



ANTI-CORRUPTION COMMISSION
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MEDIA RELEASE

UPDATE ON ACC's ACTIONS AND INTERVENTIONS ON THE AUDITOR
GENERAL'S REPORT 2019 AND 2020 (No. 3)

The Anti-Corruption Commission (ACC) in this **Third (3rd)** media release continues to inform the general public on the actions it has taken so far on issues raised in the 2019 and 2020 Auditor General's Reports. These interventions focused on aspects of possible, or alleged corruption and conducts inconsistent with the provision(s) in the Anti-Corruption Act of 2008 as amended in 2019.

After a thorough review, and analysis of the aforementioned Reports, the Commission initiated actions; with a view to investigating, prosecuting, or recovering of public finds, public revenue, public property, as the case maybe, in accordance with Sections 7, and 48 of the Anti-Corruption Act of 2008 as amended in 2019, respectively.

Below are the **third set** of issues, and areas of ACC interventions, and the outcomes of same:

1. **KAMBIA DISTRICT COUNCIL.** The 2019 Auditor General's Report alleged that between 1st January, 2019 and 31st December, 2019, the Management of the said Council made payments for goods and services without supporting documents amounting to the sum of **Two Hundred and Forty-five Million, Five Hundred and Forty Thousand Leones (Le 245,540,000)**. At the end of ACC investigation, there is no evidence to point to the misappropriation of public funds. However, there was misplacement of documents as a result of poor filing management which the ACC believed could have been responsible for not making the documents available to auditors during the audit exercise. In that regard, the ACC has instructed its Prevention Department to conduct a very thorough and comprehensive systems and processes review on the Council in the bid to strengthen and enhance its records and filing management systems and compliance regime.
2. **SIERRA LEONE ROAD SAFETY AUTHORITY (SLRSA).** The Auditor General's Report of 2020 highlighted that between 2019 and 2020, Top Management and Board Members of the SLRSA, benefited from the sum of **Five Billion, One Hundred and Fifty-two Million, Four Hundred and Sixty-two Thousand, One Hundred and Forty-nine Leones, Fifty-two Cents (Le 5,152,462,149.52)** through payment as monthly allowances, whilst they were receiving salaries as staff of other Ministries, Departments and Agencies (MDAs), and also receiving sitting allowances for Board Meetings attended. ACC investigation confirms that the Board Members



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and Management staff of SLRSA were not supposed to be beneficiaries of monthly allowances and therefore, not entitled to such payments. Accordingly, the ACC has recommended strongly that the Authority should refund the total sum of **One Billion, Three Hundred and Eighty-six Million, Nine Hundred Thousand, Nine Hundred and Seventy Leones (Le 1,386,900,970)** to the Consolidated Revenue Fund (CRF), being the total amount paid to the Board Members and top management staff as monthly allowances. The practice should also be avoided completely.

3. **SIERRA LEONE AIRPORT AUTHORITY (SLAA).** The Auditor General's Report 2020, stated that, there was the non-disclosure of a loan amounts of **Seven Billion (Le 7,000,000,000)** and **Four Billion, Nine Hundred Million Leones (Le 4,900,000,000)** for staff salaries/allowances and the procurement of an aircraft rescue equipment respectively obtained by SLAA. According to the said Report, the comfort letters used by the Ministry of Finance (MOF) to obtain these loans were not provided to Auditors for inspection. ACC investigation reveals that;

- a) The SLAA secured two (2) loans – the first was **Four Hundred and Seven Thousand, One Hundred and Nine Euros (€407,190)** with a Leones equivalent of **Four Billion, Seventy-one Million, Nine Hundred Thousand Leones (4,071,900,000)** exclusive of the finance cost from Zenith Bank Sierra Leone Limited, to pay the remaining cost of an Aircraft Rescue and Fire Fighting Vehicle for the Airport
- b) The second was **Seven Billion Leones (Le7,000,000,000)** from the Government of Sierra Leone (GoSL) through the Ministry of Finance as a bailout for payment of staff salaries/allowances and operational cost for the second quarter of 2020. The bailout was requested because of Government's directive to reduce flight tickets and the impact of COVID-19 pandemic on the operations of SLAA, especially when flights were banned from entering Sierra Leone.

The investigation further confirms that SLAA requested for a bailout of **Nine Billion, Six Hundred and Twenty Million Leones (Le 9,620,000,000)** from GoSL through MOF, but **Seven Billion Leones (Le 7,000,000,000)** was approved and lodged in to SLAA Account in four (4) installments in July 2020. The investigation again confirms that the first loan of **Four Billion, Seventy-one Million, Nine Hundred Thousand Leones (4,071,900,000)** at Zenith Bank Sierra Leone Limited has been fully paid with all financial cost and interest. The investigation also verified how the loan was obtained from GoSL.

The investigation concluded that

- a) There was no comfort letter issued by MOF for the loan obtained from the Bank as per provisions of the Public Debt Management Act 2011. Also, SLAA has not started the repayment of the **Seven Billion Leones (Le7,000,000,000)** as bailout secured from Government despite a signed agreement dated 26th July 2020.
- b) The two loans were utilized for the purposes for which they were obtained.



Therefore, the ACC has recommended that, the repayment of the bailout amount should be monitored to ensure compliance and henceforth, MOF and SLAA should take steps to be in compliance with the laws relating to the provision of guarantee/surety on behalf of State Owned Enterprises (SOE) on occasions of obtaining loans from other financial institutions.

4. **PETROLEUM DIRECTORATE.** The Auditor General's Report 2020 alleged that the Petroleum Directorate did not deduct nor pay withholding tax of 10.5% to the National Revenue Authority (NRA) amounting to **Twenty-nine Million, Four Hundred and Sixty-nine Thousand, Seven Hundred and Seventy Thousand Leones (Le29, 469, 770)** for a contract awarded to Global Energy. The ACC investigation noted from interviews and analysis of the documents presented that, withholding tax was not deducted from Global Energy nor did Petroleum Directorate pay same to the NRA. As such, this amount is owed to the NRA. The ACC further confirms through a letter dated 20th January, 2022 from NRA that, the above said amount has been paid in full, but was only paid as withholding tax in respect of consultancy services by Global Energy Consultants, when the issue was raised by Audit Service in their Management letter to the Directorate. This issue has therefore been resolved.
5. **SIERRA LEONE CABLE NETWORK (SALCAB).** The Auditor General's Report 2020 highlighted that **six (6)** vehicles owned by SALCAB were not registered in the name of the company. At the conclusion of the investigations into the six (6) vehicles, the Commission finds that;
- a) The said vehicles were not registered in the name of SALCAB despite being owned by the company.
 - b) As a result of the poor performance of SALCAB, the Government decided to lease part of its operations to ZOOLAB and NFTC.
 - c) ZOOLAB took over 23% of the shares of SALCAB.
 - d) NFTC took over some part of SALCAB that are still managed by the Ministry of Information (MOI).
 - e) The vehicles queried by Audit Service are in the possession of ZOOLAB and NFTC.
 - f) It is crystal clear that, the name ECOWAN under which the six (6) vehicles were registered are the consultants that installed the submarine line nationwide.

Based on the findings of the investigations, ACC has recommended that all six (6) vehicles captured in the Auditor General's Report 2020, as registered in the name of individuals be changed, and re-registered in the name of the MDA supervising these two companies.

6. **PUBLIC FINANCIAL MANAGEMENT IMPROVEMENT AND CONSOLIDATED PROJECT (PFMIPC).** The Auditor General's Report 2020 stated that Pay as You Earn (PAYE) tax of **Eighty-three Thousand, Nine Hundred**



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and Fifty-eight United States Dollars (\$83, 958), the Leones equivalent of **Eight Hundred and Forty-nine Million, One Hundred and Thirty Thousand, Two Hundred and Twenty-two Leones, Fifty Cents (Le849,130,222.50)** was not deducted from staff salaries and paid to NRA. The ACC investigation finds that;

- a) PFMICP is a World Bank funded project implemented by the Ministry of Finance (MOF), and the project implementation started in September 2014 and ended in September 2021.
- b) The staff signed a contract for consultancy services with MOF on behalf of GoSL and the terms of reference of the contract spelt out that a withholding tax of 5.5% should be deducted and paid to NRA, and these terms were complied with by PFMICP.
- c) The Income Tax Act of 2000 as amended in 2015 provides that, withholding tax is an advance tax on Goods and Services pending assessment by NRA and is not deducted from employee emolument.
- d) A PAYE tax of **One Hundred and Four Thousand, Four Hundred and Four United States Dollars (USD\$ 104, 404)** should have been paid instead of a withholding tax of **Twenty Thousand, Four Hundred and Forty-six United States Dollars (\$ 20,446)** leaving the difference of **Eighty Three Thousand, Nine Hundred and Fifty Eight United States Dollars (\$83,958)**.
- e) A public ruling on the application of full PAYE tax rate was issued by NRA to all Accountants of MDAs by the Accountant General in September 2017.
- f) At the time the clarity for the payment of PAYE taxes was provided, the project budget could not accommodate PAYE tax but withholding tax.

Based on the foregoing, the Commission has advised the MOF and World Bank to agree, going forward, to pay the PAYE tax in the place of deducting the 5.5% withholding tax from staff emolument in compliance with the Income Tax laws of Sierra Leone. Considering that this was not what was in their budget and the contract signed with staff, World Bank through the Ministry of Finance will take steps to ensure that all future budget of the Project will capture the payment of full PAYE for the staff, including contract staff, and not withholding tax.

Meanwhile, the Commission continues to thank and appreciate Audit Service Sierra Leone (ASSL) for their diligence and cooperation in helping to combat corruption and promote accountability in Sierra Leone and Parliament for their sustained support.

For further enquiries on this and other ACC matters, please contact **David Yusuf Kabia**, Public Relations Assistant on +232-78-832131 or via email info@anticorruption.gov.sl.



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