



Management Letter

On the Financial Statement Audit of the Liberia Road Asset Management Project (LIBRAMP)

For the year 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

Abbreviation	Meaning
AfDB	African Development Bank
APA	Assistant Project Accountant
AG	Auditor General
AWPB	Annual Work Plan and Budget
BC	Box Culvert
CE	Contracting Entity
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
CPA	Certified Public Accountant
CHICO	China Henan International Cooperation
CICO	Chongqing International Construction Corporation
CS	Consultancy Services
FA	Financing Agreement
FAR	Fixed Assets Register
FCCA	Fellow Member of the Association of Chartered Certified Accountants
FPM	Financial Procedure Manual
GOL	Government of Liberia
IDA	International Development Association
IIU	Infrastructure Implementation Unit
LHS	Left Hand Side
LIBRAMP	Liberia Road Asset Management Project
LRTF	Liberia Reconstruction Trust Fund
MC	Monitoring Consultant
MOFDP	Ministry of Finance & Development Planning
MPW	Ministry of Public Works
OPRC	Output and Performance-Based Road Contract
PAD	Project Appraisal Document
PAPs	Property Affected Persons
PDO	Project Development Objectives
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual

Abbreviation	Meaning
PIP	Project Implementation Plan
PIU	Project Implementation Unit
PSC	Project Steering Committee
RAP	Resettlement Action Plan
RHS	Right Hand Side
RPF	Resettlement Policy Framework
RoW	Right of Way
SBD	Sample Bidding Document
SDR	Special Drawing Rights
SIU	Special Implementation Unit
SOE	Statement of Expenditures
WB	World Bank

June 28, 2024

Hon. Roland Giddings
Minister
Ministry of Public Works
Lynch Street
Monrovia, Liberia

Dear Hon. Giddings,

Re: MANAGEMENT LETTER ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA ROAD ASSET MANAGEMENT PROJECT (LIBRAMP) FOR THE YEAR ENDED DECEMBER 31, 2023.

The financial statements of the Liberia Road Asset Management Project (LIBRAMP) for the year ended December 31, 2023 are subject to audit by the Auditor-General (AG) under the AG's Mandate as provided for in Section 2.1.3 of the GAC Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

INTRODUCTION

The audit of the Liberia Road Asset Management Project (LIBRAMP) financial statements for the year ended December 31, 2023 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of the 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 overall financial statement 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.

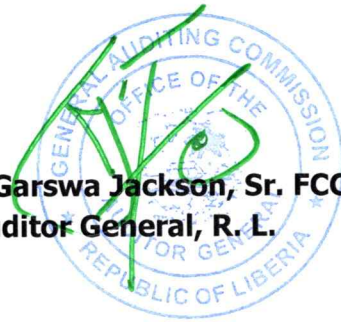
The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified. The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Project Management. Our responsibility is to express our opinion on these financial statements.

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 staffers of the Liberia Road Asset Management Project (LIBRAMP) 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 No Evidence of Liberia Revenue Authority Flag Receipts

Criteria

1.1.1.1 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".

1.1.1.2 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

1.1.1.3 During the audit, we observed that Management withheld taxes for the total amount of US\$26,210.43 as withholding taxes from vendors and contractors; however, evidence of original copies of flag receipts to substantiate remittance to LRA were not made available for audit purposes. **See Table 1 below for details:**

Table 1: No Evidence of Remittance of Withholding Taxes (Consultants)

Transaction Date	Journal No.	Transaction Reference	Description	Base Amount US\$	Invoice Amount US\$	10% Withholding Amount US\$
13/01/2023	7268	2023/001	Pmt Nov,2022-GT Global	89,788.99	77,631.68	7,763.17
16/01/2023	7270	2023/002	pmt Oct,2022-GT Global	82,870.25	69,663.66	6,966.37
01/03/2023	7308	2023/003	Pmt fr Oct,2022-GT Global	74,567.99	61,862.97	6,186.30
Sub-Total (a)				247,227.23	209,158.31	20,915.84
Transaction Date	Journal No.	Transaction Reference	Description	Base Amount US\$		
05/01/2023	7299	2022/231	tax duc-Thunder Bird	11.32		
01/02/2023	7280	2023/003	tax deducted fr Media Cov	64.00		
17/01/2023	7281	2023/008	tax fr Antila Busines-GRA	237.60		
17/01/2023	7294	2023/007	10% tax Victor Print-GRA	2,700.00		
26/01/2023	7254	2023/010	Tax fr Aminata & Sons-GRA	5.31		
27/01/2023	7255	2023/012	Tax fr United Office -GRA	184.70		

15/02/2023	7260	2023/017	10%tax: Bendu E. Clark	1,706.10
16/02/2023	7298	2023/019	Tax: Concept Group	75.00
10/03/2023	7305	2023/025	tax fr Safe Travel-GRA	310.56
Sub-Total (b)				5,294.59
TOTAL (a + b)				26,210.43

- 1.1.1.4 Additionally, we observed that Management did not withhold and remit the total amount of US\$9,349.22 as withholding taxes from vendors and contractors to LRA. **See table 2 below for details:**

Table 2: Non-Deduction and Remittance of Withholding Taxes (Consultants and supplier)

Transaction Date	Journal No.	Transaction Reference	Description	Base Amount US\$	10% Withholding Amount US\$
03/02/2023	7274	2023/003	Supervision-Seamar-Roche	28,439.50	2,843.95
06/01/2023	7272	2022/114	Installation-Trimurti Con	26,000.00	2,600.00
27/01/2023	7256	2023/011	Stationery-United Office	9,050.30	905.03
31/10/2023	7334	L-AF/007	Printing serv: Victor Printing	24,300.00	2,430.00
31/10/2023	7335	L-AF/008	Com equipment: Antila	5,702.40	570.24
Total (a + b)				93,492.20	9,349.22

Risk

- 1.1.1.5 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.1.1.6 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.
- 1.1.1.7 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.
- 1.1.1.8 In the absence of original copies of flag receipts, the legitimacy of remittances of withholding taxes may be impaired.

Recommendation

- 1.1.1.9 Management should provide substantive justification for not remitting withholding taxes to the LRA.
- 1.1.1.10 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.

- 1.1.1.11 Going forward, Management should withhold all taxes and facilitate full remittance of same to the General Revenue Account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance of withholding taxes including original copies of flag receipts and other relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.12 *As the Auditor rightly stated, the US\$ 26,210.43 was withheld from vendors and contractors and remitted to the LRA. However, PFMU has worked and continue to engage with the stakeholders on this GOL flag receipts (evidence of tax payments) issue for tax payment. The LRA indicated that the PFMU is not regarded as one of her Collectorates that can not issue flag receipt.*

- 1.1.1.13 *Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants, vendors and contractors to the General Revenue account either via the LRA tax remittance forms or via the issuance of checks which will be evidenced / captured by their system and the consultant or vendor can later claim their tax credit from the LRA system. Again, no flag receipt is issue for these payments that are made to the LRA/GOL account by the PFMU.*

- 1.1.1.14 *Of the US\$ 9,349.22, that the Audit team flagged, management was unable to remit taxes in the amount of US\$5,443.95(2,843.95+2,600) due to low funds into the project account that could not cater to those amounts. However, they will be taken care off in the current year because the project account has been funded. Kindly also note that, three of the payment's taxes were remitted. We would like to let the audit note that two of these three vendor (United Office Supplies & Antila Business World) payment taxes were wrongly calculated and categorised in the service tax division instead of medium and small business tax division by the audit team. Their total taxes as per their proper categories are US\$3,905.27 supported by the payment advices attached.*

Auditor General's Position

- 1.1.1.15 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 Non-disclosure of Schedule of Commitments

Criteria

- 1.1.2.1 Part 1.2.2 of the Revised Cash Basis IPSAS (2017) provides that "financial statements prepared under the cash basis should provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is balances of cash and changes therein. Notes to the financial statements may provide additional information about liabilities, such as payables and borrowings, and some non-cash assets, such as receivables, investments and property, plant and equipment."

- 1.1.2.2 Paragraph 7.10 of the Project Implementation Manual (PIM) on financial reporting requires a schedule of commitments/contracts and disclosures of outstanding commitments and assets as memoranda to the financial statements.

Observation

- 1.1.2.3 During the audit, we observed that Management did not disclose the schedule of commitments in the notes to the financial statements amounting to US\$6,152,245.88 and LR\$35,280,459.86 for routine maintenance services provided by contracting entities (CICO and CHICO) under the OPRC Road Asset Management Contracts from ELWA to Coca-Cola Factory to Gbarnga—Ganta Guinea Border road as of December 31, 2023.

See table 3 below for details.

Table 3: Outstanding Payment to CE for Routine Maintenance

Lot 1 "Coca Cola Factory to Gbarnga Road (180 KM and 6.1KM to ELWA)"			
Project	No. of Quarter Payment	Amount in US\$	Amount in LR\$
Lot 1 180 KM	Q23	1,563,253.95	-
	Q24 (Invoice 1)	2,600,000.00	11,877,192.43
	Q24 (Invoice 2)	394,533.07	-
6.1KM	NO. 5	936,255.70	-
Subtotal (a)		5,494,042.72	11,877,192.43
Lot 2 "Gbarnga to Ganta-Guinea Border Road (68.61KM)			
Lot 2 (68.61 KM)	Emergency IPC4		21,854.49
	Emergency IPC10	763.04	2,951.76
	Emergency IPC11		2,435.05
	Emergency IPC13		8,680.35
	Emergency IPC15	1,137.82	4,401.92
	Emergency IPC16	2,653.20	10,263.54
	IPC18		1,959,271.17
	IPC19		1,941,437.61
	Emergency IPC21	4,005.56	
	Emergency IPC24		24,365.36
	IPC25		9,681,493.70
	IPC26	649,643.54	9,746,112.48
Subtotal (b)		658,203.16	23,403,267.43
Total		6,152,245.88	35,280,459.86

Risk

- 1.1.2.4 Fair presentation and full disclosure may be impaired.
- 1.1.2.5 Failure to include the details of commitment schedules in the notes to the financial statements may deny users of the financial statement's information needed to make informed decisions.

Recommendation

- 1.1.2.6 Management should adjust the financial statements to include the details of

commitment schedules in the notes to the financial statements. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.

- 1.1.2.7 Going forward, Management should facilitate full and adequate disclosure in the notes to the financial statements consistent with Paragraph 1.3.27 of the 2017 revised IPSAS Cash Basis.

Management's Response

- 1.1.2.8 Please see attached Exhibit II: Revised Financial Statement.

Auditor General's Position

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

1.1.3 Variances between the Trial Balance and Drilldown Ledger

Criteria

- 1.1.3.1 Section 8.1.2 of PFMU-Financial Procedures Manual, revised 2018 states that "Each transaction shall be initiated on a source document like invoice, bill, receipts, staff claims, demand notice, bank pay-in-slip, debit advice, and so on. All the above will be kept posted up to date and presented for auditing or any other inspection from time to time. A monthly trial balance will be generated from the software for review to ensure that posting have been properly made and balances of the accounts appear reasonable."

Observation

- 1.1.3.2 During the audit, we observed a variance of US\$14,817.00 between the Trial Balance and Drilldown Ledger. **See table 4 below for details.**

Table 4: Variances between Trial Balance and Drilldown Ledger

Activities Within Components	Trial Balance US\$ (a)	Drilldown Ledger US\$ (b)	Variance US\$ C=(a-b)
Antila's Business World	68,666.40	57,261.60	11,404.80
Bendu Clark	18,767.10	15,354.90	3,412.20
Total	87,433.50	72,616.50	14,817.00

Risk

- 1.1.3.3 Failure to ensure that figures reported in the financial statements and the notes reconcile to figures in the ledgers and trial balance may lead to misstatement of total operating expense in the financial statements.
- 1.1.3.4 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.

- 1.1.3.5 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.1.3.6 Management should adjust the financial statements by the significant variance observed between the financial statements and general ledger. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.

- 1.1.3.7 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger.

- 1.1.3.8 Going forward, an automated linkage should be created between the general ledger and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.1.3.9 *These errors have been corrected which agrees with the trial balance and ledger drilldown respectively. Therefore, the closing balance cash has been adjusted from \$556 USD debit balance to \$1,150 USD credit balance, due to the correction of the posting errors identified.*

Auditor General's Position

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

1.1.4 Unauthorized Personnel Cost

Criteria

- 1.1.4.1 Regulation A.15 (1) of the PFM Act of 2009 as amended and restated 2019 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal controls to mitigate these risks.

- 1.1.4.2 Section 36(1) of the PFM Act of 2009 states that "It is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instructions issued by the Minister."

Observation

- 1.1.4.3 During the audit, we observed that Management disbursed personnel costs of

\$15,000.00 to a PFMU Staffer without evidence of justification and documentation: employment contract or service rendered report. **See table 5 below for details.**

Table 5: Unauthorized Personnel Cost

Transaction/Voucher Date	Bank Transaction Date	Journal No.	Transaction Reference	Description	Bank Inst Code	Base Amount US\$
30 Apr 2023	09-Feb-23	7313	LIB-AF/004	personal cost	J60ECTR230 400547	15,000.00
Total						15,000.00

Risk

- 1.1.4.4 In the absence of supporting documents, the validity, occurrence and accuracy of payments may not be assured. This may lead to misappropriation of the project's funds.
- 1.1.4.5 Payment may be made for ineligible expenditure.

Recommendation

- 1.1.4.6 Management should provide substantive justification for disbursement of personal cost of US\$15,000 without evidence of employment contract or service rendered report.
- 1.1.4.7 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.
- 1.1.4.8 Going forward, Management should seek Bank's approval (No Objection) for payments not within the approved work plan/budget.
- 1.1.4.9 All relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.4.10 *The pro-rated amount to be paid by LIBRAMP was US\$16,852.64. However, during the period of the invoice submission, the project was undergoing restructuring. The only amount the PFMU/MFDP could access from the project account was US\$15,000.00 leaving a balance of US\$ 1,852.64 to be settled after the restructuring of the project. Please see attached Exhibit IV: PFMU Invoice.*

Auditor General's Position

- 1.1.4.11 Management's assertion did not adequately address the issues raised. Management did not provide evidence of justification and documentation: employment contract or service rendered report to validate the legitimacy of payment to the PFMU Staffer.
- 1.1.4.12 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.5 Non-Reversal of DSA

Criteria

- 1.1.5.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that, "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 recorded the amount of US\$17,592.00 for DSA (three inter-ministerial steering committee and five road safety secretariat members to Rwanda and Kenya respectively) with PV#LIBRAMP-AF/2023/013 intended for eight (8) members; however, only six (6) members received the DSA and attended the meeting.
- 1.1.5.3 We confirmed that the two individuals listed below did not travel nor were Travel Expenditures disbursed. However, we observed no evidence that the amount of US\$4,398.00 was reversed from Travel Expenditure and Cash and Bank Ledgers as required. **See Table 6 below for details:**

Table 6: Non-Reversal of DSA

Transaction Date	Journal No.	Names	Description	Base Amount US\$
03/02/2023	Libramp-AF/2023/013	Hon. James J. Reynolds	DSA-Listed Individuals	2,199.00
03/02/2023	Libramp-AF/2023/013	Evelyn Cooper Moiseemah	DSA-Listed Individuals	2,199.00
Total				4,398.00

Risk

- 1.1.5.4 The completeness and accuracy of expenditure may not be assured. Therefore, the financial statements may be misstated.
- 1.1.5.5 The cashbook, closing cash balance and subsequently the financial statements may be misstated.

Recommendation

- 1.1.5.6 Management should adjust the financial statements to reverse the travel expenditure cataloged in table 6 above. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.

- 1.1.5.7 Management should ensure that journal vouchers detailing the accounting entries for each reversal is created, referenced and approved for reconciliation and review purposes. Evidence of approved journal voucher should be adequately documented and filed to facilitate future review.
- 1.1.5.8 Management should facilitate the comprehensive, timely and accurate recording of expenditure consistent with approved financial reporting framework.
- 1.1.5.9 For entities using IPSAS Cash Basis, expenditure should be recognized when payments are made by the entity.
- 1.1.5.10 Going forward, Management should perform periodic reconciliation amongst invoices, receipts, general ledgers, financial statements and bank statements to ensure that all transactions are recorded in the accurate accounting period. Gaps identified should be investigated and adjusted where applicable in a timely manner.

Management's Response

- 1.1.5.11 *Please see attached Exhibit V: Ledgers.*

Auditor General's Position

- 1.1.5.12 We acknowledge Management's subsequent submission of journal voucher cataloguing reversal of travel expenditure recommended in table 6 above. However, we observe no evidence that the financial statements were adjusted and subsequently submitted to Office of the Auditor General for validation as recommended.
- 1.1.5.13 Additionally, the journal voucher submitted for our review did not comprehensively catalogue detail description and references of the initial transactions being reversed to facilitate effective review and reconciliation.
- 1.1.5.14 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.2 Administrative Issues

1.2.1 Outstanding GOL Obligations

Criteria

- 1.2.1.1 Section I, Paragraph 5 of the Appendix for the Second Addition Financing (AF2) Agreement as Amended and Restated, revised July 25, 2017, requires that "Counterpart Funding" means the following minimum amounts hereby committed by the Recipient (GOL) to allocate in its budget for each year of Project implementation to finance activities under the Program and to make them timely available to ensure adequate Project implementation:
 - i. seven million, two hundred eighty thousand Dollars (\$7,280,000), for the seventh year of Project implementation;

- ii. twenty-eight million Dollars (\$28,000,000) to be provided from the eighth to eleventh year of Project implementation, being a minimum of seven million Dollars per year;
- iii. six million five hundred twenty thousand Dollars (\$6,520,000), for the twelfth year of Project implementation; and
- iv. Six million Dollars (\$6,000,000), for the thirteenth year of Project implementation."

1.2.1.2 Paragraph 10, Sentence 1-4, of Management Letter of the Aide-Memoire of May 1-12, 2023, provides that "Project restructuring. In January 2023, the government communicated its decision on the way forward for the two LIBRAMP OPRC contracts. The Government has not yet made any contribution to its counterpart funding of US\$ 47.8 million for LIBRAMP and the project is therefore facing a financing gap for the remaining routine maintenance and the periodic maintenance. The Government intends to sign new contracts with the contractors to complete the remainder of the routine maintenance and a limited scope of periodic maintenance, with funding through the annual budget for the next three years. The Government has requested a restructuring to drop the counterpart funding from the project and is negotiating Government-financed contracts to cover the remaining scope."

1.2.1.3 According to the letter (GOL/MFDP/2-1/SDT/ymj/13038/'23) and (GOL/MFDP/2-1/SDT/ymj/13039/'23) written by former Minister of Finance, Hon. Samuel D. Tweah Jr, acknowledge receipt of the Draft Contract Variation Order No. 1 for LIBRAMP (Lot 1 & 2) containing the schedule of proposed installment payments to be released to the Contractor, Chongqing International Construction Corporation (CICO) to finalize and facilitate the signing of the Variation Order No. 1 between CICO and the Government of Liberia through the Ministry of Public Works. Further, as the total amount of the initial four payments is US \$35 million, the minister, herewith confirm MFDP's promise to pay the outstanding balance of US\$17 million to CICO, computed at an interest rate. Following a review of the draft variation orders, the Ministry of Finance and Development Planning proposes an adjustment to the payment schedule.

Observation

1.2.1.4 During the audit, we observed that the Government of Liberia did not fulfill its commitment of US\$17million to CICO, which was calculated using an interest rate.

1.2.1.5 Furthermore, we observed no evidence that the Government of Liberia had made the contributions specified in the approved payment schedule below. **See table 7 below for details.**

Table 7: MFDP Approved Payment Schedule

LIBRAMP Lot 1		
Payment No.	Payment Date	Payment Amount US\$
1	Jun-24	7,000,000.00
2	Nov-24	6,000,000.00
3	Jun-25	12,000,000.00
4	Jan-26	10,000,000.00
Sub-Total (a)		35,000,000.00
LIBRAMP Lot 2		
Payment No.	Payment Date	Payment Amount US\$
1	Jun-24	3,000,000.00
2	Jul-24	3,000,000.00
3	Aug-24	4,000,000.00
Sub-Total (b)		10,000,000.0
Total (a + b)		45,000,000.00

Risk

- 1.2.1.6 The violation of Second Addition Financing (AF2) Agreement by GoL to make payment as required may deny project of much needed funds and impair the achievement of project's objectives.
- 1.2.1.7 Government's liabilities may result in a significant shortfall of funding and may potentially lead to early termination of the project or certain component of the works. This may impair the achievement and deliverables of the project.

Recommendation

- 1.2.1.8 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.2.1.9 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.

Management's Response

- 1.2.1.10 *The Government of Liberia obligation or commitment to LIBRAMP initially was US\$72.8 million. Due to financial constraints of the GOL, the World Bank Second Additional Financing of LIBRAMP included US\$25 million thus reducing GOL obligation from US\$72.8 million to US\$47.8 million. A mitigating option at the cost of US\$35 million was discussed and recorded in March 2022 Aide Memoire. In January 2023 GOL issued a letter of comfort allocating US\$45 million over three budget years for the successful completion of activities and closure of LIBRAMP.*

- 1.2.1.11 *Due to the low cash flow attributed to the lack of GOL payment of its commitment of US\$47.8 million, a suspension order was issued. In January 2023, GOL issued a letter of Comfort in the amount of US\$45.0 million, payable over three budget years towards the resumption of maintenance activities and the successful completion of the LIBRAMP Project. To this commitment, this was not realised as of the end of the period under audit.*

Auditor General's Position

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

1.2.2 Non-Establishment of NASSCORP Contributions

Criteria

- 1.2.2.1 Section 89.6 of The National Social Security and Welfare Corporation (NASSCORP) Act of 2017, provides that "The National Social Security and Welfare Corporation shall be organized in such manner and with such personnel as shall be determined by the Director General with the approval of the Board. Such organization shall be structurally flexible to ensure coordination of the work of the Corporation with the work of ministries and other agencies of the Government and employers in the private sector."
- 1.2.2.2 Also, Section 89.16 of the Decree establishing NASSCORP requires that "the contribution payable under this Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the corporation. Contribution rate shall be total 10% of total gross remuneration of each employee; 2 % under the Employment Injury Scheme payable by the employer; 4 % employer contribution and 4% employee contribution to be remitted by the employer."
- 1.2.2.3 The National Social Security and Welfare Corporation (NASSCORP) was established for the income protection and welfare of employees in both the public and private economic sectors of Liberia. One important function of the Corporation is the implementation of the Employment Injury Scheme (or EIS), which provides medical benefits for insured persons who sustain job-related injuries or contract occupational diseases. A second vital function is the National Pension Scheme (or NPS), that provides pension benefits to insured persons.
- 1.2.2.4 Section 3.2 of The Employer's Guide to the National Social Security and Welfare Corporation Schemes of 2013, provides "Persons not Eligible for Coverage under the EIS and NPS" includes:
- Members of the Armed Forces including the Naval and Air Force;
 - Members of any military forces of any country other than Liberia;
 - Members of the employer's family dwelling in his/her house;

- Wives working for their husbands; vice versa.
- Domestic servants and hires;
- Persons employed on board vessels, ships, boats or canoes, etc. flying Liberian flag;
- Persons born before September 1, 1959, and
- Persons under the age of 18 or above the age of 55 (for persons born before 1980) and above the age 52 (for persons born 1980 and after)

1.2.2.5 Also, Section 3.3 of The Employer's Guide to the National Social Security and Welfare Corporation Schemes of 2013, provides that "Why are these persons not covered" There are special pension plans and life insurance policies for those in the army and others who are not covered by NPS and EIS. Some of these individuals are extremely high-risk employees and they perform their jobs under conditions that are difficult to monitor.

Observation

1.2.2.6 During the audit, we observed that Management had not established or applied the National Social Security and Welfare Scheme for its staffers for the period under audit.

Risk

1.2.2.7 Management may be non-compliant with NASSCORP General Regulations of 2018 which may result to penalties and fines.

1.2.2.8 Potential retirees of GoL may be denied required pension benefits due to non-compliance with the Regulation.

1.2.2.9 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.

Recommendation

1.2.2.10 Management should liaise with NASSCORP and institute the social security scheme for all qualified employees per the NASSCORP regulation.

1.2.2.11 A payment plan should be crafted and agreed between Management and NASSCORP Management for full settlement of all arrears. Management should budget for and ensure full compliance to the terms of the agreed payment plan. Management should also ensure that future employers' contributions are adequately provided for in the approved budget on an annual basis (where applicable).

1.2.2.12 Management should facilitate full payment of employees and employer's contributions to NASSCORP on a consistent and timely basis.

1.2.2.13 Going forward, monthly remittance of NASSCORP contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' NASSCORP accounts respectively.

- 1.2.2.14 Evidence of remittances of monthly social security contribution and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.2.15 *Project Staffers are consultants not employees. They are hired on performance-based contracts. All benefits are inclusive of remuneration. GAC's recommendation will be shared with the funding partner for review and consideration.*

Auditor General's Position

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

1.2.3 Transaction Without Supporting Documentation (Vouchers)

Criteria

- 1.2.3.1 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".

- 1.2.3.2 Additionally, section 9.1 of the World Bank Procurement Regulations, Fourth Edition November 2020 states that "The Borrower shall retain all documentation, and shall furnish such documentation to the Bank upon request, with respect to each contract subject to post review, according to the requirements of the Legal Agreement. This documentation shall include, but is not limited to:

- a) complaints, the signed original of the contract and all subsequent amendments or addenda,
- b) the Bids/Proposals evaluation report, and the recommendation for award; and
- c) the payment invoices or certificates, as well as the certificates for inspection, delivery, completion, and acceptance of Goods, Works, and Non-Consulting Services, for examination by the Bank or by its consultants/auditors".

Observation

- 1.2.3.3 During the audit, we observed that payment for petty cash amounting to US\$2,000.00 were made without evidence of supporting documents. **See table 8 below for details.**

Table 8: Transactions Without Supporting Documentation (Vouchers)

Transaction Date	Journal No.	Transaction Reference	Description	Base Amount US\$
30-Jun-23	7323	AF2/008	Petty Cash Utilization	2,000.00

Risk

- 1.2.3.4 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.
- 1.2.3.5 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.2.3.6 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.

Recommendation

- 1.2.3.7 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.
- 1.2.3.8 Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable.
- 1.2.3.9 Evidence of all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.3.10 *Please see attached Exhibit VI*

Auditor General's Position

- 1.2.3.11 We acknowledge Management's subsequent submission of petty cash liquidation report and other relevant supporting documents after our audit execution. However, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.2.3.12 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner.

1.2.4 Non-Compliance the Maintenance of Lot 1 & 2 Project Camp

Criteria

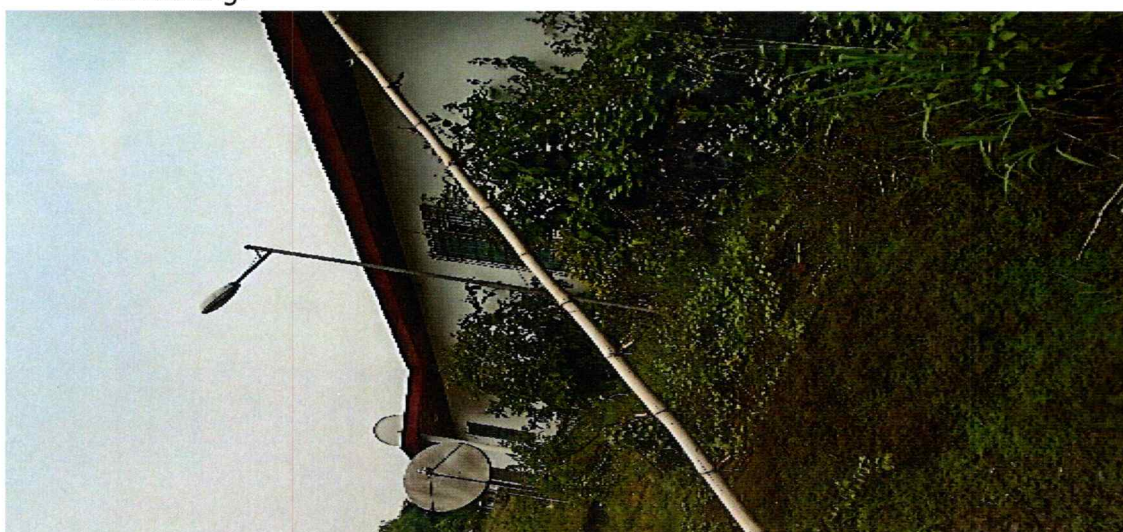
- 1.2.4.1 Part B, Paragraph 21.1, Sentence (1-5 & 10) of the Lot 1 & 2 OPRC Contracts signed

between the Government of Liberia and the contracting entities, (CICO and CHICO) for the design, rehabilitation and maintenance of Red Light-Gbarnga to Ganta-Guinea Border Road requires that "General Description: The Project Manager's office and housing accommodation shall be located on land purchased by the contractor on behalf of the Employer in a safe and secure area. The buildings shall be constructed in accordance with the specifications provided. Both office and residences shall be furnished and maintained for the entire duration of the contract. Upon completion of the contract, the entire accommodation complex (office and residences, including furnishing and equipment) shall become the property of the employer. The location and layout of the main camp will be subject to the approval of the Project Manager. Facilities including maintenance, fuel, oil and spare parts are the responsibility of the contracting entity."

- 1.2.4.2 Additionally, Part B, Paragraph 22.1, Sentence (2 & 7) of the Lot 1 & 2 OPRC Contracts between the Government of Liberia and CICO and CHICO for the design, rehabilitation and maintenance of Red Light- Gbarnga to Ganta-Guinea Border Road requires that "The entire accommodation shall be completed within 60 days of signing commencement of the works. The duties include providing water and electricity for 24 hours and attendance."

Observation

- 1.2.4.3 During the audit, we observed that the Lot 1 Project Manager's office and living facility located at the Weala Consultant Camp Site in Margibi County, was not maintained and had been abandoned due to the lack of GoL contribution to the project.
- 1.2.4.4 Additionally, we observed that the facility's generator and 24-hour water supply had been taken away by the contractor (CICO). **See photo 1(a & b)) below for detail.**
- 1.2.4.5 Further, we observed that Lot 2 Project Manager's office and living facility at the Palala Consultant Camp Site in Bong County had leakages and the air conditioners were not functioning.



Lot 1 Project Camp



Lot 1 Project Camp



GAC Photo 1b Showing removal of Generator from Lot 1 Project Camp at Weala

Risk

- 1.2.4.6 Government's liabilities may result in a significant shortfall of funding and may potentially lead to early termination of the project or certain component of the works. This may impair the achievement and deliverables of the project.
- 1.2.4.7 The absence of effective monitoring and evaluation of contract deliverables may deny the achievement of value for money during the execution of the contract.

Recommendation

- 1.2.4.8 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.2.4.9 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.
- 1.2.4.10 Management should facilitate effective coordination, monitoring and evaluation of all project activities and prepare periodic reports of monitoring and evaluation activities.
- 1.2.4.11 Periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.4.12 *The LIBRAMP Rural Section, OPRC Lot 1 (Coca Cola Factory to Gbarnga Road section – 167.7km) was part of the December 2023 Project Restructuring which set apart Government of Liberia contribution from Donors (World Bank and LRTF) funding to LIBRAMP.*
- 1.2.4.13 *Under GOL funding, continuation of Routine Maintenance and the implementation of Periodic Maintenance are to be carried out. The GOL in 2023 issued commitment of US\$45million allocation to the Rural LIBRAMP Section routine and Periodic Maintenance, covering a three-year period (2024 to 2026). Of this amount, US\$35 million is allocated to OPRC Lot 1.*
- 1.2.4.14 *GOL also stipulated the disbursement schedule for that amount, with June 2024 being disbursement of US\$7million as first tranche. Upon receipt of this payment, the contractor is expected to resume activities on site (maintenance of facilities, Routine and Periodic Maintenance of the road) which were suspended since October 1, 2022. Please See attached Exhibit VII: Letters on Funding Commitment Issued by MFDP.*

Auditor General's Position

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

1.2.5 No Meeting Minutes and attendance listing for Steering Committee

Criteria

- 1.2.5.1 Section 2, under Institutional Implementation Arrangements, paragraph (2.8.1 & 2.8.2) of the PFMU Financial Procedures Manual revised 2018 states that "Each project / program shall have an oversight body to provide overall project / program oversight and policy guidance. The infrastructure projects being implemented through the MPW have a Project Steering Committee for this purpose. The MOE has the Education Sector Development Committee (ESDC) for the L-PERP. The composition, role and terms of reference of these oversight bodies are as per the financing agreement of each grant. The PSC will meet quarterly to assess progress, identify weaknesses, prepare and apply remedial strategies as well as make short-term action plans and review progress reports."

Observation

- 1.2.5.2 During the audit, we observed no evidence that the Steering Committee was functional as a policy making and oversight body of the Project. We obtained no evidence of the following:
- Meeting minutes of the Committee.
 - Steering Committee approval for major decisions taken by Management
 - Steering Committee deliberation on any matter involving the project.

Risk

- 1.2.5.3 The absence of Steering Committee Meeting minutes/activities reports may impair the strategic oversight activities of the committee.
- 1.2.5.4 Management may implement activities on a discretionary basis.

Recommendation

- 1.2.5.5 Management should liaise with the relevant authorities of the Steering Committee to ensure that the steering committee is made functional.
- 1.2.5.6 The Steering Committee should be made functional evidence of the conduct of periodic meetings, approval of major decisions of Management, deliberation on any matter involving the project and documentation of meeting minutes and periodic activities reports.
- 1.2.5.7 Evidence of minutes of meetings and periodic activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.5.8 *There has been no meeting called for by the head of the steering committee. Management takes note of the audit recommendation.*

Auditor General's Position

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

1.2.6 Monitoring & Supervision

Criteria

- 1.2.6.1 Regulation A.15 (1) of the PFM Act of 2009 as amended and restated 2019 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal controls to mitigate these risks.

Observation

- 1.2.6.2 During the audit, we observed no evidence that RSS/Ministry of Transport provide the required oversight to Road Safety for the full implementation of planned activities within approved timelines, evidenced by the absence of approved annual monitoring & evaluation plans and periodic activities reports.

Risk

- 1.2.6.3 Failure to monitor the implementation of project activities may impair timely implementation of project deliverables.
- 1.2.6.4 In the absence of effective monitoring and evaluation, the project objectives and mandates may not be achieved or not achieved in a timely manner. Project deliverables may not meet approved specifications and value for money may not be achieved.

Recommendation

- 1.2.6.5 Management should facilitate effective coordination, monitoring and evaluation of all project activities and prepare periodic reports of monitoring and evaluation activities.
- 1.2.6.6 Periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.6.7 *The Road Safety Secretariat (RSS) did not initiate any monitoring and supervision activities during the period. Therefore, management has taken note of the Audit recommendation and will endeavor to follow up with the secretariat subsequently.*

Auditor General's Position

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

1.3 LOT 1: Field Inspection

1.3.1 Pavement Settlement/Depression around Culverts or Similar

Criteria

- 1.3.1.1 Part A3, Paragraph 2.6.1 of the Lot 1 Monrovia to Gbarnga Road Asset Management Contract between the Government of Liberia and the China Chongqing International Construction Corporation (CICO) states that "In general terms, the Contractors must ensure that all drainage elements and structures are without any obstructions which may reduce their normal crosssection and impede the free flow of water. The service level under item 4 of Paragraph 2.6.1 states that "For one-km section all culverts must be clean and free of obstacles and without structural damage and must be firmly contained by surrounding soil or material."

Observation

- 1.3.1.2 During the field inspection, we observed that the depression/settlement of pavements around the culvert or similar (sink on the paved road) in Lot 1, located at 154+500 km was not repaired by the CICO in keeping with the contract specification due to the lack of GoL contribution to the project.

Risk

- 1.3.1.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.3.1.4 Government's liabilities may result in a significant shortfall of funding and may potentially lead to early termination of the project or certain component of the works. This may impair the achievement and deliverables of the project.

Recommendation

- 1.3.1.5 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.3.1.6 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.
- 1.3.1.7 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.3.1.8 *The LIBRAMP Rural Section, OPRC Lot 1 (Coca Cola Factory to Gbarnga Road section –*

167.7km) was part of the December 2023 Project Restructuring which set apart Government of Liberia contribution from Donors (World Bank and LRTF) funding to LIBRAMP.

1.3.1.9 Under GOL funding, continuation of Routine Maintenance and the implementation of Periodic Maintenance are to be carried out. The GOL in 2023 issued commitment of US\$45million allocation to the Rural LIBRAMP Section routine and Periodic Maintenance, covering a three-year period (2024 to 2026). Of this amount, US\$35 million is allocated to OPRC Lot 1. GOL also stipulated the disbursement schedule for that amount, with June 2024 being disbursement of US\$7million as first tranche.

1.3.1.10 Upon receipt of this payment, the contractor is expected to resume activities on site (maintenance of facilities, Routine and Periodic Maintenance of the road) which were suspended since October 1, 2022. Please See attached Exhibit VII: Letters on Funding Commitment Issued by MFDP.

Auditor General's Position

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

1.3.2 Non-Compliance with Routine Maintenance of Bleeding Asphalt

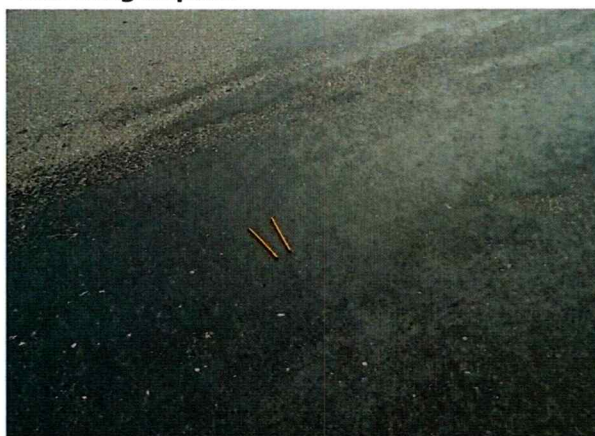
Criteria

1.3.2.1 Part A3, Paragraph 2.2.2 of the Lot 1 Contract signed between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "the service level criteria for road user service and comfort on paved roads are defined as follows: 'Rutting'-for a one km section there shall not be ruts deeper than 20 mm. Rutting of more than ten (10)mm shall not be present in more than 5 percent of any of the road section defined in the contract; 'Raveling for a one km section raveled areas must not exist."

Observation

1.3.2.2 During the field inspection, we observed that the bleeding asphalt at 136+300 km and 162+800 km in the surface pavement has not been repaired by the contractor in keeping with the contract specifications due to the lack of GoL contribution to the project. We further observed that the bleeding is shiny, black surface film of asphalt on the road surface. This causes upward movement of asphalt in the pavement surface.
See detail below photos 3.

Bleeding Asphalt



GAC Photos 3 Showing Bleeding Asphalt on Pavement Surface, Monrovia to Gbarnga corridor in Lot 1

Risk

- 1.3.2.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.3.2.4 Government's liabilities may result in a significant shortfall of funding and may potentially lead to early termination of the project or certain component of the works. This may impair the achievement and deliverables of the project.

Recommendation

- 1.3.2.5 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.3.2.6 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.
- 1.3.2.7 Management should ensure that proper coordination, monitoring and evaluation of service contracts are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.3.2.8 *The LIBRAMP Rural Section, OPRC Lot 1 (Coca Cola Factory to Gbarnga Road section – 167.7km) was part of the December 2023 Project Restructuring which set apart Government of Liberia contribution from Donors (World Bank and LRTF) funding to LIBRAMP.*
- 1.3.2.9 *Under GOL funding, continuation of Routine Maintenance and the implementation of Periodic Maintenance are to be carried out.*

- 1.3.2.10 *The GOL in 2023 issued commitment of US\$45million allocation to the Rural LIBRAMP Section routine and Periodic Maintenance, covering a three-year period (2024 to 2026). Of this amount, US\$35 million is allocated to OPRC Lot 1.*
- 1.3.2.11 *GOL also stipulated the disbursement schedule for that amount, with June 2024 being disbursement of US\$7million as first tranche.*
- 1.3.2.12 *Upon receipt of this payment, the contractor is expected to resume activities on site (maintenance of facilities, Routine and Periodic Maintenance of the road) which were suspended since October 1, 2022.*

Auditor General's Position

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

1.3.3 Non-Compliance of Routine Maintenance

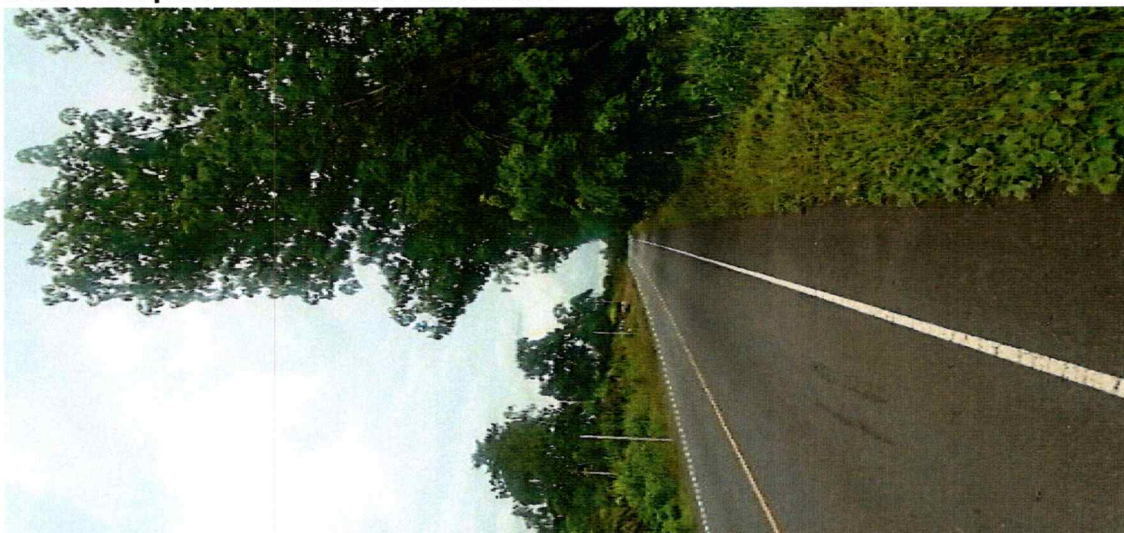
Criteria

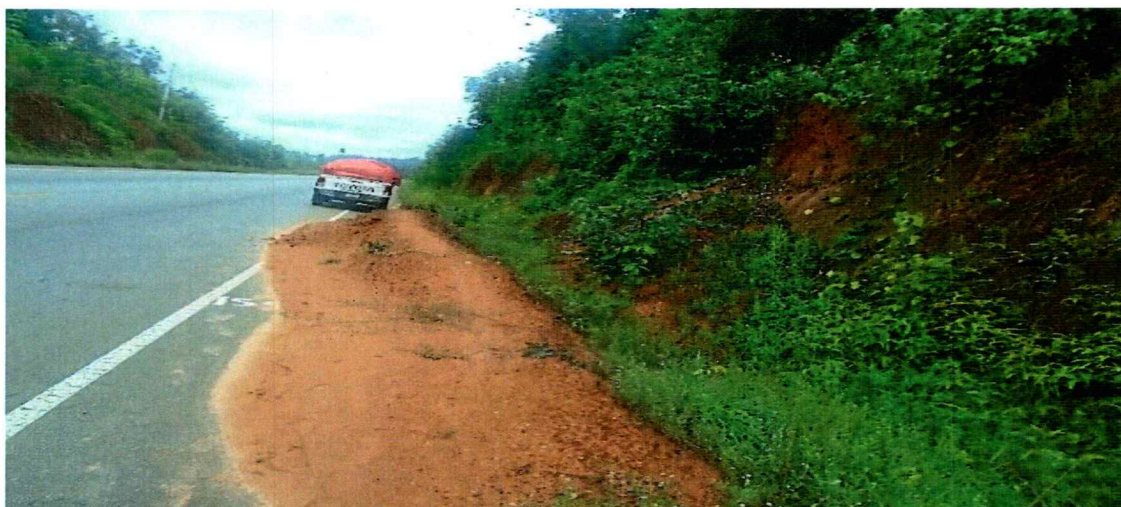
- 1.3.3.1 Part A3, Paragraph 2.9 of the Lot 1 OPRC Contract between the Government of Liberia and CICO for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "the contractor is responsible for the maintenance of all embankment and cut slopes along the road sections included in the contract. In particular, he is responsible for ensuring they are stable without deformation and erosion."
- 1.3.3.2 Additionally, Part A3, Paragraph 2.5.1 of the Lot 1 OPRC Contract signed between the Government of Liberia and CICO for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "The contractor is responsible for ensuring that all horizontal and vertical signaling, as well as guardrails and other road safety devices comply fully with the Service Level requirements for signaling." The service level of guardrails under Paragraph 2.5.1 states that the guardrails "have to be present, clean, without any significant damage and corrosion."
- 1.3.3.3 Further, Part A3, Paragraph 2.2.2 under Road User Comfort, (Item 4) of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "Cleanliness of the pavement surface and shoulders, for a one-km section, to be measured in subsections of 50m each, for any 50m section of the pavement, the road surface must always be clean and free of soil, debris, trash and other objects. If cleanliness of the pavement surface and shoulders does not exist in more than one subsection, the one-km section does not comply."
- 1.3.3.4 Also, the service level of road user service and comfort measures for roadway embankments, under Paragraph 2.2.2 states that "Embankments must be without erosion and free of organic material, toxic waste, garbage along the Right of Way (ROW)."

Observation

- 1.3.3.5 During the audit, we observed few cuts on asphalt pavement on the Monrovia to Gbarnga corridor in Lot 1 which were not repaired by the contractor in keeping with the contract specifications due to the lack of GoL contribution to the project.
- 1.3.3.6 Additionally, we observed that the contracting entity (CICO) was not performing the following routine maintenance duties;
- Overhanging rubber trees were identified at several locations such as 31 km, 86+800 km and etc. where Resettlement Action Plan (RAP) compensation has been finalized.
 - Rock mining in the ROW at 9+200km; we noticed damage to a section of asphalt in the carriageway at several different locations causing loss of fine (sand) aggregates from the surface. Moreover, we observed that an unauthorized access was washing gravel onto the road.
 - Several locations along the road corridor in Lot 1 experiencing landscaping/grassing;
 - The guardrails' reflectors are damaged or missing;
 - A damaged guardrail and no new signs or lines;
 - Unrepaired cuts in the asphalt pavement;
 - Cracks in the asphalt pavement;
 - No cutting of vegetation, repairs of drains from blockades, replacement of signs or lines;
 - Abandoned vehicles on the road shoulder;
 - Several others (Erosion, sand/debris, garbage and etc) are found along the road corridor; **See detail below photos 5.**

Photo 5: Non-Compliance of Routine Maintenance





GAC Photo 5 Showing Landscaping, Overhanging Trees at 155+400 km



GAC Photo 5b Showing Damage Guardrails and Guardrail with damaged or missing Reflector

Risk

- 1.3.3.7 Structures encroaching into the plain may result in flooding of nearby properties and road overtopping during the rainy season.

- 1.3.3.8 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.3.3.9 The contractor failure to remove abandoned vehicles, sand/debris and overhanging trees on the roadway may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.3.3.10 Structures encroaching into the plain may result in flooding of nearby properties and road overtopping during the rainy season.
- 1.3.3.11 Growth on the pavement could drastically limit the width of the hard shoulder, forcing bikes and pedestrians into the main carriageway.
- 1.3.3.12 Damaged guardrail and a lack of sign/line replacement may increase the frequency and severity of collisions, resulting in more injuries and fatalities.
- 1.3.3.13 The lack of vegetation growth at landslide emergency works poses an erosion risk; Overhanging tree branches impair the forward driver's field of vision;

Recommendation

- 1.3.3.14 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.3.3.15 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.
- 1.3.3.16 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.
- 1.3.3.17 GOL, MPW, and IIU should take immediate actions to ensure that new land projects are properly controlled. All new structures should be required to be removed by IIU through PMW.

Management's Response

- 1.3.3.18 *The LIBRAMP Rural Section, OPRC Lot 1 (Coca Cola Factory to Gbarnga Road section – 167.7km) was part of the December 2023 Project Restructuring which set apart Government of Liberia contribution from Donors (World Bank and LRTF) funding to LIBRAMP.*
- 1.3.3.19 *Under GOL funding, continuation of Routine Maintenance and the implementation of*

Periodic Maintenance are to be carried out.

- 1.3.3.20 *The GOL in 2023 issued commitment of US\$45million allocation to the Rural LIBRAMP Section routine and Periodic Maintenance, covering a three-year period (2024 to 2026). Of this amount, US\$35 million is allocated to OPRC Lot 1.*
- 1.3.3.21 *GOL also stipulated the disbursement schedule for that amount, with June 2024 being disbursement of US\$7million as first tranche.*
- 1.3.3.22 *Upon receipt of this payment, the contractor is expected to resume activities on site (maintenance of facilities, Routine and Periodic Maintenance of the road) which were suspended since October 1, 2022.*

Auditor General's Position

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

1.4 LOT 2: Field Inspection

1.4.1 Pavement Settlement/Depression around Culverts or Similar

Criteria

- 1.4.1.1 Part A3, Paragraph 2.6.1 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management Contract between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) states that "In general terms, the Contractors must ensure that all drainage elements and structures are without any obstructions which may reduce their normal crosssection and impede the free flow of water. The service level under item 4 of Paragraph 2.6.1 states that "For one-km section all culverts must be clean and free of obstacles and without structural damage and must be firmly contained by surrounding soil or material."

Observation

- 1.4.1.2 During the audit, we observed that CHICO had not made the necessary repairs to the sink on the paved road in Lot 2 that was caused by the depression or settlement of the pavements around the culvert or something similar due to the lack of GoL contribution to the project (around kilometers 189+300, 191+100 km, etc.). **See photo 8 below.**

Settlement/Depression



GAC Photos 8: Showing Settlement along the road corridor from Gharnga to Ganta Guinea Border

Risk

- 1.4.1.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.4.1.4 Government's liabilities may result in a significant shortfall of funding and may potentially lead to early termination of the project or certain component of the works. This may impair the achievement and deliverables of the project.

Recommendation

- 1.4.1.5 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.4.1.6 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.
- 1.4.1.7 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.4.1.8 *This is the result of the suspension of maintenance activities in October 2022.*
- 1.4.1.9 *The LIBRAMP Rural Section, OPRC Lot 1 (Coca Cola Factory to Gbarnga Road section – 167.7km) was part of the December 2023 Project Restructuring which set apart Government of Liberia contribution from Donors (World Bank and LRTF) funding to LIBRAMP.*

- 1.4.1.10 *Under GOL funding, continuation of Routine Maintenance and the implementation of Periodic Maintenance are to be carried out.*
- 1.4.1.11 *The GOL in 2023 issued commitment of US\$45million allocation to the Rural LIBRAMP Section routine and Periodic Maintenance, covering a three-year period (2024 to 2026). Of this amount, US\$35 million is allocated to OPRC Lot 1.*
- 1.4.1.12 *GOL also stipulated the disbursement schedule for that amount, with June 2024 being disbursement of US\$7million as first tranche.*
- 1.4.1.13 *Upon receipt of this this payment, the contractor is expected to resume activities on site (maintenance of facilities, Routine and Periodic Maintenance of the road) which were suspended since October 1, 2022.*

Auditor General's Position

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

1.4.2 Bleeding Asphalt

Criteria

- 1.4.2.1 Part A3, Paragraph 2.2.2 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management Contract between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) requires that "the service level criteria for road user service and comfort on paved roads are defined as follows: 'Rutting'-for a one km section there shall not be ruts deeper than 20 mm. Rutting of more than ten (10)mm shall not be present in more than 5 percent of any of the road section defined in the contract; 'Raveling for a one km section raveled areas must not exist."

Observation

- 1.4.2.2 During the field inspection, we observed that the contractor had not repaired the bleeding asphalt in accordance with the contract specifications at 205+300 km and 206+500 km in the surface pavement due to the lack of GoL contribution to the project. We also saw that the bleeding is a bright, dark asphalt surface film on the road. This causes upward movement of asphalt in the pavement surface. **See detail below photo 9)**

Bleeding Asphalt



GAC Photos 9: Showing Bleeding along the road corridor from Gharnga to Ganta Guinea Border

Risk

- 1.4.2.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.4.2.4 Government's liabilities may result in a significant shortfall of funding and may potentially lead to early termination of the project or certain component of the works. This may impair the achievement and deliverables of the project.

Recommendation

- 1.4.2.5 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.4.2.6 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.
- 1.4.2.7 Management should ensure that proper coordination, monitoring and evaluation of service contracts are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.4.2.8 *Due to the suspension of maintenance activities as at October 1, 2022 as a result of the nonpayment of GOL contribution of US\$47.8 m to LIBRAMP, bleeding of asphalt in the pavement at this chainage was not repaired. Repair works will be carried out as part of maintenance works to be implemented under the US\$45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.*

Auditor General's Position

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

1.4.3 Non-Compliance of Routine Maintenance

Criteria

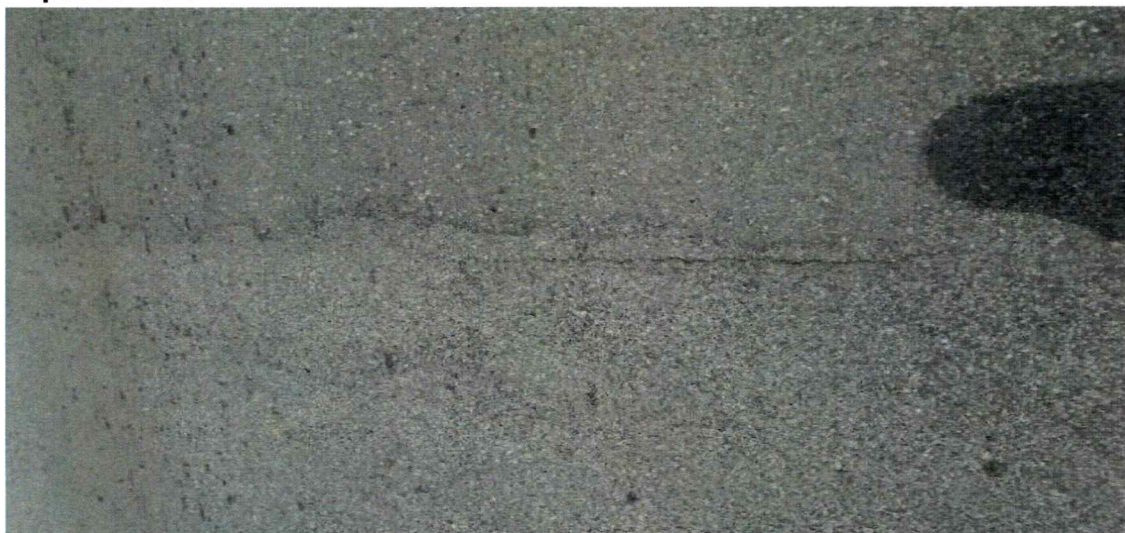
- 1.4.3.1 Part A3, Paragraph 2.9 of the Lot 2 OPRC Contract between the Government of Liberia and CHICO for the design, rehabilitation and maintenance of Gbarnga—Ganta Guinea Border Road requires that "the contractor is responsible for the maintenance of all embankment and cut slopes along the road sections included in the contract. In particular, he is responsible for ensuring they are stable without deformation and erosion."
- 1.4.3.2 Additionally, Part A3, Paragraph 2.5.1 of the Lot 2 OPRC Contract signed between the Government of Liberia and CHICO for the design, rehabilitation and maintenance of Gbarnga—Ganta Guinea Border Road requires that "The contractor is responsible for ensuring that all horizontal and vertical signaling, as well as guardrails and other road safety devices comply fully with the Service Level requirements for signaling." The service level of guardrails under Paragraph 2.5.1 states that the guardrails "have to be present, clean, without any significant damage and corrosion."
- 1.4.3.3 Further, Part A3, Paragraph 2.2.2 under Road User Comfort, (Item 4) of the Lot 2 OPRC Contract between the Government of Liberia and CHICO for the design, rehabilitation and maintenance of Gbarnga—Ganta Guinea Border Road requires that "Cleanliness of the pavement surface and shoulders, for a one-km section, to be measured in subsections of 50m each, for any 50m section of the pavement, the road surface must always be clean and free of soil, debris, trash and other objects. If cleanliness of the pavement surface and shoulders does not exist in more than one subsection, the one-km section does not comply."
- 1.4.3.4 Also, the service level of road user service and comfort measures for roadway embankments, under Paragraph 2.2.2 states that "Embankments must be without erosion and free of organic material, toxic waste, garbage along the Right of Way (ROW)."

Observation

- 1.4.3.5 During the field inspection, we observed what appears to be erosion, sand/debris, garbage and several others defects that were not repaired by the CHICO on the Gbarnga to Ganta Guinea Border Road in keeping with the contract specification due to the lack of GoL contribution to the project. Further, we observed that the contracting entity, CHICO was not performing the following routine maintenance duties:
- A damaged guardrail and no new signs or lines;
 - Several locations along the road corridor in Lot 2 experiencing

- landscaping/grassing;
- The guardrails' reflectors are damaged or missing;
- Unrepaired cuts in the asphalt pavement;
- Cracks in the asphalt pavement;
- No cutting of vegetation, repairs of drains from blockades, replacement of signs or lines;
- Abandoned vehicles on the road shoulder;
- Several others (Erosion, sand/debris, garbage and etc) are found along the road corridor; **See detail below photos 10.**

Unrepaired Crack



GAC Photo 10: Showing Unrepaired Crack on Asphalt along the Gbarnga to Ganta-Guinea Border Road corridor in Lot 2





GAC Photo 10b: Showing No cutting of vegetation and replacement of signs in Lot 2 Gbarnga to Ganta Guinea Border Road.

Risk

- 1.4.3.6 Structures encroaching into the plain may result in flooding of nearby properties and road overtopping during the rainy season.
- 1.4.3.7 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.4.3.8 The contractor failure to remove abandoned vehicles, sand/debris and overhanging trees on the roadway may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.4.3.9 Structures encroaching into the plain may result in flooding of nearby properties and road overtopping during the rainy season.
- 1.4.3.10 Growth on the pavement could drastically limit the width of the hard shoulder, forcing bikes and pedestrians into the main carriageway.
- 1.4.3.11 Damaged guardrail and a lack of sign/line replacement may increase the frequency and severity of collisions, resulting in more injuries and fatalities.
- 1.4.3.12 The lack of vegetation growth at landslide emergency works poses an erosion risk; Overhanging tree branches impair the forward driver's field of vision;

Recommendation

- 1.4.3.13 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.4.3.14 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.

1.4.3.15 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

1.4.3.16 GOL, MPW, and IIU should take immediate actions to ensure that new land projects are properly controlled. All new structures should be required to be removed by IIU through PMW.

Management's Response

1.4.3.17 *Repair works will be carried out as part of maintenance works to be implemented under the US\$45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.*

1.4.3.18 *The LIBRAMP Rural Section, OPRC Lot 1 (Coca Cola Factory to Gbarnga Road section – 167.7km) was part of the December 2023 Project Restructuring which set apart Government of Liberia contribution from Donors (World Bank and LRTF) funding to LIBRAMP.*

1.4.3.19 *Under GOL funding, continuation of Routine Maintenance and the implementation of Periodic Maintenance are to be carried out.*

1.4.3.20 *The GOL in 2023 issued commitment of US\$45million allocation to the Rural LIBRAMP Section routine and Periodic Maintenance, covering a three-year period (2024 to 2026). Of this amount, US\$35 million is allocated to OPRC Lot 1.*

1.4.3.21 *GOL also stipulated the disbursement schedule for that amount, with June 2024 being disbursement of US\$7million as first tranche.*

1.4.3.22 *Upon receipt of this payment, the contractor is expected to resume activities on site (maintenance of facilities, Routine and Periodic Maintenance of the road) which were suspended since October 1, 2022.*

Auditor General's Position

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

2 STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATION

Out of the 24 audit recommendations contained in the Management Letter on the Financial Statement Audit of Liberia Road Asset Management Project (LIBRAMP) Audit Report, 19 or (79%) percent were implemented, 5 or 21% percent were not implemented at all. Details of not implemented recommendations are reiterated/discussed above of the report.

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non- Implementation
<p>No Evidence of Remittance of Withholding Taxes</p> <p>There is no evidence that Management of LIBRAMP remitted withholding taxes on remuneration amounting to US\$110,138.28 from Infrastructure Implementation Unit (IIU) staffers and consultants of the project for services rendered.</p> <p>Recommendation</p> <p>1.1.1.6 The Management of LIBRAMP should facilitate full deduction and remittance of withholding taxes to the LRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000.</p> <p>1.1.1.7 The Management of LIBRAMP should adjust the cash book by the total value of the non-remitted withholding taxes and restate the financial statements</p>	<p>ML of LIBRAMP Pages 7--8 Para. 1.1.1.- - 1.1.1.9</p>	<p>Management's Response</p> <p>PFMU has worked and continues to engage with the stakeholders regarding the provision of GOL flag receipt as evidence of tax payment. The LRA has indicated that the PFMU is not regarded as one of her Collectorates that can issue flag receipt. The issuance of flag receipts will have to go through various approvals levels and in their wisdom, the PFMU cannot issue a flag receipt for the reasons given above. Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account via the LRA tax remittance forms which will be captured by their system and the consultant or vendor can later claim their tax credit from the LRA system.</p>	<p>Not Implemented</p>	<p>PFMU has worked and continues to engage with the stakeholders regarding the provision of GOL flag receipt as evidence of tax payment. The LRA has indicated that the PFMU is not regarded as one of her Collectorates that can issue flag receipt. The issuance of flag receipts will have to go through various approvals levels and in their wisdom, the PFMU cannot issue a flag receipt for the reasons given above. Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account via the LRA tax remittance forms which will be captured by their system and the consultant or vendor can later claim their tax credit from the LRA system.</p>

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
with the adjusted cash balance.				
Auditor General's Position 1.1.1.9 The LIBRAMP Management's assertions are not supported by Section 905 (j) of the Revenue Code of Liberia Act of 2000 Amended in 2011. Therefore, we maintain our findings and recommendations.				

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
Non-Compliance: The Maintenance of Lot 1 Project Camp 1.2.7.3 & .4 The housing accommodation located at Wealla in Margibi County was not adequately maintained. We further observed there was no evidence of 24hrs supply of water and electricity by the contractor (CICO) in keeping with the contract specifications.	ML LIBRAMP Pages 28--30 Para. 1.2.7.1-1.2.7.9	Management's Response 1.2.2.8 Due to ongoing works activities on the urban section of LIBRAMP (Coca cola Factory to ELWA Junction 6.1 km), the Consultant's sought accommodation in Monrovia for efficient supervision of the ongoing road works. The formal handing over the Weala facility to the MPW is been processed. The contractor is under obligation to ensure that maintenance is carried out as required and the facility is handed over to MPW in the condition	Not Implemented	Management's Response Due to ongoing works activities on the urban section of LIBRAMP (Coca cola Factory to ELWA Junction 6.1 km), the Consultant's sought accommodation in Monrovia for efficient supervision of the ongoing road works. The formal handing over the Weala facility to the MPW is been processed. The contractor is under obligation to ensure that maintenance is carried out as required and the facility is handed over to MPW in the condition specified in the contract. The IIU/MPW will therefore follow up to ensure that the handing over is done accordingly.
Recommendation				

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
<p>1.2.7.7 Management should ensure that project assets are maintained in line with the contract deliverables.</p> <p>Auditor General's Position 1.2.7.9 We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit.</p>		specified in the contract. The IIU/MPW will therefore follow up to ensure that the handing over is done accordingly.		

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
<p>1.3.1 Non-Compliance with Socio-Environmental Management Plan</p> <p>1.3.1.1 During the field inspection, we observed a non-compliance of some environmental issue by the contracting entity, CHICO. Further, the following Socio-Environmental issues were identified in Weala and Gbartalla Quarry Sites not being clean-up or disposed of by the contracting entity after</p>	<p>ML LIBRAMP Pages 32-- 35 Para. 1.3.1- 1.3.1.10</p>	<p>Management's Response</p> <p>1.3.1.8 Due to the suspension of maintenance activities as at October 1, 2022 as a result of the nonpayment of GOL contribution of US\$47.8 m to LIBRAMP, depression/settlement in the pavement at this chainage was not repaired.</p> <p>1.3.1.9 Repair works will be carried out as part of maintenance works to be implemented under the US\$45m funding allocation communicated by GOL in January</p>	<p>Not Implemented</p>	<p>Management's Response</p> <p>The Government acknowledged receipt of the Contract Variation Order No. 1 for LIBRAMP (Lot 1 & 2), which contained a schedule of proposed installment payments released to the Contractor, Chongqing International Construction Corporation (CICO), and also finalized and facilitated the signing of the Variation Order No. 1 between CICO and the Government of Liberia through the Ministry of Public Works. Further, the total amount of the initial four payments is \$35 million, while the Minister of Finance confirmed MFDP's obligation to pay the outstanding balance of</p>

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
<p>the suspension of Periodic (Overlay of Asphalt) and Routine Maintenance with the Government of Liberia (GOL). See detail below (table 11 and photo 2(a, b & c)).</p> <p>Recommendation</p> <p>1.3.1.5 Management should ensure the contracting entity comply with the followings: all remaining hazardous materials are disposed of, soils remediated where contamination has occurred, quarry lakes and overburden rehabilitated and made safe.</p> <p>1.3.1.6 Management should ensure the contracting entity (CICO) restore Weala Camp Site and Gbartala Quarry Site to prior or equivalent potential uses;</p> <p>1.3.1.7 Management should ensure that the contracting entity and monitoring consultant comply with environmental and social monitoring workplan to protect</p>		2023 towards LIBRAMP successful completion		<p>US\$17 million to CICO, computed at an interest rate.</p> <p>The Government has not yet made any contribution to its counterpart funding or settled her outstanding obligation of US\$17 million to CICO for LIBRAMP and the project is therefore facing a financing gap for the remaining routine maintenance, periodic maintenance and restoration of quarry and asphalt plants in compliance with Socio-Environmental Management Plan</p>

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
<p>human health and safeguard the environment.</p> <p>Auditor General's Position</p> <p>1.3.1.10 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>				
<p>LOT 2: Field Inspection</p> <p>1.4.1 Non-Compliance with Environmental Standards (Damage to Property)</p> <p>1.4.1.3 During the field inspection, we observed a series of complaints to Monitoring Consultant in Lot 2 Concerning a damage to private property located at one kilometer away from the Pallala Quarry Site. The complaints obtained from two (2) community dwellers in around Pallala Quarry Site</p>	<p>ML LIBRAMP Pages 42-- 45 Para. 1.4.1- 1.3.1.10</p>	<p>Management's Response</p> <p><i>1.4.1.9 The IIU/MPW Environmental and Social Safeguards Team will work with the Contractor and complainant and ensure that this matter is resolved through the existing Grievance Redress Mechanism (GRM) Process.</i></p>	<p>Not Implemented</p>	<p>Management's Response</p> <p>The Government acknowledged receipt of the Contract Variation Order No. 1 for LIBRAMP (Lot 1 & 2), which contained a schedule of proposed installment payments released to the Contractor, Chongqing International Construction Corporation (CICO), and also finalized and facilitated the signing of the Variation Order No. 1 between CICO and the Government of Liberia through the Ministry of Public Works. Further, the total amount of the initial four payments is \$35 million, while the Minister of Finance confirmed MFDP's obligation to pay the outstanding balance of US\$17 million to CICO, computed at an interest rate.</p>

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<p>indicates that their properties were damaged as a result of effect of blasting of the Dynamite by contracting entity (CHICO) where pieces of rocks damaged the roofing and crack the wall of their buildings.</p> <p>1.4.1.4 Further, the communication received from the two community dwellers indicated that the Contractor, CHICO has been informed concerning these environmental problems and no evidence of action taken to address the issues as they are worried due to suspension of works of the contractor. See details below (table 12 and Photo 6(a & b)).</p> <p>Recommendation 1.4.1.6 Management should ensure the contracting entity comply with the followings: all remaining hazardous materials are disposed of, soils remediated where</p>				<p>The Government has not yet made any contribution to its counterpart funding or settled her outstanding obligation of US\$17 million to CICO for LIBRAMP and the project is therefore facing a financing gap for the remaining routine maintenance, periodic maintenance and restoration of quarry and asphalt plants in compliance with Socio-Environmental Management Plan</p>

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
<p>contamination has occurred, quarry lakes and overburden rehabilitated and made safe.</p> <p>1.4.1.7 Management should ensure that the contracting entity and monitoring consultant comply with environmental and social monitoring workplan to protect human health and safeguard the environment.</p> <p>1.4.1.8 Management should ensure that owners of affected properties are duly compensated consistent with the terms of the project.</p> <p>Auditor Position 1.4.1.10 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p> <p>General's</p>				

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
<p>1.4.2 Non-Compliance with Socio-Environmental Management Plan</p> <p>1.4.2.3 During the field inspection, we observed a non-compliance of some environmental issues by the contracting entity, CHICO. Further, the following Socio-Environmental issues were identified in Pallala Quarry Sites not cleaned-up or disposed of by the contracting entity after the suspension of Periodic (Overlay of Asphalt) and Routine Maintenance with the Government of Liberia (GOL). See detail below table 13.</p> <p>1.4.2.4 Additionally, during the field inspection we observed bitumen concrete (Overburden remains), oils, lubricants and waste water used or produced during the execution of the works entering into wetland/stream; some of</p>		<p>Management's Response</p> <p><i>1.4.2.8 This is the result of the suspension of maintenance activities in October 2022. Repair works will be carried out as part of maintenance works to be implemented under the US\$45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.</i></p> <p><i>1.4.2.9 The IIU/MPW Environmental and Social Safeguards Team will work with the Contractor and landowner and ensure that this matter is resolved through the existing Grievance Redress Mechanism (GRM) Process.</i></p>	Not Implemented	<p>Management's Response</p> <p>The Government acknowledged receipt of the Contract Variation Order No. 1 for LIBRAMP (Lot 1 & 2), which contained a schedule of proposed installment payments released to the Contractor, Chongqing International Construction Corporation (CICO), and also finalized and facilitated the signing of the Variation Order No. 1 between CICO and the Government of Liberia through the Ministry of Public Works. Further, the total amount of the initial four payments is \$35 million, while the Minister of Finance confirmed MFDP's obligation to pay the outstanding balance of US\$17 million to CICO, computed at an interest rate.</p> <p>The Government has not yet made any contribution to its counterpart funding or settled her outstanding obligation of US\$17 million to CICO for LIBRAMP and the project is therefore facing a financing gap for the remaining routine maintenance, periodic maintenance and restoration of quarry and asphalt plants in compliance with Socio-Environmental Management Plan</p>

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
<p>Overburden remains were buried within the leased facilities without the awareness of the landowner. Also, we observed that some of the bitumen containers were used by community dwellers in Pallala, Bong county. See detail below Photo 7.</p> <p>Recommendation</p> <p>1.4.2.6 Management should ensure the contracting entity comply with the followings: all remaining hazardous materials are disposed of, soils remediated where contamination has occurred, quarry lakes and overburden rehabilitated and made safe</p> <p>1.4.2.7 Management should ensure that the contracting entity and monitoring consultant comply with environmental and social monitoring workplan to protect human health and safeguard the environment.</p> <p>Auditor General's</p>				

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
Position We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.				