



Management Letter

On the Audit of the Financial Statements of the Liberia Energy Efficiency and Access Project (LEEAP)

For the year ended December 31, 2024



Promoting Accountability of Public Resources

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

Monrovia, Liberia
May 2025

Table of Contents

1	DETAILED FINDINGS AND RECOMMENDATIONS	6
1.1	Governance.....	6
1.1.1	Lack of Senior Management Meeting Minutes	6
1.1.2	No Monitoring & Evaluation Reports	7
1.2	Financial Reporting.....	8
1.2.1	No Evidence of Fourth Quarter Interim Financial Report (IFR)	8
1.2.2	Variance Between Outstanding Commitments and Direct Payments.....	9
1.2.3	No Explanation of Material Budget Variances	11
1.3	Expenditure Management.....	13
1.3.1	Unapproved Payment Vouchers	13
1.3.2	No evidence of Business Registration & Tax Clearance.	14
1.4	Assurance Management.....	16
1.4.1	No Evidence of a Functional Internal Audit Unit.....	16
1.5	Fixed Assets Management	17
1.5.1	Irregularities Associated with Fixed Asset Management.....	17
1.6	Field Verification	20
1.6.1	Project Deliverables not Executed Consistent with Approved Specification and Timeline	20
1.7	Prior Year Audit Issues	23
	ANNEXURES.....	25
	EXHIBITS.....	27

ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
AFP	Audit Focal Person
ABD	African Development Bank
AG	Auditor General
AM	Aide Memoir
CA	Credit Agreement
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
FA	Financing Agreement
FCCA	Fellow Member of the Institute of Chartered Certified Accountants
FM	Financial Manual
FS	Financial Statements
GAC	General Auditing Commission
GOL	Government of Liberia
IDA	International Development Association
IFRs	Interim Financial Reports
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Auditing
ISSAIs	International Standards of Supreme Audit Institutions
LEC	Liberia Electricity Corporation
LEEAP	Liberia Energy Efficiency and Access Project
LRA	Liberia Revenue Authority
PA	Payment Advice
PAD	Project Appraisal Document
PFM	Public Financial Management
PIM	Project Implementation Manual
PMT	Project Management Team
PPC Act	Public Procurement Concession Act
RL	Republic of Liberia
ToR	Term of Reference

June 27, 2025

Mr. Mohammed Sherif
Chief Executive Officer (CEO)
Liberia Electricity Corporation (LEC)
Water Side
Monrovia, Liberia

Dear Mr. Sherif:

RE: Management Letter on the Financial Statements Audit of the Liberia Energy Efficiency and Access Project (LEEAP) for Year Ended December 31, 2024.

The Financial Statements of the Liberia Energy Efficiency and Access Project (LEEAP) for the year ended December 31, 2024 are subject to audit by the Auditor General (AG) 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).

INTRODUCTION

The audit of the Liberia Energy Efficiency and Access Project (LEEAP), for the period ended December 31, 2024 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the course of the audit.

The Project financial statements are prepared in line with the requirements of the International Public Sector Accounting Standards (IPSAS), Cash Basis accounting as adopted by the Government of Liberia in 2009 and World Bank reporting requirements.

SCOPE AND DETERMINATION OF RESPONSIBILITY

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) as promulgated by International Organization of Supreme Audit Institutions (INTOSAI), the International Public Sector Accounting Standards (IPSAS) Cash basis and the World Bank reporting requirements. These standards require that we plan and perform the audit so as to obtain reasonable assurance whether the Liberia Energy Efficiency and Access Project (LEEAP) financial statements and related records are free of material misstatements due to errors or fraud and whether they comply with ethical requirements.

An audit includes:

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

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

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

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Project Management Team. Our responsibility is to express an opinion on these financial statements.

Thank you as we strive to promote accountability, transparency and good governance across the Government of Liberia.

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Liberia Energy Efficiency and Access Project (LEEAP)

Sincerely,



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

Monrovia, Liberia

June 2025

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Governance

1.1.1 Lack of Senior Management Meeting Minutes

Criteria

- 1.1.1.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states: "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."

Observation

- 1.1.1.2 During the audit, we observed no evidence of Senior Project Management meeting minutes to facilitate oversight and review of Management functions.

Risk

- 1.1.1.3 Monitoring and evaluation of the mandate and strategic and operational objectives of the project may be impaired. This may impair the timely achievement of approved project deliverables.

Recommendation

- 1.1.1.4 Management should facilitate the conduct of periodic Senior Management meetings. Senior Management meeting minutes should comprehensively detail activities discussed, actions to implement planned activities and approved timelines. Meetings minutes should be subsequently documented and filed to facilitate future review.
- 1.1.1.5 Management should also institute a platform for following-up on decisions made at Senior Management meetings. An update of progress towards previous meetings agreed actions/deliverables should be discussed during current meetings, as a medium for tracking progress on project workplan, timeline and deliverables and planning for future activities.

Management's Response

- 1.1.1.6 *LEC implements the project through its dedicated PIU that is supervised by a Senior Management's representative, the Executive Director for Projects. Senior Management gets regularly informed/updated of projects activities by the ED at the weekly Senior Management Meetings. Additionally, the project has a Steering Committee that meets Quarterly or more regularly as may be needed. The objective of the SC is "to provide strategic direction to ensure the overall high-level coordination of the project." The SC Committee is chaired by the Minister of Mines and Energy, and it includes LEC, RREA, EPA, and MFDP. Minutes of the SC Meetings are available upon request. This is the structure of*

the project implementation.

Auditor General's Position

- 1.1.1.7 Management's assertions were not supported by adequate documentation. Management did not submit evidence of periodic meeting minutes of the Project Management Committee.
- 1.1.1.8 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.2 No Monitoring & Evaluation Reports

Criteria

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

Observation

- 1.1.2.2 During the audit, we observed no evidence of a functional Monitoring and Evaluation Committee (M&E) to provide the required oversight for the full implementation of planned project activities within approved timelines, evidenced by the absence of approved annual monitoring & evaluation plans and periodic activities reports for contracts granted.

Risk

- 1.1.2.3 In the absence of effective monitoring and evaluation, project deliverables may not be achieved within approved timelines and up to approved specifications.
- 1.1.2.4 Value for money may not be achieved and project resources may be subjected to misapplication and misappropriation.

Recommendation

- 1.1.2.5 Management should facilitate the establishment of a functional Monitoring and Evaluation Committee (M&E), evidence by the documentation of planned annual activities and periodic activities reports. Evidence of approved annual plans and periodic activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.2.6 *The project does have a functioning monitoring and supervision practice. The PIU (including site engineers, supervision engineers, and environmental and safety officers) regularly monitors the implementation of the project and submits regular reports. Based on the findings of the monitoring, actions are taken to remedy issues. Supervision reports are available upon request. Additionally, the project conducts joint monitoring and supervision field trips with other stakeholders, including the AfDB. Reports are available upon request.*

Auditor General's Position

- 1.1.2.7 Management's assertions were not supported by documentary evidence. Management did not submit evidence of periodic monitoring and evaluation reports.
- 1.1.2.8 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.2 Financial Reporting

1.2.1 No Evidence of Fourth Quarter Interim Financial Report (IFR)

Criteria

- 1.2.1.1 Regulations A.1 of the PFM Act of 2009 as amended and restated 2019 states that "the public shall be provided with full access to all appropriate information concerning the financial affairs of the Government. This will include, but not limited to, information about the development of annual and supplementary budget estimates, the quarterly fiscal outturn reports issued by the Ministry, the monthly revenue and quarterly budget performance reports of ministries and agencies state owned enterprises their annual accounts and reports and the Government's annual audited accounts".
- 1.2.1.2 Section 8.1 of the Financial Manual of LEEAP and CLSG-RE states that "On a quarterly basis, the PCMU shall produce quarterly Interim Unaudited Financial Reports (IFRs), in a form agreed with the Bank, and share copies with the Bank no later than 30 days after the end of each quarter reported on".

Observation

- 1.2.1.3 During the audit, we observed that Management did not make available the fourth quarter interim financial report for audit purposes. As a result, we could not validate the completeness and accuracy of revenue and expenditure for the fourth quarter as required.

Risk

- 1.2.1.4 In the absence of the fourth quarter financial report, the completeness and accuracy of revenue and expenditure may not be assured. Therefore, the financial statements may be misstated. Management may not account for all of its transactions.
- 1.2.1.5 Management may be non-compliant with Regulations A.1 of the PFM Act of 2009 as amended and restated 2019.

Recommendation

- 1.2.1.6 Management should submit to the Office of the Auditor General approved copy of the fourth quarter interim financial report not made available for audit purposes. The approved copy of the fourth quarter interim financial report should be submitted as part of Management's response to this Management Letter.

- 1.2.1.7 Going forward, Management should facilitate timely preparation of Quarterly financial reports in line with the PFM Act of 2009 as amended and restated 2019 and the project Financial Manual.
- 1.2.1.8 Evidence of approved quarterly financial reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.1.9 *Noted. However, the project PIU prepared a project completion report which covered the fourth quarter. The Project Implementation Unit will prepare and present to AG the fourth quarter interim financial report.*

Auditor General's Position

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

1.2.2 Variance Between Outstanding Commitments and Direct Payments

Criteria

- 1.2.2.1 Regulation B.26. part (1) & (2) of the PFM Act of 2009 as amended and restated 2019 (1) states that at the close of the fiscal year, funds released to a government agency which have not been spent shall be the balance of appropriation and the head of government agency shall submit a statement of undischarged commitments, within 15 working days after the end of the fiscal year to the Minister. Any unpaid balances on commitments will also lapse at the end of the year, unless goods and services have already been delivered, in which case, settlement must be made within 90 days of the end of the fiscal year.
- 1.2.2.2 Regulation C. 8 (2) of the PFM Act of 2009 as amended and restated 2019 stipulates that "the head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all subsidies or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".
- 1.2.2.3 Furthermore, Regulation E.1 (a) and (b) of the PFM Act of 2009 as amended and restated 2019 state that:
 - a) "Total aggregate allotments for a particular appropriation line in a given fiscal year may not exceed the amount appropriated for that line in the annual appropriations act, amended from time to time through budgetary reallocations made pursuant to Section 25 of the Public Finance Management Act 2009 and Supplementary Appropriations Acts;
 - b) Total payments for a detailed budget line in a given fiscal year may not exceed the allotments issued against that budget line".

Observation

- 1.2.2.4 During the audit, we observed that direct payments made by the Bank after the fiscal period towards outstanding commitments did not reconcile to the commitment schedule disclosed in the financial statements. **See table 1a and table 1b for details.**

Table 1a: Alpha T&D Contracting Company

No	Date	Direct Payment A US\$	Outstanding Commitment as at 12/31/2024 B US\$	Variance C=(B-A)
1	23-Mar-25	17,992.99	-	
2	23-Mar-25	32,255.20	-	
3	17-Jan-25	575,608.42	-	
4	23-Jan-25	190,216.35	-	
		816,072.96	2,751,077.42	1,935,004.46

Table 1b: National Contracting Company (NCC)

No	Date	Direct Payment A US\$	Outstanding Commitment as at 12/31/2024 B	Variance C=(B-A)
1	24-Mar-25	414,771.04	-	
2	16-Jan-25	28,816.43	-	
3	30-Jan-25	35,287.65	-	
4	4-Feb-25	746,432.93	-	
5	24-Mar-25	331,661.65	-	
		1,556,969.70	315,077.40	-1,241,892.30

Risk

- 1.2.2.5 The completeness and accuracy of liabilities and expenditures may not be assured; therefore, the financial statements may be misstated.
- 1.2.2.6 Fair presentation, full disclosure and understandability of the financial statements may be impaired.
- 1.2.2.7 Management may make payments towards illegitimate liabilities. This may facilitate fraudulent financial management practices and misappropriation of the project funds.

Recommendation

- 1.2.2.8 Management should account for the variances between the direct payments made by the Bank towards outstanding commitments and the commitments disclosed in the notes to the financial statements, and adjust the financial statements accordingly. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.

- 1.2.2.9 Management should facilitate the immediate preparation of the statement of undischarged commitments and submit same to the Minister to fully account for the undischarged commitments. Subsequently, Management should remit the undischarged commitments to the Bank as required. Evidence of the statement of undischarged commitments and remittance of undischarged commitments to the Bank should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter, and adequately documented and filed to facilitate future review.
- 1.2.2.10 Going forward, Management should facilitate effective monitoring and evaluation of project activities to ensure that project deliverables are executed and payments disbursed to contractors in a timely manner.
- 1.2.2.11 All undischarged commitments should be disclosed in the notes to the financial statements and appropriately disbursed within 90 days of the end of the fiscal year. Otherwise, Management should prepare the statement of undischarged commitments, submit same to the Minister and subsequently remit the undischarged commitment to the Bank as required.
- 1.2.2.12 Management should perform/conduct periodic reconciliation between the direct payments and the outstanding commitments. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.2.13 *We have attached an updated commitment schedule and incorporated same in the revised (final) financial statements.*
- 1.2.2.14 *Additionally, because the project closed on December 31, 2024, we have also presented payments against outstanding commitments. The payments were made between January and March 2025.*

Auditor General's Position

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

1.2.3 No Explanation of Material Budget Variances

Criteria

- 1.2.3.1 Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017) provides that an entity that makes publicly available its approved budget(s) shall present a comparison of the budget amount for which it is held publicly accountable and actual amounts either as a separate additional financial statement or 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 variances 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.

- 1.2.3.2 Additionally, paragraph 1.7.12 of the Revised Cash Basis IPSAS (2017) provides that an explanation of the material differences between actual amounts and the budget amounts will assist users in understanding the reasons for material departure from the approved budget for which the entity is held accountable.

Observation

- 1.2.3.3 During the audit, we observed that Management did not provide explanatory notes for the material budget variances reported in the Statement of Comparison of Budget and Actual Amounts.

Risk

- 1.2.3.4 The failure by Management to include notes or an explanation for material variances between budgetary amounts and actual amounts in the financial statements may deny users of the financial statements the information needed to make informed decisions.
- 1.2.3.5 Fair presentation and full disclosure of the financial statements may be impaired.
- 1.2.3.6 Management may be non-compliant with Part 1.7.8 of the 2017 Revised Cash Basis IPSAS of Accounting.

Recommendation

- 1.2.3.7 Management should adjust the financial statements to include in the notes to the financial statements, explanation 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.
- 1.2.3.8 Going forward, Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017).

Management's Response

- 1.2.3.9 *This is noted. Going forward, the PIU will provide an explanation for material budget and actual variances.*
- 1.2.3.10 *Meanwhile, we have also included an explanation for the material budget variance in the adjusted financial statements.*

Auditor General's Position

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

1.3 Expenditure Management

1.3.1 Unapproved Payment Vouchers

Criteria

- 1.3.1.1 Regulations P.11 (1) of the PFM Act of 2009 as amended in 2019 state that "A head of government agency may in writing authorize by name officers in his Government Agency or office to sign payment vouchers on his behalf and shall in doing this set the financial limits and other conditions within which this authority shall be exercised and communicate same in writing to the Comptroller-General and the Auditor General".
- 1.3.1.2 Chapter 5.5 of the Financial Management Manual of LEEAP state that "All requests for payment shall be sent to the Project Coordinator or a Designated Officer for review and authorization. The CFO shall approve all payments except petty cash payments, before vouchers and cheques are raised".

Observation

- 1.3.1.3 During the audit, we observed that the total amount of US\$5,097.38 was spent for the replenishment of fuel cards, consultant service, vehicles servicing and salary payment, respectively without evidence that these payment vouchers were approved. **See table 2 below for details.**

Table 2: Unapproved Payment Vouchers

No	Date	Description	Voucher Number	Amount
1	May 3, 2024	Payment for the replenishment fuel cards	530	1,060
2	July 19, 2024	Payment for the replenishment fuel cards	541	1,102.38
3	July 19, 2024	Payment of 10% of audit fees for audit services	540	1,000.00
4	Aug. 15, 2024	Payment for servicing AfDB project vehicle Toyota land cruiser plate #A6183 marked 081	542	435.00
5	June 26, 2024	Payment for the month of June 2024 to project staff	534	500.00
6	July 19, 2024	Payment for the month of July 2024 to project staff	537	500.00
7	Aug. 21, 2024	Payment for the month of August 2024 to project staff	543	500.00
Total				US\$5,097.38

Risk

- 1.3.1.4 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.

- 1.3.1.5 Inadequate approval of financial transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

Recommendation

- 1.3.1.6 Management should ensure that all payment vouchers are duly approved by the relevant authority before payments are completed.
- 1.3.1.7 The title of the preparer and approver(s) of the payment vouchers should be recorded on the face of the payment vouchers to ensure that all financial transactions are authorized by the relevant authorities and for check and balances purposes. Evidence of approved payment vouchers should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.1.8 *The Project Implementation Unit (PIU) follows a structured payment approval process, ensuring all transactions from the project bank account are thoroughly documented. Payment vouchers are prepared by a project accountant, checked by a finance officer, reviewed by the Deputy Chief Financial Officer (Deputy CFO), and approved by the Chief Financial Officer (CFO). Additionally, accompanying checks are authorized by two officers— the Chief Executive Officer (CEO) and CFO (designated as "B" signatories), along with Senior MFDP staff (designated as "A" signatories).*
- 1.3.1.9 *Regarding the specific payment vouchers referenced in the audit, these were duly checked by the finance officer and reviewed by the Deputy CFO. As the CFO was out of the office at the time, he could not sign them remotely; the LEC Signatory (CEO) should have signed the vouchers but inadvertently signed only the checks. All payment requests and checks associated with these transactions were duly authorized by the CEO and senior MFDP staff.*

Auditor General's Position

- 1.3.1.10 Management's assertions were not supported by documentary evidence. We observed no evidence that the payment vouchers catalogued in table 2 above were approved by the CFO / CEO as required. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3.2 No evidence of Business Registration & Tax Clearance.

Criteria

- 1.3.2.1 Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 states that "A Government Agency shall procure government inventories from persons whose business is registered by the Registrar General's Office and any Government Agency that requires an exemption for any specific case shall apply to the head of government agency with the necessary justification."
- 1.3.2.2 Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010 states that Bids which are not complete, not signed, not

accompanied by a bid security in the prescribed form, if one is required, or not accompanied by essential supporting documents such as business registration certificates, business licenses and tax receipts, or are substantially non-responsive to the technical specifications or contract conditions or other critical requirements in the bidding documents, shall be rejected and excluded from further evaluation and comparison

Observation

- 1.3.2.3 During the audit, we observed that Management authorized a payment of US\$810.00 without evidence of valid business registration and tax clearance certificates. **See table 4 below for details.**

Table 4: No evidence of Business Registration & Tax Clearance

No	Date	Description	Voucher	Amount US
1	May 23, 2024	Payment for servicing of AFDB project vehicle as per the attached	533	810.00

Risk

- 1.3.2.4 Management's failure to obtain valid Tax Clearance & Business Registration Certificates from vendors may deny Government of the needed tax revenues.
- 1.3.2.5 Management may be non- Compliant with Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010.
- 1.3.2.6 In the absence of valid business registration and tax clearance certificates, payment may be made to illegitimate vendors leading to loss of much needed tax revenue.

Recommendation

- 1.3.2.7 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 Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 and Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010.
- 1.3.2.8 Evidence of valid business registration and tax clearance certificates should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.2.9 *The PIU ensures that all necessary supporting documents including valid business registrations and tax clearances are attached to all authorized payments. The payment referenced by the auditors was supported by valid business registration and tax clearance, which may not have been attached. See attached voucher #533 with valid business registration and tax clearance.*

Auditor General's Position

- 1.3.2.10 Management's assertions were not supported by documentary evidence. Management did not provide the voucher number 533 as asserted in Management's response. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit

1.4 Assurance Management

1.4.1 No Evidence of a Functional Internal Audit Unit

Criteria

- 1.4.1.1 Section 5.2 of the Financial Manual of LEEAP and CLSG-RE states "As part of the system of internal control, project transactions shall be subjected to independent checks by the Internal Audit section of LEC on a regular basis. Such checks should however not result in delays in processing of transactions. A programme shall be drawn to indicate the nature of support the internal audit shall give to the project. In all cases, the objectives of the internal audit unit shall include: i. Ensuring a sound control environment throughout the period of project implementation; ii. Assessing risks and providing advice to prevent or minimize them; iii. Adding value to the processing of financial transactions; iv. Preventing the incidence of fraud; v. Ensuring that statutory requirements are complied with e.g. deduction of withholding taxes; vi. Ensuring accuracy in the processing of transactions; and vii. Measuring performance".

Observation

- 1.4.1.2 During the audit, we observed no evidence of a functional internal audit unit evidenced by the absence of periodic risks assessments, internal audit reports on key management activities and follow-ups on the implementation of internal and external audits recommendations.

Risk

- 1.4.1.3 The absence of a functional internal audit unit may deny assurance that risks are appropriately identified and mitigated.
- 1.4.1.4 Systems, controls and compliance activities may not be monitored, thereby impairing the achievement of the entity's objectives.
- 1.4.1.5 Internal and external audit recommendations may not be implemented in a timely manner.

Recommendation

- 1.4.1.6 Management should establish a functional Internal Audit Unit to provide independent assurance on the effectiveness of the entity's risk management, governance and internal control processes.

- 1.4.1.7 Management should ensure that the Internal Audit Unit is made fully functional evidenced by the conduct of periodic risk assessments, internal audits on key management function and follow-up activities on the implementation of internal and external audit recommendations.
- 1.4.1.8 Evidence of periodic risk assessments, periodic internal audit reports as well as evidence of implementation of internal and external audit recommendations should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.1.9 *LEC has a functional internal audit. Going forward, the Internal Audit Unit will incorporate in its work plan, the LEEAP project for proper audit coverage.*

Auditor General's Position

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

1.5 Fixed Assets Management

1.5.1 Irregularities Associated with Fixed Asset Management

Criteria

- 1.5.1.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:
 - the date and other details of the voucher or other document on which the items were received or issued;
 - their serial numbers where appropriate; and
 - their distribution to individual locations and the total quantity held."
- 1.5.1.2 Regulation V.4 (3) of the PFM Act of 2009 amended and restated 2019 states "In respect of each individual location, there shall be made two copies of the inventory showing all items held at the location; one copy of the inventory shall be kept with the master inventory and the other copy at the location.
- 1.5.1.3 Section 5.11 of the entity's financial manual states "Project funds shall be used to procure assets for transmission, distribution, project management and coordination. Such assets may be open to fraud, misuse, and abuse. The assets may need to be maintained in good condition. In addition, they need to be replaced where appropriate. Internal control measures to be established in order to safeguard the assets and to derive maximum benefits from them shall include the following:
 - i. Acquiring fixed assets only when it is included in the annual work plan and budget;
 - ii. The acquisition shall pass through the necessary authorization, approval and procurement processes, before their acquisition;

- iii. Keeping a Fixed Assets Register that shall include date of acquisition, make, model, specifications, identification number, value, supplier, location and user of the asset;
- iv. Ensuring insurance of all assets against theft, fire and flood;
- v. Taking physical inventory of assets at regular intervals;
- vi. Reconciling financial accounting records with the Fixed Assets Register;
- vii. Where appropriate, fixed assets shall be received and recorded by the Storekeeper before they are issued;
- viii. Keeping log books for vehicles to record details of use and control of fuel consumption;
- ix. Maintaining a schedule to indicate when assets shall be due for servicing, to avoid sudden breakdown;
- x. Physically verifying the existence, condition and custody of assets on a regular basis, at least twice every year; and
- xi. Disposing of assets in a transparent and efficient manner, with authorization and proper supervision.

Observation

1.5.1.4 During the audit, we observed the following irregularities associated with the Fixed Assets Management System:

- The fixed assets register did not contain all the relevant columns, e.g.: Date of purchase, Depreciation, Accumulated Depreciation, Assets Condition, Net Book Value, etc.
- The fixed assets register was not regularly updated.
- There was no evidence of periodic physical verification of assets to validate existence, condition and location of assets by Management.
- There was no evidence of an asset movement form / log.
 - Other than motor vehicles which are statutorily required to be ensured annually, there was no evidence that other project assets were ensured against theft, fire and flood a required.
 - A total of 31 assets could not be seen for physical verification. **Please see annexure 1 below.**
 - There was no evidence of the display of assets held in a particular location.
 - a total of 2 assets were not coded. **See table 5 below.**

Table 5: Irregularities Associated with Fixed Asset Management

No.	Class of Asset	Asset description	Finding source	Asset code	Asset location	Comment
1	Office Equipment	Laptop	ADF	Not Coded	Environmental Expert	Not Seen
2	Office Equipment	Laptop	ADF	Not Coded	Procurement Office	Not Seen

Risk

1.5.1.5 Fixed assets Register may be misstated (Over/understated).

- 1.5.1.6 Fixed assets may be damaged or impaired but their values are still on the books.
- 1.5.1.7 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.5.1.8 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.
- 1.5.1.9 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may result in the non-achievement of the entity's objectives.
- 1.5.1.10 Fixed Assets not coded may be susceptible to theft or diverted to personal use.
- 1.5.1.11 Failure to insure assets against theft, fire and / or flood may lead to financial loss and disruption of the timely implementation of project activity.

Recommendation

- 1.5.1.12 Management should account for fixed assets not made available for audit purposes comprehensively cataloged in annexure 1 below.
- 1.5.1.13 Management should update the current fixed asset management policy to include threshold for assets value to be recorded, developed and maintained.
- 1.5.1.14 Management should ensure that the fixed assets register is updated to reflect the following; description, class, code, location, condition, cost, depreciation expense, accumulated depreciation and net book value of the asset.
- 1.5.1.15 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.
- 1.5.1.16 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.
- 1.5.1.17 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.
- 1.5.1.18 Fixed Assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.5.1.19 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of assets.

- 1.5.1.20 Management should ensure that all project assets are ensured against theft, fire and / or flood; naming the project as beneficiary.

Management's Response

- 1.5.1.21 *The project maintains an updated fixed asset register that contains all the columns mentioned by the auditor. We do not understand how the auditors could not see the project's furniture and fittings, which are located at the Liberia Electricity Corporation's Bushrod office. We have attached photos of the furniture and fittings. All the assets were duly verified by the auditors except for the office equipment listed by the auditors as not seen. These computers have lived beyond their useful lives and were retrieved by the IT department of LEC.*

Auditor General's Position

- 1.5.1.22 Management's assertion did not adequately address the issues raised. Management did not account for fixed assets not made available during our physical verification catalogued in annexure 1 below. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.5.1.23 Further, Management should facilitate the conduct of physical verification for the assets not made available during our physical verification exercise catalogued in annexure 1 below. The report from the proposed physical verification should be submitted to the Office of the Auditor General for validation within three (3) months upon the issuance of the Auditor General's Report to the National Legislature.

1.6 Field Verification

1.6.1 Project Deliverables not Executed Consistent with Approved Specification and Timeline

Criteria

- 1.6.1.1 The Project Implementation Manual of LEEAP states that 'Distribution lines and Service Connections (River Gee). Distribution network(33kv) and service connections between Pleebo to Fish Town. Deployment of energy efficient lighting".
- 1.6.1.2 The Project Implementation Manual of LEEAP requires distribution lines and device connections within the RIA Corridor to include distribution network (33kv) and service connections between Schefflin and RIA and the deployment of energy efficient lighting".

Observation

- 1.6.1.3 During the audit, we observed the following irregularities associated with delays in the project implementation:
- Distribution network (33 kV) and service connections between Pleebo to Fish Town were provided. However, we observed no evidence of connection of meters to homes for transformer #1 and transformer #2 of zone #5 and zone #6 respectively in Pleebo, Maryland County. **See exhibits A**

- Distribution of lines and service connections were observed in various homes. However, we observed no evidence of electricity and meters in Fish Town, Bonniken, Tugbaken, Doekleken, Welbo, Swuerken, Towoken, Wleboken, Tuoboken, Wissitoken, Geeken, Wofinken and Konken. **See Exhibits B.**
- Service lines for homes connection appeared to be inadequately installed: some connection lines were strung on unprocessed / inadequate poles (sticks), covered with trees, while other were lying unprotected in the grass. **See Exhibits C.**
- Paynesville to RIA substation (Lot 1 and 2) was completed; however, the feeder panel boxes in the control room at the RIA substation were destroyed by fire outbreak. The thirteen (13) feeder panel boxes were procured but not installed. Therefore, the RIA substation is not at its full capacity to provide stable reliable and efficient electricity.

Risk

- 1.6.1.4 Failure of project management to ensure that services paid for are delivered in a timely manner, may lead to non-achievement of project objectives.
- 1.6.1.5 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.6.1.6 Payments may be made for service not performed and value for money may be impaired.
- 1.6.1.7 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables.

Recommendation

- 1.6.1.8 Management should provide substantive justification why project deliverables have not been implemented consistent with approved specifications and timelines.
- 1.6.1.9 Management should assess the current status of the work performed, the contractor's capacity to complete the connection of homes and public facilities to the power grid and update the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.6.1.10 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverables and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts.

1.6.1.11 Management should facilitate periodic monitoring and evaluation of project activities to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts.

1.6.1.12 Evidence of approved work plans, contracts and periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

Management's Response

1.6.1.13 *The project completed all activities in the Pleebo – Fish Town Corridor in August 2023. LEC Management turned the network over to a private entity to manage. By the end of the project activities in August 2023, the project scope was fulfilled, including customer connections. The GAC Audit Report of 2023 confirms this. We do not understand why this is being discussed under the project in FY 2024.*

1.6.1.14 *Fire destroyed the panels, and the contractor accepted liability for the damage and committed to replacing the panels with brand new ones. The new panels have been manufactured and supplied on site, and the contractor has submitted an installation schedule to LEC for approval. The replacement of the panels is expected to begin in July 2025.*

Auditor General's Position

1.6.1.15 Management's assertion did not adequately address the issues raised. The status of deliverables reported in our findings were based on the prevailing status of the deliverables as at the time of our verification (April 2025). Management's assertion that "*The project completed all activities in the Pleebo – Fish Town Corridor in August 2023 LEC Management turned the network over to a private entity to manage*", was 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.

1.7 Prior Year Audit Issues

Reference	Findings	Recommendation	Status/ Implementation
No Supporting General Ledger	1.7.1.1 During the audit, we observed that Management did not provide a detail ledger for expenditure amounting to US\$8,981,500.95 as reported in the financial statements.	1.7.1.2 Management should ensure that detail general ledgers are maintained to support figures disclosed in the financial statements.	Resolved
1.7.2 Lack of Detailed Schedule for Payments	1.7.2.1 During the audit, we observed that the financial statements did not contain detailed schedules for the disaggregation of project management cost totaling US\$51,517.15.	1.7.2.2 Management should facilitate full and adequate disclosures in the notes to the financial statements consistent with Paragraph 1.3.8 of the 2017 revised IPSAS Cash Basis.	Resolved
1.7.3 Non-maintenance of a Tax Register	1.7.3.1 During the audit, we observed no evidence that Management maintained a Tax Register as required.	1.7.3.2 Management should provide explanation for not maintaining a tax register per the entity's financial management policy.	Unresolved
Procurement Outside Procurement Plan	During the audit we observed that the management of LEC procured computers and its accessories for the amount of US\$107,650 for Monrovia Vocational Training Center without adherence to the procurement plan	Management should ensure that all goods procured are in the procurement plan to achieve program objective and promote competition and foster participation in procurement proceeding and concession agreements by qualified suppliers <i>qualified suppliers</i> .	Resolved
Payment not	During the we observed that the Management of	Management should ensure that all transactions are	Resolved

Recorded on the Cash Book	LEC made several payments totaling US\$8,861.05 for operating cost on the LEEAP project were not recorded on the cash book	recorded on the cash book to promote accountability	
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ANNEXURES

Annexure 1. Fixed Assets not Seen for Physical Verification

No.	Class of Asset	Asset description	Finding source	Asset code	Asset location	Asset Seen
1	Office Equipment	Air Conditioner	ADF	LEC—LEEAP-OE-084	Procurement Office	Not Seen
2	Office Equipment	Laptop	ADF	LEC—LEEAP-OE-92	Finance Office	Not Seen
3	Office Equipment	Laptop	ADF	LEC—LEEAP-OE-091	Paschaline Mashingasde	Not Seen
4	Office Equipment	Laptop	ADF	Not Coded	Environmental Expert	Not Seen
5	Office Equipment	Laptop	ADF	LEC—LEEAP-OE-094	Procurement Office	Not Seen
6	Office Equipment	Laptop	ADF	LEC—LEEAP-OE-095	Finance Office	Not Seen
7	Office Equipment	Laptop	ADF	LEC-L EEAP-0E-096	Environmental and Safety Department	Not Seen
8	Office Equipment	Laptop	ADF	Not Coded	Procurement Office	Not Seen
9	Office Furniture	Executive Desk	ADF	LEC-L EEAP-FF-063	Project Coordinator	Not Seen
10	Office Furniture	Semi-Executive Chair	ADF	LEC-L EEAP-FF-007	Finance Office	Not Seen
11	Office Furniture	Semi-Executive Chair	ADF	LEC-L EEAP-FF-010	Finance Office	Not Seen
12	Office Furniture	Semi-Executive Chair	ADF	LEC-L EEAP-FF-018	Finance Office	Not Seen
13	Office Furniture	Semi-Executive Chair	ADF	LEC-L EEAP-FF-016	Procurement Office	Not Seen
14	Office Furniture	Semi-Executive Chair	ADF	LEC-L EEAP-FF-017	Procurement Office	Not Seen
15	Office Furniture	Semi-Executive Chair	ADF	LEC-L EEAP-FF-019	Procurement Office	Not Seen
16	Office Furniture	Semi-Executive Chair	ADF	LEC-L EEAP-FF-020	Procurement Office	Not Seen
17	Office Furniture	Semi-Executive Chair	ADF	LEC-L EEAP-FF-035	Conference Room	Not Seen
18	Office Furniture	Semi-Executive	ADF	LEC-L EEAP-FF-036	Conference Room	Not Seen

No.	Class of Asset	Asset description	Finding source	Asset code	Asset location	Asset Seen
		Chair				
19	Office Furniture	Visitor Chair	ADF	LEC-LEEAP-FF-070	Project Coordinator	Not Seen
20	Office Furniture	Visitor Chair	ADF	LEC-LEEAP-FF-060	Technical Project Coordinator	Not Seen
21	Office Furniture	Visitor Chair	ADF	LEC-LEEAP-FF-061	Technical Project Coordinator	Not Seen
22	Office Furniture	Visitor Chair	ADF	LEC-LEEAP-FF-062	Technical Project Coordinator	Not Seen
23	Office Furniture	Wooden Cabinet	ADF	LEC-LEEAP-FF-057	Technical Project Coordinator	Not Seen
24	Office Furniture	Work Station	ADF	LEC-LEEAP-FF-074	Engineering Contract Management Expert	Not Seen
25	Office Furniture	Conference room chair	ADF	LEC-LEEAP-FF-040	Conference Room	Not Seen
26	Office Furniture	Conference room chair	ADF	LEC-LEEAP-FF-042	Conference Room	Not Seen
27	Office Furniture	Conference room chair	ADF	LEC-LEEAP-FF-043	Conference Room	Not Seen
28	Office Furniture	Conference room chair	ADF	LEC-LEEAP-FF-045	Conference Room	Not Seen
29	Office Furniture	Conference room chair	ADF	LEC-LEEAP-FF-051	Conference Room	Not Seen
30	Office Furniture	Magnetic White Board (120cm*180 cm)	ADF	LEC-LEEAP-FF-071	Project Coordinator	Not Seen
31	Office Furniture	White Board (90*120cm)	ADF	LEC-LEEAP-FF-073	Procurement Office	Not Seen

EXHIBITS

Exhibit 1: Customers in zones 5 and 6 hosting transfers 1 and 2

GAC Picture Courtesy- homes with lines but without meters and electricity power in Pleebo



CAMON 30 *

23mm f/1.88 1/111s ISO50



CAMON 30 *

23mm f/1.88 1/108s ISO50



CAMON 30 *

23mm f/1.88 1/207s ISO50



CAMON 30 *

23mm f/1.88 1/148s ISO50



CAMON 30 *

23mm f/1.88 1/440s ISO51



CAMON 30 *

23mm f/1.88 1/574s ISO50



CAMON 30 •

23mm f/1.88 1/145s ISO50



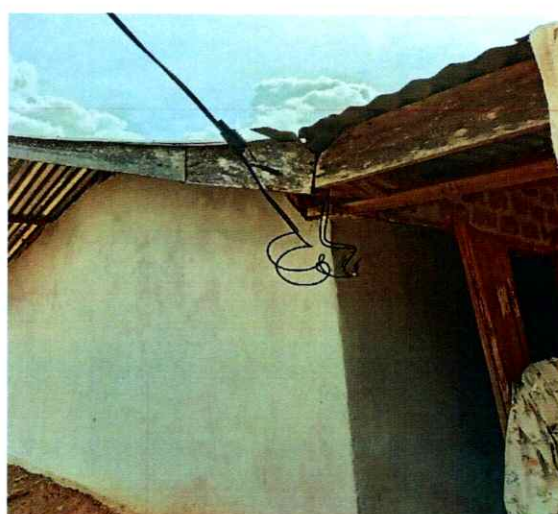
CAMON 30 •

23mm f/1.88 1/208s ISO50



CAMON 30 •

23mm f/1.88 1/330s ISO52



CAMON 30 •

23mm f/1.88 1/329s ISO50



CAMON 30 •

23mm f/1.88 1/609s ISO52



CAMON 30 •

23mm f/1.88 1/197s ISO50

Service Lines Hanging on Stakes



CAMON 30 •

23mm f/1.88 1/2151s ISO51



CAMON 30 •

23mm f/1.88 1/247s ISO50

Service lines are hanging on stakes



CAMON 30 •

134mm f/1.88 1/076s ISO55



CAMON 30 •

230mm f/1.88 1/1536s ISO51

Service lines covered with trees



CAMON 30 •

116mm f/1.88 1/305s ISO50



CAMON 30 •

116mm f/1.88 1/861s ISO52

Service line lying on the grass



CAMON 30 •

23mm f/1.88 1/615s ISO50



CAMON 30 •

23mm f/1.88 1/791s ISO51

functional Line 1 at the RIA substation



Thirteen (13) feeder boxes procured but not yet installed at the RIA substation



The feeder boxes that destroyed by fire in the control room at the RIA substation

