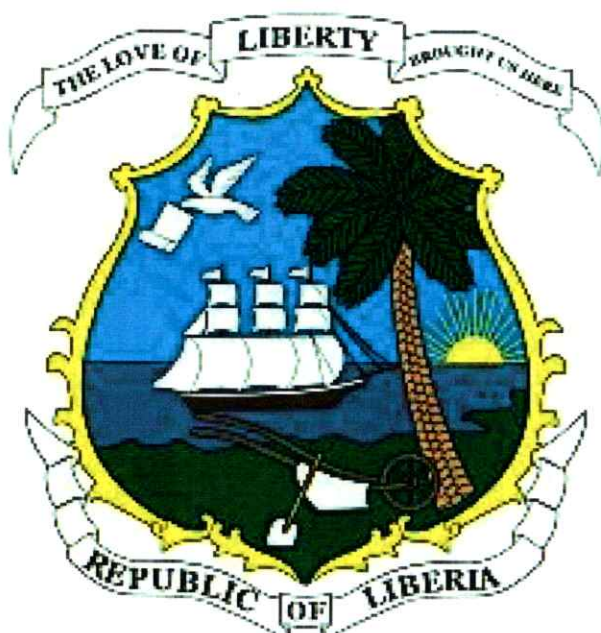




Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On The Compliance Audit of the of
the Procurement Management
Systems of the Smallholder
Agriculture Development for Food
& Nutrition (SADFONS) Project**

**For the Year Ended December 31,
2024**

May 2025

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

Republic of Liberia



TRANSMITTAL LETTER

June 27, 2025

Hon. J. Alexander Nuetah, PHD
Minister
Ministry of Agriculture
New Ministerial Complex, Congo Town
Montserrado County, Liberia

Dear Hon. Nuetah:

We have undertaken a compliance Audit of the Smallholders Agricultural Development Food & Nutrition Security Project (SADFONS) for the fiscal year ended December 31, 2024. The audit was conducted in line with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Findings conveyed in this report were formally communicated to the PIU of the Smallholders Agricultural Development Food & Nutrition Security Project (SADFONS) for their responses. The reportable issues were submitted through a Management Letter. Where responses were provided, they were evaluated and incorporated in this report.

Given the significance of the matters raised in this report, we urge the Authority of the Ministry of Agriculture to consider the implementation of the recommendations conveyed in this report with urgency.

P. Garswa Jackson ACCA, CFIP, CFC
Auditor General, R.L.



Monrovia, Liberia
June 2025

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Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
AG	Auditor General
FCCA	Fellow of the Association of Chartered Certified Accountants
CFC	Certified Forensic Consultant
CFIP	Certified Forensic Investigation Professional
RL	Republic of Liberia
PHD	Doctor of Philosophy
GAC	General Auditing Commission
PPC Act	Public Procurement Concession Act
GAfsp	Global Agriculture and Food Security Program
PMU	Project Management Unit
SADFONS	Smallholder Agriculture Development for Food & Nutrition Security
GoL	Government of Liberia
NCO	National Coordinating Office
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MFDP	Ministry of Finance and Development Planning
MOA	Ministry of Agriculture
PFM	Public Financial Management
PIU	Project Implementation Unit
TOR	Term of reference

June 26, 2025

Hon. J. Alexander Nuetah, PHD
Minister
Ministry of Agriculture
New Ministerial Complex, Congo Town
Montserrado County, Liberia

**AUDITOR GENERAL'S REPORT ON THE COMPLIANCE AUDIT OF THE SMALLHOLDER
AGRICULTURE DEVELOPMENT FOR FOOD & NUTRITION SECURITY (SADFONS) FOR
THE FISCAL PERIOD ENDED DECEMBER 31, 2024.**

Conclusion

We have conducted a compliance audit of Smallholder Agriculture Development for Food & Nutrition Security (SADFONS) for the fiscal period ended December 31, 2024 consistent with the Auditor General's mandate as provided for under section 2.1.3 of the General Auditing Commission (GAC) Act of 2014, and the Audit Engagement Terms of Reference (ToR).

Based on the audit work performed, the subject matter is in all material respect, in compliance with the MOA Financial Management Policies and Procedures Manual, Financing Agreement between the Government of Liberia and the African Development Bank (AFDB), the Project Appraisal Documents (PAD), and, the Public Procurement and Concession Act of 2005, as Amended and Restated 2010 and its Regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). We are independent of the Project Implementing Unit (PIU) of the Ministry of Agriculture (MoA) in accordance with the ethical requirements that are relevant to conduct compliance audit in Liberia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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



Monrovia, Liberia
June 2025

Background of the Audit

The Compliance Audit of the Smallholders Agricultural Development Food & Nutrition Security Project (SADFONS) was commissioned under the Auditor General (AG) mandate as provided for under Section 2.1.3 of the GAC Act of 2014.

Functions and Responsibilities of the SADFONS

The Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) project seeks to improve food and nutrition security and reduce the poverty of targeted rural populations in Liberia. This will be achieved through

- (i) increased agricultural productivity and production of smallholder farmers (with a focus on food crops such as rice, cassava, and vegetables),
- (ii) improved smallholders' value addition, market access and income, and
- (iii) strengthening the capacity of the government institutions, farmers, and producer organizations.

The Project area will cover six counties over five years. The project consists of three components, namely:

- I. Support smallholder agricultural productivity and market access,
- II. Institutional Strengthening and Capacity building and

Project management and coordination. The total project cost is estimated at US\$ 9.08 million, of which the Global Agriculture and Food Security Program (GAFSP) will finance US\$ 8.2 million, African Development Fund UA 300,000 (US\$ 429,027) and the Government of Liberia (GoL) US\$ 453,000.

Key Management Personnel

#	Name	Title/Position Held	Period/ Tenure
1.	Dr. Alexander Nuetah, PHD	Minister - MOA	2024- Present
2.	J. Dennis Wiagbe, Jr.	Project Coordinator – SADFONS/MOA	2022- Present
3.	Bob Fassah	Project Accountant/ SADFONS	2022- Present
4.	Mohammed L. Kamara	Procurement Officer	2022- Present

Audit Objectives

The objective of the compliance audit, according to the International Standards of Supreme Audit Institutions, ISSAI 4000, is to provide the intended user(s) with information on whether the audited public entity follows legislative decisions, laws, legislative acts, policy, established codes and agreed upon terms.

The standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the subject matter: Performance of Procurement Procedures and Contract management are in all material respect, in compliance with provisions of the Financing Agreement (FA) and as reflected in the most recent approved Procurement Plan; (ii) verify physical and technical compliance of deliveries in relation with the disbursement rate; and (iii) review the EA's procurement capacity to fulfil its fiduciary mandate.

Audit Criteria

The audit criteria for the subject matter were Financing Agreement between the Government of Liberia and the African Development Bank (AFDB), the Project Appraisal Documents (PAD), legislative decisions, PFM Act, Policy, established codes, and, the Public Procurement and Concession Act of 2005, as Amended and Restated 2010 and its Regulations and agreed upon terms.

Subject Matter and Scope

Validation of the SADFONS Procurement Management Systems of the programs financed through grants provided by the African Development Bank (AFDB) for the fiscal year ended December 31, 2024 with special emphasis on (a) procurement of goods, services, and Consultants; and (b) Internal Control Systems of SADFONS.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require the audit to be planned and executed to obtain reasonable assurance that procurement activities were carried out in all material respects in compliance with applicable laws and regulations.

This audit 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.

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.

Audit Methodology

This audit was based on the term of reference (ToR) with the African Development Bank, documents analyzed including the approved procurement plan, interviews and meetings held with responsible persons at the Ministry of Agriculture, Project Officers/Staff.

The audit was conducted in accordance with ISSAI 4000. The standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable or limited assurance about whether the subject matter is/is not in all material respects, in compliance with the MOA Financial Management Policies and Procedures Manual, Public Financial Management Act 2009 amended and restated in 2019 and its Regulations and AFDB Guidelines for Procurement Management Systems.

Limitation of Responsibility

The audit involves performing procedures to obtain audit evidence about the subject matters' compliance with applicable authorities identified as criteria. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material non-compliance of the subject matter, whether due to fraud or error.

*Auditor General's Report on the
Compliance Audit of the Procurement Management of the Smallholders Agricultural Development Food & Nutrition
Security Project for the fiscal year ended December 31, 2024*

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material non-compliance may not be detected, even though the audit is properly planned and performed in accordance with the ISSAIs. In making our risk assessments, we considered internal control relevant to the subject matter, but not for the purpose of concluding on the effectiveness of the entity's internal control.

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Procurement Management

1.1.1 Irregularities Associated with Procurement Management

Criteria

- 1.1.1.1 Section 30 (1 and 2) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: "(1) Each Procurement Committee shall constitute a Bid Evaluation Panel with the required expertise as and when required to evaluate bids solicited by the Procuring Entity. (2) A Bid Evaluation Panel shall be responsible for the evaluation of bids in accordance with the predetermined and Published evaluation criteria as outlined to bidders in the bid documents in accordance with this Act and shall prepare and submit evaluation reports and recommendations for award for the consideration of the Procurement Committee or the Head of the Procuring Entity as provided in the Schedule".
- 1.1.1.2 Section 32 (1, 2 and 3) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: (1) "In order to participate in procurement proceedings, a bidder must qualify by meeting the criteria set by the Procuring Entity, which will normally include evidence of: (a) Professional and technical qualifications; (b) Equipment availability, where applicable; (c) Past performance; (d) After-sales service, where applicable; (e) Spare parts availability; (f) Legal capacity; (g) Financial resources and condition; and (h) Verification by the internal revenue authority of payment of taxes and social security contributions when due. (2) The qualification criteria set forth in subsection (1) of this Section shall be applied by examining, through investigation and collaboration with other relevant agencies, to ascertain whether or not the bidder meets the minimum qualification criteria established for the bid and not by using a point system for comparing the relative level of qualifications of participating bidders. (3) The Procuring Entity shall be entitled to demand qualification documentation from potential bidders in formal prequalification proceedings, or as a required component of a bid submission".
- 1.1.1.3 Page I of the PMU Operations Manual Volume I- Administration and Finance states: "The manual provides guidelines and instructions for the administrative, financial management, procurement operations, and monitoring and evaluation of the PMU. It serves as an orientation and resource for PMU and MOA Staff as well as representatives of International Funding Institutions (IFIs) and other partners. The PMU Operations Manual is divided into three separate volumes: Volume I – Administration and Finance, Volume II – Procurement, and Volume III – Monitoring and Evaluation.
- 1.1.1.4 Furthermore, The manual is intended to be used by: a) Staff of the PMU; b) Staff of the MOA; and c) representatives of the participating GOL ministries and agencies (e.g.

Ministry of Public Works - MPW, Ministry of Finance - MOF, Ministry of Planning and Economic Affairs - MPEA, Civil Service Agency - CSA, etc.); d) representatives of IFIs and other partners (including African Development Bank - AfDB, International Fund for Agriculture Development - IFAD, World Bank - WB, etc.); and e) internal and external auditors.

- 1.1.1.5 The manual should be used in conjunction with the Financing Agreements, Disbursement Letters, and Project Appraisal Documents as well as other policies and procedural manuals of the AfDB, IFAD, WB, and other IFIs and partners. In addition, the manual should be used alongside the Public Procurement and Concession Act 2010 (PCCA 2010) and the Financial Management Act 2009 (PFM Act 2009) and their regulations, as well as the Financial Management Manual of GOL.

Observation

- 1.1.1.6 During the audit, we observed the following irregularities associated with the procurement system:
- There was no functional procurement committee evidenced by the absence of meeting minutes.
 - No evidence of Procurement Manual/Policy (Volume II) in the approved PMU Manual.

Risk

- 1.1.1.7 In the absence of a functional procurement committee, the entity's procurement processes may be discretionary.
- 1.1.1.8 Management may not adequately account for its procurement activities and impair effective monitoring of its procurement activities by the PPCC.
- 1.1.1.9 In the absence of a Procurement Manual/Policy, the entity's procurement processes may be performed on a discretionary basis. Management may be non-compliant with the PPC Act of 2005 as amended and restated in 2010.

Recommendation

- 1.1.1.10 Management should establish a functional procurement committee evidenced by the documentation of meeting minutes.
- 1.1.1.11 Management should develop, approve and operationalize a procurement manual comprehensively cataloging processes and procedures for initiation, approval, execution and reporting of procurement activities. The provisions of the manual should be consistent with the Bank's procurement regulations and the PCC Act of 2005 as amended and restated 2010.

- 1.1.1.12 Evidence of approved procurement manual, and periodic procurement committee meeting minutes and activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.13 *The National Coordinating Office (NCO) of the SADFONS Project, having received the 2023 GAC audit report in June of 2024 immediately commenced action in keeping with section 28 (1) of the Public Procurement and Concessions Commission (PPCC) of September 2010. As part of the NCO evidence, please see the attached file!*
- 1.1.1.14 *B5.6.1 The framework for the review of Project's procurement actions, documents, bid evaluation and contract award recommendations, will depend on the use of Borrower Procurement System (BPS) and the Bank Procurement Method (BPM) under the project. It will comprise prior and post reviews as well as IPRs for BPM.*
- 1.1.1.15 *B.5.6.2 Oversight under BPM: Procurement undertaken through Bank shall be subject to prior or post review, as well as IPRs. Large-value, complex, innovative and/or high-risk transactions would normally be prior-reviewed. In addition to the prior review of certain transactions by the Bank the capacity assessment of the EA has recommended two procurement supervision missions annually, to undertake post review of the Borrower's procurement actions.*
- 1.1.1.16 *B.5.6.3 Procurement Oversight under BPS: (i) The Borrower shall cause the Public Procurement Oversight Body (PPOB) and the Supreme Audit Institutions (SAI) to carry out a procurement audit in accordance with the Borrower's Procurement System on an annual basis. The annual procurement audit report shall be submitted to the Fund no later than six (6) months after the end of each calendar year.*

Auditor General's Position

- 1.1.1.17 Management's assertions were not supported by documentary evidence. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.2 Prior Year Audit Issues Status

No.	Findings	Observations	Recommendation/AG Position	Status of implementation
1	1.1.11 Procurement without Delivery Notes	1.1.11.2 During the audit, we observed that Management authorized payments amounting to US\$21,808.00 for the supply of Solar Panel Systems, ICT hardware, and others without evidence of delivery notes. See Table 4 in report for details.	1.1.11.5 Management should ensure that delivery notes are received for all goods procured to validate that the goods paid for including the required specifications were delivered to the end user (the delivery note should be uniquely coded to reflect the specific transactions). 1.1.11.6 Evidence of delivery notes for all goods received should be adequately documented and filed to facilitate future review.	Not implemented
2	1.1.13 Payment without Tax Clearances/Expired Tax Clearances	1.1.13.2 During the audit, we observed that Management authorized payments amounting to US\$123,214.03 without tax clearance and expired tax clearance. See Table 6 in report for details.	1.1.13.6 Management should ensure that for all transactions involving procurement of goods and services, valid Tax Clearance and Business Registration Certificates are obtained as required by Regulation U.9. (4) of the PFM Act of 2009 as amended and restated 2019. 1.1.13.7 Evidence of valid business registration and tax clearance certificates should be adequately documented and filed to facilitate future review.	Not implemented
3	1.1.15 Spending in Excess of Approved Procurement Plan	1.1.15.4 During the audit, we observed that Management expended more than its approved procurement plans in the	1.1.15.9 Management should provide substantive justification for disbursing expenditures above the	Not implemented

*Auditor General's Report on the
Compliance Audit of the Procurement Management of the Smallholders Agricultural Development Food & Nutrition
Security Project for the fiscal year ended December 31, 2024*

No.	Findings	Observations	Recommendation/AG Position	Status of implementation
		amount of US\$20,000.00 to Farmington Hotel for Catering Service (PV#:447). without evidence of "no objection"/ approval from PPCC and AfDB.	<p>approved procurement plan without obtaining the required authorization.</p> <p>1.1.15.10 Management should ensure that expenditure is within the approved procurement plan limits at all times. All unplanned procurement activities and expenditures should be subsequently submitted to the PPCC, AfDB, and National Steering Committee for approval before execution. Evidence of subsequently approved procurement plans, approved no-objection requests and all other relevant supporting records should be adequately documented and filed to facilitate future review.</p>	