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23rd September, 2021

Strictly Private and Confidential

The Director
CARITAS BO
New Gerihun Road
Bo City
Bo.

Dear Sir,

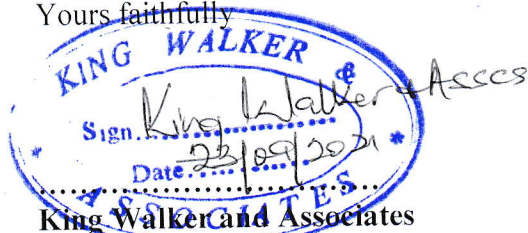
Audit of Financial Statements of CARITAS –BO
United Nation Peace Building Fund
For the period ended 30th June 2021

We have recently concluded the audit of the above financial statements and attached is our final Management Report on various matters noted by us during the course of our audit.

We would reiterate that the primary purpose of our audit is to enable us to express an opinion on the financial statements for the period ended 30th June 2021. Our examination of the accounting records are on a test basis and should not be relied upon to disclose errors or irregularities which are not material in relation to the financial statements. It must be emphasized that our audit work does not include a detailed review of all aspects of the control system, and for that reason the contents of this letter and attachments do not necessarily include all the weaknesses which might exist in the accounting and control systems.

We would also like to take this opportunity to thank you and your staff for the co-operation and assistance received during the course of our audit. Should you require any further information or clarification on the points noted, please do not hesitate to contact us.

Yours faithfully


King Walker & Associates

Enclosure:

A.R WURIE (Managing Partner):

SECTION I

Executive summary

We have concluded our audit of the Financial Statements of Caritas – BO United Nation Peace Building Fund(UNPBF) for the period ended 30th June 2021.

Our overall assessment is that the Project has adequate internal controls in place to ensure that the assets are properly safeguarded and to facilitate the timely preparation of reliable financial information for the interests of its stakeholders.

Weaknesses in internal controls which came to light during our audit of the Financial Statements are summarized in sections II and III of this document.

A system of grading our observations have been used as follows:

Grade A - Observations which are particularly significant and the involvement of management may be required for their resolutions.

Grade B - Observations which may have a significant impact on the control environment.

Grade C - Observations which are less significant than Grades A and B, but nevertheless merit attention.

The under-mentioned is a table of contents of the issues raised into this Final Management Report which are mainly issues arising from the audit exercise and our respective grading of each issue, where applicable.

	Grade A	Grade B	Grade C
Control Environment			
Caritas BO – Sierra Leone:			
Insufficient Supporting Documentations		X	
Community Based Organisations(CBO's):			
Insufficient Supporting Documentations		X	
Statutory Payments(WHT)		X	

SECTION II

1. Control Environment

An Organization's control environment is the attitude towards internal controls established by the Management which includes, among other things, the awareness of internal control weaknesses and the actions adopted in relation to that.

Please note that maximum benefits could be derived from the establishment of an effective internal controls system, designed to enhance the accuracy and reliability of the accounting records and the various financial information prepared from them, providing for the early detection of errors, fraud and other irregularities, and ensuring that management policies are properly complied with.

The methodology and processes we adopted to ascertain the effectiveness of the internal control system include compliance and substantive testing procedures where appropriate, followed by a review of the internal control mechanism established by management to carry out the financial operations of the Organization in an orderly and efficient manner.

The comments and recommendations that follow, though not exhaustive, are essentially some of the weaknesses found in the internal controls system, but are not necessarily all the weaknesses which may have been detected, had a special investigation been carried out.

SECTION III

Caritas – BO Sierra Leone

1. Insufficient Supporting Documentations

Grade B

Observation

We observed that the following transactions have no receipt(s) and other supporting documents attached to them, Below is the list but not exhaustive:

Date	Details	PV Number	Amount Le
6-2-2020	Payment iro 70% Base Line	015	30,164,400
12-4-2021	Payment iro grants to Joseph Humper	182	9,150,000
14-4-2021	Payment iro refresher training	213	11,500,000
14-4-2021	Payment iro additional operational cost	211	2,816,000
14-4-2021	Payment iro fuel cost	214	10,000,000
14-4-2021	Payment iro provision for household materials	216	6,000,000
12-5-2021	Payment iro grants to 3 CBO's	222	12,500,000
12-5-2021	Payment iro basic health legal services	218	8,200,000
12-5-2021	Payment iro commemoration of African child day	227	13,000,000

Risk/implication:

In situations where there are no supporting documentations to support expenditures, it will be very difficult to trace whether the payment actually occurred.

Recommendation

We recommend that all payments made should be supported with relevant documentary evidence to substantiate the payments.

Management Comments:

Management has ensured all documents that were not having sufficient supporting documents are now provided for both Caritas Bo and CBO's.

Auditor's Note

We confirm receipt of the following documents.

Community Based Organisations(CBO's)

1. Insufficient Supporting Documentations

Grade B

Observation

We observed during the course of the audit that the following transactions have insufficient supporting documentations. These transactions do not have any payments voucher authorizing payments attached to them, list not exhaustive.

Date	Details	CBO's	PV Number	Amount Le
10-03-2021	Payment iro vehicle hire for 2days. No payment voucher seen just payment requisition.	WAVE-SL		1,583,334
02-02-2020	Payment iro mobile phones bought, no payment voucher seen just payment requisition.	WICM	009	1,500,000
06-03-2020	Payment iro monthly stipend for 3 staff, no payment voucher seen just payment requisition.	WICM	024	4,500,000
27-07-2020	Payment iro responsibility allowance, no payment voucher seen just payment requisition.	WICM	051	605,000
28-07-2020	Payment iro responsibility allowance, no payment voucher seen just payment requisition.	WICM	050	1,000,000
03-08-2020	Payment iro office stationery, no payment voucher seen just payment requisition.	WICM	054	1,451,000
14-09-2020	Payment iro responsibility allowance, no payment voucher seen just payment requisition.	WICM	074	1,000,000
21-09-2020	Payment iro responsibility allowance, no payment voucher seen just payment requisition.	WICM	084	1,500,000
28-10-2020	Payment iro responsibility allowance, no payment voucher seen just payment requisition.	WICM	086	1,500,000
28-10-2020	Payment iro responsibility allowance, no payment voucher seen just payment requisition.	WICM	087	1,000,000
10-11-2020	Payment iro stationeries, no payment voucher seen just payment requisition.	WICM	088	1,000,000

Risk/implication:

In the absence of adequate supporting documents (i.e. payment vouchers/internal memo), we were unable to ascertain the completeness and accuracy of the expenses, and it was difficult to ascertain whether the monies purported to have been spent on behalf of the project were actually spent.

Recommendation

We strongly recommend that monies spent on behalf of the project must be supported by enough documentation to prove authenticity. Such documentation to include payment vouchers/internal memo/form request, pro-forma invoices from which prices are compared, quality and standards ascertained and receipts. These should be attached to the authorized payment vouchers.

Management Comments:

Management has ensured all documents that were not having sufficient supporting documents are now provided for both Caritas Bo and CBO's.

Auditor's Note

We confirm receipt of the following documents.

2. Statutory Deductions -Withholding Tax:

Observation

Grade B

We observed that the Community Based Organisation's(CBO) did not deduct the statutory withholding tax of 5.5% from eligible payments. The under-mentioned transactions refer: List not exhaustive.

<i>Date</i>	<i>PPV #</i>	<i>Details</i>	<i>CBO's</i>	<i>Amounts Le</i>	<i>5% WHT</i>
10-03-2021		Payment iro vehicle hire for 2days	WAVES	1,583,334	87,083
02-02-2020	009	Payment iro mobile phones bought	WICM	1,500,000	82,500
06-03-2020	024	Payment iro monthly stipend for 3 staff.	WICM	4,500,000	247,500
27-07-2020	051	Payment iro responsibility allowance	WICM	605,000	33,275
28-07-2020	050	Payment iro responsibility allowance	WICM	1,000,000	55,000
03-08-2020	054	Payment iro office stationery	WICM	1,451,000	77,825
14-09-2020	074	Payment iro responsibility allowance	WICM	1,000,000	55,000
21-09-2020	084	Payment iro responsibility allowance.	WICM	1,500,000	82,500
28-10-2020	086	Payment iro responsibility allowance.	WICM	1,500,000	82,500
28-10-2020	087	Payment iro responsibility allowance	WICM	1,000,000	55,000
10-11-2020	088	Payment iro stationeries	WICM	1,000,000	55,000
28-04-2020	001	Payment iro provision of materials.	CWA	7,125,000	391,875
27-07-2020	001	Payment iro WAG for Safe.	CWA	3,000,000	165,000
23-11-2020	015	Payment iro staff salaries.	CWA	3,000,000	165,000
17-12-2020	022	Payment iro staff salaries.	CWA	3,000,000	165,000
15-02-2021	045	Payment iro office items.	CWA	5,000,000	275,000
01-04-2021	064	Payment iro office items.	CWA	2,000,000	110,000
01-04-2021	061	Payment iro office items.	CWA	2,420,000	133,100
01-03-2021	056	Payment iro office stationeries.	CWA	2,500,000	137,500
01-03-2021	057	Payment iro radio tok show.	CWA	1,860,000	102,300

Risks/Implications:

It is worth noting that these Suppliers operate their businesses within the Income Tax jurisdiction of Sierra Leone.

Section 129 of the Income Tax Act of 2000 mandated that: *A withholding agent who fails to withhold tax as required by this Act shall be personally liable to pay to the Commissioner the amount of tax which has not been so withheld.....*

Consequently, the failure on the part of the Organisation to arrange for the appropriate deductions to be made will be perceived as a contravention of the provisions of the Income Tax Act and the Agency will be liable to pay the amount in full to the National Revenue Authority.

Recommendation:

We strongly recommend that Caritas – Bo Sierra Leone take appropriate measures to rectify this lapse, by ensuring that the withholding taxes, which should have been deducted for the period, are retrieved from the suppliers in question, and paid to the National Revenue Authority.

All payments to Suppliers above the threshold Le 500,000 automatically attract 5.5% withholding tax.

Management Comments:

We held meeting with the heads of all CBO's of the PBF that going forward all payments above Le500, 000 Five Hundred Thousand Leones should attract 5.5% deduction,for Withholding Tax.

Auditor's Note

We note your comments and we will do follow up for any subsequent audit.