



## **Management Letter**

### **On Financial Statements Audit of the Tree Crop Extension Project (TCEP)**

*For the Financial year January 1, 2024 to December 31, 2024*



### **Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**  
May 2025

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## ACRONYM

Acronym/Abbreviation/Symbol	Meaning
AA	Administrative Assistant
AG	Auditor General
AWPB	Annual Work Plan and Budget
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Practitioner
COBIT	Control Objectives for Information and Related Technology
COSO	Committee on Sponsoring Organization
CPA	Certified Public Accountant
FC	Financial Comptroller
FCCA	Fellow Member of the Association of Chartered Certified Accountants
GAC	General Auditing Commission
IFAD	International Fund for Agriculture Development
IFR	Interim Financial Reports
ISSAI	International Standards of Supreme Audit Institutions
MFDP	Ministry of Finance and Development Planning
MoA	Ministry of Agriculture
M&E	Monitoring and Evaluation
NSC	National Steering Committee
PC	Project Coordinator
PFM	Public Financial Management
PIU	Project Implementation Unit
PMU	Project Management Unit
RL	Republic of Liberia
TCEP	Tree Crop Extension Project
US\$	United States Dollars



June 24, 2025

Hon. J. Alexander Nuetah, PHD  
**Minister**  
Ministry of Agriculture  
Ministerial Complex, Congo Town  
Monrovia, Liberia

Dear Hon. Nuetah:

**RE: Management Letter on the Financial Statements Audit of the Tree Crop Extension Project (TCEP) For the Financial Year January 1, 2024 to December 31, 2024.**

The financial statement of the Tree Crop Extension Project (TCEP) I is subject to audit by the Auditor-General in accordance with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Term of Reference of the Project Financing Agreement.

**Introduction**

The audit of the financial statement of the Tree Crop Extension Project (TCEP) I for the financial year January 1, 2024 to December 31, 2024 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the 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 overall financial statement presentation.

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




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





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




## Summary of Audit Findings and Recommendations









The findings in this report are broadly classified as being of high, moderate or low priority. The priority given to each finding is a reflection of our understanding of the impact the finding has upon internal controls and thus overall grant objectives.

	<b>Critical (High):</b> These findings reflect key or primary control for which we would recommend immediate rectification in order to establish a sufficient control environment. Prior year recommendation not implemented requires immediate rectification. These are high level issues which impact seriously on the achievement of overall project goals.
	<b>Significant (Moderate/Medium):</b> These findings represent those of a lesser significance than the high priority but which are still considered necessary for the ongoing good management of the control environment. Potential exists for these issues to become more serious if they are not addressed.
	<b>Housekeeping (Low):</b> These findings are considered less risky but nevertheless need attention.






No	Paragraph No.	Finding	Recommendation	Priority Classification
1	1.1.1.6	No Meeting Minutes and attendance listing for Steering Committee	<b><i>Management should liaise with the relevant authorities to facilitate the conduct of periodic Steering Committee meetings. Steering Committee's meeting minutes should comprehensively detail activities discussed, actions to implement planned activities and approved timelines. Meetings' minutes should be subsequently documented and filed to facilitate future review.</i></b>	 High
2	1.1.1.7	No Meeting Minutes and attendance listing for Steering Committee	The Steering Committee should also institute a platform for following-up on decision made at Steering Committee's meeting. An update of progress towards previous meeting agreed actions/deliverable should be discussed during current meetings, as a medium for tracking institutional progress and planning for future activities.	 High
3	1.1.2.6	No Evidence of Acceptance and Commissioning of Completed Civil Works	Management should ensure that a comprehensive post-review of project deliverables, statement of acceptance of work issued by the contractor, and provisional and final takeover of works are carried out by the ad hoc Inspection and Acceptance committee as required.	 Moderate/ Medium
4	1.1.2.7	No Evidence of Acceptance and Commissioning of	Evidence of statement of acceptance of works completed and commissioning ceremony should be adequately documented	

No	Paragraph No.	Finding	Recommendation	Priority Classification
		Completed Civil Works	and filed to facilitate future review.	<b>Moderate/ Medium</b>
5	1..2.1.5	Non-Preparation of Monthly Budget Monitoring Statement	Management should ensure that Budget Monitoring Statements are prepared on a monthly basis. Gaps identified should inform future emphasis on income receipt and reallocation of expenditure disbursements.	 <b>High</b>
6	1.2.1.5	Non-Preparation of Monthly Budget Monitoring Statement	Evidence of the approved Monthly Budget Monitoring Statements should be adequately documented and filed to facilitate future review.	 <b>High</b>
7	1.3.1.8	Transaction without Supporting Documentation	Management should fully account for advance payment made without adequate supporting documents.	 <b>High</b>
8	1.3.1.9	Transaction without Supporting Documentation	Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.	 <b>High</b>
9	1.3.1.10	Transaction without Supporting Documentation	All advance payments should be subsequently accounted for through submission of a liquidation report and all relevant supporting documentation validating the expenditure cataloged therein. Evidence of liquidation reports and all relevant supporting records should be adequately documented and filed to facilitate future review.	 <b>High</b>
10	1.3.1.11	Transaction without Supporting Documentation	Additionally, Management should facilitate the operationalization of the electronic document management system by ensuring that all relevant source and supporting documents are scanned, attached to the	 <b>High</b>





No	Paragraph No.	Finding	Recommendation	Priority Classification
			transaction (in the accounting software for financial transactions), archived and maintained to facilitate future review.	
11	1.3.2.8	Non-Preparation of Monthly Statement of Supplies	Management should develop at least an excel based or an automated inventory management system to facilitate and ensure accurate records of inventories such as purchases, distribution, current stock balances, stock-out levels, reordering and etc.	 <b>High</b>
12	1.3.2.9	Non-Preparation of Monthly Statement of Supplies	Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments, where applicable, are made to support the inventory balances in inventory management system	 <b>High</b>
13	1.3.2.10	Non-Preparation of Monthly Statement of Supplies	Management should facilitate the timely preparation of monthly statement of supplies consistent with Chapter 4.6 paragraph 203 of the Finance and Administrative Procedures Manual.	 <b>High</b>
14	1.3.2.11	Non-Preparation of Monthly Statement of Supplies	Evidence of all inventory records including periodic stock taking reports and monthly statements of supplies should be adequately documented and filed to facilitate future review	 <b>High</b>
15	1.4.1.4	Non-Preparation of Monthly Designated Account Reconciliation	Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the PIU.	 <b>High</b>
16	1.4.1.5	Non-Preparation of Monthly Designated Account Reconciliation	Evidence of monthly bank reconciliation reports should be adequately documented and filed to facilitate future review	 <b>High</b>
17	1.4.2.8	Payments without Bills of Lading	Management should fully account for expenditures made without adequate supporting documents.	 <b>Moderate/ Medium</b>
18	1.4.2.9	Payments without Bills of Lading	Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent	 <b>Moderate/</b>



No	Paragraph No.	Finding	Recommendation	Priority Classification
			with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.	<b>Medium</b>
19	1.5.1.5	Unauthorized Approval for the Award of Contract for Civil Works	The PIU Management should provide material justification for unauthorized approval of procurement contract.	 <b>High</b>
20	1.5.1.6	Unauthorized Approval for the Award of Contract for Civil Works	Going forward, Management should ensure all contracts above the threshold of US\$30,000 are signed by head of the Procurement Committee as required by the Finance and Administrative Procedure manual.	 <b>High</b>
21	1.5.2.8	Findings from the Our Field Visit on the Completion of Road Works, Warehouses and the distribution of Desktops and Printers to cooperatives	Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the project and update the Office of the Auditor General as part of Management's response to this Management Letter.	 <b>High</b>
22	1.5.2.9	Findings from the Our Field Visit on the Completion of Road Works, Warehouses and the distribution of Desktops and Printers to cooperatives	Going forward, Management should develop, approved 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.	 <b>High</b>
23	1.5.2.10	Findings from the Our Field Visit on the Completion of Road Works, Warehouses and the distribution of	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	 <b>High</b>

No	Paragraph No.	Finding	Recommendation	Priority Classification
		Desktops and Printers to cooperatives		
24	1.5.2.11	Findings from the Our Field Visit on the Completion of Road Works, Warehouses and the distribution of Desktops and Printers to cooperatives	Evidence of approved work plans and contracts should be adequately documented and filed to facilitate future review	 <b>High</b>
25	1.6.1.5	No Risk Assessment Policy and Process	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.	 <b>Moderate/ Medium</b>
26	1.6.1.6	No Risk Assessment Policy and Process	Subsequently, Management should facilitate the conduct of periodic risk assessments and take corrective action for gaps identified.	 <b>Moderate/ Medium</b>
27	1.6.1.7	No Risk Assessment Policy and Process	Evidence of approved risk management policy and periodic risk assessment reports should be adequately documented and filed to facilitate future review.	 <b>Moderate/ Medium</b>
28	1.7.1.6	IT Governance	Management should prioritize the development of a well-defined IT Governance that aligns with their strategic vision and facilitates the achievement of long-term goals. The establishment of a robust IT Governance framework will ensure that IT investments align with the project's strategic objectives, enhancing transparency, accountability, and efficiency.	 <b>High</b>
29	1.7.2.4	IT Security Management	Management should establish and operationalize an IT Security Management to protect the organization assets and ensure the confidentiality, integrity, and availability of data. This process would involve implementing various security measures to guard against unauthorized access, cyberattacks, and other potential security breaches that could lead to data loss or damage	 <b>Moderate/ Medium</b>
30	1.7.3.4	Program Change	Management should develop and	



No	Paragraph No.	Finding	Recommendation	Priority Classification
		Management	operationalize a robust change management program which includes comprehensive documentation and approval processes for upgrades, patches, and reviewed before implementation. Implementing these steps can help in aligning changes with organizational policy and maintaining the integrity of the IT infrastructure.	 <b>Low</b>
31	1.7.4.4	Physical Access Control	Management should develop and operationalize a physical access control policy to protect IT assets	 <b>Low</b>

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

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

### Appreciation

We would like to express our appreciation for the courtesy accorded and assistance rendered by the staff of the IFAD Project Implementation Unit (PIU) of the Ministry of Agriculture (MOA) during the audit.

Sincerely,

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



## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Governance

#### 1.1.1 No Meeting Minutes and Attendance Listing for Steering Committee

##### Criteria

1.1.1.1 Chapter 1.1 paragraph 17 of the Finance/Administrative Manual states that the National Steering Committee (NSC) orients project implementation strategy, oversees project planning, and provides inter-ministerial coordination. The existing Food Security and Nutrition Technical Committee serves as the NSC. It is chaired by the MOA and includes farmer representatives and various private sector representatives. The NSC meets twice a year and on an ad-hoc basis as necessary; the PIU acts as secretariat to the NSC. The specific responsibilities of the NSC include:

- Providing conceptual support to the PIU for design, implementation and coordination of project interventions
- Ensuring conformity of project implementation with GoL policy and strategy in this sector
- Reviewing and approving AWPBs prior to submission to IFAD
- Endorsing changes negotiated between donors and the GoL
- Endorsing changes to the project concept proposed by the Borrower, MOA or PIU
- Resolving implementation problems or conflicts
- Assisting the PIU in obtaining, whenever needed, the GoL's assistance and contribution to the project
- Reviewing semi-annual progress reports and monitoring project performance.

##### Observation

1.1.1.2 During the audit, we observed no evidence that the National Steering Committee met as required.

##### Risk

1.1.1.3 The strategic oversight over the function of the Management of the project may be impaired. This may impair the achievement of the project's objectives.

1.1.1.4 Management may override institutional policies and procedures that may adversely impact the operations of the project.

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

### **Recommendation**

- 1.1.1.6 Management should liaise with the relevant authorities to facilitate the conduct of periodic Steering Committee meetings. Steering Committee's meeting minutes should comprehensively detail activities discussed, actions to implement planned activities and approved timelines. Meetings' minutes should be subsequently documented and filed to facilitate future review.
- 1.1.1.7 The Steering Committee should also institute a platform for following-up on decision made at Steering Committee's meeting. An update of progress towards previous meeting agreed actions/deliverable should be discussed during current meetings, as a medium for tracking institutional progress and planning for future activities.

### **Management's Response**

- 1.1.1.8 *The steering committee met during the approval of the 2024 Annual Work Plan and Budget. The Committee also met and approved the revised 2024 AWPB and Minutes of said meeting was submitted to IFAD for granting of No Objection. (Attached is the NSC Meeting minutes 1.1.1).*

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

- 1.1.1.9 We acknowledge Management subsequent submission of the 19<sup>th</sup> Steering Committee Report after our audit execution. However, Management did not submit evidence of Steering Committee Meeting minutes and attendance listing as requested. Further, Management's submission of documents after our review does not guarantee Management's effective control of document management. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

## **1.1.2 No Evidence of Acceptance and Commissioning of Completed Civil Works**

### **Criteria**

- 1.1.2.1 Chapter 5.9 paragraphs 289 of the Finance and Administrative Procedure manual requires that the delivery of works is usually completed in several tranches. The statements of acceptance of work issued by the contractor are normally signed by the representative of the implementing partner and the representative of the beneficiaries. The supervising engineers (e recruited by the PIU, STCRSP Civil Engineer, and County Resident Engineer) in charge of the monitoring and supervision of the works also issue certificates of completion to certify the amount of work completed.
- 1.1.2.2 Further, Chapter 5.5 paragraph 290 of the Finance and Administrative Procedure manual requires that the provisional and final takeover (i.e. receipt) of works is carried out by an ad hoc Inspection and Acceptance committee. In the case of small-value works (less than USD 30,000), the committee is made up of the requesting staff (normally the Civil Engineer), the County Resident Engineer, the beneficiaries, and MOA. For large-value works (USD 30,000 or more), the committee includes, in addition to the above-cited



members, a representative of the district and the consultant engineers recruited by the PIU. In both cases, a takeover report detailing any delay or fault in the execution of the works is signed by all members of the Inspection and Acceptance Committee. A copy of the report is given to the Procurement Officer for updating the TOMMARCHE and the individual contract monitoring schedule.

### Observation

- 1.1.2.3 During the audit, we observed no evidence that statements of acceptance of work issued by the contractor, as well as a provisional and final takeover of works, were carried out by an ad hoc Inspection and Acceptance committee including representative of the district as required. **See Table 1 below for details.**

**Table 1: No Evidence of Acceptance and Commissioning of Completed Civil Works**

No.	District	Location	Contractor	Kilometers	Status
<b>Batch1</b>					
1	Zoegeh	Bahn to Tuazama Village	Lib Quing	10.015	100%
2	Buuyao	Tuazama Village to Beeplay	Lib Quing Sheng	8	100%
3	Buuyao	Beeplay to Seed Garden	June 6	7.5	100%
4	Buuyao	ZGMC Junction to Marplay/	Pacific Engineering	4.815	100%
7	Gbelegeh	Kailay to Sarkolay	West Wood	9.7	100%
6	Tri River	Gbei-Vonwea to U-Bah	West Wood	5.7	100%
<b>Batch2</b>					
1	Buuyao	Zardaplayto Dimplay	King BUSS	7.2	100%
2	Buuyao	Bioyodar to Bounlay	CONSTAR	8.2	100%
3	Gbelegeh	Karnplay to Sarkolay	B.K Enterprise	6.5	100%
4	Twah River	Karnplay to Soupla	June 6	9.2	100%
<b>Batch3</b>					
1	Buuyao	Dimplay to Frolay	New Mill	4.1	100%
2	Buuyao	Gbarnway to Nor Gormapla	King. Buss	8.5	100%
3	Buuyao	Siawayplay to Lepula	SLD	3.8	100%
4	Buuyao	Lepula to Seed Garden Junction	FRAN	8.915	100%
5	Twah River	Souplay to Schoyolar	June 6	3	100%

### Risk

- 1.1.2.4 In the absence of the statement of acceptance of work post review on project deliverables may be impaired. This may lead to project deliverables not being implemented in accordance with approved specifications.



- 1.1.2.5 Failure by Management to commission completed roads may lead to the beneficiary not being aware of completed projects. This may impair community ownership and subsequent responsibility for the maintenance of project deliverables.

**Recommendation**

- 1.1.2.6 Management should ensure that a comprehensive post-review of project deliverables, statement of acceptance of work issued by the contractor, and provisional and final takeover of works are carried out by the ad hoc Inspection and Acceptance committee as required.
- 1.1.2.7 Evidence of statement of acceptance of works completed should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.1.2.8 *Management in conjunction with the Ministry of Public Works, Ministry of Internal Affairs and Local Government Authorities of Nimba County had an elaborate turning over of completed rehabilitated road works(165.21km) ceremony held in Kpin Town, Mein-Pea Mahn District, Nimba County; where beneficiaries from various communities attended on October 17, 2024. (See back to office report attached 1.1.2).*

**Auditor General's Position**

- 1.1.2.9 Management presented a Handover Report in support of its assertion. However, the report was not approved. Also the report did not indicate the roads being handover. The report stated that 165.211 km of road was handed over. Our finding in the table above indicates that 105.145 km of road was complete and no turn over ceremony was held. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

**1.2 Budget Management**

**1.2.1 Non-Preparation of Monthly Budget Monitoring Statement**

**Criteria**

- 1.2.1.1 Chapter 6.2 paragraph 321 of the Finance and Administrative Procedure manual provides that the FC is responsible for monitoring the budget by comparing it with actual expenditures. The expenditure process is described in section 6.3. Project expenses recorded in the general accounts are simultaneously recorded against the budget (see Chapter 7 for details on the coding and accounting of transactions). Thanks to this unique entry system, all project expenses are automatically recorded in the "actual expense" column of the budget. A monthly budget monitoring statement which shows the status of the budget by component and by expense category is printed at the end of each month (see model in Annex 6.e). This statement shows for each AWPB activity or budget line, the budgeted amount, the cumulative expenditures, and the available balance.

### **Observation**

- 1.2.1.2 During the audit, we observed no evidence of preparation of monthly budget monitoring statements as required. This finding was also brought to the attention of the project management during the prior year audit.

### **Risk**

- 1.2.1.3 Failure by Management to prepare a Monthly Budget Monitoring Statement may lead to overspending/underspending of budget limits and facilitate discretionary expenditure.
- 1.2.1.4 Revenue and Expenditure performance may not be measured in a reliable manner, leading to the misappropriation of the project's funds.

### **Recommendation**

- 1.2.1.5 Management should ensure that Budget Monitoring Statements are prepared on a monthly basis. Gaps identified should inform future emphasis on income receipt and reallocation of expenditure disbursements.
- 1.2.1.6 Evidence of the approved Monthly Budget Monitoring Statement should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.2.1.7 *Management do prepare budget monitoring report quarterly along with Interim Financial Report (IFR) in line with IFAD Policy as amended in the revised PIM. (See attached copy 1.2).*

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

- 1.2.1.8 Management's assertion of the preparation of quarterly budget monitoring reports was not supported by documentary evidence. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

## **1.3 Financial Issues**

### **1.3.1 Transaction without Supporting Documentation**

#### **Criteria**

- 1.3.1.1 Chapter 6.6 paragraph 367 of the Finance and Procedure Manual provides that the IPs in charge of activities under each project component are required to submit to the PIU, on a quarterly basis, a report detailing the physical progress achieved (against set objectives) as well as the financial situation, in accordance with the provisions of the MOU signed with the STCRSP. The financial section of the report must include a cash advance reconciliation, a detailed expenditure report (with copies of related supporting documents attached) and a budget-to-actual statement including a narrative explaining all significant variances.



- 1.3.1.2 Additionally, Chapter 6.6 paragraph 369 of the Finance and Procedure Manual provides that the quarterly report is addressed to the NSC, IFAD and MOA. It describes the progress of the project in terms of physical implementation and financial execution, integrating information from the IPs progress reports. It is prepared by the M&E Officer (with input from the technical staff) for physical implementation aspects, and includes the financial execution report prepared by the FC.

### Observation

- 1.3.1.3 During the audit, we observed that the PIU Management disbursed an advance payment of US \$15,000.00 to cooperatives. However, we observed no evidence of supporting documentation confirming the retirement of this advance payment as required. **See Table 2 below for details.**

**Table 2: Transaction without Supporting Documentation**

No.	Account Date	Voucher N°	Description	Payee	Amount US \$
1	12/7/24	3701	Advance to Buu Yao Cooperative for the implementation of TCEP in Nimba County	Buu Yao Cooperative	5,000.00
2	10/7/24	3696	Advance to Beo Sehgren Cooperative for the implementation of TCEP in Nimba County	Beo Sehgren Cooperative	5,000.00
3	10/7/24	3700	Advance to Kwakeseh Cooperative for the implementation of TCEP in Nimba County	Kwakeseh Cooperative	5,000.00
<b>TOTAL</b>					<b>15,000.00</b>

### Risk

- 1.3.1.4 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.
- 1.3.1.5 In the absence of adequate supporting documents, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the project's funds.
- 1.3.1.6 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.



- 1.3.1.7 Management may override the procurement processes by completing disbursement without utilizing the required procurement methods.

**Recommendation**

- 1.3.1.8 Management should fully account for advance payment made without adequate supporting documents.
- 1.3.1.9 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.
- 1.3.1.10 All advance payments should be subsequently accounted for through submission of a liquidation report and all relevant supporting documentation validating the expenditure cataloged therein. Evidence of liquidation reports and all relevant supporting records should be adequately documented and filed to facilitate future review.
- 1.3.1.11 Additionally, Management should facilitate the operationalization of the electronic document management system by ensuring that all relevant source and supporting documents are scanned, attached to the transaction (in the accounting software for financial transactions), archived and maintained to facilitate future review.

**Management's Response**

- 1.3.1.12 *The above IPs Advances were not retired or claimed as expenditure until early January 2025 financial year. Therefore, supporting documents for these retirements are available in 2025. (See attached retirement reports 1.3.1)*

**Auditor General's Position**

- 1.3.1.13 Management's assertion did not adequately address the issue raised. Management did not provide a liquidation report for subsequent disbursement of advance payment cataloged in table 4 above. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.3.1.14 Management should submit to the Office of the Auditor General the liquidation report for advance payment within thirty (30) days upon the issuance of the Auditor General's Report to the National Legislature.

### **1.3.2 Non-Preparation of Monthly Statement of Supplies**

#### **Criteria**

- 1.3.2.1 Chapter 4.6 paragraph 203 of the Finance and Administrative Procedures Manual requires that a simple stock management system be developed on Excel to record the receipt and delivery of supplies and to monitor the level of stocks at all times. The system includes an individual stock card for each item purchased by the Project. The card shows the opening balance, receipts, deliveries, and available stock (see model in Annex 4. k). The monthly stock statement (see Annex 4. k) shows cumulative movements for the month as well as end-of-month balance for each item. The monthly statement is updated automatically from the data contained in the individual cards.

#### **Observation**

- 1.3.2.2 During the audit, we observed no evidence of preparation of a monthly statement of supply for the period under audit as required. This finding was also brought to the attention of the Management during the prior year audit.

#### **Risk**

- 1.3.2.3 Effective stock management may not be achieved in the absence of a monthly statement of supplies.
- 1.3.2.4 Inventory/supply may be misappropriated leading to decline in operational activities.
- 1.3.2.5 The lack of monthly statement of supplies may impair the availability of information on the historical cost of the supplies procured as well as deny the Management of the PIU the abilities to make informed decision on the level of supplies available or used.
- 1.3.2.6 Failure to effectively maintain documentations for inventory receipt, storage, and distribution may lead to misappropriation of inventory.
- 1.3.2.7 Inventory may not be ordered, received, maintained and distributed in a timely manner.

#### **Recommendation**

- 1.3.2.8 Management should develop at least an excel based or an automated inventory management system to facilitate and ensure accurate records of inventories such as purchases, distribution, current stock balances, stock-out levels, reordering and etc.
- 1.3.2.9 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments, where applicable, are made to support the inventory balances in inventory management system.
- 1.3.2.10 Management should facilitate the timely preparation of monthly statement of supplies consistent with Chapter 4.6 paragraph 203 of the Finance and Administrative Procedures Manual.



- 1.3.2.11 Evidence of all inventory records including periodic stock taking reports and monthly statements of supplies should be adequately documented and filed to facilitate future review.

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

- 1.3.2.12 *Management developed an excel based inventory management system to facilitate and ensure accurate records of inventories such as purchases, distribution, current stock balances, stock-out levels, reordering and etc. This inventory report is reviewed and signed before the next procurement is made. (See attached report 1.3.2)*

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

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

### **1.4 Cash Management**

#### **1.4.1 Non-Preparation of Monthly Designated Account Reconciliation**

##### **Criteria**

- 1.4.1.1 Section 6.4 and paragraph 353 of the Finance and Administrative Procedures Manual stipulate that bank statements (or account printouts) should be obtained from the Commercial Bank by the 4th of each month for the previous month's transactions. Upon receipt of the statements, the bank charges and interest are recorded in the books through adjusting entries to arrive at the adjusted bank book balance, bank reconciliation is done by the FC for the Designated and Operating Accounts. As part of the monthly closing procedure, the FC prints out the bank journal for each account and ticks all transactions recorded in the TOMPRO system against the checkbooks and transfer orders in order to ensure that all bank transactions are recorded. S/he then prints out the bank reconciliation statement from TOMPRO and checks the transactions per the bank journal against the bank statement.

##### **Observation**

- 1.4.1.2 During the audit, we observed no evidence of preparation of monthly bank reconciliation statements of the Designated Accounts as required. **See Table 3 below for details.**

**Table 3: Non-Preparation of Monthly Designated Account Reconciliation**

No.	ACCOUNT NAME	ACCOUNT NO	BANKING INSTITUTION
1	TCEP LOAN ACCOUNT	0011602003017	Central Bank of Liberia`
2	TCEP GRANT ACCOUNT	0011602003048	Central Bank of Liberia`
3	TCEP Add LOAN ACCOUNT	0011502024149	Central Bank of Liberia`
4	TCEP Add GRANT ACCOUNT	0011502024156	Central Bank of Liberia

### Risk

- 1.4.1.3 Failure to prepare bank reconciliation statements may lead to untimely detection of errors or omissions and fraud. Management may not fully account for all of its transactions.

### Recommendation

- 1.4.1.4 Management should ensure that monthly bank reconciliation reports are prepared for each designated account established by the PIU.
- 1.4.1.5 Evidence of monthly bank reconciliation reports should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.4.1.6 *Management do prepare monthly bank reconciliation reports for the designated accounts at the Central Bank of Liberia; though sometimes is delayed due to the high level of bureaucracy in obtaining statements. The designated account reconciliation was done and presented to the audit team. (See attached 1.4.1)*

### Auditor General's Position

- 1.4.1.7 We acknowledge Management submission of bank reconciliation reports for the month of May 2024, after our audit execution. However, Management did not submit bank reconciliation reports for the remaining eleven (11) months as requested. **See 3 (a) below for details.**
- 1.4.1.8 Further. Management's submission of documents after our review does not guarantee Management's effective control of document management. Therefore, we maintain our finding and recommendations. We follow up on the implementation our recommendations during subsequent audit.

**Table 3 (a): Outstanding Bank Reconciliation Reports not made Available for Audit Purposes**

No.	ACCOUNT NAME	ACCOUNT NO	Outstanding Bank Reconciliation Reports for FY 2024
1	TCEP LOAN ACCOUNT	0011602003017	January, February, March, April, July, October, November, and December
2	TCEP GRANT ACCOUNT	0011602003048	January, February, March, April, July, August, October, November, and December
3	TCEP Add LOAN ACCOUNT	0011502024149	January, February, March, April, July, August, September, November, and December
4	TCEP Add GRANT ACCOUNT	0011502024156	January, February, March, April, July, August, September, October, November, and December



## 1.4.2 Payments without Bills of Lading and Job Completion Certificates

### Criteria

- 1.4.2.1 Regulation P.9 (1) of the PFM Act of 2009 as Amended and Restated 2019 provides that all disbursements or payments of public money shall be properly supported by pre-numbered payment vouchers. Payments except for statutory transfers and debt service shall be supported by invoices, bills, and other documents in addition to the payment vouchers.
- 1.4.2.2 Also, section 6.3 paragraph 337 of the Finance and Administrative Procedure manual requires that (ii) For payment of goods, in addition to (i): \ Supplier's invoice, duly certified for payment by the Project Coordinator– specifying the goods, their quantities, and prices; \ Bills of lading or similar documents; and \ As appropriate, the certificate of delivery (to include the condition of goods on delivery).

### Observation

- 1.4.2.3 During the audit, we observed no evidence of bills of lading amounting to US\$228,881.44 to validate that those goods were imported by the suppliers. **See Table 4 below for details.**

**Table 4: Payment without Bills of Lading and Job Completion Certificate**

No.	Description	Voucher Number	Amount	Comment
			In US\$	
1	CK#00099489 PAYMENT TO UNITED MOTOR COMPANY FOR THE SUPPLY OF TOYOTA JEEP FOR TCEP	03559	60,000.00	No Bills of lading attached
2	CK#00294001 PAYMENT TO CICA MOTORS FOR THE SUPPLIED OF DOUBLE CABIN PICKUP FOR SEED GARDEN	03584	47,350.00	No Bills of lading attached
3	CK#00294103 PAYMENT TO VISHNU TRADING INC FOR THE SUPPLY OF TRICYCLES FOR TCEP COOPERATIVES	03582	44,500.00	No Bills of lading attached
4	CK#00396155 PAYMENT TO CLASS STATIONARY FOR THE SUPPLIED OF 9PCS OF LAPTOPS FOR MOA DRDRE OFFICE	03597	24,800.00	No Bills of lading attached
5	CK#03824 PAYMENT TO TEAPHA TECHNICAL SOLUTION FOR SUPPLIED OF SOLAR PLATES &ACCESSORIES FOR COOPS	03794	24,031.00	No Bills of lading attached
6	CK#00396156 PAYMENT TO YEANEE AGRICULTURE FOR SUPPLIED OF FERTILIER FOR TCEP SEED GARDEN	003568	9,863.44	No Bills of lading attached
7	CK#00396156 PAYMENT TO YEANEE AGRICULTURE FOR SUPPLIED OF	0000000015	7,800.00	No Bills of lading attached

No.	Description	Voucher Number	Amount	Comment
			In US\$	
	POLYTHENE BAGS FOR TCEP SEED GARDEN			
8	CK#00294130 PAYMENT TO VISHNU TRADING INC FOR SUPPLY OF ASSORTED FARMING MATERIALS FOR SEED GARDEN	03757	6,311.00	No Bills of lading attached
9	CK#00099551 PAYMENT TO YEANEE GENERAL SUPPLIES FOR SUPPLIED OF ASSORTED MATERIALS FOR PIU VEHICLES	03681	4,226.00	No Bills of lading attached
<b>TOTAL</b>			<b>228,881.44</b>	

### Risk

- 1.4.2.4 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.
- 1.4.2.5 In the absence of job completion certificates, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the project's funds.
- 1.4.2.6 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.4.2.7 Management may override the procurement processes by completing disbursement without utilizing the required procurement methods.

### Recommendation

- 1.4.2.8 Management should fully account for expenditures made without adequate supporting documents.
- 1.4.2.9 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.4.2.10 *Management could not obtain bills of lading for the above goods purchased due to the freeze on the award of duty-free privilege by Ministry of Agriculture. In addition, Goods and inspection report are prepared for delivery of goods purchased while certificates are issued by end user for works or consultancy completed.*



### Auditor General's Position

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

## 1.5 Procurement Management

### 1.5.1 Unauthorized Approval for the Award of Contract for Civil Works

#### Criteria

- 1.5.1.1 Section 5.7 and paragraph 269 of the Finance and Administrative Procedures Manual provides that when reviewing the evaluation report submitted by the evaluation committee, the Procurement Committee ensures that (i) there are no inaccuracies in the report, and (ii) the award recommendation is consistent with the evaluation. Before giving approval, the Committee also ensures that any written complaints made by bidders concerning the procurement process have been reviewed and responded to. The Committee may issue a full or a qualified approval to the award of contract or the action recommended by the evaluation committee. In case of a qualified approval, the evaluation committee must make corrections to the report or provide clear explanations before final issue. **The table 4 below summarizes the approval authority for contract awards.**

**The table 4**

No.	Type Of Contract	Threshold: Contract Value in USD	Authority Approving Proposed Contract Award
1.	Goods	Less than \$10,000	Project Coordinator (as head of Procuring Entity)
		Above \$10,000	Project Procurement Committee
2.	Works/Technical Services	Less than \$30,000	Project Coordinator (as head of Procuring Entity)
		Above \$30,000	Project Procurement Committee
3.	Consulting Services	Less than \$10,000	Project Coordinator (as head of Procuring Entity)
		Above \$10,000	Project Procurement Committee

- 1.5.1.2 During the audit, we observed that contracts for works amounting to **US\$ 976,951.11** were approved by the Minister of Agriculture instead of the head of Project Procurement Committee, as required by the Project Finance and Administrative Manual. **See table 5 below for details.**

**Table 5: Unauthorized Approval for the Award of Contract for Civil Works**

No.	Location	Kilometers	Status	Contract Amount US\$	Start Date	Extension Date	Completion Date
1	Tiayea to Duo-	9.03km	80%	566,584.43	6/7/2024		3/31/2025

No.	Location	Kilometres	Status	Contract Amount US\$	Start Date	Extension Date	Completion Date
	Sopa						
2	Nyanlay Junction to Grotuo	5.136km		269,875.12	6/7/2024	N/A	3/31/2024
1	Construction of Cooperative Warehouse	Beautuo	Ongoing	45,238.62	6/11/2024	12/30/2024	9/11/2024
2	Construction of Cooperative Warehouse	Zehplay	Ongoing	43,513.64	6/11/2024	12/30/2024	9/11/2024
3	Construction of Cooperative Warehouse	Kwendin	Ongoing	51,739.30	6/11/2024	12/30/2024	9/11/2024
	<b>TOTAL</b>			<b>976,951.11</b>			

### Risk

- 1.5.1.3 Unauthorized approval of procurement contract may lead to the non-achievement of value for money.
- 1.5.1.4 Unauthorized approval of procurement contract may lead to non-compliance with the required standard.

### Recommendation

- 1.5.1.5 Going forward, Management should ensure all contracts above the threshold of US\$30,000 are approved by the head of the Procurement Committee as required by the Finance and Administrative Procedure manual. Evidence of approved contracts should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.5.1.6 *The Ministry as the executing Agency under whose auspices the PIU functions requested that all contracts above a threshold of Fifty Thousand is approved by the Minister. Based on this request and given that the Ministry supervised the PIU, the Project Finance and Administrative Manual has been revised to the Minister to consider the Minister signing of contracts instead of the Project Coordinator as Chairperson for procurement committee. (See attached copy of PIM 1.6.1)*

### Auditor General's Position

- 1.5.1.7 Management's assertions were not supported by documentary evidence (i.e the revised PIM, No Objection). Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.5.1.8 Findings from the Our Field Visit on the Completion of Road Works, Warehouses and the distribution of Desktops and Printers to cooperatives



### Criteria

- 1.5.1.9 Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:
- Ensuring that the contractor complies with the specifications and terms of the contract;
  - Ensuring that the contract is being performed on schedule;
  - Ensuring that payments made to the contractors are in accordance with the terms of the contract."

### Observation

- 1.5.1.10 During the audit, we observed that several construction works were ongoing beyond completion dates.
- 1.5.1.11 Additionally, some minor variation work remains to be completed on the bridge built along the Bounlay to Bleemiplay Road. **See Table 6a, 6b and Exhibit 1 below for details.**
- 1.5.1.12 Further, we observe no evidence of a need assessment/ survey report for the procurement and distribution of computers and printers. Computers and printers were physically seen not being utilized. There was no evidence of training for the beneficiaries to enable them to operate the computers and printers. **See table 7 below details.**

**Table 6a: Delay in Completion of Road**

No.	Location	Kilometers	Status	Contract Amount US\$	Start Date	Extension Date	Completion Date
1	Tiayea to Duo-Sopa	9.03km	80%	566,584.43	6/7/2024		3/31/2025
2	Nyanlay Junction to Grotuo	5.136km		269,875.12	6/7/2024	N/A	3/31/2025
<b>TOTAL</b>				<b>836,459.55</b>			

**Table 6b: Delay in Completion of Warehouses**

No.	Work Type	Location	Status	Contract Amount US\$	Start Date	Extension Date	Completion Date
1	Construction of Cooperative Warehouse	Beautuo	ongoing	45,238.62	6/11/2024	12/30/2024	9/11/2024
2	Construction of Cooperative Warehouse	Zehplay	ongoing	43,513.64	6/11/2024	12/30/2024	9/11/2024

No.	Work Type	Location	Status	Contract Amount US\$	Start Date	Extension Date	Completion Date
3	Construction of Cooperative Warehouse	Kwendin	ongoing	51,739.30	6/11/2024	12/30/2024	9/11/2024
	TOTAL			140,491.56			

**Table 7: Desktop and Printers Not Utilized**

NO.	Users	Descriptions	Amount US\$
1	Kwakerseh Cooperative	Thompson All in One Desktop-24"	1,800.00
2	BYFACO Cooperative	Thompson All in One Desktop-24"	1,800.00
3	Nyorkwalokwlo Cooperative	Thompson All in One Desktop-24"	1,800.00
4	Bea Segran Cooperative	Thompson All in One Desktop-24"	1,800.00
5	Gboa Kwado Cooperative	Thompson All in One Desktop-24"	1,800.00
6	Waperlay Cooperative	Thompson All in One Desktop-24"	1,800.00
7	Kwawaaluo Cooperative	Thompson All in One Desktop-24"	1,800.00
8	Boe and Gbalee Cooperative	Thompson All in One Desktop-24"	1,800.00
9	Kwakerseh Cooperative	Canon Image Class MF275dW Printer	530.00
10	BYFACO Cooperative	Canon Image Class MF275dW Printer	530.00
11	Nyorkwalokwlo Cooperative	Canon Image Class MF275dW Printer	530.00
12	Bea Segran Cooperative	Canon Image Class MF275dW Printer	530.00
13	Gboa Kwado Cooperative	Canon Image Class MF275dW Printer	530.00
14	Waperlay Cooperative	Canon Image Class MF275dW Printer	530.00
15	Kwawaaluo Cooperative	Canon Image Class MF275dW Printer	530.00
16	Boe & Gbalee Cooperative	Canon Image Class MF275dW Printer	530.00
TOTAL			<b>\$18,640.00</b>



*Exhibit a: Beeplay to Old Glalay*





*Exhibit b: Lorplay to Gbarplay*



*Exhibit c: Kwendin cooperative Hand Pump*



*Exhibit d: Zehplay corporative Hand Pump*



**Risk**

- 1.5.1.13 Untimely achievement of project deliverables may lead to additional expenditure (fixed costs) of the project.
- 1.5.1.14 Project objective may not be achieved in the absence of effective project implementation and coordination.
- 1.5.1.15 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables. Project deliverables may not be achieved up to approved specifications.

**Recommendation**

- 1.5.1.16 Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the project and update the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.5.1.17 Going forward, Management should develop, approved 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.
- 1.5.1.18 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.
- 1.5.1.19 Evidence of approved work plans and contracts should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.5.1.20 *Construction works were still ongoing due to variation/work change order which No objections were granted. However, it is important to note that as at to date, these works have been substantially completed. The desktop and printers were given to the Cooperatives as part of capacity building enable them to prepare their report. It important to note that cooperatives are not like formal institution, there use computer is as and when needed for report writing.*

**Auditor General's Position**

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



## 1.6 Assurance Management

### 1.6.1 No Risk Assessment Policy and Process

#### Criteria

- 1.6.1.1 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

- 1.6.1.2 During the audit, we observed no evidence that Management had developed a risk management policy nor performed periodic risk assessment to guide internal and external risks that may impair the achievement of the project's objectives.

#### Risk

- 1.6.1.3 The absence of a Risk Management Policy/risk assessment exercise may lead to management not being aware of potential risks that may impair the achievement of the project objectives.
- 1.6.1.4 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 objective.

#### Recommendation

- 1.6.1.5 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.
- 1.6.1.6 Subsequently, Management should facilitate the conduct of periodic risk assessments and take corrective action for gaps identified.
- 1.6.1.7 Evidence of approved risk management policy and periodic risk assessment reports should be adequately documented and filed to facilitate future review.

#### Management's Response

- 1.6.1.8 *The PIU uses the PMU Risk Management Policy. Internal Audit conducts risk assessment of the project annually and generates a risk register containing material risks that require management attention. The risks register for MoA projects was updated for 2025 which informed the Internal Audit annual work plan. (See Attached Risk Policy 1.6.1)*

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

- 1.6.1.9 Management's assertions did not adequately address the issues raised. Management did not provide a copy of the PMU Risk Management Policy and the Internal Audit Risk Assessment Report provided after our audit execution was not approved as required. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

## **1.7 IT System and Computerized Environment**

### **1.7.1 IT Governance**

#### **Criteria**

- 1.7.1.1 EDM01.01 of COBIT 2019 states that; Evaluate the governance system. Continually identify and engage with the enterprise's stakeholders, document an understanding of the requirements, and evaluate the current and future design of governance of enterprise I&T.
- 1.7.1.2 EDM01.02 of COBIT 2019 states that; Direct the governance system. 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.
- 1.7.1.3 EDM01.03 of COBIT 2019 states that; Monitor the governance system. Monitor the effectiveness and performance of the enterprise's governance of I&T. Assess whether the governance system and implemented mechanisms (including structures, principles and processes) are operating effectively and provide appropriate oversight of I&T to enable value creation.

#### **Observation**

- 1.7.1.4 During the audit, we observed no evidence of a functional IT Governance to guide the structures, processes and practices as well as provide oversight of the IT strategic goals, objectives and activities of the entity evidenced by the nonexistence of the following;
- IT Strategic Plan
  - IT Steering Committee
  - Organogram
  - Training Program and
  - Service Level Agreement

#### **Risk**

- 1.7.1.5 Failure to constitute the above-mentioned IT governance structure may cause misalignment between IT initiatives and the organization's strategic goals, leading to inefficient resource allocation and potentially jeopardizing the achievement of business objectives.



### **Recommendation**

- 1.7.1.6 Management should prioritize the development of a well-defined IT Governance that aligns with their strategic vision and facilitates the achievement of long-term goals. The establishment of a robust IT Governance framework will ensure that IT investments align with the project's strategic objectives, enhancing transparency, accountability, and efficiency.

### **Management's Response**

1.7.1.7 IT Strategic Plan

- *The PMU ICT section, which oversees the ICT infrastructures of the various projects of the MOA, has developed a draft ICT strategic plan working with the Ministry ICT Director for the signature of the Minister (see hard copy)*

*IT Steering Committee*

- *The Projects do not set up ICT Steering committees as this is the function of the Main ministry, however the project will work with MOA senior Management in setting up one at the PIU level to address this concern Organogram.*

*Training Program*

- *The training activities of the IT unit are always embedded into the overall staff training needs of the respective projects. For example, in 2022, the IFAD PIU incorporated the ICT Specialist training activities for a training in Certified Information System Security Professional (CISSP). As these trainings are incorporated once in a while, into the respective PIUs AWPB, in-house trainings are also conducted for the ICT staff.*

*Service Level Agreement*

- *The PMU that oversees the ICT infrastructure of the various PIUs has service agreements with various service providers, such services like Internet Service Provisions (see contract) Website and messaging service hosting (see contract)*

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

- 1.7.1.8 Management's assertions did not adequately address the issues raised. Management provided no evidence of the draft ICT strategic plan and a comprehensive training and development plan that included proposed training for IT staff of the project. We acknowledge Management submission of an approved copy of a Service Level Agreement for the period under audit after our audit execution. However, Management's submission of documents after our review does not guarantee Management's effective control of document management. Further, we acknowledge Management's assertions to liaise with the relevant authority of the Ministry to establish and operationalize an IT Steering Committee. We will follow-up on the implementation of our recommendations during subsequent audit.

## 1.7.2 IT Security Management

### Criteria

- 1.7.2.1 DSS05 of COBIT-2019 states that: Protect enterprise information to maintain the level of information security risk acceptable to the enterprise in accordance with the security policy. Establish and maintain information security roles and access privileges. Perform security monitoring.

### Observation

- 1.7.2.2 During the audit, we observed no evidence of an IT Security Management to govern the IT Environment, evidenced by the nonexistence of:
- Approved IT Security Policy
  - Installed, license, unexpired and updated Antivirus Program
  - Patch Management Process

### Risk

- 1.7.2.3 The absence of IT Security Management in an organization may lead to operational disruptions, legal ramifications, and financial loss. Without proper cybersecurity measures, organizations are vulnerable to cyberattacks that may result in the theft or corruption of sensitive data, leading to operational downtime and loss of productivity.

### Recommendation

- 1.7.2.4 Management should establish and operationalize an IT Security Management to protect the organization assets and ensure the confidentiality, integrity, and availability of data. This process would involve implementing various security measures to guard against unauthorized access, cyberattacks, and other potential security breaches that could lead to data loss or damage.

### Management's Response

- 1.7.2.5 *Approved IT Security Policy*  
*The PMU has an approved ICT Policy (a policy on the acceptable usage of ICT Resources. (See hard copy 1.7.2).*
- *Installed, licensed, unexpired, and updated Antivirus Program.*  
*The PMU computers use licensed Antivirus software for both servers and client computers.*
  - *Patch Management Process.*

### Auditor General's Position

- 1.7.2.6 Management did not provide copy of installed, license, unexpired and updated Antivirus Program for audit purposes. Management also did not provide evidence of patch management process instituted to optimize IT systems and processes.



1.7.2.7 We acknowledge Management submission of a draft IT Security policy after our audit execution. However, Management's submission of documents after our review does not guarantee Management's effective control of document management.

1.7.2.8 Going forward, Management should ensure information requested for audit purposes are submitted in a timely manner for review.

### **1.7.3 Program Change Management**

#### **Criteria**

1.7.3.1 BAI06.01 of COBIT-2019 states: Evaluate, prioritize and authorize change requests. Evaluate all requests for change to determine the impact on business processes and I&T services, and to assess whether change will adversely affect the operational environment and introduce unacceptable risk. Ensure that changes are logged, prioritized, categorized, assessed, authorized, planned and scheduled.

#### **Observation**

1.7.3.2 During the audit, we observed no evidence of program change management to safely implement IT solutions in line with the agreed expectations and outcomes of change management processes, evidenced by the non-existence of:

- Documentation and approval processes to upgrades made to applications/ systems.
- Formal change request documentation completed indicating the change to be made and the reasons for changes to an application/ system.

#### **Risk**

1.7.3.3 The absence of a structured program change management process may lead to potential for unauthorized changes and the lack of traceability for modifications made to systems or applications.

#### **Recommendation**

1.7.3.4 Management should develop and operationalize a robust change management program which includes comprehensive documentation and approval processes for upgrades, patches, and reviewed before implementation. Implementing these steps can help in aligning changes with organizational policy and maintaining the integrity of the IT infrastructure.

#### **Management Response**

1.7.3.5 *Management takes due note of this recommendation and has taken a step by sharing with the MOA ICT Director draft change plan for approval that can be used by the PMU. This will ensure that change requests, approvals, and risk analysis are carried out for internal control purposes. (See attached draft plan 1.7.3)*

**Auditor General's Position**

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

**1.7.4 Physical Access Control**

**Criteria**

- 1.7.4.1 DSS05.05 of COBIT-2019 states, Manage physical access to I&T assets. 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**

- 1.7.4.2 During the audit, we observed no evidence of physical access controls to protect IT assets, evidenced by the non-existence of:
- Establishment of policy that cover physical access to IT Environments

**Risk**

- 1.7.4.3 The absence of physical access control may lead to unauthorized entry, theft, vandalism, or even compromise of sensitive information.

**Recommendation**

- 1.7.4.4 Management should develop and operationalize a physical access control policy to protect IT assets.

**Management's Response**

- 1.7.4.5 *Management takes due note of the absence of a written policy on Physical access to the PMU building/ facilities. The PMU IT facility does carry out a records system to give an account of who accesses our data center (See attached copy of log sheet 1.7.4). The data center is physically protected with a steel door that has a 7-click locking system, with the ICT Specialist and IT Assistant only allowed to access for switching off and on the stems, as well as for data backups. Management is working assiduously in setting up a biometric access system for the datacenter (Photo of steel door)*

**Auditor General's Position**

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



## 2 STATUSES ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION

Recommendations conveyed during financial statement audit of **Tree Crop Extension Project (TCEP)** for the fiscal period ended Dec 31, 2023 are yet to be implemented and implemented by Management of the PIU as indicated in the Table below:

### Prior-year audit matters not implemented

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
1	Non-Preparation of Monthly Budget Monitoring Statement for the year ending 2023.	Management should ensure that Budget Monitoring Statement are prepared on a monthly basis. Gaps identified should inform future emphasis on income receipt and reallocation of expenditure disbursement.	1.1.1 1.1.1.5 1.1.1.6	1.1.1.7 Management do prepare budget monitoring report quarterly along with Interim Financial Report (IFR). However, Management take note and will going forward ensure that Monthly budget monitoring statement is prepared and	1.1.1.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Not implemented	Review prior year recommendation to current	incomplete



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		Evidence of the Monthly Budget Monitoring Statement should be adequately documented and filed to facilitate future review.		documented.				
2	Non-Preparation of Monthly Statement of Supplies	Management should develop at least an excel based or an automated inventory management system to facilitate and ensure accurate records of	1.1.2 1.1.2.6 1.1.2.7	1.1.2.8 Inventory and supplies purchased are immediately expensed; however, Stock cards are maintained in the store room to monitor the flow of receipt	1.1.2.9 Management's assertion does not adequately address the issues raised. Further, Management's assertions were not supported by adequate documentation.	Partially completed	Review prior year recommendation to current	Pending



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		inventories such as purchases, distribution, current stock balances, stock-out levels and etc.  Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments, where applicable, are made to support the inventory		and issuance of stationery/supplies with monthly report prepared in excel.	Management did not submit the monthly statement of supply as referred to in its assertion. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.			

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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
3	No Evidence of Acceptance and Commissioning of Complete Civil works	balances in inventory management system. Evidence of periodic stock taking report should be adequately documented and filed to facilitate future review. Management should ensure that a comprehensive review of project deliverables, statement of acceptance of work issued by the	1.1.4 1.1.4.6 1.1.4.7	1.1.4.8 Our Engineers at the field levels in conjunction with the Ministry of Public Works (MPW), have always jointly monitored and evaluated road works during	1.1.4.9 Management's assertion does not address the issue raised. Management should ensure that statements of acceptance of work issued by the contractor	Not completed	Review prior year recommendation to current	incomplete





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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		contractor and provisional and final takeover of works are carried out by the ad hoc Inspection and Acceptance committee.  Evidence of statement of acceptance of works completed should be adequately documented and filed to facilitate future review.		project implementation as evidence by work certification submitted for payment to contractors. However, management take note of the recommendation on to turnover completed road works to stakeholders and beneficiaries.	as well as a provisional and final takeover of works is conducted by an ad hoc Inspection and Acceptance committee including representative of the district as required by Chapter 5.9 paragraphs 289 and Chapter 5.5 paragraphs 290 of the Finance and Administrative Procedure Manual. Therefore, we maintain our findings and recommendation			

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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
4	Delayed in the Completion of Road Works	Management should ensure that deliverables are implemented in line with project workplan.  Management should ensure proper monitoring and evaluation are	1.1.5 1.1.5.7 1.1.5.6	1.1.5.8 Management takes note of the recommendations. The project has begun close monitoring of road work to ensure that delinquent contractors are brought to book and action taken inline contract signed.	ns. We will follow-up on the implementation of our recommendations during subsequent audit.  1.1.5.9 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	Review prior year recommendation to current	incomplete



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
5	Findings from field visit of Cocoa Seedlings distributed to Kuu Groups	Management should ensure that farming inputs and supplies are provided to farmers on a timely basis to ensure reduction in cocoa mortality rate.	1.1.6 1.1.6.4	1.1.6.5 Recommendation noted. Going forward, Management will ensure that farming inputs and supplies are provided to farmers on a timely basis.	1.1.6.6 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Implemented	Review prior year recommendation to current	Done
6	No Risk Assessment Policy and Process	Management should establish a risk management policy that identifies	1.2.1 1.2.1.5 1.2.1.6 1.2.1.7	1.2.1.8 Recommendation noted. Risk assessment process is currently on	1.2.1.9 We acknowledge Management's acceptance of our findings and recommendations. We will	Not implemented	Review prior year recommendation to current	incomplete



No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		strategies for mitigating internal and external risks that may impact the achievement of the entity's objectives.  Subsequently, Management should facilitate the conduct of periodic risk assessment and take corrective action for gaps identified.  Periodic Risk Assessment		going. The PIU has responded to the risk assessment questionnaires issued by the Internal Auditor in conjunction with the Ministry of Agriculture Internal Audit Director and report pending.	follow-up on the implementation of our recommendations during subsequent audit.			





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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		reports should be adequately documented and filed to facilitate future review.						
7	Lack of IT Strategic committee	Management should ensure that the IT Strategic Committee is functional, evidenced by documentation of meeting minutes and periodic reports.	1.2.2 1.2.2.6	1.2.2.7 Recommendation noted. Management will ensure that IT strategic committee is setup and functional.	1.2.2.8 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	Review prior year recommendation to current	incomplete
8	Unapproved IT Strategic Plan	Management should establish an IT Strategic	1.2.3 1.2.3.6	1.2.3.7 Recommendation noted.	1.2.3.8 We acknowledge Management's acceptance of	Not implemented	Review prior year recommendation to current	incomplete

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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor's General's Position	Status of recommendation	Activities performed	Outstanding activities
9	Non-existent IT Steering Committee	Management should establish a functional IT steering committee evidence by documentation of meeting minutes and periodic reports.	1.2.4 1.2.4.4	1.2.4.5 Recommendation noted. Management will ensure that an IT Steering Committee is setup.	1.2.4.6 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		



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
10	No Environmental Control Policy	Management should develop, approve and operationalize an environmental control policy in order to maintain measures for protection against environmental factors.  Management should install specialized equipment and devices to monitor and control the	1.2.7 1.2.7.5 1.2.7.6	1.2.7.7 Recommendation noted. Management will ensure to develop, approve an operationalized environmental policy. Additionally, Management will also ensure that specialized equipment and devices to monitor and control the environment to protect information technology assets against abrupt	1.2.7.8 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	Review prior year recommendation to current	incomplete



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
11	No Documented and Tested Emergency Procedure	Management should document, apply and test emergency procedures to safeguard IT assets.	1.2.8 1.2.8.4	1.2.8.5 Recommendation noted. Management will ensure that emergency procedures to safeguard IT assets and personnel are documented.	1.2.8.6 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during	Not implemented	Review prior year recommendation to current	incomplete





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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
12	No user management standard and procedure in place	Management should develop, approve and operationalize a sound user management framework, policy and procedures in order to minimize errors, fraud and loss of data confidentiality, integrity and availability.	1.2.9 1.2.9.5	1.2.9.6 Recommendation noted. Management will ensure to develop, approve and operationalized a sound user management framework, policy and procedures in order to minimize errors, fraud and loss of data confidentiality, integrity and availability.	1.2.9.7 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	Review prior year recommendation to current	incomplete
13	Users	Management	1.2.10	1.2.10.7	1.2.10.8	Not	Review prior year	incomplete



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
	access rights are not review	should Maintain user access rights in accordance with business function, process requirements and security policies. Align the management of identities and access rights to the defined roles and responsibilities, based on least-privilege on a need-to-know basis, in order to avoid	1.2.10.5	Management do maintain access right in accordance with business function, process requirements and security policies. Access rights are reviewed and granted periodically when there is a need for change. Additionally, there is no unauthorized access to the Tompro financial system except by permission.	Management's assertions are 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.	implemented	recommendation to current	





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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		unauthorize access to the Tompro financial system.						

