



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

On the Financial Statement Audit of the Smallholder Agriculture Development for Food & Nutrition Security (SADFONS) Project

For the Year ended December 31, 2024

May 2025



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

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Acronyms

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
GAFFSP	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
TOR	Term of reference

Republic of Liberia



AUDITOR GENERAL'S REPORT

June 26, 2025

Hon. J. Alexander Nuetah, PHD

Minister

Ministry of Agriculture

New Ministerial Complex, Congo Town

Montserrado County, Liberia

Dear Hon. Nuetah:

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

Opinion

We have audited the accompanying financial statements of the Smallholder Agriculture Development for Food & Nutrition Security (SADFONS) Project for the year ended December 31, 2024, which comprises the Statement of Receipts and Payments, Statement of Fund Balance and Cash Status, Statement of Comparison of Budget and Actual Amounts, Statement of Financial Position and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Statement of Receipts and Payments as of December 31, 2024, the Statement of Comparison of Budget and Actual Amounts, and a summary of other accounting policies and other explanatory notes for the year ended in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the SADFONS Management in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements in

accordance with the Project Implementation Manual (PIM) 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 opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS Cash Basis, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to cease operations or has no realistic alternative but to do so. The SADFONS Management is responsible for overseeing the Project's financial reporting process.

Auditor's Responsibility

Our responsibilities are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Monrovia, Liberia

June 2025





Ministry of Agriculture National Coordinating Office
(NCO)

**Smallholder Agriculture Development for Food & Nutrition
Security (SADFONS) Project**

**Audited Financial Statements for Fiscal year ended December 31,
2024**

**Prepared in accordance with the Cash Basis of Accounting under the International
Public Sector Accounting Standards 2017(IPSAS)**

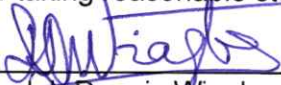
2.0 Statement of Project Management Responsibilities

The Project's Financing Agreement requires the Project Management Team to prepare financial statements in accordance to the requirements of the African Development Bank Financing Agreement and the International Public Sector Accounting Standard (IPSAS) 2017 under the Cash Basis of Accounting. The IPSAS 2017 Cash Basis of Accounting requires that the financial statements present fairly for the year the Project's Statement of Cash Receipts and Payments and the Statement of Budget and Actual with explanatory note.

In preparing the financial statements, the management accepts responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgments and estimates that are reasonable and consistently applied;
- Compliance with applicable accounting standards when preparing financial statements, and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Project will continue in business in the foreseeable future.

The management also accepts responsibility for implementing and maintaining adequate internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error and for taking reasonable steps to safeguard the assets of the project.


Jlopien Dennis Wiagbe
Project Coordinator


Bob V. Fassah
Project Accountant

4.0 Statement of Receipts & Payments by Project Components for Fiscal ended December 31, 2024

	Notes	2023 US\$	2024 US\$	Cumulative US\$
Opening Balances				
MOA-SADFONS/GAFSP Grant Account/UBA		22,891	78,840	
Petty Cash			311	
Total Opening Cash Balances		22,891	79,151	-
Receipts				
ADF Grant Direct Payment	3	397,919		399,045
GASFP Grant Special Account	3	789,908	1,296,242	2,647,847
GAFSP Grant Direct Payment	3	595,511	1,319,295	2,543,370
GAFSP Grant Direct Payment-Additional Financing	3		1,575,000	1,575,000
GOL In Kind Contribution	3	73,458	78,822	152,281
Total Receipts		1,856,796	4,269,360	7,317,543
Payments by Project Components				
Support to enhancing smallholder agricultural productivity and market access	4	1,073,240	1,494,035	3,142,982
Institutional Strengthening and Capacity Building	4	309,835	2,127,502	2,725,360
Project Management, Coordination, M&E and Knowledge Management	4	417,463	501,750	1,223,976
Total Payment by Project Components		1,800,537	4,123,287	7,092,319
Cash Available Less Expenditures		79,151	225,224	225,224
Account Closing Balances	2			
MOA-SADFONS/GAFSP Grant Account/UBA		78,840	224,224	224,224
Petty Cash		311	1,000	1,000
Total Closing Balances	2	79,151	225,224	225,224

The notes found on pages 7-16 are integral part of these financial statements.

3.0 Statement of Receipts & Payments Cost Categories for fiscal year ended December 31, 2024

	Notes	2023 US\$	2024 US\$	Cumulative Project Life US\$
Opening Balances				
MOA-SADFONS/GAFSP Grant Account/UBA		22,891	78,840	
Petty Cash			311	
Total Opening Cash Balances		22,891	79,151	-
Receipts				
ADF Grant Direct Payment	3	397,919		399,045
GASFP Grant Special Account	3	789,908	1,296,242	2,647,847
GAFSP Grant Direct Payment	3	595,511	1,319,295	2,543,370
GAFSP Grant Direct Payment-Additional Financing	3		1,575,000	1,575,000
Government of Liberia Contribution	3	73,458	78,822	152,281
Total Receipts		1,856,796	4,269,360	7,317,543
Payments by Cost Category				
Works	4	44,728	1,239,320	1,346,830
Goods	4	772,060	439,067	1,410,318
Services	4	584,281	1,967,051	3,171,560
Operating Cost	4	399,468	477,850	1,163,610
Total Payment by Cost Category		1,800,537	4,123,287	7,092,319
Cash Available Less Expenditures		79,151	225,224	225,224
Account Closing Balances				
MOA-SADFONS/GAFSP Grant Account/UBA		78,840	224,224	224,224
Petty Cash		311	1,000	1,000
Total Closing Balances	2	79,151	225,224	225,224

The notes found on pages 7-16 are integral part of these financial statements.

5.0 Statement of Budget & Actual Comparison (By Components) for the fiscal year ended December 31, 2024

Project Components	Project Allocation	Year				Cumulative		
		Planned	Actual	Variance	% of Budget Utilization	Actual	Variance	% of Allocation Utilization
		b	c	b-c	d	g	a-g	h
Support to enhancing smallholder agricultural productivity and market access	US\$		US\$	US\$	%	US\$	US\$	%
Strengthening of Sustainable Crop Production and Intensification	9,336,352	4,883,056	1,388,714	3,494,343	28.44	2,191,647	7,144,705	23.47
Value Addition and Market Linkages	2,309,920	1,362,786	105,321	1,257,465	7.73	951,335	1,358,585	41.18
Sub-total	11,646,272	6,245,842	1,494,035	4,751,807	23.92	3,142,982	8,503,290	26.99
Institutional Strengthening and Capacity Building								
Strengthening Participatory Farmer Advisory Services	1,959,225	1,746,256	418,793	1,327,463	23.98	824,255.89	1,134,969	42.07
Strengthening the Capacity of MoA in Investment Planning and Implementation	825,000	349,340	133,710	215,631	38.27	326,104.40	498,896	39.53
Enhance the community-based nutrition Activities	3,577,600	1,725,000	1,575,000	150,000		1,575,000.00	2,002,600	44.02
Sub-total								
	6,361,825	3,820,596	2,127,502	1,693,093	55.69	2,725,360	3,636,465	42.84
Project Management, Coordination, M&E and Knowledge Management	1,513,930	464,400	501,749.60	(37,350)	108.04	1,223,976	289,954	80.85
Grand Total	19,522,027	10,530,838	4,123,287	6,407,551	39.15	7,092,319	12,429,708	36.33

See Note 6 to the financial statements for explanation of material variances. The notes found on pages 7-16 are integral part of these financial statements.

6.0 Notes, General Information and Accounting Policies

The Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) project seeks to improve food and nutrition security and reduce 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 a five-year period. The project consists of three components, namely: (i) Support smallholder agricultural productivity and market access, (ii) Institutional Strengthening and Capacity building and (iii) 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.

1.1 Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies will be consistently applied to all years presented, unless otherwise stated.

4.1.0 (a) Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Public Financial Management Act, 2009 and comply with the Cash Basis International Public Sector Accounting Standard (Cash Basis IPSAS 2017): Financial Reporting under the Cash Basis of Accounting.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The accounting policies adopted have been consistently used throughout.

4.1.0. (b) Reporting entity

The financial statements are for the

4.1.0 (c) Reporting currency and translation of foreign currencies

(i) Functional and presentation currency

The functional currency is United States Dollar (US\$) and the reporting currency is the United States Dollar (US\$), which is the legal tender of the Republic of Liberia. Items included in the financial statements are

measured in the currency of the primary economic environment in which the entity operates.

6.1.0 (d) Reporting Period

The reporting period for these financial statements is the financial year of the Government, which runs from 1st January to the 31st December.

6.2.0 Note 2: Cash & Cash Equivalents

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks and investment in short- term money market instruments. The amount of cash and cash equivalents at the period was **US\$ 225,224.00 (Two Hundred -Twenty- Five Thousand Two Hundred and Twenty- Four United States Dollars 00/100 only)**, comprising of the following amounts:

	2023	2024
Cash on Hand	US\$	US\$
GAFSP Grant Account United Bank for Africa (UBA)	78,840	
Petty Cash	311	
Total	79,151	

6.3.0 Note 3: Receipts

Receipts represent cash received to the project's special account; direct payments made on behalf of the project by AfDB from GAFSP and ADF resources; and in-kind contribution by the Government of Liberia to the project during the financial year.

Receipts	2023	2024
ADF Grant Direct Payment	397,919	
GASFP Grant Special Account	789,908	1,296,242
GAFSP Grant Direct Payment	595,511	1,319,295
GAFSP Grant Direct Payment: Additional Financing	-	1,575,000
GOL In Kind Contribution	73,458	78,822
Total	1,856,796	4,269,360

6.4.0 Note: 4 Expenses

In general, all expenses are recognized in the statement of Cash Receipts and Payments when paid. Expenses during the period is categorized by cost and components

6.4.1 Expenditure breakdown by Cost Categories

Civil Works	US\$
Construction of warehouses & Storage Centers	96,474
Rehabilitation and Stabilization of 50ha -Flowroken	391,478
Rehabilitation and Stabilization of 25ha-Jarkaken	146,294
Rehabilitation and Stabilization of 30ha-Pleebo	250,253
Rehabilitation and Stabilization of 50ha-Work & See	354,820
Subtotal	<u>1,239,320</u>

Goods	US\$
Provision of Foundation & Certified Seeds by CARI	50,469
Rehabilitation of Agriculture Mechanization Service Center	6,420
Equipment for Farmer Organization	184,450
Kitchen gardening Demos	63,479
Vegetable Planting Materials	119,969
IT& Financial Software	14,280
Subtotal	<u>439,067</u>

Services	US\$
Provision of Foundation & Certified Seeds by CARI	154,294
Supervision of Rehabilitation of Lowlands	28,695
Training of Master Trainers (TOMT)	7,441
Stakeholder advocacy meetings and sensitization	4,970
Supervision of Construction of warehouses, storage centers	2,427
Farmer Group Strengthening Training Course	8,872
Nutrition Sensitization Sessions with Peri-Urban Households	4,304
Social Behavior Change Campaign	35,678
Nutrition Sensitization Sessions with Peri-Urban Households	2,040
M&E System	32,928
Environmental and Social Management Plan	20,469
Masters Level Training	79,613
Annual Audit	10,000
Workshop/Meetings	320
Home Grown School Feeding Program	1,575,000
Subtotal	<u>1,967,051</u>

Recurrent Cost

Environmental and Social Management Plan	700
Project Coordinator	18,000
Procurement Officer	14,400
Finance Officer	36,000
M&E Officer	12,000
Irrigation Specialist	27,600
Food Security & Nutrition Officer	12,000
Agronomists	24,000
Environmental & Social Development Expert	24,000
Administrative Assistant	9,600
Vehicle Fuel	14,873
Vehicle Maintenance	57,193
Internet & Telephone Cards	9,500
Monitoring & Supervision	48,997
Drivers	12,000
Cleaning Services	3,600
Bank Charges	7,131
Stationery & Supplies	9,646
Other Operating Costs	1,276
CACs & DAOs Top-up	32,850
Advertisement	2,050
IT& Financial Software	2,382
Workshop/Meetings	19,056
Communication & Visibility	175
GOL In Kind Contribution- Staff Salaries	78,822
Subtotal	477,850

6.4.2 Expenditure breakdown by Project Components

	US\$
Support to enhancing smallholder agricultural productivity and market access	
Provision of Foundation & Certified Seeds by CARI	204,763
Rehabilitation and Stabilization of 50ha -Flowroken	391,478
Rehabilitation and Stabilization of 25ha-Jarkaken	146,294
Rehabilitation and Stabilization of 30ha-Pleebo	250,253
Rehabilitation and Stabilization of 50ha-Work & See	354,820
Supervision of Rehabilitation of Lowlands	28,695
Training of Master Trainers (TOMT)	7,441
Stakeholder advocacy meetings and sensitization	4,970
Construction of warehouses & Storage Centers	96,474
Rehabilitation of Agriculture Mechanization Service Center	6,420
Supervision of Construction of warehouses, storage centers	2,427
Subtotal	1,494,035
Institutional Strengthening and Capacity Building	US\$
Equipment for Farmer Organization	184,450
Kitchen gardening Demos	63,479
Vegetable Planting Materials	119,969
Farmer Group Strengthening Training Course	8,872
Nutrition Sensitization Sessions with Peri-Urban Households	4,304
Social Behavior Change Campaign	35,678
Nutrition Sensitization Sessions with Peri-Urban Households	2,040
M&E System	32,928
Environmental and Social Management Plan	21,169
Masters Level Training	79,613
Home Grown School Feeding Program	1,575,000
Subtotal	2,127,502
Project Management, Coordination, M&E and Knowledge Management	US\$
Project Coordinator	18,000
Procurement Officer	14,400
Finance Officer	36,000
M&E Officer	12,000
Irrigation Specialist	27,600
Food Security & Nutrition Officer	12,000
Agronomists	24,000
Environmental & Social Development Expert	24,000

Administrative Assistant	9,600
GOL In Kind Contribution- Staff Salaries	78,822
Vehicle Fuel	14,873
Vehicle Maintenance	57,193
Internet & Telephone Cards	9,500
Monitoring & Supervision	48,997
Drivers	12,000
Cleaning Services	3,600
Bank Charges	7,131
Stationery & Supplies	9,646
Other Operating Costs	1,276
CACs & DAOs Top-up	32,850
Advertisement	2,050
Annual Audit	10,000
IT& Financial Software	16,662
Workshop/Meetings	19,376
Communication & Visibility	175
Subtotal	501,750

6.4.3 Expenditure breakdown by Components and Economic Classification

Enhancing Smallholder Agricultural Product. & Market Access	US\$
Domestic travel - DSA	60,096
Carriage, haulage, freight & transport hire	16,410
Telecom, internet, postage & courier	1,800
Fuel & Lubricants - vehicles	12,334
R&M - vehicles & motorbikes	2,650
Stationery & Supplies	876
Consultancy services	13,640
Agricultural supplies & inputs	62,791
Workshops, conference & seminars	1,130
Advertising & public relations	900
Casual Labor	66,564
Non-residential buildings	1,241,170
Furniture and Fixtures	6,420
ICT infrastructure, Hardware, Networks and Facilities	7,255
Subtotal	1,494,035
Institutional Strengthening & Capacity Building	US\$
Air ticket foreign travel	7,035
Foreign travel - DSA	9,943
Domestic travel - DSA	72,067
Carriage, haulage, freight & transport hire	18,000
Telecom, internet, postage & courier	1,800
Fuel & Lubricants - vehicles	3,264
Printing, binding & publications	15,041
Agricultural supplies & inputs	336,928
Other specialized materials & services	1,575,000

Staff training - foreign	79,613
Food & catering services	4,118
Advertising & public relations	4,083
Casual Labor	610
Subtotal	2,127,502

Project Management, Coord., M&E & Knowledge Management

US\$

Allowances (Salaries)	300,822
Air ticket Foreign travel	2,740
Foreign travel - DSA	3,030
Transportation (Domestic travel)	175
Domestic travel - DSA	52,277
Telecom, internet, postage & courier	10,413
Office buildings rental & lease	2,000
Fuel & Lubricants - vehicles	21,149
R&M - vehicles & motorbikes	49,000
R&M - computer equipment	555
R&M-Office Premises	175
Stationery & Supplies	8,925
Printing, binding & publications	900
Computer supplies & services	330
Other office materials & consumables	546
Consultancy services	3,000
Audit fees	7,000
Other specialized materials & services	1,276
Food & catering services	2,650
Advertising & public relations	1,150
Internet Subscriptions	913
Bank charges & other costs	7,131
Sitting Fees & Honorarium	150
Casual Labor	3,300
Vehicle insurance	8,193
ICT infrastructure, Hardware, Networks and Facilities	13,950
Subtotal	501,750

6.5.0 (h) Property, Plant and Equipment (physical assets or fixed assets)

Property, plant and equipment principally comprises land, buildings, plant, vehicles, equipment, and any other capital assets controlled by the Ministry.

Under government's cash basis of accounting, purchases of property, plant and equipment are expensed fully in the year of purchase. However, a memorandum record is maintained in the Fixed Asset Registers at historical cost for all non-current assets. (

6.6.0 Note: 5 Explanation of Material Variances on Budget Vs Actual Statement

During the fiscal year ended December 31, 2024, the total amount of **US\$ 4,123,287.00** was expended out of the total budget of **US\$ 10,530,838.00** representing **39.15 %** resulting into a variance of **US\$ 6,407,551**.

The annual budget was under executed as most of the activities were based on the project's additional financing, which only became effective in the last quarter. This delay in financing significantly impacted the timely execution of the planned activities.

Explanations for material variances by components are detailed below

1. Support to Enhancing Smallholder Agricultural Productivity and Market Access

- **Budget:** US\$ 6,245,842
- **Actual:** US\$ 1,494,035
- **Variance:** US\$ 4,751,807
- **Percentage of Budget Utilized:** 23.92%

2 Explanation:

- **Strengthening of Sustainable Crop Production and Intensification:** There was a significant under-execution of the budget for sustainable crop production and intensification, with actual expenditures being only 28.44% of the planned budget. This was largely due to the delay in the approval of the additional financing which affected major activities like: Seed Health Equipment for CARI, Fish Feed & Fingerlings for Integrated Fish Farming, Small Scale Irrigation Systems, Establishment of Habitat for Fish Farming, Rehabilitate 1 cold storage facilities for nuclear, breeder seeds etc.
- **Value Addition and Market Linkages:** The under-expenditure in this area was particularly noticeable, with actual expenses only accounting for 7.73% of the budget. This was largely due to the delay in the approval of the additional financing which affected major activities like: Laboratory Equipment for Standard Lab, Preservation Kits for small-skill fish & vegetable processing, Equipment for Micro- hubs, etc.

• 2. Institutional Strengthening and Capacity Building

- **Budget:** US\$ 3,820,596
- **Actual:** US\$ 2,127,502
- **Variance:** US\$ 1,693,093
- **Percentage of Budget Utilized:** 55.69%

3 Explanation:

- **Strengthening Participatory Farmer Advisory Services:** A key reason for the variance was the delayed procurement of garden kits and training materials, which led to slower-than-planned distribution and capacity-building activities.
- **Strengthening the Capacity of MoA in Investment Planning and Implementation:** This area experienced lower-than-expected spending (38.27% of the budget) due to delays in the execution of planned capacity-building initiatives and the implementation of agribusiness policy dialogues with private-sector partners.
- **Enhance the Community-based Nutrition Activities:** These activities were slower to begin, particularly the development of communication materials, which were not ready until the last quarter. As a result, they will be accelerated in the next fiscal year.
- **Note:** Similar to other components, the delays in financing, with the additional financing becoming effective in the last quarter, led to slower execution in this area as well.

3. Project Management, Coordination, M&E, and Knowledge Management

- **Budget:** US\$ 464,400
- **Actual:** US\$ 501,749.60
- **Variance:** (US\$ 37,350)
- **Percentage of Budget Utilized:** 108.04%

4 Explanation:

- **Over-expenditure:** The project management component saw a budget overrun, largely due to the inclusion of the Government of Liberia's (GOL) in-kind contributions, which had not been initially accounted for in the budget. This led to a 108.04% utilization of the allocated budget.

5 Summary:

- The overall budget utilization was much lower than expected, with only 39.15% of the budget spent.
- A significant reason for the under-expenditure across components was the delay in the additional financing, which became effective only in the last quarter of 2024. This delay affected procurement processes, contractor mobilization, and the implementation of key activities.
- For the coming fiscal year, expenditures are expected to rise as delayed activities are set to proceed with the approval of the additional financing

