Management Letter

Financial Statements Audit of the Health Security Project (HeSP), Ministry of Health, Republic of Liberia

For the period ended December 31, 2025

Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2026

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Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
AFP	Audit Focal Person
AG	Auditor General
APA	Assistant Project Accountant
CBL	Central Bank of Liberia
CGMA	Chartered Global Management Accountant
DSA	Daily Substance Allowance
FCCA	Fellow Member of the Association of Chartered Certified Accountants
FS	Financial Statements
GAC	General Auditing Commission
GoL	Government of Liberia
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MOH	Ministry of Health
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual
PPC	Public Procurement and Concessions Act
PIU	Project Implementation Unit
UNOPS	United Nations Office for Project Services
USD/US$	United States Dollars
SPA	Senior Project Accountant
WHO	World Health Organization

June 24, 2026

Hon. Louise M. Kpoto, MD
Minister
Ministry of Health (MOH)
J.N. Togba, Sr, Building
P.O. Box 10-0-9009, Congo Town
Monrovia, Liberia

Dear Dr. Kpoto:

Draft Management Letter on the Financial Statements Audit of the Health Security Project for the Fiscal Period Ended December 31, 2025

The Financial Statements of the Health Security Project for the fiscal year ended December 31, 2025 are subject to audit by the Auditor General (AG) consistent with the Auditor General's mandate as provided for under Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014, and the Audit Engagement Terms of Reference (ToR).

INTRODUCTION

The Financial Statement audit of the Health Security Project for the period ended December 31, 2025 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the course of the audit.

The financial statements are prepared in line with the requirements of the International Public Sector Accounting Standards (IPSAS), Cash Basis Accounting.

SCOPE AND DETERMINATION OF RESPONSIBILITY

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) as promulgated by International Organization of Supreme Audit Institutions (INTOSAI), the International Public Sector Accounting Standards (IPSAS) Cash basis and the World Bank reporting requirements. These standards require that we plan and perform the audit so as to obtain reasonable assurance whether the Health Security Project for the fiscal period ended December 31, 2025 financial statements and related records are free of material misstatements due to errors or fraud and whether they comply with ethical requirements.

An audit includes:

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

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

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

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

Key Management Personnel

No	Name	Position	Tenure
1	Hon. Louise M. Kpoto, MD.	Minister, Ministry of Health	FY 2025 to Present
2	Papin Daniel, Jr.	Director, Donor Funded Projects, PFMU, MFDP	FY 2025 to Present
3	Harry F. Neufville	Health Security Project Manager	FY 2025 to Present

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

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Health Security Project at the Project Implementation Unit (PIU) and Project Financial Management Unit, MFDP during the audit.

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

Monrovia, Liberia
June 2026

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Governance

1.1.1 Project Steering Committee Meeting Minutes

Criteria

1.1.1.1 Section III (A) count 17 of the Project Appraisal Document (PAD) states that "A Project Steering Committee (PSC) chaired by the Minister of Health will be established to oversee Project implementation. At the start of the Project, the PSC will hold monthly meetings and quarterly after six months of project effectiveness. For day-to-day management and coordination of Project activities, the existing PIU under the MoH will be responsible for implementation. Given the PIU's expertise in the implementation of World Bank-financed projects on preparedness and response, the existing positions will be largely maintained with additional positions based on need. In this regard, the current functional structure of the PIU will be retained. The technical directorates and units at the MoH, NPHIL, MoA, and EPA will be fully responsible for implementing activities under the project as provided in the Financing Agreement, POM, and AWP/B of the Project. More details will be provided in the POM".

Observation

1.1.1.2 During the audit, we observed no evidence that the Steering Committee held monthly PSC meeting for the period February to July 2025. However, we observed one quarterly meeting minutes contrary to section III A above.

Risk

1.1.1.3 The absence of a regular Steering Committee meetings may impair the strategic oversight activities of the committee.

1.1.1.4 Management may implement activities on a discretionary basis.

Recommendation

1.1.1.5 Management should liaise with the relevant authorities of the Steering Committee to ensure that regular meetings are held.

1.1.1.6 The Steering Committee should be made functional evidenced of the conduct of periodic meetings, approval of major strategic decisions of Management, deliberation on major activities involving the project and documentation of meeting minutes and periodic activities reports.

1.1.1.7 Evidence of minutes of meetings and periodic activities reports should be adequately documented and filed to facilitate future review.

Management's Response

1.1.1.8 *The MOH management acknowledges the audit findings and recommendation therein. However, we would like to clarify that the meeting frequency specified in the legal document was not adhered to during the first six months of implementation due to a slow start. Management focused primarily on initiating the agreed activities, which required considerable effort. Now that the implementation is progressing smoothly, the management assures that regular meetings will be held as agreed.*

Auditor General's Position

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

1.1.2 The Use of Personal Email for Business Purpose

Criteria

1.1.2.1 Sections 6 of the National Policy on the Use of the Gov.Lr Domain Name of the Ministry of Posts and Telecommunications of the Republic of Liberia provides: (6) for the use of domain name such as .gov.lr by all Ministries, Agencies and Commissions (MACs). This assures citizens, residents, businesses, the international community and other stakeholders that they are accessing an official Government of Liberia site. The policy ensures domain name and integrity of domains within in the .gov.lr domain space as well as adherence to the .gov.lr domain space by all MACs of government through the Ministry of Posts and Telecommunications. All MACs under the Government of the Republic of Liberia shall operate within the .gov.lr domain space. The .gov.lr and all third level domain name (MAC.gov.lr) shall be managed by the Ministry of Posts and Telecommunications through the Chief Information Office. All gov.lr domain names must only be used for the official business of the MACs. All third level domain name (MAC.gov.lr) must be used specifically and exclusively for the stated purpose.

1.1.2.2 Regulation A.14 {(1), 2 a & c), (3a) and (4)} of the PFM Act of 2009 as amended and restated 2019 state: "(1) All public sector computerized electronic records and systems shall be consistent with an approved integrated financial management automated system consistent with the (IT) Security Policy issued by the Minister. (2a) Each user of a computerized accounting, records, inventories, assets, human resource management, payroll or any similar system must be given a user identification number (User ID) and a password or personal identification number (PIN) by the system administrator. (2c) The system must be configured such that all passwords are encrypted to prevent any other person seeing the words. (3a) All computerized systems referred to in sub-regulation shall be configured such that, the audit trails, among other things, shall: (a) Show clearly the user ID, the time, the type of entry made on the system. And, (4) Notwithstanding any provision in the Information Technology Policy of any government establishment, all system administrators shall ensure that users are limited to doing only assignments or tasks approved for them on the system".

Observation

1.1.2.3 During the audit, we observed no evidence that Management facilitated the use of an official email for the management and channeling of communications related to the entity.

Risk

1.1.2.4 The use of personal email may lead to unauthorized access to sensitive or confidential information of the project thereby impairing data privacy and security.

1.1.2.5 The use of personal email for managing and channeling communication may lead to permanent loss of business-related communication/email as the retrieval of lost emails from personal email accounts may be impaired.

1.1.2.6 Failure to ensure the use of official email, business communication/email records may not be monitored and retained for audits or legal purposes.

Recommendation

1.1.2.7 Management should develop, approve and operationalize policies and procedures for the effective and efficient operations of the entity's official site for the management and channeling of communication/emails. The policy should comprehensively catalog the requirements for establishing and managing the site consistent with the National Policy on the Use of the Gov.Lr Domain Name of the Ministry of Posts and Telecommunications of the Republic of Liberia as well as Regulation A.14 of the PFM Act of 2009 as amended and restated 2019.

1.1.2.8 Subsequently, Management should ensure that all email communications of the entity are facilitated through official email platforms to ensure data security and privacy are optimized.

1.1.2.9 Evidence of the approved policy for the entity's official site and the procedures for the management and channeling of the entity's communication/emails should be adequately documented and filed to facilitate future review.

Management's Response

1.1.2.10 *Management acknowledges the audit findings and recommendations. Management would like to confirm that the process of enrolling project staff on the MOH domain email has started, and is expected to be completed before the next implementation year, in line with Section 6 of the National Policy regarding the use of the Gov.lr domain name.*

Auditor General's Position

1.1.2.11 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 Expenditure Management

1.2.1 Irregularities Associated with Travel Expenditures

Criteria

1.2.1.1 Section 29 of the GoL Revised Travel Ordinance 2016/2017 states that "Upon return from abroad, officials are required to submit to the Financial Regulations Unit of the Ministry of Finance and Development Planning, a Travel Settlement Form as per Annexure II and copy of certificates for workshops, seminars, etc., used ticket stubs, copy of passport within 14 days from the date of return from tour or before date of next journey, whichever is earlier. In very exceptional cases where the second granted with the specific written approval of the official concerned, explaining the reasons thereof".

Observation

1.2.1.2 During the audit, we observed the following irregularities associated with travel expenditures:

- No evidence of invitation for foreign travel to conferences and training, however payments were made to facilitate participation to foreign conferences and trainings.
- Incidental allowances were not duly retired/accounted for.
- No evidence of travel activities reports for some travel expenditures. **See Table 1 below for details.**

Table 1: Irregularities Associated with Travel Expenditures

DATE	DESCRIPTION	PAYEE	PV #	AMOUNT (US$)	Discrepancies
25/6/2025	Payment as perdiem, hotel/accommodation, vehicle fuel and maintenance includental incidental for Liberian delegates attending Mpox training in Sierra Leone.	Listed Individuals	2025/003	27,748.00	• No evidence of invitation • No travel settlement retirement reports • No back-to-office activities reports
11/04/2025	Payment as perdiem, hotel/accommodation and transportation for the joint delegate of MOH and NPHIL attending conference in Brazil.	Listed Individuals	2025/028	12,036.00	• No evidence of invitation • No travel settlement retirement reports • No back-to-office activities reports
13/11/2025	Payment as transportation allowance for 50 media practioners attending Information	Michael o. Davies	2025/032	17,490.00	• No back-to-office activities reports

DATE	DESCRIPTION	PAYEE	PV #	AMOUNT (US$)	Discrepancies
	Management and Communication in Buchanan				
22/10/2025	Payment as transportation and feeding the participants from MOA EPA and NPHIL attending a technical workshop on HeSP implementation	Alexander S. Togbah	2025/021	6,185.00	• No back-to-office activities reports
Total				**63,459.00**	

Risk

1.2.1.3 In the absence of official invitation for conferences and seminars, travel expenditure may be utilized for activities unrelated to the nature and mandate of the project.

1.2.1.4 Non-compliance with the national travel ordinance or the entity's approved travel ordinance where applicable may lead to misappropriation of public funds.

1.2.1.5 Travel expenditures not appropriately retired/accounted for may lead to misappropriation of the entity's funds.

1.2.1.6 In the absence of travel activities reports, travel expenditure may be utilized for unapproved activities.

Recommendation

1.2.1.7 Management should ensure that all travels are initiated through official invitation and subsequently approved by the relevant authority before commencement of processing of travel expenditures.

1.2.1.8 Management should utilize the national travel ordinance for computation of all travel related expenditures. Alternatively, Management should utilize the approved travel ordinance of the entity where applicable.

1.2.1.9 All incidental allowances should be duly retired/accounted for through the filling and subsequent approval of the travel settlement form. The form should be accompanied by original copies of receipts and travel activities reports to justify the regularity of the transactions.

1.2.1.10 Evidence of all travel expenditures records including travel settlement forms, original copies of receipts and travel activities reports should be adequately documented and filed to facilitate future review.

Management's Response

1.2.1.11 *All the aforementioned travel payments were made with all the requisite supporting documents. At no time are travel payments authorized or executed without proper documentation, which include payment vouchers, No Objection (for foreign travel), invitation (where applicable), accommodation receipts (upon return), back-to-office reports and other relevant supporting documents. We are attaching them again for the auditor's review.*

DATE	DESCRIPTION	PAYEE	PV #	AMOUNT (US$)	Discrepancies	Auditee's Comments
25/6/2025	Payment as perdiem, hotel/accommodation, vehicle fuel and maintenance includental incidental for Liberian delegates attending Mpox training in Sierra Leone.	Listed Individuals	2025/003	27,748.00	a.No evidence of invitation b.No travel settlement retirement reports c.No back-to-office activities reports	a.The invitation was attached from the West African Health Organization on this payment b. All retirements (accomodation receipts, unspent DSA deposit slips, vehicle logs,etc) are attached to the payment request c. The back-to-office report is attached.
11/04/2025	Payment as perdiem, hotel/accommodation and transportation for the joint delegate of MOH and NPHIL attending conference in Brazil.	Listed Individuals	2025/028	12,036.00	a.No evidence of invitation b.No travel settlement retirement reports c.No back-to-office	a. Invitation was not needed but rather staff were nominated from MoH and given No Objection by the World Bank (these are all attached) b. All retirements are attached to the payment request.

DATE	DESCRIPTION	PAYEE	PV #	AMOUNT (US$)	Discrepancies	Auditee's Comments
					activities reports	*c. The back-to-office report and Distribution log are attached*
13/11/2025	*Payment as transportation allowance for 50 media practioners attending Information Management and Communication in Buchanan*	*Michael o. Davies*	*2025/032*	*17,490.00*	*a.No back-to-office activities reports*	*a.The back-to-office report, deposit slip of unpaid allowance and Distribution log are attached*
22/10/2025	*Payment as transportation and feeding the participants from MOA EPA and NPHIL attending a technical workshop on HeSP implementation*	*Alexander S. Togbah*	*2025/021*	*6,185.00*	*a.No back-to-office activities reports*	*a.The back-to-office report is attached*
Total				***$63,459.00***		

See attached Exhibit I: Retirement documents for Foreign & Domestic Travel Payments

Auditor General's Position

1.2.1.12 We acknowledge Management's assertions and subsequent submission of invitation for travels and retirement for incidental allowances and travel activities reports after our audit execution. However, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.

1.2.1.13 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that payment vouchers and all relevant supporting records are adequately documented and filed to facilitate future review.

1.2.2 Delay in Payment of Operational Support Fund to Surveillance Officers

Criteria

1.2.2.1 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: a) Ensuring that the contractor complies with the specifications and terms of the contract; b) Ensuring that the contract is being performed on schedule; c) Ensuring that, payments made to the contractors are in accordance with the terms of the contract."

Observation

1.2.2.2 During the field verification, we observed that six (6) Surveillance Officers had not received the operational support fund for Quarter four (4) (October to December 2025). **See Table 2 below for details.**

Table 2: Delay in Payment of Operational Support to Surveillance Officers

No.	Name	Position	District/Zone	County
1	Mark S. Whymah	District Surveillance Officer	B'hai	Grand Gedeh
2	Mustapha A. Sombai	District Surveillance Officer	Tewor	Grand Cape Mount
3	Ocel N. Karmie	District Surveillance Officer	Twah-River	Nimba
4	S. Thompson Paye	District Surveillance Officer	Dugbe River	Sinoe
5	Beyan Tubogar	Zonal Surveillance Officer	Zone 1500	Montserrado
6	Andrew B. Dennis	District Surveillance Officer	Yarnee	Rivercess

Risk

1.2.2.3 Project objectives may not be achieved in the absence of effective project implementation and coordination.

1.2.2.4 The absence of timely payment of operational support funds may impair effective monitoring and evaluation of project activities. This may impair the achievement of the project objectives.

Recommendation

1.2.2.5 Management should facilitate the timely disbursement of operational support funds to Surveillance officers and ensure that periodic field visits and meetings with stakeholders are implemented as required.

1.2.2.6 Funds subsequently disbursed to stakeholders should be adequately documented and accounted for through the submission of comprehensive activities and liquidation reports.

1.2.2.7 Evidence of disbursement records of operational support funds, periodic field visits, meetings with stakeholders, comprehensive activities and liquidation reports and all other relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.2.2.8 *We acknowledge that six Surveillance Officers did not receive their operational support funds for Quarter Four (October to December 2025) during the audit field verification.*

1.2.2.9 *Management clarifies that payments for these officers were not processed during the audited period. Payment requests were submitted and processed in February 2026. We are committed to ensuring timely disbursement of operational support funds to prevent future delays.*

1.2.2.10 *We have implemented measures to improve payment scheduling and coordination between the Project Implementing Team and PFMU, ensuring the prompt disbursement of all entitlements.*

Auditor General's Position

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

1.2.3 Non-Remittance of Service Tax

Criteria

1.2.3.1 Section 905 of the Revenue Code of Liberia Act of 2000 - Withholding of Tax on Payments to Residents states:

(a) Payments. A person listed in this subsection who makes a payment of the kind specified in this section is required to withhold tax at the rate specified in this section. The payor is treated as a withholding agent for all purposes of this Code.

This subsection applies to the following types of persons:

(1) a resident legal or natural person;
(2) a nonresident with a branch in Liberia or doing business in Liberia;
(3) a government agency; or
(4) unless expressly exempted by international agreement or treaty, a nongovernmental organization operating in Liberia or a diplomatic mission to Liberia.

(f) Payments for Services Rendered.

(a) If a payor makes a payment to a resident for services rendered, and the services are not the subject of a contract of employment, the payor is required to withhold tax at the rate of 10 percent of the amount of the payment.

(b) This subsection applies only if—

(1) the payment is of a sort includible in gross income under Section 201 (including Board fees, management fees, commissions, and the like); and
(2) the payment is $100,000 or more (or of any amount if the total amount of payments made to the payee is (or is expected to be) $1,000,000 or more for the payer's tax year).

(c) A payment for the acquisition of goods is not a payment for services rendered. If the payment is for a mixture of goods and services, withholding is required only on the portion of the payment that is allocable to the services.

(n) Payments by Government Agency.
A government agency that makes a payment to a resident in circumstances other than those described in subsections (a) through (i) is required to withhold a portion of the payment as specified in regulations, but not more than 4%.

1.2.3.2 Section 806 of the Revenue Code of Liberia Act of 2000 - Withholding of Tax on Payments to Nonresidents states:

(a) Payments. A person listed in this subsection who makes a payment of the kind specified in this section is required to withhold tax at the rate specified in this section. The payor is treated as a withholding agent for all purposes of this Code.
This subsection applies to the following types of persons:
(1) a resident legal or natural person;
(2) a nonresident with a branch in Liberia or doing business in Liberia;
(3) a government agency; or
(4) unless expressly exempted by international agreement or treaty, a nongovernmental organization operating in Liberia or a diplomatic mission to Liberia.

(e) Payments for Services Rendered. A payor who makes a payment to a nonresident for Liberian-source services rendered is required to withhold tax at the rate of 15 percent of the amount of the payment if payment is of a sort that, if made to a resident, would be includible in gross income under Section 201 Page 75 of 100 (including Board fees, management fees, commissions, and the like).

(j) Payments by Government Agency.
A government agency that makes a payment to a nonresident in circumstances other than those described in subsections (a) through (g) is required to withhold a portion of the payment as specified in regulations, but not more than 4%.

1.2.3.3 Section 905 of the Revenue Code of Liberia Act of 2000
(J) Withholding Requirements, Remittance, And Statement. Within 10 days after the last day of a month, a payor described in (a) is required to remit to the tax authorities the total amount required to be withheld during that month. Each remittance of tax under this section must be accompanied by a statement specifying the name and address of each resident to whom a payment was made, the type and amount of each payment, and the amount of tax withheld (and, if the Minister requests, underlying documentation in accordance with Section 55, including contracts). and

(M) Penalties. A person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to the Section 52 penalty for late payment and failure to pay. For the purpose of applying the Section 52 penalty to a failure to withhold and remit tax, references in Section 52 to the "payment due date" are to be understood as referring to the remittance due date under this section. A person who fails to provide the tax authorities with a required statement under subsection (l) is subject to a fine of $10,000 for each required statement not provided.

1.2.3.4 Section 806 of the Revenue Code of Liberia Act of 2000
(h) Withholding Requirements, Remittance, And Statement. Within 10 days after the last day of a month, a payor who has made a payment to a nonresident is required to remit to the tax authorities the total amount required to be withheld during that month. Each remittance of tax under this section must be accompanied by a statement specifying the name and address of each nonresident to whom a payment was made, the type and amount of each payment, and the amount of tax withheld (and, if the Minister requests, underlying documentation in accordance with Section 55, including contracts). If the withholding agent is a resident, the place for remittance is the withholding agent's filing location (as designated in Section 50). If the withholding agent is a nonresident, the place of remittance is the Ministry of Finance.

Observation

1.2.3.5 During the audit, we observed that service tax amounting to US$6,277.24 for the purchases of goods and services were withheld but not subsequently remitted into the general revenue account as required. **See Table 3 below for details.**

Table 3: Non-Remittance of Withholding Taxes

DATE	DESCRIPTION	PAYEE	PV #	AMOUNT (US$)
20/11/2025	Payment for services rendered during the launching of the Project Steering Committee	K3 Events	2025/033	1,335.60
11/11/2025	Payment for the security service provided for one Health Building for the month of October 2025	Wright Security Service	2025/031	303.33
12/02/2025	Payment as Airfare for the joint delegate of MOH and NPHIL attending a conference in Brazil	Waheguru Travels	2025/039	479.60
22/10/2025	Payment for the security service provided for One Health Building for the period July 1, 2025 to September 30, 2025	Wright Security Service	2025/019	910
15/12/2025	Payment for hall rental and catering service rendered during the Health Security project	Boulevard Palace Hotel	2025/049	300.00
12/10/2025	Payment for the security service provided for one Health Building for the month of November 2025	Wright Security Service	2025/043	303.33
12/02/2025	Payment for hall rental and	Corina Hotel	2025/040	515.38

DATE	DESCRIPTION	PAYEE	PV #	AMOUNT (US$)
	catering service rendered during technical workshop on the HeSP implementation	Corp.		
15/12/2025	Payment as incentives for 1 central level and 16 county level surveillance officers for the October 2025	Listed Individuals	2025/052	510.00
22/09/2025	Payment as operational funds for 2 Central Leve and 16 county level animal surveillance officers for the period July to September 2025	Listed Individuals	2025/011	1,620.00
Total				**6,277.24**

Risk

1.2.3.6 Failure to remit service tax may deny GoL of the much-needed tax revenue.

1.2.3.7 Management may be noncompliant with Section 905 (a, f and n) and Section 806 (a, e and j) of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. **Please see Section 52 of the Revenue Code of Liberia as referenced above.**

1.2.3.8 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

1.2.3.9 Management should provide substantive justification for not remitting service tax.

1.2.3.10 Going forward, Management should withhold tax on all services procured and facilitate full remittance of service tax to the general revenue account in keeping with Section 905 (a, f and n) and Section 806 (a, e and j) of the Revenue Code of Liberia Act of 2000 as amended and restated 2011.

1.2.3.11 Evidence of remittance including original copies of flag receipts and other supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.2.3.12 *All the aforementioned taxes were withheld and subsequently remitted into the general revenue account during the period. We are attaching all the evidence of the tax remittance for the auditor's review. See attached Exhibit II: Evidence of Tax Remittence to GRA.*

Auditor General's Position

1.2.3.13 We reviewed the flag receipts, bank payment slips and other relevant supporting documents subsequently submitted by Management, after our audit execution and observed the following:

- US$1,052.67 was remitted in Fiscal Year 2025.
- We observed no evidence of flag receipts and other relevant supporting records for transactions amounting to US$ 5,215.57.

1.2.3.14 Therefore, Management should account for the outstanding withholding tax liability amounting to US$5,215.57.

1.2.3.15 Going forward, Management should facilitate comprehensive and timely remittance of withholding taxes within 10 days after the month end consistent with the Liberia Revenue Tax Code. Therefore, we maintain our recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.2.4 Non-Withholding and Remittance of NASSCORP Contributions

Criteria

1.2.4.1 Section 89.6 of The National Social Security and Welfare Corporation (NASSCORP) Act of 2017, provides that "The National Social Security and Welfare Corporation shall be organized in such manner and with such personnel as shall be determined by the Director General with the approval of the Board. Such organization shall be structurally flexible to ensure coordination of the work of the Corporation with the work of ministries and other agencies of the Government and employers in the private sector."

1.2.4.2 Also, Section 89.16 of the Decree establishing NASSCORP requires that "the contribution payable under this Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the corporation. Contribution rate shall be total 10% of total gross remuneration of each employee; 2 % under the Employment Injury Scheme payable by the employer; 4 % employer contribution and 4% employee contribution to be remitted by the employer."

1.2.4.3 The National Social Security and Welfare Corporation (NASSCORP) was established for the income protection and welfare of employees in both the public and private economic sectors of Liberia. One important function of the Corporation is the implementation of the Employment Injury Scheme (or EIS), which provides medical benefits for insured persons who sustain job-related injuries or contract occupational diseases. A second vital function is the National Pension Scheme (or NPS), that provides pension benefits to insured persons.

1.2.4.4 Section 3.2 of The Employer's Guide to the National Social Security and Welfare Corporation Schemes of 2013, provides "Persons not Eligible for Coverage under the EIS and NPS" includes:

- Members of the Armed Forces including the Naval and Air Force;
- Members of any military forces of any country other than Liberia;
- Members of the employer's family dwelling in his/her house;
- Wives working for their husbands; vice versa.

- Domestic servants and hires;
- Persons employed on board vessels, ships, boats or canoes, etc. flying Liberian flag;
- Persons born before September 1, 1959, and
- Persons under the age of 18 or above the age of 55 (for persons born before 1980) and above the age 52 (for persons born 1980 and after)

1.2.4.5 Also, Section 3.3 of The Employer's Guide to the National Social Security and Welfare Corporation Schemes of 2013, provides that "Why are these persons not covered" There are special pension plans and life insurance policies for those in the army and others who are not covered by NPS and EIS. Some of these individuals are extremely high-risk employees and they perform their jobs under conditions that are difficult to monitor.

Observation

1.2.4.6 During the audit, we observed no evidence that Management withheld and remitted the employees' and employer contributions to NASSCORP for the period under review as required.

Risk

1.2.4.7 Management may be non-compliant with the NASSCORP Act of 2017 which may result to penalties and fines.

1.2.4.8 Potential retirees of GoL may be denied required pension benefits due to non-compliance with the Regulation.

1.2.4.9 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.

1.2.4.10 Non-remittance of social security contributions may lead to misapplication / misappropriation of social security funds.

1.2.4.11 Miscomputation of the social security benefit may lead to misstatement of social security contributions and subsequently the financial statements.

Recommendation

1.2.4.12 Management should provide substantive justification for not withholding and remitting NASSCORP contributions.

1.2.4.13 Management should facilitate comprehensive and accurate computation of social security benefits by ensuring social security computations are derived on the basis of total earnings, as required by the Regulations.

1.2.4.14 A payment plan should be crafted and agreed between Management and NASSCORP Management for full settlement of all arrears. Management should budget for and ensure full compliance to the terms of the agreed payment plan. Management should also ensure that future employers' contributions are adequately provided for in the approved budget on an annual basis (where applicable).

1.2.4.15 Management should facilitate full payment of employees and employer's contributions to NASSCORP on a consistent and timely basis.

1.2.4.16 Management should ensure that a comprehensive reconciliation is performed with NASSCORP records to ensure that individual employees social security contributions are duly allocated and compiled to validate the completeness and accuracy of employees' social security contributions.

1.2.4.17 Going forward, monthly remittance of NASSCORP contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' NASSCORP accounts respectively.

1.2.4.18 Evidence of remittances of monthly social security contributions and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.2.4.19 *Project Implementation Unit staff are recruited under a contract for service status and not contract of service arrangement that qualifies or attract social benefits (i.e NASSCORP). Under contract for service status, there is no employer to employee relationship, and the associated social benefits that an employer to employee relationship derive does not exist.*

1.2.4.20 *A contract of service is essentially an employment contract between an employer and an employee. It defines the terms of employment, including working hours, duties, compensation, vacation, and other conditions. The employee is integrated into the business and works under the employer's control, meaning the employer directs how, when, and where the work is performed. Employees under this contract enjoy statutory benefits such as paid leave, pension contributions, health insurance, and protection from unfair dismissal. The employer is also generally liable for the employee's actions performed in the course of employment.*

1.2.4.21 *A contract for service is an agreement between a client and an independent contractor or freelancer to complete a specific task or project. The contractor operates independently, determines how to perform the work, and is responsible for delivering the agreed results. This type of contract does not create an employer-employee relationship, so labor laws and statutory benefits generally do not apply. Payment can be a lump sum or per project, and the contractor bears responsibility for their own taxes and insurance.*

1.2.4.22 *Furthermore, the Financing Agreement and associated project implementation arrangements establish the categories of expenditures eligible for financing under the Project. The remuneration and contractual benefits payable to PIU consultants are specifically defined in contracts that have been reviewed and approved by the World Bank. The Project is not authorized to unilaterally impose deductions, alter agreed remuneration,* *or create additional employer obligations that are not contemplated in the approved contracts, Financing Agreement, or Project Operations Manual. Any modification to the contractual remuneration structure would require the consent of the parties and, where applicable, prior review and clearance by the World Bank.*

1.2.4.23 *Management therefore respectfully submits that the finding appears to be premised on the assumption that all individuals receiving compensation under the Project are employees for purposes of the NASSCORP Scheme. Such a conclusion requires a legal determination of the status of the PIU consultants under the Decent Work Act, the NASSCORP Act, the Financing Agreement, and the individual consultancy contracts. In the absence of such a determination, Management is unable to conclude that mandatory employee and employer contributions were legally required during the period under review.*

1.2.4.24 *Notwithstanding the foregoing, Management recognizes the importance of ensuring full compliance with the laws of the Republic of Liberia and the requirements of the Financing Agreement. Accordingly, Management will engage the Ministry of Finance and Development Planning, and the World Bank to obtain formal guidance on the applicability of NASSCORP contribution requirements to project-financed consultants engaged under World Bank-financed investment operations.*

1.2.4.25 *In light of the foregoing, Management respectfully submits that the recommendations relating to the computation and remittance of employee and employer social security contributions, settlement of alleged arrears, preparation of payment plans, and reconciliation of employee contribution records are not presently applicable unless and until it is legally established that the PIU consultants fall within the category of covered employees under the NASSCORP Scheme. Nevertheless, Management remains committed to ensuring that all project-financed engagements are administered in full compliance with the laws of the Republic of Liberia, the Financing Agreement, and World Bank requirements.*

Auditor General's Position

1.2.4.26 Management's assertions were not consistent with Section 89.6 of The National Social Security and Welfare Corporation (NASSCORP) Act of 2017, Section 89.16 of the Decree establishing NASSCORP and Section 3.2 of The Employer's Guide to the National Social Security and Welfare Corporation Schemes of 2013. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3 Field Verification

1.3.1 Status of Motor Bikes Use by Surveillance Officers

Criteria

1.3.1.1 Section 2.0, Subcomponent 2.1 (Collaborative Surveillance) of the Project Appraisal Document (PAD) indicates that the Proposed surveillance activities to be carried out under the Health Security Project include: (i) support to real-time monitoring and quality improvement for early detection and response; (ii) establishment of digital early warning surveillance systems engaging community-level actors (with attention to vulnerable populations – including women); (iii) data collection and management for disease surveillance; (iv) acquisition of veterinary equipment (for processing, inspection, and surveillance) and medicines, investments to strengthen animal inspection service and registry; and (v) studies/assessments to identify risk of exposure to infectious diseases resulting from changes in environmental conditions, including climate-related changes, to human and animal populations, and logistical support.

Observation

1.3.1.2 During the audit, we observed that several fixed assets acquired from REDISSE (motor bikes) and subsequently assigned to suveillance officers appeared fully depreciated and/ or damaged.

1.3.1.3 Additionally, we observed that some surveillance officers were not assigned bikes. This resulted into these officers using their personal bikes or renting bikes for the conduct of surveillance related activities. **See Table 4 below for details.**

Table 4: Status of Motor Bikes Use by Surveillance Officers

NAME	POSITION	COUNTY	STATUS OF BIKE
Shirley K. Kialen	District Surveillance Officer	Margibi	Old
Roland S.M. Tuopilevi	District Surveillance Officer	Margibi	Old
Bofa V. Jallah	District Surveillance Officer	Margibi	Damage
Hawa N. Smith	District Surveillance Officer	Grand Cape Mount	No Bike
Mustapha A. Sombai	District Surveillance Officer	Grand Cape Mount	Old
Mayango M. Akoi Sr.	District Surveillance Officer	Grand Cape Mount	Old
Mavelous B. Kezelee	District Surveillance Officer	Grand Cape Mount	Old
Edward S. Gbanya	District Surveillance Officer	Grand Cape Mount	Old
Victor Jay-Bee Kpoleh	District Surveillance Officer	Bomi	No Bike
Titus Nimley	District Surveillance Officer	Bomi	Damage
Blama Kamara	District Surveillance Officer	Bomi	No Bike
Edwuna K. Gbehmie	District Surveillance Officer	Bomi	Old
Augustus K. Alfred	District Surveillance Officer	Gbarpolu	Damage
Jackson N. Diakpo	District Surveillance Officer	Gbarpolu	No Bike
Moses T. Kowula	District Surveillance Officer	Gbarpolu	No Bike
Alfred Z. Kpissay	District Surveillance Officer	Gbarpolu	Damage
Thomas Z. Kowel	District Surveillance Officer	Gbarpolu	Damage
Jacob Munyan	District Surveillance Officer	Gbarpolu	Damage
Lawrence Jallah	District Surveillance Officer	Grand Bassa	Damage
Nancie B. Quaqui	District Surveillance Officer	Grand Bassa	Old
Jonathan T. Logan	District Surveillance Officer	Grand Bassa	No Bike
Darius B. Lehyen	County Surveillance Officer	Rivercess	No Bike

NAME	POSITION	COUNTY	STATUS OF BIKE
S. Hannis Fanciah	District Surveillance Officer	Rivercess	Old
Andrew B. Dennis	District Surveillance Officer	Rivercess	Damage
Borris P. Grupee	District Surveillance Officer	Rivercess	No Bike
Nancy F. Borlay	District Surveillance Officer	Rivercess	No Bike

Risk

1.3.1.4 In the absence of adequate of transportation services for surveillance officers, the conduct of periodic field visits may be impaired. This may lead to nonachievement of the project objectives.

Recommendation

1.3.1.5 Management should perform a comprehensive physical verification of all motor bikes to determine the status, mobility and current assignees of the motor bikes. Subsequently, Management should perform a need assessment to determine the total number of officers currently unassigned motor bikes, total number of motor bikes needed to be replaced and associated cost for acquisition and replacement of motor bikes.

1.3.1.6 Going forward, Management should ensure that all surveillance officers are assigned functional motor bikes to facilitate the conduct of periodic surveillance activities.

Management's Response

1.3.1.7 *Management acknowledges the audit findings and recommendations. To address the finding, the project is in the process of procuring 155 motorbikes for surveillance officers in 15 counties. These bikes are expected to be delivered by end of August 2026 for distribution.*

Auditor General's Position

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