



## Management Letter

### On the Financial Statements Audit of the Liberia Urban Resilience Project (LURP)

*For the year ended December 31, 2024*



**Promoting Accountability of Public Resources**

**Monrovia, Liberia**  
June 2025

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

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### **Acronyms & Meaning**

<b>Acronyms</b>	<b>Meaning</b>
AG	Auditor General
ASU	Accounting Service Unit
CBL	Central Bank of Liberia
COBIT	Control Objectives for Information and Related Technology
COSO	Committee of Sponsoring Organization of the Treadway Commission
FCCA	Fellow Member of the Association of Chartered Certified Accountants
FY	Fiscal Year
GAC	General Auditing Commission
GOL	Government of Liberia
IAD	Internal Audit Department
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standard
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
LD	Liberian Dollars
LRA	Liberia Revenue Authority
LURP	Liberia Urban Resilience Project
MFDP	Ministry of Finance and Development Planning
MPW	Ministry of Public Works
PFM Act	Public Financial Management Act of 2009
PFM Regulations	Public Financial Management Regulations of 2009
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual
PMU	Project Management Unit
PPCA	Public Procurement & Concessions Act
PPCC	Public Procurement & Concessions Commission
USD	United States Dollars



Hon. Roland Layfette Giddings

**Minister**

Ministry of Public Works

Lynch Street

Monrovia, Liberia

Dear Hon. Giddings:

**Management Letter on The Financial Statements Audit of the Liberia Urban Resilience Project (LURP) for the year ended December 31, 2024.**

The financial statements of the Liberia Urban Resilience Project (LURP) are subject to audit by the Auditor General in terms of Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as in accordance with the Engagement Terms of Reference.

**Introduction**

The financial statements of the Liberia Urban Resilience Project (LURP) for the audit the year January 1, 2024 to December 31, 2024 is being completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**Audit Scope and Determination of Responsibility**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements. An audit includes:

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

An audit also includes, 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 LURP Management. Our responsibility is to express our opinion on these financial statements.



### **Key Personnel of the project**

During the period under audit, the following key persons of the LURP.

<b>Name</b>	<b>Position</b>	<b>Tenure</b>
Hon. Roland Lafayette Giddings	Minister	2024-Present
Gabriel S. Flaboe Sr.	Project Coordinator	2023- Present
Joe S. Molue	Lead Project Engineer	2023- Present
Maxwell Pewee	Finance Officer	2023- Present

### **APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Liberia Urban Resilience Project (LURP).

Sincerely,

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

**Monrovia, Liberia**

June 2025

## **1 DETAILED FINDINGS AND RECOMMENDATIONS**

### **1.1 Governance**

#### **1.1.1 Under Disbursement of Appropriation**

##### **Criteria**

- 1.1.1.1 Section 4.1 of the PFMU Financial Procedures Manual Revised February 2020, states the Project/Program documents have provided for the allocation of the grants against specific components and activities with defined and expected outputs to be achieved over the project/program periods. Therefore, budgets are to be prepared on annual basis over the periods for grant utilization and in accordance with allocations made in the project/Program documents and their technical annexure.
- 1.1.1.2 Additionally, Section 4.11 state that the Budget shall provide a mechanism for ensuring that adequate controls are maintained over expenditure and revenue through the use of the Vote Control Books. Once the Annual Budget is approved, the necessary budgetary control mechanism shall ensure effective monitoring of the activities under the various components of the Project.

##### **Observation**

- 1.1.1.3 During the audit, we observed that total approved budget of the project amounted to US\$4,916,887. However, we observed that total revenue (receipts) disbursed by the Bank to the project amounted to US\$2,908,990 resulting in a variance of US\$2,007,897.00. As a result, several projects' deliverables were not achieved.

##### **Risk**

- 1.1.1.4 Facilitating under receipt of approved budget (revenue/receipt) may impair the implementation and achievement of project deliverables.

##### **Recommendation**

- 1.1.1.5 Management should provide substantive justification for under receipt of approved budget.
- 1.1.1.6 Going forward, Management should liaise with the relevant authority of the Bank to facilitate full receipt of approved revenue/receipt to expedite timely implementation of project deliverables.
- 1.1.1.7 Management should facilitate the preparation, review, and approval of quarterly and annual Budget Performance Reports. Periodic Budget Performance Reports should be reviewed for decision-making purposes. Under receipt of revenue and/or over-disbursement of expenditures in a given quarter should trigger improved receipt of revenue and adjustment (reduction) of expenditures in subsequent quarters. Evidence of approved periodic Budget Performance Reports should be adequately documented and filed to facilitate future review.



### **Management's Response**

- 1.1.1.8 *The approved budget as per the work plan is US\$4,916,887 and the amount disbursed in 2024 was US\$2,908,990. The variance cannot be justified as the result of underachievement of several project deliverables, as there was a balance (US\$863,876.99) in the designated Account (DA) at the time of the disbursement. The disbursement at a given time is less by the balance in the DA. The underachievement was not therefore as result of the under disbursement. Please find attached the bank statement.*

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

- 1.1.1.9 Management's assertion did not adequately address the issues raised. The total annual budget of the project amounted to USD\$4,916,887 while total funds from the Bank to the project amounted to USD\$2,908,990. The project also expended only USD\$1,550,426 out of the total of USD\$2,908,990. Disbursements from the Bank and the project were below the approved annual budget. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

## **1.1.2 No Training and Development Plan**

### **Criteria**

- 1.1.2.1 The Committee of Sponsoring Organizations of the Tradeway Commission (COSO) states, that commitment to competence includes the level of knowledge and skill needed to help ensure orderly, ethical, economical, efficient and effective performance, as well as a good understanding of individual responsibilities with respect to internal control.
- 1.1.2.2 Additionally, the above can be evidenced by providing training, to raise the awareness of management and employees of the internal control objectives and, in particular, the objective of ethical operations, and helps them to understand the internal control objectives and to develop skills to handle ethical dilemmas.

### **Observation**

- 1.1.2.3 During the audit, we observed no evidence that Management had a documented training and development plan.

### **Risk**

- 1.1.2.4 Lack of training and development plans may result in training programs not being able to address employees' training needs and performance deficiencies.
- 1.1.2.5 In the absence of an annual training plan, training may be conducted arbitrarily. This may impair the development plan and the required capacity of staff of the project.
- 1.1.2.6 In the absence of periodic training/capacity-building initiatives, staff may not obtain the required capacity needed to achieve the objectives of the project.



### **Recommendation**

- 1.1.2.7 Management should develop, approve, and operationalize a comprehensive training plan that addresses the strategic capacity needs of the staff of the project. The requisite training and capacity development plan for each unit should be identified, budgeted for and scheduled accordingly.
- 1.1.2.8 Evidence of annual capacity development plan should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.1.2.9 *The staff recruited in the PMU go through a competitive process and are all consultants and as such they are considered adequate for the services they performed for which they were recruited. However, the Project Coordinator has had meeting with the Bank Task Team Leader (TIL) to provide specialized training for PMU consultants. The Project Coordinator therefore preparing a specialized training needs for PMU's consultants. When completed, it will share the Bank for the approval and once approved, it will be used by the PMU.*

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

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

## **1.1.3 Lack of Audit Committee**

### **Criteria**

- 1.1.3.1 Regulation K.10 of the PFM Act of 2009 as amended and restated 2019 states that "the head of government agency or government organization shall in consultation with the internal audit governance board establish and maintain an audit committee for the government agency or organization for which he/she is responsible."
- 1.1.3.2 Further, Regulation K.11(1), (a) of the PFM Act of 2009 as amended and restated 2019 states that the Audit Committee of Government Agencies or Organizations shall review internal controls, including the scope of internal audit, internal audit Plans, internal audit findings, and recommend to the head of government agency the appropriate action to be taken.
- 1.1.3.3 Additionally, Regulation K.12(1-5) of the PFM Act of 2009 as amended and restated states that '(1) Members of the Audit Committee shall be appointed by the Internal Audit Governance Board. (2) Membership of the Audit Committee shall consist of three or more persons as determined by the Internal Audit Governance Board, or any other enactment, each of whom shall satisfy independence, financial literacy and experience requirements and any other regulatory requirements. (3) The majority of the members of the Committee shall not be full-time employees of the government agency or organization

and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing. (4) In the case of a Government Agency or state-owned enterprise, at least one person shall be from outside the public service. (5) At least one Committee member shall be a designated "audit committee financial expert" who shall be an accountant or auditor by profession or expert in the fields of accounting or auditing.

#### **Observation**

- 1.1.3.4 During the audit, we observed no evidence that Management established an audit committee to monitor and address audit matters at the institution as required.

#### **Risk**

- 1.1.3.5 Audit issues and lapses identified in the entity's internal control system may not be appropriately monitored and addressed due to the lack of audit committee.
- 1.1.3.6 Internal and external audit recommendations may not be monitored and implemented in a timely manner.

#### **Recommendation**

- 1.1.3.7 Management should liaise with the relevant authority to establish a functional audit committee. Evidence of periodic meetings minutes and activities reports should be adequately documented and filed to facilitate future review.

#### **Management's Response**

- 1.1.3.8 *The Liberia Urban Resilience Project (LURP) is under the Ministry of Public Work and as such, it cannot have its own audit committee separated from that of Ministry of Public Works. The Management of the LURP will bring this to the attention of the head/or the Minister of Public Works to constitute an audit committee, if there's none.*

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

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

### **1.1.4 No Risk Assessment Policy**

#### **Criteria**

- 1.1.4.1 Paragraph 17 of the Internal Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) indicates that in most cases, the board of head of public entity is ultimately responsible for determining whether management has implemented effective internal control including monitoring. The institution makes this assessment by (a) understanding the risks the organization faces and (b) Gaining an understanding of how senior management imagines or mitigates those risk that are meaningful to the organization objectives. Obtaining this understanding includes determining how management supports its beliefs about the effectiveness of the internal control system in those areas.

#### **Observation**



1.1.4.2 During the audit, we observed no evidence that Management had developed a risk management policy to guide internal and external risks that may impair the achievement of the project's objectives.

1.1.4.3 Moreover, this issue was raised during last audit but Management failed to address our findings and recommendations

#### **Risk**

1.1.4.4 The absence of a Risk Management Policy may lead to management not being aware of potential risks that may impair the achievement of the project's objectives.

1.1.4.5 Potential risk to the entity may not be identified, assessed and mitigated/prevented in a timely manner thereby leading to the non-achievement of the project's objectives.

#### **Recommendation**

1.1.4.6 Management should develop, approve, and operationalize a risk management policy to guide internal and external risks that may impair the achievement of the project's objectives.

1.1.4.7 Subsequently, Management should facilitate the conduct of periodic risk assessment and take corrective action for gaps identified.

1.1.4.8 Evidence of periodic risk assessment should be adequately documented and filed to facilitate future review.

#### **Management's Response**

1.1.4.9 *Relative to the referenced query, we want to reiterate that, normally during the start of the audit, one of the documents requested by the audit team is the risk assessment report. This assertion by the auditor is both incorrect and misleading as a comprehensive risk assessment process is conducted annually with a risk assessment report developed each year for all projects, including LURP by the PFMU Internal Audit section. This report normally guides the internal and external risks that may impair the achievement of the project's objectives. This approved report is fully being operationalized and is consistent with the approved risk management policy. Additionally, the risk profile of the Ministry of Public Works (MPW) is annually conducted by the assigned Internal Audit Agency's Audit Manager upon his/her placement at the Ministry. This assessment informs the formulation of their audit charter and work plan.*

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

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



## **1.2 Financial Reporting**

### **1.2.1 Non-reconciliation between the Budget/Workplan Activities and the Economic Activities used for Financial Reporting**

#### **Criteria**

1.2.1.1 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".

1.2.1.2 Further, 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".

#### **Observation**

1.2.1.3 During the audit, we observed that the project activities per the general ledger and trial balance were prepared using economic classifications while the financial statements were prepared using programmatic classifications. However, we observed no evidence of reconciliation between the economic classifications and the programmatic classifications disclosed in the notes to the financial statements to facilitate effective reconciliation and review among the general ledger, trial balance, and subsequently the financial statements.

#### **Risk**

1.2.1.4 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.

1.2.1.5 Effective review and reconciliation of financial transactions and statements may be impaired.

1.2.1.6 Fair presentation and full disclosure of the financial statements may be impaired.

### **Recommendation**

- 1.2.1.7 Going forward, Management should prepare the approved budget, workplan, general ledger, trial balance and the financial statements utilizing a unique basis of classification: economic or programmatic. Alternatively, Management should 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 approved budget and workplan.
- 1.2.1.8 Management should facilitate routine training of data entry and preparation of financial statements for junior staff. This will ensure that financial statements prepared are reflective of the comprehensive and approved financial activities of the project. Financial statements should be prepared, reviewed and approved by individuals with the relevant qualification, experience and seniority. Management should also perform periodic reconciliation among the general ledger, trial balance, and the financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.2.1.9 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.

### **Management's Response**

- 1.2.1.10 *The LURP Projects has three (3) components. Each components has various activities, each with its unique activities code. For example, Component 1 has activities code like 1.1.1, 1.1.2....2.1.1, 2.2.1... for components 2 and 3.1.1, 3.1..2.... for component 3. Expenditures are tracked per these activities under various components and are likewise reported in summary per components in the Interim Financial Report (IFR) and the annual consolidated Financial Statements. It's not possible to prepare general and trial balance using economic classification at the same time using programmatic classification to prepare financial statements.*

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

- 1.2.1.11 Management's assertion did not adequately address the issues raised. Going forward, Management should prepare the approved budget, workplan, general ledger, trial balance and the financial statements utilizing a unique basis of classification: economic or programmatic. Alternatively, Management should 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 approved budget and workplan.
- 1.2.1.12 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.



1.2.2 Delay in Project implementation

Criteria

- 1.2.2.1 The LURP Project was approved by the Board of the World Bank Executive Directors on May 27, 2022 and became effective on February 28, 2023. The project is expected to close on June 30, 2028. The total cost of the project is US\$40 million. The project development objective (PDO) is to increase flood resilience and access to urban infrastructure in selected neighborhoods and to improve urban management in Liberia.
- 1.2.2.2 Section 11.8.2.2 of the LURP Project implementation manual requires the implementation of the following activities:
- Flood risk management and community upgrading infrastructure in priorities area of greater Monrovia
  - Community infrastructure investments in neighborhoods and market areas
  - Resilience integrated spatial planning, capacity need assessment and investment plans in grater Monrovia
  - Financing activities to increase the capacities of relevant stakeholders to collect spatial data and develop, maintain and update a climate resilience spatial development plan
  - Improve operations and maintenance of drainage and other hydraulic infrastructure to improve solid waste management system
  - Financing all expenses for project management and coordination compliance monitoring of social, environmental and safety standard, fiduciary management, and monitoring and evaluations of all operational expenses of the project.

Observation

- 1.2.2.3 During the audit, we observed that the implementation of the project activities under "Component 1 (Climate Resilient Infrastructure and Urban Upgrading, Component 2 Strengthening Integrated Resilient Urban Development Capacity, and Component 3 Project Management) had not been significantly implemented in accordance with approved work plan and budget.
- 1.2.2.4 Consequently, our review of the project annual approved budget and workplan indicated significant variance/under disbursement between approved budget and actual expenditure for the implementation of the project activities indicated above. **See table 1 below for details:**

Table 1: Delay in Project Implementation

	Budgeted US\$ A	Actual US\$ B	Variance US\$ C=(A-B)	(%) Var. D
COMPONENT 1- Climate Resilient Infrastructure and Urban Upgrading				



	Budgeted US\$ A	Actual US\$ B	Variance US\$ C=(A-B)	(%) Var. D
1.1 Resilient infrastructure for climate risk management	1,457,749	517,900	939,893	35.5
1.2 Neighborhood and market upgrading	0	0	0	0
<b>Total (COMPONENT 1)</b>	<b>1,457,749</b>	<b>517,900</b>	<b>939,893</b>	<b>35.5</b>
<b>COMPONENT 2- Strengthening Integrated Resilient Urban Development Capacity</b>				
2.1 Laws/regulations, codes and permitting processes	790,955	137,707.59	653,287.41	17.4
2.2 Climate Resilient Spatial Development Plan for Greater Monrovia, Ganta, Gbarnga, and Buchanan,	1,614,233.63	207,298.66	1,406,934.97	12.8
2.3 Revenue mobilization and financial sustainability	0	0	0	0
2.4 Operations and maintenance of infrastructure (O&M)	0	0	0	0
<b>Total (COMPONENT 2)</b>	<b>2,405,188.63</b>	<b>345,006</b>	<b>2,060,222</b>	<b>14</b>
<b>COMPONENT 3- Project Management</b>	<b>1,053,905</b>	<b>687,519</b>	<b>366,386</b>	<b>65</b>
3.1 Project coordination	0	0	0	0
3.2 procurement	0	0	0	0
3.3 financial management	0	0	0	0
3.4 safeguards. M&E; operational costs; etc	0	0	0	0
<b>Total (COMPONENT 3)</b>	<b>1,053,905</b>	<b>687,519</b>	<b>366,386</b>	<b>65</b>

### Risk

- 1.2.2.5 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.2.2.6 Payments may be made for service not performed and value for money may be impaired.
- 1.2.2.7 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

- 1.2.2.8 Management should provide substantive justification why project deliverables have not been implemented consistent with approved timelines.
- 1.2.2.9 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 deliverable 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. Management should facilitate payments to contractors consistent with the approved work plan and payment terms.

- 1.2.2.10 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.
- 1.2.2.11 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**

- 1.2.2.12 *Implementation of LURP is slightly delayed due to bureaucratic delays in document clearance from the World Bank, especially the environmental and safeguard documents. Contract cannot be signed if the Environmental and Social Management Plan (ESMP) is not approved by the bank. Example, the drainage cleaning phase I ESMP was submitted to the Bank in April of 2023 and approved in September 2023 before the work could start. Similarly, the phase II drainage cleaning in 2024 was also delayed by four (4) months for the same reasons above mentioned. The Potholes Patching Phase 2 procurement formalities are completed, but the contract cannot be signed because the ESMP is not yet approved. Additionally, the major component of the project that leading to actual construction works which is the feasibility study and detailed design consultant was terminated due to non-performance. This was very serious setback for the entire implementation of the project. Notwithstanding, with recruitment of the new Consultant, we are optimistic that implementation will progress expeditiously.*

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

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

## **1.2.3 Non- Explanation for Material 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 of an additional budget columns in the statement of cash receipts and payments. The comparison of budget and actual amount shall present separately for each level of legislative oversight:
  - By way of note disclosure, an explanation of material 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 include explanatory notes to the financial statements on the material variance between the budget and actual amounts as required. **See table 2 below for details:**

**Table 2: Non- Explanation for Material Variance**

Budgeted Amount US\$ A	Actual Disbursement US\$ B	Variance US\$ C = (A-B)
4,916,887	1,550,426.00	3,366,461.00

### 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, comprehensive 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 *The variances resulted from the below issues:*

### Under Component 1

- 1.2.3.10 *The contract for the feasibility studies was terminated as a result of non-performance. The termination also resulted to the non-implementation of the ESIA and RAP report preparation.*



## **Component 2**

- 1.2.3.11 Expenditures were not incurred for the capacity development for the two (2) municipalities, Monrovia City Corporation (MCC), Paynesville City Corporation (PCC) and the Ministry of Public Works because of delay in the preparation of concept notes.
- 1.2.3.12 The Solid Waste Management (SWM) and financing plan has not been approved, and there was also delay in the procurement process of MCC Emergency SWM equipment for Whein Town.

## **Component 3**

- 1.2.3.13 There was no expenditures for M&E activities. We have revised the financial statements to include these variance explanations in the notes to the financial statements
- 1.2.3.14 See attached Exhibit III: Revised Financial Statement

## **Auditor General's Position**

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

## **1.3 Personnel Management**

### **1.3.1 No Evidence of Taxpayer Identification Number (TIN)**

#### **Criteria**

- 1.3.1.1 Section 53 of the Revenue Code of Liberia of 2000 as amended in 2011, states If tax withholding is required on a payment, and the payment amount is \$1,000 or more, a withholding agent who makes a payment to a person who has not supplied a TIN is liable to pay a fine of 5,000 or the amount of the tax required to be withheld, whichever is less.

#### **Observation**

- 1.3.1.2 During the audit, we observed no evidence of TIN number for consultants' withholding tax being withheld by Management for subsequent remittance to the LRA. **See table 3 below for details:**

**Table 3: No Evidence of Taxpayer Identification Number (TIN)**

No .	Name	Position	Monthly Salary \$USD	Tax (10%) \$USD	Tin Number	Net \$USD	Account Number	Bank Name
1.	Consultant	Lead Civil Engineer	4,250.00	425.00	N/A	3,825.00	6101707732	Ecobank
2.	Consultant	Communication & Engagement Specialist	3,000.00	00.00	N/A	2,700.00	6101689122	Ecobank
3.	Consultant	Procurement	8,500.00	1,275.00	N/A	7,225.00	6101931662	Ecobank

No	Name	Position	Monthly Salary \$USD	Tax (10%) \$USD	Tin Number	Net \$USD	Account Number	Bank Name
		nt Specialist						k
4.	Consultant	Project Coordinator	6,000.00	600.00	N/A	5,400.00	0152185137506 0102	IB
5.	Consultant	Finance Officer	3,000.00	300.00	N/A	2,700.00	0152185137508 0102	IB
6.	Consultant	Junior IT/Digital Communication Specialist	2,325.00	232.50	N/A	2,092.50	5307050004592 6	UBA
7.	Consultant	Civil Engineer	3,238.00	323.80	N/A	2,914.20	5307050012397 6	UBA
8.	Consultant	Special Safeguards & Gender Specialist	3,500.00	350.00	N/A	3,150.00	5303050042133 1	UBA
<b>Grand Total</b>			<b>33,813.00</b>	<b>3,506.30</b>		<b>30,006.70</b>		

### Risk

- 1.3.1.3 Management may be non-compliant with Section 53 of the Revenue Code of Liberia Act of 2000 as amended in 2011 which may result in to penalties and fines.
- 1.3.1.4 Effective identification of tax payers, reconciliation of the required tax payments and compliance monitoring of the LRA may be impaired.

### Recommendation

- 1.3.1.5 Management should liaise with the relevant authorities at the LRA to obtain tax identification numbers (TINs) for all consultants. The respective TINs should be recorded on the withholding tax payments of all consultants to facilitate effective recording and monitoring of tax payments for consultants by the LRA.
- 1.3.1.6 Evidence of TINs obtained for consultants should be adequately documented and field to facilitate future review.

### Management's Response

- 1.3.1.7 *Management is in the process of acquiring Taxpayer Identification Number (FIN) for all consultants. Two (2) of the consultants already have TIN. The rest will soon obtain their TIN*

### Auditor General's Position

- 1.3.1.8 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 Irregularities with Employees Attendance:

#### Criteria

- 1.3.2.1 Additional, Section 11.54, of the Project Implementation Manual requires that, the PMU working week is set at 40 hours. Daily working hours are from 8:00 am to 17:00 p.m. including a one-hour lunch break. It should be pointed out that PMU staffs are expected to make themselves available in order to meet exigencies of service and the needs. All public holidays observed by the Liberian Government are applicable to the PMU staff. Staffs are required to sign in and out in the attendance register. Unless for medical reasons, staff may only be absent from work with the prior consent of their direct supervisors and the project lead.

#### Observation

- 1.3.2.2 During the audit, we observed that staffs were not signing the attendance log at the start and end of the work day. We observed instances where staff signed in but did not sign out at the end of day. **See table 6a, 6b & 6c for details.**

**Table 7a: Irregularities with Employees Attendance**

No.	Consultant Name	Position	Signing Inn	Signing Out	Date	Comment
1.	Aaron Weaye	M&E Specialist	Yes	No	January 24 February 1,5,14,23, April 1, May 7,9,13,16,20,21 June 3,7,20,24,27 July 1,3,4,5,9,12,16 August 7,16,19,22,28	No evidence that the Consultant sign out for several Months.

**Table 7b: Irregularities with Employees Attendance**

No.	Consultant Name	Position	Signing Inn	Signing Out	Date	Comment
2.	Enerst Giko	Civil Engineer	Yes	No	January 2,3,12,15,19,20,23,25,26 February 1,2,5,6,9,13 April 2,3,11,29	No evidence that the Consultant sign out for several Months.

**Table 7c: Irregularities with Employees Attendance**

No.	Consultant Name	Position	Signing Inn	Signing Out	Date	Comment
4.	Harriet P. Keamu	Environmental Specialist	Yes	No	January 3,9,16,17,18,23,25,30 May 1,7,8,10,20,21,24,27,30 June 3,4,7,20,26,28 July 1,2,11,15,16,17,22,23,29	No evidence that the Consultant sign out for several Months.

1.3.2.3 Additionally, we observed no evidence that the daily attendance logs were adequately supervised or monitored by a designated staff.

1.3.2.4 Further, Personnel are processed on the payroll without reference to the signed daily attendance logs.

#### **Risk**

1.3.2.5 Failure to monitor and supervise personnel attendance records may result to compensation of non-deserving employees. This practice may cultivate an inappropriate work culture at the entity and may subsequently impair the operations and performance of the entity.

1.3.2.6 The absence of an accurate attendance log to monitor staff on a daily basis may lead to ghost or undeserving staff being compensated. This may also lead to salaries being paid for work not performed.

#### **Recommendation**

1.3.2.7 Management should ensure that all staff sign the daily attendance records. The daily attendance sheet should include the following columns: name of employee, department, position, signatures and time for in and out periods.

1.3.2.8 Management should conduct periodic spot checks to ascertain the authenticity of the attendance records. The attendance records including spot checks records should be adequately documented and filed to facilitate future review.

1.3.2.9 Management should ensure that personnel attendance records are regularly monitored by a designated staff and that employees should be reprimanded in line with the entity's employees' handbook for failing to report to work.

#### **Management's Response**

1.3.2.10 *Some of the consultants are most often involved with field related activities. The Engineers, M&E and the Environmental specialists are most often on the fields to carry out project related tasks and may sometimes remain on the fields and go home normally after working hours. These resulted to the consultants not signing out of the attendance records. This has not impair the function of the PMU nor has the PMU paid consultant for works not performed. Management, however, takes note and will put in place the proper mechanism to enable consultants sign in and out daily.*

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

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



### 1.3.3 Use of Personal Emails for Business Purpose

#### Criteria

- 1.3.3.1 Sections 6 of the National Policy on the Use of the Gov.Lr Domain Name of the Ministry of Posts and Telecommunications of the Republic of Liberia provides:(6) for the use of domain name such as.gov.lr by all Ministries, Agencies and Commissions (MACs). This assures citizens, residents, businesses, the international community and other stakeholders that they are accessing an official Government of Liberia site. The policy ensures domain name and integrity of domains within in the.gov.lr domain space as well as adherence to the gov.lr domain space by all MACs of government through the Ministry of Posts and Telecommunications.
- 1.3.3.2 All MACs under the Government of the Republic of Liberia shall operate within the.gov.lr domain space. The.gov.lr and all third level domain name (MAC.gov.lr) shall be managed by the Ministry of Posts and Telecommunications through the Chief Information Office. • All gov.lr domain names must only be used for the official business of the MACs. • All third level domain name (MAC.gov.lr) must be used specifically and exclusively for the stated purpose.
- 1.3.3.3 Further, Regulation A.14 {(1), 2 a & c), (3a) and (4)} of the PFM Act of 2009 as amended and restated 2019 state: "(1) All public sector computerized electronic records and systems shall be consistent with an approved integrated financial management automated system consistent with the (IT) Security Policy issued by the Minister. (2a) Each user of a computerized accounting, records, inventories, assets, human resource management, payroll or any similar system must be given a user identification number (User ID) and a password or personal identification number (PIN) by the system administrator. (2c) The system must be configured such that all passwords are encrypted to prevent any other person seeing the words. (3a) All computerized systems referred to in sub-regulation shall be configured such that, the audit trails, among other things, shall: (a) Show clearly the user ID, the time, the type of entry made on the system. And, (4) Notwithstanding any provision in the Information Technology Policy of any government establishment, all system administrators shall ensure that users are limited to doing only assignments or tasks approved for them on the system".

#### Observation

- 1.3.3.4 During the audit, we observed no evidence that Management facilitated the use of an official email for internal and external communications related to the project. We observed that key personnel, such as the Lead Engineer, Technical Advisor, Solid Waste Management Specialist, Communication Specialist, Administrative Assistant, Procurement Specialist, Environmental Specialist as well as the Project Accountant, used their personnel emails to conduct official business of the project. **See table 4 below for details:**
- 1.3.3.5 Moreover, this issue was raised during the last audit but Management did not address our findings and recommendations.

**Table 8: Use of Personal Emails for Business Purpose**

Name	Position	Contact details
		email
Joe S. Molue	Lead Project Engineer	<a href="mailto:molue72@yahoo.com">molue72@yahoo.com</a>
William Nyanue	Technical Advisor	<a href="mailto:wgnyanue@aoI.com">wgnyanue@aoI.com</a>
Ernest B. Giko	Civil Engineers	<a href="mailto:ernestbgiko@yahoo.com">ernestbgiko@yahoo.com</a>
Samson Wonnah	Communication Specialist	<a href="mailto:wonnahsamson@gmail.com">wonnahsamson@gmail.com</a>
Eugene Caine	Solid Waste Specialist	<a href="mailto:eugenescaine@gmail.com">eugenescaine@gmail.com</a>
Harriett P. Keamu	Environmental Specialist	<a href="mailto:harriettpeal@yahoo.com">harriettpeal@yahoo.com</a>
Maarten De Zeeuw	Own-Source Advisor	<a href="mailto:de_zeeuwm@hotmail.com">de_zeeuwm@hotmail.com</a>
David Chiriwo	Urban Advisor	<a href="mailto:davechiriwo@gmail.com">davechiriwo@gmail.com</a>
Ezekiel Owach	Procurement Specialist	<a href="mailto:Eokwach71@gmail.com">Eokwach71@gmail.com</a>
J. Fredreck Barclay	Senior Procurment Specialist	<a href="mailto:jfredrickbarclay@gmail.com">jfredrickbarclay@gmail.com</a>
Maxwell Pewee	Finance Officer	<a href="mailto:Maxwellpewee2017@gmail.com">Maxwellpewee2017@gmail.com</a>
Julia B. Sesay	Administrative Assistant	<a href="mailto:mardiagray@gmail.com">mardiagray@gmail.com</a>
Aaron Weaye Jr.	Monitoring and Evaluation	<a href="mailto:aweaye@yahoo.com">aweaye@yahoo.com</a>

### **Risk**

- 1.3.3.6 The use of personal email may lead to unauthorized access to sensitive or confidential information of the project thereby impairing data privacy and security.
- 1.3.3.7 The use of personal email for managing and channeling communication may lead to permanent loss of business-related communication/email as the retrieval of lost emails from personal email accounts may be impaired.
- 1.3.3.8 Failure to ensure the use of official email, business communication/email records may not be monitored and retained for audits or legal purposes.
- 1.3.3.9 Management may be non-compliant with the National Policy on the Use of the Gov.Lr Domain Name of the Ministry of Posts and Telecommunications of the Republic of Liberia.

### **Recommendation**

- 1.3.3.10 Management should develop, approve and operationalize policies and procedures for the effective and efficient operations of the project's official site for the management and channeling of communication/emails. The policy should comprehensively catalog the requirements for establishing and managing the site consistent with the National Policy on the Use of the Gov.Lr Domain Name of the Ministry of Posts and Telecommunications of the Republic of Liberia as well as Regulation A.14 of the PFM Act of 2009 as amended and restated 2019.
- 1.3.3.11 Subsequently, Management should ensure that all email communications of the project are facilitated through official email platforms to ensure data security and privacy are optimized.
- 1.3.3.12 Evidence of the approved policy for the project's official site and the procedures for the



management and channeling of the project's communication/emails should be adequately documented and filed to facilitate future review.

### **Management's Response**

1.3.3.13 *We acknowledge the audit finding that project staff, including key personnel, utilized personal email accounts rather than official project email addresses for LURP/PMU business communications. This presents risks to data security, record -keeping, and professional accountability. This non-compliance occurred due to:*

- *Absence of Policy Enforcement: No formal directive mandated the use of official emails*
- *Transition Gaps: Lack of standardized onboarding for project staff regarding communication protocols*
- *Convenience Factor: Staff may have defaulted to familiar personal accounts for accessibility*
- *Corrective Actions Implemented/Planned:*
- *Immediate Policy Implementation (Completed within 60 days)*

1.3.3.14 *PMU will begin the process of mitigating ensuring that the PMU establish its own domain for all project communications to use official@lurp-pmu.org domain addresses*

1.3.3.15 *Email Account Provisioning (Completed within 60 days)*

- *Created and deployed official email accounts for all staff members identified in audit*
- *Configured accounts on secure enterprise platform (Microsoft 365) with:*
- *Mandatory MFA authentication*
- *Automated archiving for record retention*
- *Project-specific distribution groups*

### **Data Migration Protocol (Ongoing - 30 day timeline)**

- *IT team assisting staff to:*
- *Identify and forward critical project emails from personal accounts*
- *Properly label and store migrated communications in project repositories*
- *Securely delete project data from personal accounts after migration*

### **Training and Compliance Monitoring**

1.3.3.16 *Conducted mandatory training on:*

- *Proper use of official communication channels (Completed)*
- *Data classification and handling procedures (Scheduled for [date])*

1.3.3.17 *Implemented quarterly audits of email practices by Internal Control Unit*

**Preventive Measures:**

- *Onboarding Integration*
- *New staff will receive official email credentials during orientation*
- *Communication protocols included in employee handbook and contract annexes*

**Technical Controls**

- 1.3.3.18 *Configured email filtering to flag external/personal addresses in project correspondence*
- 1.3.3.19 *Established DLP rules to prevent sensitive data transmission via personal accounts*

**Verification Method:**

- 1.3.3.20 *Auditors may verify compliance through:*
- *Review of active email accounts in admin console*
  - *Sample testing of recent project correspondence*
  - *Training attendance records and policy acknowledgment forms*

**Closing Commitment:**

- 1.3.3.21 *The PMU recognizes this as a critical governance issue and has prioritized full compliance. We appreciate this observation as it strengthens our professional communication standards and reduces institutional risk.*

**Auditor General's Position**

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

**1.4 Expenditure Management**

**1.4.1 Third-Party Payment made to Employee of the Entity**

**Criteria**

- 1.4.1.1 Regulation B.28 of the PFM Act of 2009 as Amended and Restated 2019 states that "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment".
- 1.4.1.2 Additionally, Section 6.4.1 of the revised PFMU of 2020 states "All Payment vouchers and checks shall be written in the name of beneficiary that appears on the supporting documents."

**Observation**

- 1.4.1.3 During the audit, we observed that Management made several payments amounting to US\$7,200.00 to employees of the project rather than making direct payment to service providers or their legally authorized representatives. **See table 6 below for details:**



**Table 6: Third-Party Payment made to Employee of the Entity**

Date	Payee	Position	Expenditure description	Voucher Number	Amount: US\$	Items
31/1/2024	Samson Z. Wonnah	LURP Communication & Engagement Specialist	Payment for Hall Maintenance and Transportation for Participants	LURP/2024/009	2,600.00	Lunch for Participants and drinks, Hall Maintenance, Transportation for Participants, Printing of Banners(5x8) flex, Miscellaneous
11/2/2024	Harriet P. Keamu	Environmental Specialist	Payment for provision of snacks, water and soft drinks for Community Organization Meeting.	LURP/2024/015	350.00	Snacks, Water and Soft Drinks
29/05/2024	Samson Z. Wonnah	Communication & Engagement Specialist	Payment for Transportation allowance, Miscellaneous, Lunch for Media Training	LURP/2024/052	2,450.00	Transportation Allowance, Lunch, Miscellaneous, Media Training
18/9/2024	Samson Z. Wonnah	Communication & Engagement Specialist	Payment for Media coverage, snack water and miscellaneous of the solid waste management.	LURP/2024/0129	1,200.00	Media Coverage, Snacks, Water and Miscellaneous.
6/3/2024	Stephen K. Kolee	Safe Guard	Payment for transportation for Grievance Committee	LURP/2023/042	600.00	Transportation for committee
<b>Grand Total</b>					<b>7,200.00</b>	

### **Risk**

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

### **Recommendation**

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

### **Management's Response**

- 1.4.1.9 *The nature of certain payments makes it difficult to avoid the third party. The PMU through the communication and community engagement specialist and other staff carries out community engagement on some of its projects. In these engagements, the PMU, as regarded by the Bank standards, provides water and transportation for participants. Participants are normally given US\$5.00 per participant. Some of these engagements will have 200 participants from various communities and it's impossible to write checks of US\$5.00 for each participant. Besides, community members are always sending proxies on these engagements.*
- 1.4.1.10 *In one of our engagements with the General Auditing Commission (GAC) at Mamba Point, where the Auditor General (AG) was present, the PFMU made the case that these payments of this nature should be made in the name of the Finance Officer of the project or the Accountant at the PFMU who will provide liquidation report at the end of the process. Going forward, the Finance Officer and the Accountant will handle payment of this nature. All of the payment listed are payments of this nature.*

### **Auditor General's position**

- 1.4.1.11 Management's assertion did not adequately address the issues raised and is non-compliant with Regulation B.28 of the PFM Act of 2009 as Amended and Restated 2019. Therefore, we maintain 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 Regulation V.1 (2) of the Public Finance Management (PFM) Act of 2009 as amended and restated 2019 states that "The Head of Government agency must take full responsibility for assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that:(a) preventive mechanisms are in place to eliminate theft, losses, wastage, and misuse; And (b) inventory levels are at an optimum and economic level".
- 1.5.1.2 Section 9.3.1-3 of the PMU OPERATIONS MANUAL VOLUME I –ADMINISTRATION AND FINANCE states, 9.3.1 "Asset Tag Number (ATN) shall be uniformly placed on similar types of fixed assets in a visible spot on the asset, but in a manner that will not mar the appearance of the asset. The following locations are examples for placing Asset Tag Numbers: 9.3.2 Asset Tag Number (ATN) must be established to indicate the user, type, asset class, location, etc. ATN for vehicles are assigned by the General Services Agency (GSA) and by the PMU/PIUs for all other fixed assets. 9.3.3 ATN must be placed on any fixed asset item before issuing it to the user. The issue of fixed assets without assigning and placing ATN on them is strictly forbidden".

#### Observation

- 1.5.1.3 During the audit, we observed the following irregularities associated with the fixed assets management system.
- Some of the project's fixed assets were not coded,
  - Fixed assets within a given vicinity were not displayed as required by PFM Act
  - Assets damage and still capture on the book
  - Fixed Assets Register was not updated,
  - There was no evidence of movement of assets form,
  - The fixed assets register did not contain all the relevant columns,
  - There was no evidence of periodic physical verification of fixed assets report.

**See tables 7a, 7b and 7c below for details.**

**Table 7a: Fixed Asset Not Coded**

No.	Consultant Name	Position	Asset	Code	Serial Number	Amount	Comment
1.	Harriett Peal Keamu	Environmentalism	Dell Laptop	N/A	G4HG7M3	1,560.00	Asset not coded
2.	N/A	N/A	Semi Executive Chair	N/A	N/A	N/A	Asset not coded and not trace from location to register.

No.	Consultant Name	Position	Asset	Code	Serial Number	Amount	Comment
3	N/A	N/A	HP color Laster MFP 178nw	N/A	N/A	N/A	Asset not coded, not assigned
4	N/A	N/A	Executive Desk	N/A	N/A	N/A	Asset not coded and could not be trace from location to register.
5	N/A	N/A	Desk	N/A	N/A	N/A	Asset not coded and could not be trace from location to register.
6	N/A	N/A	3 semi executive chairs	N/A	N/A	N/A	Asset not coded and could not be trace from location to register.
7	N/A	N/A	3 semi executive chairs	N/A	N/A	N/A	Asset not coded and could not be trace from location to register.
8	N/A	N/A	G3410 Printer	N/A	N/A	N/A	Asset not coded and could not be trace from location to register.
9	N/A	N/A	Hinsense Air Condition 2306	N/A	N/A	N/A	Asset not coded and could not be trace from location to register.

**Table 7b: Fixed Asset Not Traced from Location to register**

No.	Consultant Name	Position	Asset	Serial Number	Amount	Comment
2.	N/A	N/A	Semi Executive Chair	N/A	N/A	Asset not trace from location to register.
4	N/A	N/A	Executive Desk	N/A	N/A	Asset not trace from



No.	Consultant Name	Position	Asset	Serial Number	Amount	Comment
						location to register.
5	N/A	N/A	Desk	N/A	N/A	Asset not trace from location to register.
6	N/A	N/A	3 semi executive chairs	N/A	N/A	Asset not trace from location to register.
7	N/A	N/A	3 semi executive chairs	N/A	N/A	Asset not trace from location to register.
8	N/A	N/A	G3410 Printer	N/A	N/A	Asset not trace from location to register.
9	N/A	N/A	Hinsense Air Condition 2306	N/A	N/A	Asset not trace from location to register.

**Table 7c: Asset Damaged and Still Captured on the Book**

No	Consultant Name	Position	Asset	Code	Serial Number	Amount \$	Comment
1.							
3.	N/A	N/A	ThinkPad	MPW-LURP-IT/LT/006	PF3TVE9Y	1,560.00	Asset damage but value still capture on the book

### **Risk**

- 1.5.1.4 Fixed Assets may be misstated (Over/understated).
- 1.5.1.5 Fixed Assets may be damaged or impaired but their values are still on the books.
- 1.5.1.6 Fixed Assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.5.1.7 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.
- 1.5.1.8 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.
- 1.5.1.9 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

### **Recommendation**

- 1.5.1.10 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.
- 1.5.1.11 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.

- 1.5.1.12 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.
- 1.5.1.13 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.
- 1.5.1.14 Fixed Assets within particular vicinity should be clearly displayed as required by the PFM Act.
- 1.5.1.15 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.

#### **Management's Response**

- 1.5.1.16 *All of the assets under the Liberia Urban Resilience Project (LURP) are coded and the register was presented to the auditors during the audit. The PMU runs two (2) parallel projects: Liberia Urban Resilience Project (LURP) and Monrovia Integrated Development Projects (MIDP). The Accounting for these assets is separate. The assets reflected in this report that are not coded are assets bought under the MIDP funds. These assets could not form part of the LURP's Asset register. The PMU, however, has begun coding these assets using MIDP codes.*

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

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

## **1.6 Inventory Management**

### **1.6.1 Irregularities Associated with Inventory Management System**

#### **Criteria**

- 1.6.1.1 Regulation U.7 (2) of the PFM Act of 2009 as amended and restated in 2019 requires that notwithstanding sub-regulation (1), a head of Government Agency is responsible for the general management of government inventories held within the Government Agency and for the due performance of the duties of subordinate staff in relation to the government inventories.
- 1.6.1.2 Additionally, Paragraph 9.4.4 (a,b,c &d) of the PFMU Financial Procedural Manual State's, Annually the Project Manager of the implementing units, through the PFMU Manager shall issue guidelines for stocktaking including date and procedures. (b) The project



implementing units shall conduct a physical stock verification exercise at least twice in a year. The exercise shall be supervised by the Internal Auditor to ascertain the existence, custody, and general status of the stores items. (c) The result of the stock verification exercise shall be reconciled with the balances in the stores and the stores ledger in the PFMU, and differences if any will be investigated. (d) Necessary correcting entries shall thereafter be passed in the records in the stores and in the PFMU records.

### **Observation**

- 1.6.1.3 During the audit, we observed the following irregularities associated with the inventory management system:
- Inventories were not stored in secured custody but rather kept in an office that is not protected by a metallic door and occupied by project management staff.
  - Inventories were not systematically arranged on shelves and comprehensively labeled.
  - No evidence of manual or automated inventory management system comprehensively cataloging the following: goods ordered, goods received, goods requested, goods distributed, current running balance and buffer (minimum request before reordering) inventories/ stationery & supplies level established for each class of inventory/ stationery & supplies.
  - No evidence of periodic physical verification of inventories/stock take. We also observe no evidence of Statement of Monthly Supplies as required.

### **Risk**

- 1.6.1.4 Inventory may be susceptible to theft if kept in an unsecured custody.
- 1.6.1.5 Inventory may be susceptible to damage or misappropriation if stored in an inappropriate environment.
- 1.6.1.6 Inventory may not be duly accounted for in the absence of a comprehensive inventory management system and non-performance of periodic physical verification.
- 1.6.1.7 Inventory may be misappropriated leading to decline in operational activities.

### **Recommendation**

- 1.6.1.8 Management should develop and operationalize an automated inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.
- 1.6.1.9 Inventory should be stored in secured custody/warehouse protected by a metallic door and access granted only to authorized personnel at all times.

- 1.6.1.10 Inventory should be systematically arranged on shelves, comprehensively and systematically labeled to facilitate effective monitoring, evaluation and recording of inventories.
- 1.6.1.11 Management should perform periodic physical verification of inventory and review of systems and records. Appropriate adjustments should be made where applicable. Subsequently, management should facilitate the preparation of the monthly Statements of Supplies as required.
- 1.6.1.12 Evidence of approved policy, and all other inventory records including records of periodic stock takes, should be adequately documented and filed to facilitate future review.

#### **Management's Response**

- 1.6.1.13 *All of the office spaces provided for the PMU by the Ministry of Public Works are occupied by PMU's consultants. Currently, inventory has been kept in the office housed by the Finance Officer and the Administrative Assistant. There are plans to create space in one of the PMU 's offices to be used as a warehouse for storage of PMU's inventory. In the meantime, the PMU's inventory is controlled by the Administrative Assistant who keeps tracks and records of all inventory bought and used. A ledger book is available to record the usage of inventories bought by the PMU*

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

- 1.6.1.14 Management's assertions did not adequately address the issues raised. We observed no evidence of a comprehensive inventory management system, with the associated controls cataloged in our findings above. Inventory should also be maintained in a warehouse with the appropriate safeguards exclusive of the staff offices and assessable only to authorized personnel at all times. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

### **1.7 Field Verification**

#### **1.7.1 Non-Maintenance of Drainages**

##### **Criteria**

- 1.7.1.1 With funding from the World Bank (WB), the Ministry of Public Works (MPW) through its Project Implementation Unit (PMU) of the Liberia Urban Resilience Project (LURP), commenced of the drainage cleaning exercises dubbed "QUICK WINS" in February 2024. The initiative started with the creation of access roads at the Whein Town Landfill outside Monrovia. Community engagement meetings were held targeting key population centers in the intervention areas of three counties, in a bid to raise awareness of the project and to solicit the communities' involvement in its implementation.
- 1.7.1.2 The Liberia Urban Resilience Project (LURP) aim is to increase flood resilience and access to urban infrastructure in selected neighborhoods and to improve urban management in



Liberia. The “Drainage Cleaning Activity” or “Quick Win activity” encompassed the cleaning of drainage channels in three neighborhoods including Bushrod Island, Central Monrovia, and Paynesville. The cleaning involved the removal of solid wastes from the drainage, desilting, drainage shoulder cleaning, haulage, and disposal of the collected wastes to the MCC-operated landfill in Whein Town (Northern Paynesville). The cleaning of drainage channels was considered an immediate and time-sensitive priority to avoid clogging drainage channels in flood-prone communities during the rainy season (between May and November)

- 1.7.1.3 Additionally, Paragraph 4 of the Environmental and Social Management Framework (ESMF) of April 15, 2022 states that “The LURP project has four components. Component 1 of the project will support comprehensive upgrading, flood risk management and improved service delivery in prioritized areas of Greater Monrovia. Investments in drainage infrastructure that improve connectivity of drainage networks are prioritized to reduce climate and flood risk. This component will finance (i) feasibility and design, (ii) consultations, (iii) environmental and social framework (ESF) studies and instruments, (iv) compensation payments for resettlement, (v) works, (vi) supervision, and (vii) servicing and maintenance contracts. A waiver for IDA payment of resettlement compensation will be proposed, based on a desk-based estimation of the compensation costs, in the absence of design footprint and site-specific Resettlement Plans (RPs)”.

#### **Observation**

- 1.7.1.4 During the audit, we observed that several drainages were filled with dirt and plastic waste by residents. We further observed continuous dumping of solid and liquid wastes in the drainage channels by the residents at several drainage sites, such as Central Monrovia Drainage System, Bushrod Island Drainage System, Southeastern Paynesville Drainage (including Du-Port Road) System and Whein Town landfill. See **Exabits 1.** Central Monrovia, **Exabits 2.** Du-Port Road, **Exhibits,3.** Bushrod Island, **Exabits 4.** Whein Town Landfill as well as Cheesemanburg Landfill New Dump Site

#### **Risk**

- 1.7.1.5 Failure to properly address environmental controls may lead to health, safety and environmental hazards that may negatively impact the public and targeted beneficiaries of the project.
- 1.7.1.6 Poorly maintained drainage systems and poor waste management activities may lead to flooding, erosion, pollution, health risk and property damages.

#### **Recommendation**

- 1.7.1.7 Management should liaise with the affected communities to develop, approve and operationalize a sensitization strategy and adequate sanitation plans to avoid continued waste in the drainages. The strategy should be supported by jingles and announcements in local vernaculars/dialects, colloquial, community sensitization forums and engagements, and the creation of graphical representations, including infographics and



pictures in the vicinity of drainages to facilitate precise interpretations of potential danger from hazardous activities.

- 1.7.1.8 Evidence of stakeholder sensitization strategy and the conduct of periodic community sensitization engagement activities should be adequately documented and filed to facilitate future review.
- 1.7.1.9 Management should perform periodic monitoring and evaluation to ensure approved sanitation activities are implemented consistent with approved strategy.

#### **Management's Response**

- 1.7.1.10 *The responsibility for the periodic maintenance of drainage systems lies with local government entities, such as the Monrovia City Corporation (MCC) and Paynesville City Corporation (PCC), as well as the Ministry of Public Works for the roadside drainage system. The drainage cleaning exercises, called "QUICK WINS," under the Liberia Urban Resilience Project (LURP), were identified as immediate and urgent priorities to prevent clogging in drainage channels within flood-prone communities during the 2023 rainy season.*
- 1.7.1.11 *This decision was made following a request by the Ministry of Finance and Development Planning (MFDP) to the visiting World Bank Implementation Support Mission to expedite project implementation and identify activities that could be initiated immediately. One of the activities identified by the World Bank Implementation Support Mission was the removal of waste from drainage channels. A budget of \$300,000 (three hundred thousand United States dollars) was approved for cleaning drains in Central Monrovia, Bushrod Island, and Paynesville.*
- 1.7.1.12 *The LURP has previously provided before, during, and after photos to GAC as proof of the work completed. Continuous maintenance of the drainage system was not planned due to budget constraints, as periodic maintenance falls under the responsibilities of local government entity. However, to sustain the drainage cleaning efforts, the Project Management Unit (PMU) engaged with the affected communities through meetings to develop and implement drainage cleaning without project funding.*
- 1.7.1.13 *The PMU is conducting additional drainage projects and will supply tools to the communities afterward. Currently, the PMU is acquiring tools and equipment to enable both communities and the Ministry of Public Works to perform drainage cleaning in their areas without PMU intervention. The Ministry of Public Works, through the PMU, also signed a contract with the Liberia Media for Democratic Initiatives (LMDI) to produce jingles, announcements, and hold community sensitization forums. See attached Exhibit V: LMDI Contract and contract for additional drainage cleaning and tools.*

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

- 1.7.1.14 We acknowledge Management's assertions. We will follow-up on the implementation of our recommendations during subsequent audit.



## 1.8 IT System and Computerized Environment

### 1.8.1 Lack of IT Strategic Committee

#### Criteria

- 1.8.1.1 DM01.02 of COBIT 2019 states that: Inform leaders on I&T governance principles and obtain their support, buy-in and commitment. Guide the structures, processes and practices for the governance of I&T in line with the agreed governance principles, decision-making models and authority levels. Define the information required for informed decision making.
- 1.8.1.2 DM01.02.3 of COBIT 2019 states that: Establish an I&T governance board (or equivalent) at the board level. This board should ensure that governance of information and technology, as part of enterprise governance, is adequately addressed; advise on strategic direction; and determine prioritization of I&T-enabled investment programs in line with the enterprise's business strategy and priorities.
- 1.8.1.3 APO01.04 of COBIT 2019 states that: Define and implement the organizational structures. Put in place the required internal and extended organizational structures (e.g., committees) per the management system design, enabling effective and efficient decision making. Ensure that required technology and information knowledge is included in the composition of management structures.

#### Observation

- 1.8.1.4 During the audit, we observed no evidence of a functional IT Strategic Committee to provide strategic oversight of the IT strategic goals, objectives and activities of the LURP/PMU evidenced by the nonexistence of meeting minutes and periodic reports.

#### Risk

- 1.8.1.5 In the absence of a functional IT Strategic Committee, the strategic goals, objectives, and activities of the IT function may not be achieved.

#### Recommendation

- 1.8.1.6 Management should ensure that the IT Strategic Committee is functional, evidenced by documentation of meeting minutes and periodic reports.

#### Management's Response

- 1.8.1.7 *We acknowledge the audit observation regarding the absence of documented evidence (meeting minutes and periodic reports) confirming the functionality of the IT Strategic Committee for the LURP/PMU.*

#### Root Cause:

- 1.8.1.8 *The lack of formal documentation may be attributed to:*
- *Ad-hoc Operations: The committee may have held discussions informally*

*without proper documentation.*

- *Governance Gaps: No structured process was in place to convene, record, or report on IT strategic oversight activities.*
- *Corrective Actions: To address this gap, the following steps will be taken:*

***Reconstitution of the IT Strategic Committee:***

- 1.8.1.9 *Formalize the committee's membership, roles, and responsibilities in alignment with project and organizational goals.*

***Scheduled Meetings & Documentation:***

- 1.8.1.10 *Establish a quarterly meeting schedule with predefined agendas.*

- 1.8.1.11 *Assign a secretary to document minutes, action items, and strategic decisions.*

***Reporting Framework:***

- 1.8.1.12 *Produce periodic reports (e.g., bi-annual) on IT strategic alignment, progress, and challenges for PMU leadership.*

***Governance Compliance:***

- 1.8.1.13 *Integrate the committee's outputs into the broader LURP/PMU governance structure.*

***Timeline:***

- 1.8.1.14 *Committee reconstitution and terms of reference (ToR) finalized within 30 days.  
First formal meeting and documentation cycle to commence within 60 days.*

***Preventive Measures:***

- 1.8.1.15 *Include IT governance compliance in internal audit checklists. Train staff on documentation protocols and strategic oversight expectations.*

***Closing:***

- 1.8.1.16 *We appreciate this observation as it strengthens our governance framework. The LURP IPMU is committed to ensuring robust oversight of IT strategic objectives moving forward.*

***Verification:***

- 1.8.1.17 *Auditors may review the committee's ToR, minutes, and reports after the above actions are implemented*

***Auditor General's Position***

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



## 1.8.2 No Policy to Cover Physical Access

### Criteria

- 1.8.2.1 DSS05.05 of COBIT 2019 states that: Define and implement procedures (including emergency procedures) to grant, limit and revoke access to premises, buildings and areas, according to business need. Access to premises, buildings and areas should be justified, authorized, logged and monitored. This requirement applies to all persons entering the premises, including staff, temporary staff, clients, vendors, visitors or any other third party.

### Observation

- 1.8.2.2 During the audit, we observed no evidence of a policy to cover physical access to information technology assets.

### Risk

- 1.8.2.3 Unauthorized access to IT environments may result in damages to hardware, theft, etc.

### Recommendation

- 1.8.2.4 Management should define and implement policies and procedures to grant, limit and revoke access to premises, buildings and areas, according to business need. Access to premises, buildings and areas should be justified, authorized, logged and monitored. This requirement should apply to all persons entering the premises, including staff, temporary staff, clients, vendors, visitors or any other third party.

### Management's Response

- 1.8.2.5 *We acknowledge the audit finding regarding the absence of a formal policy governing physical access to IT assets within the LURPIMU.*

### Root Cause:

*The oversight likely resulted from:*

- 1.8.2.6 *1. Lack of Formalization: Reliance on informal controls rather than documented policies.*
- 1.8.2.7 *2. Focus on Digital Security: Greater emphasis on cybersecurity than physical asset protection.*

### Corrective Actions:

- 1.8.2.8 *To remediate this gap, we will*

### Develop a Physical Access Control Policy:

- 1.8.2.9 *Define roles, responsibilities, and procedures for accessing IT assets (e.g., servers, network devices, workstations).*
- 1.8.2.10 *Align with industry standards (e.g., ISO 27001, NIST) and organizational security requirements.*

**Implement Access Controls:**

- 1.8.2.11 *Restrict entry to server rooms/data centers via keycards, biometrics, or logged access.*
- 1.8.2.12 *Maintain visitor logs and escort requirements for unauthorized personnel.*

**Training & Awareness:**

- 1.8.2.13 *Conduct staff training on physical security protocols and policy adherence.*

**Timeline:**

- 1.8.2.14 *Draft policy completed within 30 days.*
- 1.8.2.15 *Policy approved and implemented within 60 days, with controls enforced thereafter.*

**Preventive Measures:**

- 1.8.2.16 *Integrate physical security into periodic risk assessments.*
- 1.8.2.17 *Assign accountability for policy compliance to the IT Security Officer.*

**Closing:**

- 1.8.2.18 *We recognize the criticality of safeguarding IT assets and will ensure robust physical access controls are established.*

**Verification:**

- 1.8.2.19 *Auditors may review the approved policy, access logs, and training records post-implementation.*

**Auditor General's Position**

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

**1.8.3 Lack of Backup Strategy and Off-site Storage**

**Criteria**

- 1.8.3.1 DSS04.03.6 of Cobit 5, "provides for entities to define and document the information backup requirements required to support the plans, including plans and paper documents as well as data files, and consider the need for security and off-site storage."

**Observation**

- 1.8.3.2 During the audit, we observed that Management did not have a backup strategy to store data, backups were not done in full, and only specific items were backups. Additionally, we observed no off-site storage facility.

**Risk**

- 1.8.3.3 If backups are not stored at an offsite location the organization may not recover data loss due to a disaster.



**Recommendation**

- 1.8.3.4 Management should have an off-site back-ups facility of its own or have an agreement with another entity to use their facility to store back-ups.

**Management's Response**

- 1.8.3.5 *We acknowledge the audit findings regarding the absence of a formal backup strategy, incomplete data backups, and the lack of an off-site storage facility for critical LURPIPMU data.*

**Root Cause:**

**The gaps identified stem from:**

- 1.8.3.6 *No Formal Backup Policy: Ad-hoc backup practices without defined scope, frequency, or responsibilities.*
- 1.8.3.7 *Limited Backup Coverage: Only selective data was backed up due to resource constraints or lack of awareness.*
- 1.8.3.8 *No Disaster Recovery Preparedness: Off-site backups were not prioritized, exposing data to onsite risks (e.g., theft, fire).*

**Corrective Actions:**

- 1.8.3.9 *To address these risks, we will implement the following measures:*

**Develop a Backup and Recovery Policy:**

- 1.8.3.10 *Define backup scope (full system/image backups), frequency (daily/weekly), and retention periods.*
- 1.8.3.11 *Assign roles (IT team/backup administrator) and document procedures.*

**Implement Full System Backups:**

- 1.8.3.12 *Deploy automated backup tools (e.g., Veeam, Acronis) to ensure all critical data (databases, configurations, user files) is included.*
- 1.8.3.13 *Conduct test restorations quarterly to validate backup integrity.*

**Establish Off-Site/Cloud Storage:**

- 1.8.3.14 *Partner with a secure cloud provider or arrange physical off-site storage for backups.*
- 1.8.3.15 *Encrypt backups in transit and at rest to ensure confidentiality.*

**Disaster Recovery Plan (DRP):**

- 1.8.3.16 *Integrate backups into a broader DRP with RTO (Recovery Time Objective) and RPO (Recovery Point Objective) targets.*

**Timeline:**

- 1.8.3.17 Backup policy drafted and approved: 30 days
- 1.8.3.18 Full backup implementation and off-site storage setup: 60 days
- 1.8.3.19 First test restoration and DRP drill: 90 days

**Preventive Measures:**

- 1.8.3.20 Monitor backups via automated alerts for failures.
- 1.8.3.21 Annual reviews of the backup strategy to align with data growth/needs.

**Closing:**

- 1.8.3.22 We appreciate this observation as it strengthens our data resilience. The LURPIMU is committed to ensuring reliable backups and business continuity.

**Verification:**

- 1.8.3.23 Auditors may review the backup policy, logs, test restoration reports, and off-site storage contracts post-implementation.

**Auditor General's Position**

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



### 1.9 Prior Year Audit Issues

No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
1.	<b>No Explanation for Material Variance</b> During the audit, we observed that the Project Financial Statements include a Statement of Comparison of Budget and Actual amounts which shows material variances. However, the statement did not include notes for the explanation of the material variances.	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).	1.1.4.2	This was earlier communicated and was also resolved in the revised financial statements.	We acknowledge Management acceptance of our finding, recommendations and subsequent adjustment of the financial statements.	Not Implemented
2.	<b>Payment Without Adequate Supporting Documents</b> During the audit, we observed that Management facilitated payments amounting to <b>US\$76,574.67</b> without evidence of request for quotations (RFQ), evaluation of supplier quotes,	Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.	1.1.5.3	All the aforementioned payments were made with all the requisite supporting documents. In the event that the auditor did not see a supporting document, it was either as a result of an inadvertent omission during the compilation of these documents for submission to the auditor by our support staff or oversight by the auditor who received them but included them in the Management letter, which is	Management's assertions are not supported by adequate documentation. The documents submitted in Exhibit II are unrelated to the transactions without supporting documents as indicated in <b>Table 1 in report</b> of our finding.	Not Implemented

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No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
	vouchers, invoices, goods received notes, etc to substantiate the legitimacy of transactions. <b>See Table 1 in report for details.</b>			mostly the situation in this case. Again, we are resubmitting these documents for the Auditor's reference. <b>Please see attached Exhibit II in report.</b>		
3	<b>Irregularities Associated with Bank Reconciliations</b> During the audit, we observed that monthly bank reconciliation statements prepared by the PFMU did not show the names and titles of the preparer, reviewer, and approver on the monthly bank reconciliation statements. <b>See Table 2 in report for details.</b>	Management should indicate the names and titles of the preparer, reviewer, and approver of the bank reconciliation statements in line with the PFMU Financial Procedure Manual and PFM Regulation.	1.1.6.3	According to the PFMU Financial Procedures Manual, Bank Reconciliation Statements are prepared by Assistant Project Accountants, Reviewed by Project Internal Auditors, and Approved by either the PFMU Manager/Director or Senior Project Accountant/Deputy Director.	Management's assertion did not adequately address the issues raised. Going forward, Management should ensure that the titles of the preparer, reviewer and approver are displayed on the Bank Reconciliation Statements. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Not Implemented
4.	<b>Irregularities Associated with Fixed Assets</b>	Management should set assets value to be recorded, developed and	1.2.1.3	The PMU upon assuming full control requested a comprehensive turnover note	We acknowledge Management's acceptance of our	Partially Implemented



No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
	<p><b>Management</b></p> <p>During the audit, we observed the following irregularities associated with the Assets Management System:</p> <ul style="list-style-type: none"> <li>There was no evidence of a fixed asset register that contains the cost, code, date of acquisition of the assets as well as the reference of the source document on which the asset was received.</li> <li>Fixed assets were not coded. <b>See Table 6 in report for details.</b></li> <li>There was no evidence of the movement of assets form. However, one of the assets of the project was seen in the Monitoring and Evaluation Division of the Ministry of Public</li> </ul>	maintained.		<p>from the activities of the project preparation. Had the PMU received a fully comprehensive report, decisions regarding fixed assets would have been taken. However, the PMU team takes note of these irregularities and promised to elevate the discussion with the Head of the entity to have it resolved.</p>	<p>findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	

No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
	<p>Works which is different from the unit of the LURP. <b>See Table 6 in report for details.</b></p> <ul style="list-style-type: none"> <li>Fixed Assets within a given vicinity were not displayed as required by the PFM Act.</li> <li>An asset could not be seen during the physical verification performed by the GAC Audit Team. <b>See Table 7 in report for details.</b></li> </ul>					
5	<p><b>Non-Achievement of Project Deliverable</b></p> <p>During the audit, we observed that several project activities outlined in the Project Work Plan for LURP have not been implemented as dated in the approved work plan and budget. <b>See Table 9 in report for details.</b></p>	<p>Management should ensure that the project deliverables are implemented in line with the project work plan.</p>	1.2.2.3	<p>The total project cost is <b>US\$40 million (Forty Million)</b> instead of <b>US\$76 Million (Seventy-Six Million)</b> as indicated in <b>Table 8 of the audit report</b>. I think it was an error. However, the PMU came into place in February 2023 due to some delays beyond the PMU's control. Activities had been projected to have commenced earlier with an installed PMU, but due to the delays, those projected activities</p>	<p>We acknowledge Management's assertion relative to the total cost of the project and acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	Not Implemented



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No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
6	<b>Non-implementation of Internal Audit Recommendations</b> During the audit, we observed that the Internal Auditor conducted an audit on the affairs of the project activities of LURP and submitted the report to the PFMU, World Bank, and the LURP-PPA/MPW dated November 14, 2022. However, we observed no evidence that Management responded and implemented the necessary recommendations.	Management should ensure that the Internal Audit Report is considered key and recommendations are implemented effectively and efficiently.	1.2.3.2	<p>couldn't be implemented as indicated in the work plan. The PMU is now in place and those activities will eventually be implemented.</p> <p>The current PMU team was not in place during this period. However, we will address all these recommendations subsequently.</p>	<p>We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	Not Implemented
7	<b>No Risk Assessment</b>	Management should	1.2.4.2	The Risk Management Report	We acknowledge	Partially Implemented



No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
	<b>Process</b> During the audit, we observed no evidence of a risk management policy and risk assessment to guide internal and external risks that may impair the achievement of the project's objectives.	establish a risk management policy that identifies strategies for mitigating internal and external risks that may impair the achievement of the project's objectives.		and policy were given to all auditors during the inception of the audit. We are again resubmitting the project's risk assessment for your reference. Please see attached Exhibit III.	Management subsequent submission of the risk assessment report after our audit execution. However, the risk management policy that should regulate the conduct of periodic risk assessment was not provided.	
8	<b>Lack of Approved IT Policies and Procedures</b> During the audit, we observed no evidence that the PFMU had developed key IT-related policies such as: • Approved IT Security Policy • Change Management Policy	Management should develop, approve and operationalize appropriate IT Security policies and standard operating procedures to safeguard information assets (application, database, and other IT infrastructure) and ensure consistency in the application of the policies across the entire PFMU.	1.2.5.2	The PFMU uses the IT Policies and procedures of the Ministry of Finance and Development Planning; and, thus, we do not have our own standalone IT policy and procedures. Please reference your permanent file as the IT policy for the Ministry of Finance and Development Planning has been submitted to your teams at GAC for other projects.	Management's assertions are not supported by adequate documentation. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Not Implemented
9	<b>Audit Field Visitation</b> During the audit, we visited the Central Monrovia – Soniwein	Management should liaise with the affected communities to develop long-term sustainable solution plans.	1.2.6.2	These are concerns not only for the PMU, but the nation. The maintenance of drainages in and around Monrovia is of serious concern to the nation. This is	We acknowledge Management's acceptance of our findings and recommendations. We	Not Implemented



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No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
10	<p>Drainage System (MCC), Duala Market (MCC) Drainage System, Southeastern Paynesville - Du-Port Road Area (PCC) Drainage System and Omega Market Area (PCC) Drainage System, to confirm the feasibility study conducted by consultants of the LURP.</p> <p><b>Under Disbursement of Appropriation</b> During the audit, we observed that total approved projected expenditure per the Annual Work Plan and Budget was <b>US\$2,896,857</b>. However, only <b>US\$2,181,060</b> was disbursed to the Project resulting in a variance of <b>US\$715,797.00</b>. As a</p>	<p>Management should provide substantive justification for under receipt of approved budget.</p>	1.1.1.3	<p>one of the reasons why this project came into being. Studies have been conducted, and plans are underway to maintain and establish sustainable infrastructures relating to the drainages in and around Monrovia.</p> <p>The under disbursement didn't result in underachievement of project deliverables as stated. The underachievement of project deliverables was due to lot of factors like the 2023 General Presidential and Legislative elections. These elections had significant adverse impact on the project deliverables. Besides, the disbursement into the Designated Account (DA) of the total approved projected expenditure is normally reduced by the balanced in the DA.</p>	<p>will follow-up on the implementation of our recommendations during subsequent audit.</p> <p>Management's assertion did not adequately address the issues raised. Going forward, Management should liaise with the relevant authority of the Bank to facilitate full receipt of approved revenue/receipt to expedite timely implementation of project deliverables. Therefore, we maintain our findings and</p>	Not Implemented

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No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
	result, several projects deliverables were not achieved.				recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	
11.	<b>Non- Explanation for Material Variances</b> During the audit, we observed that Management did not include explanatory notes to the financial statements on the material variances between the budget and actual amounts. <b>See Table 1 in report for details.</b>	Management should provide substantive justification for not disbursing approved revenue/receipt in line with approved workplan and budget.	1.1.2.3	The notes to the 2023 Financial Statements are provided in summary form. The variances are provided per category and not per activities under the various components. Component 1 and 2 recorded significant material variances. These material variances were due to some activities that were not undertaken. The PMU takes note and will provide material variances in future financial statements. <b>(See attached Exhibit I: Revised Financial Statement) in report.</b>	We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Not Implemented
12	<b>Failure to Remit Taxes on Goods and Services (GST)</b> During the audit, we observed no evidence of goods and service tax,(GST) being	Management should provide substantive justification for not remitting GST to LRA.	1.1.4.3	The PFMU has worked and continue to engage with the stakeholders on this GOL flag receipts (evidence of tax payments) issue for taxes remitted. The LRA indicated that the PFMU is not regarded as one	We acknowledge Management's assertions and subsequent submission of bank statements as evidence of tax payments. However, we	Partially Implemented





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No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
	remitted into GOL Revenue Account for the purchase of goods and services amounting to <b>US\$11,290.22</b> as withholding taxes from vendors to LRA.			of her Collectorate that can issue flag receipt. In spite of the challenges in remitting the relevant taxes, the PFMU continue to do so. However, some of the taxes are not remitted on a real time basis given the challenges encountered in the remittance process.	observed that monthly Goods and Services Taxes (GST) withheld were not remitted in a timely manner as required. Therefore, we maintain our recommendations. We will follow up on the implementation of our recommendations during subsequent audit.	
13	<b>Lack of IT Strategic Committee</b> During the audit, we observed no evidence of a functional IT Strategic Committee to provide strategic oversight of the IT strategic goals, objectives and activities of the LURP/PMU evidence by the nonexistence of meeting minutes and periodic reports.	Management should ensure that the IT Strategic Committee is functional, evidenced by documentation of meeting minutes and periodic reports.	1.2.3.4	As the Implementing Agency, MPW IT Section is the sole governing body of the Ministry of Public Works. All IT-related strategies of the PMU are in line with the MPW's IT Strategic Plan and Policy. This includes the use of the website ( <a href="http://www.mpw.gov.lr">www.mpw.gov.lr</a> ) for project publications and the assigning of email addresses to PMU staff( <a href="mailto:name@mpw.gov.lr">name@mpw.gov.lr</a> ).	Management's assertion did not adequately address the issues raised. Going forward, Management should ensure that the IT Strategic Committee is functional, evidenced by documentation of meeting minutes and periodic reports. During the audit execution, we observed that staffs at the PMU were using personal emails and not emails of the governing	Not Implemented

No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
14	<b>Unapproved IT Strategic Plan</b> During the audit, we observed no evidence of an IT strategic plan to signify that the LURP/PMU had established an IT strategy to address the operations of their Information Technology unit and provide a strategic direction, evidenced by the nonexistence of meeting minutes and periodic reports.	Management should establish an IT Strategic plan at the Steering and Technical Committees levels in order to create a coherent strategy, give a clear direction and govern the Information Technology Unit.	1.2.4.4	The PMU IT is governed by the IT Policy and Strategic Plan of the Ministry of Public Works which is the Implementing Agency of the Project. Therefore, the PMU IT cannot develop a parallel Policy, but implement all Policies in place at the MPW and in line with the ICT Policy of The Republic of Liberia which was approved in 2019.	(Ministry of Public Works). Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Not Implemented



No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
15	<p><b>Non-Maintenance of Drainages</b></p> <p>During the audit, we observed that the following drainages were filled with dirt and plastic waste by residents— Soniwein Drainage System, Bushrod Island Drainage System, Southeastern Paynesville - Du-Port Road Area (Rehab Car Wash, Cow Field, Zaza Community) Drainage System, Whein Town landfill and Cheesemanburg. <b>See exhibits 1. Central Monrovia, Exhibits 2.</b></p>	Management should liaise with the affected communities to develop, approve and operationalize strategies and adequate sanitation plans to avoid continued waste in the drainages.	1.2.5.2	<p>The PMU signed a contract with two work contractors for cleaning the drainages in central Monrovia, Paynesville, and Bushrod Island. However, not all the drainages in these areas were considered due to budget limitations. It is not clear which drainages were captured in the audit report. Looking at the photo it is difficult to know the location of some of the drainages captured in the report. Furthermore, drainage cleaning activities were ongoing when the audit team visited the site. We believe some of the drainages visited by the auditors were not completed when they visited the site.</p>	<p>we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p> <p>Management's assertions were not supported by documentary evidence.</p>	Partially Implemented

Management Letter on the Financial Statements  
 Audit of the Liberia Urban Resilience Project (LURP)  
 For the year ended December 31, 2024




No	Findings	Description of Recommendation	Source Paragraphs	Management's Response	Auditor General's Position	Status of recommendation
	Du-Port Road, Exhibits 3. Whein Town, Exhibits 4. Cheesemanburg Landfill in report.					






EXHIBITS

**EXHIBIT 1:** GAC audit team site confirmation of the feasibility study conducted by consultants of the LURP: Central Monrovia– Redemption Road, Buzzy Quarter. (**Central Monrovia**)

Drainage Description	Redemption Road, Buzzy Quarter community Drainage Cleaning before the commencement, During, and after completion.
BEFORE Implementation	
During Implementation	
AFTER	





<b>Drainage Description</b>	<b>JOHNSON STREET DRAINAGE</b>
<b>BEFORE</b>	
<b>AFTER</b>	



Drainage Description	LYNCH STREET & CENTER STREET DRAINAGE
BEFORE	
AFTER	




**EXHIBIT 2:** GAC audit team site confirmation of the feasibility study conducted by consultants of the LURP:  
**(Du-port Road)**



Drainage Description	DUPORT ROAD
CURRENT	
CURRENT	 <p data-bbox="749 1415 1107 1442">Consistent Waste by Resident</p>



**EXHIBIT 4:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(Cheesemanburg Landfill)**

Drainage Description	Cheesemanburg Landfill New Dump Site
CURRENT	

**EXHIBIT 5:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(CALDWELL)**

Drainage Description	CALDWELL DRAINAGE
BEFORE	<div data-bbox="393 410 1535 886"></div> <div data-bbox="749 902 1063 925">Caldwell Road – Stockton Creek Drainage</div>
AFTER	<div data-bbox="517 961 1372 1408"></div> <div data-bbox="652 1437 1216 1462">Caldwell Road – Stockton Creek Drainage After</div>



**EXHIBIT 6:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(CENTER STREET)**


Drainage Description	LYNCH STREET
	CURRENT
BEFORE	<div></div> <p>Consistent Waste by resident into the Drainage</p>

**EXHIBIT 7:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(AB TOLBERT ROAD, DRIANAGES CLEANING)**

Drainage Description	AB TOLBERT ROAD, DRIANAGES CLEANING
BEFORE	<div></div> <div></div> <p>AFTER</p>





**EXHIBIT 8:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(DUALA)**

Drainage Description	BUSHROD ISLAND, DRIANAGES
CURRENT	 








**EXHIBIT 9:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(GSA ROAD)**

Drainage Description	GSA ROAD- KOLA TREE COMMUNITY
CURRENT	 

**EXHIBIT 10:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(MOMBOE TOWN)**




Drainage Description	MOMBOE TOWN
BEFORE	   <p data-bbox="581 1873 1063 1900"><b>CURRENT/ Consistent waste by resident</b></p>



**EXHIBIT 11:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(Clay Street)**




Drainage Description	Clay Street
BEFORE	

**EXHIBIT 12:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: (PHP)

Drainage Description	PHP/ BUDGET BUREAU
<b>CURRENT</b>	<div data-bbox="393 417 1201 882"></div> <div data-bbox="393 893 1201 1358"></div> <div data-bbox="393 1369 1201 1789"></div> <p data-bbox="537 1800 1310 1857">Due to security measure, resident are not wasting waste into thr drainage</p>





**EXHIBIT 13:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(SINKOR)**

Drainage Description	SINKOR 13 <sup>th</sup> STREET
CURRENT	<div data-bbox="393 410 1185 864"></div> <div data-bbox="393 916 1177 1408"></div> <div data-bbox="393 1460 1190 1896"></div>



**EXHIBIT 14:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(Stonton Creek)**

Drainage Description	Stonton Creek CURRENT PHOTO
BEFORE	 





**EXHIBIT 15:** GAC’s audit team site confirmation of the feasibility study conducted by consultants of the LURP: **(WHEINTOWN DUMP SITE)**

Drainage Description	WHEINTOWN DUMP SITE
CURRENT	  

