

1st August 2022

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The Principal Secretary
Ministry of Finance
Government Complex
Maseru

**INTERNAL AUDIT FINAL REPORT ON COVID-19 EXPENDITURE
ON PROCUREMENT OF ELECTRONIC EQUIPMENT TO CONDUCT
VIRTUAL INTERVIEWS**

Please find attached the Internal Audit final report on Covid-19 expenditure on procurement of electronic equipment to conduct virtual interviews for the public servants/incumbents for the financial year 2020/21.

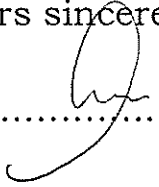
This report records observations identified during the audit.

Pages 5-7 shows summary of findings/observation and recommendations, pages 10-15 shows detailed findings. Conclusion and acknowledgments are covered in page 16.

Management of Public Service Commission after discussion of the report has responded to the pertinent issues identified in the report using the template given below. The responses are attached as annexure 2 of the report.

CONDITION	RECOMMENDATION	MANAGEMENT RESPONSE	ACTION BY	DEADLINE	MANAGEMENT SIGNATURE

Yours sincerely


.....

Masebili Masia (Mrs)
Acting Director Internal Auditor

CC : Secretary Public Service Commission
Accountant General
Auditor General



INDEX	PAGE
List of Abbreviations.....	ii
List of Annexes and Appendices.....	iii-iv
List of Annexes.....	iii
List of Appendices.....	iv

SECTION A

1.0 EXECUTIVE SUMMARY

1.1 Introduction....	1
1.2 Background	1- 2
1.3 Objective.....	2
1.4 Audit Scope... ..	3
1.5 Methodology.....	3
1.6 Risk rating definition..	4
1.7 Limitation of scope	5
2.0 Summary of observations/findings....	5-7
3.0 Report rating... ..	7-8
3.1 Overall rating.....	8
4.0 Follow-up tracking.....	9

SECTION B

5.0 Detailed Observations/Findings and Recommendations

SECTION C

6.0 Conclusion	10
7.0 Acknowledgements....	10



List of abbreviations

PSC	Public Service Commission
CAO	Chief Accounting Officer
COVID-19	Corona Virus Disease
GoL	Government of Lesotho
IAs	Internal Auditors
MoF	Ministry of Finance
PS	Principal Secretary
IT	Information Technology
MDA	Ministries, Departments and Agencies



List of Annexes and Appendices

Annexes	Description
Annex 1	PSC Status of funds for the year Financial 2020/21
Annex 2	Management Responses



Appendices	Description
N/A	



SECTION A

1.0 EXECUTIVE SUMMARY

1.1 Introduction

This report presents the results of an Internal Audit (IA) special assignment that was carried out at Public Service Commission (PSC) on contingency fund provided for COVID-19 related expenditure, as per the Savingram of the Principal Secretary (PS), Ministry of Finance (MoF) dated 1st April 2022.

1.2 Background

Following the World Health Organization's declaration of novel Corona virus (COVID-19) outbreak as global pandemic, governments around the world took measures to curb the spread of the virus within and across countries. The Government of Lesotho as well proactively responded to the pandemic and announced a nationwide 21 day lockdown that commenced on 30th March 2020 which was later extended by two weeks to curb the spread of the virus. Government Ministries, Departments and Agencies (MDAs) in Lesotho were then forced to close businesses offering goods and services. The Public Service Commission (PSC) as one of the Agencies, has a sole mandate to hold various job interviews physically on behalf



of all Ministries and Agencies. During the pandemic, it was impossible for the PSC to execute its mandate in an effective manner.

The Agency therefore sought assistance from MoF in the form of a request for a contingency fund for procurement of electronic equipment that will enable PSC to conduct interviews virtually so that its mandate could not be compromised during the pandemic.

The contingency fund amounting to M154,700.00 was then granted for procurement of electronic equipment identified essentially to facilitate smooth virtual interviews for public servants/incumbents.

All members of the Commission have access to these facilities and MDAs are linked with PSC on some virtual platform during interviews without any restrictions. According to staff interviewed, the system is working effectively and a number of interviews were held successfully.

These facilities are connected in the PSC buildings and link to Ministries via Microsoft Teams. The equipment purchased is indicated below:

- Projector (1)
- Laptops (6)
- Network points,cables, fibers
- Gooseneck Microphones (6)



1.3 Objective

The purpose of this assignment was to provide reasonable assurance on expenditure related to COVID-19 mitigation activities regarding:

- Safeguarding of electronic equipment.
- Compliance with financial rules, regulations, policies, procedures, guidelines and contracts.
- Reliability and integrity of information.

1.4 Audit scope

The scope of the audit covered expenditure related to COVID-19 activities for the financial year 2020/2021.

1.5 Methodology

- **Meetings and Interviews** were held with the following officers:

▪ Mr MJ. Mahao	Systems Support Officer (SSO)
▪ Mr M. V. Honki	Ass Admin Officer
▪ Miss N Ntoi	Procurement Officer (PO)
▪ Mrs F Ramakatane	Finance Officer (FO)
▪ Mr M Mokotjo	Procurement Assistant (PA)
▪ Mrs M Nthama	Ass Procurement Officer
▪ Mrs M Tsolo	Ass Finance Officer
▪ Mrs M Mofelehetsi	Ass Finance Manager



- The following **documents** were reviewed:
 - PSC Savingram Requesting the Contingency Fund
 - List of required equipment with costs
 - Warrant Release Notification
 - Status of Funds for the year 2020/21
 - Requisitions forms
 - Orders
 - Goods Receive Notes(GRN)
 - Way Bills
 - Invoices
 - Payment vouchers

- Verification of existence of the electronic gadgets was done.

1.6 Risk rating definition

- **High** – A major weakness that requires an immediate attention of management to allocate resources to implement necessary control (s) or action.
- **Medium** – This is an important matter considered necessary to avoid exposure to significant risk.
- **Low** – A minor issue that needs to be addressed to enhance control environment or better value for money.



1.7 Limitation

There were no limitations encountered in this assignment.

2.0 Summary of Observations and Recommendations

Ref. No.	Description of internal audit findings/observations	Rating
2.1	<p>Covid-19 Expenditure execution</p> <p>Public Service Commission (PSC) was granted a contingency fund amounting to M154,700.00 to procure electronic equipment for public servants/incumbents for conducting virtual interviews during the financial year 2020/21.</p> <p>Out of of M154,700 allocated, the Commission utilised a total amount of M154,695.49 leaving a balance of M4.51.</p> <p>Breakdown of utilisation from PSC is attached in Annexure 1 of the report.</p>	L
2.2	<p>Inadequate collaboration during development of Specifications for electronic equipment.</p> <p>It was observed during the audit that the management at PSC particularly the user Department (IT Section) did not collaborate well with the concerned offices e,g (Procurement Unit) during development of the Specifications for the electronic equipment and this led to a tender being re-advertised and in the end provision of inadequate equipment.</p>	M



Ref. No.	Description of internal audit findings/observations	Rating
	<p>Recommendation</p> <p>It is very important at all times for Procurement Unit to sensitise other user departments about the importance of development of specifications for goods and services needed.</p> <p>This means that development of specifications should be a collaborative exercise of all stakeholders concerned.</p>	
2.3	<p>Recording and issuance of Procured Electronic equipment</p> <p>No Equipment Ledgers were maintained for electronic equipment procured for the purposes of enabling virtual interviews at PSC, however the issuance was made by waybills to user Department.</p> <p>Recommendation</p> <p>Equipment ledgers separate from normal stores ledgers should be kept for every furniture and equipment procured at PSC.</p>	M
2.4	<p>Compliance with rules and procedures governing the open tender process</p> <p>During examination of the contract for provision of electronic equipment, it was observed and verified, that all the processes and procedures as required by Procurement regulations above were followed without any flaws.</p>	L



Ref. No.	Description of internal audit findings/observations	Rating
Recommendations		
Management at PSC is recommended to keep up the good work and further encouraged to observe the requirements of the laws and procedures governing any transactions during daily operations of the activities within their organisation at all times		
2.5	<p data-bbox="240 680 1422 719">Proper Safeguarding of procured electronic equipment</p> <p data-bbox="240 779 1422 1003">During existence verification of the procured equipment, which inter alia includes, Lap Tops, Web-Cameras, Projector all were available and still operating. Furthermore, Electronic Burglar door for the boardroom, which kept the laptops, was procured in order to safeguard the equipment against theft and or misuse.</p>	L
Recommendation		
Management is again recommended to keep up the good work and in future ensure that every equipment is protected against theft, misuse and defects.		

3.0 Report rating forming audit opinion

Report rating Description	Report rating Description
Unsatisfactory	The controls surrounding Covid-19 initiative are unsatisfactory with regards to; safeguarding of assets, compliance with rules and regulations, accomplishment of intended objectives, reliability of information and effective, efficient and economic acquisition of resources for the best interest of the GoL.



	This is likely to have a material financial impact on the GoL and requires immediate management attention.
Weak	<p>The controls surrounding Covid-19 initiative are mostly weak to guarantee safeguarding of assets, compliance with rules and regulations, accomplishment of intended objectives, reliability of information and effective, efficient and economic acquisition of resources for the best interest of the Government of Lesotho.</p> <p>Although some controls are operating, a number of significant issues have been identified that may have significant impact on the initiative.</p>
Adequate	<p>The controls are most acceptable to safeguard assets, comply with rules and regulations, accomplish intended objectives, rely on information and acquire resource in the most effective, efficient and economic manner.</p> <p>Although some controls are operating effectively, there are some medium risks that have been identified that have an immaterial impact on the initiative.</p>
Good	<p>The controls surrounding the Covid-19 initiative are mostly acceptable to safeguard assets, comply with rules and regulations, accomplish intended objectives, rely on information and acquire resource in the most effective, efficient and economic manner. Although there are some risks that were identified and had low impact on the initiative.</p>

3.1 Overall report

Good	<p>The controls surrounding the Covid-19 initiative are mostly acceptable to safeguard assets, comply with rules and regulations, accomplish intended objectives, rely on information and acquire resource in the most effective, efficient and economic manner. Although there are some risks that were identified and had low impact on the initiative.</p>
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4.0 Follow-up tracking

The implementation of Covid-19 initiative recommendations will be tracked on a regular basis and reports provided.

Area	Fully Implementation	Partially implemented	Not yet implemented	Discontinued



SECTION B

5.0 Detailed observations/findings

5.1 Covid-19 Contingency execution

Public Service Commission (PSC) was granted a contingency fund amounting to M154,700.00 to procure electronic equipment for public servants/incumbents for conducting virtual interviews during the financial year 2020/21.

Out of M154,700 allocated, the Commission utilised a total amount of M154,695.49 leaving a balance of M4.51.

Breakdown of utilisation from PSC is attached in Annexure 1 of the report.

Source: PSC Status of Funds for the year 2020/21 Annexure 2

Account Code	Approved Estimates(M)	Total Expenditure and Commitments(M)	(Over)/under(M)	Budget Execution (%)
Contingency 401G11-4	49700	49695	4.51	100%
401G11-5	105000	105000	0	100%
Sub-Total	154700	154695	4.51	100%



5.2 Inadequate collaboration during development of Specifications for electronic equipment.

Standard

Government of Lesotho Procurement Manual: Chapter 12 Section 12.1 emphasises the need for all concerned stakeholders to collaborate during the development of the specification for the goods and services.

Condition

It was observed during the audit that the management at PSC particularly the user Department (IT Section) did not collaborate well with the concerned offices e,g (Procurement Unit) during development of the Specifications for the electronic equipment and this led to a tender being re-advertised and in the end provision of inadequate equipment.

Cause

Head of IT section then did not collaborate with other offices during establishment of specifications for the procured equipment.

Effect

A loss of estimated amount of due to purchase of 6 unusable gooseneck microphones



Recommendation

It is very important at all times for Procurement Unit to sensitise other user departments about the importance of development of specifications for goods and services needed.

This means that development of specifications should be a collaborative exercise of all stakeholders concerned.

5.3 Inadequate records on equipment purchased for virtual interviews.

Standard

Stores Regulations 1967 3097. (i) All office furniture and equipment will be recorded in Equipment Ledgers (Form S. 47) to be maintained at departmental headquarters and each district departmental office respectively for items on charge at their offices.

Condition

No Equipment Ledgers were maintained for electronic equipment procured for the purposes of enabling virtual interviews at PSC, however the issuance was made by waybills to user Department.



Cause

Lack of proper supervision

Effect

The equipment may end up getting lost/stolen unnoticed due to lack of proper recording

Recommendation

Equipment ledgers separate from normal stores ledgers should be kept for every furniture and equipment procured at PSC.

5.4 Compliance with rules and procedures governing the open tender process

Standard

Public Procurement Regulations 2007 Part VI stipulates the procedures for Open Procurement Tendering.

Condition

During examination of the contract for provision of electronic equipment, it was observed and verified that all the processes and procedures as required by Procurement Regulation above, were followed without any flaws.

**Effect**

Good Reputation

Recommendation

Management at PSC is recommended to keep up the good work and further encouraged to observe the requirements of the laws and procedures governing any transactions during daily operations of activities within their organisation at all times.

5.5 Proper Safeguarding of procured electronic equipment**Standard**

Stores Regulation 1967 3008 (iii) the duties of a storekeeper include: ensuring that the store is kept clean well ventilated water proof and secure (i.e doors and windows locked).

Stores Regulation 1967 3030. (i) Every officer in charge of stores is personally responsible for their safe custody and preservation against damage and deterioration against damage and deterioration.

Stores Regulation 1967 3098 states: the contents of each room should be checked at least twice yearly with inventories master card S.75 and discrepancies if any reported.

**Condition**

During existence verification of the procured equipment, which inter alia includes, Lap Tops, Web-Cameras, Projector all were available and still operating. Furthermore, Electronic Burglar door for the boardroom, which kept the laptops, was procured in order to safeguard the equipment against theft and or misuse.

Effect

Procured equipment will be properly safeguarded against theft

Recommendation

Management is recommended to keep up the good work and in future ensure that every equipment is protected against theft, misuse and defects.



SECTION C

6.0 Conclusion

Based on the findings and recommendations outlined in this report, internal auditors can safely conclude that controls are there (adequate) and working as intended (Effective).

7.0 Acknowledgements

The Internal Audit highly appreciates the cooperation offered by the bellow offices who have assisted in successful completion of the exercises:

- Accounts
- Procurement
- Administration
- Information Systems



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INTERNAL AUDIT DRAFT REPORT ON COVID-19 EXPENDITURE ON PROCUREMENT OF ELECTRONIC EQUIPMENT TO CONDUCT VIRTUAL INTERVIEWS

CONDITION	RECOMMENDATION	MANAGEMENT RESPONSE	ACTION BY	DEADLINE	MANAGEMENT SIGNATURE
5.2	<p>sensitise other user departments about the importance of development of specifications for goods and services needed.</p> <p>This means that development of specifications should be a collaborative exercise of all stakeholders concerned.</p>	<p>Gooseneck microphones are designed for AV and conferencing environments, public address paging systems. Since we decided to use different model of connection, we decided to give away this devices to relevant ministries like Senate and Office of the Prime Minister for parliament use.</p>	1 st Aug, 2022	30 th Oct, 2022	

Public Service Commission -Procurement Unit

Internal Audit Response on COVID-19 Expenditure on Procurement of Electronic Equipment to Conduct Virtual Interviews

CONDITION	RECOMMENDATION	MANAGEMENT RESPONSE	ACTION BY	DEADLINE	MANAGEMENT SIGNATURE
5.2	Sensitize all stakeholders about development of specifications for goods and services needed, as well as the need to draw specifications collaboratively.	User department and IT drew specifications and costed them without knowing the actual prices of such, resulting in inadequate equipment	The Procurement Unit as mandated, assists user departments in drawing specifications to get the required, on the market goods or services at the right price. (ONGOING)	ONGOING	
5.3	Equipment ledgers different from normal stores ledgers should be kept for every equipment procured at PSC	Had mistakenly used GP59(stores ledger equipment) for daily storekeeping instead of GP 72(stores ledger sheets). As a result, there was no ledger correct to keep equipment then.	GP59 has been requested from Government Printing, in the meantime, a notebook has been designed to record any equipment bought and issued. GP 72 shall be requested before end of second quarter 2022/2023	When payment for GP 59 is reflected into Government Printing account. GP 72 shall be obtained after request is made before end of second quarter 2022/2023 but will be used in 2023/2024	