

## **Management Letter**

### **On the Closeout Financial Statements Audit of the Getting to Best Education Project (G2B)**

*For Six Months ended June 30, 2023*



**Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**

June 25, 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 Member of the Association of Chartered Certified Accountants
GAC	General Auditing Commission
G2B	Getting to Best Education Project
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 26, 2024

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

Dear Hon. Jallah:

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS AUDIT OF the Global  
PARTNERSHIP FOR EDUCATION – GETTING to BEST IN EDUCATION PROJECT (GPE-G2B)  
FOR THE PERIOD JULY 1, 2023 TO DECEMBER 31, 2023.**

The Financial Statements of the Global Partnership for Education – Getting to Best in Education Project (GPE-G2B) 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 Financial Statements of Global Partnership for Education – Getting to Best in Education Project for the period July 1, 2023 to December 31, 2023 was 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 GPE-G2B 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 GPE-G2B Project.

Name	Position	Tenure
Prof. D. Ansu Sonii, Sr.	Minister	2018- 2024
Joe Gbasakollie	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 GPE-G2B during the audit.

  
**P. Garswa Jackson Sr. ACCA, 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 3.6 (paragraph 3) of GPE-G2B Project Implementation Manual (PIM) states that “the project will also prepare annual financial statements at the end of the project in accordance with International Public-Sector Accounting Standards cash basis. The annual financial statements will be submitted to the external auditor as soon as possible but not later than two months after the end of each fiscal year of the GoL. The financial statements will comprise, at a minimum: (a) Sources and uses of funds (summary of Expenditures shown under the main program headings and by main categories of expenditures for the period); (b) Accounting Policies applied for the financial statements, including background information on the project, the accounting policies, detailed analysis and relevant explanation of the main accounts/major balances, etc. In addition, the project shall provide, as an annex to the financial statements, an inventory of fixed assets acquired according to asset classes, dates of purchase, location, and cost”.

##### Observation

- 1.1.1.2 During the audit, we observed that Management did not provide or 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 3.6 (paragraph 3) of GPE-G2B Project Implementation Manual (PIM).
- 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 GAC as required by Section 3.6 (paragraph 3) of GPE-G2B Project Implementation Manual (PIM).
- 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 *At the end of each fiscal/calendar year, the project is required to prepare two sets of reports: an interim financial report (IFR) and the unaudited financial report that is required for audit. The IFR is to be ready and submitted 45 days after the end of the quarter and thereafter,*



*the preparation of the Unaudited Financial Report is to be done at the end of the month and submitted by the 15<sup>th</sup> of the following month.*

- 1.1.1.8 *PFMU submitted to GAC all the IFRs that were prepared for every quarter of the entire period of the audit which was adequate for the commencement of the audit. PFMU had to meet its reporting requirements to the World Bank before preparing the IPSAS financial statement that is required by only GAC for the annual audit of the project. We believe that the IFR was sufficient and adequate for the auditor to commence the audit until the IPSAS Financial statements were completed for the entire period under audit.*

**Auditor General’s position**

- 1.1.1.9 Management’s assertion did not adequately address the issues raised. Section 3.6 (paragraph 3) of GPE-G2B Project Implementation Manual (PIM) states that *“the annual financial statements will be submitted to the external auditor as soon as possible but not later than 2 months after the end of each fiscal year of GoL”*. Management submitted the GPE-G2B Financial statements in March 2024 outside the statutory deadline for submission. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

**1.1.2 Non-Explanation of Material Variances**

**Criteria**

- 1.1.2.1 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.
- 1.1.2.2 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**

- 1.1.2.3 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: Comparison of Budget and Actual Amounts**

Activities Within Components	Project Allocation	Annual	Actual Expenditure	Variance
	US\$	US\$	US\$	US\$
Project management and sector program support and coordination	1,720,000.00	505,600.00	487,740.00	17,860.00
<b>Total Cash Payments</b>	<b>10,476,000.00</b>	<b>765,802.00</b>	<b>747,942.00</b>	<b>17,860.00</b>

**Risk**

- 1.1.2.4 The failure to include notes or explanation for material differences between budgetary amounts and actual amounts in the financial statements may deny users of the financial statements the information needed to make informed decision.
- 1.1.2.5 Fair presentation and full disclosure may be impaired.

**Recommendation**

- 1.1.2.6 Management should adjust the financial statements and include in the notes to the financial 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.
- 1.1.2.7 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**

- 1.1.2.8 *The variance was as a result of project closure audit fees that was placed into an escrow account and the balance of unutilized funds that was transferred to the World Bank Disbursement Office after the closure of the disbursement window. (See attached Exhibit I: Revised Financial Statement).*

**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 Stale Checks**

**Criteria**

- 1.1.3.1 PFMU financial procedures manual section 6.5.1 states that all Cash Books shall be reconciled monthly to the bank statements within five working days of the month end. Differences arising there from shall be investigated and resolved promptly. Un-presented cheques will be written back in the Project’s books of accounts one month after the negotiable period of six months has elapsed.
- 1.1.3.2 Regulation R.6 of the PFM Act of 2009 as Amended and Restated 2019 states, “Checks issued by the Republic of Liberia shall be valid for a period of six months from the date of issue. The Minister is authorized to have printed or stamped on government checks a legend stating that each cheque must be cashed within six months of the date of issue”.



- 1.1.3.3 Regulation R.7 of the PFM Act of 2009 as Amended and Restated 2019 states, “If a check becomes invalid by virtue of regulation R.6 above, payment of the check may nonetheless be effected, if within 18 months of the date of issue, the payee or holder in due course presents the check to the Minister. If satisfied that there is no doubtful question of law or fact concerning its payment, the Minister shall cancel and perforate it and issue a new check in lieu of thereof in the same amount in favor of the person presenting the check”.

**Observation**

- 1.1.3.4 During the audit, we observed that Management did not write back in the project’s cash book seven (7) staled checks in the total amount of US\$10,837.30. These checks have been outstanding beyond the period of six (6) months. **See table 2 below for details:**

**See table 2 below for details:**

No.	Description (Outstanding Check, Deposit In Transit	Reconciling Date	Item PV Number	Outstanding Check Above 6 Months	Amount US\$
1.	General revenues	9-Feb-21	2021/055	28	1,304.00
2.	General revenues	1-Nov-20	2021/114	32	65.00
3.	General revenues	1-Nov-20	2021/99	32	3,156.00
4.	General revenues	3-Mar-21	2021/056	25	3,746.07
5.	General revenues	18-Nov-20	2021/039	31	1,563.23
6.	General revenues	18-Nov-20	2021/078	31	481.00
7.	General revenues	19-Jul-22	2022/214	11	522.00
<b>Total</b>					<b>10,837.30</b>

**Risk**

- 1.1.3.5 Management may be non-compliant with Regulations R.6, R.7 of the PFM Act of 2009 as Amended and Restated 2019 and Section 6.5.1 PFMU financial procedures manual.
- 1.1.3.6 Outstanding cheques for over six months may lead to misstatement of expenditure and subsequently the financial statements.

**Recommendation**

- 1.1.3.7 Management should perform a comprehensive review of all outstanding cheques issued beyond the statutory period, notify legitimate payees to return overdue legitimate cheques, cancel/ perforate the overdue cheques and reissue same consistent with Regulation R.7 of the PFM Act of 2009 as Amended and Restated 2019. The cashbook should be adjusted accordingly to reflect the reversals and the comprehensive details of the new cheques issued.
- 1.1.3.8 Evidence of cancelled cheques and journal vouchers for reversals to the cashbook should be adequately documented and filed to facilitate future review.



**Management’s Response**

- 1.1.3.9 Specifically, these tax payments were not made at their due dates owing to the aforementioned bureaucracy and difficulty that we continue to experience with tax remittances to the LRA; thus, a reversal was done for these tax payments in the cashbook on October 31, 2023. Kindly find attached the ledgers and journal voucher as reference for the US\$10,837.30. (See attached Exhibit II: Ledgers and Journal Vouchers).

**Auditor General’s Position**

- 1.1.3.10 Management’s assertion did not adequately address the issues raised. The staled checks were outstanding eleven (11) to thirty-two (32) months beyond the statutory period.
- 1.1.3.11 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

**1.1.4 Non-Remittance of GST**

**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 remit the total amount of US\$10,837.30 as GST to LRA. This issue was raised during our last audit, but Management failed to address our finding and recommendations. **See table 3 below for details.**

No.	Description (Outstanding Check, Deposit in Transit	Reconciling Item Date	PV Number	Outstanding Check Above 6 Months	Amount US\$
1.	General revenues	9-Feb-21	2021/055	28	1,304.00
2.	General revenues	1-Nov-20	2021/114	32	65.00
3.	General revenues	1-Nov-20	2021/99	32	3,156.00





No.	Description (Outstanding Check, Deposit in Transit)	Reconciling Item Date	PV Number	Outstanding Check Above 6 Months	Amount US\$
4.	General revenues	3-Mar-21	2021/056	25	3,746.07
5.	General revenues	18-Nov-20	2021/039	31	1,563.23
6.	General revenues	18-Nov-20	2021/078	31	481.00
7.	General revenues	19-Jul-22	2022/214	11	522.00
<b>Total</b>					<b>10,837.30</b>

### Risk

- 1.1.4.4 Failure to remit taxes withheld, 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-remittance of withholding taxes 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 remitting withholding taxes to the LRA.
- 1.1.4.8 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.
- 1.1.4.9 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 including original copies of flag receipts for withholding taxes payments and all other relevant supporting records should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.1.4.10 *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 Collectrates 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 process.*
- 1.1.4.11 *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.*

- 1.1.4.12 *Specifically, these tax payments were not made at their due dates owing to the aforementioned bureaucracy and difficulty that we continue to experience with tax remittances to the LRA; thus, a reversal was done for these tax payments in the cashbook on October 31, 2023. (See attached Exhibit III: Ledgers and Journal Vouchers).*

**Auditor General's Position**

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

**1.1.5 Inappropriate Disclosure of Reporting Period**

**Criteria**

- 1.1.5.1 Paragraph 1.4.1 of the IPSAS Cash Basis of Accounting states, "the general-purpose financial statements shall be presented at least annually. When in exceptional circumstances, an entity's reporting date changes and the annual financial statements are presented for a period longer or shorter than one year, an entity shall disclose in addition to the period covered by the financial statements:
- The reason(s) for a period other than one year being used; and
  - The fact that comparative amounts may not be comparable

**Observation**

- 1.1.5.2 During the audit, we observed that the reporting period of the project financial statements was six months. However, there was no disclosure in addition to the period covered in the financial statements to provide reason(s) for a period shorter than one year.

**Risk**

- 1.1.5.3 The non-disclosure of reasons for a period other than one year being use for preparation and presentation of financial statements may impair the understandability of financial information and the achievement of fair presentation of the financial statements.
- 1.1.5.4 Fair presentation and full disclosure of the financial statements may be impaired.

**Recommendation**

- 1.1.5.5 Management should adjust the financial statements and include in the notes to the financial statements the reason(s) for a period shorter than one year. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.1.5.6 Going forward, Management should ensure that the financial statements have adequate disclosure notes on the reporting period for preparation and presentation of financial statements.





**Management’s Response**

- 1.1.5.7 *When the project closed in June, 2023, there was a four-month disbursement window within which all financial obligations were to be completed on or before the closure date. In this case for the Getting to Best Education project, we had that leverage and those commitments were settled. However, we take note of the auditor’s recommendation. Kindly see attached the financial statement with the disclosure of the revised reporting period. (See attached Exhibit I: Revised Financial Statement).*

**Auditor General’s Position**

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

**1.1.6 Unreconciled Cash Balances**

**Criteria**

- 1.1.6.1 Count 6.5.1 of the PFMU Financial Procedure Manual revised February 2020 states that, “All cash books shall be reconciled monthly to the bank statements within 10 working days of the month end. Differences arising there from shall be investigated and resolved promptly”.
- 1.1.6.2 Also, count 6.5.3 states that, “The PFMU Manager shall ensure that all reconciliation differences are properly and promptly investigated with a view to regularize them. To this end, all bank reconciliation statement prepared by the Assistant Project Accountant (APA) shall be review by the Internal Auditor and approved by the Unit Head or Senior Accountant”.

**Observation**

- 1.1.6.3 During the audit, we observed that the closing cash balance reported at the closeout date of the project in the bank reconciliation statement as at June 30, 2023 was US\$231,941.37 whereas, the financial statements reported a closing cash balance of US\$18,043.00 resulting in a variance of US\$223,838.37.

**Risk**

- 1.1.6.4 Closing cash balance and subsequently the financial statements may be misstated.
- 1.1.6.5 Management may not account for all transactions of the project.

**Recommendation**

- 1.1.6.6 Management should reconcile the variance observed between closing cash balance and the financial statements and adjust the financial statements where applicable. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management’s response to this Management Letter.
- 1.1.6.7 Going forward, Management should perform a monthly reconciliation between the bank balances per the bank statements and cumulative fund balance reported in the general ledger. Variances identified should be investigated and adjusted where applicable in a timely manner.





### Management's Response

- 1.1.6.8 When the project closed in June, 2023, there was a four-month disbursement window within which all financial obligations were to be completed on or before the closure date. In this case for the Getting to Best Education project, we had that leverage and those commitments were made. As a result of the foregoing, the initial report that was submitted to auditor took into consideration the period when all the commitments were made; thus, arriving at the balance of US\$18,043 which consisted of the audit fee that was placed into escrow account and the unutilized funds that were transferred back to the World Bank. However, the report has been revised to reflect June 30<sup>th</sup> balance as requested by the audit team. Please see attached the revised report. (See attached Exhibit I: Revised Financial Statement).

### Auditor General's Position

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

### 1.1.7 Non-disclosure of Schedule of Commitments

#### Criteria

- 1.1.7.1 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.
- 1.1.7.2 Paragraph 1.3.27 of the 2017 revised IPSAS Cash Basis Accounting framework states "financial statements shall present information that is:
- a) Understandable
  - b) Relevant to the decision-making and accountability needs of users
  - c) A faithful representation of the cash receipts, cash payments and cash balances of the entity and other information disclosed in the financial statement that is:
    - i) complete;
    - ii) neutral; and
    - iii) free from material error;
  - d) Comparable;
  - e) Timely; and
  - f) Variable constraint on information included in financial statements is that it is material, satisfies cost-benefits assessment, and achieve an appropriate balance between the qualitative characteristics identified in (a) to (f) above.

#### Observation

- 1.1.7.3 During the audit, we observed that the financial statements provided by Management did not disclose in the notes to the financial statements schedule of commitments as encouraged.

#### Risk

- 1.1.7.4 Fair presentation and full disclosure may be impaired.



- 1.1.7.5 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**

- 1.1.7.6 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.
- 1.1.7.7 Going forward, Management should facilitate full and adequate disclosures in the notes to the financial statements consistent with Paragraph 7.10 of the Project Implementation Manual (PIM).

**Management's Response**

- 1.1.7.8 *The revised financial report has addressed this query. Kindly find attached commitments in the revised report. (See attached Exhibit I: Revised Financial Statement).*

**Auditor General's Position**

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

**1.1.8 Unapproved Transfer within Components**

**Criteria**

- 1.1.8.1 Regulation E16 (1) of the PFM Regulations of 2009 states that "accept as provided for in the Public Management Act 2009, and these regulations, a head of government agency may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities".

**Observation**

- 1.1.8.2 During the audit, we observed that Management transferred without evidence of authorization from several components to component 5: Project Management and Sector Program Support and Coordination resulting into excess expenditure for component 5 amounting to US\$213,953.73. **See table 3 below for details.**

**Table 3: Unapproved Transfer within Components**

Activities Within Components	Project Allocation US\$ A	Actual Expenditure US\$ B	Amount Transfer US\$ C=(A-B)	%
Component 1: Improving the quality and access to ECE in targeted counties	2,330,000.00	2,220,516.88	109,483.12	20.28
Component 3: Improving school management accountability and	1,900,000.00	1,795,529.39	104,470.61	20.29





Activities Within Components	Project Allocation US\$ A	Actual Expenditure US\$ B	Amount Transfer US\$ C=(A-B)	%
system monitoring				
<b>Total Transferred</b>			<b>213,953.73</b>	

#### Risk

- 1.1.8.3 Transfer of fund from one component to another without evidence of authorization may lead to misapplication/misappropriation of project's fund.
- 1.1.8.4 Approved activities within a given component of the project may not be achieved due to unauthorized of fund.

#### Recommendation

- 1.1.8.5 Management should provide substantive justification for transferring funds from one component to another without evidence of authorization.
- 1.1.8.6 Going forward, Management should request and obtain due authorization from the relevant authority before funds are transferred from one component to another. Evidence of authorization for amendment to budget, approved recast budget and all other relevant supporting records should be adequately documented and filed to facilitate future review.

#### Management's Response

- 1.1.8.7 *All transfers within components were approved by the Grant Agent (World Bank) and the GoL. The project went through a formal restructuring and the financing agreement was amended. Please find attached copies of the approved restructuring paper and the amended financing agreement. (See attached Exhibit IV: Restructured Documents).*

#### Auditor General's Position

- 1.1.8.8 We acknowledge Management's subsequent submission of supporting documents after our audit execution. However, Management provision of documents after our review does not guarantee Management effective control of document management.
- 1.1.8.9 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should ensure that copies of transfer requests, no objections, debit instructions, reports and all relevant supporting records are adequately documented and filed to facilitate future review.

### 1.1.9 Inconsistency in Cash Balances

#### Criteria

- 1.1.9.1 Part 1.3.15 of the Revised Cash Basis IPSAS (November 2017) requires all entities to present a statement of cash receipts and payments which discloses beginning and closing cash



balances of the entity, to cash receipts and total cash payments over the reporting period, and major sub-classification thereof. This will ensure that the financial statements provide comprehensive information about the cash balances of the entity and changes therein over the period in a format that is accessible and understandable to users.

**Observation**

- 1.1.9.2 During the audit, we observed that the cash balances reported in the financial statements were not consistent. The statement of cash receipts and payments reported a cash balance of US\$18,043.00 whereas the statement of financial position reported a cash balance of US\$18,073.00 resulting in a variance of US\$30.00.

**Risk**

- 1.1.9.3 The completeness and accuracy of the financial statements may not be assured. Therefore, the financial statements may be misstated.
- 1.1.9.4 Management may not account for all of its transactions.

**Recommendation**

- 1.1.9.1 Management should analyze the variance between the statement of cash receipts and payments and the statement of financial position and adjust the financial statements where applicable. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.1.9.2 Going forward, Management should ensure that account balances in the Statement of Receipts and Payments reconcile to the account balances reported in the Statement of Financial Position. Gaps identified should be investigated and adjusted where applicable in a timely manner.

**Management's Response**

- 1.1.9.3 *The revised financial report has addressed this query. (See attached Exhibit I: Revised Financial Statement).*

**Auditor General's Position**

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

**1.1.10 Third-Party Payment made to Employees**

**Criteria**

- 1.1.10.1 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**

- 1.1.10.2 During the audit, we observed that Management made payments amounting to US\$27,600.00 to Gbolu P. Goldore, an employee of the MOE on PV# GPEG2B/2023/055 as transportation reimbursement, hall rental, and feeding instead of direct payments to beneficiaries through bank transfer or cheques. **See table 4 below for details.**

**Table 4: Third Party Payments**

No.	Vendor/Payee	Nature of the Transaction	Amount (\$)
1.	Alice B. Catering and Design Services	Payment for catering, breakfast and lunch	9,600.00
2.	Abby Enterprise	Printing of modules and certificates	1,360.00
3.	Abby Enterprise	Payment of assorted stationery	640.00
4.	Aware International School System	Hall for cluster training	3,000.00
5.	Forth-Eight (48) individuals	Transportation reimbursement-CEO	13,000.00
<b>Total</b>			<b>US\$27,600.00</b>

**Risk**

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

**Recommendation**

- 1.1.10.5 Management should initiate and complete all procurement processes as required by the PPCC and the Public Financial Management Act.
- 1.1.10.6 All payments for goods and services procured by the entity should be made directly to the vendor or its legally authorized representative.
- 1.1.10.7 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

**Management’s Response**

- 1.1.10.8 *This activity was conducted by staff of the Kakata Rural Teacher Training Institute (KRTTI), DEOs, and staff of the MoE’s Bureau of Teacher Education. The payment was made by a staff of the Project Financial Management Unit (PFMU) at the Ministry of Finance and Development Planning, which has fiduciary responsibility under the project. We could not have paid the money to KRTTI given the nature and arrangement of the activity, especially considering that KRTTI is not among the implementing agencies approved by the World Bank to receive direct funding from the project. We needed some level of assurance to ensure that this payment was made to the legitimate participants. So, we agreed for PFMU to make direct payments to the participants based on attendance and participation records.*





**Auditor General’s Position**

1.1.10.9 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.

**1.1.11 Payments without Competitive Procurement Process**

**Criteria**

1.1.11.1 Part V– section 46. 1 of the Public Procurement and Concessions Act states that public procurement shall be undertaken by means of advertised open bid proceedings, to which equal access shall be provided to all eligible and qualified bidders without discrimination, subject only to the exceptions provided under this Part for particular methods of procurement.

**Observation**

1.1.11.2 During the audit, we observed that Management made payments for hall rental and catering services without evidence of competitive procurement processes amounting to US\$6,940.00.

**See Table 5 below for details:**

**Table 5: Payments without competitive procurement process**

No.	Vendors/Payee	Nature of Transaction	PV Number	Check No	Amount USD
1	Zenith Multipurpose Company	payment for vehicle rental services in Bomi county	GPE/2023/021	00454027	3,240.00
2	Peace Empire Hotel	Representing hall rental services provided for the JESR 2023 in Ganta, Nimba activities	GPE/2023/027	00538438	3,700.00
<b>Total:</b>					<b>6,940.00</b>

**Risk**

- 1.1.11.3 Management may be non-compliant with Part V– Section 46.1 of the Public Procurement and Concessions Act.
- 1.1.11.4 Management may be non-compliant with the approved procurement methods which may impaired the achievement of value for money.
- 1.1.11.5 The absence of competitive procurement process may lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.



1.1.11.6 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.

**Recommendation**

1.1.11.7 Management should provide substantive justification for not competitively hiring the services of vendors for the procurement transactions mentioned above.

1.1.11.8 Management should ensure that the requisite procurement methods are utilized for all procurement transactions to achieve value for money and ensure compliance to the PPC Act of 2005 as amended and restated in 2010. Accordingly, Management should ensure that procurement processes are lunched to competitively hired potential legitimate vendors.

**Management’s Response**

1.1.11.9 *The aforementioned payment was done through a competitive procurement process. Probably, the requested documents were inadvertently not attached to what was given to the auditor. Please find attached all supporting documents for the referenced procurement process. (See attached Exhibit V: Procurement Documents).*

**Auditor General’s Position**

1.1.11.10 Management’s assertions were not supported by adequate documentation. Management provided no evidence of competitive procurement processes such as short-listed vendors, Request for Quotations (RFQ) and Framework contract etc. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

**1.1.12 Payments without Adequate Supporting Documentation**

**Criteria**

1.1.12.1 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.

**Observations**

1.1.12.2 During the audit, we observed that Management made payments amounting to US\$19,663.29 without evidence of supporting documents such as payment vouchers, delivery notes and invoices to validate the authenticity of the transactions. **See table 7 below for details:**

**Table 7: Payments without Supporting Documentation**

#	Payee	Nature of Transaction	PV No.	Check No.	Amount USD
1	Marian Cegbe	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538606	700.00
2	Edwin Myers	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538608	700.00





#	Payee	Nature of Transaction	PV No.	Check No.	Amount USD
3	Lyndon Gayden	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538417	700.00
4	J. Konvah Kromah	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008		700.00
5	Forster Madison	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538424	700.00
6	Henry J. Bodour	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538425	700.00
7	Samuel P. Sasey	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538427	700.00
8	Leroy Poe	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538430	700.00
9	Vivian Davis	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538433	700.00
10	Theophilu N. McIntosh	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538431	700.00
11	Blessing Saylee	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538429	700.00
12	Hallie A. Joshua	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538607	700.00
13	Marcus Dantee	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538423	700.00
14	NP Liberia Limited	Supply of fuel for GRM Vehicle	GPE/2023/042	0053844	8,819.29
15	NP Liberia Limited	Supply of fuel for School Grant final review and monitoring activities/NP Liberia Limited	GPE/2023/037	00136619	1,044.00
16	Rose F. Jackson	DSA, Fuel, & Communication Cards to conduct the post enumeration survey.	GPEG2B/2023/008	00538422	700.00
<b>Total</b>					<b>19,663.29</b>

### Risk

- 1.1.12.3 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.
- 1.1.12.4 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.1.12.5 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.

### Recommendation

- 1.1.12.6 Management should account for transactions without adequate supporting document cataloged in the table above.
- 1.1.12.7 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.

- 1.1.12.8 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.
- 1.1.12.9 All relevant supporting records should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.1.12.10 *The auditor's assertions are incorrect. All relevant supporting documents were attached to the payment vouchers referenced. The fuel supplied by NP Liberia Limited was meant for GRM-related M & E and community-based ECE follow-ups. The relevant procurement documents (framework agreement, delivery note credit invoice) are all attached. Regarding the post-enumerator survey, the activity in remote areas with no or limited means for invoices and voucher systems. The best evidence of the work is the school census report, which was approved and published. The post-enumerator survey report is also attached. (See attached Exhibit VI: Payment Vouchers).*

**Auditor General's Position**

- 1.1.12.11 We reviewed the documents subsequently submitted by Management after our audit execution. Therefore, we have adjusted the transactions without supporting documents to (US\$19,663.29 – US\$14,321.29) US\$5,342.00 to be accounted for by Management. Going forward, Management should ensure that information requested for audit purposes.



**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	The GPE-G2B Project 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	
2	Financial Statements submitted after deadline date	Management should facilitate the timely preparation of financial statements and subsequent submission of same to the GAC as required by Section 3.6 of GPE-G2B Project Implementation Manual (PIM).  Evidence of approved financial statements should be adequately documented and filed to facilitate future	1.1.2	PFMU submitted to GAC all the IFRs that were prepared for every quarter of the audit which was adequate for the commencement of the audit. PFMU had to meet its reporting requirements to the World Bank before preparing the IPSAS financial statement that is required by only GAC for the annual audit of the project	We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit.	Not Implemented	Done	

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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		review.		We believe that the IFR was sufficient and adequate for the auditor to commence the audit until the IPSAS Financial statements were completed for the entire period under audit.				
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.	1.1.3	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.
4	Inconsistent Comparable Figures in the Financial	Management should adjust the financial statements and disclose in the notes to the financial statements why it was impractical to present comparable figures, as the	1.1.4	This was earlier communicated and subsequently addressed in the revised financial statement.	We acknowledge Management's acceptance of our findings and	Done		





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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
	Statements	project had activities for only six (6) months in the immediate prior year.			recommendations and subsequent adjustment of the financial statements.			
5	Payments without procurement process	<p>Management should adequately comply with the required procurement process to ensure that value for money is achieved.</p> <p>Evidence of procurement activities records should be adequately documented and filed to facilitate future review.</p>	1.1.5	The Halls that were paid for were ideally identified based on their capacity and targeted participants. The majority of the Caterers in the counties where the activities were carried out could not pre-finance the activities. Hence, the activities were given to the ones who agreed to pre-finance. They were all legitimate businesses/vendors. A Note to File was attached to the concept note for these activities outlining the reasons above	Management's assertion does not adequately address the issues raised. Management should have initiated procurement processes using the Request for Quotation procurement method base on the estimated contract price, select and approve a	Not implemented	Done	



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					<p>vendor through a framework contract and utilized the selected and approved vendor as and when the service was needed. The framework contract terms should not exceed 12 calendar months.</p> <p>Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our</p>			





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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
					recommendations during subsequent audit.			
6	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>	1.1.6	<p>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 process.</p> <p>Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made</p>	Management's assertion does not adequately address the issues raised and is not supported by documentary evidence. As asserted in Management's response, withholding taxes were not remitted in a timely manner. Therefore, we maintain our findings and recommendations. We will	Done	Taxes were fully remitted with evidence of receipts	



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				<p>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>	follow-up on the implementation of our recommendations during subsequent audit.			





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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
7	Unsupport ed School Grant Expenditur e	<p>Management should ensure that the grant expenditures are adequately supported by original copies of receipts and liquidation reports to justify the regularity of the transactions.</p> <p>Evidence of all relevant supporting records should be adequately documented and filed to facilitate future review.</p>	1.1.7	We acknowledge the auditor's recommendation on the school grants. Future school grant activities will definitely ensure improved accountability. However, it is good to confirm from the draft audit report that many schools implemented the school grant following the implementation guidelines, while other schools struggled to meet the compliance requirements, especially those related to evidence of expenditure. Throughout our monitoring visits, this issue was observed. However, the impact of the grant cannot be underestimated, given the many testimonials we have received from the beneficiaries, as evidenced by the recent final school grants monitoring report shared with the audit team. In terms of materiality, the	We acknowledge Management's acceptance of our findings and recommendati ons. We will follow-up on the implementatio n of our recommendati ons during subsequent audit.	Done	Reviewe d of docume nts show that school grant records was supporte d	



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				<p>variance reported is less than 5% of the total grant (US\$120,420.00) provided to the 100 ECE schools visited by the audit team. Management has requested the administrators of the ECE School grant to provide the remaining 5% documentation to fully liquidate the funds and failure to do will lead to restitution of the outstanding balance.</p> <p>There could be several factors that may have contributed to the missing financial documents at the schools identified above. First, some schools are still struggling to maintain a good record system- something that our school grants team has been working on to ensure improvement in the schools'</p>				





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				record system. The remote location of some of these schools with limited or no network did not allow those schools to benefit from our regular phone calls from the school grants team as part of routine coaching on the implementation of the guidelines. Second, the lack of banks in the county and the geographical locations of some schools resulted in expenditures outside of the approved allocation in 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				



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				in the guidelines, it was likely to find issues of noncompliance.				

