Aide Memoire
Implementation Support Mission
Sierra Leone Integrated Public Financial Management Reform Project
November 30 – December 8, 2010

Project Summary

<table>
<thead>
<tr>
<th>SL-Public Financial Management Technical Assistance Loan</th>
<th>P108069 - Loan No. IDAH4930- Trust Find No. TF95389</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Approval Date</td>
<td>12/05/2009</td>
</tr>
<tr>
<td>Effectiveness Date</td>
<td>12/15/2009</td>
</tr>
<tr>
<td>Mid Term Review</td>
<td>12/05/2011</td>
</tr>
<tr>
<td>Original Closing Date</td>
<td>07/31/2013</td>
</tr>
</tbody>
</table>

Summary of newly-agreed Actions (to be finalized)

<table>
<thead>
<tr>
<th>ACTION</th>
<th>DUE DATE</th>
<th>RESPONSIBLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. System-wide review and assessment of the IFMIS implementation and</td>
<td>January 31,</td>
<td>ICT Unit, Director PFM Reforms</td>
</tr>
<tr>
<td>associated business process and preparation of TOR. An indicative</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>TOR has been provided and is to be finalized in consultation with IDA.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This TOR will also include the development of a long term ICT strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and implementation for MOFED.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Revised report on the capacity building strategy under 3.3(i) to</td>
<td>January 15,</td>
<td>Accountant General, Director PFM Reforms</td>
</tr>
<tr>
<td>be submitted to IDA for comments.</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>3. The final version of the training program under 3.3 (ii) to</td>
<td>January 15,</td>
<td>Director PFM Reforms</td>
</tr>
<tr>
<td>be submitted to IDA.</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>4. Completion of disbursement conditions under component 3.4.</td>
<td>March 31, 2011</td>
<td>MoFED Senior Management, Director PFM Reforms</td>
</tr>
<tr>
<td>5. Engagement of international experts by EPRU to review SLIMM.</td>
<td>January 15,</td>
<td>EPRU, Director PFM Reforms</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>6. Finalization of MTEF Guidelines.</td>
<td>March 31, 2011</td>
<td>Budget Bureau, Director PFM Reforms</td>
</tr>
<tr>
<td>7. Premises for Business Continuity Center to be identified.</td>
<td>March 31, 2011</td>
<td>ICT Unit, Director PFM Reforms</td>
</tr>
<tr>
<td>8. Gap Analysis for Internal Auditors to be completed.</td>
<td>March 31, 2011</td>
<td>IA Unit, Director PFM Reforms</td>
</tr>
<tr>
<td>9. Procurement Plan to be submitted to IDA.</td>
<td>December 31,</td>
<td>Project Administration Unit, Director PFM Reforms</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>10. Annual Work Plan for 2011 to be submitted.</td>
<td>December 24,</td>
<td>Project Administration Unit, Director PFM Reforms</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td></td>
</tr>
</tbody>
</table>
A. INTRODUCTION

This Aide Memoire summarizes the findings and recommendations of the Project Implementation Support Mission (ISM) (the “Mission”) that was in Freetown from November 30 – December 8, 2010. The World Bank team comprised: Vivek Srivastava, Senior Public Sector Management Specialist and Task Team Leader (TTL); Roberto O. Panzardi (Sr. Public Sector Specialist); Ramesh Siva (Lead ICT specialist); Ismaila Ceesay (Lead Financial Management Specialist); Macmillan Anyanwu (Operations Officer), Albert Mugera (Senior Public Sector Specialist), Sahr Kpundeh (Senior Public Sector Specialist), Tsrî Apronti (Procurement Specialist); Joyce Olubukola Agunbiade (Financial Management Specialist); Reynaldo Castro (Consultant); Tony Bennett (DFID - PFM consultant); Fatu Karim-Turay (Team Assistant), Mustapha Katta (Team Assistant), and Lydie Ahodehou (Program Assistant – from Washington). The Mission coordinated efforts with international partners, including: (i) Thomas Allen (Economic Adviser) representing DFID; (ii) Mr. Gerald Audaz (Head of Section) representing EC; and (iii) Mr. Sheikh Sesay (Country Economist) – representing the ADB. The Mission was joined by Mr. Steven Gurr (IMF Advisor). Vijay Pillai (Country Manager) provided support and guidance throughout the mission.

In addition to carrying out a general review and evaluation of progress on various components, the main objectives of the Mission were: (i) Review of progress since the ISM of June 2010 including progress on agreed actions; (ii) Undertake detailed discussion and finalization of the AWP 2011; (iii) Review of the current status of the IFMIS and the expansion and strengthening planned under the IPFMRP and resolve the issue of the outstanding payments to Freebalance; (iv) Review of the progress on meeting the disbursement conditions for component 3.4 – “Salary Support for MoFED Civil Service Staff” including an assessment of whether this component is needed at all; (v) Detailed review of plans for the NSA component; (vi) Review the project management arrangement; and (vii) Review the M & E arrangements for the project.

The Mission had a kick off meeting on November 30, 2010 chaired by Mr. Edmund Koroma Financial Secretary (FS), and joined by Mr. Augustus E. Cole, Director, PFM Reform and Mr. Alpha Sesay Program Coordinator, (Integrated) Project Administration Unit (IPAU) and several component heads. The Country Manager, World Bank, also joined the meeting. The Mission had a wrap up meeting chaired by the Financial Secretary on December 8, 2010. The Country Manager, World Bank also joined this meeting. At the meeting the TTL informed the Financial Secretary of the World Bank’s new Access to Information Policy and sought his approval for placing the aide-memoire in the public domain. The Financial Secretary agreed to this.

The Mission also participated in the workshop for the draft PEFA report on December 1 2010.\(^\text{1}\) The Mission would like to express its sincere appreciation to Finance Minister and the Financial Secretary, all the government officials of the MoFED and other MDAs and project staff, who so willingly gave of their

\(^\text{1}\) Mission findings and discussions were informed by the findings of the draft PEFA report.
time and kindly collaborated with the IDA team in discussing technical and operational issues. (See Annex 1- Agenda and Annex II – List of Public Officials Met).

B. STATUS OF AGREED ACTIONS FROM ISM JUNE, 2010

The June 2010, ISM agreed action points were reviewed by the Mission and it was found that actions had been completed on six items. The remaining items have been included in the agreed actions included in this aide-memoire or discussed elsewhere in this aide-memoire.

C. GENERAL EVALUATION BY COMPONENTS AND ACTIVITIES

Component 1 - Strengthening Macro-fiscal Coordination and Budget Management (Rating: Satisfactory²)

Objective: Improve budget credibility associated with a more appropriately developed and managed aggregate fiscal position, constrained MDA budgets and control of the in year position.

- Sub-component 1.1 – Macro-fiscal Management and Budget Formulation

  Objectives: Macro-fiscal Management and Budget Formulation and Establishment of a credible and policy-oriented budget process.

  Activities: (i) the development of a macro-economic and fiscal framework incorporating realistic aggregate fiscal estimates; (ii) the development of improved procedures and the building of capacity for revenue forecasting by MoFED; (iii) the establishment of expenditure ceilings through the medium term expenditure framework; (iv) the design and implementation of arrangements for transparency and participation in the budget formulation process; (v) the strengthening of the strategic planning capacity of MDAs; and (vi) the strengthening of aid policy and management processes.

Status of Implementation: The Mission met with the Director of the Budget Bureau, officials of the Development Aid-coordination Office (DACO), Director of PFM Reform and with members of the Economic Policy Research Unit (EPRU) team who have developed the Sierra Leone Integrated Macroeconomic Model (SLIMM). Presentations were made to the Mission by the Budget Bureau, the EPRU, DACO and the Multilateral Project Division (MPD). Mission findings have also been informed by the draft 2010 PEFA report. A number of issues raised by the last mission have not yet been actioned. In part this can be attributed to the pressure to complete the 2011 Budget and significant effort involved in other reform activities being driven by the Ministry. Progress since the last mission and current status is noted below.

Sub-group meeting have also been held to initiate specific discussions at the sectoral level and some papers were published (subsequently made available to the Mission)³ detailing development of all major economic forecasts, discussed and agreed by Integrated Macroeconomic Modeling and Forecasting (IMMF) Steering Group prior to implementation.

---

² All sub-components under component 1 are rated satisfactory.
A macro-economic and fiscal framework (MEFF) was produced in June 2010 and revised in September; (ii) the MEFF represents collaborative effort from all key stakeholders across Government and builds a single (consensus) set of macro-economic and fiscal forecasts; (iii) processes assisted by operation of IMMF and holding of two forecasting workshop; and (iv) a budget framework paper was produced.

**Budget Preparation Module:** Very little progress has been made in implementing the budget preparation module of Freebalance Financials. Essentially, the module is not yet in use. The Mission notes that the Budget Bureau after some examination of the modules capabilities is currently formulating its system requirements for budget preparation. These requirements should form a baseline for the proposed Review of IFMIS Business Processes and Implementation (discussed in Sub-Component 3.1). If implementation can begin in mid-2011, the budget officers posted out to the major MDAs should be trained in how this module facilitates MDA preparation of budgets within resource ceilings and use it for the 2012 budget.

Regarding revenue forecasting, new processes were implemented in the second half of the year. Unfortunately, deviations between targeted and actual aggregates in fiscal year 2009 and 2010 (Q3) are still large as reflected in the preliminary PEFA report.

**Development of macro-economic fiscal framework and improved capacity for revenue forecasting:** The Mission was informed that the Integrated Macroeconomic Modeling and Forecasting (IMMF) Steering Group which includes the MoFED, Bank of Sierra Leone (BSL), Statistics Sierra Leone (SSL) and the National Revenue Authority (NRA) continues to meet regularly. The Mission was also informed that the development of a new Sierra Leone Integrated Macroeconomic (SLIM) Model which is an IMF style Financial Programming and Policies (FPP) model has been completed and was used to inform revenue and macro-fiscal forecasts for the 2011 Budget (see above). The EPRU indicated that international experts will be engaged to undertake an independent review of the model (Q1, 2011) and to provide on-going support for the further development of the model.

**Establishment of expenditure ceilings through the MTEF and strengthening the strategic planning capacity of MDAs:** The establishment of ceilings was undertaken in the 2011 Budget process without significant linkages to national, sector or MDA strategic plans. The exercise was largely an incremental process with policy based adjustments being the exception. The reasons for this continuing disconnect are:

- *Weakness in MDA capacity for strategic planning:* although additional Budget Officers have been recruited this has not yet led to a strengthening of MDA performance on planning and forward estimating;

- *Absence of executive government input to the setting of policy priorities at the start of the formulation process:* adjustments to the Budget calendar, in order to introduce early executive government engagement in the process, are being considered by the Budget Bureau for the 2012 Budget but were not implemented for the 2011 budget process; and

- *Ineffective implementation of forward estimates:* outer-year budget estimates remain unreliable as indicators of future outlays and largely fail to project the future cost of existing policy.

The last mission had obtained agreement with the authorities that revised MTEF Guidelines would be prepared. While a workshop has been conducted to explore what revisions are required, revised guidelines have not yet been prepared. It is now proposed that these Guidelines be finalized in Q1, 2011.
Finally, the Mission was informed that a new budget calendar has been proposed. The new calendar would advance the initiation of the budget cycle, from June to February, to improve the participation of different actors in the budget formulation process. (Annex 2).

**Transparency and participation in the budget formulation process**

In order to improve transparency and participation: (i) training workshops were conducted for capacity building of District Budget Oversight Committees (eg, in Kambia and Kailahun) to meet quarterly reporting obligations to MoFED and Parliamentary Oversight Committee; (ii) a workshop at MoFED for Budget Committee’s on their role and responsibilities, and building their capacity to link the activities of their MDA with policy priorities; (iii) workshops on new MTEF guidelines advising MDAs on how to link KPIs in the second PRSP and MDGs with the strategic plans of MDAs for improved budget planning; (iv) workshop to prepare the new budget calendar that allows adequate time for different phases of the budget and explains to MDAs their respective roles and responsibilities as per the new budget preparation arrangements; and (v) review of MDAs strategy to ensure that the budget and procurement plans are prioritized based on the resources envelope. Although some important progress has been made on transparency, further work is needed to really link sectoral policy and investment planning to recurrent expenditures.

**Aid policy and management**

The government’s Aid Policy was endorsed at a Consultative Group meeting in November 2009. DACO in MoFED in collaboration with Development Partners is maintaining information on donor assistance in the Development Assistance Database (DAD)\(^4\). Data is updated quarterly by designated point persons at each donor office in Sierra Leone. At present, donor data is slow in coming in, very incomplete and does not provide any economic classification of expenditure. As of June 2010, plans were under way to formulate a mapping between the DAD classification scheme and the IFMIS chart of accounts to simplify the generation of consolidated financial reports. This work is yet to commence, but there is a parallel initiative in the Accountant General’s Department (see 2.3 below) and the Mission team would encourage DACO to coordinate this with the Accountant General. In addition DACO has completed the following activities:

- Preparation of a Joint Annual Progress Report providing an update on the implementation of PRSP 2 – Agenda for Change January 2009 – June 2010, published in September 2010
- Updating DAD with forward commitments for the MTEF period 2011 – 1013
- Preparation of the Development Assistance Report (currently being validated by Donor Partners)
- Preparation of a draft Mutual Accountability Framework for discussion with Donor Partners
- Establishment of Sector and District Working groups across various sectors including Health, Education, Agriculture and Roads to improve coordination

- **Sub-component 1.2. Budget Execution**

  **Objective**: Establishment of a predictable budget execution process.

  **Activities**: (i) the design and implementation of improved MoFED procedures for cash forecasting, cash management and quarterly releases; (ii) the streamlining and implementation of commitment control procedures for all central government expenditures; and (iii) the strengthening of the budget execution capacity of the MDA budget committees.

---

\(^4\) DAD is currently hosted at (http://dad.synisys.com/dadsierraleone).
**Status of Implementation:** As explained in the last aide memoire, service delivery efficiency and effectiveness are best fostered by timely releases of budgeted funds. The predictability of expenditure commitments remains a critical factor in budget execution and, accompanied by timely releases of commitment obligations, it ensures that the budget is implemented as planned. The Mission reiterates its concern that while budgetary releases are relatively timely and based on available cash resources, the procedures adopted still include redundant control steps that diffuse the authority of MDAs to spend and honor obligations to service delivery agents in government. The current procedures of MoFED providing the commitment authority after a funds release authority has been provided by it does not, in the opinion of the Mission, constitute a risk in the budget execution process at a time of stringent controls on expenditure management; however, where a commitment has already been approved by the MoFED, based on MDAs budget appropriations as well as the cash plans under PET 1, the Mission does not see the necessity for a secondary control function from the angle of the MoFED when the commitments translate into obligations to necessitate payment for the goods already received or services rendered. The Mission believes that the accountability for service delivery and the responsibilities for expenditures related thereto should remain the domain of the MDAs as long as (i) the budgets have been appropriated, (ii) cash plans have been provided to the MoFED and against which budget releases have been provided, and (iii) the commitments have been cleared by the MoFED based on the approved cash plans. It is worth noting that controls are necessary for better expenditure management and that expenditures must fall within the available cash limits. However, the Mission reiterates its concern that there are processes within the current practice that can be construed as redundant to the control framework and may need to be streamlined. Among these redundant processes are the following: (a) referring MDA approved payment obligations against MoFED approved commitments back to the MoFED for further approval before a payment can be made; (b) referrals of payments above Le 10 million for approval of the Minister of Finance after prior clearance, through a cash allocation, by the Budget Bureau, and subsequent approval for commitment of the expenditure by the responsible Minister of the MDA.

*The Mission therefore restates its recommendation from the last mission that the MoFED adopts a procedural arrangement which allows for the weekly expenditure reports of the Accountant General to the Minister of Finance as sufficing for the required level of control as long as all prior approvals up to the point of commitment of expenditures against cash allocations have been received from the MoFED.*

The Mission further believes that, overtime, even the issue of MoFED authorizing commitments should remain within the operational responsibility of the spending MDA as the MDAs have direct responsibility and accountability for their respective service delivery activities.

**Implementation of Commitment Control Procedures:** As documented in the last aide memoire, GoSL has a relatively robust IFMIS in place that supports expenditure management and control across MDAs. With the exception of the Ministry of Defense (MOD), subvented agencies and donor-funded projects, all GoSL central government expenditures are transacted through the IFMIS. Even for the MOD, the payroll is processed as part of the IFMIS-based payroll system. The fact that the central government expenditures are processed through a system that offers controls against the hard budget constraint of the GoSL is in itself a manifestation of the exercise of commitment controls – a factor that supports budget credibility as well as reduces the incidence of expenditure arrears. Since over 67% of central government expenditures are being processed through an online and work-flow based IFMIS connection to MDAs, there is already ample evidence to show that commitment control procedures are working unless they are over-ridden. The expenditures of other MDAs that are yet to be connected to the IFMIS are processed centrally at the Accountant General’s Department and are equally subjected to commitment controls except that the local purchase order (procurement module
of the system) is not utilized for these MDAs. In order to further minimize expenditure arrears through the entry into commitments by MDAs not yet connected to the IFMIS, it is recommended that local purchase orders that initiate the commitment process are also entered into the system at the time the commitment expenditures are approved by the MoFED. This would ensure that the budget execution reports of all GoSL central government entities are comprehensive and include the commitments yet to be liquidated at any reporting time. The form of reporting template as recommended in the last aide memoire would therefore need to be configured in the IFMIS, under the responsibility of the Accountant General’s Department, and produced through Crystal versions to include: (i) the cash releases (PETS); (ii) the commitments entered into; (iii) actual cash expenditures made against appropriations, cash releases, and commitments; and (iv) balances against appropriations, balances against cash releases, and balances against commitments.

- **Sub-component 1.3 Debt Management**

  **Objective:** Develop an improved legal, policy and institutional framework for sustainable debt management.

  **Activities:** (i) the development of a policy on the criteria and limits regarding the Recipient's public debts and guarantees; (ii) the adoption and implementation of a plan to reduce the stock of domestic debt and expenditure arrears; (iii) the strengthening of MoFED's debt database; (iv) the drafting of revisions to relevant legal instruments governing debt management; (v) the establishment of a system for regular analysis of the fiscal position and risks arising from state-owned enterprises; and (vi) the setting-up of mechanisms for cross-government

  **Status of Implementation:** The Public Debt Unit (PDU), MoFED made a presentation to the Mission describing activities and progress since the last mission.

  A Public Debt Management Bill aimed at improving the legal, policy and institutional framework for debt management has now been gazetted and submitted to parliament for enactment. A draft procedures manual for debt management has been prepared with assistance from the ADB and is currently being reviewed by the government.

  The PDU is regularly monitoring sovereign risk and debt levels and the debt sustainability exercise for 2010 was completed in August 2010. The exercise shows that Sierra Leone still faces moderate risk of debt distress.

  The practice of publishing and Annual Bulletin on debt continues and the Annual Bulletin for 2009 was produced and published since the last mission. The bulletin captures information on various risks affecting the debt portfolio.

  Following the agreement reached in the last mission, activities have been initiated for deepening the debt market for public debt. To achieve this, the government has identified a four step process: (i) consultations with key stakeholders; (ii) detailed study; (iii) development of a strategy; and (iv) implementation. A dialogue/consultation is planned for December 2010 and the follow up activities are planned under the AWP for 2011.

**Component 2 – Reinforcing Key Aspects of the Control System to Support Improved Service Delivery (Rating: Satisfactory)**

5 All sub-components under component 2 are rated satisfactory.
Objectives: Revised legal framework, robust public procurement practices, tightened payroll controls and internal audit, improved accounting procedures operating in the MoFED and MDAs, and further publication of PETS contributing to an effective control environment in MDAs. Striving for these internal controls will be reinforced through strengthened scrutiny of public finances by Parliament. More effective internal controls support Platforms 1 and 3 objectives.

- Sub-component 2.1. Legal and Regulatory Framework

Objective: Improve the legal framework.

Activities: (i) drafting of revisions to key legal instruments governing public financial management, including revisions to the Recipient's Government Budgeting and Accountability Act of 2005 and the Financial Management Regulations of 2007; and (ii) finalization and dissemination of local government financial administration regulations.

Status of Implementation: The consultant recruited to carry out the review of the GBAA and FMR has submitted a draft report to the government which is still a work in progress. The consultant provided a c briefing to the Mission on the findings of the review. The briefing provided the Mission the opportunity to voice preliminary observations on the review report in advance of any further comments that may be provided by the Bank and IMF to feed in to the final report. The Mission noted that a lot of good work has gone into the review and the salient aspects of the weaknesses as well as the inconsistencies in the laws have been highlighted. However, the Mission expressed concern that the review has indeed opened a Pandora’s box as relating to the far reaching lacuna in the laws vis-a-vis the Constitution, and that the review may have covered ground beyond those envisaged under the project. For instance, the draft report identifies the need to revise some ‘entrenched’ clauses in the Constitution – a revision process that calls for a referendum. The spirit of the review envisaged under the project did not include such an aspiration but rather to seek an avenue of improving the PFM law and regulations for better consistency as well as meet standards of international best practice in PFM.

The report suggests a repeal of the GBAA to be replaced with an overarching PFM legislation in the form of a ‘Public Finance and Accountability Act’ so as to embrace other areas of PFM coverage beyond the ones already defined including: (i) applicability of the Act to autonomous agencies, extra-budgetary funds, and local governments; submission of unaudited accounts to parliament; (ii) better provision for parliamentary approval of budgets; (iii) enhanced clarity regarding inclusion of donor funding for government projects in the budget; and (iv) provision for cash flow planning.

The Mission was informed that a meeting of the key government stakeholders was recently held to discuss the consultant’s report. The focus of the meeting was to ensure that progress was made towards an accelerated finalization of the proposal to include the Public Investment Management/Program provisions in the GBAA rather than finalize the approval process for a more holistic but ‘PFM-restricted’ revisions to the Law.

The Mission recommends that the report be completed and revised and the recommendations should separate key areas of the GBAA and the FMR that merit amendment from those that address the more complex issues that might require amendments to the constitution.

The FAR for the local councils is yet to be finalized and disseminated. It is recommended that the process of finalization of the regulations considers the salient elements in the subsisting FMR as well as the expected revisions in the GBAA to avoid further inconsistency.
- **Sub-component 2.2 Public Procurement**

**Objective:** Strengthening of the MDAs' capacity and practices in public procurement.

**Activities:** (i) the drafting of revisions to the legislation, regulations and standard bidding documents governing procurement; (ii) the development and adoption of a plan for full application of transparency and monitoring arrangements by NPPA; and (iii) the strengthening of the capacity of MDAs to carry out procurement in accordance with the applicable legal framework and procurement plans.

**Status of Implementation:**

A presentation was made to the Mission by the acting Chief Executive of the National Public Procurement Authority (NPPA). Achievements under this sub-component during the review period have been modest. Although various workshops were held with stakeholders towards revising the Public Procurement Law, no consensus was reached. The view held by most participants was that the existing law needs to be amended to remove conflicts with the regulations and to enhance the independence of the NPPA. It was also noted that some of the originally proposed amendments could give the NPPA more authority over various facets of procurement implementation within the MDAs than needed. Following from the (ongoing) CPAR some amendments are being proposed for incorporation in the bill.

Although it was planned that MDAs that procurement officers recruited within the public/civil service structure would be in post by this time, this has not been fully achieved. The Mission was informed, however, that the process of recruitment is at an advanced stage. Forty personnel have been selected from among 750 applicants and appointment letters have been issued by the HRMO. They will undergo two months training at IPAM and will pass a qualifying test before being posted. Though delayed, this is an important step. They will be part of a separate cadre managed by the HRMO and will only be moved between procurement posts.

The number of procurement plans under NPPA monitoring is being increased to 100 in 2011 from the current 57.

Sensitization workshops were held in the last quarter for local councilors, administrators and service providers throughout the country. These were well attended and appreciated by all participants. In addition, a Procurement Forum was held in February 2010 and a price survey was completed in August 2010.

In discussions with the new management and reviewing the AWP for 2011, there are clear indications that the NPPA is in a position to deliver on the results envisaged under this project. The review process of the law will be reinitiated, the procurement officers who are due to take up their positions (possibly, early in 2011) will receive training, and the monitoring tools and activities will be sharpened and expedited following the on-going restructuring of the NPPA to better fulfill its mandate.

**Sub-component 2.3 Accounting, Recording and Reporting**

**Objective:** Improvement of the quality and maintenance of the timeliness of financial accounting, recording and reporting.

**Activities:** (i) the re-design and documentation of accounting processes in line with the IFMIS; (ii) the introduction of stores and asset management systems; (iii) the introduction of improved procedures for

---

6 At the beginning of the last quarter of the year, the CEO of the NPPA was relieved of his post.
the management of accounting records, and (iv) the establishment of requirements for improved financial reporting by various parastatal and public agencies and in respect of donor-funded projects.

**Status of implementation:** The Office of the Accountant General made a presentation to the Mission on the progress on implementation of the activities under this sub-components as well as the work-plan proposed for 2011. The presentation and the Mission’s subsequent meeting with the Accountant General and his key staff confirm that progress is being achieved in most areas since the last mission except as pertaining to concrete achievements in the area of the consolidation of financial statements. The accounting processes are generally in accordance with the operating manuals of the department and better aligned with the specific requirements of the IFMIS but may require further improvement and documentation particularly with respect to the expected deliveries at the levels of the MDAs. Although a lot of training was imparted to the PIUs of MDAs and subvented agencies as regards the reporting requirements of the government for purposes of consolidation, the outcome has been uneven so far since a number of donor funded projects and subvented agencies continue to fail to provide the requisite information to support the Accountant General’s consolidation process. The 70 per cent compliance rate during the second quarter of 2010, dropped to 45 per cent in the third quarter. The public accounts will include donor project and subvented agencies to the extent possible. The effort is to include all subvented agencies and local councils in the 2011 public accounts. The Accountant General is of the view that compliance can be strengthened only through a legal directive as, presently, there are no legal requirements for donor funded projects and subvented agencies to submit expenditure reports to it. This is therefore a case for inclusion in the revisions of the GBAA and FMR if the Accountant General’s report is to be comprehensive and representative and can be received and audited by the Auditor General without qualifications.

The Mission discussed and agreed with the Accountant General on the need for the GoSL to define the “reporting entity” of government. Currently, the reporting entity is central government in respect of the Consolidated Fund. This excludes the subvented agencies, donor-funded projects, and local councils. Local councils are, by law, required to prepare their own financial statements and render them for audit, and subvented agencies are also expected to prepare their own financial statements and submit for audit. While this is in order, the consolidation of government financial statements should be absolute so as to allow the general public to know the state of the overall government finances and, at the same time, enable the government to be in conformance with the International Public sector Accounting Standards (IPSAS). To this end, the Mission recommends that the Accountant General continues to provide, on the face of the GoSL annual financial statements Central Government Consolidated Fund Financial Statements with attendant notes including an accounting policy that defines the entity, and at the same time provide a consolidated whole of government – central government consolidated fund, subvented agencies, donor-funded projects, and local governments – as additional information financial statements, with clear definition of the reporting entity. The consolidation process, it was discussed and agreed, would of course entail offsetting expenditures made against grants provided under the consolidated fund with a view to avoiding double counting.

In terms of what may constitute the information to be supplied for purposes of consolidation, the Mission recommends that these be at a reasonably high level – i.e. sub-function, receipt and expenditure statement at the economic classification level including opening and closing cash balances, and third party transactions. The template for submission of this information has been provided to the entities/agencies and they should be encouraged, through a ministerial directive (in the absence of an existing legal backing), to provide such information on a quarterly basis.

As regards the challenges posed by difficulties associated with the Freebalance multi-currency implementation weaknesses as pertaining to the General Ledger transactions for donor-funded projects, the Mission advised that donor funded projects (at least for IDA projects) should be able to report in local
currency when such is the requirement of the government. The translation rate would need to be defined as either the actual bank rate on the date of transaction or pre-defined by the government for applicability over a specified period of time, with the exchange differences recognized at reporting dates. In any case, a government-led policy would need to be devised and agreed with the development partners should projects be required to use the government IFMIS for recording and reporting project related financial transactions. The pursuit of such a policy initiative will itself be supportive of the use of country PFM systems in accordance with the Paris Declaration on Aid Effectiveness as well as the Accra Accord. Equally, since the government is aggressively pursuing the implementation of a PFM improvement program, and with the IFMIS forming the thrust of that program, it would be necessary that the government takes proactive action to have its received development assistance on budget. In the absence of this, the consolidation of receipts and expenditures on donor funded projects as part of overall government finances will have less meaning and would not be coherently linked to the government’s budgetary framework. In support of the government’s need to make progress in the area of readiness to transition to ‘use of government PFM systems’ for donor-funded project operations, the Mission recommends a workshop be held where the key constraints will be highlighted and solutions identified to enable Sierra Leone pilot and roll-out the system to these projects. This workshop could also serve as the forum to debate on issues of consolidation as well as those emanating from the definition of ‘entity’ for reporting purposes.

In respect of subvented agencies, the Mission recommends the installation of some stand-alone applications (preferably Freebalance, this being the government’s selected application) to capture receipts and expenditures of these agencies. The issue of capacity would necessarily have to be tackled through some intensive training of the accounting staff of these agencies. Installation of such a system and the training of agency personnel should not be a very difficult exercise, bearing in mind the benefits the government can derive through consolidation, including the generation of more comprehensive fiscal operations tables for the GoSL.

As highlighted in the last aide memoire, the annual financial statements of the central government – Consolidated Fund for FY 2009- have been prepared and submitted to the Auditor General within about 3 months of the end of the fiscal year, a delivery timeline performance that aligns with the GBAA and good international standards. These are on the MoFED website although the schedules are missing.

On in-year financial reporting, the Mission notes that substantial progress is being achieved by the AGD in the provision of monthly financial reports, based on a reconciled set of accounts. The remaining gaps for full conformance with the cash-basis IPSAS include: (a) the definition of “entity” for the purpose of preparing consolidated financial statements of the GoSL (see above); (b) enhancing comprehensiveness and disclosures by accounting for donor-funded project financial transactions as well as those of subvented agencies as part of the GoSL overall financial statements; (c) inclusion of third party transactions in the financial statements of the GoSL; and (d) provision, as part of “additional information” on the annual financial statements, of a form of modified cash flow statement, showing the outstanding commitments against appropriations at the close of each fiscal year.

The Accountant General has made attempts to prepare a form of GoSL’s fiscal operations table but with incomplete information pertaining to other areas of government – donor funded operations and subvented agencies – due to non-submission of required key fiscal information by some projects and agencies. Progress in this area will be facilitated by actions yet to be taken in ensuring that donor funded projects and subvented agencies actually submit their reports in time to the Accountant General. Further progress could be better supported through the establishment of a data warehousing facilities as highlighted in the last aide memoire and discussed further under 3.2.
The project supports record management within the accounting function in government especially due to the fact that one of the reasons for the qualification of the accounts by the Auditor General was as a result of lack of availability of some supporting documents for expenditures. The challenge of the Accountant General’s office with respect to storage and archival management of financial records remains. The last mission had agreed with the Accountant General’s request to provide, under the project, records management training to the staff of the department as part of its work plan. The Mission recommends that the department actively initiates a coherent program of intervention under the project that caters for the strengthening of this area while at the same time enable ascription of responsibility to individual staff members responsible for loss or misplacement of key financial records required by audit. The Mission notes, however, that the wider requirements for additional document storage facilities are outside the scope of the current project.

- Sub-component 2.4 Payroll Strengthening

**Objective:** Improvement of the management and control of personnel spending.

**Activities:** (i) the roll-out of the personnel management component of the IFMIS; and (ii) the development of improved medium-term budgeting for civil service payroll costs as part of the budget preparation process.

**Status of Implementation:** The sub-component continues to make progress through (i) conduct of manpower hearings aimed at improving the manpower budgeting process and outcome for the civil service; (ii) scanning of employment records of 72% of the civil servants for purposes of populating the master records of civil servants; (iii) reconciliations of payroll data with the establishment records particularly in respect of additions, deletions, and other changes; (iv) establishment of a comprehensive establishment list of all civil servants for inclusion in the estimates of expenditure to be published by the Budget Bureau; (v) drafting of a pay policy document to guide the process of pay administration and reforms in the civil service; (vi) completion of 50% of teachers’ master records while the validation process continues; and (vii) revision of procedures for payment of superannuation benefits of civil servants.

While these are laudable achievements, there are still issues that the sub-component has yet to address. These include: the appropriate definition of the expected outcome of implementation of the HCA module vis-à-vis the requirements of the government in its management of civil service records and performance evaluation of civil servants. The Mission was informed that the Freebalance HCA module has inherent deficiencies and does not adequately cater for some of the critical needs of the HRMO. While this might be so, the Mission advises that the HRMO would first need to identify its specific requirements and compare with the enabled systems requirement specifications of the Freebalance HCA before a conclusion is arrived at to confirm whether or not the system can meet their requirements. As part of a complete review of the Freebalance modules as recommended under sub-component 3.1, through a methodical assessment of what the system can or cannot offer, the HRMO will be in a better state to judge whether its requirements can indeed be met without customizing the application’s module.

Progress in rolling out the HCA to the MDAs is on course to roll out to two more MDAs. In addition to the Sierra Leone Police and the HRMO that are already using the module, for the police and civil service payrolls respectively, the HCA will be rolled out to the Ministry of Education, Youth and Sports, which manages the teacher payroll, on completion of the teacher verification exercise and to the Ministry of Defence. This verification exercise is being managed by the HRMO and is currently expected to finish by August 2011, subject to the timely availability of funding from the ADB. Payments of salaries on all

---

7 Not all of these activities are financed by the project.
three payrolls continue to be made by the Accountant General. The data in the HCA meets the needs of determination of pay, but not all the needs of HR management, such as the type of training received, leave taken, disciplinary action, etc. as noted above. The HCA is not a HR MIS. For this, the HRMO is developing a separate system with technical assistance.

MDA HR managers were trained in manpower planning at a four-day workshop at the start of the 2011 budget process. MDAs were then required to prepare manpower plans and budgets for the 2011-13 MTEF period and present them at manpower hearings held by HRMO and Budget Bureau in September 2010.

- **Sub-component 2.5 Other Aspects of Internal Control**

  **Objective:** Establishment of improved internal audit functions in MoFED and other MDAs, and support for the implementation of the PETS.

  **Activities:** (i) the capacity building of internal audit staff of MoFED and other MDAs; (ii) the creation and capacity building of MDA audit committees; and (iii) the support for timely publication of PETS reports.

  **Status of Implementation:** The subcomponent continues to register good progress across all fronts.

  **Internal Audit:** As at date, 34 internal audit units have been established across MDAs – surpassing the target of 15 units. Four MDAs have functioning internal audit committees and four others have been recently established although they have yet to achieve effective functioning status. The MoFED internal audit department, the driver of the internal audit functions in the GoSL, has demonstrated proactive engagement with MDAs as well as with the Local Councils to strengthen their respective internal audit units. Nevertheless, the effectiveness of the internal audit units as far as follow-up on their reports is concerned remains generally weak, particularly in the light of the lack of functioning audit committees.

  The internal audit department has segmented the functional coverage into six zones, each headed by a qualified and experienced internal auditor who serves as Coordinator and supports the planning of the audit, the conduct of the audit where necessary, and the review of the audit report. The established internal audit units now prepare monthly and quarterly reports and are geared to preparing annual reports as well. To strengthen the capacity of the MDA internal auditors, the Internal Audit department of the MoFED that is already endowed with highly qualified and experienced auditors, conduct joint internal audits of MDAs. Increasingly, the internal audits are focusing on systemic issues of MDAs, aimed at strengthening the internal management of respective MDAs and ensuring expenditure effectiveness in service delivery activities. Nevertheless, the function continues to be involved in the expenditure processing cycle through pre-audits which the Mission recommends should not be their focus.

  Recently, 50 internal audit staff have been recruited and deployed in MDAs, making a total of about 160 internal auditors across MDAs. Training was imparted to some 70 internal auditors on the internal audit manual and handbook prepared by KPMG. The department has a capacity building scheme that includes offering of scholarships for academic training in accounting at the University of Sierra Leone for former internal audit personnel of the Accountant General’s Department who have been reassigned to the newly established internal audit department of the MoFED. It is expected that, overtime, additionally qualified internal audit staff will join the team of internal auditors at MDAs to further strengthen the internal controls and overall internal management of the MDAs.

  While progress, overall, is substantial under the sub-component, the Mission underscores the necessity to ensure that internal audit functions in MDAs do report, on line basis, to the Vote Controllers of their respective MDAs rather than to the Internal Audit Department (IAD) of MoFED. This will facilitate
better integration of the internal audit units with the administrative set-up of the MDAs and also help the MDA heads to appreciate the contribution of internal audit to the accountability process. There is need to ensure that internal auditors are not seen as external auditors/MoFED agents but rather as a function to support management to identify systemic weaknesses and establish the environment for mitigating risks. However, the Mission recognizes that internal auditors are part of the MoFED’s established cadre of staff and have a functional relationship with the IAD of the MoFED, in terms of coordination and cadre management (just like the Accountant General has for accountants posted to MDAs).

The last mission recommended that a ‘gap analysis’ be carried out to highlight the gaps inherent in the existing practice of the internal auditors and thus serve as a basis for further reforming and strengthening the function and staffing to achieve improved outcomes from the establishment of the function. It is proposed that this analysis be completed by the end of the first quarter of 2011, and a concept defined to identify the renewed face of the internal audit function in government with a view to create a better impact of the introduction of the function in government.

As the last mission highlighted, regular, concise, relevant and focused reporting by internal auditors is key to determining effective expenditure management for purposes of improved service delivery. Although it is acknowledged that regular reports are being prepared by internal auditors, with quality assurance support provided by Zone Coordinators, it is critical that these reports have operational impact. The Mission therefore recommends that the IAD of MoFED, through the Financial Secretary, request that all MDAs with established internal audit units establish functioning audit committees during the first quarter of 2011. The IAD could serve as a resource to MDAs in setting up these committees and defining their specific role and responsibilities in the expenditure management chain.

Intensive training of internal auditors on computer-assisted audit techniques is needed in view of the roll-out of the IFMIS across MDAs and, at the same time, help to focus them on risks. The Mission was pleased to see that the draft AWP for 2011 has taken account of the recommendation of the last mission on this.

**PETS:** A PETS survey for 2009/10 has been completed and the survey report will be made available to IDA once it is finalized. The Mission observed however that in respect of the 2009 survey results for the education and health sectors, the results were not satisfactory as much of what was intended to have been received by service delivery agents has either not reached them or has not reached the intended beneficiaries. The explanation that this was a result of poor record keeping was not satisfactory. The Mission was concerned that this explanation might be a cover up for other, more serious, problems resulting in the under delivery. The Mission recommends that the analysis brings to light concrete reasons for the failure of delivery agents to account for the shortfalls in deliveries and supplies of essential drugs, textbooks and other teaching materials to beneficiaries. Accountability measures, it is further recommended should be designed within the service delivery arrangements to ensure that expenditure effectiveness is fostered and service delivery expectations are realized.

- **Sub-component 2.6 Reinforcing Controls through Parliamentary Oversight**

  **Objective:** Strengthening of the capacity of the members and support staff of the budget and finance committee and the public accounts committee of the Parliament

  **Activities:** Improve capacity to analyze budgets and audit reports and exercise oversight on the use of public resources.

  **Status of Implementation:** The Mission met with the Deputy Chair of the Public Account Committee (PAC) who stated that they have recently benefited from the following: (i) training given to the PAC team
on the concept of performance audits including guidance on appropriate questions prior to the hearing on the Value for Money Report (“School Inspection”) prepared by the Auditor General and presented in July 2010; (ii) a study tour to Ghana and other African countries to learn about best international practices; and (iii) computers to strengthen their institutional capacity. They have been receiving financial and technical support from DFID and they are steadily improving their capacity to review audit reports and oversight, including public hearings. This year, the PAC issued a report on the AG reports for 2002-2006. The 2007 Auditor General's report has been finalized and published. As regard to the 2008 Auditor General's report, it was submitted to the PAC on 31st December 2009 and was tabled in Parliament on the 14th January 2010. Deliberations on the 2008 report are 90% completed. Currently, PAC is holding hearings with the intention to complete the review by April 2011. Hearings have been held in districts which relate to the consideration of audit report on its own observations. Importantly, with the change in SO 72, the reports of the AG once submitted are public documents even while the PAC review is ongoing.

The Mission believes that this are very promising advances. Recommendations were made to increase the number of personnel currently involved in the review process and the appointment of personnel in the PAC.

Component 3 – Strengthening Central Finance Functions (Rating: Marginally Unsatisfactory)

Objective: Support cross-cutting activities including IFMS rollout and all aspects of training.

Sub-component 3.1 Financial Management Information Systems

Objective: Implementation of financial management information systems.

Activities: (i) the consolidation and roll-out of the core treasury and purchasing functions of the IFMIS to the MDAs; (ii) the development and implementation of a disaster recovery plan for the IFMIS, (iii) the implementation of the budgeting, asset and stock management modules of the system; and (iv) provision of accounting software to the Recipient’s local government authorities.

Status of Implementation:

The last mission confirmed that the core modules for Treasury and Purchasing have been implemented and are fully operational in 11 MDAs. Since then, no other implementation activities have been completed and no meaningful update is necessitated. Two MDAs are currently being planned for implementation and four others are slated to ‘go-live’ in 2011. The reason advanced for the delay in the roll-out is the impasse with Freebalance (the applications supplier) resulting from the pending arrears on account of goods supplied and services already performed (see discussion below). Meanwhile, concentration was directed to capacity building efforts in the form of training of end users, internal and external auditors, and budget officers on IFMIS, Chart of Accounts, and specifically the appropriation and expenditure modules. Despite this delay in roll-out implementation, but based on the fact that the target set for the sub-component in terms of roll-out sites and system-transaction percentage of overall budgeted expenditures have been achieved (11 MDAs against 8 targeted, and over 67% against a 67% target), the rating remains ‘satisfactory’. Also, the actual activities implemented during the period of the Freebalance impasse constitute part of the core activities that must also be conducted to achieve results from additional roll-outs.

Disaster Recovery/Business Continuity: As noted in the aide memoire from the June ISM, the AGD and the MOF ICT Unit were exploring several options for the Business Continuity Center (BCC). There is no allocation for civil works and the construction of a new facility is not possible under the existing project.
The Mission team continues to recommend that MoFED seek an existing structure that is either already government owned or could be leased for some time to house the BCC. The project will be able to finance the fit-out of this location as a BCC (Equipment, Air Handling Systems, Fire Suppression, Power Supply, Cabling, Generators, and Furniture etc.). As more MDAs are included in the IFMIS and more PFM functions are enabled in the IFMIS, the need to ensure the continuing operation of the system in the event of a failure in the operational Data Center is becoming more critical. Senior Management in the MoFED must urgently identify a location for the BCC as quickly as possible so that implementation of the BCC/Disaster Recovery Center can begin soon.

**Consolidation of Financial Information:** MoFED needs to produce consolidated financial reports for various purposes. Inter alia, this includes financial information from Central Government, Local Councils, Development Partners and other sources. Currently these consolidated reports are generated by the AG’s office through a custom developed MS Access database with data re-keyed from the various sources. *As noted in the prior mission, the Mission recommends that MoFED use Financial Information Data Warehouse approach to generating these consolidated financial reports. A data warehousing approach will effectively shield the operational IFMIS from potential data corruption issues as well as the processing burden of merging and generating consolidated reports from numerous financial data sources. Additionally, the data warehouse can be a primary resource for analytical purposes. The development of a Data Warehousing strategy and implementation plan will form part of the MoFED ICT Strategy as outlined in the ICT Section below. (See also discussion under sub-component 2.3)*

**Review of IFMIS Business Processes and Implementation:** The IFMIS has been operational for close to 5 years. Business Processes in MoFED and the participating MDAs have stabilized and matured during this period. The June 2010 ISM recommended a system-wide review and assessment of the IFMIS implementation and associated business process. This would greatly facilitate the identification of potential improvements to business processes and the IFMIS configuration to improve efficiency, internal controls and the overall integrity of IFMIS. There has been little progress on this proposed activity. Various IFMIS stakeholders including the AG and Budget Bureau have begun to compile lists of functionality improvements and system improvements. These lists combined with the findings of the IFMIS review will form the basis for a System Requirements Document for improvements and enhancements to the IFMIS. This document will be the basis for discussion with Freebalance. The review work will also include an examination of MOFED’s current ICT infrastructure and related support functions. The proposed development of an long-term ICT strategy for MOFED (under component 3.2) should be included in this consultancy to exploit synergies and avoid duplication of effort. *The IDA team has provided an indicative TOR for this work. MoFED will update the TOR and submit for the Bank’s review by Jan 31st, 2011.*

**PFM in Local Councils:** The Mission reviewed the progress achieved in implementing improved PFM systems and practices in the 19 Local Councils. It was noted that a uniform Chart of Accounts, consistent with the version adopted by the national government, is now in place for all LCs although more capacity building initiatives are necessary to enable Councils effectively use the Chart for better accounting and reporting of their activities. Since the last mission, no further roll-out of the PETRA accounting system has been made to LCs beyond the 8 achieved. The strategy devised by the project is to roll-out to 6 LCs during the first half of 2011, and then the remaining 5 by December 2011. This means that all 19 LCs will begin the FY 2012 on full productive ‘go-live’ status. *Key issues identified and that require government’s attention include: (i) the frequent transfer of personnel or the abrupt displacement of staff through compulsory long leaves, resulting to disruption in capacity building efforts as well as skills shortages, and (ii) uneven capacity of FM staff across LCs and the resultant weaknesses in financial reporting.*
It was reported to the Mission that all 19 LCs have submitted their annual financial statements for 2009 for audit. The Mission reviewed the latest financial statements of two Councils – Bo and Moyamba - and observed that while these two representative districts do produce timely annual financial statements for audit (i.e. within 3 months of end of the fiscal year consistent with the Local Government Act of 2004), and the financial statements contain most of the information required to be presented, the presentation of the statements is not in accordance with international practice. The statements represent, virtually, a replica of the General Ledger, including the trial balance, and do not show the segmental results of operations of the different funds managed by the LCs. For example, the financial statements do not show the results of use of grant funds transferred for devolved services, neither do they show separately what spending activities related to their financing. It is recommended therefore that the financial statements exclude the ‘trial balance’, include a form of ‘fund accounting’ and reporting thereon, show consolidated position in a form and scope that are consistent with, at least, GFS functional, sub-functional and economic classifications rather than merely line item reporting. The reporting model for LCs would thus require reformulation and configured in PETRA for crystal reporting to ensure that the reports can be read and understood by stakeholders and that they can be easily consolidated for whole of government fiscal reporting especially that much of the expenditures of LCs have poverty–reduction focus.

**Product Support and Maintenance for FreeBalance:** Of the total outstanding liabilities to Freebalance amounting to US $ 602,331.62, IDA provided a non-objection for the payment of US $ 301,392.00. The clearance for the remaining amount of US $ 301,939.62 will be provided shortly on the completion of the project restructuring needed to enable this payment.

The Mission advised that all further engagement with Freebalance to be financed under this project be on the basis of fresh contract(s).

Performance on this sub-component is rated as *satisfactory*.

- **Sub-component 3.2 ICT**

  **Objective:** *Strengthening of ICT planning and management.*

  **Activities:** (i) the setting-up of a structure and function within MoFED to support ICT systems development and maintenance in MoFED and other MDAs; (ii) the development of an ICT policy; and (iii) the timely maintenance and updating of MoFED’s website.

  **Implementation Status:** Since its establishment in January of 2010, the ICT Department in MoFED has focused on consolidating and securing MoFED’s critical ICT infrastructure. Activities undertaken and completed since June 2010 include:

  o Improved physical security for server rooms (pending installation of Security Locks and Cameras)
  o Diagnostic Study for IFMIS WAN revamp completed
  o Basic ICT skills training for IFMIS end-users, FM staff and Senior Managers
  o ICT needs assessments for IFMIS MDA’s and LGU’s
  o Installation of V-SAT and Videoconferencing equipment at MoFED
  o Skill Training for ICT Division staff

  Additionally, a number of AWP 2010 planned activities are underway. These include:

  - Revamp of IFMIS WAN infrastructure (under procurement)
• Spares and other peripheral equipment for repairs of faulty equipment and mission critical systems and infrastructure (under procurement)
• Uninterrupted Power Supply (UPS) for the Core IFMIS network Servers (under procurement)
• TOR for the Development of a Long Term ICT Strategic Plan for MoFED (TOR has been agreed in principle with the Mission Team) – The Strategic Plan is expected to include:
  ▪ MoFEDs ICT ambitions for the next 3-5 years
  ▪ ICT Policies and Standards
  ▪ ICT Security and Business Continuity
  ▪ ICT Equipment Maintenance including outsourcing
  ▪ Networking Strategy including WAN
  ▪ Financial Data Warehousing Strategy, Requirements and Specifications
  ▪ Staffing and Skills Requirements for ICT
  ▪ Sourcing Strategy (Staffing and Skills)
  ▪ Phased Implementation Plan
  ▪ Costing by Phase
  ▪ Functional and Technical requirements as appropriate

Next Steps: The TOR for the Long Term ICT Strategic Plan will be combined with the TOR for the IFMIS Review (under Component 3.1) and will be submitted to the Bank for review by January 31, 2011

Staffing: As noted in the earlier mission, the ICT Division is severely under staffed for the level of services that are currently expected from it. As the IFMIS is deployed to more MDAs and the PETRA Accounting Software implementation is deployed to more LCs the situation will be further exacerbated. The Mission strongly recommends that MoFED provide increased levels of staffing for the ICT Division immediately or run the risk of severe outages or failure in mission critical systems such as the IFMIS. MoFED also needs to consider outsourcing less strategic activities such as PC repair and maintenance so that limited staff resources can be focused on upstream activities. The ICT strategy will need to address Staffing and Sourcing issues.

Office Space for ICT Division: The ICT division’s staff of 7 is currently located in 3 rooms (including 1 Server room). This is inadequate and will need to be addressed as a matter of priority by MoFED as soon as possible.

Project Resources for ICT Sub-Component: With the expanding mandate of the ICT Division, the pressing requirement to keep the IFMIS operational and greater demands for ICT support within the MoFED, the resources allocated to this sub-component during preparation (USD 0.89 Million) continues likely to be insufficient. The Mission recommends that savings from other components of the project be re-allocated to this sub-component as a priority. The size of the likely financing gap may be readily determined once the ICT strategy work is completed.

Implementation progress for this component is rated satisfactory.

• Sub-component 3.3 Organizational Strengthening and PFM Capacity Building

Objective: Development of PFM capacity.

Activities: (i) general professional training for technical PFM staff across government (including, inter alia, fiscal economists, budget and planning officers, procurement officers, internal auditors, accountants and ICT officers); and (ii) specific training for staff of NPPA and various units of
MoFED (including, inter alia, the budget bureau, the Accountant's General's Department, the debt management unit, the revenue and tax policy unit, the internal audit unit, and the units in charge of IFMIS and ICT) to meet specialized skills needed to achieve Project objectives.

Status of Implementation:

General PFM Capacity: Through a recent consultancy there has been progress in identifying skill gaps and suitable training courses to fill them, but not in wider issues. At present there is no capacity building strategy or training policy for PFM personnel (nor for the civil service generally). Requests for training have been made without the benefit of an overall training strategy or plan for MoFED.

The IPFMRP includes developing a strategy for sustainable PFM technical capacity. Sustainability depends on meeting the long-term needs for PFM skills, both the supply and demand, not just the needs during the duration of the project. The proposed strategy should address, inter alia:

- Responsibility within MoFED (such as a Training Unit) for setting a training policy linked with other areas of HRM such as career planning and promotion, training records, monitoring and evaluation of training, support to divisional heads
- Eligibility for training, distinguishing induction training, technical training and refresher training, junior/middle/senior management levels and sequencing of courses, general civil service rules
- PFM training needs assessments, identification of skill gaps
- PFM training supply assessments, with emphasis on local training providers, development of national and regional certificated courses, role of ICASL, IPAM, CSTC and private providers, and their capacity to provide continuous training for staff replacements and expansion (There is already a regional qualification in accounting and audit at the technician level (the ABWA ATSWA), and there are local training providers offering training for it, but GOSL is not yet using this facility).
- Annual training plans by each divisional head.

Though this sub-component is primarily for technical PFM staff, the impact of training depends considerably on the understanding of PFM by senior administrators, e.g. Vote Controllers need to understand the relevance of internal audit reports. The Team agreed that a part of the budget (say, $50,000) could be used to familiarize senior administrators with PFM systems and standards.

The present specific training needs of PFM staff are well covered by the HR Solutions report. This was discussed with stakeholders. The balance between external training and local training was questioned, and the balance between training at different levels of management.

It was agreed that further work would be done by the consultant to meet the need for a clear PFM training strategy document, and that the final report will be sent to the Bank by January 15, 2011.

Specific Training: A proposal for US $ 653,350 was approved by IDA on October 25, 2010 for an amount of US $ 500,000 with the caveat that a revised concept note and plan be submitted. This has not been submitted so far. It was agreed that this will be submitted by January 15, 2011. The Mission advised that participants should prepare reports on the training completed and these should be shared with IDA and file in the project files. The project should prepare quarterly reports on the completed training identifying the contribution to project objectives.
The Mission seeks to clarify whether World Bank rules are being applied for the payment of per diems under which hotel costs are reimbursed against vouchers. The MoFED is requested to provide a clarification on this.

The project is advised to stop any further activities under this sub-component until such time as the revised concept note and plan are submitted and a no-objection to proceed is provided by IDA.

Performance on this sub-component is rated as **marginally unsatisfactory.**

- **Sub-component 3.4 Salary Support for MoFED Civil Service Staff**

  **Objective:** Establishment of sustainable human resource capacity for performing key line functions of MoFED.

  **Activities:** Provision of transitional funding for salaries of selected civil service staff in MoFED to enable the establishment of sustainable human resource capacity for performing key line functions of MoFED through the mainstreaming of donor-funded PFM consultants into the civil service.

  **Status of Implementation:** The Mission was disappointed to note that no progress has been made on this component since the last mission. The meetings scheduled to discuss this issue could not be convened. In the event, the Mission had an inconclusive discussion with the Director PFM Reforms and other officials who were not in a position to take a decision on the subject.

  The Mission noted that non-implementation of this critical sub-component could have serious adverse effects on the current and future capacity of the MoFED putting at risk the performance and outcomes on this project as well as the performance of the MoFED more generally. Funding available under sub-component 3.5 of this project, ceased on February 28 2010. Since then the contract staff in the MoFED (LTAs) are being financed from the GoSL budget, several without contracts. The climate of uncertainty that this has created is not healthy and could lead to a depletion of capacity.

  In the absence of meetings to discuss this issue, the Mission decided that if key disbursement conditions (at the very least a policy and implementation plan satisfactory to IDA as legally required)\(^8\) are not met by March 31, 2011 IDA, in consultation with the financing partners will consider options for cancelling this component.

  Following the wrap up meeting a letter was sent by the Finance Minister to the Country Manager, World Bank stating that the GoSL was committed to meeting the disbursement conditions for this component.

  Performance on this sub-component is rated as **unsatisfactory.**

- **Sub-component 3.5 Phased Exit and Transitional Support for Staff Remuneration**

  **Objective:** Salary Support for MoFED Consultants.

\(^8\) Details are provided in the aide-memoire of the June 2010 mission, the legal documents and various other correspondence with GoSL on the subject.
**Activity:** Provision of interim funding for salaries of selected PFM consultants in MoFED to enable the performance of key line functions of MoFED prior to such consultants becoming eligible for support under Part 3.4.

**Status of Implementation:** This component is closed since February 2, 2010 and, hence, not rated.

Component 4 Assisting Non-state Actors’ Scrutiny *(Rating: Marginally Unsatisfactory)*

**Objective:** The project will assist the development of the analytic and dissemination capacity of non-state actors in exercising scrutiny of the use of public resources, as well as building a constituency for reform of the PFM system across an array of non-state actors.

- **Sub-component 4.1. Provision of Supply-Driven Support**

  **Objective:** Support for the engagement of NSAs on PFM reform issues.

  **Activities:** (i) the creation of a network for information sharing and collaboration among NSAs and government on PFM issues; (ii) the preparation and dissemination of PFM information materials at national and local levels; (iii) the building of capacity on PFM for NSAs; and (iv) the provision of support for the administration of Sub-grants under Part 4.2, including the recruitment of a Sub-grants Evaluation Agent.

  **Status of Implementation:** Progress in the implementation of this component has been slow and this has led to considerable skepticism from the Non-State Actors (NSAs) on whether this component will contribute meaningfully to the broader PFM program as intended. Questions were raised about the apparent lack of communication from the NSA Coordinator (NSAC) who appears to be making decisions on key issues without consultations with the NSAs as agreed during preparation of this component. However, a number of activities have been initiated which includes the following:

  o Identification of a list of eight thematic areas for developing training and capacity needs for NSAs
  o Discussions with IPAM on developing a customized training program in the identified areas, including submitting a detailed proposal with costs and timeline
  o Developing a terms of reference for the establishment of the NSA website
  o Ongoing national sensitization and awareness raising on the NSA component

  There are a number of important activities which should have moved forward in this component as part of the preparatory activities for the second phase which focuses on demand side activities. Some of these include the following: (a) preparation of an NSA sub-grants Manual specifying the rules of access and eligibility criteria, as well as approval procedures and administrative arrangements (b) establishment of a platform of NSAs for information sharing on thematic PFM issues (c) simplification and dissemination of PFM documents, etc.

  The Mission is concerned about the lack of progress, especially since the implementation of these activities has consequences for the demand driven phase of this component.

- **Sub-component 4.2 Sub-grant to Non-State Actors**

  **Objective:** Provision of Sub-grants to eligible NSAs to support demand-driven activities related to PFM.
Activities: (i) analysis and monitoring of the national and local government budgets at various stages of the budget preparation, approval and execution cycle; (ii) support for advocacy activities and dissemination of information on all.

Status of Implementation: This phase of the implementation is sequenced on the preparation of the building blocks in the supply-driven component. However, since there is slow progress in the capacity building of the NSA in critical activities such as the training on thematic issues and the development of implementation manuals, the Mission is concerned that there would be significant delays in the NSAs conducting the demand driven activities.

Next steps on component 4

- Update the Mapping Study that was done on NSAs funded by DFID to add new NSA organizations across the country.
- Take steps to improve communication flows between government, NSAs, and the NSAC. This includes sharing minutes of meetings and information on all aspects of the program with NSAs.
- Establish thematic groupings on PFM based on update of mapping study.
- Identification and selection of competent and credible organizations within and outside Sierra Leone to bid for conducting training on agreed areas in PFM for NSAs.
- Create a Listserv network based on the thematic groupings as well as a functioning website.
- Develop the Sub-grants Manual.
- Prepare TORs and advertisement for recruiting a Sub-grants Evaluation Agent. (The project could consider using this firm to also prepare the Sub-grants Manual.
- NSA Coordinator to share various reports from the regional and national launch activities of the program which were completed a few months back.

The NSAs have offered to work closely with the NSAC to get these things done and have designated focal points for each of these action items to work on behalf of the group.

The NSAC was not available during the Mission. Apparently he was away to Kenya on leave and then contracted malaria. Ideally, the NSAC should not have been granted leave so close to the Mission. The Mission was only informed of his absence on the day the meeting with him was scheduled.

The Mission is also concerned about the capacity of the NSAC to satisfactorily perform these functions. MoFED management is advised to keep a close watch on his performance and to take a critical look at the time of performance review and renewal of contract.

Component 5 – Project Coordination and Administration (Marginally Satisfactory)

Objective: Establish a project administration unit within the MoFED within the Directorate of PFM Reforms.

Activities: The PAU staffed with a Project Manager who will also have monitoring and evaluation responsibilities for the IPFMRP, a Procurement Specialist and a Project Accountant. The tasks of this

---

9 The existing arrangements are not in line with the legal agreements and the structure, functions and financing arrangements for the IPAU have not yet been formally agreed with the Bank.
unit will include administration of grant agreements, management of bank accounts, fiduciary management and monitoring and evaluation.

**Status of Implementation:** The performance rating of the project under the project coordination and administration component is downgraded to marginally satisfactory, from the satisfactory rating reported in the aide memoire of June 2010 Implementation Support Mission (ISM). This new rating reflects the slow pace of progress in the implementation of key recommendations for strengthening project coordination and administration in the last aide memoire and the risks posed by the transition to the new project implementation arrangement proposed by MoFED. The structure, responsibilities and practices of project management under this new arrangement has continued to evolve and this process of transition has thrown up new management challenges that need to be addressed urgently by the GoSL. These challenges include: (a) the lack of clarity in the roles and relationship between the Director for PFM Reforms and the proposed Integrated Project Administration Unit (IPAU); (b) the non-alignment of functional responsibilities with the accountability for results under IPFMRP; and (c) the risk of weakening the project’s internal control mechanisms, as a result of the consolidation of fiduciary, project implementation and coordination responsibilities under one unit.

The Mission advised the GoSL on the need to take immediate steps to clarify and formalize the proposed changes in the implementation arrangement for IPFMRP, particularly relating to the transformation of the PAU to IIPAU, changes in the title and terms of reference of the Project Manager and the reporting relationship between the Coordinator IIPAU and the Director PFM Reforms. Going by the specific provisions of Article IV and Schedule 2 of the Financing Agreement/Grant Agreement of IPFMRP on these matters, there is an urgent need to restructure the project by amending the FA/GA and revising the PIM in line with the new realities of the project. This will be an opportunity to resolve any conflict that may exist between the proposed implementation arrangement and the provisions of the FA/GA and the PIM. However, before this can be done, the GoSL/MoFED needs to reach a formal agreement with IDA management in Freetown on the structure, functions, responsibilities and the financing arrangements for the proposed IIPAU.

*To keep the channels of communications clear and enable better record keeping and a clear audit trail, the MoFED is advised that all further communication to IDA in respect of the IPFMRP all formal communication related to the project to IDA should be from the Director PFM Reforms.*

*The MoFED is requested to send the proposal for the IIPAU to the Country Manager, World Bank at the earliest.*

This sub-component is rated *marginally satisfactory.*

- **Monitoring & Evaluation (M&E)**

The project currently generates useful data on the financial position of the project and also provides information on the implementation of project activities. However, the quality and usefulness of these data could be enhanced by the M&E specialist by proactively engaging the various component coordinators in the planning process, with a view to increasing the focus on results, strengthening the arrangement for data collection and reporting during implementation, in a way that encourages the sharing of information across the various components and units (financial management, procurement and M&E) of IPFMRP and working under the supervision of the Director, PFM Reforms. The expected output of this process is a very robust Quarterly Progress Report (QPR) prepared by the M&E specialist, with inputs from the financial management and procurement specialists. *At the moment, these functions have not been effectively carried out and there is an urgent need to strengthen the M&E function.*
To address the weaknesses identified above, there is need to redefine the roles played by the M&E specialist and to strengthen his relationship with the various departments involved in project implementation and with the Director of PFM Reforms. In order to achieve these objectives, the Mission advised the GoSL team to revise the job description of the M&E specialist’s functions to include the following specific roles and responsibilities: (a) upstream involvement in the development of the AWP to ensure the alignment of project activities with the strategic objectives of IPFMRP; (b) need to work closely and maintain regular reporting relationship with the Director PFM Reforms; (c) under the direction of the Director PFM Reforms, provide support to the implementers of the various components on the design and implementation of project activities; (d) establish and maintain data collection arrangements with the various departments and local councils involved in the implementation of activities under the project; and (e) prepare and submit to the Director IPFMRP (with copy to Coordinator IPAU) Quarterly Progress Reports (QPR) for onward transmission to IDA and relevant DPs. The Mission encouraged GoSL to give the M&E specialist all the support needed to effectively carry out the M&E functions and also to help sensitize the various component coordinators on the need for support and cooperation with the M&E specialist in the course of his duties.

The project was unable to provide a complete and correct monitoring table by the end of the Mission. The Mission noted that data on some indicators would only become available on March 31, 2011 when 2010 accounts are finalized. The Mission advised that provisional data for the end of Q3 be made available by January 15, 2011. Hence the table of indicators is not attached to this aide-memoire but will be available in time to update the ISR.

As already noted in the aide-memoire of the June ISM, the M & E function should be performed under the direction of the Director, PFM Reforms.

This component is rated marginally unsatisfactory.

- **Financial Management**

Based on the review of the IPFMRP’s Financial Management arrangements as in December 2010, the Mission assessed the FM arrangements as moderately satisfactory.

While noting the need for further strengthening of staffing arrangement at the project’s fiduciary unit, the Mission advised, that quarterly Financial reporting format and scope be broadened and made more robust to, include amongst other areas, fund utilization by project components as well as cash projection/forecast for purposes of adequate planning and accountability.

The process of engaging an external auditor was in progress with the Auditor General. It is envisaged that the audit exercise (for the 15 months - October 2009 to December 2010) will be completed well ahead of the due date of June 30, 2011. While the draft annual Financial Statements for the Project is being prepared by the Project Accountant, Q2 and Q3 Interim Financial Reports were submitted timely and have been reviewed. The review comments are being forwarded separately to the project through the TTL.

- **Client Connection:**

The Project Accountant attended the disbursements training program conducted by the Chennai-based disbursement staff that visited Freetown in August 2010. The IPFMRP Project Unit was also given access to the World Bank’s Client Connection. This has greatly facilitated the processing of withdrawal applications that are now submitted by GoSL electronically.
• **Disbursement**

As at December 8, 2010 the total amount disbursed from IDA and MDTF Grants is US$2,303,828 (about 14% of the total IDA and MDTF allocation of US$17.0 million equivalent). Of this amount US$622,483 and US$1,681,346 were disbursed from the IDA and the MDTF Grants respectively. It was also noted that the ratio of IDA funds disbursed in the first year is roughly 15% as compared to the appraisal forecast of 36% and the lower ratio is mainly due to the fact that project start up was delayed. The Mission also noted to date, that there are no arrears from GoSL’s counterpart contribution.

• **Procurement**

Progress on the procurement of goods during the review period has been generally satisfactory. Procurement for the supply of most of goods by shopping method is either completed or underway. Payment for vehicles procured through UNOPS has been made and delivery is being awaited. Where there are delays, user departments are yet to finalise their requirement for procurement to commence. Only about 30% of the consultancies have been undertaken since requests from the user departments followed with ToRs are coming in slowly.

The following was reported:

- Review of GBAA and FMR is at an advanced stage
- Studies on the micro-fiscal forecast have encountered setbacks as the shortlisted consultants are yet to submit Proposals.
- Procurement process for financial audit will soon commence
- Procurement process for annual procurement audit will soon commence
- Procurement of Refresh of IFMIS WAN inter connections is underway. However, complaints from a bidder about the fairness of the short-listing have stalled the process.
- Setting up of disaster recovery has not commenced, and the need to do so is critical
- Lack of storage space for goods purchase before delivery to the user departments poses a serious problem. The Mission advises that items should be delivered to the user departments and checked by the IPAU.
- The Procurement Unit within IPAU remains understaffed and efforts should be made to fill the identified vacancies.

The 2011 Procurement Plan will be sent to the Bank for review and clearance by the end of December 2010.

Performance is rated as *satisfactory*.

**D. OTHER ISSUES**

1. **Annual Work Plan:**
The various component managers presented their AWP for 2011 to the Mission. The project will now submit the final work plan for approval. The Mission advises that the Director PFM Reform keep close watch on the request for vehicles and goods and ensure that only those proposals be accepted where there is a strong and well justified business case. For instance, thirteen vehicles have already been procured under the project and there does not appear to be any justification for procuring any more vehicles under the project in the absence of a strong business case.

2. Platform Approach:

The comprehensiveness of the PFMRU’s quarterly PFM Reform Update creates a risk that management loses the focus on priority activities. The first ‘platform’ of the IPFMRP is to make the budget credible. There is no reference in the Update to the sequencing or prioritization of activities to build that initial platform. In fact, credibility in 2009 (Appendix 2) was below the targets for that year, e.g., in both health and education, allocations/appropriations was poor and commitments/allocations was poor. This was of course before the IPFMRP was launched. It is to be hoped that 2010 figures will show better results.

3. Freebalance Contract:

The Mission informed GoSL that the outstanding invoices under the Freebalance contract for the expenditures incurred in connection with the implementation of “Financial Management Information Systems” activities under component 3 “Strengthening Central Finance Functions” of the project has been partly resolved. The Mission explained that there are two sets of outstanding invoices: (a) those that are dated prior to April 1, 2009; and (b) those that are dated from April 1, 2009 to the present. The Mission confirmed to GoSL that invoices dated from April 1, 2009 to present in the amount of US$301,392.00 are now cleared for disbursement from the proceeds (IDA and MDTF Grants) of the IPFMRP. Therefore, a direct payment request to FreeBalance was prepared and submitted to the World Bank’s Disbursement Office for processing. Outstanding invoices dated prior to April 1, 2009 will be processed for disbursements after a formal reallocation of funds is undertaken. The Mission explained that the reallocation would require a formal restructuring of the IDA and MDTF financing agreements. To this end, the Mission informed GoSL that a request from the MoFED need to be sent to the World Bank’s Country Director seeking reallocation of funds to the appropriate expenditure category.

4. Financial Reporting

While the project Interim Financial Reports (IFRs) were made available to the Bank as part of the progress report, the Mission advised that there is need for an executive summary that provides an overview of the project’s financial position. In this regard, the Project Accountant, with the assistance of the Mission, designed the format of a 2-page report that summarizes the information contained in the IFRs. The report would provide a snapshot on the status of utilization of the various sources of funding (i.e. IDA, MDTF, GoSL) presented in table format of disbursements information by components and expenditure categories (i.e. goods, consultants, training, operating costs, etc.). A one/two-page narrative would also be prepared to provide information “at-a-glance” on financial achievements, agreed remedial actions, conclusions and next steps. It was agreed that the Project Accountant would send the initial draft of a completed 2-page report to the Bank for its comments on or before December 15, 2010 before finalizing it. Once finalized, it will be shared with the Bank as part of the regular project progress reports.

5. Asset Register

The Mission received the list of assets (asset register) that have been procured under the project. The Mission found that, among other things, the list provides information on the quantity, identification
number, cost and location of the assets. The Mission carried out a quick physical verification of some of the assets allocated to the Program Coordinating Office and found that these assets exist and are adequately recorded in the asset register. However, it was noted that not all of the assets have been properly labeled yet. The Mission urged and GoSL agreed to complete this task immediately as a way of minimizing the possibility of pilferage and/or misallocation. With regards to the physical verification of the project assets, the Mission was informed that this is undertaken by GoSL internal auditors on an annual basis.
Annex 1
Integrated Public Financial Management Reform Project (IPFMRP) Implementation Support
Mission (November 30 – December 8, 2010)

Agenda of the Mission

The key objectives of the Mission are: (i) to review progress to date; and (ii) Review project implementation arrangements with a view to addressing any issues that may be constraining smooth and effective implementation. In addition, the Mission will undertake:

- Review of progress since the ISM of June 2010 including progress on agreed actions;
- Undertake detailed discussion and finalization of the AWP 2011;
- Review of the current status of the IFMIS and the expansion and strengthening planned under the IPFMRP and resolve the issue of the outstanding payments to Freebalance;
- Review of the progress on meeting the disbursement conditions for component 3.4 – “Salary Support for MoFED Civil Service Staff” including an assessment of whether this component is needed at all;
- Detailed review of plans for the NSA component;
- Review of the project management arrangement; and
- Review the M & E arrangements for the project;
- Participate in a workshop to review the PEFA report.
## Annex 2: New Budget calendar

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>Development of Macro-Fiscal Framework, hold revenue mobilisation workshop</td>
</tr>
<tr>
<td>February</td>
<td>Development of Macro-Fiscal Framework, hold Macro-fiscal finalisation workshop</td>
</tr>
<tr>
<td>28th Feb 2011</td>
<td>Develop an initial Macro-Fiscal Framework</td>
</tr>
<tr>
<td>Late March 2011</td>
<td>2nd Review of the ECF discussions with the IMF</td>
</tr>
<tr>
<td>30th March 2011</td>
<td>Submit draft Budget Framework Paper to IMF for comment</td>
</tr>
<tr>
<td>April</td>
<td>Prepare Final Budget Framework Paper</td>
</tr>
<tr>
<td>15th April 2011</td>
<td>Finalise the Budget Framework Paper</td>
</tr>
<tr>
<td>29th April 2011</td>
<td>Hold discussions with development partners and NGOs on program and project support</td>
</tr>
<tr>
<td>16th May 2011</td>
<td>Submit resource envelope and expenditure ceilings to Cabinet for review</td>
</tr>
<tr>
<td>29th May 2011</td>
<td>Issue Budget Call Circular</td>
</tr>
<tr>
<td>August</td>
<td>Hold Macro-fiscal finalisation workshop</td>
</tr>
<tr>
<td>Mid-September to mid-October 2011</td>
<td>Final discussions with the IMF on the Budget</td>
</tr>
</tbody>
</table>
Annex 3: List of Public Officials Met

<table>
<thead>
<tr>
<th>No</th>
<th>Names of Participants</th>
<th>Designation</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Edmund Koroma</td>
<td>Financial Secretary</td>
<td>MoFED</td>
</tr>
<tr>
<td>2</td>
<td>Fatmata Mustapha</td>
<td>Deputy Development Secretary</td>
<td>MoFED</td>
</tr>
<tr>
<td>3</td>
<td>Alhaji B.E. Seisay</td>
<td>Deputy Financial Secretary</td>
<td>MoFED</td>
</tr>
<tr>
<td>4</td>
<td>Matilda Williams</td>
<td>Deputy Financial Secretary</td>
<td>MoFED</td>
</tr>
<tr>
<td>5</td>
<td>Augustus Cole</td>
<td>Director, PFM Reform</td>
<td>MoFED</td>
</tr>
<tr>
<td>6</td>
<td>Brinsley Johnson</td>
<td>Ag. Deputy Director, PFMRU</td>
<td>MoFED</td>
</tr>
<tr>
<td>7</td>
<td>Patricia Yamba</td>
<td>Financial Management Assistant, PFMRU</td>
<td>MoFED</td>
</tr>
<tr>
<td>8</td>
<td>Alpha I. Sesay</td>
<td>Program Coordinator, IPAU</td>
<td>MoFED</td>
</tr>
<tr>
<td>9</td>
<td>Lamin Vandi</td>
<td>Procurement Specialist, IPAU</td>
<td>MoFED</td>
</tr>
<tr>
<td>10</td>
<td>Jacqueline Cole</td>
<td>Head of Finance, IPAU</td>
<td>MoFED</td>
</tr>
<tr>
<td>11</td>
<td>Mustapha Amara</td>
<td>Accountant, IPAU</td>
<td>MoFED</td>
</tr>
<tr>
<td>12</td>
<td>Sheku Sesay</td>
<td>M&amp;E Officer, IPAU</td>
<td>MoFED</td>
</tr>
<tr>
<td>13</td>
<td>Matthew Dingie</td>
<td>Director Budget Bureau</td>
<td>MoFED</td>
</tr>
<tr>
<td>14</td>
<td>Abdul R. Conteh</td>
<td>SBMO, Budget Bureau</td>
<td>MoFED</td>
</tr>
<tr>
<td>15</td>
<td>Gbessay E. Swarray</td>
<td>Budget Officer, Budget Bureau</td>
<td>MoFED</td>
</tr>
<tr>
<td>16</td>
<td>Arvin Nair</td>
<td>Budget Bureau</td>
<td>MoFED</td>
</tr>
<tr>
<td>17</td>
<td>Alimamy Bangura</td>
<td>Director, EPRU</td>
<td>MoFED</td>
</tr>
<tr>
<td>18</td>
<td>Mohamed Warrityay</td>
<td>Deputy Director, EPRU</td>
<td>MoFED</td>
</tr>
<tr>
<td>19</td>
<td>David Knight</td>
<td>EPRU</td>
<td>MoFED</td>
</tr>
<tr>
<td>20</td>
<td>Mohamed Bailley</td>
<td>Economic Statistician, EPRU</td>
<td>MoFED</td>
</tr>
<tr>
<td>21</td>
<td>Peter Sam-Kpakra</td>
<td>Deputy Financial Secretary, MPD</td>
<td>MoFED</td>
</tr>
<tr>
<td>22</td>
<td>Charles Conteh</td>
<td>Ag. Head, Public Debts Unit</td>
<td>MoFED</td>
</tr>
<tr>
<td>23</td>
<td>Joseph Thullah</td>
<td>Public Debts Unit</td>
<td>MoFED</td>
</tr>
<tr>
<td>24</td>
<td>J.Y. Fofanah</td>
<td>Deputy Financial Secretary, RTPU</td>
<td>MoFED</td>
</tr>
<tr>
<td>25</td>
<td>Stephen Macey</td>
<td>RTPU</td>
<td>MoFED</td>
</tr>
<tr>
<td>26</td>
<td>Reginald S. Fynn</td>
<td>Director, Internal Audit</td>
<td>MoFED</td>
</tr>
<tr>
<td>27</td>
<td>Kandeh Sesay</td>
<td>Deputy Director, Internal Audit</td>
<td>MoFED</td>
</tr>
<tr>
<td>28</td>
<td>James Karrow Kamara</td>
<td>Principal Auditor, Internal Audit</td>
<td>MoFED</td>
</tr>
<tr>
<td>29</td>
<td>Bakarr Tarawally</td>
<td>Ag. Director, ICT</td>
<td>MoFED</td>
</tr>
<tr>
<td>30</td>
<td>Edmund Coker</td>
<td>ICT</td>
<td>MoFED</td>
</tr>
<tr>
<td>31</td>
<td>Abie E. Kamara</td>
<td>Deputy Director , DACO</td>
<td>MoFED</td>
</tr>
<tr>
<td>32</td>
<td>Kebbe Kouroma</td>
<td>Accountant General</td>
<td>MoFED</td>
</tr>
<tr>
<td>33</td>
<td>Richard Williams</td>
<td>Deputy Accountant General</td>
<td>MoFED</td>
</tr>
<tr>
<td>34</td>
<td>Raymond Coker</td>
<td>Assistant Accountant General</td>
<td>MoFED</td>
</tr>
<tr>
<td>35</td>
<td>Lawrence S. Caulker</td>
<td>Head of Payroll &amp;Technical Assistant,AGD</td>
<td>MoFED</td>
</tr>
<tr>
<td>36</td>
<td>Jam Jalloh</td>
<td>Director, CPMU</td>
<td>MoFED</td>
</tr>
<tr>
<td>37</td>
<td>Sheka Bangura</td>
<td>M &amp; E Specialist, CPMU</td>
<td>MoFED</td>
</tr>
<tr>
<td>38</td>
<td>Hon Komba Koedoyoma</td>
<td>Deputy Chairman, PAC</td>
<td>Parliament</td>
</tr>
<tr>
<td>39</td>
<td>David Saffa</td>
<td>PAC Clerk</td>
<td>Parliament</td>
</tr>
<tr>
<td>40</td>
<td>Ansu S. Tucker</td>
<td>Director, Planning and Budget</td>
<td>HRMO</td>
</tr>
<tr>
<td>41</td>
<td>Emile Koroma</td>
<td>Assistant Secretary HRP and B</td>
<td>HRMO</td>
</tr>
<tr>
<td>42</td>
<td>Dr. Yemi Suleiman</td>
<td>Ag. Chief Executive Officer</td>
<td>NPPA</td>
</tr>
<tr>
<td>43</td>
<td>Alie B. Kargbo</td>
<td>Capacity Building Manager</td>
<td>NPPA</td>
</tr>
<tr>
<td>44</td>
<td>Hon. Ibrahim Sesay</td>
<td>NSA</td>
<td>COPAT</td>
</tr>
<tr>
<td></td>
<td>Name</td>
<td>Agency</td>
<td>Position</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------</td>
<td>--------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>45</td>
<td>Hon. Joseph N. Kaindeh</td>
<td>NSA</td>
<td>COPAT</td>
</tr>
<tr>
<td>46</td>
<td>Festus E. Minah</td>
<td>NSA</td>
<td>CSM-SL</td>
</tr>
<tr>
<td>47</td>
<td>Abdul H.B. Gillen</td>
<td>NSA</td>
<td>CSM-SL</td>
</tr>
<tr>
<td>48</td>
<td>Amadu Sidi Bah</td>
<td>NSA</td>
<td>BAN-CA</td>
</tr>
<tr>
<td>49</td>
<td>Ambrose James</td>
<td>NSA</td>
<td>BAN-SFCG</td>
</tr>
<tr>
<td>50</td>
<td>Aminata Kelly-Lamin</td>
<td>NSA</td>
<td>NMJD-BAN</td>
</tr>
<tr>
<td>51</td>
<td>Foday D.M. Sesay</td>
<td>NSA</td>
<td>DADA – SL</td>
</tr>
<tr>
<td>52</td>
<td>Alpha Sahr Turay</td>
<td>NSA</td>
<td>AID-SALONE</td>
</tr>
<tr>
<td>53</td>
<td>Osman Barrie</td>
<td></td>
<td>Consultant, GBAA and FMR Review</td>
</tr>
<tr>
<td>54</td>
<td>Kweku Djang</td>
<td></td>
<td>Consultant, Capacity Building Strategy</td>
</tr>
</tbody>
</table>
Annex 4

(Indicative) Terms of Reference
Consultancy Services for
Government of Sierra Leone IFMIS IT Audit

1. **General Background**

   (General background of PFM in GoSL and MOFED including organization of MOFED, Reform Units etc.)

2. **Background Specific to the Assignment**

   (Description of IFMIS implementation including a full list of Freebalance modules implemented and any other related information related to the IFMIS implementation)

3. **Objective of the Assignment**

   The objective of this assignment is to assess the current status of the MOFED information systems, practices, and operations, and identify gaps, if any, with internationally accepted practices for possible improvements. This assessment is intended to ascertain whether the ICT systems produce timely, accurate, complete and reliable information outputs, while ensuring confidentiality, integrity, availability and reliability of data and adherence to relevant legal and regulatory requirements.

   The Consultant is expected to produce an assessment report based on one of the acceptable frameworks (e.g. COBIT\(^\text{10}\)) and suggest possible improvements in ICT strategy and governance model and develop and action plan for implementation of suggested improvements. In terms of information systems, this assessment will focus on the IFMIS system capabilities and highlight the current status and possible improvements of the existing development platform, technical support and help desk capabilities, information security, data integrity and system management.

4. **Scope of Work**

4.1. **Timing**

   The assignment shall commence as soon as practical, preferably in March 2011, and will be completed by the end of May 2011. The Consultant will perform the assignment’s activities as described below.

   The assignment is expected to entail approximately 4 person-months of input from at least 2 key senior consultants with required qualifications, covering in-country assistance, coordination, reporting and presentations of the analysis and recommendations to the MOFED.

4.2. **Activities**

4.2.1. **Diagnostic**

---

\(^{10}\) Control Objectives for Information and related Technology (COBIT) (www.isaca.org/cobit).
The assignment will start with the preparation of a detailed **Work Plan** describing, among other things, the methods and human/material resources that the Consultant proposes to employ in the design, management, coordination, and execution of all its responsibilities, as well as the estimated duration and completion date for each major activity defined for this assignment.

The initial phase will continue with the diagnosis including a detailed study of the MOFED’s ICT organization and capabilities at the central offices. The Consultant is expected to propose a suitable set of the **COBIT 4.1** framework suitable to MOFED needs for this assignment. This study will also include a review of existing IFMIS platform, capabilities, and technology architecture.

**Deliverable:** The Consultant will prepare an **Inception Report**, including the detailed Work Plan and proposed methodology based on an objective, precise and fact-based initial assessment of the key MOFED ICT planning and organization tasks, information system development practices, system management and support functions and monitoring and evaluation mechanisms. The Consultant will review all comments received from the Client on this report and modify it as necessary to ensure general agreement on proposed approach.

4.2.2. **Verification and Validation**

The Consultant will review the characteristics of the information systems and the decision-making environment in the MOFED to evaluate the effectiveness of existing information systems. The Consultant will also evaluate the adequacy of internal controls in ICT systems to mitigate the risk of loss due to errors, fraud and other acts and disasters or incidents that cause the system to be unavailable.

The Consultant will assess the following ICT Controls:

**General Controls**
- Organization and Management (ICT policies and standards);
- ICT Operation Controls;
- Physical Controls (access and environment);
- Logical Access Controls;
- Acquisition and Programme Change Controls; and
- Business Continuity and Disaster Recovery Controls
- Application Controls (with a focus on the IFMIS system)
- Controls over the input of transactions;
- Controls over processing;
- Controls over output; and
- Controls over databases and master files.
- Specific Controls
• Network and Internet controls including the risk associated with networks and internet controls.
• End user computing controls including risks associated with end user computing and the associated controls.
• e-Governance
• ICT Security Policy

The Consultant will also undertake penetration testing of the systems. The Consultant will additionally focus on the critical ICT issues, if any, related with the operation of IFMIS system and priority actions to correct these issues, as well as the compliance of ICT systems and practices with regulatory requirements.

**Deliverable:** Following the mutually agreed approach, the Consultant will prepare a detailed **Final Report** covering all important aspects outlined above and identify the strengths and possible improvements in ICT governance, operating objectives and strategic vision.

4.3. Languages

Documents shall be prepared in English.

5. **General Responsibilities**

5.1. Reporting Relationships

The Consultant will work under the general management of the Director PFMRU. The consultant will work closely with the Director of MOFED ICT Division.

In the Consultant’s working relations with the Client and all the key stakeholders, the Consultant will be expected to be self-sufficient and conduct him/herself in the highest professional manner.

5.2. Reports and Communications

The Consultant shall prepare:

a) An **Inception Report** which shall describe (i) initial results; (ii) final Work Plan; (iii) potential problems; (iv) proposed approaches for fulfilling the assignment; (v) proposed clarifications to the resources to be provided by the Consultant and the Client; and (vi) any other matter which the Consultant wishes to raise relative to the assignment.

b) A **Final Report** that summarizes the progress in assessment of ICT systems, and among other things, (i) results of the diagnostic study on MOFED ICT systems; (ii) evaluation of the effectiveness of information systems and operational environment based on the COBIT framework; and (iii) proposals for the improvement of ICT governance and systems.

All deliverables shall be submitted electronically and in hard copy in English. These reports shall be submitted to the Project Manager by the end of indicated week after contract signature.
Unless otherwise indicated in the General and/or Specific Conditions of Contract, The inability to reach agreement on the Inception Report and the Work Program and Methodologies shall be sufficient cause for the Client to terminate the Contract. Similarly, non-performance with respect to the key Deliverables may also be grounds for the Client to terminate the Contract.

5.3. Resources Provided

The Consultant shall be responsible for all logistics and accommodations required to carry out the assignment. The Client will provide office space, administrative assistance, communications, meeting space, meeting logistics, and other such resources as required carrying out the presentation aspects of the assignment.

5.4. Restrictions

The Consultant shall have no material interest in any of the outputs of this assignments and technologies or related ICT services under consideration.

6. Qualifications

The Consultant Company should be experienced in conducting independent IT audits of Integrated Financial Management Systems. The Consultant team will consist of one Team Leader (who will also work as a key ICT Specialist) and at least one ICT Auditor to perform the activities highlighted in this ToR. The consulting firm will have the following qualifications:

1. At least five years of consulting experience in similar ICT assessment and audit assignments.

2. Substantial project management and organizational change expertise. Proven proficiency in the preparation of study reports and ability to communicate project issues with high ranking officials, and to resolve key issues quickly.

3. Expertise in managing large public sector ICT projects especially in the field of public financial management systems will be an advantage.

4. Strong skills and knowledge of international standards and control frameworks including COBIT will be essential.

5. Fluency in English is required for all members of the team.

6. Excellent report-writing and human relations skills.

The Team Leader shall possess the following qualifications:

1. At least five years experience of information systems audit in corporate or public sector. Hands on experience of risk management.

2. Masters degree or demonstrated experience in informatics, engineering or related fields.

3. ICT Audit qualification (Certified Information Systems Auditor or equivalent).

The IT Auditor/s shall possess the following qualifications:

1. At least five years experience of ICT Audit in corporate or public sector;

2. University degree in informatics, engineering or related fields;
3. ICT Audit qualification (Certified Information Systems Auditor or equivalent).

The qualifications of the selected Consultant have to be satisfactory to the World Bank.

7. **Deliverables and Timing**

   The Consultant shall deliver:
   
   - Draft Inception Report (week 2)
   - Final Inception Report and agreed Work Program (week 4)
   - Draft Final Report (week 8)
   - Final Report (week 10)
   - Bi-weekly progress monitoring meetings as agreed with the MOFED and indicated in the Work Plan.