFO's Comment:

AIFO did not pay NASSCORP for expatriate staff as it believes it is exempt under section 89 15.

As it is still unclear, at present AIFO has opened, together with LINGO Forum (group of INGOs working in Liberia), a discussion table with NASSCORP in order to better understand the regulations and if due to ask for the procedure to send the fee to the social security funds of the states of origin.

Finding n°: 6

Non Compliance with the Procurement Policy

Compliance issue: *Non-compliance with procurement policy*

Basis, i.e., article reference:

According to AIFO procurement manual section 6.1 regarding the competitive negotiated procedure, at least three potential bidders are invited at the exact moment through written communication without publishing an official invitation to tender. The minimum number of valid bids from which to choose is three, so it is recommended to invite a higher number of providers to ensure that at least three of them correspond to the selection criteria and ensure real competition. A competitive negotiated procedure is necessary for amounts above 2,500 euros and equal to or below 300,000 euros.

Description of the Finding

However, we found that AIFO spends a significant amount of money on catering, lodging, and consultancy services above the 2,500 Euro threshold without applying relevant and appropriate competitive procedures such as obtaining three quotations from three suppliers using request for quotes and conducting vendor or service provider selection analysis as prescribed by the policy above. These procurements methods applied by AIFO, in effect, may amount to sole sourcing in the absence of further relevant procurement documentation. See the table below for more information:

Table 11: List of Transactions that Lack Three Quotes

BUDGET LINES	Date	Ref:	Descriptions	Vendor/Payee	Amount In Euro	Amount In USD
02.07.02 - DPOs training courses: institutional and inclusive business areas (R1.2)	28-Nov-19	6219.03524	Catering service and lodging for participants during the I.T. (R1.2) training in Gbarnga City	62.DEN-L – Development Education Network-Liberia (DEN-L)	3,630.46	4,012.00
02.07.10 - Course on social entrepreneurship (R2.3)	8-Jul-19	6219.02027	Feeding, lodging, hall rental fees for participants during step down training in Gbarnga City, Bong County	62.Pastcent - Diocese of Gbarnga, Diocese Pastoral Center	4,216.32	4,730.00
TOTAL					7,846.78	8,742.00

Financial impact: NIL

Impact or Risk:

- Non-competitive procurement could purchase goods and services with higher costs and the lowest value.
- Lack of transparency in high-value contracts increases the organization's susceptibility to fraud.

Recommendation:

AIFO Liberia should ensure to follow the procurement policy in their procurement processes. Moreover, a single contractor /service provider should only be established following a competitive procurement process. Also, to prove compliance with the procurement regulations, AIFO management should retain supporting documents that evidence those procedures and the procurement decisions made. This will protect the entity from fraud and ensure value for money.

Recommendation priority: *Priority 2 – Prompt specific action is required*

AIFO's Comment:

For Business Dev.Center, we made an invitation to bid and it was the only supplier to submit a proposal. I will find and send the invitation for Business start-up center.

Auditor's Comments

The auditors received the invitation to bid and cleared the transactions for Business Dev. Center from the table above.

Finding n°: 7

Lack of Tax Clearance Certificates for Vendors/Service Providers

Compliance issue: *Non-compliance with Documentation*

Basis, i.e., article reference: Local legislation

According to the local legislation, all corporations, organizations, and entities must carry on business with registered entities for legal protection in case of any legal actions. Before payment to the respective entities, business registration certificates and tax clearance must be obtained to enable the selection process.

Description of the Finding

We noted that AIFO conducted business activities with some vendors and service providers without ensuring they were up to date with all the state regulations. We sighted the scanned copies of business registration, but no tax clearance certificates were attached to supporting documents for all the transactions listed in the table beneath. In the absence of these documents, it isn't easy to know if these business entities comply with the laws of Liberia. See the below table for details.

Table 12: List of Transactions Carried out with Business Entities Without Obtaining Tax Clearance Certificates

Date	Ref#	Description	Payee	Amount Euro	Amount USD
26-Sep-19	6219.02879	Lodging for participants during radio training Ganta	62. Traveler's – Traveler's Motel	2,022.30	2,250.00
26-Sep-19	6219.02982	Lodging for participants during radio training Ganta and hall fees	62.Zoelodge - Zoelodge	1,363.20	1,500.00
26-Sep-19	6219.02984	Feeding lodging for participants during radio training Ganta	62 Kuku's Net Bar & Restaurant	3,097.19	3,408.00
6-Jul-19	6219.02013	Feeding lodging for participants during radio training in Ganta, hall rental fees in Ganta & Nimba Counties	62 Kuku's Net Bar & Restaurant	3,819.65	4,285.00
7-Sep-19	6219.02637	Feeding, lodging, and hall rental during 6 th EDR activity in Ganta City, Nimba County	62 Kuku's Net Bar & Restaurant	853.86	950.00
17-Oct-19	6219.03078	Spare parts and labor cost for maintenance of Monrovia office generator	62.Gabrgar – Gabriel's Garage	235.25	260.00
13-Nov-19	6219.03382	Accommodations for four nights of participants during R3.3 training in Sanniquellie	62. Sugueho – Sunny's guesthouse	687.72	760.00
TOTAL:				12,079.17	13,413.00

Financial impact: NIL

Impact or Risk:

AIFO could be transacting business with a fraudulent company or business involved in irregular activities.

Recommendation:

We recommend that AIFO always request copies of updated tax clearance certificates from vendors and service providers. This is important because it helps the institution know if its vendors and service providers operate under legal conditions.

Recommendation Priority: *Priority 2 – Prompt specific action is required*

AIFO's Comment:

AIFO Liberia through the Regional Office contact the suppliers several times asking tax clearance without success. For the next projects these vendors will not be selected if they do not provide all the documents requested.

2. Priority levels for ranking recommendations

Priority 1 – Urgent remedial action is required. Critical internal controls are absent or are not complied with regularly. There is a fundamental weakness or deficiency in internal control or a series of internal controls, which involves substantial risk of material error, irregularity, or fraud regarding the expenditure and revenue stated in the Financial Report of the Project. There is a significant risk of failure to achieve the control objectives for the project, which concern the reliability of financial reporting, effectiveness, and efficiency of operations and compliance with applicable laws and regulations, notably the Contractual Conditions for the project. Such risks could lead to an adverse impact on the financial report of the project. Remedial action should be taken urgently.

Priority 2 – Prompt specific action is required. There is a weakness or deficiency in internal control or in a series of internal controls which, although not fundamental, relates to shortcomings which expose specific internal control areas (e.g., cash and bank management or budgetary and expenditure control) to a less immediate level of risk of either error or irregularity or fraud. Such a risk could impact the effectiveness of the internal controls and the internal control objectives and should be of concern to the Entity's management. Prompt specific action should be taken.

Priority 3 – Specific remedial action is desirable. There is a weakness or deficiency in internal control, which individually has no significant impact, but where the project would benefit from improved internal controls and/or where the Entity would have the opportunity to achieve greater effectiveness and/or efficiency. There is a possibility of undesirable effects at the process level, which, combined with other weaknesses, could give cause for concern.
