

## **Management Letter**

### **On the Financial Statements Audit of Liberia Learning Foundations (LLF) Project**

*For the Period Ended December 31, 2023*



**Promoting Accountability of Public Resources**

**P. Garswa Jackson Sr, FCCA, CFIP, CFC  
Auditor General, R.L**

**Monrovia, Liberia**  
June 2024

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## Acronyms/Abbreviations

Acronyms/Abbreviations	Meaning
CFIP	Certified Forensic Investigation Professional
CFC	Certified Financial Consultant
DLI	Disbursement Link Indicators
DA	Designated Account
ESDC	Education Sector Development Committee
EEP	Eligible Expenditure Program
FAR	Fixed Asset Register
FASB	Financial Accounting Standards Board
FCCA	Fellow Association of Chartered Certified Accountants
PFM	Project Financial Management Manual
GAC	General Auditing Commission
LLF	Liberia Learning Foundations (LLF) Project
GST	Goods and Services Tax
GOL	Government of Liberia
IA	Internal Audit
IAS	International Accounting Standards
IFR	Interim Financial Report
IFRS	International Financial Reporting Standards
IPSA	International Public Sector Accounting Framework
IIA	Institute of Internal Auditors
INTOSAI	International Organization of Supreme Audit Institutions
ISAs	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
MFDP	Ministry of Finance and Development Planning
MOE	Ministry of Education
NGOs	Non-governmental Organizations
PFM	Public Financial Management
PFMU	Public Financial Management Unit
PDT	Project Delivery Team
PPCC	Public Procurement and Concession Commission
PRC	Procurement Review Committee
PIM	Project Implementation Manual
PIU	Project Implementation Unit (Same as PDT)
SMT	Senior Management Team
SMC	School Management Committee
SOE	Statement of Expenditure
US\$	United States Dollar
WB	World Bank

June 17, 2024

Dr. Jarso Maley Jallah  
**Minister**  
Ministry of Education (MOE)  
EJS Ministerial Complex  
Monrovia, Liberia

Dear Hon. Jallah:

**AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF the Liberia Learning Foundations Education Project FOR THE PERIOD January 1, 2023 TO DECEMBER 31, 2023.**

The Financial Statements of the Liberia Learning Foundations Education Project are subject to audit by the Auditor General in terms of Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as in accordance with the Engagement Terms of Reference.

**INTRODUCTION**

The audit of the Learning Foundations Education Project (LLFP) for the period January 1, 2023 to December 31, 2023 is being completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**AUDIT SCOPE AND DETERMINATION OF RESPONSIBILITY**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements.

An audit includes:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the Financial Statements presentation.

An audit also includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.



The Financial Statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the LLFP Management. Our responsibility is to express our opinion on these Financial Statements.

### **Key Personnel of the Project**

During the period under audit, the following key persons managed the affairs of the LLF Project.

<b>Name</b>	<b>Position</b>	<b>Tenure</b>
Prof. D. Ansu Sonii, Sr.	Minister	2018- 2024
Abraham Kiazolu	Deputy Project Coordinator	2018- Present
Sadacious Varney	Finance Officer	2020 - Present
Omarue Toure	Procurement Specialist	2022 - Present

The audit findings which were identified during the course of the audit are included below.

### **APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of LLFP during the audit.

**P. Garswa Jackson Sr. FCCA, CFIP, CFC**  
**Auditor General, R.L.**



**Monrovia, Liberia**  
**June 2024**

## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Issues

#### 1.1.1 Financial Statements submitted after Statutory Period Criteria

- 1.1.1.1 Section I.11. of PFM Regulations states that; There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the, the Minister and the Comptroller-General in respect of the year, accounts covering all Public Funds under his control. The accounts shall be submitted within a period of two months after the end of each fiscal year, or such other period as the Legislature may by resolution appoint, and shall include statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia.

#### Observation

- 1.1.1.2 During the audit, we observed that Management did not submit the financial statements within the required stipulated timeframe. This issue was raised during our last audit, but Management failed to address our finding and recommendations.

#### Risk

- 1.1.1.3 Management may be noncompliant with Section I.11 of the PFM Regulations.
- 1.1.1.4 Untimely presentation of the financial statements may impair accountability and decision making. The completeness and accuracy of the financial statements may also be impaired.

#### Recommendation

- 1.1.1.5 Management should facilitate the timely preparation of financial statements and subsequent submission of same to the Offices of the Auditor General and Comptroller and Accountant General as required by Section I.11. of PFM Regulations.
- 1.1.1.6 Evidence of approved financial statements should be adequately documented and filed to facilitate future review.

#### Management's Response

- 1.1.1.7 *Noted we will ensure compliance with the Auditor's recommendation.*

#### Auditor General's Position

- 1.1.1.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

### 1.1.2 Lack of Signing Date of the Financial Statements

#### Criteria

- 1.1.2.1 Paragraph 1.4.5. of the IPSAS Cash basis reporting framework states "An entity shall

disclose the date when the financial statements were authorized for issue and who gave the authorization. If another body has the power to amend the financial statements after issuance, the entity shall disclose that fact.

- 1.1.2.2 Regulation I.11. of the PFM Act of 2009 as amended and restated 2019 - states that "(1) There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the Minister and the Comptroller-General in respect of the year, accounts covering all Public funds under his control. The accounts shall be submitted within a period of two months after the end of each fiscal year, or such other period as the Legislature may by resolution appoint and shall include statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia

**Observation**

- 1.1.2.3 During the audit, we observed that Management did not indicate the date of approval on the financial statements. As the result of the omission of approval dates on the financial statements, we could not ascertain the timely preparation of the financial statements. This finding was also raised in the prior year audit.

**Risk**

- 1.1.2.4 Management may be non-compliant with Regulation I.11. of the PFM Act of 200as amended and restated in 2019.
- 1.1.2.5 In the absence of date of authorization of the financial statements, evidence may not be available to authenticate timely preparation of the financial statements.
- 1.1.2.6 Untimely presentation and approval of the financial statements may impair accountability and decision making. The completeness and accuracy of the financial statements may also be impaired

**Recommendation**

- 1.1.2.7 Management should adjust the financial statements to include the date of approval adjacent to the signatures of the authorizers.

**Management's Response**

- 1.1.2.8 *This was subsequently addressed in the revised financial statements. **Please see Exhibit I***

**Auditor General's Position**

- 1.1.2.9 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustment of the financial statements.



### 1.1.3 No Explanation for Material Variance

#### Criteria

- 1.1.3.1 Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017) provides that an entity that makes publicly available its approved budget(s) shall present a comparison of the budget amount for which it is held publicly accountable and actual amounts either as a separate additional financial statement of an additional budget columns in the statement of cash receipts and payments. The comparison of budget and actual amount shall present separately for each level of legislative oversight: By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and cross reference to those documents is made in the notes.
- 1.1.3.2 Additionally, paragraph 1.7.12 of the Revised Cash Basis IPSAS (2017) provides that an explanation of the material differences between actual amounts and the budget amounts will assist users in understanding the reasons for material departure from the approved budget for which the entity is held accountable.

#### Observation

- 1.1.3.3 During the audit, we observed that Management did not include explanatory notes to the financial statements on the material variances between the budget and actual amounts.

**See table 1 below for details:**

**Table 1: No Explanation for Material Variance**

Activities Within Components	Project Allocation	Annual	Actual Expenditure	Variance
	US\$	US\$	US\$	US\$
Improving access to ECE in targeted counties	3,140,000.00	1,917,158.00	1,860,763.00	56,392.00
Strengthening Project management and sector program support and coordination	690,000.00	263,432.00	259,229.00	4,203.00
<b>Total Cash Payments</b>	<b>3,830,000.00</b>	<b>2,180,590.00</b>	<b>2,119,992.00</b>	<b>60,590.00</b>

#### Risk

- 1.1.3.4 Failure to include notes or explanation for material variances between budgetary amounts and actual amounts in the financial statements may deny users of the financial statements information needed to make informed decision.

#### Recommendation

- 1.1.3.5 Management should adjust the financial statements and include in the notes to the financials statements explanations for material variances as required by the Standard. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.



- 1.1.3.6 Going forward, Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts.

#### Management's Response

- 1.1.3.7 This was subsequently addressed in the revised financial statements. **Please see Exhibit I**

#### Auditor General's Position

- 1.1.3.8 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustment of the financial statements.

### 1.1.4 Failure to Withhold and Remit Taxes

#### Criteria

- 1.1.4.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".
- 1.1.4.2 Section 91. (a) of the revised Revenue Code of 2011 states that; A person required under the provisions of this Code or regulations hereunder to withhold, collect, segregate, account for, or pay over any tax or other revenues of the Republic and who knowingly fails to do so commits a misdemeanor. Upon conviction, in addition to any other sanctions that may be provided by law, the person is subject to a fine of not more than \$50,000.00, imprisonment for not more than one year, or both.

#### Observation

- 1.1.4.3 During the audit, we observed that Management did not withhold and remit the total amount of US\$1,872.08 as withholding taxes from vendors and contractors to LRA. **See table 2 below for details:**

**Table 2: Failure to Withhold and Remit Taxes**

Date	PV #	Payee	Description	Gross	Tax (USD)
20/01/2023	LLFP/2023/006	Elite contractors & Global services Inc.	Representing 20% Advance Payment for the construction of 3 No. Early Childhood Center in Bomi county	43,539.90	870.78
7/6/2023	LLFP/2023/054	We-Care Foundation Inc	Representing 50% of the contract amount for Developing of context-Relevant and Age-Appropriate for Early Childhood Education	50,066.97	1,001.3
<b>Total</b>				<b>93,606.87</b>	<b>1,872.08</b>

#### **Risk**

- 1.1.4.4 Failure to withhold and remit taxes may deny GoL of much needed tax revenue.
- 1.1.4.5 Management may be non-compliant with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 which may result in to penalties for late payment and failure to pay.
- 1.1.4.6 Non- withholding and remittance of GST may lead to an overstatement of the cash book and subsequently the financial statements.

#### **Recommendation**

- 1.1.4.7 Management should provide substantive justification for not withholding and remitting GST to the LRA.
- 1.1.4.8 Going forward, Management should facilitate comprehensive and timely withholding and remittance of GST to the LRA in keeping with Sections 91 and 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance of GST to the LRA including original copies of flag receipts and all relevant supporting records should be adequately documented and filed to facilitate future review.

#### **Management's Response**

- 1.1.4.9 *The payments referenced by the Auditor are Advance Payments. These Advance Payments were secured by Advanced Payment Guarantees as per the Contracts. Hence, these amounts were to be fully paid. Notwithstanding, the overall contract amount was taxed; taxes were deducted from subsequent payments. Kindly find attached Advance Payment Guarantees for the payments. **Please see Exhibit II.***

#### **Auditor General's Position**

- 1.1.4.10 We acknowledge Management's submission of remittances of withholding taxes during subsequent payment and Advance Payment Guarantee after our audit execution. However, the non-withholding and remittance of GST on Advance Payment may impair timely remittance of GoL revenue. Going forward, Management should ensure that GST are withheld and remitted on each phase of payments to facilitate timely remittance of GoL revenue.

### **1.1.5 Inconsistency between Delivery Note and Payment Voucher**

#### **Criteria**

- 1.1.5.1 Regulations A.3 of the Public Financial Management (PFM) Act of 2009 states" any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister"



### Observation

- 1.1.5.2 During the audit, we observed that Management made payment to National Petroleum (NP) amounting to US\$1,330.00 for the supply of petroleum products. However, we observed that the corresponding delivery note was issued by Aminata and Sons, inconsistent with the payment voucher. **See table 3 below for details.**

**Table 3: Inconsistency between Delivery Note and Payment Voucher**

Description	PV#	Aminata Delivery note Inf.	Amount (US\$)	Commit(s)
Representing delivery of fuel for vehicle for RSIA activities as per documents attached under the LLF Project	LLFP/2023/070	15/3/2023	1,330.00	Payment voucher in the name of NP and delivery note in the name of Aminata and Sons.
<b>Total</b>			<b>US\$1,330.00</b>	

### Risk

- 1.1.5.3 Fuel procured may not be delivered.
- 1.1.5.4 Non-reconciliation of corresponding supporting documents may impair effective review, reconciliation and facilitate the processing of illegitimate transactions.

### Recommendation

- 1.1.5.5 Management should provide substantive justification for the difference between the vendor per the payment voucher and check, and the vendor per the delivery note.
- 1.1.5.6 Going forward, Management should perform effective review and reconciliation for all transactions and the corresponding supporting documents. Discrepancies identified should be investigated and adjusted where applicable in a timely manner.

### Management's Response

- 1.1.5.7 *Kindly find attached properly matched documents for your review. Please see Exhibit III.*

### Auditor General's Position

- 1.1.5.8 We acknowledge Management's subsequent submission of the corresponding delivery note after our audit execution. However, Management provision of documents after our review does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.5.9 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that delivery notes, vouchers, contracts, liquidation reports and all relevant supporting records are adequately documented and filed to facilitate future review.



### 1.1.6 Delay in the Construction of ECE Schools

#### Criteria

- 1.1.6.1 Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:
- a) Ensuring that the contractor complies with the specifications and terms of the contract;
  - b) Ensuring that the contract is being performed on schedule;
  - c) Ensuring that, payments made to the contractors are in accordance with the terms of the contract."
- 1.1.6.2 Additionally, Section 1(B) (1) & (2) of the Financing Agreement states that the project should be implemented in accordance with the Project Implementation Manual. Except as the World Bank should otherwise agree in writing, the recipient, shall not amend, waive or abrogate any provision of the PIM and in the case of any inconsistency between the provision of the PIM and those of this agreement, the provision of this agreement shall prevail.

#### Observation

- 1.1.6.3 During the audit, we observed that several construction works were still ongoing beyond their respective completion dates of December 2023. **See below table 4 for details:**

**Table 4: Delay in the Construction of ECE Schools**

Counties	School Name	Start Date	End Date	Contractor
Sinoe Co.	Numopoh Public School	Nov. 2022	Dec. 2023	Classical Group of Companies
Sinoe Co.	Pataye Public School	Nov. 2022	Dec. 2023	Classical Group of Companies
Sinoe Co.	Troh Public School	Nov. 2022	Dec. 2023	Classical Group of Companies
River Gee	Cheaboken Public School	Nov. 2022	Dec. 2023	Afro Company
Rivergee	Gbawelegen Public School	Nov. 2022	Dec. 2023	Afro Company
Rivergee	Checheapo Public School	Nov. 2022	Dec. 2023	Afro Company

#### Risk

- 1.1.6.4 Untimely achievement of project deliverable may lead to additional expenditure (fixed costs) of the project.
- 1.1.6.5 Project objective may not be achieved in the absence of effective project implementation and coordination.
- 1.1.6.6 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation project deliverables.

#### Recommendation

- 1.1.6.7 Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the warehouse and update the Office of the Auditor

General as part of Management's response to this Management Letter.

- 1.1.6.8 Going forward, Management should develop, approved and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverable and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts.
- 1.1.6.9 Management should facilitate periodic monitoring and evaluation of project activities to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts.
- 1.1.6.10 Evidence of approved work plans and contracts should be adequately documented and filed to facilitate future review.

#### **Management's Response**

- 1.1.6.11 *We note the concern. However, both the World Bank and the MOE reviewed this situation during the last mission which ended in December 2023, and took key actions to address the situation. Amongst the actions taken were, the extension of the project for six months ending June 30, 2024, to allow the completion of civil works at 6 delayed sites. The MoE also developed a tracking matrix to effectively monitor and supervise sites under construction. For ease of reference, please see the attached copy of the last mission aide memoir. All 18 sites are expected to meet all required conditions before the project closes. Please see Exhibit IV.*

#### **Auditor General's Position**

- 1.1.6.12 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

### **1.1.7 Lack of Liquidation Report**

#### **Criteria**

- 1.1.7.1 Section A.3 of the PFM Regulations of 2009 "(1) Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General , the relevant internal auditor or any officers authorized by them, by the Minister".

#### **Observation**

- 1.1.7.2 During the audit, we observed that Management made payments amounting to US\$29,200.00 through Lone Star Mobile Money platform to 286 Accelerated Learning



Program (ALP) master trainers and teachers. However, from our review of the Mobile Money Statements, several payments comprising of twenty-eight (28) beneficiaries amounting to US\$3,080.00 had not been confirmed/received. **See tables 5 below for details.**

**Table 5: Lack of Liquidation Report**

No	Name	County	Position	Amount US\$
1	Kambo Sneh	Sinoe	Principal	60.00
2	Madison Doe	Sinoe	Principal	60.00
3	Susannah Nyanwiah	Sinoe	Principal	60.00
4	Nixon S. Wiah	Sinoe	Principal	60.00
5	Sio Broh	Sinoe	Principal	60.00
6	Romeo Jarwleh	Sinoe	Principal	60.00
7	Richard S. Teah	Maryland	Principal	60.00
8	Laure Cooper	Maryland	Principal	60.00
9	D. Swen Charles	Sinoe	Volunteer Teacher	130.00
10	Saywlu Davies	Sinoe	Volunteer Teacher	130.00
11	Jerry Cole Jr	Sinoe	Volunteer Teacher	130.00
12	Abraham Togba	Sinoe	Volunteer Teacher	130.00
13	J. Nathan Doe	Sinoe	Volunteer Teacher	130.00
14	G. Sardawon Kyee	Sinoe	Volunteer Teacher	130.00
15	Dorris S. Worjoh	Sinoe	Volunteer Teacher	130.00
16	Augustine G. Soloe	Sinoe	Volunteer Teacher	130.00
17	Madison Doe	Sinoe	Volunteer Teacher	130.00
18	Niomi Sneh	Sinoe	Volunteer Teacher	130.00
19	Annie Dweh	Maryland	Volunteer Teacher	130.00
20	Cecelia Davies	Maryland	Volunteer Teacher	130.00
21	Gabriel T. Juwle	Maryland	Volunteer Teacher	130.00
22	Sundra Sayon	Maryland	Volunteer Teacher	130.00
23	James G. Payne	Maryland	Volunteer Teacher	130.00
24	Moses G. Russell	Maryland	Volunteer Teacher	130.00
25	Joseph D. Quayee	Maryland	Volunteer Teacher	130.00
26	Elise D. Gitayee	Maryland	Volunteer Teacher	130.00
27	Henerietta W. Kumeh	Maryland	Volunteer Teacher	130.00
28	Sophia Wilson	Maryland	Volunteer Teacher	130.00
<b>Total</b>				<b>US\$3,080.00</b>

**Risk**

- 1.1.7.3 Payment may not be received by targeted beneficiaries leading to nonachievement of project objectives and misappropriation of project funds.
- 1.1.7.4 In the absence of adequate supporting documents, the validity, occurrence and accuracy of payments cannot be assured. This may lead to misappropriation of the project's funds.

**Recommendation**

- 1.1.7.5 Management should account for US\$3,080.00 disbursed but not received by beneficiaries.



- 1.1.7.6 Going forward, Management should perform monthly reconciliation among the payment vouchers, the bank/ Mobile Money statements, general ledger and the financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of monthly reconciliation should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.1.7.7 *During the mobile money payment processes, some transactions failed. The end-user bureau at the MoE has been making efforts to have MoE management complete the payment. However, the transition process also served as an impediment to resolving this issue. Attached is a copy of the memo from the end-user bureau to the Department of Administration requesting the payment to be made to the named beneficiaries. **Please see Exhibit V.***

### Auditor General's Position

- 1.1.7.8 We acknowledge Management's assertions. Management should ensure that evidence of subsequent payments to beneficiaries who did not receive initial payments are made available to the Office of the Auditor General within thirty (30) days after the issuance of this report for validation.

### 1.1.8 Third-Party Payment made to Employee of MOE

#### Criteria

- 1.1.8.1 Regulation B.28 of the PFM Act of 2009 as Amended and Restated 2019 states that "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment".

#### Observation

- 1.1.8.2 During the audit, we observed that Management made payments amounting to US\$37,670.00 to MOE Staff for onward disbursement as transportation, feeding and accommodation to beneficiaries without evidence of receipt by beneficiaries. **See table 6 below for details.**

**Table 6: Third-Party Payment made to Employee of MOE**

No.	Payee/Staff of MOE	Nature of the Transaction	County	Chk No.	P V No.	Amount US\$
1	Roberta R. Anderson	Payment for accommodation, transportation and feeding for Principals, DEOs and CEOs	Bomi	758226	LLFP/2023/095	5,055.00
2	Jestina T. Sartee	Payment for accommodation, transportation and feeding for Principals,	Grand Kru	758227	LLFP/2023/095	5,890.00

No.	Payee/Staff of MOE	Nature of the Transaction	County	Chk No.	P V No.	Amount US\$
		DEOs and CEOs				
3	Traphena G.W. Clarks	Payment for accommodation, transportation and feeding for Principals, DEOs and CEOs	River Gee	758228	LLFP/2023/095	5,490.00
4	Adolphus John Boimah-Porte	Payment for accommodation, transportation and feeding for Principals, DEOs and CEOs	Sinoe	758229	LLFP/2023/095	7,990.00
5	Abigail Nyenswah	Payment for accommodation, transportation and feeding for Principals, DEOs and CEOs	Maryland	758230	LLFP/2023/095	5,685.00
6	Amos G. Jolo	Payment for accommodation, transportation and feeding for Principals, DEOs and CEOs	River Cess	758231	LLFP/2023/095	4,610.00
7	Adam B. Yaba	Being payment to the attached individuals to conduct smooth implementation. /process	Bomi, Rivercess, Sinoe, Grand kru, Maryland & Rivergee	693113	LLFP 2023/005	1,150.00
8	Adam B. Yaba	Being payment for site supervisor's resettlement to conduct smooth implementation/process	Bomi, Rivercess, Sinoe, Grand kru, Maryland & Rivergee	693112	LLFP /2023/004	1,800.00
<b>TOTAL</b>						<b>US\$37,670.00</b>

### Risk

- 1.1.8.3 Paying cash to employees for subsequent disbursement may facilitate misappropriation of funds. This practice may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

- 1.1.8.4 Payment may not be received by legitimate beneficiaries in the absence of adequate supporting documents.

#### Recommendation

- 1.1.8.5 All payments should be made directly to the legitimate beneficiaries through issuance of checks or transfer to bank accounts. Alternatively, Management should utilize the mobile money platform by transferring funds directly to beneficiaries while maintaining the relevant source and supporting documentations.

#### Management's Response

- 1.1.8.6 *The payments were made to staff members who are employed with the MoE to further pay those who were to carry on the distribution of teaching and learning materials at the district and school levels and for other activities. The full liquidation report is attached to the payment vouchers. **Please see Exhibit VI.***

#### Auditor General's Position

- 1.1.8.7 Management's assertion did not adequately address the issues raised. Payment to staff for subsequent disbursement to beneficiaries or vendors is a violation of Regulation B.28 of the PFM Act of 2009 as Amended and Restated 2019. Therefore, we maintain our findings and recommendation. We will follow-up on the implementation of our recommendation during subsequent audit.

### 1.1.9 Payment Without Adequate Supporting Documentation

#### Criteria

- 1.1.9.1 Regulation P.9 (2) of the Public Financial Management Act of 2009 states that "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".

#### Observation

- 1.1.1.1 During the audit, we observed that Management made payments amounting to US\$70,007.74 without evidence of supporting documents such as delivery notes and invoices to validate the authenticity of the transactions. **See table 7 below for details:**

**Table 7: Payment Without Adequate Supporting Documentation**

No.	Vendors/Payee	Nature of Transaction	PV Number	Check No	Amount USD
1.	Nyan-Nyan Enterprise	Production and Supply of furniture for the Early Childhood School in six counties	LLFP/2023/068	716951	40,790.52
2.	Nyan-Nyan Enterprise	Production and Supply of furniture for the Early Childhood School in six counties	LLFP/2023/139	775785	20,395.26
3.	United Office Supplies & Equipment	Representing the supplied and delivery of stationery material for LLF project	LLFP/2023/096	758233	8,821.96
<b>TOTAL</b>					<b>US\$70,007.74</b>



### **Risk**

- 1.1.9.2 In the absence of adequate supporting documents, the validity, occurrence and accuracy of payments may not be assured. This may lead to misappropriation of the project's funds.
- 1.1.9.3 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.1.9.4 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.

### **Recommendation**

- 1.1.9.5 Management should account for transactions without adequate supporting document cataloged in the table above.
- 1.1.9.6 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.
- 1.1.9.7 Documentation such as contracts, invoices, goods received notes, delivery notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable.
- 1.1.9.8 All relevant supporting records should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.1.9.9 *Kindly find attached the delivery note and payment invoice for the Stationeries payment. The furniture contract for Nyan Nyan Enterprise was amended to revise the payment schedule because the furniture were ready but the school buildings had not been completed. The Auditor was informed about this. Kindly find attached Delivery Notes and Invoice for Nyan Nyan Enterprise. **Please see Exhibit VII.***

### **Auditor General's Position**

- 1.1.9.10 We acknowledge Management's subsequent submission of the corresponding delivery notes after our audit execution. However, Management provision of documents after our review does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.9.11 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that delivery notes, vouchers, contracts, liquidation reports and all relevant supporting records are adequately documented and filed to facilitate future review.

**Prior-year audit matters not implemented**

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
1	Non-Explanation of Material Variance	Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts.	1.1.1	This was earlier communicated and was also resolved in the revised financial statement.	We acknowledge Management's acceptance of our findings and recommendations and subsequent adjustment of the financial statements.	Not Implemented	Done	
3	Lack of Signing date of the Financial Statements	Management should adjust the financial statements to include the date of approval adjacent to the signatures of the authorizers.	1.1.2	This was earlier communicated and was also resolved in the revised financial statement.	We acknowledge Management's acceptance of our findings and recommendations and subsequent adjustment of the financial statements.	Not implemented	Done	Management needs to implement the auditor's recommendation.

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
	Inappropriate disclosure of reporting period	Management should facilitate full and adequate disclosures in the notes to the financial statements consistent with Paragraph 1.4.1 of the 2017 revised Cash Basis IPSAS.	1.1.3	This was earlier communicated and subsequently addressed in the revised financial statement.	We acknowledge Management's acceptance of our findings and recommendations and subsequent adjustment of the financial statements.	Done	The financial statements was prepared I consistent with IPSAS Cash Basis	
	Failure to remit withholding taxes	<p>Management should provide substantive justification for not remitting withholding taxes to the LRA.</p> <p>Management should facilitate full remittance of withholding taxes to the LRA in keeping with Sections 91 and 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.</p>	1.1.4	PFMU has worked and continue to engage with the stakeholders on this GOL flag receipts (evidence of tax payments) issue for taxes remitted The LRA indicated that the PFMU is not regarded as one of her Collectorate that can issue flag receipt. In spite of the challenges in remitting the relevant taxes, the PFMU continue to do so. However, some of the taxes are not remitted on a real time basis given the challenges encountered in the remittance	Management's assertion does not adequately address the issues raised and is not supported by documentary evidence. As asserted in Management's response, withholding	Done	Taxes were fully remitted with evidence of receipts	



No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
				<p>process.</p> <p>Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account either via the LRA tax remittance forms or via the issuance of a manager's checks which will be evidenced /captured by their system and the consultant or vendor can later claim their tax credit from the LRA system. However, during the period under audit, the PFMU withheld taxes and 30% mounting to \$25,524.39 USD was remitted and the remaining is in process.</p> <p>Kindly find attached evidence that taxes totaling US\$ 25,524.39 was remitted to the GOL Revenue Account</p>	<p>taxes were not remitted in a timely manner. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>			

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
	Lack of Bank Reconciliation Statements	<p>Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the entity.</p> <p>Monthly bank reconciliation statements should be prepared and approved by staff with the relevant qualification, experience and seniority.</p> <p>Monthly bank reconciliation reports should be adequately documented and filed to facilitate future review.</p>	1.1.5	The project became effective on July 13, 2021 but no funds were received in the Designated Account (DA) until October 2021. As such there was nothing to prepare reconciliation for between July and September 2021.	Management's assertion did not adequately address the issues raised. Bank reconciliation statements should be prepared monthly even for inactive accounts to ensure that illegitimate transactions including bank errors (erroneous debits and credits) and incorrect bank charges are not posted to the bank statements. Therefore, we	Done	Reviewed of documents show evidence of bank reconciliation statements for the twelve (12) months	

*Management Letter*

*On the Financial Statements Audit of Liberia Learning Foundations (LLF) Project*

*For the Period Ended December 31, 2023*

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
					maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.			
	Delay in Project Implementation	<p>Management should provide substantive justifications why the construction project did not commence in October, 2022 as enshrined in the contract agreement.</p> <p>Management should ensure that proper coordination, monitoring and evaluation of the project are implemented periodically during the execution of the project.</p>	1.1.6	<p>Most of the activities planned for the audit period were contingent on procurement actions, which were delayed at different levels. For example, delays in the hiring of contractors for actual civil works and delays in the procurement of ECE teaching and learning materials. However, all the procurement activities are on track, and project implementation is expected to go on as planned. The project disbursement, currently at 67.7 percent, is</p>	We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during	Not Implemented	None	



No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
				expected to increase substantially in the next quarter. Also, the project is expected to be successfully completed by its closing date of December 31, 2023.	subsequent audit.			
	Delays in Contractor's Payment	<p>Management should provide substantive justification for not making payment to contractors in line with the payment terms.</p> <p>Going forward, Management should ensure that payments are made consistent with the contract terms.</p>	1.1.7	We acknowledge that there was a time lapse between the time of disbursement with the contractors for the construction works. There were several factors responsible for these delays. One such reason was the delay coming from the contractors in providing the Bank guarantees for advance payment and performance security as required by the World Bank procurement process. Another reason for the delay was the standstill period for the award of contracts. The processes leading to contract signature require at least 28 days. During the preparation of the bid documents, some of these issues were not anticipated. However, the	We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Done	Reviewed of documents show that payment as per contracts	

*Management Letter*

*On the Financial Statements Audit of Liberia Learning Foundations (LLF) Project*

*For the Period Ended December 31, 2023*

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
				<p>implementation of the project and contractors' payments are going on as planned.</p> <p>the school quality improvement plans, which were not properly documented. For example, school management committee (SMC) members could travel on motorbikes multiple times to make withdrawals at the banks due to system glitches. Additionally, in schools where principals were changed after training in the guidelines, it was likely to find issues of noncompliance.</p>				