Management Letter

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

For the Year Ended December 31, 2025

Promoting Accountability of Public Resources

P. Garswa Jackson 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 25, 2026

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

Dear Hon. Giddings:

RE: MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS AUDIT OF THE MANO RIVER UNION ROAD DEVELOPMENT AND TRANSPORTATION FACILITY PROGRAMME PHASE II (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- Phase II (MRU/RDTFP- Phase II) 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-Phase II 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.

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.

1.1.1.3 Regulation B.26. part (1) & (2) of the PFM Act of 2009 as amended and restated 2019 (1) states that at the close of the fiscal year, funds released to a government agency which have not been spent shall be the balance of appropriation and the head of government agency shall submit a statement of undischarged commitments, within 15 working days after the end of the fiscal year to the Minister. Any unpaid balances on commitments will also lapse at the end of the year, unless goods and services have already been delivered, in which case, settlement must be made within 90 days of the end of the fiscal year.

Observation

1.1.1.4 During the audit, we observed that Management did not disclose in the notes to the financial statements total commitments amounting to US$2,787,117.00 as at December 31, 2025 for liabilities due to China Railway Seventh Group. **See below Table 1 for details.**

Table 1: Non-disclosure of Schedule of Commitments

IPC No.	Percent % of contract Amount	Amount Due (US$)	Remarks
(22) on April 16, 2024	5.14	1,918,620.00	Outstanding
(23) on May 20, 2024	2.3	868,497.49	Outstanding
TOTAL		**2,787,117.00**	

Risk

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

1.1.1.6 Fair presentation and full disclosure may be impaired.

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

1.1.1.8 Management may be non-compliant with Regulation B.26. part (1) & (2) of the PFM Act of 2009 as amended and restated 2019.

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

1.1.1.10 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

1.1.1.11 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.

1.1.1.12 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.

1.1.1.13 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.

1.1.1.14 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

1.1.1.15 *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

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

1.1.2 Non-disclosure of GOL Contributions

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."

Observation

1.1.2.2 During the audit, we observed no evidence that Management disclosed payments amounting to US$606,747.3 made to Project Affected Persons on the project's Resettlement Action Plan (RAP) as part of GOL Contributions in the notes to the financial statements. **See Table 2 for details.**

Table 2A Non-disclosure of GOL Contributions for Lot -1

Description	Amount Disbursed (USD)	Number of Properties	Number of PAPs
Balance Right-way Payment	93,652.2	25	20
Total	**93,652.2**		

Table 2B Non-disclosure of GOL Contributions for Lot-2

Description	Amount Disbursed (USD)	Number of Properties	Number of PAPs
Property Repairs	334,976.72	433	396
Full Replacements	178,118.38	39	37
Total	**513,095.10**	**472**	**433**

Risk

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

1.1.2.4 The actual value of GoL contribution received by Management may not be assured in the absence of full disclosure of the required information.

1.1.2.5 Fair presentation and full disclosure may be impaired.

Recommendation

1.1.2.6 Management should immediately liaise with the MPW, MFDP and other relevant authorities to provide a comprehensive report on the details and value (including the basis on which the value is determined) of GOL contribution made to the project as at December 31, 2025.

1.1.2.7 Subsequently, Management should adjust the financial statements and disclosed in the notes to the financial statements the comprehensive composition of GOL contributions constituting payments made to PAPs. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.

1.1.2.8 Going forward, Management should facilitate full and adequate disclosure of all GOL contributions in the notes to the financial statements to facilitate completeness, accuracy and fair presentation of the financial statements. For payments made to PAPs, Management should develop and maintain a schedule of payments to facilitate full and adequate disclosure of GOL in- kind contributions to the project for the fiscal period.

Management's Response

1.1.2.9 *The source of this referenced in-kind contribution is completely unknown to us as these payments was not made from our special account nor was it made by direct payment on behalf of the project by the AfDB. These project affected persons (PAP) on the project's Resettlement Action Plan (RAP) payments, as we were informed when raised by the auditor, were paid exclusively by the Government of Liberia through the National Road Fund on Lots 1 and 2. The amount (US$606,747.30) being recommended for adjustment and disclosure in our financial statement could not be validated by the E-Safe Director at the Ministry of Public Works who is the lead for all RAP payments and was involved with the payments with the National Road Fund team from inception. We were informed that most of the RAP payments where done in 2023 and 2024; and thus, the adjustment of the financial statements to reflect an unvalidated and unsubstantiated amount will not reflect a true and fair view of the financial statements for the period under audit.*

Auditor General's Position

1.1.2.10 Management's assertions did not adequately address the issues raised. Management did not adjust the financial statements and disclosed in the notes to the financial statements the comprehensive composition of GOL contributions constituting payments made to PAPs as requested. GoL contribution amounting to US$606,747.30 for Fiscal year 2025 comprehensively catalogued in Tables 2A and 2B above was obtained from the Consolidated Resettlement Action Plan Implementation Report for the Fish Town to Kelipo Project dated September 30, 2025. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.3 Inadequate disclosure of Fixed Assets

Criteria

1.1.3.1 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."

1.1.3.2 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

1.1.3.3 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

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

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

1.1.3.6 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.

Recommendation

1.1.3.7 Management should ensure that a comprehensive fixed assets register is disclosed in the notes to the financial statements to reflect the following: description, class, code, location, condition, cost, depreciation expense, accumulated depreciation, and net book value of the asset.

1.1.3.8 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.

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

Management's Response

1.1.3.10 *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. See attached Exhibit I: Revised Financial Statement*

Auditor General's Position

1.1.3.11 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 (MRU- II, Lot 1 & 2)

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 by 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) - Phase II allocated $20,051,994.51 for activities related to paving the 47.1km stretch from Sanniquelle to the Luoguatuo border in Nimba County and the 20km road from Fishtown to Kilepo in River Gee County.

Observation

1.2.1.3 During the audit, we observed that Management did not receive the 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 3 below for details**.

Table 3: Inadequate Disbursement of Project Funds

Description	Amount (USD)
Approved Project Budget	20,051,994.51
Actual Funds Disbursed (AfDB)	0
Variance (Shortfall)	(20,051,994.51)
Disbursement Percentage	0%

Risk

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

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

Recommendation

1.2.1.6 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.

1.2.1.7 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.

1.2.1.8 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.

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

Management's Response

1.2.1.10 *Though during the audit period there were no expenditures made on the project by the Bank due to the financing challenges affecting the completion of the project, they were being worked on. Through this process, the Bank approved US$3.5 million to support the resumption of the Sanniquellie–Loguatuo (47.1 km) Road Project.*

1.2.1.11 *In addition, the Bank has committed UA 10.74 million in budget support, currently under finalization with the Government, to facilitate the completion of the remaining unfinished road works, including the Fish Town–Kelipo (20 km) Road Project. This PIU acknowledged that this information was shared with the GAC. However, see attached 1.2.1_3. 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.

1.2.2 Non-Disbursement of Committed Project Funds (EIB)

Criteria

1.2.2.1 The Financing Agreement for the Mano River Union Road Development and Transport Facility Program (MRU/RDTFP) requires the timely disbursement of committed funds by funding partners to ensure uninterrupted project execution and compliance with contractual milestones.

Observation

1.2.2.2 During the audit, we observed no evidence that the European Investment Bank (EIB) loan commitment for the Mano River Union Road Development and Transport Facility Programme (MRU/RDTFP) Phase II: Paving of Fish Town to Kelipo (20km) and Sanniquellie to Loguatuo (47.1km) project was disbursed as required.

1.2.2.3 We further observed that, as a direct consequence of the EIB's non-disbursement of the loan, construction works on both the Sanniquellie to Loguatuo and the Fish Town to Kelipo road corridors were stalled.

1.2.2.4 Additionally, we observed that the specific administrative, legal, or technical reason for EIB's non-disbursement of the committed funds were not resolved or addressed by the Project Implementation Unit (PIU), the Government of Liberia, or the African Development Bank (AfDB) as at the time of the completion of our audit execution.

Risk

1.2.2.5 The non-disbursement of loan commitments to the project may lead to non-achievement of project deliverables, which may lead to additional expenditures (fixed cost) of the project.

1.2.2.6 The non-disbursement of loan commitments to the project may lead to delays in payments to contractors, breaches of the contract terms and conditions, potential fines arising from litigation, and/or reputational damage to the project.

1.2.2.7 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and failure to achieve project objectives.

Recommendation

1.2.2.8 Management should engage with the European Investment Bank (EIB) to identify and resolve bottlenecks delaying the release of funds, to facilitate the timely completion of project deliverables.

1.2.2.9 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 donors and contractors, and included as supplementary documentation to the approved contracts. Management should facilitate full and timely receipt of funding from donors and payments to the contractors consistent with the approved work plan and contract.

1.2.2.10 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.

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

1.2.2.12 Going forward, Management should establish and operationalize a monitoring mechanism to track compliance with all EIB conditions precedent to disbursement and to prevent future project disruptions. Evidence of the monitoring mechanism should be adequately documented and filed to facilitate future review.

Management's Response

1.2.2.13 *The EIB financing does not apply to Lot I (Fish Town–Kelipo, 20 km). The issues raised by the EIB originated from the Sanniquellie–Loguatu Road Project, including allegations that were investigated separately by the PIU, AfDB, and EU. The investigations did not substantiate the allegations. However, discussions between the EIB and the Government remained unresolved, with the EIB requesting the replacement of the contractor when the project had reached 86.26% completion. The Government considered this option impractical due to the associated delays and costs and therefore opted to complete the project through AfDB financing and Government counterpart funding, while transferring the EIB-related arrangements to the Coastal Corridor Project. See attached 1.2.2_1 & 1.2.2_2*

1.2.2.14 *All required conditions were fulfilled prior to the commencement of works on the Sanniquellie–Loguatuo (47.1 km) Road Project, which has currently achieved 90.12% physical progress. Similar requirements will be fulfilled before the commencement of works on the Fish Town–Kelipo (20 km) Road Project.*

1.2.2.15 *The Supervision Consultant and PIU continue to conduct regular project monitoring. As of May 2026, physical progress on the Sanniquellie–Loguatuo (47.1 km) Road Project stands at 90.12%, as reflected in the submitted monthly progress reports. See attached 1.2.2_3*

1.2.2.16 *Relevant project records, including work plans, contracts, funding receipts, payment records, and monitoring reports, are maintained and available for review. Although EIB financing was not realized, the project complied with the disbursement conditions of the AfDB, EU, and the Government of Liberia.*

Auditor General's Position

1.2.2.17 We acknowledge Management's assertion relative to the transferring of the EIB-related arrangements to the funding of the Coastal Corridor Project. We will follow-up on this assertion and implementation of our recommendations during subsequent audit.

1.3 Expenditure Management

1.3.1 Payments without Evidence of Adequate Supporting Documents

Criteria

1.3.1.1 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

1.3.1.2 During the audit, we observed no evidence of adequate supporting documents, such as payment vouchers, invoices, purchase orders, contracts, or no-objection letters from the AfDB, for various expenditures totaling US$273,097.50. **Refer to Annexure 1A & 1B for details**.

Risk

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

1.3.1.4 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.

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

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

Recommendation

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

1.3.1.8 Going forward, Management should ensure that 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.

1.3.1.9 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

1.3.1.10 *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

1.3.1.11 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.

1.3.1.12 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 Assets for Non-Project Activities

Criteria

1.4.1.1 On August 3, 2021, the Government of Liberia, represented by the Ministry of Public Works, signed a contract with China Henan International Corporation (CHICO) for the pavement of the Fishtown to Kelipo (20km) in River Gee County for a cost of US$15,666,691.33. The road construction commenced in July 2022 and was scheduled to be completed in July 2024.

Observation

1.4.1.2 During the audit, we observed that six (6) vehicles intended for the project were transferred despite construction works remaining incomplete; specifically, three vehicles belonging to the consulting engineers were transferred by the contractor, CHICO, to an unrelated project in Lofa County, while an additional three (3) vehicles were transferred to the Ministry of Public Works for usage unrelated to the project.

1.4.1.3 Furthermore, we observed the following:

- We observed no evidence that Management obtained a "No Objection" from the African Development Bank (AfDB) as required.
- The transfer of the vehicles by the contractor (CHICO) did not include provisions for the mobility of the consulting engineer (who are currently demobilized) upon their

return to the project site.

- The transfer also did not specify financial responsibility for the maintenance and operational costs of the transferred vehicles.

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 and an unrelated project 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 *The transfer of the 20 km Fishtown–Kelipo project vehicles was undertaken without PIU authorization after the demobilization of the supervision consultant. The issue was identified during the PIU's first-quarter 2026 asset verification exercise and later confirmed by the GAC. Management instructed the contractor to return the vehicles to the project site, and the contractor has reported compliance with supporting photographic evidence. The PIU will verify the contractor's claim during the next asset inspection.*

Auditor General's Position

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

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:

1.4.2.3 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

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

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

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

1.4.2.7 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.

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

1.4.2.13 *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

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

1.4.2.15 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 Issues:

1.5.1 Non-implementation of Project Deliverables (Fishtown to Kelipo 20km- Lot-1)

Criteria

1.5.1.1 On August 3, 2021, the Government of Liberia, represented by the Ministry of Public Works, signed a contract with China Henan International Cooperation (CHICO) for the pavement of the Fishtown to Kelipo (20km) in River Gee County for a cost of US$15,666,691.33. The road construction commenced in July 2022 and was scheduled to be completed in July 2024.

Observation

1.5.1.2 During the audit, we observed no evidence that road construction-related activities agreed in the revised project work plan were implemented. **See Table 4A &4B below for details.**

Table 4: Summary of Project Cost To-Date

Name of Component of the Project	Approved/Budgeted Cost	Implementation Cost To-Date	Outstanding Implementation Cost	Status
Component 1-Civil Works	21,361,324.79	2,305,470.87	19,055,853.92	Activities are ongoing and the Project is awaiting budget support from GoL or external funding
Component 2- Civil Works Lot 2	3,698,369.43	664,023.14	3,034,346.29	Activities are ongoing

Name of Component of the Project	Approved/Budgeted Cost	Implementation Cost To-Date	Outstanding Implementation Cost	Status
Component 3-PIU Operations	796,266.00	309,232.28	689.40	Activities were fully utilized
Total	**25,855,960.22**	**3,278,726.29**	**22,090,889.61**	

Table 4B: Non-implementation of Project Deliverables (Fishtown to Kelipo 20km- Lot-1)

N0.	Planned Activities	Amount (US$)	Target Dates
1	Tack coat	108,899.55	January to December, 2025
2	Asphalt Wearing Course	2,177,991.00	January to December, 2025
3	Traffic Signs	37,700.00	January to December, 2025
4	W-Section Crash Barriers	315,610.00	January to December, 2025
5	Road Marking	71,780.20	January to December, 2025
6	Land Scape	62,000.00	January to December, 2025
Total		**2,773,980.75**	

1.5.1.3 Additionally, we observed that laying of the wearing course (final layer of asphalt pavement) on the entire 20 km road was not completed, creating deterioration to the binder course (first layer of the asphalt pavement) due to environmental conditions such as rain and sun.

1.5.1.4 Further, inspection of Bridge #1, located at Km 8+040 and spanning 30 meters, revealed that key components specified in the design plans, such as handrails, walkways, and expansion joints, were not constructed by the contractor as required. **See photo below for details.**

GAC Photo: Partial view of the bridge #1 (30 meters)- Fish Town to Kelipo Road, Uncompleted

GAC Photo: partial view of the Fishtown to Kilepo road- 20km, uncompleted

1.5.1.5 We also observed that the contractor, CHICO, along with the Consultant Engineers, ILSHIN Engineers and Consultant Co., LTD, and Gbesohn Limited, demobilized and exited the work site due to cash flow constraints.

Risk

1.5.1.6 The untimely achievement of project deliverables may lead to additional expenditures (fixed cost) of the project.

1.5.1.7 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.

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

Recommendation

1.5.1.10 Management should facilitate the timely execution of the road project in accordance with the approved timeframe laid out in the contract document.

1.5.1.11 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.

1.5.1.12 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.

1.5.1.13 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

1.5.1.14 *1. Project completion was delayed due to an outstanding variation request that was affected by the contractor's cross-debarment. However, the Bank committed UA 10.74 million in budget support, currently under finalization with the Government, to facilitate the completion of the remaining unfinished road works on the Fish Town–Kelipo (20 km) Road Project. 2. The project is implemented under an approved work plan. The PIU will address any outstanding payment delays upon project liquidation. 3. Works are currently suspended. Management will implement the recommendation upon resumption of project activities.*

Auditor General's Position

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

1.5.2 Lack of Maintenance of Supervising Engineers' Compound

Criteria

1.5.2.1 Project management guidelines and asset management best practices require that project facilities and infrastructure be adequately maintained, secured, and preserved in a habitable condition during temporary project suspensions to prevent asset degradation.

Observation

1.5.2.2 During the audit, we observed that the consulting engineer compound was overgrown with grass and indicated no evidence of maintenance. The Project's supervising consultant is due to return to the compound to resume supervision when construction resumes. **See Photos below:**

GAC photo: Abandoned supervising consulting engineers' compound in River Gee County

Risk

1.5.2.3 The lack of maintenance may accelerate the structural deterioration of the buildings and infrastructure within the compound.

1.5.2.4 Additional costs may be incurred due to extensive repairs and clearing required to make the compound habitable.

1.5.2.5 Project assets housed within the neglected compound may lead to security risks, including the potential theft or vandalism.

Recommendation

1.5.2.6 Management should immediately engage the contractors to facilitate the clearing and cleaning of the consulting engineer's compound.

1.5.2.7 Going forward, Management should implement a routine maintenance and security schedule to preserve the facility's condition until project operations fully resume.

Management's Response

1.5.2.8 *Although the project is on hold due to the approval of budgetary support from the Government, management takes note of the recommendation and will take the appropriate action.*

Auditor General's Position

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

1.5.3 Pavement and Road Work Suspension (Sanniquelle to Loguatuo Road Project - Lot -2)

Criteria

1.5.3.1 On 18 November 2019, the Government of Liberia and China Railway Seventh Group signed a contract agreement for the pavement of the Sanniquelle to Loguatuo border (47.1 KM) for a sum of US$37,762,624.50. The construction works were due to be completed within 36 Months.

Observation

1.5.3.2 During the audit, we observed no evidence of physical progress on the Sanniquelle to Luoguatou road (47.1 KM), with construction of both the sub-base and base courses entirely halted due to the suspension of work.

1.5.3.3 We further observed that the suspension of road works extended into the final road paving stages, with no evidence of progress recorded on the asphalt binder course in September 2025 and no evidence of construction activities on the asphaltic wearing course in October 2025. **See Photos below**

GAC Photo: A partial view of the suspended road construction project (Sanniquelle to Loguatuo road 47.1km)

1.5.3.4 Further, during our field verification of the project site, we observed that both the contractor and the consulting engineers had abandoned the project site due to the lack of cash flow.

1.5.3.5 Additionally, we observed that the lack of cash flow resulted from the non-payment of Interim Payment Certificates (IPCs) by the AfDB, totaling US$ 2,787,117.00. We observed that the outstanding payment was scheduled to be paid by November, 2025 but as at the completion of our audit execution, the IPCs had not been paid. **See Table 5 for details.**

Table 5: Outstanding IPCs payments

IPC No.	Percent % of contract Amount	Amount Due (US$)	Remarks
(22) on April 16, 2024	5.14	1,918,620.00	Outstanding
(23) on May 20, 2024	2.3	868,497.49	Outstanding
TOTAL		**2,787,117.00**	

1.5.3.6 Additionally, construction-related activities agreed in the revised project work plan for the period under audit, totaling US$11,442,039.42 were not implemented. **Refer to Annexure 2 for details.**

Risk

1.5.3.7 The untimely achievement of project deliverables may lead to additional expenditures (fixed cost) of the project.

1.5.3.8 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.

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

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

Recommendation

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

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

1.5.3.13 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.

1.5.3.14 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.

1.5.3.15 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

1.5.3.16 *1. 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 Sanniquellie–Loguatuo (47.1 km) Road Project. In addition, the Bank committed UA 10.74 million in budget support, currently under finalization with the Government, to facilitate the completion of the remaining unfinished road works. 2. The project recommenced on February 18, 2026; works are ongoing on the corridor, and physical progress was 86%, and it is now at 90.12%. 3. All required conditions were fulfilled prior to the commencement of works on the Sanniquellie–Loguatuo (47.1 km) Road Project, which has currently achieved 90.12% physical progress. 4. The Supervision Consultant and PIU continue to conduct regular project monitoring. As of May 2026, physical progress on the Sanniquellie–Loguatuo (47.1 km) Road Project stands at 90.12%, as reflected in the submitted monthly progress reports. 5. Relevant project records, including work plans, contracts, funding receipts, payment records, and monitoring reports, are maintained and available for review.*

Auditor General's Position

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

1.5.4 Uncompleted Bridge Construction

Criteria

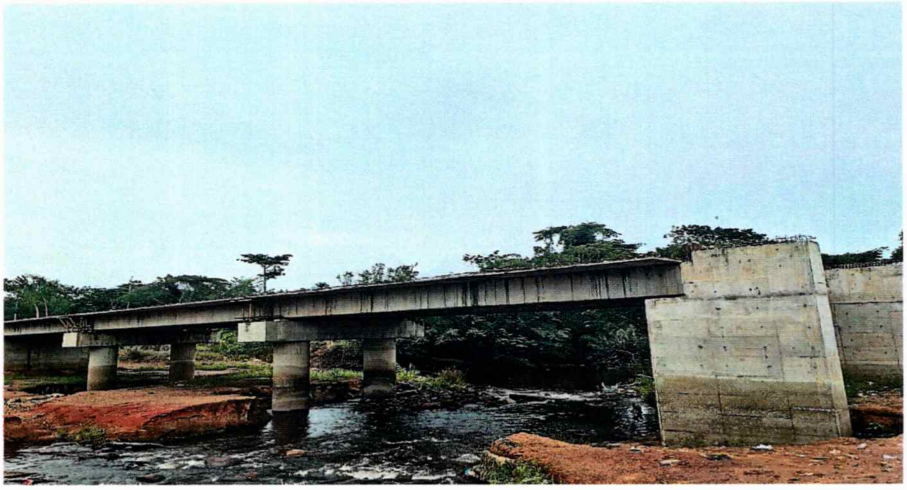
1.5.4.1 On 18 November 2019, the Government of Liberia and China Railway Seventh Group signed a contract agreement for the pavement of the Sanniquelle to Loguatuo border (47.1 KM) for a sum of US$37,762,624.50. The construction works were due to be completed within 36 Months.

1.5.4.2 During the audit, we observed that all eight (8) bridge structures along the Sanniquelle to Luoguatou border (47.1 KM), which were not completed during the prior year's audit, still remain incomplete. However, during physical verification of the project, we observed ongoing construction works on all eight bridges. **Refer to Table 6 for details.**

Table 6: Uncompleted Bridge Construction

Description	Status / Activity in Oct 2025	% Completion
Bridge #1	Suspended	77.40%
Bridge #2	Suspended	77.40%
Bridge #3	Suspended	77.30%
Bridge #4	Suspended	77.30%
Bridge #5	Suspended	77.60%
Bridge #6	Suspended (Bolts delivered April 2024)	77.50%

Description	Status / Activity in Oct 2025	% Completion
Bridge #7	Suspended	75.80%
Bridge #8	Suspended (Slab reinforcement halted May 2024)	70.00%



1.5.4.3 Additionally, we observed that the lack of cash flow resulted from the AfDB's non-payment of Interim Payment Certificates (IPCs), totaling US$ 2,787,117.00. We observed that the outstanding payment was scheduled for payment by November, 2025, but as at the completion of our audit, the IPCs had not been paid. **See Table 7 for details.**

Table 7: Outstanding IPCs payments

IPC No.	Percent % of contract Amount	Amount Due (US$)	Remarks
(22) on April 16, 2024	5.14	1,918,620.00	Outstanding
(23) on May 20, 2024	2.3	868,497.49	Outstanding
TOTAL		**2,787,117.00**	

1.5.4.4 Further, construction-related activities agreed in the project work plan for the period under audit, totaling US$11,442,039.42 were not implemented. **Refer to Annexure 2 for details.**

Risk

1.5.4.5 The untimely achievement of project deliverables may lead to additional expenditures (fixed cost) of the project.

1.5.4.6 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.

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

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

Recommendation

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

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

1.5.4.11 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.

1.5.4.12 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.

1.5.4.13 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

1.5.4.14 *1. 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 Sanniquellie–Loguatuo (47.1 km) Road Project. In addition, the Bank committed UA 10.74 million in budget support, currently under finalization with the Government, to facilitate the completion of the remaining unfinished road works. 2. The project recommenced on February 18, 2026; works are ongoing on the corridor, and physical progress was 86%, and it is now at 90.12%. 3. All required conditions were fulfilled prior to the commencement of works on the Sanniquellie–Loguatuo (47.1 km) Road Project, which has currently achieved 90.12% physical progress. 4. The Supervision Consultant and PIU continue to conduct regular project monitoring. As of May 2026, physical progress on the Sanniquellie–Loguatuo (47.1 km) Road Project stands at 90.12%, as reflected in the submitted monthly progress reports. 5. Relevant project records, including work plans, contracts, funding receipts, payment records, and monitoring reports, are maintained and available for review.*

Auditor General's Position

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

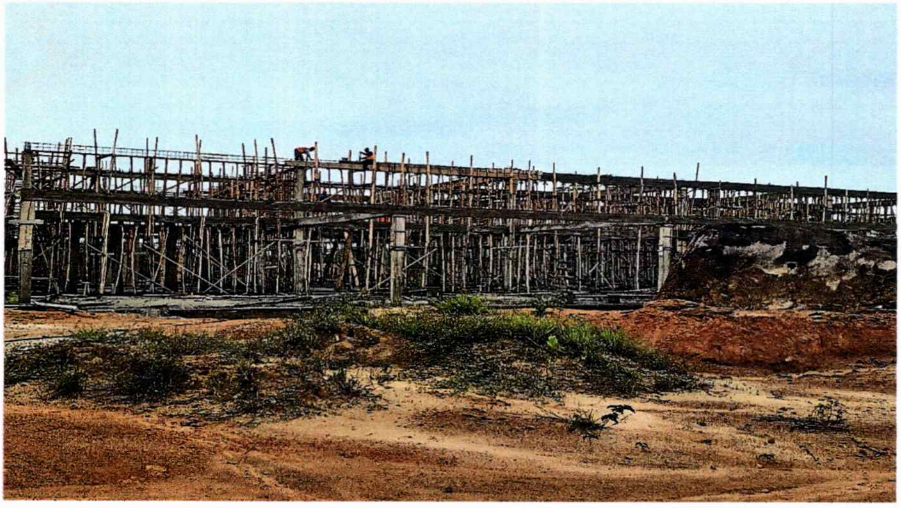
1.5.5 Uncompleted Karnplay Market Construction

Criteria

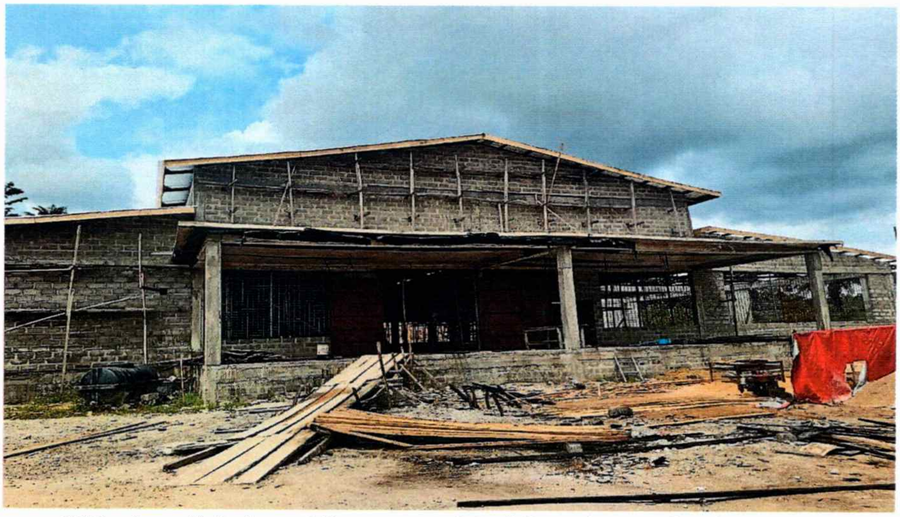
1.5.5.1 The addendum to the civil work contract for the construction of the Karnplay Market was agreed on July 15, 2024, between the Ministry of Public Works and BK Enterprise, Inc., Engineering Consultancy & Construction Services. The addendum extends construction works on the Karnplay Market to be completed from February 22, 2024, to October 30, 2024, and the defects liability period from October 30, 2024, to April 30, 2025.

Observation

1.5.5.2 During the audit, we observed that the construction work at Karnplay Market, which was not completed during the prior-year audit, remains incomplete. However, we observed ongoing construction activities during our field verification of the project in May 2026. **See photo below.**



GAC: A partial view of the uncompleted Karnplay Market in May 2025



GAC: A partial view of the uncompleted Karnplay Market in May 2026

Risk

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

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

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

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

Recommendation

1.5.5.7 Management should provide substantive justification why the civil works were not completed within approved timelines.

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

1.5.5.9 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 agreed with the contractors and included as supplementary documentation to the approved contracts.

1.5.5.10 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.

1.5.5.11 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

1.5.5.12 *Karnplay Market construction was affected by the suspension of disbursement on the MRU II portfolio. Notwithstanding this, the contractor has resumed work, and it is expected that the project will be completed by the end of this year. An extension to the contractor's contract is currently being finalized and will be submitted to the Bank for approval. The primary challenge has been funding constraints.*

Auditor General's Position

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

1.5.6 Non-compliance with RAP Payment Requirements

Criteria

1.5.6.1 Section 3.1.9 (b) (i) of the consulting service contract signed between the Liberian Government and AIC Progetti/TIS Engineering Construction Consultants for the supervision of the Sanniquellie to Loguatuo road Construction states that "A Resettlement Action Plan was prepared for the project. The RAP identifies the Project Affected Persons (PAPs) and various properties and crops that shall be affected by the works. In this regard, the Consultant shall: (i) monitor the implementation of the RAP and provide monthly reports. The report shall include progress in the implementation of the RAP and challenges".

Observation

1.5.6.2 During the audit, we observed no evidence of oversight or monitoring by the consulting/supervising engineer regarding the disbursement of US$606,747.10 in Resettlement Action Plan (RAP) compensation to Project Affected Persons (PAPs). **See table 8A & 8B for details.**

Table 8A: Non-compliance with RAP Payment Requirements - Lot -1

Description	Amount Disbursed (USD)	Number of Properties	Number of PAPs
Balance Right way Payment	93,652.2	25	20
Total	**93,652.2**		

Table 8A: Non-compliance with RAP Payment Requirements - Lot-2

Description	Amount Disbursed (USD)	Number of Properties	Number of PAPs
Property Repairs	334,976.72	433	396
Full Replacements	178,118.38	39	37
Total	**513,095.10**	**472**	**433**

1.5.6.3 Additionally, we observed no evidence of periodic monitoring and evaluation reports by the consultant engineer to validate the RAP payments or confirm that the correct PAPs were adequately compensated.

Risk

1.5.6.4 Management may be non-compliant with Section 3.1.9 (b) (i) of the consulting service contract.

1.5.6.5 The lack of oversight of RAP payments may lead to fraudulent claims, payments to illegitimate PAPs, misdirection of funds, and potential legal action against the Government by PAPs who may not have been properly compensated.

Recommendation

1.5.6.6 Management should provide a material justification for disbursing RAP funds to PAPs without the consulting engineer's supervision.

1.5.6.7 Going forward, Management should ensure that the disbursement of RAP payments is initiated after the completion of periodic monitoring and evaluation and identification of legitimate PAPs (beneficiaries) by the consulting engineer.

1.5.6.8 Evidence of periodic monitoring and evaluation and subsequent disbursement records for RAP payments should be adequately documented and filed to facilitate future review.

Management's Response

1.5.6.9 *As per government-established procedures for assessment and payment of affected persons on the corridor, it is the sole responsibility of the employer, especially during implementation. For RAP payment before the commencement of work, the supervision consultant has no role in the RAP payment process. The payment in question was made towards affected structures along the project corridor. The Supervision Consultant is only required to notify the Employer about the situation on the corridor. During the assessment and discussion with the affected person, the Consultant plays the role of an observer, and the process does not stop them from taking records if they want to, but it is not meant for the Ministry RAP team to report to the Consultant to verify. Let us note that the Supervision Consultant reports to the client, not the other way round. In the event where the client deems it necessary to carry on the RAP exercise, it is usually an independent consultant, not the supervision consultant. The RAP Payment in question was assessed by the Ministry of Public Works' RAP Team and financed by the National Road Fund. Attached (1.5.6_1) is the detailed assessment report, and the Financial Payment Report is with the National Road Fund. Periodic monitoring reports and corresponding RAP payment records are maintained as part of standard project procedures.*

Auditor General's Position

1.5.6.10 Management's assertion did not adequately address the issues raised and is noncompliant with Section 3.1.9 (b) (i). Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.5.7 Non-adherence to Contractual Terms

Criteria

1.5.7.1 Section 3.1.1 (x) of the consulting service contract signed between the Liberian Government and AIC Progetti/TIS Engineering Construction Consultants for the supervision of the Sanniquellie to Loguatuo road Construction requires the consulting engineer to "provide timely assistance and direction to the contractor in all matters related to the interpretation of the contract documents, ground survey control, quality control testing and other matters related to contract compliance and progress of the project".

Observation

1.5.7.2 During the audit, we observed several non-adherences to compliance requirements by the contractor. Further, mitigating measures recommended by the supervising engineer that were not addressed during the prior-year audit remained unimplemented by the contractor for the period under audit. **See Tables 10A and 10B below for details.**

Table 9A: Non-adherence to Engineer's Recommendations

Environmental Health and Safety Issues	Recommended Mitigation Measure	Assessment of compliance with environmental and social issues	Timeline for Implementation of Noncompliance
Maintenance of Corridor	Maintain all haul roads and the maintenance of the adjacent community road, closed as a result of the project. Ensure that there are no traffic constraints along the corridor.	Minimum physical work was observed in the areas where culverts were installed.	Not Implemented
Erosion and sediment control	Ensure the prevention of erosion by the implementation of an erosion and sediment control plan.	No plan has been submitted	Not Implemented
Standard Operating Procedure (SOP)	Ensure the implementation of an SOP for the execution of various tasks by the project staff.	Training and implementation enforcement	Not Implemented
Compliant Registry	Address complaints raised by the contractor workers and all project personnel.	The contractor's grievance registry has not been updated to capture any new grievances, or previous grievances have been resolved. This is a non-compliance issue that the contractor should address with urgency.	Not Implemented

Table 9B: Non-adherence to Engineer's Recommendations

No.	Site Name	Issue	Action	Consulting Engineer's Comment
1	Consultant Camp	Waste collection from the containment site	Remove waste from the Containment site	Delay in action

No.	Site Name	Issue	Action	Consulting Engineer's Comment
2	Contractor camp	Huge quantity of waste oil drums with leakages of waste oil	Remove waste oil drum	Action overdue
3	Quarry	Create a temporary waste dumping site at the quarry	Close the temporary site and revert to the waste collection by the subcontractor	Regular Compliance monitoring is needed
4	KM0-KM41	Implementing erosion control without a control management plan	Submit erosion management plan	Important

Risk

1.5.7.3 Failure to adhere to recommendations aimed at mitigating compliance deviation may result in non-achievement of the project deliverables.

1.5.7.4 Project deliverables may not be achieved or not achieved up to approved specifications.

1.5.7.5 Payment may be made for services not performed. Services performed may not meet the approved specifications.

Recommendation

1.5.7.6 Management should facilitate immediate redress of the compliance deviations and consultant engineer's recommendations comprehensively catalogued in Tables 3A and 3B above. Evidence of implementation of compliance deviations and the consultant engineer's recommendations should be submitted to the Office of the Auditor General within three months upon the issuance of the Auditor General's Report to the National Legislature.

1.5.7.7 Going forward, Management should facilitate periodic monitoring and evaluation of project activities, contracts terms and conditions and consultant engineer's recommendations to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts.

1.5.7.8 Evidence of periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

Management's Response

1.5.7.9 *According to the Resident Engineer, the social and environmental non-compliances were* *repeatedly reported during the project suspension period. Following the resumption of site activities on 18 February 2026, the Contractor commenced corrective measures to address the issues identified in Tables 9A and 9B. The PIU will ensure the timely execution of the task and report in time to the GAC.*

Auditor General's Position

1.5.7.10 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-II)

Paragraph #	Issue	Responsible Party	Recommendation	Level of implementation by Auditee
1.1.1	**Non-implementation of Project Deliverables (Fishtown to Kelipo 20km-Lot-1)**	MPW	Management should facilitate the timely execution of the road project in accordance with the prescribed timeframe laid out in the contract document. 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.	Not Implemented
1.1.2	**Suspension of Road Construction (Sanniquelle to Loguatuo Road Project -Lot -2)**	MPW	Management should facilitate the timely execution of the road project in accordance with the prescribed timeframe laid out in the contract document. Going forward, Management should develop, approve, and operationalize a work plan to facilitate the smooth implementation of	Not Implemented

Paragraph #	Issue	Responsible Party	Recommendation	Level of implementation by Auditee
			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.	
1.1.3	**Uncompleted Karnplay Market Construction**	MPW	Management should provide substantive justification why the civil works were not completed within approved timelines. Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the civil works and update the Office of the Auditor General as part of Management's response to this Management Letter. 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	Not Implemented

Paragraph #	Issue	Responsible Party	Recommendation	Level of implementation by Auditee
			approved deliverables. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts.	
1.1.4	**Non-adherence to Contractual Terms**	MPW	Management should facilitate immediate redress of the compliance deviations and consultant engineer's recommendations comprehensively catalogued in Tables 3A and 3B above. Evidence of implementation of compliance deviations and the consultant engineer's recommendations should be submitted to the Office of the Auditor General within three months upon the issuance of the Auditor General's Report to the National Legislature.	Not Implemented

APPENDIXES

Annexure 1A: Payments for Goods and Services without evidence of the relevant supporting documents

NO.	Voucher Date	Description	Voucher #	Payee	Amount (US$)	Comments
1	01-Jun-25	Payment for the supply of stationery for the GRC meeting for three days in Sanniquellie	MRU ll/2025/002	United Office Supplies and Equipment	431.50	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
2	13/01/2025	Payment for the servicing of project's vehicles #A65636	MRU ll/2025/004	Auto Elegance	1,865.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
4	02-May-25	Payment for the supply of sundries and toiletries for the PIU	MRU ll/2025/008	Office ideas	739.50	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
5	20/02/2025	Payment for the supply of fuel coupon for the Project's vehicles	MRU ll /2025/011	Aminata & Sons	2,088.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
6	17/02/2025	Payment for the supply of scratch cards for the period of September to December 2024	MRU ll/2025/009	Saksouk Shopping Center	4,200.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."

NO.	Voucher Date	Description	Voucher #	Payee	Amount (US$)	Comments
7	24/03/2025	Payment for the supply of scratch cards for the period of January to March 2025	MRU II/2025/016	Saksouk Shopping Center	3,895.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
8	24/03/2025	Payment for the servicing of project's vehicles #A65634	MRU II/2025/015	Auto Elegance	2,000.00	1. No evidence of a purchase order or contract 2. No evidence of AfDB's "NO Objection."
Totals					**15,219.00**	

Annexure 1B: Payments for Consultancy Services without evidence of the relevant supporting documents

NO.	Voucher Date	Description	Voucher Number	Payee	Amount (US$)	Comments
1	07/07/2025	payment for Environmental & Social Rap Audit	0064	N/A	33,612.50	No supporting documents (i.e. Payment voucher)
2	N/A	Third Party Payment to contractor & Consultants	0138	N/A	9,666.00	No supporting documents (i.e. Payment voucher)
3	18/09/2025	Payment as final remuneration for E& S Consultant for the period July to September 2025	MRU/2025/016	Mudessir Temam Imamu	15,000.00	1. No evidence of bidding process 2. No evaluation of the evaluation panel report 3. No evidence of work done 4. No evidence of AfDB's "No Objection."
4	15/12/2025	Payment as a performance-based allowance for MRU staff for the month of	MRU/2025/058	Listed Individuals	39,850.00	No evidence of AfDB's "No Objection" 2. No evidence of contracts

NO.	Voucher Date	Description	Voucher Number	Payee	Amount (US$)	Comments
		December 2025				
5	15/10/2025	Payment as a performance-based allowance for MRU staff for the months of July to October 2025	MRU II/2025/019	Listed Individuals	159,750.00	No evidence of AfDB's "No Objection" 2. No evidence of contracts
Totals					**257,878.50**	

Appendix 2: Suspension of Road Construction

NO.	Planned Activities	Amount (US$)	Target Dates
1	Mobilization	29,089.00	January to December, 2025
2	Implementation of the Environmental & Social Management Plan (ESMP)	321,015.56	January to December, 2025
3	Relocation of utilities, dismantling of log bridges, demolition of RC frame buildings & other dismantling exercises	460,709.25	January to December, 2025
4	Production of crushed stones	100,889.00	January to December, 2025
5	Earthworks for KM45+300 - KM45+808	90,140.75	January to December, 2025
6	Construction of the subgrade layer for KM45+300 - KM45+808	124,110.48	January to December, 2025
7	Construction of the subbase layer for KM45+300 - KM45+808	159,667.78	January to December, 2025
8	Construction of the crushed stone base layer for KM45+300 - KM45+808	284,254.49	January to December, 2025
9	Application of prime coat to KM45+300 - KM45+808	15,867.90	January to December, 2025
10	Application of tack coat to KM45+300 - KM45+808	17,509.90	January to December, 2025
11	Construction of the binder course layer for KM45+300 - KM45+808	356,699.97	January to December, 2025
12	Earthworks for intersections	63,456.83	January to December, 2025
13	Pavement for intersections	133,439.27	January to December, 2025
14	Topsoiling of embankment slope	101,921.34	January to December, 2025
15	Vegetalization of embankment slope	128,429.64	January to December, 2025

NO.	Planned Activities	Amount (US$)	Target Dates
16	Application of wearing course (except bridges)	1,547,751.00	January to December, 2025
17	Application of asphalt wearing course for bridges	669,087.00	January to December, 2025
18	Construction of the bridge transition slab @ KM 45	103,615.23	January to December, 2025
19	Installation of the bridge reinforcement @ KM 45	48,933.24	January to December, 2025
20	Construction of the bridge concrete carriage way @ KM 45	392,045.15	January to December, 2025
21	Construction of guardrails, drainage pipes, walkway concrete & expansions joints for all bridges	46,729.65	January to December, 2025
22	Waterproofing application for all bridges	18,275.01	January to December, 2025
23	Installation of 600mm culverts	174,601.15	January to December, 2025
24	Construction of RC lined drains	153,896.06	January to December, 2025
25	Stone pitching for drainages, galvanized gabions, concrete slope protection, SD1 & SD2 & check dams	829,273.98	January to December, 2025
26	Consruction of bus stations	109,521.30	January to December, 2025
27	Installation of W-beam guard rails, road signs, kilometer posts, speed humps, rumble strips & road markings @ KM0 - KM45	1,119,342.11	January to December, 2025
28	Planting of trees & shrubs	6,669.25	January to December, 2025
29	Restoration of borrow pits	73,701.00	January to December, 2025
30	Restoration of the rock quarry	25,000.00	January to December, 2025
31	Demobilization & dismantling of the crushing plant, hot mix plant, concrete plant & site laboratory	155,950.00	January to December, 2025
32	Construction of Chainlink Fence for 6Nos Settlements along the project Pumps	15,411.83	January to December, 2025
33	Sinking of 5Nos Boreholes with Afridev Hand Pumps	30,805.00	January to December, 2025
34	2Nos Market Access Roads and Improvement	634,230.30	January to December, 2025
35	One Stop Border Post Construction	2,900,000.00	January to December, 2025
Total		**11,442,039.42**	