

## **Management Letter**

### **On Financial Statements Audit of the Liberia Investment, Finance and Trade Project (LIFT-P)**

*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

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### Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AG	Auditor General
APA	Assistant Project Accountant
BEP	Bid Evaluation Penal
CBL	Central Bank of Liberia
CERC	Contingent Emergency Response Component
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
COSO	Committee of Sponsoring Organizations
CPA	Certified Public Accountant
FCCA	Fellow Member of the Association of Chartered Certified Accountants
ERTP	Economic Recovery and Transformation Project
GAC	General Auditing Commission
GoL	Government of Liberia
IDA	International Development Association
IPSAS	International Public Sector Accounting Standards
IUFR	Interim Unaudited Financial Reports
LIFT-P	Liberia Investment, Finance and Trade Project
LOC	Line of Credit
M & E	Monitoring and Evaluation
MOCI	Ministry of Commerce and Industry
MSC	Ministerial Steering Committee
MSMEs	Micro Medium-Side Enterprises
NPSC	National Project Steering Committee
PAD	Project Appraisal Document
PID	Project Implementation Document
PC	Project Coordinator
PFM Act	Public Finance Management Act
PFMU	Project Financial Management Unit
PIU	Project Implementation Unit
POM	Project Operational Manual
PPA	Project Preparatory Advance
PPC Act	Public Procurement & Concessions Act
PPCC	Public Procurement and Concessions Commission
PSC	Project Steering Committee
PV	Payment Voucher
PFI	Participating Financial Institutions
SMEs	Small and Medium Enterprises
SMT	Senior Management Team

<b>Acronyms/Abbreviations/Symbol</b>	<b>Meaning</b>
SPA	Senior Project Accountant
TC	Technical Committee
TIMAs	Technical Implementing Ministries and Agencies
US\$	United States Dollar
WB	World Bank

June 27, 2025

Hon. Magdalene Ellen Dagoseh

**Minister**

Ministry of Commerce and Industry (MOCI)

EJS Ministerial Complex

Monrovia, Liberia

Dear Hon. Dagoseh:

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS OF THE LIBERIA INVESTMENT,  
FINANCE AND TRADE PROJECT (LIFT-P) FOR THE YEAR DECEMBER 31, 2024.**

The audit of the Financial Statements of the **Liberia Investment, Finance and Trade Project (LIFT-P)** for the year ended December 31, 2024 was commissioned by the Auditor-General (AG) under the AG's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

**Introduction**

The audit of the LIFT-Project for the year 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 audit.

**Audit Scope and Methodology**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) as well as the Engagement (Audit) Terms of Reference. These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual Financial Statements.

An audit includes:

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

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

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

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the LIFT-P Management. Our responsibility is to express our opinion on these financial statements.

#### **Key Members of the Project Implementing Unit**

<b>No.</b>	<b>Name</b>	<b>Position</b>
1.	Papins Daniels	Unit Director, PFMU
2.	Leroy N. Fendor	Deputy Director, PFMU
3.	Subozu Kollie	Project Internal Auditor, PFMU
4.	Julius Yenwon Saye Keh-nel	Acting Project Coordinator/SME Specialist
5.	Patrick E. Paye	Financial Sector Development Specialist
4.	Julius M. Vanyanbah	Project Procurement Specialist
5.	Fahn Dakannah	Assistant Project Procurement Specialist
6.	Josephfor K. Zumo	Monitoring and Evaluation Specialist

The audit findings which were identified during the course of the audit are included below.

#### **APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the LIFT-P during the audit.

Sincerely,



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

**Monrovia, Liberia**

June 2025

## 1 DETAILED AUDIT FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Reporting

#### 1.1.1 Non-Reconciliation between the Budget/Work plan Activities and the Economic Activities used for Financial Reporting

##### Criteria

1.1.1.1 Section 14 (2)(a) of the PFM Act of 2009 as amended and restated 2019 states: "All public financial transactions, both revenues and expenditures, are to be structured and classified using the same classifications for both budgeting and accounting. The following rules will apply:

(a) Where relevant, these classifications shall be designed to meet generally accepted international standards as defined in regulations issued pursuant to this Act. In the national budget or supplementary appropriations, budgetary classifications may be made for expenditures of a confidential nature. Details of such spending items will be promulgated in the regulations accompanying this Act".

1.1.1.2 Regulation D.18 (1) of the PFM Act of 2009 as amended and restated 2019 states: "For the purposes of budgeting and accounting, the expenditures and other payments of Government agencies shall be classified by administrative/institutional unit responsible for spending, appropriated at spending agency level, and will be further classified according to economic classification structured around the following major categories of spending: (a) Recurrent expenditures further subdivided by: (i) Wages, salaries and other allowances (ii) Goods and services (iii) Current subsidies and transfers (iv) Interest payments on debt (b) Acquisition of capital assets 43 (c) Lending (d) Equity participation (e) Repayment of external or domestic debt".

1.1.1.3 Section 1.3.8 of the Cash Basis IPSAS (2017) states that notes to the financial statements include narrative descriptions or more detailed schedules or analyses of amounts shown on the face of the financial statements, as well as additional information. They include information required and encouraged to be disclosed by this Standard and can include other disclosures considered necessary to achieve a fair presentation and enhance accountability.

##### Observation

1.1.1.4 During the audit, we observed that the project activities per the budget and work plan were classified in programmatic activities but expended in economic activities form. For instance, the program activities named "Investment Climate and Trade with subcomponents Private Investment Support and Business Registration: One Stop Shop" were used for various economic expenditures including travels, consultancies, office supplies etc. However, we observed no evidence of reconciliation between the programmatic activities and the economic activities which served as the basis for the

preparation of the general ledger, trial balance, and subsequently the financial statements.

- 1.1.1.5 In addition, there was no evidence that the notes to the financial statements include narration explaining the purposes for the amounts recorded in the financial statements submitted for audit.

**Risk**

- 1.1.1.6 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.
- 1.1.1.7 Effective review and reconciliation of financial transactions and statements may be impaired.
- 1.1.1.8 Fair presentation and full disclosure of the financial statements may be impaired.

**Recommendation**

- 1.1.1.9 Management should adjust the financial statements to include in the notes to the financial statements a reconciliation between the programmatic classification and the economic classification or at least disclose a detailed composition of each programmatic classification utilized in the preparation of the financial statements. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.1.1.10 Going forward, an automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Subsequently, an automated linkage should be created among the general ledger, trial balance, and the financial statements to facilitate completeness and accuracy of the financial statements.
- 1.1.1.11 Management should also include in the notes to the financial statements a reconciliation between the programmatic classification and the economic classification or at least disclose a detailed composition of each programmatic classification utilized in the preparation of the financial statements.

**Management's Response**

- 1.1.1.12 *We acknowledged the audit observation. We have revised the financial statements for your review.*

**Auditor General's Position**

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

## 1.1.2 Non-Explanation for Material Variance S

### Criteria

- 1.1.2.1 Part 1.7.8 of the International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting (November 2017) states: "that an entity that makes publicly available its approved budget(s) shall present a comparison of the budget amount for which it is held publicly accountable and actual amounts either as a separate additional financial statement of an additional budget columns in the statement of cash receipts and payments. The comparison of budget and actual amount shall present separately for each level of legislative oversight
- 1.1.2.2 By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and cross-reference to those documents is made in the notes".
- 1.1.2.3 Additionally, Part 1.7.12 of the International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting (November 2017) states: an explanation of the material differences between actual amounts and the budget amounts will assist users in understanding the reasons for material departure from the approved budget for which the entity is held accountable.

### Observation

- 1.1.2.4 During the audit, we observed that Management did not include explanatory notes to the financial statements for material variances amounting to US\$7,937,531.67 between the budget and actual amounts. **See Table 1 below for details:**

**Table 1: Non-Explanation for Material Variances**

Activities	Budgeted Amount US\$ (A)	Actual Amount US\$ (B)	Variance US\$ (C=A-B)
<b>Component 1: Investment Climate and Trade</b>			
<b>Sub-component 1.1.</b> Private Sector Investment Support	2,546,000.00	332,232.00	2,213,768.00
<b>Subcomponent 1.2.</b> Business Registration: One-stop shop	645,000.00	257,879.00	387,121.00
<b>Sub-component 1.3.</b> National Single Window	90,000.00	-	90,000.00
<b>Component 2: SME Access to Markets and Finance:</b>			
<b>Subcomponent 2.1:</b> SME Access to Market	1,453,667.67	133,822.00	1,319,845.67
<b>Subcomponent 2.2:</b> SME Access to Finance	3,310,000.00	2,999,976.00	310,024.00
<b>Component 3: Digital Financial Services Infrastructure</b>			

Activities	Budgeted Amount US\$ (A)	Actual Amount US\$ (B)	Variance US\$ (C=A-B)
<b>Subcomponent 3.1:</b> National Electronic Payments Switch	2,263,500.00	32,161.00	2,231,339.00
<b>Subcomponent 3.2:</b> Credit Registry	1,111,000.00	3,354.00	1,107,646.00
<b>Component 4: PIU + CERC</b>			
PIU + CERC	1,086,230.00	808,442.00	277,788.00
<b>Total</b>	<b>12,505,397.67</b>	<b>4,567,866.00</b>	<b>7,937,531.67</b>

### Risk

- 1.1.2.5 Failure to include notes or explanation for material variances between budgetary and actual amounts in the financial statements may deny users of the financial statement's information needed to make informed decision.
- 1.1.2.6 Full disclosure and fair presentation of the financial statements may be impaired.

### Recommendation

- 1.1.2.7 Management should adjust the financial statements to include in the notes to the financial statements explanation for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the IPSAS Cash Basis of Accounting (November 2017). The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.1.2.8 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 IPSAS Cash Basis of Accounting (November 2017).

### Management's Response

- 1.1.2.9 *The PIU is aware of this variance and there are reasons why such variances have always appeared. For example, in Year One of the AWP or Project implementation, the PW did not foresee that there would have been noncompliance on the part of government officials due to change in administration (Change of Government). When the AWP was developed and approved in Feb of 2023, the PIU budgeted to spend during Q-3 and Q-4 of 2023; a projection that was not realized due to the fact the PIU began going to market by late July of 2023 and by October, the elections set in, coupled with the transition. During these periods, the PIU was not able to spend because major implementing agencies failed to sign or respond to procurement related documents because the government at the time had lost the elections. Additionally, the PW's initial budgeting system was wrong. For example, if an activity proposed by an agency costed US\$100k, the entire amount was placed in the AWBP without taking into consideration the time of procurement. This system of budgeting was changed during the 2025 AWB planning wherein only portion of the activity that the PIU is sure will be implemented is being budgeted for. We hope to improve on our budgeting to avoid such huge variances in the future.*

## Auditor General's Position

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

## 1.2 Personnel Management

### 1.2.1 Non-Compliance to Harmonized Salary Pay Grade

*Table title and observation must align*

#### Criteria

- 1.2.1.1 A communication from the Minister of Ministry of Finance and Development Planning (MFDP), dated March 26, 2020 with the subject "Harmonized Salary Scale for Donor Funded Project" states that The Ministry of Finance and Development Planning (MFDP) has been working on harmonization of salaries of civil servants and other Government employees paid through the National Budget. The Ministry has also extended the same process to include seconded employees/contractors of all donor-funded projects, including those funded by the World Bank and African Development Bank, to ensure consistency and value for money. The MFDP considered several factors and key public financial management and procurement principles, such as transparency, accountability, fairness and integrity in deciding the first harmonized pay structure for designated Project Management/implementation Units for Donor Financed Staff. The Ministry also considered the principles of effectiveness, efficiency, economy and various risks. This new harmonized pay scale shall come into effect after expiration of the current service contract of each staff working with Donor Financed Project. All salaries for staff working with Donor Financed Project should be paid in United States Dollars (USD). Kindly be informed that all project staff (including Liberian and Foreign) should pay the relevant taxes as prescribed by the Revenue Tax Law. Successive salary payments will be made on the basis of evidence of the staff tax compliance. The list of agencies and ministries currently implementing projects is attached. This new policy shall apply to any new ministries or agencies that implement future donor financed projects. **Note:** The harmonized pay policy applies to any other donor financed project positions in the range of specialist, officer and assistant that are not listed and that maybe created in the future.

#### Observation

- 1.2.1.2 During the audit, we observed that Management facilitated disbursement of salaries to some employees non-compliant with the approved harmonized pay grade instituted by the Government of Liberia on March 26, 2020. **See Table 2 below for details.**

**Table 2: Non-Compliance with Harmonization**

Name	Position	Salary/Project per Month US\$ (A)	GoL Harmonized Paygrade US\$ (B)	Variance/month US\$ (C)	# of Month (D)	Variance /Year US\$ (E=C*D)
Joseph Y. Howe, Esq.	Project Coordinator	6,000.00	4,625.00	1,375.00	9	12,375.00
Joseph Toh Hinneh	Finance Officer	3,500.00	3,238.00	262.00	3	786.00
Julius Yenwon Saye Keh-Nel	SME Specialist	5,000.00	3,238.00	1,762.00	12	21,144.00
Patrick E. Paye	Financial Sector Development Specialist	5,000.00	3,238.00	1,762.00	12	21,144.00
Jefferson Dahn Jr	Environmental Specilaist	3,500.00	3,238.00	262.00	1	262.00
Julius Vanyanbah	Procurement Specialist	3,500.00	3,238.00	262.00	12	3,144.00
Doegbazee K. Zaza	Social Specialist	3,500.00	3,238.00	262.00	3	786.00
Fahn Dahkanah	Assistant Procurement Specialist	1,500.00	2,775.00	(1,275.00)	12	(15,300.00)
Julie L. Kollie	Driver	555.56	648.00	(92.44)	12	(1,109.28)
Emmanual Tweh	Driver	555.56	648.00	(92.44)	12	(1,109.28)
<b>Total</b>		<b>32,611.12</b>	<b>28,124.00</b>	<b>4,487.12</b>	<b>88</b>	<b>42,122.44</b>

### Risk

- 1.2.1.3 Management may be non-compliant with the approved harmonized pay grade instituted by the Government of Liberia on March 26, 2020.
- 1.2.1.4 Failure to ensure the harmonized pay-grade is comprehensively and consistently applied during the disbursement of salaries to project staff may lead to discretionary determination of salary. This may lead to misappropriation and misapplication of public funds.

### Recommendation

- 1.2.1.5 Management should facilitate the immediate adoption of the GoL harmonized pay-grade for the disbursement of salaries to all project staff.
- 1.2.1.6 The human resource and internal audit functions of the project should facilitate the conduct of periodic review of employment documentation, perform and conduct periodic reconciliation of payrolls to ensure that the harmonized pay-grade is comprehensively and

consistently implemented by the project. Variances identified should be immediately adjusted as required.

- 1.2.1.7 Management should ensure that an automated linkage is established between the harmonized pay-grade and the payroll data. Determination of employees' wages should be performed by simply inputting the position of the employee and the corresponding pay-grade step (as the system would automatically select the expected salary). Management should establish a control such that payroll adjustments inputted by a junior staff is reviewed and approved by a senior staff before the transaction is effected in the payroll/accounting software.

### **Management's Response**

- 1.2.1.8 *The PIU acknowledges this finding and will elevate this to the MOCI Senior Management level because the PIU staff negotiated with management without being aware of such rules. Since this was brought to our attention by the PFMU, we have advised management for this to take effect during the anniversary of each contract since contracts are in effect. Moreover, positions that are under recruitment currently have been budgeted using the harmonized salary scale.*

### **Auditor General's Position**

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

## **1.2.2 Non-Recruitment of Key Staff**

### **Criteria**

- 1.2.2.1 Section 3.3.1 of the Project Operations Manual (POM) requires that the PIU will consist of the following roles: Project Coordinator, Environmental Specialist, Social Specialist, Technical Specialists (at least one per component and technical area) and including: Private Sector Development Specialist, SME Development Specialist, Financial Sector Development Specialist, Procurement Specialist, M & E Specialist, Climate Change Specialist, Communication Specialist, Finance Officer.
- 1.2.2.2 Additionally, Section III (12) of the Project Implementation Document (PID) requires that A Project Implementing Unit (PIU) within the Ministry of Commerce and Industry (MOCI) will provide project implementation support and lead day-to-day management of the project. The PIU will consist of the following: Project Coordinator, Procurement Specialist, Financial Management (FM) Specialist, Safeguards Specialists (Environmental and Social/Gender), two Technical Specialists (SME, Financial Sector Development), Climate Change Specialist, as well as M&E and Communication Specialists. The PIU team will be in place before project effectiveness. As with all Bank projects in Liberia, the Procurement and FM Specialists of this project will work closely with their peers at the Project Fiduciary Management Unit (PFMU) which sits at the Ministry of Finance and Development Planning

(see paragraph below). The Technical specialists of the PIU will work directly with the Technical Implementing Ministries and Agencies (TIMAs) to ensure that each TIMA is provided with the technical, financial and procurement support required to achieve desired outcomes for the project.

### **Observation**

1.2.2.3 During the audit, we observed no evidence that Management recruited staff in the following key positions as required by the Project Operating Manual and the Project Implementation Document:

- Climate Change Specialist
- Communication Specialist
- Administrative Assistant

1.2.2.4 Additionally, some staff who resigned from the project during the period under audit have not been replaced to facilitate the effective and efficient implementation of project activities:

- Project Coordinator
- Finance Officer
- Environmental Specialist
- Social specialist

### **Risk**

1.2.2.5 Non-recruitment/ delay in the replacement of key staff may lead to non-achievement of project deliverables.

1.2.2.6 Management may not have the required workforce needed to effectively and efficiently implement the project objectives and deliverables.

### **Recommendation**

1.2.2.7 Management should provide substantive justification for not recruiting staff in key positions and facilitating the timely replacement of staff who resigned from the project.

1.2.2.8 Going forward, Management should facilitate competitive recruitment of key staff and ensure that all vacancies are filled in a timely manner consistent with the project's organogram. Evidence of competitive recruitment and placement of key staff including job advertisements, interview questions, interview panel reports, approved term of reference and all other relevant supporting records should be adequately documented and filed to facilitate future review.

### **Management's Response**

1.2.2.9 *Management wishes to inform the auditor that the Environmental and Social Specialists positions were merged to one position called 'E & S Specialist'. This post has been filled by Mr. Lenn Gomah, who is currently occupying the position. On the other hand, the rest*

*of the positions are under recruitment and will be filled by the end of the June 2025.*

### **Auditor General's Position**

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

### **1.2.3 Non-Performance of Exit Conference for Resignation**

#### **Criteria**

- 1.2.3.1 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 control to mitigate these risks".
- 1.2.3.2 Further, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal control framework on control activities states: "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

#### **Observation**

- 1.2.3.3 During the audit, we observed no evidence that Management performed exit conference for staff who had resigned during the period.
- 1.2.3.4 Additionally, we observed that the project has experienced some resignations of key senior management personnel. **See Table 3 below for details.**

**Table 3: Non-Performance of Exit Conference for Resignation**

No.	Name	Position	Date of Resuming Position	End Date
1.	Joseph Y. Howe	Project Coordinator	September 2023	October 2024
2.	Joseph T. Hinneh	Finance Officer	October 2 <sup>nd</sup> 2022	April 2024
3.	Jefferson Dahn, Jr	Environmental Specialist	October 2 <sup>nd</sup> 2022	April 2024
4.	Doegbazee Zaza	Social specialist	October 2 <sup>nd</sup> 2022	February 2024

#### **Risk**

- 1.2.3.5 In the absence of an exit conference upon resignation, Management may not be aware of the underlying reason (s) for (continued) employees' resignation. This may lead to high labor turnover of employees.
- 1.2.3.6 Continued resignations of key project staff may impair the sustenance of institutional knowledge and learning curves. This may impair the timely achievement of project

deliverables.

### Recommendation

- 1.2.3.7 Management should facilitate the performance of exit conference for all staff departing the entity to ascertain the reason(s) for resignation.
- 1.2.3.8 Management should catalog reason(s) obtained from exiting staff during the exit conference to aid in the formulation of employee's development plan, improvement in the corporate culture and the working environment of the project (where applicable). Existing resources should be used to resolve significant issues raised by exiting personnel.
- 1.2.3.9 Evidence of exit conference and actions to address significant concerns should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.2.3.10 *Management takes note of this as a recommendation. Let it be noted that the manner and form in which some of the colleagues resigned did not leave room for such exit conference; however, management should have ensured that there were minutes taken for colleagues with whom management had exit conference. We take this seriously and will do better in the future in case there is any resignation or retirement.*

### Auditor General's Position

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

## 1.3 Procurement Management

### 1.3.1 Delay in the Implementation of Project's Deliverables

#### Criteria

- 1.3.1.1 According to the LIFT Project Implementation Document and the financial statements, the project was approved by the World Bank on September 21, 2021, and became effective on January 1, 2022. The development objectives of the project are to improve the investment climate, strengthens firm capacities, expand sustainable access to finance and help MSMEs recover from the impact of the COVID-19 pandemic.

#### Observation

- 1.3.1.2 During the audit, we observed the following discrepancies associated with delay in the implementation of project's deliverables:
- We observed no evidence that Management implemented subcomponent, National Single Window amounting to US\$90,000.00 outlined in the budget/work plan during the period under audit. **See Table 4 below for details of outstanding activities for the project's component:**

**Table 4: No Evidence Subcomponent implemented**

Subcomponents	A Annual Budget US\$	B Expenditure US\$	C=A-B Variance US\$	Activities Not Implemented
<b>Investment Climate and Trade</b>				
Trade: National Single Window				<ul style="list-style-type: none"> <li>• Support a study tour for both LRA and Bureau of Trade (MOCI) to NSW best practice country;</li> <li>• Provision of logistical supports to the Trade Facilitation Committee (MOCI) - procurement of one (1) vehicle;</li> <li>• Hiring of firm to deliver on the National Single Window (Procure, install, and provide training, etc);</li> </ul>
<b>Total</b>	<b>90,000.00</b>	<b>-</b>	<b>90,000.00</b>	

1.3.1.3 We observed significant variances amounting to US\$7,847,531.67 between the budgeted and actual expenditures as a result of delay in the implementation of project deliverables for various components comprehensively catalogued in Table 3 below. **See table 5 below for details:**

**Table 5: Significant Variance between Planned Budget and Actual Activities Implemented**

Activities	Budgeted Amount US\$ (A)	Actual Amount US\$ (B)	Variance US\$ (C=A-B)	Outstanding Deliverables
<b>Component 1: Investment Climate and Trade</b>				
<b>Sub-component 1.1.</b> Private Sector Investment Support	2,546,000.00	332,232.00	2,213,768.00	Consultancies and Capacity building
<b>Subcomponent 1.2.</b> Business Registration: One-stop shop	645,000.00	257,879.00	387,121.00	Procurement of an online Business Registration System, including a barcode system
<b>Component 2: SME</b>				

Activities	Budgeted Amount US\$ (A)	Actual Amount US\$ (B)	Variance (C=A-B) US\$	Outstanding Deliverables
<b>Access to Markets and Finance:</b>				
<b>Subcomponent 2.1:</b> SME Access to Market	1,453,667.67	133,822.00	1,319,845.67	SME Advisory Services to SBA (Consultant); Training of SBA staff on SME data management
<b>Subcomponent 2.2:</b> SME Access to Finance	3,310,000.00	2,999,976.00	310,024.00	Consultancies and Capacity building
<b>Component 3: Digital Financial Services Infrastructure</b>				
<b>Subcomponent 3.1:</b> National Electronic Payments Switch	2,263,500.00	32,161.00	2,231,339.00	Consultancies and Capacity building
<b>Subcomponent 3.2:</b> Credit Registry	1,111,000.00	3,354.00	1,107,646.00	Consultancies and Capacity building
<b>Component 4: PIU + CERC</b>				
PIU + CERC	1,086,230.00	808,442.00	277,788.00	Staffing Gap
<b>Total</b>	<b>12,415,397.00</b>	<b>4,567,866.00</b>	<b>7,847,531.67</b>	

- 1.3.1.4 Management transferred the sum of US\$2,999,976.00 from its designated account to an escrow account for subsequent disbursement of loans to the supervising Participating Financial Institutions (PFIs) and their respective small and medium-sized enterprises (SMEs). However, we observed significant variances amounting to US\$1,124,781.00 between funds transferred to the escrow account (LOC account) and funds subsequently remitted to the PFIs for onward distribution to SMEs. Further, we observed that Management recorded the amount of US\$2,999,976.00 as expenditures under the caption 'SMEs Access to Finance' instead of the US\$1,875,195.00 transferred to PFIs for onward remittance to SMEs. **See Table 6 below for details:**

**Table 6: Variance in the LOC Account**

Description	Date of Debit	Amount Deposited on October 30, 2024 in LOC Account US\$ (A)	Amount Debited US\$ (B)	LOC Bank Balance US\$ (C=A-B)
CONCESSIONARY ACCOUNT MAINT. FEE	10/30/2024	2,999,976.00	30.00	

Description	Date of Debit	Amount Deposited on October 30, 2024 in LOC Account US\$ (A)	Amount Debited US\$ (B)	LOC Bank Balance US\$ (C=A-B)
CONCESSIONARY ACCOUNT MAINT. FEE	10/30/2024		30.00	
CONCESSIONARY ACCOUNT MAINT. FEE	10/30/2024		30.00	
CONCESSIONARY ACCOUNT MAINT. FEE	10/31/2024		30.00	
MT FOR LIBERIA ENTERPRISE DERT FINANCE CO(LEDFC)	11/6/2024		5.00	
LEDFC	11/6/2024		525,000.00	
MT FOR LIFT-MSMF THR AFRILAND	11/11/2024		5.00	
MT FOR LIFT-MSMF THR AFRILAND	11/11/2024		750,000.00	
CONCESSIONARY ACCOUNT MAINT. FEE	11/29/2024		30.00	
MT TO CITI TRUST SAVING	12/4/2024		5.00	
Citi Trust Saving	12/4/2024		600,000.00	
CONCESSIONARY ACCOUNT MAINT. FEE	12/31/2024		30.00	
<b>TOTAL DEBITED</b>		<b>2,999,976.00</b>	<b>1,875,195.00</b>	<b>1,124,781.00</b>

- 1.3.1.5 Three (3) PFIs were qualified and received line of credit funding for onward remittance to SMEs. However, only one of the PFIs (Afriland First Bank Liberia Limited) disbursed the amount of US\$750,000.00 to their customers and sub-borrowers which was subsequently loaned to the Micro, Small and Medium-sized Enterprises (MSMEs) in four counties (Nimba, Lofa, Montserrado and Grand Kru). We observed no evidence that the other two (2) qualified PFIs (CITI Trust and Liberian Enterprise Development Finance Company (LEDFC)) subsequently remitted the line of credit funds received to SMEs as required for the period under audit. **See Table 7 below and Annexure 1 for details.**

**Table 7: Expenditure by Participating Financial Institutions (PFI)**

Name of PFI	Amount Received US\$ (A)	Expenditure Amount US\$ (B)	Variance US\$ (C=A-B)
Afriland First Bank Liberia Limited	750,000.00	750,000.00	-
CITI Trust	600,000.00	-	600,000.00
Liberian Enterprise Development Finance Company (LEDFC)	525,000.00	-	525,000.00
<b>Total</b>	<b>1,875,000.00</b>	<b>750,000.00</b>	<b>1,125,000.00</b>

### Risk

- 1.3.1.6 Untimely achievement of project deliverable may lead to additional expenditure (fixed costs) of the project.

1.3.1.7 Project objective may not be achieved in the absence of effective project implementation and coordination.

1.3.1.8 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**

1.3.1.9 Management should provide substantive justification why project deliverables catalogued in tables above were not implemented within approved timelines consistent with approved work plan and budget.

1.3.1.10 Management should adjust the financial statements to reflect actual expenditures under the caption 'SMEs Access to Finance' representing actual transfers to PFIs. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.

1.3.1.11 Management should immediately liaise with the two (2) PFIs (CITI Trust and Liberian Enterprise Development Finance Company (LEDFC)) to ascertain the reasons for non-disbursements to SMEs during the period under audit, the current status of disbursements to SMEs and update the Office of the Auditor General, as part of Management's response to this Management Letter.

1.3.1.12 Going forward, Management should facilitate timely implementation of project deliverables consistent with approved work plan and budget. 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 all stakeholders/contractors and included as supplementary documentation to the approved contracts. Management should facilitate timely disbursement of funds consistent with approved work plan and budget to ensure that project deliverables are implemented in a timely manner.

1.3.1.13 Management should facilitate periodic monitoring and evaluation of project activities to ensure that project's deliverables are performed in a timely manner consistent with approved work plans and contracts. Management should ensure that budgeted lines of credit funds are disbursed to qualified PFIs in a timely manner for onward remittance to SMEs. Management should also facilitate periodic monitoring and evaluation of PFIs and SMEs business performances, including repayments of loans and interests. Gaps identified should be investigated and resolved in a timely manner. Subsequent disbursements should not be made to non-performing PFIs and SMEs.

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

### **Management's Response**

- 1.3.1.15 *Over the period, there has been discussion between the Government and the World Bank (WB) on which procurement method to use for the Single Window. The Government was clear that it was going with the United Nations Conference on Trade and Development (UNCTAD) Solution using single sourcing. The WB on the other hand recommended a private solution where the Government will open the process for competition. It was finally agreed in 2024 that the Government will go with UNCTAD Solution but throughout the period, the PIU had consistently budgeted for the Single Window with the hope that it would be implemented. Under the 2025 budget, the PIU decided not to budget for the Single Window because this line kept appearing without any action but we were assured that the implementation will take place in 2025. We take note of this and hope to improve.*
- 1.3.1.16 *The PIU is aware of this variance and there are reasons why such variances have always appeared. For example, in Year One of the AWP or Project implementation, the PIU did not foresee that there would have been non-compliance on the part of government officials due to change in administration (Change of Government). When the AWP was developed and approved in Feb of 2023, the PIU budgeted to spend during Q-3 and Q-4 of 2023; a projection that was not realized due to the fact the PIU began going to market by late July of 2023 and by October, the elections set in, couple with transition. During these periods, the PIU was not able to spend because major implementing agencies failed to sign or respond to procurement related documents because the government at the time had lost the elections. Additionally, the PIU initial budgeting system was wrong. For example, if an activity proposed by an agency costed US\$100k, the entire amount was placed in the AWBP without taking into consideration the time of procurement. This system of budgeting was changed during the 2025 AWB Planning where in only portion of the activity that the PIU is sure will be implemented is being budgeted for. We hope to improve on our budgeting to avoid such huge variances in the future.*
- 1.3.1.17 *While is it true that the Project has gone 2.5 years in its implementation, the PIU wishes to note that actual implementation began in 2024. This is based on the fact that the PIU was set up in October 2022. By February 2023, the first AWBP was approved by the NPSC and the World Bank. On March 7, 2023, the Government launched the Project, followed by the first TIMA Engagement Workshop and WB Hybrid Mission in Ganta from April 26-29 to finalize Terms of References and define roles of TIMAs under the Project. The PIU began going to the market in late July and by the time firms and consultants started responding to EOIs, the elections set in by October, then the transition. The first Minister of Commerce under the new Administration started signing on the PIU document in March 2024.*

*Note: These challenges are not meant to justify why the Government, through the PIU, has delayed with the implementation of the Project; however, it is necessary to be shared especially so in response to such a major audit.*

- 1.3.1.18 *As per the LOC procedure manual, the payments to the PFIs were to be made in two (2) tranches: sixty percent (60%) and forty percent (40%). The variance being referenced is the 40% payment that was not made during the period due to the CBL pending validation and assessment on the usage of the first tranche (60%). Kindly note that the second tranche (40%) was paid in early 2025.*
- 1.3.1.19 *We acknowledge this observation; however, the other two (2) referenced PFIs, using their own internal processes, started the disbursement of these lines of credit to SMEs at the start of 2025. The Central Bank of Liberia conducted an assessment to determine their compliance with the LOC procedures and process.*

#### **Auditor General's Position**

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

### **1.3.2 Discrepancies Associated with Foreign Travels**

#### **Criteria**

- 1.3.2.1 Section 3.3.8 (Para. 2 & 3) of LIFT-Project Operations Manual (POM) requires that all travel expense claims should be process through the financial management requirements indicated in the financial management arrangement stipulated in the project documents. PFMU should be consulted to provide disbursement advice related to all travel arrangements and costs to ensure compliance with requirement of the project proceed.
- 1.3.2.2 It is required that before any work-related travel is approved by the Project Coordinator (PC), the staff should prepare a travel request, in which the objective and cost of the travel are specified. On return, the staff is expected to produce a Back-To Office Report (BTOR) within 7 days of return and liquidate any travel expenses. The BTOR should spell out the objective of the travel, the period of the travel and a write up of the activities, particularly focusing on the relevance of the project. It must also include the statement of expenditure relating to the trip. The project will be responsible only for economy class air tickets for staff require to travel by aircraft. Exceptional clearance should be given by World Bank for Business class air travel in cases where officials at the highest level of governance are traveling and being sponsored by the project.

#### **Observation**

- 1.3.2.3 During the audit, we observed that Management facilitated travels of several project personnel in the amount of US\$29,808.00. However, we observed the following discrepancies associated with the staff travels:
- No evidence of retirement/liquidation of travel expenditures;
  - No evidence of back to office report detailing the purpose and activities of the travels;
  - No evidence that incidental allowances for travels were retired or duly accounted for. **See Table 8 below for details**

**Table 8: Discrepancies Associated with Foreign Travel**

Voucher/Reference #	Description	Payee	Amount US\$
LIFTP/2024/029	Being DSA, Accommodation, visa fees, and incidental for participants attending the spring meeting and Roundtable Trade Engagement in Washington DC and Philadelphia, USA	Listed Individual (Amin Modad, Jeff Blibo, Joseph Y. Howe, etc.)	29,808.00

### **Risk**

- 1.3.2.4 Failure to retire travel advances paid as DSA, accommodation, visa fees and incidental may lead to misappropriation of project funds.
- 1.3.2.5 Travel expenditures and subsequently the financial statements may be misstated.
- 1.3.2.6 Management may be non-compliant with Section 3.3.8 (Para. 2 & 3) of LIFT-Project Operations Manual (POM).

### **Recommendation**

- 1.3.2.7 Management should account for travel expenditures amounting to US\$29,808.00 comprehensively catalogued in table 8 above through the provision of supporting documents not made available for audit purposes. The outstanding supporting documents for travel expenditures should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.3.2.8 Going forward, Management should ensure that all travel advances are adequately retired with the original copies of receipts and activities reports to justify the regularity of the transactions.
- 1.3.2.9 Evidence of travel retirement forms, original copies of receipts and travel activities reports should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.3.2.10 *The Project acknowledges that said amount was paid out in two parts: MOC & NIC: The Project sponsored the trip for Hon. Amin Modad (then Minister of Commerce and Industry), Hon. Jeff Blibo (NIC Chairman) and Atty. Joseph Y. Howe, the then LIFT Project Coordinator to attend World Bank Spring Meeting in Washington DC, they were to also engage 'Roundtable Engagement' with Liberians and other investors in DC and Philadelphia. The Project paid for DSA, accommodation, air tickets, incidental allowance, along with a physical cash of US\$10,000 paid to Mr. Howe for the roundtable engagement. Mr. Howe is yet to present liquidation report and receipts for the incidental amount of US\$280, the US\$10,000 and hotel accommodation. Also, there is no hotel receipts, boarding passes for all Hon. Modad and Hon. Blibo after the trip.*

- 1.3.2.11 **ACTION TAKEN SO FAR BY THE PIU:** *The PIU has written Mr. Howe to submit the liquidation report along with all receipts and boarding passes. In addition, we recommended that the Ministry of Commerce and Industry officially writes those officials (Hon. Modad, Hon. Blibo and Mr. Howe) to liquidate and submit copies of their boarding passes in a timely manner. The Minister may want to take other legal actions once they see that there is non-compliance poster on the part of those involved.*

#### **Auditor General's Position**

- 1.3.2.12 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.3.2.13 Further, Management should submit to the Office of the Auditor General, the outstanding supporting documentation for the travel expenditure transactions catalogued in Table 8 above. The outstanding supporting records should be submitted to the Office of the Auditor General for validation within one (1) month upon the issuance of the Auditor General's Report to the National Legislature.

### **1.3.3 Non-Remittance of GST on Goods, Services and Consultancies Withheld**

#### **Criteria**

- 1.3.3.1 Section 905 (j) of the Revenue Code of 2000 amended 2011 states: "Within 10 days after the last day of a month, a payor described in (a) is required to remit to the tax authorities the total amount required to be withheld during that month. Each remittance of tax under this section must be accompanied by a statement specifying the name and address of each resident to whom payment was made, the type and amount of each payment, and the amount of tax withheld (and, if the Minister requests, underlying documentation in accordance with Section 55, including contracts). The place for remittance is the payor's filing location (designated in Section 50)."
- 1.3.3.2 Additionally, Section 905 (f) (a) of the Revenue Code of 2000 amended 2011 states: "(f) Payments for Services Rendered. (a) If a payor makes a payment to a resident for services rendered, and the services are not the subject of a contract of employment, the payor is required to withhold tax at the rate of 10 percent of the amount of the payment".
- 1.3.3.3 Further, Section 806 (e) of the Revenue Code of 2000 amended 2011 states: "A payor who makes a payment to a nonresident for Liberian-source services rendered is required to withhold tax at the rate of 15 percent of the amount of the payment if payment is of a sort that, if made to a resident, would be includible in gross income under Section 201 (including Board fees, management fees, commissions, and the like)".

#### **Observation**

- 1.3.3.4 During the audit, we observed no evidence of goods & services tax (GST) (2% or 4% for goods and 15% for consultancy of non-resident) amounting to US\$10,644.87 being remitted into GoL Revenue Account. **See table 9 below for details.**

**Table 9: Non-Remittance of GST on Goods, Services and Consultancies**

Payee	Description	Gross Amount US\$ (A)	Rate (B)	Tax Withheld US\$ (C=A*B)
<b>Non-Remittance of Withholding Tax on Consultancy</b>				
Julius Opuni Asamoah	Consultancy fees	61,761.00	15%	9,264.15
Kumeh S. Assaf	Consultancy fees	9,000.00	15%	1,350.00
<b>Sub Total 1</b>		<b>70,761.00</b>		<b>10,614.15</b>

Payee	Description	Gross Amount US\$ (A)	Rate (B)	Tax Withheld US\$ (C=A*B)
<b>C. Non-Remittance of Withholding on Goods/Services (GST)</b>				
New Democrat Corporation	Publish of Request for Expression of Interest for consultancy services-National Electronic Payment Switch	768.00	4%	30.72
<b>Sub Total 2</b>		<b>768.00</b>		<b>30.72</b>
<b>Grand Total (1+2)</b>				<b>10,644.87</b>

### **Risk**

- 1.3.3.5 Failure to remit GST may deny GoL of the much-needed tax revenue.
- 1.3.3.6 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. Please see Section 52 of the Revenue Code of Liberia as referenced above.
- 1.3.3.7 Non-remittance of withholding taxes may lead to an overstatement of the cashbook and subsequently the financial statements.

### **Recommendation**

- 1.3.3.8 Management should provide substantive justification for not remitting GST withheld to the general revenue account as required.
- 1.3.3.9 Going forward, Management should remit GST on all goods and services procured and facilitate full remittance of GST to the general revenue account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.
- 1.3.3.10 Evidence of remittance including original copies of flag receipts and all relevant supporting records should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.3.3.11 *The Management of PFMU has worked and continue to engage with the relevant stakeholders on this GOL flag receipts (evidence of tax payments) issue for taxes remitted. The LRA indicated that the PFMU is not regarded as one of her Collectorates that can issue flag receipt. In spite of the challenges in remitting the relevant taxes, the PFMU continue to do so. However, some of the taxes are not remitted on a real time basis given the challenges encountered in the remittance process.*
- 1.3.3.12 *Currently, LRA has encouraged PFMU to ensure that tax payments are deducted and remitted via the Liberia Integrated Tax System (LITAS), a comprehensive system for managing tax processes, which allows, among other things, the generation of a bill and a receipt which the consultant or vendor can later take to LRA to receive their Official Flag Receipts. Most of the referenced taxes have been paid and others are due to be paid in this current period. **(See attached Exhibit III: LRA Tax Receipts).***

### Auditor General's Position

- 1.3.3.13 We reviewed the documents subsequently submitted by Management, after our audit execution. Therefore, we have adjusted the non-remittance of goods and services tax (GST) (2% or 4% and 15% for consultancy of non-resident) to (US\$10,987.77 – US\$342.9) US\$10,644.87 to be accounted for by Management. We therefore maintain our recommendations.
- 1.3.3.14 Further, Management should submit to the Office of the Auditor General, the outstanding supporting documentation for the withholding tax payment transactions catalogued in Table 9 above. The outstanding supporting records should be submitted to the Office of the Auditor General for validation within one (1) month upon the issuance of the Auditor General's Report to the National Legislature.

## 1.4 Project Inspection Related Issues

### 1.4.1 Non-Compliance to Contract Agreement

#### Criteria

- 1.4.1.1 Contract for the renovation, supply, and installation of solar panels at the Liberia Business Registry offices in Monrovia and Ganta Under under the Liberia Investment, Finance and Trade Project. Lot 1: Renovation of Liberia Business registry offices in Monrovia between Ministry of Commerce and Industry (MOCI) and Elite Contractors and Global Services INC
- 1.4.1.2 Section 1 Paragraph (b) of the Contract Agreement with effect date December 15, 2023 between Ministry of Commerce and Industry (MOCI) herein called "Employer" and Elite Contractors & Global Services, Inc. herein called "Contractor" states that the contractor, having represented to the Employer that they have the required professional skills, and personnel and technical resources, have agreed to carry out the renovation on the term

and conditions set forth in this contract at a contract price of one hundred seventy four thousand, nine hundred sixty-eight United States dollars & seventy cents (US\$174,968.70) inclusive of tax deductible for Lot 1: Renovation of Liberia Business Registry Offices in Monrovia.

1.4.1.3 Contract for the renovation, supply, and installation of solar panels at the Liberia Business Registry offices in Monrovia and Ganta Under under the Liberia Investment, Finance and Trade Project. Lot 2: supply and renovation of solar panel at Liberia Business registry offices in Monrovia between Ministry of Commerce and Industry (MOCI) and BounceBand Energy.

1.4.1.4 Section 1 Paragraph (b) of the Contract Agreement with effect date December 15, 2023 between Ministry of Commerce and Industry (MOCI) herein called "Employer" and Elite Contractors and Global Services Inc. herein called "Contractor" states that the contractor, having represented to the Employer that they have the required professional skills, and personnel and technical resources, have agreed to execute the contract for the supply and installation of solar panels at the Liberia Business Registry under the Liberia Investment, Finance and Trade Project (LIFT-P), with reference number- LR-MOCI-380490-CW-RFQ-Lot 2, for a total contract price of one hundred fifty-three thousand, nine hundred sixty-six United States dollars (US\$153,966.00) inclusive of taxes and with contract execution period of 75 days after the signing is hereby accepted by our entity.

#### **Observation**

1.4.1.5 During the audit, we observed that Management entered into contracts and facilitated full disbursement to Elite Contractors and Global Services Inc. in the amount of 174,968.00, and Bounce Band Energy in the amount of US\$153,066.00 for the renovation and installation of solar panels at the Liberia Business Registry offices in Monrovia and Ganta. However, we observed no evidence of renovation and installation of solar panels at the Ganta Office, as required by the terms and conditions of the contracts. We also observed no evidence of an approved amendment to the terms and conditions of the contracts, justifying the non- renovation and installation of solar panels at the Ganta Office.

#### **Risk**

1.4.1.6 Failure of project management to ensure that renovation and installation of solar panels in a timely manner may lead to non-achievement of project objectives.

1.4.1.7 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.

1.4.1.8 Payments may be made for service not performed and value for money may be impaired.

1.4.1.9 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

- 1.4.1.10 Management should provide substantive justification why renovation and installation of solar panels at the Ganta Office was not implemented consistent with the approved terms and condition of the contracts.
- 1.4.1.11 Management should assess the current status of the renovation and installation of solar panels at the Ganta office, the contractors' ability to complete the contract, and update the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.4.1.12 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all project deliverables. The work plan should comprehensively catalog phases of deliverables and corresponding payments required to implement each phase of approved deliverables (where applicable). The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts (where applicable).
- 1.4.1.13 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.
- 1.4.1.1 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

- 1.4.1.2 *Before the renovation of the Liberia Business Registry (LBR), the activity was placed in the Annual Workplan and Budget (AWP-B) with estimated cost of Two Hundred Thousand United States Dollars (US\$200,000.00) for both renovation and supply and installation of solar panels at both Monrovia office and Ganta Satellite station respectively. During this time, the Environmental and Social Assessment (E&S) has not yet been carried out as there was no budget to facilitate the assessment. When the AWP-B was approved, the E&S was conducted and it was established that the Ganta Satellite Station was just a container and a privately owned property being rented by the Government. Based on the fact that the World Bank does not facilitate renovation of such facility, it was decided that the LBR-Ganta Satellite Station be excluded from the renovation and that this can be funded through government budget. By that time, the Procurement Plan was already processed in STEP with the title: Renovation, Supply and Installation of Solar Panel at the Liberia Business Registry offices in Monrovia and Ganta'. It was then decided that the activity be carried out with the exclusion of Ganta Station as changing the title in STEP would require cancelling the activity and creating new one could be a setback to the implementation of the activity. (See attached Exhibit IV: E & S Report Conducted in 2023 by our then Environmental Specialist).*

**Auditor General's Position**

- 1.4.1.3 Management's assertion did not adequately address the issues raised. Management facilitated the full payment of the contract value even though the renovation and installation of solar panels excluded the Ganta Office. Management also provided no evidence of an addendum to the contract showcasing the approval for the exclusion of the Ganta Office. Therefore, Management should account for the excess payment made to the contractor, constituting the total cost of renovation and installation of solar panels for the Ganta Office for which we observed no evidence of performance of service.
- 1.4.1.4 Going forward, Management should facilitate adequate planning of procurement activities to ensure that planned procurement activities are consistent with World Bank procurement and the PPC Act of 2005 as amended and restated in 2010. Timely preparation and approval of the annual procurement plan would ensure competitive procurement processes are utilized to optimize value for money and the achievement of project's deliverables. The procurement plan should be prepared and approved before the commencement of the fiscal year to provide adequate timing for the conduct of more competitive and well-planned procurement processes.

## 1.5 STATUS ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATIONS

Audit Period.	Audit Findings	Recommendations	Status of Implementation	Comment
November 12, 2022 to December 31, 2023	Non-Explanation for Material variance	Management should adjust the financial statements to include in the notes to the financial statements explanation for material variance(s) between the budget and actual amounts consistent with Part. 1.7.8 of the IPSAS Cash Basis of Accounting (November 2017). The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter	Not implemented	Similar issue was raised
November 12, 2022 to December 31, 2023	Delay in Project Implementation	Management should provide substantive justification why project deliverables catalogued in table 2 above were not implemented within approved timelines consistent with approved work plan and budget.	<i>Not implemented</i>	Similar issue was raised
November 12, 2022 to December 31, 2023	Irregularities between General Ledger, Trial balance and financial Statements	Management should account for the variance between the general ledger and the trial balance catalogued in table 3 above 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.	implemented	No issue raised on this
November 12, 2022 to December 31, 2023	Variance between 2 <sup>nd</sup> quarter closing balance and 3 <sup>rd</sup> quarter opening balance	Management should submit the fourth quarter Interim Financial Report (IFR) to the Office of the Auditor General as part of Management's response to this Management Letter. Management should account for the variance between the closing cash balance per the 2 <sup>nd</sup> quarter IFR and the opening cash balance per the 3 <sup>rd</sup> quarter IFR and adjust the	implemented	No issue raised on this

Audit Period.	Audit Findings	Recommendations	Status of Implementation	Comment
		financial statements where applicable. The adjusted financial statements should also be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.		
November 12, 2022 to December 31, 2023	Failure to Withhold and Remit Taxes	Management should provide substantive justification for not withholding and remitting (where applicable) withholding taxes to the LRA.	Partially implemented	Withholding tax on GST was not remitted
November 12, 2022 to December 31, 2023	Non-Retirement of Foreign Travel	Management should ensure that all travel advances are adequately retired with the original copies of receipts and activities reports to justify the regularity of the transactions.	Not implemented	Similar issue was raised
November 12, 2022 to December 31, 2023	Payment made without Evidence of Tax Clearance and Business Registration	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.	implemented	No issue raised on this
November 12, 2022 to December 31, 2023	Payments without Supporting Documentation	Management should account for transactions without adequate supporting documents catalogued in table 7 above	Implemented	No issue raised on this
November 12, 2022 to December 31, 2023	Irregularities Associated with Fuel Consumption	Management should ensure that the draft fuel management policy is approved by the Project Coordinator as required by the POM.	Implemented	No issue raised on this

<b>Audit Period.</b>	<b>Audit Findings</b>	<b>Recommendations</b>	<b>Status of Implementation</b>	<b>Comment</b>
<i>November 12, 2022 to December 31, 2023</i>	Irregularities Associated with the Management of the Project Assets	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.	implemented	No issue raised on this
<i>November 12, 2022 to December 31, 2023</i>	Performance Evaluation/Appraisal	Management should facilitate the conduct of periodic performance evaluations for all staff. Performance goals should be clearly defined and documented for all positions.	implemented	No issue raised on this
<i>November 12, 2022 to December 31, 2023</i>	Non-Recruitment of Key Staff	Management should facilitate competitive recruitment of key staff and ensure that all vacancies are filled consistent with the project's organogram. Evidence of competitive recruitment and placement of key staff including job advertisements, interview questions, interview panel reports, approved term of reference and all other relevant human resource records should be adequately documented and filed to facilitate future review.	Not implemented	Similar issue was raised
	No Risk Management Policy	Management should develop, approve and operationalize a risk management policy that identifies strategies for mitigating internal and external risks that may impair the achievement of the project's objectives.	Partially implemented	Risk assessment report was submitted

**ANNEXURE**

**Annexure 1: Loan Amount Disbursed to MSMEs**

No.	Name of PFI	Name of Principal Owner	Gender -Principal Owner	New or Existing Loan Customer	County of Operations Beneficiary	City of Operations Beneficiary	Original Loan Amount	Date of Disbursement	Comment
1	Muyamu M. tulay Business Center	Mayamu M. Tulay	Female	New	Montserrado	Monrovia	10,000.00	22/11/2024	
2	CECE Business Center	Ceceloa S. Fayiah	Female	Existing	Montserrado	Monrovia	80,000.00	21/11/2024	
3	Hindsfeet Investments Liberia Limited	Esther K. Ricks	Female	New	Montserrado	Monrovia	51,000.00	21/11/2024	
4	Fatu Johnson Business Center	Fatu Johnson	Female	Existing	Montserrado	Monrovia	25,000.00	26/11/2024	
5	K-Fair Enterprises	Fatu Salia Nyei	Female	New	Montserrado	Monrovia	50,000.00	22/11/2024	
6	39-5 Group West Inc	Christopher K. W. Bartee	Male	Existing	Montserrado	Monrovia	28,000.00	21/11/2024	
7	T.S First Choice Enterprise	Trokon Sashon Somah	Male	New	Montserrado	Monrovia	50,000.00	25/11/2024	
8	Sekou A. Kaneh Enterprise	Sekou A. Kanneh	Male	New	Montserrado	Monrovia	90,000.00	21/11/2024	
9	Yankee Mineral	Fresh	Male	New	Montserrado	Monrovia	10,000.00	22/11/2024	
10	P. Nmah Enterprise	Theophilus J. Nmah	Male	New	Montserrado	Monrovia	90,000.00	21/11/2024	

	Name of PFI	Afriland First Bank Liberia Limited										
No.	Name of Beneficiary	Name of Principal Owner	Gender -Principal Owner	New or Existing Loan Customer	County of Operations Beneficiary	City of Operations Beneficiary	Original Loan Amount	Date of Disbursement	Comment			
11	Standard Beauty House	BROAD & CENTER STREET	Female	New	Montserrado	Monravia	12,000.00	11/12/2024				
12	B.H.P. INCORPORATED	BOAKAI JETTE VARNEY	Male	Existing	Montserrado	Monravia	100,000.00	25/11/2024				
13	NUHEWOAN CORPORATION	EDWINA KONG SAYE	Female	New	Nimba	Ganta	29,000.00	22/11/2024				
16	RCFIs/MC2 Nimba	Sinnaquellie District	Group of Shareholders	New	Nimba	Sanniquellie	25,000.00	22/11/2024				
17	RCFIs/MC2 Tappita	Tappita district	Group of Shareholders	New	Nimba	Tappita	25,000.00	22/11/2024				
14	RCFIs/MC2 Kolahun	Kolahun District	Group of Shareholders	New	Lofa	Kolahun	25,000.00	22/11/2024				
15	RCFIs/MC2 Foya	Foya District	Group of Shareholders	New	Lofa	Foya	25,000.00	22/11/2024	Not Yet disburse to MSMEs			
18	RCFIs/MC2 Grand Kru	Grand Kru County	Group of Shareholders	New	Grand Kru County	Barclayville	25,000.00	22/11/2024				
Total							750,000.00					