

## 8.2 Misuse of Corporate Funds via Credit Card Transactions

### Condition

A total of **US\$3,177.65** was charged to the company credit card for expenditures identified as gambling activities and personal purchases. These transactions occurred over a two-month period and lacked appropriate documentation, approvals, or business justification. See Table 2 below.

No.	Date	Name	Ref. No.	Amount US\$
1	12/10/24	Bet 365 GIBRALTAR 000292GIBRALTAR	99990174	2.5
2	12/10/24	Bet 365 GIBRALTAR 000292GIBRALTAR	99990174	100
3	12/11/2024	Bet 365 GIBRALTAR 000292GIBRALTAR	99992219	100
4	12/11/2024	Bet 365 GIBRALTAR 000292GIBRALTAR	99992219	2.5
5	12/11/24	Bet 365 GIBRALTAR 000292GIBRALTAR	99992990	100
6	12/11/24	Bet 365 GIBRALTAR 000292GIBRALTAR	99992990	2.5
7	12/16/2024	Bet 365 GIBRALTAR 000292GIBRALTAR	99997338	6.25
8	12/16/24	Bet 365 GIBRALTAR 000292GIBRALTAR	99997338	250
9	12/6/2024	Bet 365 GIBRALTAR 000292GIBRALTAR	99999270	75
10	12/6/2024	Bet 365 GIBRALTAR 000292GIBRALTAR	99999270	1.88
11	12/02/24	Bet 365 GIBRALTAR 000292GIBRALTAR	99999270	150
12	12/2/2024	Bet 365 GIBRALTAR 000292GIBRALTAR	99993831	3.75
13	11/30/2024	Bet 365 GIBRALTAR 000292GIBRALTAR	99993831	5
14	11/30/2024	Bet 365 GIBRALTAR 000292GIBRALTAR	99991721	200
15	10/10/2024	ISTORE QUEENS Cape Town 000710	99999961	2,178.27
	<b>Total</b>			<b>3,177.65</b>

### Criteria

Section 77.3 of the NOCAL's financial policy and procedure strictly prohibits the use of corporate resources for personal or non-business-related activities. All expenditure must be authorized, properly supported, and aligned with legitimate business needs

### Consequence

Use of credit cards for gambling and personal expenses is a misappropriation of company funds and a potential breach of fiduciary and legal responsibilities.

### Corrective actions

1. Management must immediately recover the misused funds of US\$3,177.65 from the responsible party and assess disciplinary action in accordance with HR and legal policy.
2. Management should strengthen credit card usage policies, including mandatory prior approval for high-risk spending categories, and train all cardholders and approving officers on acceptable use and personal liability.

### Management Response

"Management recognized the irregular payments, noted."



### 8.3 Irregularities noted with Bank Reconciliation

#### Condition

Seven (7) stale dated cheques totaling **US\$26,113** were recorded on the bank reconciliation statements without description and date of issuance (**See Appendix I**). Additionally, NOCAL maintained inactive accounts with SI Bank, Ecobank, and LBDI with accrued charges of **LD\$ 12,276 and US\$1,050**. See table below:

No	Account Name	Account #	Opening Balance	Closing Balance	Interest Accrued LD\$	Interest Accrued USD
1	NOCAL SI Bank-LD\$	111205393002	42,995.16	2,704.16	291	-
2,	NOCAL GT Bank-LD\$	203-310668-110	-40,822.39	-52,808.11	11,985.72	-
3	ECO Bank USD	6100063612	22,809.75	21,759.05	-	1,050.70
	<b>Total</b>				<b>12,276.72</b>	<b>1,050.70</b>

#### Criteria

International banking norms enforced by the Central Bank of Liberia require checks to be valid for a period of six months from the date of issue. Moreover, CBL Amended Regulations on Dormant Accounts & Abandoned Property Part I Section V (i) defines an inactive account as a demand or savings deposit that has experienced no customer or depositor originated activity for a consecutive period of six (6) months.

#### Consequence

Cheques issued but not cashed after the statutory period will overstate the expenditure figures in the financial statements. Additionally, NOCAL is likely to lose **LD\$12,276** and **US\$1,050** in the inactive accounts held with SI Bank, Ecobank, and LBDI.

#### Corrective Action

1. The seven stale dated cheques should be removed from the bank reconciliation statement, and the entries reversed.
2. Management should close the inactive accounts and the balances transferred to active accounts.

#### Management Response

Management acknowledged your query and will review those checks for possible reversal.

### 8.4 Salary Advance Without Evidence of Recovery

#### Condition

The CEO, Rustonlyn Suacoco Dennis, received an advance of **LD\$1,900,000** against her 2024 salary. No evidence was provided to show that the advance was liquidated in part or in whole. See transaction details below.



Date	Name	Voucher/ Reference No.	Check#	Amount LD\$
11/18/2024	Rustonlyn Suacoco Dennis	26969	720216	1,900,000.00

#### Criteria

Section II of the draft Human Resource Manual requires that all salary advances must be recovered in one (1) or two (2) consecutive monthly installments commencing not later than the pay day following the receipt of the Salary Advance.

#### Consequence

Failure to fully implement the salary advance policy will likely lead to abuses of the salary advance, and individuals will not pay such advances. Additionally, individuals who owe salary advances may leave the entity's employment without settling their obligations.

#### Corrective action

1. CEO Rustonlyn Suacoco Dennis must be required to refund or liquidate the salary advance owed.
2. NOCAL must implement the salary advance policy fully.

#### Management Response

Management has communicated this outstanding liability to the former CEO.

### 8.5 Third-party payments made to employees

#### Condition

NOCAL made three payments totaling **US\$20,000** in the name of an employee rather than to the direct beneficiaries or legally authorized representatives. No supporting evidence that the funds were delivered to the beneficiaries or their representatives. See details below.

No.	Date	Description	Voucher #	Check #	Amount US\$
1	16-Jan-24	Bereavement contribution towards the burial of former Senator Prince Y. Johnson made to Fatu Diamond Dukuly	27694	101856	5,000.00
2	30-Aug-24	Per diem for Consultancy to Rockson Coffie	26828	84844	7,000.00
3	27-Nov-24	Purchase of Stationery and Supplies made to Fatu Diamond Dukuly	26999	101756	8,000.00
	<b>Total</b>				<b>20,000.00</b>

#### Criteria

Regulations 143 (3) of the Amendment and Restatement of the PFM Act of 2009 requires that the signatories to a check shall verify that the amount and payee of the check is in accordance with the certified payment voucher and supporting documents.



**Consequence**

Payments through third parties are a violation of the law and will likely lead to fraud and abuse of public resources.

**Corrective action**

The CFO must provide justification for issuing payments through third parties.

**Management Response**

Management accepts this method of payment is unacceptable. Responsible staff have been requested to provide evidence that the payment was used for the intended purpose.

**8.6 Corporate Social Responsibility Payments Without Supporting Documentation****Condition**

Management disbursed a total of **US\$14,250** as part of NOCAL's corporate social responsibility (CSR) to various institutions during Fiscal Year 2024. However, there was no evidence of documents such as articles of incorporation, business registration, and official receipts of these institutions to authenticate that they were legal entities. Moreover, there was no evidence of an approved CSR policy at NOCAL. See details in **Appendix II**.

**Criteria**

Regulation 138 (1) of the Amendment and Restatement of the PFM Act of 2009 requires that no payment from the Consolidated Fund or a donor fund, where applicable, or special fund shall be made without a payment voucher as to validity, accuracy and legality of the claim and verified by the accounting officer of a government agency as to whether a complete set of supporting documents, including a contract, Purchase Order, invoice, and an inspection report, has been submitted to the accountant officer.

Also, ISO26000 (Guidance on Social Responsibility) Principle 4.6 requires entities to comply with legal requirements in all jurisdictions in which the organization operates, even if those laws and regulations are not adequately enforced; ensure that its relationships and activities comply with the intended and applicable legal framework; keep itself informed of all legal obligations; and periodically review its compliance with applicable laws and regulations.

**Consequence**

In the absence of an approved CSR policy, transactions will likely be performed on a discretionary basis. This practice will likely lead to the misuse and abuse of public resources.

**Corrective Action**

1. The Comptroller must provide supporting documentation or request the same from the beneficiary entities.
2. Management must develop and adopt a Corporate Social Responsibility Policy.



**Management Response:**

The policy has been approved.

**8.7 Non-adherence to Direct Deposit Payments****Condition**

Management disbursed **US\$180,696** cheques to several employees as monthly salaries rather than making use of direct deposits.

**Criteria**

Regulation 117 (1) and (2) of the Amendment and Restatement of the PFM Act of 2009 require that an employee of a government agency shall be paid by bank transfer and that an employee of a government agency may be paid by cheque if the employee has made in writing a specific request and obtained the prior approval of the Comptroller and Accountant General.

**Consequence**

This is a violation of the law and will likely lead to fraud.

**Corrective action**

Management must directly deposit staff salaries into their individual accounts.

**Management Response:**

Management acknowledges your query and states the following:

1. That provision will be recognized in the Statement of Financial Position and P&L, respectively, or expressed in the notes where appropriate in accordance with IAS-37.
2. Management is following all regulatory requirements (Eg, PFM Act of 2009. For the period under review, there was a technical glitch with the online payment system maintained by the bank for staff payment processing. Staff salaries are currently being paid by direct deposit.

**8.8 Payments to Vendors with Inadequate Supporting Documentation****Condition**

Management authorized and disbursed **US\$73,244 and LD\$350,660** to several vendors without evidence of valid business registration certificates and tax clearance. See **Appendix IV** for details.

**Criteria**

Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010 states that Bids which are not complete, not signed, not accompanied by a bid security in the prescribed form, if one is required, or not accompanied by essential supporting documents such as business registration certificates, business licenses and tax receipts, or are substantially non-responsive to the technical specifications or contract conditions or other critical requirements in the bidding documents, shall be rejected and excluded from further evaluation and comparison.



**Consequence**

In the absence of valid business registration and tax clearance certificates, payment will likely be made to illegitimate vendors.

**Corrective Action**

1. Management should ensure that all payments relating to the procurement of goods and services are made to vendors with valid business registration and tax clearance certificates.

**Management Response**

Management acknowledged your query. Attached are supporting documents.

**8.9 Non-Withholding and Remittance of Income Tax****Condition**

NOCAL did not withhold taxes (including Personal Income Tax) on total disbursements of US\$86,524 made to individuals (for salaries and benefits) and entities (for legal fees and rent) as detailed in the Table below:

No.	Date	Payee	Description	Amount US\$
1	Jan. 19, 24	Moses Jarbo	Final parting benefits for NOCAL's Board Member	25,000.00
2	Jan. 19, 23	Christiana N. Harmon	Final parting benefits for NOCAL's Board Member	25,000.00
2	Jan. 19, 24	Richard Devine	Final parting benefits for NOCAL's Board of Directors	21,150.00
3	Apr.10, 24	Mesurado Law Partners	Legal Fees for Board Resolution	5,000.00
4	Sep. 15, 24	Episcopal Church of Liberia	50% payment against the accrued rental Obligation	25,112.50
5	Sep. 12, 24	Lester Tenny	Payment representing Unpaid Salaries and benefits	15,374.55
	<b>Total</b>			<b>86,524.55</b>

**Criteria**

Section 905 (J) of the Revenue Code of Liberia, as amended, requires a withholding agent to remit to the LRA the total amount required to be withheld during a month within 10 days after the last day of the month. Also, sub-section (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay.

**Consequence**

Failure to withhold and remit taxes is a violation of the Liberia Revenue Code and may likely result in financial losses through the imposition of fines and penalties.



**Corrective action**

NOCAL Management must comply with the requirements of the Revenue Code.

**Management Response**

*In compliance and consistent with the Revenue Code of Liberia, NOCAL withheld and remitted withholding taxes for the period under review. ALL transactions listed above, taxes were withheld and remitted.*

**8.10 Irregularities Associated with Travel****Condition**

Management disbursed a travel advance amounting to **US\$64,138** without evidence of an approved travel authorization for the trip. Also, staff were paid DSA and incidental allowances without evidence of retirement. Moreover, there was no evidence that the travelers signed the Travel Advance Form for the trip. See **Appendix V** for details:

**Consequence**

Travel will likely be made for activities not related to the operations of NOCAL using project funds. The objective of travel may not be achieved. Moreover, the absence of adequate supporting documents does not provide assurance for the validity, occurrence, and accuracy of travel expenses and could likely lead to misappropriation of the entity's funds.

**Criteria**

"Section 29 of the GoL Revised Travel Ordinance 2016/2017 states that "Upon return from abroad, officials are required to submit to the Financial Regulations Unit of the Ministry of Finance and Development Planning, a Travel Settlement Form as per Annexure II and copy of certificates for workshops, seminars, etc., used ticket stubs, copy of passport within 14 days from the date of return from tour or before date of next journey, whichever is earlier. In very exceptional cases, where the second is granted with the specific written approval of the official concerned, explaining the reasons thereof.

**Consequence**

Making payment of DSA to staff without approved travel authorization will likely lead to misappropriation and abuse of funds.

**Corrective Action**

1. Management should ensure that all travel is approved by the relevant authority before processing travel expenditures.
2. All incidental allowances should be duly retired/accounted for and appropriately filed.

**Management Response:**

*Management acknowledged your query. Attached are supporting documents.*



## 8.11 Travel Reimbursement without Supporting Documents

### Condition

We observed that a total of **US\$3,380** paid for travel reimbursement was not supported by invoices, receipts, air tickets, etc. See table # 8 below:

No.	Description	Payee	US\$
1	Reimbursement	Richmond E. Jallah	1,040.00
2	Reimbursement	Rustonlyn Suacoco Dennis	900.00
3	Reimbursement	Jacob Kabakole	1,440.00
	<b>Total</b>		<b>\$3.380.00</b>

### Criteria

Regulation 138 (1) of the Amendment and Restatement of the PFM Act of 2009 requires that no payment from the Consolidated Fund or a donor fund, where applicable, or special fund shall be made without a payment voucher as to validity, accuracy and legality of the claim and verified by the accounting officer of a government agency as to whether a complete set of supporting documents, including a contract, Purchase Order, invoice, and an inspection report, has been submitted to the accountant officer.

### Consequence

The absence of invoices and receipts to support transactions is irregular and may likely result in processing illegitimate transactions.

### Corrective Action

1. The CFO must account for expenditure made without adequate supporting documents.
2. Management should ensure all transactions are supported by the requisite supporting documents consistent with the PFM regulations.

### Management Response

*Management acknowledged your query and corrective action.*

## 8.12 Irregularities noted with Employee Benefits

### Condition

From February to November 2024, Management disbursed a total cash of **US\$36,576** and **US\$26,100** to employees and board members as benefits for fuel and scratch cards, respectively, in contravention of the procurement procedures in the approved procurement plan. See **Appendix VI (A & B)** for Details:

### Consequence

Management override of procurement procedures may likely lead to violations of the PPC Act and the Liberia Revenue Code.

### Criteria

Section 40(1-2) of the PPC ACT, 2010 "(1) All Procuring Entities shall undertake Procurement planning, with a view to achieving maximum value for Public Expenditure and the other objects of this Act. (2) For each fiscal year, the Procurement Unit shall



prepare a draft annual procurement Plan for goods, works, and services for use by the procuring Entity in the procuring Entity's budgeting process. Upon budget approval, the procurement Unit shall prepare an annual procurement plan for goods, works, and services in accordance with the procuring Entity's approved programs and budget and furnish it to the Procurement Committee."

#### **Corrective Actions**

Management should discontinue the disbursement of cash for fuel and scratch cards and comply with the approved procurement plan.

#### **Management Response**

*These are cash benefits paid to employees and board members who are not required to follow the procurement-related processes.*

### **8.13 Anomalies Noted with Petty Cash Expenditure**

#### **Condition**

Petty cash transactions were inconsistent with the approved petty cash policy. Expenditures exceeding the established ceiling were processed through the petty cash fund.

The inconsistencies include:

1. A total of **US\$60,041** was expended by the CEO's office without evidence of liquidation reports.
2. Petty cash ceiling for the CEO's office was a monthly average of **US\$5000** in breach of the NOCAL policy that sets the ceiling at **US\$1000**.
3. Petty cash replenishments were made without supporting expenditure or liquidation reports.

#### **Criteria**

Section 7.9.1, 2, & 3 of the National Oil Company Financial Policy and Process state that establish the Imprest/ petty cash system with **US\$1,000** or its equivalent as a ceiling to permit the purchase of low-value supplies and services. The maximum expenditure for petty cash transactions is **US\$100**. The petty cash system also requires authorization, record keeping, reporting, and replenishment of funds.

#### **Consequence**

Inconsistency in the nature of transactions may facilitate non-compliance with approved regulations and the approved petty cash policy.

Replenishing petty cash without expenditure/liquidation reports may lead to misappropriation of petty cash funds.

#### **Corrective Action**

1. The CEO and CFO must provide justification for approving the replenishment of Petty cash without a liquidation report for expenditure amounting to **US\$60,041**.
2. The CFO must ensure that petty cash transactions are in compliance with the petty cash policy.



## Management Response

Management acknowledged the irregularities.

### 8.14 Inconsistent Authorizations/Approvals of Payment Vouchers

#### Condition

Authorizations and approvals on 41 payment vouchers totaling **US\$619,574** were not properly or consistently executed. Specific issues noted include:

1. Use of inconsistent abbreviations on vouchers for the CEO and CFO;
2. Absence of the approving authority's name and position on several vouchers;
3. Omission of the amount in words on the vouchers.

#### Criteria

Regulation 278 (a – e) of the Amendment and Restatement of the PFM Act of 2009 requires that the head of a government agency shall ensure that there is an effective system of internal control over the financial and operational processes in the entity, including a system of authorization and recording of transactions to provide accounting and related controls in relation to assets, liabilities, receipts and payments of the entity; proper segregation of functional responsibilities; and procedures to review the adequacies of and compliance with the entity's internal control system.

#### Consequence

Payment instruments not properly authorized will likely lead to irregular transactions and financial practices.

#### Corrective Action

The CFO must ensure that all payment vouchers are properly approved by the appropriate authority.

#### Management Response

Management acknowledged your query and corrective action.

### 8.15 Consultancy Payment without evidence of work

#### Condition

We observed that payments made for consultancies amounted to **US\$85,800** without any evidence of work done.

No	Date	Names	Description	Voucher #	Amount	Check #	Comment
1	19/04/24	Augustine K. Jarrett	Consultancy Services	267888	10,800	784558	No evidence of Work done
3	9/16/24	Gedei & Assoc. Inc	Consultancy Services	26873	37,500	784881	No Report
4	12/11/24	Gedei & Assoc. Inc	Consultancy Services	27653	37,500	801818	No Report
	<b>Total</b>				<b>85,800</b>		



**Criteria**

Section 68 (1) of the PPC Act of 2005 amended and restated in 2010 States that for the purposes of procuring the services of a consultant, the procuring Entity shall prepare a shortlist of, generally, three (3) to six (6) consulting firms as determined by subsections (2) and (3) of this Section and, to the greatest extent feasible, comprising consultants of the same category and similar capacity and business objectives.

**Consequence**

Disbursement of funds without evidence of work may lead to misapplication or misappropriation of funds.

The non-competitive recruitment of consultants could be a violation of the PPC Act and deny the achievement of value for money.

**Corrective Action**

The contractors should be made to complete and deliver the work, or steps should be taken to recover the funds.

**Management Response:**

*Management acknowledged your query. Attached are supporting documents.*

**8.16 Anomalies Noted in the Construction Project of NOCAL's Proposed Headquarters****Condition**

On July 13, 2023, NOCAL signed an agreement with BMC Group of Companies to construct a five-storey building for its headquarters. The project schedule outlined in the original construction contract was 18 months, extended by two (2) months in addition to modifying the original architectural design and drawing.

Also, on August 18, 2023, NOCAL contracted TSC Global Inc. to provide consulting services for the detailed engineering design and construction supervision of the five-storey building and related infrastructure works. The construction work was scheduled to be completed in November 2024. However, the contract was extended from the effective date of November 24, 2024, to January 2025.

The change order(s) for the original contract amounted to **US\$2,913,857**, including: Site works, Concrete Works, Masonry, Metal, Wood Plastic, Thermal and Moisture Protection, Doors and Windows, Finishes & Conveying Equipment, Mechanical and Electrical.

Notwithstanding, an addendum contract amounting to **US\$1,592,518** was for the following: removal of bedrock at 2.5 meters depth, additional office space to the floor plan, casting of parking spot and the entrance, and additional electrical and mechanical works.

During the audit, the following anomalies were noted with the project:

1. NOCAL unilaterally terminated the project supervision contract with Consultant TSC Global while the project is still ongoing without supervision. TSC Global has instituted legal proceedings with a potential loss of **\$179,093** for contract breach.



2. The LAN cabling installed by SMART Systems at NOCAL's ongoing construction headquarters was removed (damaged) by BMC. NOCAL assumed the reinstallation cost of **US\$10,000** should have been underwritten by BMC.
3. The audit team conducted a physical inspection of the project on June 20, 2025, and noted that the new headquarters facility was still incomplete.
4. Although NOCAL made three disbursements totaling **US\$1,057,279** to BMC Group in 2024, there was no evidence of completion certificates for the stages of the work as required by the construction agreement.

### **Criteria**

Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

- a) Ensuring that the contractor complies with the specifications and terms of the contract.
- b) Ensuring that the contract is being performed on schedule.
- c) Ensuring that payments made to the contractors are in accordance with the terms of the contract."

### **Consequence**

The termination of the project supervisory contractor contract left the project without an independent monitor to ensure that BMC executes the project in accordance with the project plan. Additionally, the destruction of the LAN cables by BMC was due to the absence of the project supervisor.

### **Corrective Action**

1. NOCAL should ensure that there is a project supervisor to guide the performance of BMC.
2. NOCAL should obtain a written explanation for the delay in project completion beyond the January 16, 2025, completion schedule.
3. NOCAL should ensure that proper coordination, monitoring, and evaluation of the project are implemented periodically during the execution of the project.
4. Subsequent disbursements on the contract should be supported by a project completion certificate validated by an independent project supervisor.
5. Management should negotiate a favorable outcome of the pending litigation with TSC Global Inc.

### **Management Response**

Management acknowledged your query and corrective action. However, after the supervisor contractor contract was terminated due to non-construction activity on the project, the Ministry of Public Works seconded a supervisory engineer to the project. As it relates to the Lan Cabling installed by Smart System and damaged by BMC, it was communicated to BMC that such cost will be deducted from their future payment.



## 8.17 Anomalies noted with the Smart System Software

### Condition

Our assessment of the Smart Systems Software revealed the following anomalies:

1. The software vendor, SMART, has still maintained superuser and administrative rights to the MIS, granting them full control of the system and the ability to access or approve user accounts.
2. During the audit, we observed that NOCAL's IT Department had no control over its MIS, and there is no test environment for the transfer of test updates and data migration to a new system.
3. The contract to develop the system did not include a provision for training or knowledge transfer.
4. Although US\$48,000 was paid for the contract, our review determined that specific deliverables, including a coded chart of accounts, modules for budgeting, inventory, and fixed assets disclosures, modules for staff bio data, staff appraisal, allowances and bonuses, and statutory and other deductions, have not been met as agreed in the terms of the contract.

### Criteria

According to A15.4 of CoBIT 4.1, in respect of IT Resources Acquisition, entities should protect and enforce their interest in contractual terms in the acquisition of software, development resources, infrastructure, and services.

Also, A12.3 of CoBIT 4.1 states in respect of Application Control and Auditability, entities should implement business controls, where appropriate, into automated application controls such that processing is accurate, complete, timely, authorized, and auditable. ISO 27001-10.1.4 states that the level of separation between operational, test, and development environments that is necessary to prevent operational problems should be identified and appropriate controls implemented.

### Consequence

The maintenance of unrestricted access to the system by the vendor poses a significant risk to the integrity of NOCAL's data. Additionally, the exclusion of NOCAL's IT Department from having access to the system poses the risk of NOCAL being continuously dependent on the vendor for technical support and the lack of knowledge transfer to NOCAL staff.

The payment for non-functional modules in the system is not value for money.

### Corrective Action

1. Management should ensure the transfer of user and administrative rights from the vendor to NOCAL staff.
2. Management should require the vendor to activate other functionalities of the system for full utilization.



3. Management should review the contract to ensure that NOCAL staff are trained and equipped to manage the SMART system software.

**Management Response:**

Management acknowledged your query and corrective action.

### **8.18 Absence of approved Policies and Standard Operating Procedures**

**Condition**

NOCAL does not have approved policies and standard operating procedures in the areas of administration, finance, procurement, human resources, facility, storeroom management, IT, corporate social responsibility, etc.

**Criteria**

COSO internal control framework on control activities requires Institutions to implement policies and procedures to guide the actions of employees consistent with organizational goals and objectives, and minimize the risks of errors and fraud.

**Consequence**

The lack of approved policies and procedures to guide the actions of employees could likely lead to the use of discretion, errors, and fraud that will affect the goals and objectives of NOCAL.

**Corrective action**

Management should develop SOPs for departments that don't have them and approve draft SOPs for departments that have draft SOPs.

**Management Response:**

Management has decisively closed the gap identified in this finding through the formal development and subsequent full Board approval of a comprehensive governance framework. This strategic initiative, which was a key priority for the current leadership, involved a meticulous process of drafting, stakeholder consultation, and executive review throughout 2024. The resulting suite of policies, including the foundational Human Resources Manual, Corporate Social Responsibility Policy, Staff Loan Policy, Transportation Policy, and Parting Benefits Policy, specifically targets the critical operational voids cited in the audit, establishing clear standards for administration, finance, and human resources. The Board of Governors provided its final endorsement of these policies during its retreat on October 11, 2025, a milestone formally documented in the official minutes, which are available for your inspection. This achievement marks the establishment of a robust internal control environment, and with these policies now in full effect, the fundamental condition of the finding has been permanently resolved. We therefore consider this matter implemented and closed, and we welcome the opportunity to present the approved documents for your final verification.



## **8.19 No evidence of databases and profiles of suppliers, consultants, and contractors**

### **Condition**

We did not see the database containing profiles and past performance of suppliers, consultants, and contractors in accordance with the law.

### **Criteria**

Section 29 (5 j to K) of the PPC Act of 2005, as amended and restated in 2010, requires the procurement unit to maintain a database of all supplies, contractors, and consultants, as well as the maintenance of a profile of the past performance of suppliers, contractors and consultants with respect to their performance of contracts awarded under the PPC Act.

### **Consequence**

The lack of a database containing profiles and past performance of suppliers, contractors, and consultants will likely lead to the selection of vendors that do not meet objective requirements. This will also likely lead to non-competitive procurement of goods, services, and works.

### **Corrective action**

The head of the Procurement Unit must maintain a database of all suppliers, contractors, and consultants in accordance with the law.

### **Management Response:**

*There is a database and profiles of suppliers for consultants and contractors. Attached are supporting documents.*

## **8.20 No Evidence of an Enterprise Risk Management and Compliance (ERMC) Function**

### **Condition**

We did not see an enterprise risk management and compliance (ERMC) function that proactively assesses and manages potential events that undermine the achievement of goals and objectives.

### **Criteria**

COSO Enterprise Risk Management Framework requires entities to develop and implement processes that assess and manage potential events and situations that pose significant threats to the achievement of the organization's objectives.

### **Consequence**

The lack of ERMC could likely expose NOCAL to potential consequences of adverse events.

### **Corrective action**

Management should establish an ERMC function in collaboration with the Internal Audit Agency.

### **Management Response:**

*Management acknowledged your query and corrective action.*



## **8.21 No Approved Strategic and Operational Plans**

### **Condition**

NOCAL did not have a strategic plan that defines its goals and objectives consistent with its mission and annual operational plan of activities to achieve its goals and objectives.

### **Criteria**

Regulation 44 (1) of the Amendment and Restatement of the PFM Act of 2009 requires that Government agencies develop policy notes and strategic plans, which shall be costed, in line with the National Development Plan.

### **Consequence**

The lack of strategic plans could likely undermine the achievement of NOCAL's mission. In addition, the lack of an annual operational plan could likely lead to the implementation of activities that do not align with the goals and objectives of NOCAL and result in waste and abuse of public resources.

### **Corrective action**

Management must develop a strategic plan that defines its goals and objectives consistent with its mission and annual operational plan of activities to achieve its goals and objectives.

### **Management Response:**

Management acknowledges the finding that a strategic plan was not in place during the period under review. With formal approval of this strategic plan, NOCAL has now established the essential framework to guide its goals and operational activities. Management considers this finding to be fully resolved and closed. Attached is the supporting document.

## **8.22 Board Adoption of New by-laws**

### **Condition**

We did not see evidence of Bi-Laws for the management and governance of the NOCAL Board of Directors, although a new board was constituted.

### **Criteria**

Section 15 (b) of the Act to amend and restate the new Petroleum Law of Liberia 2002, thereby establishing the National Oil Company of Liberia (NOCAL) ACT 2014, requires that within ninety (90) days after the new Board of Directors assumes office, the Board of Directors shall, following consultation with the Ministry of Justice, adopt new by-laws.

### **Consequence**

Lack of Bylaws will likely lead to Increased internal disputes and unclear decision-making protocols

### **Corrective action**

The New Board of Directors must adopt Bi-Laws consistent with the act.

### **Management Response:**

Management acknowledged your query. Attached are supporting documents.