Management Letter

On the Financial Statements Audit of the Mano River Union Road Development and Transportation Facility Programme (MRU/RDTFP)

For the Year Ended December 31, 2025

Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2026

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Acronyms/Abbreviations/Symbols

Acronym / Abbreviation / Symbol	Meaning
AfDB	African Development Bank
AG	Auditor General
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
CHICO	China Henan International Cooperation Group Co. LTD
FCCA	Fellow Member of the Association of Chartered Certified Accountants
GAC	General Auditing Commission
GOL	Government of Liberia
ISSAIs	International Standards of Supreme Audit Institutions
MPW	Ministry of Public Works
ML	Management Letter
MRU/RDTFP	Mano River Union Road Development and Transportation Facility Programme
PFM Act	Public Finance Management Act
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual
US$	United States Dollar

June 24, 2026

Hon. Roland Layfette Giddings
Minister
Ministry of Public Works
South Lynch Street
Monrovia, Liberia

Dear Hon. Giddings:

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF THE MANO RIVER UNION ROAD DEVELOPMENT AND TRANSPORTATION FACILITY PROGRAMME (MRU/RDTFP) FOR THE PERIOD JANUARY 1, 2025, TO DECEMBER 31, 2025

The financial statements of the Mano River Union Road Development and Transportation Facility Programme (MRU/RDTFP) for the period January 1, 2025 to December 31, 2025 are subject to audit by the Auditor General consistent with the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014 as well as the engagement Terms of Reference.

Introduction
The Audit of the MRU/RDTFP Management for the period January 1, 2025 to December 31, 2025 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

Scope and Determination of Responsibility
The audit is 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.

The audit also included 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 Management. Our responsibility is to express our opinion on these financial statements.

Key Management Personnel

Name	Position	Period
Hon. Roland Layfette Giddings	Minister, Ministry of Public Works (MPW)	January 2025 – December 31, 2025
Mr. Rawlings Baco Kesselly	Programme Coordinator, MRU/RDTFP	January 2025 – December 31, 2025
Mr. Papin Daniels, CA, CPA.	Director-Donor Financed Projects/MFDP/PFMU	January 2025 – December 31, 2025
Mr. Subozu Kollie	Chief Internal Auditor	January 2025 – December 31, 2025

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of MRU/RDTFP Management during the audit.

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

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

Monrovia, Liberia
June 2026

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Reporting

1.1.1 Non-disclosure of Schedule of Commitments

Criteria

1.1.1.1 Paragraph 1.3.27 of the 2017 revised IPSAS Cash Basis Accounting framework states "financial statements shall present information that is: (a) Understandable, (b) Relevant to the decision-making and accountability needs of users, (c) A faithful representation of the cash receipts, cash payments and cash balances of the entity and other information disclosed in the financial statement that is: complete; neutral; and free from material error; Comparable; Timely; and Variable constraint on information included in financial statements is that it is material, satisfies cost-benefits assessment, and achieve an appropriate balance between the qualitive characteristics identified in (a) to (f) above."

1.1.1.2 Paragraph 7.10 of the Project Implementation Manual (PIM) on financial reporting requires a schedule of commitments/contracts and disclosures of outstanding commitments and assets as memoranda to the financial statements.

Observation

1.1.1.3 During the audit, we observed that Management did not disclose in the notes to the financial statements total commitments amounting to US$1,199,971.01 as at December 31, 2025 for liabilities due to CHICO. **See below Table 1 for details.**

Table 1: Non-disclosure of Schedule of Commitments

IPC No.	Percent % of contract Amount	Amount Due (US$)	Remarks
IPC 21	1.51	1,199,971.01	Outstanding
TOTAL		**1,199,971.01**	

Risk

1.1.1.4 The completeness and accuracy of liabilities may not be assured. Therefore, the financial statements may be misstated.

1.1.1.5 Fair presentation and full disclosure may be impaired.

1.1.1.6 Failure to include the details of commitment schedules in the notes to the financial statements may deny users of the financial statements information needed to make informed decisions.

1.1.1.7 Unremitted and inadequate disclosure of commitments may lead to misappropriation of project funds.

1.1.1.8 Untimely supply of goods, completion of service and ultimately delay in disbursement of commitments may lead to additional cost to the Government of Liberia.

Recommendation

1.1.1.9 Management should adjust the financial statements to include in the notes to the financial statements the comprehensive commitment schedules cataloguing liabilities disclosed in our finding above. The adjusted financial statement should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.

1.1.1.10 Management should facilitate the immediate preparation of the statement of undischarged commitments and submit same to the Minister to fully account for the undischarged commitments. Subsequently, Management should remit the undischarged commitments not disbursed within 90 days after the end of the fiscal year to the Bank as required (where applicable). Evidence of the statement of undischarged commitments and remittance of undischarged commitments to the Bank (where applicable) should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter, and adequately documented and filed to facilitate future review.

1.1.1.11 Going forward, Management should facilitate effective monitoring and evaluation of project activities to ensure that project deliverables are executed and payments disbursed to contractors in a timely manner.

1.1.1.12 All undischarged commitments should be disclosed in the notes to the financial statements and appropriately disbursed within 90 days of the end of the fiscal year. Otherwise, Management should prepare the statement of undischarged commitments, submit same to the Minister and subsequently remit the undischarged commitment to the Bank as required.

Management's Response

1.1.1.13 *We have herewith included the commitment schedule for the period under audit in the financial statements as recommended by the audit team. Pertaining to the previous year's commitment schedule that was not disclosed, Management takes note and will, going forward, include them for the auditor's review. Attached is the revised financial statement for your reference.*

Auditor General's Position

1.1.1.14 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustment of the financial statements.

1.1.2 Inadequate disclosure of Fixed Assets

Criteria

1.1.2.1 Paragraph 1.3.8 of IPSAS Financial Reporting Under Cash Basis of Accounting, November

2017, states: "Notes to the financial statements include narrative descriptions or more detailed schedules or analyses of amounts shown on the face of the financial statements, as well as additional information. They include information required and encouraged to be disclosed by this standard, and can include other disclosures considered necessary to achieve a fair presentation and enhance accountability."

1.1.2.2 Further, section 5.3 of the Project Implementation manual requires that "As an annex to the financial statements mentioned above, the audit report should include: (b) A comprehensive list of all fixed assets purchased, with given dates, values, and condition of the assets."

Observation

1.1.2.3 During the audit, we observed that Management did not adequately disclose in the notes to the financial statements a comprehensive list of all fixed assets purchased, including assets procured for the consulting engineers.

Risk

1.1.2.4 Management may be non-compliant with paragraph 1.3.8 of IPSAS Financial Reporting Under Cash Basis of Accounting.

1.1.2.5 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 project's objectives.

1.1.2.6 Fair presentation and full disclosure may be impaired.

Recommendation

1.1.2.7 Management should adjust the financial statements to include in the notes to the financial statements a comprehensive list of all fixed assets purchased, with given dates, values, and condition of the assets. The adjusted financial statement should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.

1.1.2.8 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.

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

Management's Response

1.1.2.10 *We acknowledge the observation raised by the audit team; however, management wishes to clarify that the fixed asset register was presented as an annex to the financial statements submitted. To facilitate your review and for ease of reference, we have attached the financial statements, including the fixed asset register. We remain* *committed to full compliance with disclosure requirements and will continue to improve our reporting to provide clear and comprehensive financial information.*

Auditor General's Position

1.1.2.11 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustment of the financial statements.

1.2 Budget Management

1.2.1 Under- receipt of Project Funds – Karloken to Fish Town (80km)

Criteria

1.2.1.1 In terms of the Project Financial Manual on Budgeting Arrangements, "The Project Coordinator and the project team will prepare an annual work plan for approval prior to the submission to PFMU. A semi-annual operational budget shall be prepared for onward submission to the PFMU."

1.2.1.2 Furthermore, the Mano River Union Road Development & Transport Facilitation Program (MRU/RDTFP) budget allocates $7,239,355.40 for activities related to paving the 80km stretch from Karloken to Fish Town, Maryland County.

Observation

1.2.1.3 During the audit, we observed that Management did not receive the full approved budget allocation for the implementation of the road construction project. As a result, planned activities for the road construction project were not implemented as scheduled. **See Table 2 below for details:**

Table 2: Inadequate Disbursement of Project Funds

Description	Amount (USD)
Approved Project Budget	7,239,355.40
Actual Funds Disbursed (AfDB)	100,088.40
Variance (Shortfall)	(7,139,267.00)
Disbursement Percentage	1.38%

1.2.1.4 We further observed no evidence of a recast budget to account for the under-receipt of funds for project implementation.

Risk

1.2.1.5 Under-receipts of approved allocation for project implementation may impair the achievement of the project objectives and mandates.

1.2.1.6 Management may not implement planned activities cataloged in the approved annual project workplan and budget.

Recommendation

1.2.1.7 Management should provide substantive justification for non-receipt of approved budgetary allotment comprehensively catalogued in Table 3 above, as part of Management's response to this Management Letter.

1.2.1.8 Management should perform periodic (at least quarterly) reconciliation between budgeted and actual revenue and expenditure. Gaps identified should be used to govern future revenue collection and disbursement activities. Evidence of Quarterly and Annual Budget Performance Reports should be adequately documented and filed to facilitate future review.

1.2.1.9 Going forward, in the event of under-receipt of approved disbursements, the AfDB should communicate to the PIU any circumstances likely to materially affect budgetary results, whether through fund receipts from external partners or through expenditure. The PIU should subsequently communicate to the project contractors and supervising consultants any warnings of significant or material budget variations.

1.2.1.10 Evidence of the above communication and the subsequently approved recast budget should be adequately documented and filed to facilitate future review.

Management's Response

1.2.1.11 *The Bank informed the Government of Liberia of the financing challenges affecting the completion of the projects and subsequently allocated US$3.5 million to support the resumption of the Karloken to Fish Town (80 km) Road Project. This amount has been captured in the Fiscal Year 2026 Budget under Budget Support. See attached 1.2.1_1. This PIU acknowledged that this information was shared with the GAC. However, see attached 1.2.1_2. This is a routine contract management practice being implemented to coordinate the contractor's activities between the consultant and the client. We acknowledge the audit finding and subsequent recommendation.*

Auditor General's Position

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

1.3 Expenditure Management

1.3.1 Unconfirmed Third-party Payments

Criteria

1.3.1.1 Paragraph 1.3.27 of the 2017 revised IPSAS Cash Basis Accounting framework states "financial statements shall present information that is: (a) Understandable, (b) Relevant to the decision-making and accountability needs of users, (c) A faithful representation of the cash receipts, cash payments and cash balances of the entity and other information disclosed in the financial statement that is: complete; neutral; and free from material error; Comparable; Timely; and Variable constraint on information included in financial statements is that it is material, satisfies cost-benefits assessment, and achieve an appropriate balance between the qualitive characteristics identified in (a) to (f) above."

Observation

1.3.1.2 During the audit, we observed that payments reported as "Third Party payments" in the notes to the financial statements were not supported by third-party confirmation from the African Development Bank (AfDB), as required. **See Table 3A & 3B for details:**

Table 3A: Unconfirmed Third-party Payments

#	Payment Request #	Description	Amount/ Financial Statement (US$)	Amount Confirmed by AfDB	Variance (US$)
1	0165	Third Party Payment to contractor & Consultants	20,640.20	-	20,640.20
2	0166	Third Party Payment to contractor & Consultants	30,960.30	-	30,960.30
Totals			**51,600.50**	**-**	**51,600.50**

Table 3B: Unconfirmed Third-party Payments

#	Payment Request #	Description	Amount/ Financial Statement (US$) (A)	Amount Confirmed by AfDB (B)	Variance (US$) C= (A-B)
1	0014	Third Party Payment to contractor & Consultants	569,852.62	-	569,852.62
2	0018	Third Party Payment to contractor & Consultants	243,090.11	-	243,090.11
Totals			**812,942.73**	**-**	**812,942.73**

Risk

1.3.1.3 The completeness, existence and accuracy of payments may not be assured. Therefore, third party payments and subsequently the financial statements may be misstated.

1.3.1.4 Management may not account for all third-party payments of the project. This may lead to subsequent misstatement of the financial statements.

Recommendation

1.3.1.5 Management should account for the unconfirmed third-party payments disclosed in the financial statements, as part of Management's response to this Management Letter.

1.3.1.6 Going forward, Management should facilitate periodic reconciliation with the AfDB to ensure all direct payments are accurately recorded. Gaps identified should be investigated and resolved where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and filed to facilitate future review.

1.3.1.7 Furthermore, Management should follow up on all outstanding confirmation requests to ensure that reported figures align with donor records.

Management's Response

1.3.1.8 *The referenced third-party payment confirmations from the African Development Bank (AfDB) are attached for the auditor's review. See attached Exhibit II: AfDB Statement of Confirmed Disbursements.*

Auditor General's Position

1.3.1.9 We acknowledge Management's subsequent submission of AfDB statement of confirmed disbursements after our audit execution. However, Management's provision of documents after our review does not guarantee Management effective control of document management and expenditure liquidation.

1.3.1.10 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that confirmation of third-party payments by the AfDB or funding partners and all relevant supporting records are adequately documented and filed to facilitate future review.

1.3.2 Payments without Evidence of Adequate Supporting Documents

Criteria

1.3.2.1 Regulation P.9 (2) of the PFM Act of 2009, as amended and restated 2019, states that "Payments except for statutory transfers and debt services shall be supported by invoices, bills and other documents in addition to the payment vouchers."

Observation

1.3.2.2 During the audit, we observed no evidence of adequate supporting documents, such as purchase orders, contracts, or no-objection letters from the AfDB, for various expenditures totaling US$189,017.25. **Refer to Annexure 1A & 1B for details.**

Risk

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

1.3.2.4 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 entity's funds.

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

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

Recommendation

1.3.2.7 Management should fully account for expenditure made without adequate supporting documents comprehensively catalogued Annexure 1A & 1B, as part of Management's response to this Management Letter.

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

1.3.2.9 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

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

Auditor General's Position

1.3.2.11 We acknowledge Management's subsequent submission of payment vouchers and other supporting documents after our audit execution. However, Management's provision of documents after our review does not guarantee Management effective control of expenditure liquidation and document management.

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

1.4 Fixed Asset Management

1.4.1 Transfer of Project Assets

Criteria

1.4.1.1 The Government of Liberia and China Henan International Corporation Group Co., Ltd. (CHICO) entered into a contract agreement on 28 December 2016 for the construction of AC Road Pavement of the Mano River Union Road Development & Transport Facilitation Program (MRU/RDTFP): Paving of Karloken to Fish Town (80km) for three (3) years ending April 2, 2020.

Observation

1.4.1.2 During the audit, we observed that ten (10) project vehicles and the consulting engineer's compound were transferred to the Ministry of Public Works (MPW) despite the project being incomplete.

1.4.1.3 Specifically, we observed the following:

- We observed no evidence that Management obtained a "No Objection" from the African Development Bank (AfDB), which is a requirement for the transfer of assets under the project's funding agreement.
- The turnover agreement between the contractors (CHICO) and Management lacks provisions for the mobility of the consulting engineer upon their return.
- The agreement does not specify financial responsibility for the maintenance and operational costs of the transferred assets.

Risk

1.4.1.4 The transfer of assets without donor approval may lead to misappropriation of project assets.

1.4.1.5 The lack of maintenance and mobility provisions may cause project delays or additional unforeseen costs to the Government of Liberia when the consulting engineer resumes work.

Recommendation

1.4.1.6 Management should provide substantive justification for the transfer of the project assets to MPW without evidence of the Bank's approval and while the project remains incomplete.

1.4.1.7 Going forward, Management should obtain the AfDB's written approval for the transfer of project assets. Additionally, the turnover agreement should be amended to clearly define maintenance responsibilities and ensure the consulting engineer has the necessary resources to complete the project.

Management's Response

1.4.1.8 *During a series of Bank supervision missions, concerns were raised regarding the condition of the project vehicles and the Supervision Consultant's facilities, which were deteriorating due to prolonged inactivity following the demobilization of the Supervision Consultant. Given the absence of a clear timeline for the resumption and completion of the project, it was agreed during the Bank missions that the project vehicles should be transferred to the Government for safekeeping and productive use.*

1.4.1.9 *Consequently, the Ministry and the PIU, together with the Deputy Minister for Administration, conducted a re-verification of the project assets. The exercise confirmed that the vehicles had remained idle for an extended period, were deteriorating due to non-use, and were incurring significant maintenance costs. Accordingly, the vehicles were transferred to the Ministry of Public Works for continued utilization and preservation.*

1.4.1.10 *A turnover report documenting the transfer was prepared, signed by all relevant parties, and shared with the GAC, the Ministry, the Bank, and the Ministry of Finance and Development Planning (MoFDP). In addition, an email notifying the Bank of the turnover arrangement and requesting approval for the field mission to conduct the exercise is attached for reference. Management acknowledges the GAC recommendation and will ensure that prior formal Bank authorization is obtained before undertaking similar asset transfers in the future.*

Auditor General's Position

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

1.4.2 Irregularities Associated with Fixed Asset Management

Criteria

1.4.2.1 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

1.4.2.2 During the audit, we observed the following irregularities associated with the entity's Fixed Assets Management System:

- The fixed asset register did not contain all of the relevant columns.
- The fixed assets register was not regularly updated.
- There was no evidence of periodic physical verification of assets by Management
- There was no evidence of movement of assets form.

- There was no history of disposal of assets
- Fixed assets within a given vicinity were not displayed as required by the PFM Act.

Risk

1.4.2.3 Fixed Assets may be misstated (Over/understated).

1.4.2.4 Fixed Assets may be damaged or impaired but their values are still on the books.

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

1.4.2.6 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.

1.4.2.7 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

1.4.2.8 Management should ensure that the fixed assets register is updated to reflect the following; description, class, code, location, condition, cost, depreciation expense, accumulated depreciation and net book value of the asset.

1.4.2.9 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.

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

1.4.2.11 Fixed Assets within a particular vicinity should be clearly displayed as required by the PFM Act.

1.4.2.12 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of assets.

Management's Response

1.4.2.1 *1. Depreciation is not applicable. Assets that have reached the end of their useful life are transferred to the Ministry for disposal. 2. One biannual asset verification was conducted, and the report was submitted to the GAC 3. One biannual asset verification was conducted and reported to the GAC. The second verification could not be completed due to funding constraints; however, the first-quarter 2026 asset verification has been completed 4. All fixed assets were clearly displayed and coded. 5. Management accepts the* *recommendation and will implement it during routine field visits.*

Auditor General's Position

1.4.2.2 We acknowledge Management's assertion and subsequent submission of the updated fixed asset register and physical verification report.

1.4.2.3 Management's assertion relative to the non-applicability of depreciation of fixed assets is acknowledged. However, as the IPSAS Cash Basis of Reporting is an interim/transitional financial reporting framework of the Government of Liberia, preparation for full transition to IPSAS Accruals, recording the required disclosures including depreciation, accumulated depreciation and net book value of fixed assets are hereby encouraged. We will follow-up on the implementation of our recommendations during subsequent audit.

1.5 Project Implementation (Field Verification)

1.5.1 Irregularities Associated with the Project Implementation

Criteria

1.5.1.1 The Government of Liberia and China Henan International Corporation Group Co. LTD (CHICO) entered into a contract agreement on 28 December 2016 for the construction of AC Road Pavement of the Mano River Union Road Development & Transport Facilitation Program (MRU/RDTFP): Paving of Karloken to Fish Town (80km) for three (3) years ending April 2, 2020.

Observation

1.5.1.2 During the audit, we observed that construction works on the Karloken to Fish Town road project (80 km) were abandoned with no evidence that road construction-related activities agreed in the project work plan for the period under audit were implemented. **See Table 4A below for details of outstanding activities.**

Table 4A: Summary of Project Cost To-Date

Name of Component of the Project	Approved/ Budgeted Cost US$	Implementation Cost To-Date	Outstanding Implementation Cost	Status
Component 1- Civil Works	6,003,121.23	-	6,003,121.23	Activities pending GoL budget support or external funding
Component -2 Consultancy	455,438.74	-	455,438.74	Activities pending GoL budget support or external funding
Component – 3 PIU Operations	11,5419.4	80,680.05	34,739.35	Activities ongoing
Total	**6,573,979.97**	**80,680.05**	**6,493,299.32**	

1.5.1.3 Additionally, we observed that the African Development Bank approved an addendum for additional works agreed between the client, the Ministry of Public Works, and the contractor, CHICO involving the following tasks:

- Construction of slope protection and installation of handrails for three bridges located at the following kilometers:
  - Bridge #1 at Kilometer 25+400 (45 meters in length)
  - Bridge #2 at Kilometer 50+500
  - Bridge #3 at Kilometer 62+800
- Laying 27% of the wearing course (the final layer of asphalt pavement).
- Construction of slope Protection or stone pitching to prevent the road at Km 5 from being eroded by the rains.
- Installation of road signs and markings.
- Construction of a fence to secure Crownoken Public School, situated at Kilometer 16+900 in Crownoken Town, River Gee County.

1.5.1.4 However, we observed no evidence of construction-related activities had commenced consistent with the terms and conditions of the amended contract. **See Table 4B below for details.**

Table 4B: Abandoned Project – Karloken to Fish Town Road Project (80km)

NO.	Activity	Amount	Target Dates
1	Asphalt Wearing Course Construction	4,350,500.00	January – March, 2005
2	Contractual and Specific Recruitment	145,060.10	January – March, 2005
3	Excavation, Filling & Landscaping	120,000.00	January – March, 2005
4	Tack Coats	139,837.50	January – March, 2005
5	U-Drain channels & Reinforced concrete cover slabs, edges, walkways, kerb stones, access culvert, etc	41,286.40	January – March, 2005
7	HDPE PIPE SPARE DUCTS	18,320.00	January – March, 2005
8	Women Training	120,000.00	January – March, 2005
9	Miscellaneous	572,959.63	January – March, 2005
Total		**5,507,963.63**	

1.5.1.5 Also, the contractor, CHICO, along with the Consultant Engineers, had abandoned the project site due to the lack of cash flow.

1.5.1.6 We further observed that at kilometer 23, overgrown savanna grass along deep curves and valleys at both ends of the road has partially encroached upon the paved surface due to the lack of regular road maintenance. **See photo below for details.**

GAC: Partial view of the abandoned Karloken to Fishtown road (80km)

Risk

1.5.1.7 Failure of project management to ensure that services paid for are delivered in a timely manner, may lead to non-achievement of project objectives.

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

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

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

1.5.1.11 Delays in payment to contractors may lead to breach of the contract terms and conditions, potential fines resulting from litigation, and/or reputational damage to the project.

1.5.1.12 In the instance of litigation, the required documentation may not be available to enforce compliance with the terms and conditions of the unapproved addendum.

Recommendation

1.5.1.13 Management should provide substantive justification for the non-payment of Interim Payment Certificates (IPCs) invoices to the contractors.

1.5.1.14 Going forward, Management should facilitate the timely execution of the road project in accordance with the approved timeframe laid out in the contract document.

1.5.1.15 Management should develop, approve, and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverables and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and approved, agreed with the contractors, and included as supplementary documentation to the approved contracts. Management should facilitate full and timely payment to the contractors consistent with the approved work plan and contract.

1.5.1.16 Management should ensure that the construction work resumes, consistent with the addendum to the contract between the Ministry of Public Works and CHICO, in a timely manner to facilitate the execution of the road project in accordance with the prescribed timeframe set out in the contract addendum.

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

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

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

Management's Response

1.5.1.20 *The Bank informed the Government of Liberia of the financing challenges affecting the completion of the projects and subsequently allocated US$3.5 million to support the resumption of the Karloken to Fish Town (80 km) Road Project. The Bank has asked the Government to use its own resources to complete the project. See attached 1.5.1_1. Notwithstanding, his amount has been captured in the Fiscal Year 2026 Budget under Budget Support.*

1.5.1.21 *2. This is a routine contract management practice being implemented to coordinate the contractor's activities between the consultant and the client. Presently, the Supervision Consultant is working on the contractor's IPC 21. 3. All required conditions are always fulfilled prior to the commencement of works.*

1.5.1.22 *4. Government is trying every possible means to commence the road works which is part of the connectivity of the south east corridor. The commitment of Government budget support, Counterpart funding, and institutional support to commence the project is well* *heading in the right direction, . Management takes note of the recommendation. Project implementation is guided by approved work plans, contracts, and Bank procedures. Going forward, the PIU will strengthen coordination with contractors to ensure work plans are agreed upon, monitored, and aligned with timely processing of payments, subject to the availability of funds and compliance with contractual requirements.*

1.5.1.23 *6. The Supervision Consultant and PIU continue to conduct regular project monitoring. The consultant is currently working on the contractor's outstanding IPC#21. 7. Relevant project records, including work plans, contracts, funding receipts, payment records, and monitoring reports, are maintained and available for review*

Auditor General's Position

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

1.6 Status of Prior Year's Audit Recommendation (MRU/RDTF-I)

Paragraph #	Issue	Responsible Party	Recommendation	Level of implementation by Auditee
1.1.1	Abandoned Project – Karloken to Fish Town Road Project (80km)	MPW/PIU	Management should provide material justification for the non-payment of Interim Payment Certificates (IPCs) invoices to the contractors. Going forward, Management should facilitate the timely execution of the road project in accordance with the prescribed timeframe laid out in the contract document. Management should develop, approve, and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverables and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and approved, agreed with the contractors, and included as supplementary documentation to the approved contracts.	Not Implemented
1.1.2	**1.6.1 Unapproved Contract Addendum**	MPW/PIU	Management should ensure that the addendum to the contract between the Ministry of Public Works and CHICO is approved in a timely manner to facilitate the timely execution of the road project in accordance with the prescribed timeframe laid out in the contract addendum document. Going forward, Management should develop, approve, and operationalize a work plan to facilitate the smooth	Not Implemented

Paragraph #	Issue	Responsible Party	Recommendation	Level of implementation by Auditee
			implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverables and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and approved, agreed with the contractors, and included as supplementary documentation to the approved contracts. Management should facilitate full and timely payment to the contractors consistent with the approved work plan and contract.	
1.2.5	Irregularities associated with the management of Project fixed assets	MPW/PIU	Management should ensure that fixed asset register is updated to reflect the followings; description, source of purchase, date of purchase, class, code, assignee, location, condition, original cost, depreciation expense, accumulated depreciation and net book value of the assets. Management should conduct periodic fixed asset account and/ or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review. Fixed asset register should be updated periodically to reflect all Project's assets. Fixed assets within a particular vicinity should be clearly displaced as required by the PFM Act. Management should initiate/enforce a systematic coding	Fully Implemented

Paragraph #	Issue	Responsible Party	Recommendation	Level of implementation by Auditee
			system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and efficient periodic fixed assets verification exercise. Discrepancies in coding identified during verification should be updated in a timely manner. A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The fixed asset register should be updated to reflect the change in location of asset.	

ANNEXURES

Annexure 1A: Payments for Consultancy Services without evidence of supporting documents

NO.	Date	Details	Voucher Number	Payee	Amount (US$)	Comments
1	20/01/25	Payment for consultancy services	NIL	Abrahim B. Sillah, Sr.	5,000.00	NO PAYMENT VOUCHER
2	18/01/25	Payment for consultancy services	NIL	Abrahim B. Sillah, Sr.	5,000.00	NO PAYMENT VOUCHER
3	04-Mar-25	Payment for consultancy services	NIL	Abrahim B. Sillah, Sr.	5,000.00	NO PAYMENT VOUCHER
4	16/09/25	Payment for consultancy services	NIL	Abrahim B. Sillah, Sr.	5,000.00	NO PAYMENT VOUCHER
5	18/09/25	Payment for consultancy services	MRU/2025/015	Abrahim B. Sillah, Sr.	5,000.00	1. No evidence of bid evaluation report 2. No evidence of AfDB's "No Objection" 3. No evidence of bid advertisement
6	20/01/25	Payment for consultancy services	2025/001	Hinifah Tech Solution	2,668.50	NO PAYMENT VOUCHER
7	20/01/25	Payment for consultancy services	2025/002	Hinifah Tech Solution	2,230.00	NO PAYMENT VOUCHER
8	11-Jul-25	Payment for consultancy services	MRU/2025/044	Tarlee Gonwokay	3,250.00	1. No evidence of Contract 2. No evidence of AfDB's :No Objection" 3. Names and positions of the preparer, reviewer and approver of the payment voucher not indicated on the voucher

NO.	Date	Details	Voucher Number	Payee	Amount (US$)	Comments
9	25/11/2025	Payment for performance-based allowance for MRU staff for the month of November 2025	MRU/2025/052	Listed Individuals	39,400.00	1. No evidence of Contracts for MRU's staff 2. No evidence of AfDB's :No Objection" 3. Names and positions of the preparer, reviewer and approver of the payment voucher not indicated on the voucher
Total:					**72,548.50**	

Annexure 1B: Payments for goods and services without evidence of the relevant supporting documents for MRU-I 2025

NO	Vr. Date	Description	Vr. Number	Payee	Amount	Comments
1	30/10/2025	Payment for the servicing of Project vehicle with plate number A65634 under the MRU Road Sector as per the attached.	MRU/2025/028	Auto Elegance	2,120.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
2	29/10/2025	Payment for the supply of fuel for Project Vehicles for April to June 2025 under the MRU Road Sector as per the attached.	MRU/2025/021	Aminata & Sons, Inc.	8,144.80	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
3	11-Mar-25	Payment for scartch cards for PIU staff for the period August to October 2025 as per the attached.	MRU/2025/043	Saksouk Shopping Center	3,700.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."

NO	Vr. Date	Description	Vr. Number	Payee	Amount	Comments
4	27/11/2025	Payment for the supply of stationeries for the PIU under Road Sector as per the attached.	MRU/2025/053	Office Ideas	3,411.75	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
5	30//10/2025	Payment for the printing of 25 copies of bid document including drawing and specification for the MRU III civil works procument process as per the attached.	MRU/2025/035	Emanso Group of Companies	8,875.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
6	30/10/2025	Payment as Vehicle Insurance project vehicles, with Plates A613173, A613174 beginning October 14,2025 to October 13, 2026) as per attached.	MRU/2025/040	Accident& Casualty Insurance Company	3,839.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
7	30//10/2025	Payment for the servicing of Project vehicle with plate number A614790 under the MRU Road Sector as per the attached.	MRU/ 2025/025	Channel Logistics	2,750.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
8	06-Jun-25	Payment for the repairs of Vehicle A611399 as per attached.	MRU/2025/009	Channel Logistics	2,475.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."

NO	Vr. Date	Description	Vr. Number	Payee	Amount	Comments
9	05-Sept-25	Payment as vehicle Insurance phase 1 project vehicles, 5 Toyota Land Cruiser Hard Top (Plates A611399, A68124, A611239) and 1 PRDAO (Plate A64447) for additional one year (1) begging August 10,2025 to August 9,2026) as per attached.	MRU/2025/077	Saar Insurance Liberia	9,613.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
10	22/12/2025	Payment for the supply of office	MRU/2025/063	Sky-Tech Internatonal (Lib) Inc.	12,766.75	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
11	22/12/2025	Payment for the supply of fuel for Project Vehicles for July to September 2025 under the MRU Road Setor as per the attached.	MRU/2025/061	Aminata & Sons,Inc.	8,144.80	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
12	19/12/2025	Payment for office stationeries for PFMU as per the attached.	MRU/2025/060	K. Kartik Stationery Station	21,985.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
13	30/10/2025	Payment for yearly internet service and supply of accessories and installation with configuration for the PIU office as	MRU/2025/036	Babylon Electronics Company	6,205.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."

NO	Vr. Date	Description	Vr. Number	Payee	Amount	Comments
		per attached.				
14	24/09/2025	Payment for the renovation of PFMU Office at the Ministry of Finance & Development Planning 2025 under the Mru Road Sector as per the attached.	MRU/2025/017	Elite Contractors and Global Services, Inc.	16,318.65	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
15	22/12/2025	Payment for supply of office supplies for the PFMU under Road Sector as per the attached	MRU/2025/062	Planet PC Liberia, Inc.	3,290.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
16	06-Jun-25	Payment for the repairs of Vehicles A68124 as per attached.	MRU/2025/008	Channel Logistics	2,830.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
Total					**116,468.75**	