Management Letter

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

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

Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2026

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ACRONYMS

Acronym/Abbreviation/Symbol	Meaning
AG	Auditor General
AWPB	Annual Work Plan and Budget
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Practitioner
COBIT	Control Objectives for Information and Related Technology
COSO	Committee on Sponsoring Organization
FC	Financial Comptroller
FCCA	Fellow of Chartered Association of Certified Accountants
FFS	Farmers Field School
GAC	General Auditing Commission
IFAD	International Fund for Agriculture Development
ISSAI	International Standards of Supreme Audit Institutions
KM	Kilometer
MoA	Ministry of Agriculture
NASSCORP	National Social Security and Welfare Corporation
PC	Project Coordinator
PIU	Project Implementation Unit
PMU	Project Management Unit
PPC	Public Procurement and Concession
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) II for the Financial Year January 1, 2025 to December 31, 2025.

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

Introduction
The audit of the financial statements of the Tree Crop Extension Project (TCEP) II for the financial year January 1, 2025, to December 31, 2025, was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

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

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

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

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

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

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

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

Appreciation

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

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 Acceptance and Commissioning of Completed Civil Works

Criteria

1.1.1.1 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.

1.1.1.2 Further, Chapter 5.5 paragraph 290 of the Finance and Administrative Procedure Manual requires that the provisional and final takeover (i.e. receipt) of works is carried out by an ad hoc Inspection and Acceptance committee. In the case of small-value works (less than USD 30,000), the committee is made up of the requesting staff (normally the Civil Engineer), the County Resident Engineer, the beneficiaries, and MOA. For large-value works (USD 30,000 or more), the committee includes, in addition to the above-cited members, a representative of the district and the consultant engineers recruited by the PIU. In both cases, a takeover report detailing any delay or fault in the execution of the works is signed by all members of the Inspection and Acceptance Committee. A copy of the report is given to the Procurement Officer for updating the TOMMARCHE and the individual contract monitoring schedule.

Observation

1.1.1.3 During the audit, we observed no evidence that statements of acceptance of work issued by the contractors 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.	Contractor Names	Location		Targeted Km	Status
		From	To		
1	BK ENTERPRISE INC.	Nyewlihun	Betesu	10.10	100%
2	KINGDON BUSINESS INC.	Solumba	Bendila Bengu	9.2	100%
3	JD Construction Inc.	Bendila Bengu	Kpolornin	6.7	100%
4	SSF ENTREPRENEUR, INC.	Samodu	Moibadu	7.4	100%
5	Nimely Equipment	Nyamakamadu	Mamikonadu	5.0	100%
6	Afristructure Inc.	Sazanor-Intersection	Kannehla	8.05	100%

No.	Contractor Names	Location		Targeted Km	Status
7	Afristruture Inc.	Zenalormai	Kpakamai	6.9	100%
8	Afristruture Inc.	Kabata	Maimai	7.190	100%
9	JD Construction Inc	Zeawadermai	Zeayorzu	9.6	100%
10	Kingdom Business Inc	Kanbolahun	Beli Bendw	9.7	100%
11	Kingdom Business Inc	Ziggida Bridge in Zorzor		21 Meters	100%

Risk

1.1.1.4 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.

1.1.1.5 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

1.1.1.6 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.

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

Management's Response

1.1.1.8 *The roads are handed over to the government after defect liability period which is 365 days (one year) after 100% completion of works. The project had handover the completed roads above because the first 46.45km (road 1-6 above) just achieved the 365 days defect Liability and the project is preparing for the handover of these roads. The second 62.91km (road 7-11) is still undergoing the defect liability and cannot be handover.*

Auditor General's Position

1.1.1.9 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.

1.1.1 Non-Preparation of Monthly Budget Monitoring Statement

Criteria

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

Observation

1.1.1.11 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

1.1.1.12 Failure by Management to prepare a Monthly Budget Monitoring Statement may lead to overspending/under spending of budget limits and facilitate discretionary expenditure.

1.1.1.13 Revenue and Expenditure performance may not be measured in a reliable manner, leading to misappropriation of the project's funds.

Recommendation

1.1.1.14 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.

1.1.1.15 Evidence of the approved Monthly Budget Monitoring Statement should be adequately documented and filed to facilitate future review.

Management's Response

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

Auditor General's Position

1.1.1.17 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.

1.2 Financial Issues

1.2.1 No Retirement of Advance Report

Criteria

1.1.1.18 Section 6.3 paragraph 324 (x) of the Financial and Administrative Procedures Manual provides for eligible expenditures under IFAD financing (in accordance with Section 4.08 of IFAD General Conditions). The Financing shall be used exclusively to finance expenditures meeting each of the following eligibility requirements:

- The expenditure shall meet the reasonable cost of goods, works and services required for the Project and covered by the relevant AWPB and procured in conformity with the Fund's Procurement Guidelines.

- Expenditures must be supported by adequate supporting documentation (IFAD disbursement handbook)

Observation

1.2.1.1 During the audit, we observed that the PIU Management disbursed an advance payment of US$92,325.50 IPS. However, we observed no evidence of supporting documentation confirming the retirement of this advance payment as required. **See Table 2 below for details**

Table 2: No Retirement of Advance Report

No.	Account Date	Voucher N°	Description	Payee	Debit US$
2	18/11/2025	0001669	Eco Ck #:00417510, Advance Pmt to LACRA for TCEP II activities implementation/Oct 2025 to Dec 2025	LACRA	53,487.50
3	18/11/2025	0001671	Eco Ck #:00417511, Advance Pmt to CDA for TCEP II Activities implementation/Oct 2025 to Dec 2025	CDA	38,838.00
	TOTAL				**92,325.50**

Risk

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

1.2.1.3 In the absence of adequate supporting documents, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the project's funds.

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

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

Recommendation

1.2.1.6 Management should fully account for advance payment made without adequate supporting documents.

1.2.1.7 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.

1.2.1.8 All advance payments should be subsequently accounted for through submission of a liquidation report and all relevant supporting documentation validating the expenditure cataloged therein. Evidence of liquidation reports and all relevant supporting records should be adequately documented and filed to facilitate future review.

1.2.1.9 Additionally, Management should facilitate the operationalization of the electronic document management system by ensuring that all relevant source and supporting documents are scanned, attached to the transaction (in the accounting software for financial transactions), archived and maintained to facilitate future review.

Management's Response

1.2.1.10 *The total amount of US $92,325.50 disbursed, was advances to project Implementing partner (CDA and LACRA) for implementation of project activities in November and December, 2025. These activities were implemented and retirement was done in 2026 (please see attached retirement justification).*

Auditor General's Position

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

1.2.2 Non-Preparation of Monthly Statement of Supplies

Criteria

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

Observation

1.2.2.2 During the audit, we observed no evidence of preparation of a 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

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

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

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

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

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

Recommendation

1.2.2.8 Management should develop at least an excel based or an automated inventory management system to facilitate and ensure accurate records of inventories such as purchases, distribution, current stock balances, stock-out levels, reordering and etc.

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

1.2.2.10 Management should facilitate the timely preparation of monthly statement of supplies consistent with Chapter 4.6 paragraph 203 of the Finance and Administrative Procedures Manual.

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

Management's Response

1.2.2.12 *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 1.3.1.2.*

Auditor General's Position

1.2.2.13 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.

1.2.3 Payments without Bills of Lading

Criteria

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

1.2.3.2 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

1.2.3.3 During the audit, we observed no evidence of bills of lading amounting to **US$ 351,147.97** to validate the completeness and accuracy of goods imported by the suppliers. **See Table 4 below for details.**

Table 3: Payment Without Bill of Lading

No	Account Date	Description	Voucher No.	Amount US$
1	19/09/2025	Pmt to United Motor Company for two Land Cruiser Pickup for MPWs and Project Engineers Supervision	JV-1115	90,800.00
2	03/11/2025	Eco Ck #:00675345, Pmt to Global Agro Incorporated for supply and delivery of 428,188 Cocoa Seeds	0001648	51,795.45
3	11/08/2025	Eco Ck #:00269419, Pmt to CFAO Mobility for one Unit 4W4 Station Wagon for MOA DRDRE	0002099	49,576.02
4	19/12/2025	Eco Ck #:00417533, Pmt to Building Materials Center for Farming Materials supplied	0001725	45,517.50
5	19/09/2025	Pmt to United Motor Company for One Land Cruiser Pickup to Support MOA DDRE supervision	JV-1115	45,400.00
6	19/09/2025	Pmt to United Motor Company for One Land Cruiser Pickup for Internal Audit Quarterly Field Visit	JV-1115	45,400.00
7	10/01/2025	Eco Ck #:00417220, Pmt to Ma Bendu for Vegetable Seeds and Chemicals supplied on account for Lofa	0001405	22,659.00
Total				**351,147.97**

Risk

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

1.2.3.5 In the absence of job completion certificates, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the project's funds.

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

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

Recommendation

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

1.2.3.9 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.2.3.10 *Attached is the bill of lading for the 5 units of vehicles purchased (refer: voucher 002099 1unit from CFA and JV-1115 4units UMC). The 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 product in Country; therefore, bill of lading was not required. The Phytosanitary certificate for seeds coming from out of the Country were provided as part of the documentation (see attached) for seeds that were delivered and paid for by the project.*

Auditor General's Position

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

1.3 Procurement Management

1.3.1 Delay in the Completion of Works

Criteria

1.3.1.1 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:

- Ensuring that the contractor complies with the specifications and terms of the contract;
- Ensuring that the contract is being performed on schedule;
- Ensuring that, payments made to the contractors are in accordance with the terms of the contract."

Observation

1.3.1.2 During the audit, we observed that several construction works were still ongoing beyond their approved respective completion dates. **See Table 5 below and Exhibit (a) and (b) for details.**

Exhibit a: Mawuyansu to Gilema

Exhibit b: Lehuma to Mawuyansu

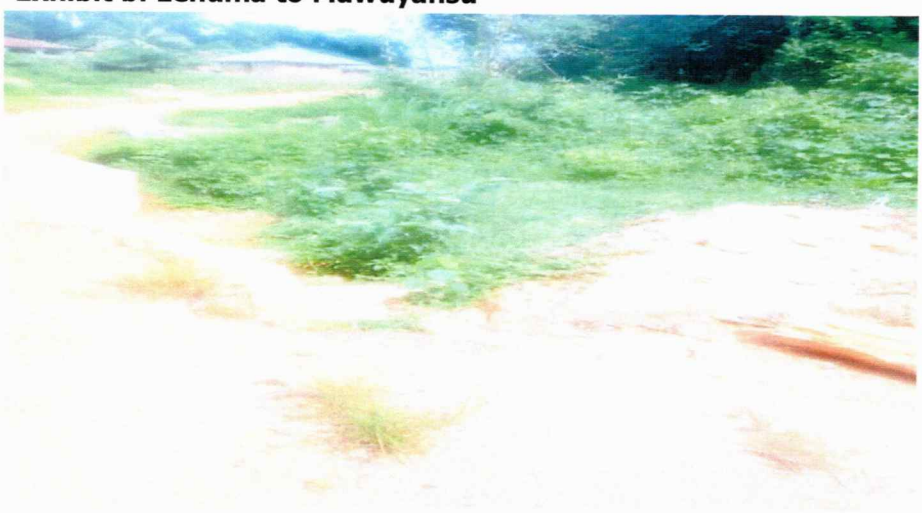

Table 4: Delayed in the Completion of Works.

No.	Location	Targeted Road Length (Km)	Road Lenth (KM) verified/ measured by Auditors	Cost Of Contract US$	Start Date	Extension Date	Completion Date
1	BK Enterprise Inc.	Lehuma To Mawuyansu	10.0	595,374.21	**3/28 /2024**	The contractor requested for No Cost Extension up to April 30th 2025, to complete the road rehabilitation works	3/30/2025
2	SSF Entrepreneur Inc.	Mawuyansu To Gelima	9.6	849,395.34	**3/28 /2024**	The contractor was issued Warming Letter for the slow progress of the road work.	3/30/2025
3	SLD & Associate Inc.	Gondama Junction To Mamgata/Vannieta	5.7	466,529.97	**3/28 /2024**	The contractor was issued Warming Letter for the slow progress of the road work. And requested for No Cost Extension up to June 30th, 2025.	3/30/2025
4	SLD & Associate Inc.	Sania Junction To Kpatobu	3.5	263,132.97	**3/28 /2024**	The contractor was issued	3/30/2025

No.	Location	Targeted Road Length (Km)	Road Lenth (KM) verified/ measured by Auditors	Cost Of Contract US$	Start Date	Extension Date	Completion Date
						a Warning Letter for the slow progress of the road work. And requested for No Cost Extension up to June 30th, 2025.	

Risk

1.3.1.3 Untimely achievement of project deliverables may lead to additional expenditure (fixed costs) of the project.

1.3.1.4 Project objective may not be achieved in the absence of effective project implementation and coordination.

1.3.1.5 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables. Project deliverables may not be achieved up to approved specifications.

Recommendation

1.3.1.6 Management should provide substantive justification why project deliverables were not implemented within approved timelines as part of Management's response to this Management Letter.

1.3.1.7 Subsequently, Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the project and update the Office of the Auditor General as part of Management's response to this Management Letter.

1.3.1.8 Going forward, Management should develop, approved and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverable and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts.

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

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

Management's Response

1.3.1.11 *Management received a communication from the contractor requesting contract extension for unforeseen circumstances that were beyond the control of the contractors. These requests were view and found to be valid therefore the contracts for the below contractors were extended by management for the different reasons below.*

1. *BK Enterprise Inc. experienced a delay primarily due to the early and heavy rainfall, which affected the timely completion of the major bridge construction. Therefore, BK requested a one month no cost extension to ensure satisfactory completion of all remaining works.*

2. *SSF Entrepreneur Inc. the water level at the bridge location is very high thus making the construction of the bridge foundation very difficult and is slowing down the progress of works this we anticipated will get worse as the rainfall has kickoff early. Furthermore, most of the earthworks have been completed, the outstanding works such as backfilling is dependent on the completion of the bridge.*

3. *SLD & Associates, the road leading to Vahun, Lofa County was not pliable using vehicle except motor bikes. Local materials (sand) was not accessible because the river banks were all filled, ALL earth moving equipment had to be through our neighboring Country, Sierra Leone with very high cost for transshipment*

Auditor General's Position

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

1.1.1.20 However, Management should submit to the Office of the Auditor General copies of the amended (No Cost Extension where applicable) contracts for validation within one month after the issuance of the Auditor General Report to the National Legislature.

1.4 Fixed Assets Management

1.4.1 Fixed Assets not Coded.

Criteria

1.4.1.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:

- the date and other details of the voucher or other document on which the items were received or issued;
- their serial numbers where appropriate; and
- their distribution to individual locations and the total quantity held."

Observation

1.4.1.2 During the audit, we observed that several fixed assets given to LACRA to facilitate the effective operations of the project were not coded as required. **See Table 5 below for details.**

Table: 5 Fixed Assets Not Coded

No.	USER NAME	USER POSITION	LOCATION	DESCRIPTION
1	LACRA	LACRA	LACRA	KAMA GENERATOR(5.5KVA)
2	LACRA	LACRA	LACRA	Office Writing Table
3	LACRA	LACRA	LACRA	Office Writing Table
4	LACRA	LACRA	LACRA	Office Writing Table
5	LACRA	LACRA	LACRA	Office Visitor Chair
6	LACRA	LACRA	LACRA	Office Visitor Chair
7	LACRA	LACRA	LACRA	Office Visitor Chair
8	Lofa-LACRA Office	County Coordinator	Voinjama Office	Jincheng Motorbike
9	Lofa-LACRA Office	County Coordinator	Voinjama Office	Jincheng Motorbike

Risk

1.4.1.3 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

1.4.1.4 Fixed Assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.

1.4.1.5 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may result in the non-achievement of the entity's objectives.

Recommendation

1.4.1.6 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.

1.4.1.7 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.

Management's Response

1.4.1.8 *The above assets were purchased by Project implementing Partner (LACRA) using project funs. This was brought to management attention and it has been coded.* ***See below.***

Writing Table	*TCEP-II/IFAD/LACRA/W.TABLE/001*
Writing Table	*TCEP-II/IFAD/LACRA/W.TABLE/002*
Writing Table	*TCEP-II/IFAD/LACRA/W.TABLE/003*
Visitor Chair	*TCEP-II/IFAD/LACRA/V.CHAIR/001*
Visitor Chair	*TCEP-II/IFAD/LACRA/V.CHAIR/002*
Visitor Chair	*TCEP-II/IFAD/LACRA/V.CHAIR/003*
GENERATOR	*TCEP II/IFAD/LACRA/GEN/001*
BIKE	*TCEP-II/IFAD/LACRA/BIKE-001*
BIKE	*TCEP-II/IFAD/LACRA/BIKE-002*

Auditor General's Position

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

1.5 Assurance Management

1.5.1 No Risk Assessment Policy and Process

Criteria

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

Observation

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

Risk

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

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

Recommendation

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

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

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

Management's Response

1.5.1.8 *The PIU uses the PMU Risk Management Policy. Internal Audit conducts risk assessment of the project annually and generates a risk register containing material risks that require management attention. 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 1.7.1.2).*

Auditor General's Position

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

1.2 IT System and Computerized Environment

1.2.1 IT Governance

Criteria

1.5.1.10 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.

1.5.1.11 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.

1.5.1.12 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

1.5.1.13 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

1.2.1.1 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

1.2.1.2 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

1.2.1.3 ***IT Strategic Plan***

The PMU ICT section, which oversees the ICT infrastructures of the various projects of the MOA, has developed a draft ICT strategic plan working with the Ministry ICT Director for the signature of the Minister (2024 Audit follow-up 1.2.1.4)

- ***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

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

1.2.1.4 ***Service Level Agreement***

The PMU that oversees the ICT infrastructure of the various PIUs has service agreements with various service providers, such services like

a. Internet Service Provisions (2024 Audit follow-up tracker 1.2.1.4)
Website and messaging service hosting (2024 Audit follow-up 1.2.1.4)

Auditor General's Position

1.2.1.5 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.

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

1.2.2 IT Security Management

Criteria

1.2.2.1 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

1.2.2.2 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

1.2.2.3 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

1.2.2.4 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

1.2.2.5 ***Approved IT Security Policy***

The PMU has an approved ICT Policy (a policy on the acceptable usage of ICT Resources.

- *Installed, licensed, unexpired, and updated Antivirus Program. The PMU computers use licensed Antivirus software for both servers and client computers (2024 Audit follow-up tracker 1.2.2.2.)*

Auditor General's Position

1.2.2.6 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

1.2.3 Program Change Management

Criteria

1.2.3.1 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

1.2.3.2 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

1.2.3.3 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

1.2.3.4 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

1.2.3.5 *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

1.2.3.6 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.

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

1.2.4 Physical Access Control

Criteria

1.2.4.1 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

1.2.4.2 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

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

Recommendation

1.2.4.4 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

1.2.4.5 *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

1.2.4.6 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 (TCEPII)** 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 Budget	1.1.1 1.1.1.5 1.1.1.6	1.1.1.7 Management do prepare budget monitoring report quarterly along with Interim Financial Report (IFR). However, Management take note and will going forward ensure that Monthly budget monitoring statement is prepared and documented.	1.1.1.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Pending	Nil	

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		Monitoring Statement should be adequately documented and filed to facilitate future review..						
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, current stock	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/supplies with monthly report prepared in excel.	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. Therefore, we	Pending	Stock cards are prepared in excel and displaced for every items in the store room	TOMPRO Accounting System does not have inventory module to capture supplies

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		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 adequately			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
		documented and filed to facilitate future review.						
3	Delayed in the Completion of Works.	Management takes note of the recommendation. The project has begun close monitoring of work to ensure that delinquent contractors are brought to book and action taken in line with contract signed.	1.1.4 1.1.4.8	1.1.4.8 Management takes note of the recommendation. The project has begun close monitoring of work to ensure that delinquent contractors are brought to book and action taken in line with contract signed.	1.1.3.11 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Pending		
4	No Risk Assessment Policy and Process	Management should establish a risk management	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	1.2.1.9 We acknowledge Management's acceptance of our findings and	Pending		

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		policy that identifies strategies for mitigating internal and external risks that may impact the achievement of the entity's objectives. Subsequently, Management should facilitate the conduct of periodic risk assessment and take corrective action for gaps identified. Periodic Risk Assessment		currently on going. The PIU has responded to the risk assessment questionnaires issued by the Internal Auditor in conjunction with the Ministry of Agriculture Internal Audit Director and report pending.	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
		reports should be adequately documented 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.	Pending	MOA has been engaged on this recommendation	
6	Unapproved IT Strategic Plan	Management should establish an IT Strategic plan at the Board level in order to create a	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 direction to	1.2.3.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the	Pending		

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		coherent strategy, give a clear direction and govern the Information Technology Unit.		govern the information Technology Unit.	implementation of our 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.	Pending		
8	No Environmental Control Policy	Management should develop, approve and operationalize an	1.2.7 1.2.7.5 1.2.7.6	1.2.7.7 Recommendation noted. Management will ensure to develop, approve	1.2.7.8 We acknowledge Management's acceptance of our findings and recommendations	Pending		

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		environmental control policy in order to maintain measures for protection against environmental factors. Management should install specialized equipment and devices to monitor and control the environment as well as protect information technology assets against abrupt disruptions and safeguard the		an operationalized environmental policy. Additionally, Management will also ensure that specialized equipment and devices to monitor and control the environment to protect information technology assets against abrupt disruptions and safeguard the institution's personnel.	. 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
		institution's 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.	Pending		
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 minimize	1.2.9 1.2.9.5	1.2.9.6 Recommendation noted. Management will ensure to develop, approve and operationalized a sound user management framework, policy and procedures	1.2.9.7 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during	Pending		

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		errors, fraud and loss of data confidentiality, integrity and availability.		in order to minimize errors, fraud and loss of data confidentiality, integrity and availability.	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 rights to the defined roles and responsibilities, based on	1.2.10 1.2.10.5	1.2.10.7 Management do maintain access right in accordance with business function, process requirements and security policies. Access rights are reviewed and granted periodically when there is a need for change. Additionally, there is no unauthorized access to the Tompro financial	1.2.10.8 Management's assertions are not supported by documentary evidence. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	Implemented. A record book is placed before the server room to sign in before entering.	Access rights are to be reviewed before access is provided to the system	

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		least-privilege on a need-to-know basis, in order to avoid unauthorize access to the Tompro financial system.		system except by permission.				