Management Letter

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

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

Promoting Accountability of Public Resources

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Auditor General, R.L.

Monrovia, Liberia
June 2026

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ACRONYMS

Acronym/Abbreviation/Symbol	Meaning
AG	Auditor General
AWPB	Annual Work Plan and Budget
CFIP	Certified Forensic Investigation Practitioner
COBIT	Control Objectives for Information and Related Technology
COSO	Committee on Sponsoring Organization
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
MFDP	Ministry of Finance and Development Planning
MoA	Ministry of Agriculture
M&E	Monitoring and Evaluation
NSC	National Steering Committee
PC	Project Coordinator
PFM	Public Financial Management
PIU	Project Implementation Unit
PMU	Project Management Unit
RL	Republic of Liberia
TCEP	Tree Crop Extension Project
US$	United States Dollars

June 24, 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 Tree Crop Extension Project (TCEP) For the Financial Year January 1, 2025 to December 31, 2025.

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

Introduction
The audit of the financial statement of the Tree Crop Extension Project (TCEP) 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 that came to our attention and are applicable to financial matters.

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

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

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.

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 No Evidence of Final Project Closure Report

Criteria

1.1.1.1 Chapter 10 paragraph 413 of the Finance and Administrative Procedures Manual requires that the closing of the IFAD is due six months after the project completion date. Both the completion and the closing date of the loan have financial implications on the project management such as: development and submission of a recovery plan, ensuring eligibility of expenditures and submission of the necessary documents outlined below. Please also refer to section 1.3 of the IFAD Disbursement Handbook.

1.1.1.2 Chapter 10 paragraph 414 of the Finance and Administrative Procedures Manual require Recovery plan. To ensure that the designated account is completely and timely justified, the FC has to develop and submit to the Fund a so called recovery plan outlining the percentages per withdrawal application that will recover and paid respectively. The recovery plan should be submitted to the fund around 6 months before the completion date or when the outstanding balance (amount still undisbursed by IFAD is less than the double of the authorized allocation.

1.1.1.3 415. Financing Completion. As defined in the Financing agreement the completion date of the IFAD financing is 19.02.2016 that is 5 years after it entered into force. By the completion date all the project activities must have been finalized. The payments can be done also after the completion date, as long as the activities have been completed by completion date. Activities that have continued after the completion date are considered as ineligible expenditures and can therefore not be financed by the IFAD funds.

Observation

1.1.1.4 During the audit, we observed no evidence of a final Project Closure Report prepared by Management to mark the closure of TCEP project.

Risk

1.1.1.5 Significant activities, achievement, challenges and measures to mitigate challenges may not be adequately documented. This may impair institutional performance measurement and the development of remediation strategy to address existing challenges and constraints.

1.1.1.6 Information to facilitate institutional memory, expedite learning curves and provision of current administrative and operational status of the project may not be available.

Recommendation

1.1.1.7 Management should facilitate the preparation and approval of a closure activities report for the project. The report should cover the proposed goals for the project, achievements against those goals, significant activities and challenges and measures to mitigate challenges in the near future. The report should also contain the entity audited financial statements (or at least a management account) to adequately inform stakeholders about the annual financial activities of the project.

1.1.1.8 The report should be approved by the Project Coordinator and subsequently submitted to the National Steering Committee, and the Offices of the Auditor General, the Comptroller and Accountant General. Evidence of approved project closure report should be adequately documented and filed to facilitate future review.

Management's Response

1.1.1.9 *The project closure report has been prepared and validated by project stakeholders. As required, the validated report was submitted to IFAD for peer review before printing. The validated report (which is more or like a final draft) was submitted to the audit team.*

Auditor General's Response

1.1.1.10 Management's assertions were not supported by documentary evidence. Copy of approved final Project Closure Report was not submitted for audit purposes as requested. Management only submitted a draft (unapproved copy). Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.2 No Evidence of Acceptance and Commissioning of Completed Civil Works

Criteria

1.1.2.1 Chapter 5.9 paragraphs 289 of the Finance and Administrative Procedure manual requires that the delivery of works is usually completed in several tranches. The statements of acceptance of work issued by the contractor are normally signed by the representative of the implementing partner and the representative of the beneficiaries. The supervising engineers (e recruited by the PIU, STCRSP Civil Engineer, and County Resident Engineer) in charge of the monitoring and supervision of the works also issue certificates of completion to certify the amount of work completed.

1.1.2.2 Further, Chapter 5.5 paragraph 290 of the Finance and Administrative Procedure manual requires that the provisional and final takeover (i.e. receipt) of works is carried out by an ad hoc Inspection and Acceptance committee. In the case of small-value works (less t han USD 30,000), the committee is made up of the requesting staff (normally the Civil Engineer), the County Resident Engineer, the beneficiaries, and MOA. For large-value works (USD 30,000 or more), the committee includes, in addition to the above-cited members, a representative of the district and the consultant engineers recruited by the PIU. In both cases, a takeover report detailing any delay or fault in the execution of the works is signed

by all members of the Inspection and Acceptance Committee. A copy of the report is given to the Procurement Officer for updating the TOMMARCHE and the individual contract monitoring schedule.

Observation

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

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

No.	District	Location	Contractor	Kilometers	Completion Status
1	Boe and Quelleh	Gbeletuo to Toweh Town	Jun 6 Construction	7.1 Km	100%
2	Zorgeh	Bahn City to Beeplay	Liberia Qieng Sheng Group	19.04km	100%
3	Sanniquellie	Tiayea to Duo-Sopa	Franbeko construction	9.03	100%
4	Tri-river	Rlakporlay to Gbeleglay	General Engineering and technical services	8.5	100%
5	Buuyao	Nyanlay Junction to Grotuo	Frambeko constructions	5.136	100%
6	Buuyao	Beeplay to Neatuo	Prime Plus Construction	4.8	100%
8	Buuyao	Old Glalay to Boulay	Prime Plus Construction	4.9	100%

Risk

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

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

Recommendation

1.1.2.6 Management should ensure that a comprehensive post-review of project deliverables, statement of acceptance of work issued by the contractor, and provisional and final takeover of works are carried out by the ad hoc Inspection and Acceptance committee as required.

1.1.2.7 Evidence of statement of acceptance of works completed should be adequately documented and filed to facilitate future review.

Management's Response

1.1.2.8 *The roads rehabilitated by the project were turnover to Government of Liberia at a turnover program which was held on June 20, 2025 in Beeplay (Seed Garden) where government officials from MPW, MIA (including County authorities) attended. During the program, few of the roads were selected and visited symbolizing turnover of all the 217km rehabilitated roads that could not all be visited during the turnover program.*

Auditor General's Response

1.1.2.9 Management's assertions were not supported by documentary evidence. Copies of comprehensive post-review of project deliverables, statement of acceptance of work issued by the contractor, and provisional and final takeover of works carried out by the ad hoc Inspection and Acceptance committee were not made available for audit purposes as required. Evidence of commissioning/handover ceremony should be submitted to the Office of the Auditor General within one month after the issuance of the Auditor General Report to the National Legislature. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.2 Budget Management

1.2.1 Non-Preparation of Monthly Budget Monitoring Statement

Criteria

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

Observation

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

Risk

1.2.1.3 Failure by Management to prepare a Monthly Budget Monitoring Statement may lead to overspending/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 Response

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 Issues

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 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 follow-up tracker 1.3.2.2.*

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 Payments without Bills of Lading

Criteria

1.3.2.1 Regulation P.9 (1) of the PFM Act of 2009 as Amended and Restated 2019 provides that all disbursements or payments of public money shall be properly supported by pre-numbered payment vouchers. Payments except for statutory transfers and debt service shall be supported by invoices, bills, and other documents in addition to the payment vouchers.

1.3.2.2 Also, section 6.3 paragraph 337 of the Finance and Administrative Procedure manual requires that (ii) For payment of goods, in addition to (i): ⎫ Supplier's invoice, duly certified for payment by the Project Coordinator– specifying the goods, their quantities, and prices; Bills of lading or similar documents; and ⎫ As appropriate, the certificate of delivery (to include the condition of goods on delivery).

Observation

1.3.2.3 During the audit, we observed no evidence of bills of lading amounting to US$474,954.99 to validate the completeness and accuracy of goods imported by the suppliers. **See Table 4 below for details.**

Table 4: Payment without Bills of Lading

No.	Account Date	Description	Voucher No.	Amount US$	Comment
1	03/07/2025	CK#00142863 PAYMENT TO DONG XIN MACHINERY FOR SUPPLIED OF TRICYCLES FOR TCEP FARMERS	04048	87,680.00	No Bills of lading attached
2	01/09/2025	CK#00395955 PAYMENT TO GREENFIELD LIBERIA INC FOR THE SUPPLIED OF HYBRID COCOA SEEDING FOR TCEP	04086	56,698.00	No Bills of lading attached
3	24/06/2025	CK#00395936 PAYMENT TO YEANEE AGRICULTURE FOR THE SUPPLIED OF HYBRID COCOA SEED FOR TCEP IN NIMBA	04039	51,287.99	No Bills of lading attached
4	03/11/2025	CK#00395961 PAYMENT TO global AGRO FOR THE SUPPLIED OF HYBRID COCOA SEED FOR TCEP FARMERS	04104	49,946.60	No Bills of lading attached

No.	Account Date	Description	Voucher No.	Amount US$	Comment
5	04/09/2025	CK#00395956 PAYMENT TO MA-BENDU FARM FOR THE SUPPLIED OF COCOA SEEDING AND MANAGEMENT COST TO TCEP	0489	47,504.20	No Bills of lading attached
6	10/01/2025	CK#00396224 PAYMENT TO YEANEE GENERAL SUPPLY FOR SUPPLY OF POLYTHENE BAGS FOR TCEP COCOA FARMERS	03867	36,943.60	No Bills of lading attached
7	16/01/2025	CK# PAYMENT TO MA BANDU FARMS FOR SUPPLIED OF POLYTHENE BAGS FOR TCEP	03867	36,943.60	No Bills of lading attached
8	02/04/2025	CK#00426322 PAYMENT TO BUILDING MATERIALS CENTER FOR ASSORTED TOOLS FOR ROAD CBO IN NIMBA	03948	35,931.00	No Bills of lading attached
9	29/05/2025	PAYMENT TO YEANEE GENERAL AGRICULTURE SUPPLY FOR SUPPLIED OF UV PLASTIC FOR NIMBA FARMERS	03997	33,075.00	No Bills of lading attached
10	14/08/2025	Payment to Teapha Technical Solution Inc for four Cooperatives Solar Panels supplied on account	JV-1736	27,360.00	No Bills of lading attached
12	14/02/2025	CK#00396249 PAYMENT TO YEANEE AGRICULTURE FOR SUPPLIED OF AGRICULTURAL INPUTS AND TOOLS FOR TCEP	03907	11,585.00	No Bills of lading attached
Total				**474,954.99**	

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 bill of lading, 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 expenditures made without adequate supporting documents.

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.

Management's Response:

1.3.2.10 *The above listed agriculture inputs(tools) and materials were purchased locally off the shelf (except for the seed) through shopping method form vendors who are registered suppliers of these products 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 Response

1.3.2.11 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 Assurance Management

1.4.1 No Risk Assessment Policy and Process

Criteria

1.4.1.1 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

1.4.1.2 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

1.4.1.3 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.

1.4.1.4 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

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

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

1.4.1.7 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

1.4.1.8 *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. This observation recommendation which came from the 2024 annual audit was implemented by the project as a result the risks register for MOA projects was updated for 2025 which informed the Internal Audit annual work plan see attached and also refer to 2024 Audit follow-up tracker 1.6.1.2.*

Auditor General's Position

1.4.1.9 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.

1.5 IT System and Computerized Environment

1.5.1 IT Governance

Criteria

1.5.1.1 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.

1.5.1.2 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.

1.5.1.3 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

1.5.1.4 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

1.5.1.5 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

1.5.1.6 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

1.5.1.7 ***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 tracker 1.7.1.4)

1.5.1.8 ***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.

1.5.1.9 ***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 agreements with various service providers, such services like

a. Internet Service Provisions (2024 Audit follow-up tracker 1.7.1.4)
Website and messaging service hosting (2024 Audit follow-up tracker 1.7.1.4).

Auditor General's Position

1.5.1.10 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.

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

1.5.2 IT Security Management

Criteria

1.5.2.1 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

1.5.2.2 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

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

Recommendation

1.5.2.4 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, cyberattacks, and other potential security breaches that could lead to data loss or damage.

Management's Response

1.5.2.5 ***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 1.7.2.2.)*

Auditor General's Position

1.5.2.6 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

1.5.3 Program Change Management

Criteria

1.5.3.1 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

1.5.3.2 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

1.5.3.3 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

1.5.3.4 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

1.5.3.5 *Management has shared with the MOA ICT Director draft change plan for approval that will be used by the PMU. This will ensure that change requests, approvals, and risk analysis are carried out for internal control purposes. (Audit follow-up tracker 1.7.3.2).*

Auditor General's Position

1.5.3.6 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.

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

1.5.4 Physical Access Control

Criteria

1.5.4.1 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

1.5.4.2 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

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

Recommendation

1.5.4.4 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

1.5.4.5 *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

1.5.4.6 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.

STATUS ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION

Recommendations conveyed during financial statement audit of **Tree Crop Extension Project (TCEP)** for the fiscal period ended Dec 31, 2024 are yet to be implemented and implemented by Management of the PIU as indicated in the Table below:

Prior-year audit matters not implemented

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
1	Non-Preparation of Monthly Budget Monitoring Statement.	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	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	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

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		Budget Monitoring Statement should be adequately documented and filed to facilitate future review..		statement is prepared and documented.				
2	Non-Preparation of Monthly Statement of Supplies	Management should develop at least an excel based or an automated inventory management system to facilitate and ensure accurate records of inventories such as purchases, distribution,	1.1.2 1.1.2.6 1.1.2.7	1.1.2.8 Stationery and supplies purchased are immediately expensed; however, Stock cards are maintained in the store room to monitor the flow of receipt and issuance of stationery/sup	1.1.2.9 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.	Partially completed	Review prior year recommendation to current	Pending

No.	Findings	Description of Recommendation	Source (paragraphs)	Management 's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		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 balances in inventory management system. Evidence of periodic stock taking report should be		plies with monthly report prepared in excel.	Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.			

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		adequately documented and filed to facilitate future review.						
3	No Evidence of Acceptance and Commissioning of Completed Civil works	Management should ensure that a comprehensive post review of project deliverables, statement of acceptance of work issued by the contractor and provisional and final takeover of works are carried out by the ad hoc Inspection and Acceptance committee.	1.1.4 1.1.4.6 1.1.4.7	1.1.4.8Our Engineers at the field levels in conjunction with the Ministry of Public Works (MPW), have always jointly monitored and evaluated road works during project implementation as evidence by work certification submitted for payment to contractors. However,	1.1.4.9 Management's assertion does not address the issue raised. Management should ensure that statements of acceptance of work issued by the contractor as well as a provisional and final takeover of works is conducted by an ad hoc Inspection and Acceptance committee including representative of the district as	Not completed	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
		Evidence of statement of acceptance of works completed should be adequately documented and filed to facilitate future review.		management take note of the recommendation to turnover completed road works to stakeholders and beneficiaries.	required by Chapter 5.9 paragraphs 289 and Chapter 5.5 paragraphs 290 of the Finance and Administrative Procedure Manual. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.			
4	No Risk Assessment Policy and Process	Management should establish a risk management policy that identifies strategies for mitigating	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	1.2.1.9 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the	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
		internal and external risks that may impact the achievement of the entity's objectives. Subsequently, Management should facilitate the conduct of periodic risk assessment and take corrective action for gaps identified. Periodic Risk Assessment reports should be adequately documented		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.	implementation of our recommendations during subsequent audit.			

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		and filed to facilitate future review.						
5	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
6	Unapproved IT Strategic Plan	Management should establish an IT Strategic plan at the Board level in order to create a coherent strategy, give a clear	1.2.3 1.2.3.6	1.2.3.7 Recommendation noted. Management will ensure that an IT Strategic plan is prepared with clear	1.2.3.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our	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
		direction and govern the Information Technology Unit.		direction to govern the information Technology Unit.	recommendations during subsequent audit.			
7	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.			
8	No Environmental Control Policy	Management should develop, approve and operationalize an environmental control policy	1.2.7 1.2.7.5 1.2.7.6	1.2.7.7 Recommendation noted. Management will ensure to develop, approve an	1.2.7.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the	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
		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		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.	implementation of our recommendations during subsequent audit.			

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		personnel.						
9	No Documented and Tested Emergency Procedure	Management should document, apply and test emergency procedures to safeguard IT assets.	1.2.8 1.2.8.4	1.2.8.5 Recommendation noted. Management will ensure that emergency procedures to safeguard IT assets and personnel are documented.	1.2.8.6 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Not implemented	Review prior year recommendation to current	incomplete
10	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	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	1.2.9.7 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations	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
		minimize errors, fraud and loss of data confidentiality, integrity and availability.		framework, policy and procedures in order to minimize errors, fraud and loss of data confidentiality, integrity and availability.	during subsequent audit.			
11	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	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	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	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
		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.		periodically when there is a need for change. Additionally, there is no unauthorized access to the Tompro financial system except by permission.	during subsequent audit.			