Management Letter

On Financial Statements Audit of the Building Climate Resilience Project (BCRP)

For the Financial year January 1, 2025 to December 31, 2025

Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2026

Table of Contents

ACRONYMS

Acronym/Abbreviation/Symbol	Meaning
AG	Auditor General
AWPB	Annual Work Plan and Budget
BCRP	Building Climate Resilience Project
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Practitioner
COBIT	Control Objectives for Information and Related Technology
COSO	Committee on Sponsoring Organization
EPA	Environmental Protection Agency
FC	Financial Comptroller
FCCA	Fellow of THE Association of Chartered Certified Accountant
GAC	General Auditing Commission
IFAD	International Fund for Agriculture Development
IFR	Interim Financial Reports
ISSAI	International Standards of Supreme Audit Institutions
MoA	Ministry of Agriculture
M&E	Monitoring and Evaluation
NSC	National Steering Committee
PFM	Public Financial Management
PIU	Project Implementation Unit
R.L.	Republic of Liberia
US$	United States Dollars

June 22, 2026

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 Building Climate Resilience Project (BCRP) For the Financial Year January 1, 2025 to December 31, 2025.

The financial statements of the Building Climate Resilience project (BCRP) are 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 Terms of Reference of the Project Financing Agreement.

Introduction

The audit of the financial statements of the Building Climate Resilience Project (BCRP) for the financial year January 1, 2025, to December 31, 2025, 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 which came to our attention and are applicable to financial matters.

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

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

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.

Yours faithfully,

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

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Governance

1.1.1 Lack of Detailed Monitoring and Evaluation Report

Criteria

1.1.1.1 Section 5.5 paragraph 369 of the Finance and Administrative Procedure manual requires that this 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 IP's 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.

1.1.1.2 And also, section 5.5 paragraph 370 of the Finance and Administrative Procedure manual requires that the financial section of the progress report includes an analysis of the ratio of project funds utilization (programmatic expenditures vs. administrative expenditures), which is a measure of the efficiency in the management of project resources. This ratio is calculated quarterly, at year-end, and cumulatively since the start of the project. It is compared with the same ratio per the AWPB and per the allocation of loan funds shown in Annex 6.d. Significant variances are analyzed and explained in the quarterly progress reports.

Observation

1.1.1.3 During the audit, we observed no evidence that the Project Monitoring and Evaluation (M&E) Officer prepared detailed progress reports on the implementation and execution of the project programs: such as IP's progress reports (including physical and financial progress) and the analysis of the ratio of project funds utilization (programmatic expenditures vs. administrative expenditures), which is a measure of the efficiency in the management of project resources.

Risk

1.1.1.4 Failure by the M&E Officer to prepare detailed progress reports may deny stakeholders the information on progress achieved against set objectives.

1.1.1.5 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

1.1.1.6 Management should ensure proper coordination, monitoring and evaluation are implemented during the execution of the project as required by Section 5.5 paragraph 370 and Annex 6.d of the Finance and Administrative Procedure manual.

1.1.1.7 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.

1.1.1.8 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.

1.1.1.9 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

1.1.1.10 *Management take note and will ensure going forward that these recommendations are full implemented.*

Auditor General's Position

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

1.2 Budget Management

1.2.1 Non- Preparation of Monthly Budget Monitoring Statement

Criteria

1.2.1.1 Chapter 6.2 paragraphs 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 Monthly Budget Monitoring Statements may lead to overspending/under spending 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 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 *The project generates monthly budget vs actual statement from the automate accounting system and update staff on performance without the accompanying variance analysis. A full budget monitoring statement, analyzing and explaining variances if any, is produced at the end of every quarter. Producing full monitoring statement on a monthly basis is a challenge because components report is what answered the questions of why, how and when for the variances are produce on a quarterly basis. The project is now updating it's manual to perform quarterly budget vs actual review instead of monthly.*

Auditor General's Position

1.2.1.8 Management's assertions did not adequately address the issues raised and were not consistent with Chapter 6.2 paragraphs 321 of the Finance and Administrative Procedure manual. Monthly Budget Monitoring Statements should be prepared on a monthly basis and not on a quarterly basis as asserted in Management's response. Further, quarterly Monthly Budget Monitoring Statements mentioned in Management's response were not submitted for audit purposes. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3 Financial Reporting

1.3.1 Non-Preparation of Monthly Statement of Supplies

Criteria

1.3.1.1 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 the end-of-month balance for each item. The monthly statement is updated automatically from the data contained in the individual cards.

Observation

1.3.1.2 During the audit, we observed no evidence of preparation of monthly statement of supplies for the period under audit as required. This finding was also brought to the attention of the project management during the prior year audit.

Risk

1.3.1.3 Effective stock management may not be achieved in the absence of a monthly statement of supplies.

1.3.1.4 Inventory/supply may be misappropriated leading to decline in operational activities.

1.3.1.5 The lack of monthly statement of supplies may impair the availability of information on the historical cost of the supplies procured as well as impair the ability of the PIU to make informed decision on the level of supplies available or used.

1.3.1.6 Failure to effectively maintain documentations for inventory receipt, storage, and distribution may lead to misappropriation of inventory.

1.3.1.7 Inventory may not be ordered, received, maintained and distributed in a timely manner.

Recommendation

1.3.1.8 Management should develop at least an MS 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.

1.3.1.9 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments, where applicable, are made to support the inventory balances in the inventory management system.

1.3.1.10 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.

1.3.1.11 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

1.3.1.12 *The project is presently using an excel spread sheet to record and report for office stationery which happens to be the only supplies kept in the project store room. This spread sheet contains columns for purchases, distribution, current stock balances, stock-out levels and reordering before new orders are made. This recommendation which was issued in prior year audit is being implemented by management (see attached monthly stock report) and also reference the GAC 2024 Audit Tracker follow-up.*

Auditor General's Position

1.3.1.13 Management's assertions were not supported by documentary evidence. Stock analysis statement submitted for audit purposes was for the month of March 2024, outside the scope of the audit. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3.2 No Retirement of Advance Reports

Criteria

1.3.2.1 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.

1.3.2.2 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

1.3.2.3 During the audit, we observed that the PIU Management disbursed an advance payment of US$ 92,498.55 to the Environmental Protection Agency (EPA). However, we observed no evidence of supporting documentation confirming the retirement of this advance payment as required. **See Table 1 below for details.**

Table 1: No Retirement of Advance Reports

No.	Account Date	Voucher N°	Description	Payee	Amount US $
1	3/27/2023	0249	Ck# 00135603 Advance payment for EPA BCRP Implementation	EPA	92,498.55
TOTAL					**92,498.55**

Risk

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

1.3.2.5 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.

1.3.2.6 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

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

Recommendation

1.3.2.8 Management should fully account for advance payment made without adequate supporting documents, catalogued in Table 1 above as part of Management's response to this Management Letter.

1.3.2.9 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.

1.3.2.10 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.

1.3.2.11 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

1.3.2.12 *The amount of US $92,498.55 disbursed as advances to EPA for project implementation was delayed but was retired in 2026.*

Auditor General's Position

1.3.2.13 Management's assertion was not supported by documentary evidence. Evidence of liquidation report for the retirement of the advance was not made available for audit purposes. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3.3 Payments without Bills of Lading

Criteria

1.3.3.1 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.

1.3.3.2 Also, section 6.3 paragraph 337of 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

1.3.3.3 During the audit, we observed no evidence of bills of lading amounting to US$307,895.21 to validate the completeness and accuracy of goods imported by the suppliers. **See Table 2 below for details.**

Table 2: Payment without Bills of Lading

No	Date	Description	Voucher No.	Amount US $	Comment
1	12/22/2025	CK#00575511 PAYMENT TO GRO GREEN FOR THE SUPPLY OF COCOA SEEDS AND NURSERIES MANAGEMENT FOR BCRP FAR	0885	64,118.70	No Bills of Lading attached
2	4/15/2025	CK#00593580 PAYMENT TO GRO GREEN FOR THE SUPPLIED OF 20PCS OF TRICYCLE FOR BCRP FARMERS IN BONG	0655	62,500.00	No Bills of Lading attached
3	3/21/2025	CK#00593582 PAYMENT TO MOON LIGHT GARAGE FOR SUPPLIED OF LOCALLY FABRICATED RICE PARBOILER FOR BCRP	0657	59,000.00	No Bills of Lading attached
4	4/15/2025	CK#00593581 PAYMENT TO GRO GREEN FOR THE SUPPLIED OF TRACTOR AND ACCESSORIES FOR BCRP FARMERS	0656	48,000.00	No Bills of Lading attached
5	12/8/2025	CK#00575510 PAYMENT TO YEANEE GENERAL AGRICULTURE FOR SUPPLY OF POLYTHENE BAGS FOR	0884	28,806.36	No Bills of Lading attached

No	Date	Description	Voucher No.	Amount US $	Comment
		BCRP COCOA FARMER			
6	12/18/2025	CK#00575508 PAYMENT TO MA BENDU FARMS FOR THE SUPPLY OF ASSORTED FARMING TOOLS FOR BCRP FARMERS	0883	25,243.00	No Bills of Lading attached
7	3/4/2025	CK#00593574 PAYMENT TO GONLEHTUO FARMER ASSOCIATION FOR SUPPLIED OF FISH FEED & FINGERLINGS FOR BCPR	cpv-0649	20,227.15	No Bills of Lading attached
	Total			**307,895.21**	

Risk

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

1.3.3.5 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.

1.3.3.6 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices through the processing and disbursement of illegitimate transactions.

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

Recommendation

1.3.3.8 Management should fully account for expenditures made without adequate supporting documents.

1.3.3.9 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

1.3.3.10 *The above listed agriculture inputs(tools) and implements were purchased locally off the shelf (except for the seed) through shopping method form vendors who are registered suppliers of these product in Country; therefore, bill of lading was not required. The Phytosanitary certificate for seeds coming from out of the Country were provided as part of the documentation (see attached) for seeds that were delivered and paid for by the project.*

Auditor General's Position

1.3.3.11 Management's assertion is acknowledged relative to the purchase of local items. However, the Phytosanitary certificate for seeds coming from out of the country and the associated bill of ladings for all imported items including the seeds were not made available for audit purposes. Therefore, we maintain our recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.4 Procurement Management

1.4.1 Findings from the Field Visit on the Low Land Development (Inland Valley Swamps-IVS)

Criteria

1.4.1.1 The service contract between the Ministry of Agriculture, Republic of Liberia, and Inland Swamp Developers Section 4 requires the following activities to be performed before payments are made.

- Activities in the field, such as land clearance, construction of water control structures, and leveling pertaining to swamp rehabilitation/development, will be assessed together with the swamp Technician/Agronomist, swamp community workers, MOA, and Regional Irrigation Engineer for payment.

- Payment request from Agronomist will be prepared and sent to the Project Finance Unit for payment after approval by the Project Coordinator. Community labor payment shall be effected through bank transfer to the account of the swamp association.

- In consideration of the mutual terms of reference and services provided by the swamp community labor, BCRP shall pay the sum upon satisfactory completion of the agreed task to the swamp community/IVS beneficiaries based on the activities completed.

Observation

1.4.1.2 During the audit, we observed the following discrepancies between actual work performed and payments made to Garwonpa (Nimba County) and Zoweinta (Bong County) sites.

- In Garwonpa Community, out of 54 hectares reportedly ploughed for which full payment was made, only 10.137 hectares were actually ploughed resulting into a variance of 43.827 un-ploughed hectares. Also, out of 19.491 reportedly de-stumped, only 15.491 were actually de-stumped resulting into a variance of 4.040 hectares.

- In Zoweinta community, out of 50 hectares reportedly cleared for planting for which full payment was made, only 12.4 hectares were actually cleared resulting into a variance of 37.6 hectares. **See table 3 below for details**

Table 3: Variance between Amount Reportedly Ploughed/Cleared and Actual Amount Measured

No	Community	Ha. ploughed.	Actual ploughed A	C Cost per ploughed US$ B	Actual Amount US$ C=A*B	Amount Paid US$ D	Variance US$ E=C-D
1	Garwonpa	54.188	10.137	375	3,801.38	20,320.50	16,519.13
	Community	**Ha. De-stumped**	**Actual De-stumped A**	**Cost per De-stumped US$ B**	**Actual amount US$ C=A*B**	**Amount US$ D**	**Variance US$ E=C-D**
2	Garwonpa	13.728	7.3	360	2,628.00	4,942.08	2,314.08
	Community	**Targeted Ha.**	**Actual brushed A**	**Cost per ha. US$ B**	**Actual amount US$ C=A*B**	**Amount US$ D**	**Variance US$ E=C-D**
3	Zoweinta	61.5	12.4	180	2,232.00	11,070.00	8,838.00
TOTAL							**27,671.21**

Risk

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

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

1.4.1.5 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables.

Recommendation

1.4.1.6 Management should account for payments made for services not performed comprehensively catalogued in Table 3 above as part of Management's response to this Management Letter.

1.4.1.7 Management should assess the current status of the work performed, the contractor's capacity to complete the swamp land development and update the Office of the Auditor General as part of Management's response to this Management Letter.

1.4.1.8 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.

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

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

Management's Response

1.4.1.11 *Payment against In-valley swamps (IVS) development contracts is made based on measurement report submitted by the project agronomist for hectare of land developed that are verified and validated by the project M&E staff, project technical lead and community leaders for payment. However, one of the mission finance team visits, brought to management attention the need to further investigate measurement for actual work done at IVS in the above mentioned three communities as disclosed in the financial report. Upon receipt of this concern, management constituted a team to re-measure and verify all fields to ensure accuracy of works that were validated for payment against actual work done in the field. Based on the investigating team report (see attached) recommendation, the project has recruited 25 technicians to ensure proper monitoring of work done and validated for payment going forward.*

Auditor General's Position

1.4.1.12 Management's assertions did not adequately address the issues raised. Management did not account for payments made for services not performed comprehensively catalogued in Table 3 above as part of Management's response to this Management Letter as requested. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.5 Assurance Management

1.5.1 No Risk Assessment Policy and Process

Criteria

1.5.1.1 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

1.5.1.2 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

1.5.1.3 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.

1.5.1.4 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

1.5.1.5 Management should develop, approve and operationalize policies and procedures for the various functions identified above, for the effective and efficient operations of the entity.

1.5.1.6 Evidence of approved policies and procedures should be adequately documented and filed to facilitate future review.

1.5.1.7 Subsequently, Management should facilitate the conduct of periodic risk assessments and take corrective action for gaps identified. Periodic Risk Assessment reports should be adequately documented and filed to facilitate future review.

Management's Response

1.5.1.8 *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 (2024 Audit follow-up tracker 1.5.1.2).*

Auditor General's Position

1.5.1.9 Management's assertions were not supported by adequate documentation. The PMU risk management policy asserted to be utilized by the PIU for risk management purposes in Management's response was not made available for audit purposes. Further, the risk assessment report performed by the internal audit and made available by Management for audit purposes did not comprehensively catalog all business and inherent risks associated with the project, controls including processes and procedures required to mitigate the risks to acceptable levels, and the status of the implementation of the controls during the implementation of the project. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.6 IT System and Computerized Environment

1.6.1 IT Governance

Criteria

1.6.1.1 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.

1.6.1.2 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.

1.6.1.3 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

1.6.1.4 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

1.6.1.5 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

1.6.1.6 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 nation's strategic objectives, enhancing transparency, accountability, and efficiency.

Management's Response

1.6.1.7 ***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 (2024 Audit follow-up 1.6.1.4)

1.6.1.8 ***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

1.6.1.9 ***Training Program***

The training activities of the IT unit are always embedded into the overall staff training needs of the 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 into the AWPB, the in-house trainings are also conducted for the ICT staff.

1.6.1.10 ***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 (2024 Audit follow-up tracker 1.6.1.4) Website and messaging service hosting (2024 Audit follow-up 1.6.1.4)

Auditor General's Position

1.6.1.11 Management's assertions were not supported by adequate documentation relative to the following:

- IT Strategic Plan – IT Strategic Plan made available for audit purposes was still in its draft form;
- IT Steering Committee – We observed no evidence of IT Steering Committee as reported;
- Organogram – We observed no evidence of Organogram for the IT Unit as reported;
- Training Program - We observed no evidence of IT Training and Development plan and associated capacity building activities for the IT Unit during the period under audit;
- Service Level Agreement – We observed no evidence of Service Level Agreement to regulate the smooth operationalization of ICT infrastructure as reported.

1.6.1.12 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.6.2 IT Security Management

Criteria

1.6.2.1 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

1.6.2.2 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

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

Recommendation

1.6.2.4 Management should develop, approve and operationalize comprehensive IT Security Management processes and procedure 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, cyber-attacks, and other potential security breaches that could lead to data loss or damage.

Management's Response

1.6.2.5 *Approved IT Security Policy the PMU has an approved ICT Policy (a policy on the acceptable usage of ICT Resources. Installed, licensed, unexpired, and updated Antivirus Program. The PMU computers use licensed Antivirus software for both servers and client computers (2024 Audit follow-up tracker 1.2.2.2.)*

Auditor General's Position

1.6.2.6 Management's assertions were not supported by adequate documentation relative to the following:

- Approved IT Security Policy - IT Security Policy made available for audit purposes was still in its draft form;
- Installed, license, unexpired and updated Antivirus Program – No evidence of Installed, license, unexpired and updated Antivirus program;
- Patch Management Process – No evidence of Patch Management processes

1.6.2.7 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.6.3 Program Change Management

Criteria

1.6.3.1 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

1.6.3.2 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

1.6.3.3 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

1.6.3.4 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

1.6.3.5 ***Approved IT Security Policy***

1.6.3.6 *The PMU has an approved ICT Policy (a policy on the acceptable usage of ICT Resources. Installed, licensed, unexpired, and updated Antivirus Program. The PMU computers use licensed Antivirus software for both servers and client computers (2024 Audit follow-up tracker 1.6.2.2)*

Auditor General's Position

1.6.3.7 Management's assertions were not supported by adequate documentation relative to the following:

- No evidence of documentation and approval processes for upgrades made to applications/systems;

- No evidence of formal change request documentation completed indicating the change to be made and the reasons for changes to an application/ system.

1.6.3.8 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.6.4 Physical Access Control

Criteria

1.6.4.1 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

1.6.4.2 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

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

Recommendation

1.6.4.4 Management should develop, approve and operationalize a physical access control policy to facilitate the protection and maintenance of IT assets of the project.

Management's Response

1.6.4.5 *In the absence of a written Physical access control policy to the PMU building/ facilities, the PMU IT facility do have a record system to give an account of who accesses the data center (2024 Audit follow-up tracker 1.6.4.2). 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 systems, as well as for data backups. Management is working assiduously in setting up a biometric access system for the data center.*

Auditor General's Position

1.6.4.6 We acknowledge Management's acceptance of our findings and recommendations. However, Management should develop, approve and operationalize a policy on physical access control to facilitate the protection and maintenance of IT assets of the project. Alternatively, Management should update the draft ICT policy to include provision for physical access control to facilitate the protection and maintenance of IT assets of the project. We will follow-up on the implementation of our recommendations during subsequent audit.

2 STATUSES ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION

Recommendations conveyed during the financial statement audit of **Building Climate Resilience Project (BCRP)** for the fiscal period ended Dec 31, 2025 are yet to be 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.	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 disbursements. Evidence of the Monthly Budget Monitoring Statement should be adequately documented and filed to facilitate future review.	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 documented.	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
2	Non-Preparation	Management	1.1.2	1.1.2.8 Stationery and	1.1.2.9	Partially	Review prior year	Pending

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
	of Monthly Statement of Supplies	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 and etc. Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments, where applicable, are made to support the inventory	1.1.2.6 1.1.2.7	supplies purchased are immediately expensed; however, Stock cards are maintained in the store room to monitor the flow of receipt and issuance of stationery/supplies with monthly report prepared in excel.	Management's assertion does not adequately address the issues raised. Further, Management's assertions were not supported by adequate documentation. 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	completed	recommendation to current	

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		balances in inventory management system. Evidence of periodic stock taking report should be adequately documented and filed to facilitate future review.			the implementation of our recommendations during subsequent audit.			
3	No Risk Assessment Policy and Process	Management should establish a risk management policy that identifies 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	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 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.	1.2.1.9 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	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
		assessment and take corrective action for gaps identified. Periodic Risk Assessment reports should be adequately documented and filed to facilitate future review.						
4	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
5	Unapproved IT Strategic Plan	Management should establish	1.2.3 1.2.3.6	1.2.3.7 Recommendati	1.2.3.8 We acknowledge	Not implemented	Review prior year recommendation to	incomplete

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		an IT Strategic plan at the Board level in order to create a coherent strategy, give a clear direction and govern the Information Technology Unit.		on noted. Management will ensure that an IT Strategic plan is prepared with clear direction to govern the information Technology Unit.	Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.		current	
6	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	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
7	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 environment as well as protect information technology assets against abrupt disruptions and safeguard the institution's personnel.	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 disruptions and safeguard the institution's personnel.	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
8	No Documented and Tested	Management should document,	1.2.8 1.2.8.4	1.2.8.5 Recommendati	1.2.8.6 We acknowledge	Not implemented	Review prior year recommendation to	incomplete

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
	Emergency Procedure	apply and test emergency procedures to safeguard IT assets.		on noted. Management will ensure that emergency procedures to safeguard IT assets and personnel are documented.	Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.		current	
9	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

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
10	Users access rights are not review	Management 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 unauthorize access to the Tompro financial system.	1.2.10 1.2.10.5	1.2.10.7 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.	1.2.10.8 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.	Not implemented	Review prior year recommendation to current	incomplete