



Management Letter

On the Financial Statements Audit of the South Eastern Corridor Road Asset Management Project (SECRAMP)

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

Abbreviation	Meaning
FCCA	Fellow Member of the Association of Chartered Certified Accountants
AfDB	African Development Bank
APA	Assistant Project Accountant
AG	Auditor General
AWPB	Annual Work Plan and Budget
BC	Box Culvert
CE	Contracting Entity
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
CPA	Certified Public Accountant
CHICO	China Henan International Cooperation
CICO	Chongqing International Construction Corporation
CS	Consultancy Services
FA	Financing Agreement
FAR	Fixed Assets Register
FPM	Financial Procedure Manual
GOL	Government of Liberia
IDA	International Development Association
IIU	Infrastructure Implementation Unit
LHS	Left Hand Side
SECRAMP	South Eastern Corridor Road Asset Management Project
LRTF	Liberia Reconstruction Trust Fund
MC	Monitoring Consultant
MOFDP	Ministry of Finance & Development Planning
MPW	Ministry of Public Works
OPRC	Output and Performance-Based Road Contract
PAD	Project Appraisal Document

*Draft Management Letter on the Financial Statement Audit
Of the South Eastern Corridor Road Asset Management Project (SECRAMP)
For the year ended December 31, 2025*

Abbreviation	Meaning
PAPs	Property Affected Persons
PDO	Project Development Objectives
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual
PIP	Project Implementation Plan
PIU	Project Implementation Unit
PSC	Project Steering Committee
RAP	Resettlement Action Plan
RHS	Right Hand Side
RPF	Resettlement Policy Framework
RoW	Right of Way
SBD	Sample Bidding Document
SDR	Special Drawing Rights
SIU	Special Implementation Unit
SOE	Statement of Expenditures
WB	World Bank

June 25, 2026

Hon. Roland Layfette Giddings

Minister

Ministry of Public Works

Lynch Street

Monrovia, Liberia

Dear Hon. Giddings:

RE: MANAGEMENT LETTER ON THE FINANCIAL STATEMENTS AUDIT OF THE SOUTH EASTERN CORRIDOR ROAD ASSET MANAGEMENT PROJECT (SECRAMP) FOR THE YEAR ENDED DECEMBER 31, 2025.

The financial statements of the South Eastern Corridor Road Asset Management Project (SECRAMP) for the year ended December 31, 2024 are subject to audit by the Auditor-General (AG) under the AG's Mandate as provided for in Section 2.1.3 of the GAC Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

INTRODUCTION

The audit of the South Eastern Corridor Road Asset Management Project (SECRAMP) financial statements for the year ended December 31, 2025 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit includes:

Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;

- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the overall financial statement presentation.

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

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

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

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

Key Management Personnel

No.	Name	Position	Telephone
PFMU/MFDP			
1	Mr. Papin Daniels Jr. CA, CPA	Project Financial Management Unit Director	776935872
2	Leroy N. Fendor CA, CPA-Liberia	Deputy Director PFMU	770173556
3	Mr. Subozu Kollie, CFE, CA, CPA	Internal Auditor	770476651
PIU/MPW			
1	Mr. Emmanuel K. Baker	Project Manager	777950164
2	V. Larry Reeves	Procurement Specialist	886578053
3	Tarnue L. Douwai	Project Account	886518902

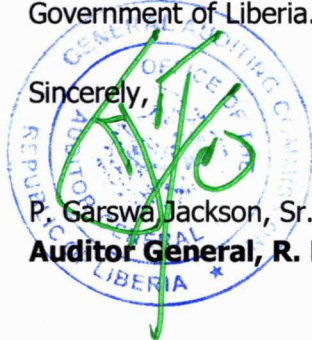
Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the staffers of the South Eastern Corridor Road Asset Management Project (SECRAMP) during the audit.

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

Sincerely,

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



1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Governance Issues

1.1.1 Monitoring & Supervision of Road Safety Secretariat (RSS)

Criteria

- 1.1.1.1 Regulation A.15 (1) of the PFM Act of 2009 as amended and restated 2019 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal controls to mitigate these risks.
- 1.1.1.2 Regulation A.3 (1) of the PFM Act of 2009, as amended and restated 2019 states: "Any public officer concerned with the conduct of financial matters of the government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by the Minister."
- 1.1.1.3 Also, Regulation C.8 (3) (g) of the PFM Act of 2009, as amended and restated 2019 states: "The head of agency or spending unit is responsible to ensure that all books of accounts under his or her control are correctly posted and kept up-to-date".

Observation

- 1.1.1.4 During the audit, we observed no evidence that RSS/Ministry of Transport provided the required oversight to Road Safety for the full implementation of planned activities within approved workplan and budget timelines, evidenced by the absence of approved annual monitoring & evaluation reports and/or periodic activities reports.
- 1.1.1.5 Further, we observed that the Road Safety Secretariat had not been established as a fully autonomous entity through an Act of the Legislature. As a result, the Secretariat's legal authority, institutional independence, and governance framework remain limited, which may hinder its ability to effectively discharge its statutory responsibilities and fully administer, coordinate, and implement its mandated road safety activities and programs.

Risk

- 1.1.1.6 In the absence of effective monitoring and evaluation, project deliverables may not be achieved up to approved specifications and within approved timelines.

- 1.1.1.7 Value for money may not be achieved and project resources may be subjected to misapplication and misappropriation.
- 1.1.1.8 Approved activities cataloged in the work plan may not be achieved or achieved up to approved specifications and timelines.
- 1.1.1.9 The lack of legislative autonomy may limit the Road Safety Secretariat's authority, independence, and operational effectiveness, resulting in weak coordination, inadequate oversight, and challenges in fulfilling its road safety mandate.

Recommendation

- 1.1.1.10 Management should facilitate the establishment of a functional Monitoring and Evaluation Committee (M&E), evidenced by the documentation of planned annual activities and periodic activities reports. Evidence of approved annual plans and periodic monitoring and evaluation activities reports should be adequately documented and filed to facilitate future review.
- 1.1.1.11 Management should ensure that periodic physical verifications are conducted to validate plan activities align with the actual phase of the work completed.
- 1.1.1.12 Management should pursue the enactment of appropriate legislation to establish the Road Safety Secretariat as an autonomous entity with a clear legal mandate, governance structure, and authority to effectively execute its responsibilities.

Management's Response

- 1.1.1.13 *The Ministry of Transport has provided and continues to provide oversight role over the Road Safety Secretariat through the office of the Deputy Minister of Land Rail and Transport, with respect to the implementation of the approved activities under the annual workplan and budget as captured in the RSS monthly report. **See attached Exhibit 1a: RSS Monthly Report for the month of April 2025.***
- 1.1.1.14 *Another layer of oversight of the activities of RSS is through the interministerial steering committee that governs the implementation of approved activities under the annual workplan and budget. **See attached Exhibit 1b: Minutes of IMSC meeting dated June 20, 2025.***
- 1.1.1.15 *Concerning the enactment of appropriate legislation to establish the Road Safety Secretariat as an autonomous entity, the management has hired a consultant to draft the appropriate legislation to establish the Road Safety Secretariat as an autonomous entity with a clear legal mandate, governance structure, and authority to effectively execute its responsibilities. **See attached Exhibit 1c: Copy of Consultant's Contract Essential Pages.***

Auditor General's Position

- 1.1.1.16 Management's assertions were not supported by adequate documentation. The single periodic activities report dated April 2025 and referenced in Management's response was related to activities of the secretariat implemented in Bong, Grand Bassa, Margibi and Nimba Counties and not the southeastern counties covered under this project. Therefore, we maintain our findings and recommendations in this regard. We will follow up on the implementation of our recommendations during subsequent audits.
- 1.1.1.17 Management submission of the consultant contract relative to the crafting of the appropriate legislation to establish the Road Safety Secretariat as an autonomous entity with a clear legal mandate, governance structure, and authority to effectively execute its responsibilities is acknowledged. We will follow up on the implementation of our recommendations during subsequent audits.

1.1.2 No Evidence of Training and Development Plan

Criteria

- 1.1.2.1 The Committee of Sponsoring Organizations of the Treadaway Commission (COSO) states, that "commitment to competence includes the level of knowledge and skill needed to help ensure orderly, ethical, economical, efficient and effective performance, as well as a good understanding of individual responsibilities with respect to internal control".
- 1.1.2.2 The above can be evidenced by providing training, to raise the awareness of management and employees of the internal control objectives and, in particular, the objective of ethical operations, and helps them to understand the internal control objectives and to develop skills to handle ethical dilemmas.

Observation

- 1.1.2.3 During the audit, we observed no evidence that Management had a documented training and development plan for staff(s) hired by both the monitoring consultants (MC) and contracting entities (CE) in SECRAMP Lot 1 & 2.
- 1.1.2.4 Additionally, we observed no evidence of health and safety and traffic management (ESHS) staff employed by CICO on the project as required.

Risk

- 1.1.2.5 Lack of training and development plans may result in training programs not being able to address employees' training needs and performance deficiencies.
- 1.1.2.6 In the absence of an annual training plan, training may be conducted arbitrarily. This may impair the development plan and the required capacity of staff of the project.

- 1.1.2.7 In the absence of periodic training/capacity-building initiatives, staff may not obtain the required capacity needed to achieve the objectives of the project.
- 1.1.2.8 In the absence of ESHS personnel may result in weak enforcement of health, safety, environmental, and traffic management measures, thereby increasing the risk of environmental violations and non-compliance with contractual requirements.

Recommendation

- 1.1.2.9 Management should develop, approve, and operationalize a comprehensive training plan that addresses the strategic capacity needs of the staff of the entity. The requisite training and capacity development plan for each unit should be identified and scheduled.
- 1.1.2.10 Management should facilitate the execution of the training and development plan consistent with the approved schedule, monitor output from training for adjustments to future annual training and development plans.
- 1.1.2.11 Management should ensure that the contractor immediately deploys qualified ESHS personnel to the project site in compliance with contractual and regulatory requirements.
- 1.1.2.12 Evidence of annual capacity development plan and ESHS personnel employment letter should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.2.13 *A number of training sections for contractor and consultants' staff of both Lot-1 and 2 were held covering the following areas: Environmental, Social, Health and Safety, Gender based violence. Please see list of staff trained below. The project Confirms that the Contractor for SECRAMP Lot-2 has amongst its staff, an ESHS personnel. Again, please see attached below Lot-1 Contractor's list of staff, including ESHS. **See attached Exhibit II: List of staff trained-Lots-1 & 2***

Auditor General's Position

- 1.1.2.14 Management's assertions were not supported by adequate documentation. A list of staff trained during the period under audit is not a substitute for a comprehensive training and development plan that catalogs staff capacity building analysis, significant areas of improvement, targeted trainings and related institutions/ training providers and resources needed to implement the annual training plan. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audits.

1.2 Financial Reporting

1.2.1 Untimely Remittance of Withholding Taxes

Criteria

- 1.2.1.1 Section 200 of the Revenue Code of Liberia 2000 as amended in 2011 requires that an annual income tax is hereby imposed on the annual taxable income of every natural person resident in Liberia (including resident Liberian citizens employed by an embassy, a diplomatic mission, or international organization). The tax is collected during the tax year in accordance with the withholding rules of Section 905 or the advance payment rules of Section 904.
- 1.2.1.2 Further, Section 905 (J & M) of the Revenue Code of Liberia Act of 2000 as amended in 2011 states "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".
- 1.2.1.3 In addition, Section 1000 (a & b) of the Revenue Code of Liberia Act of 2000 as amended in 2011 states "Goods Tax Imposed (a) Imposition of Goods Tax. A goods tax is hereby imposed on: (1) every taxable supply, as defined in Section 1001, by a registered manufacturer, and (2) every taxable import, as defined in Section 1002. (b) Rate of Tax. (1) The goods tax payable on a taxable supply of goods is the percentage specified in paragraph (3) of the taxable amount of the supply. (2) The rate of goods tax payable on a taxable supply of goods imported or exported is the percentage specified in paragraph (3) of the taxable amount of the import or export."

Observation

- 1.2.1.4 During the audit, we observed that Management withheld withholding taxes from PIU staff, vendors, contractual entities, and monitoring consultants in compliance with applicable requirements. However, we observed untimely remittances to the General Revenue Accounts for periods beyond the statutory deadline of ten (10) days after the month-end. **See table 1 below for details.**

Table 1: Untimely Remittance of Withholding Taxes

Month of Tax Collection	Description	Amount US\$	Date of Remittance to LRA	Time Delay (Day)
Jan. 2025	SECRAMP	34,264.46	29-Apr-25	88
Feb. 2025	SECRAMP	13,319.69	19-Mar-25	19
Mar. 2025	SECRAMP	91,718.90	22-Apr-25	22
Mar. 2025	GOL	35,760.76	22-Apr-25	22
Apr. 2025	SECRAMP	24,351.14	9-Jun-25	39
Apr. 2025	GOL	107,186.04	9-Jun-25	39

Month of Tax Collection	Description	Amount US\$	Date of Remittance to LRA	Time Delay (Day)
May-25	SECRAMP	70,584.73	18-Jun-25	18
Jun & Jul 2025	SECRAMP	29,769.25	20-Aug-25	20
Aug. 2025	SECRAMP	50,966.13	17-Sep-25	17
Sept. 2025	SECRAMP	12,426.18	15-Oct-25	15
Oct. 2025	SECRAMP	51,490.30	12-Nov-25	12
Nov. 2025	SECRAMP	20,618.87	18-Dec-25	18
Total		542,456.45		329

Risk

- 1.2.1.5 Untimely remittances of withholding taxes within the statutory timeframe, may deny the Government of Liberia of much needed tax revenue.
- 1.2.1.6 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result into penalties and interest charges for late payment and failure to pay.
- 1.2.1.7 Non-remittance of withholding taxes may lead to overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.2.1.8 Going forward, Management should facilitate full and timely remittance of withholding taxes to the General Revenue Accounts in keeping with Sections 91 and 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.
- 1.2.1.9 Evidence of remittances of withholding taxes including original copies of flag receipts and other relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.1.10 *Management acknowledges the auditor's assertion relative to the untimely remittances of Personal Income Tax (PIT) and service taxes into the GoL Revenue Account. This delay is as a result of the complexities of LRA's payment system (LITAS); however, we are working closely with LRA to initiate remedial actions that will mitigate these delays going forward.*

Auditor General's Position

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

1.2.2 Variance between Withholding Tax Payments Recorded in the Drilldown Ledger and LRA Receipts

Criteria

- 1.2.2.1 Paragraph 1.3.0 of the IPSAS Cash Basis of Accounting requires that the Statement of Cash Receipts and Payments present the following amounts for the reporting period: (a) Total cash receipts of the entity showing separately a sub classification of total cash receipts using a classification basis appropriate to the entity's operations; (b) Total cash payments of the entity showing separately a sub classification of total cash payments using a classification basis appropriate to the entity's operations; and (c) Beginning and closing cash balances of the entity.

Observation

- 1.2.2.2 During the audit, we observed that total withholding tax payments recorded in the drilldown ledger amounted to US\$583,521.33 and actual withholding tax payments per the actual tax receipts amounted to US\$542,456.45 resulting in a variance of US\$41,064.88. **See Table 2 below for details:**

Table 2: Variance between Withholding Tax Payments Recorded in the Drilldown Ledger and LRA Receipts

Fiscal Year	Description	Drill Down Ledger (US\$)	Remittance Record/LRA (US\$)	Variance (US\$)
2025	Total Tax withheld and remitted to LRA	583,521.33	542,456.45	41,064.88

Risk

- 1.2.2.3 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.
- 1.2.2.4 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.
- 1.2.2.5 Management may not account for all its transactions.
- 1.2.2.6 Fair presentation and full disclosures of the financial statements may be impaired.

Recommendation

- 1.2.2.7 Management should account for the variance identified between total withholding tax payments recorded in the drilldown ledger and total withholding tax payments per actual receipts catalogued in Table 2 above, as part of Management's response to this Management Letter.

- 1.2.2.8 Subsequently, Management should adjust the financial statements by the variance observed between total withholding tax payments recorded in the drilldown ledger and total withholding tax payments per actual receipts. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.2.2.9 Going forward, Management should conduct periodic reconciliation among total withholding tax payments per actual receipts, drilldown ledger and the financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and file to facilitate future review.
- 1.2.2.10 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance, and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.2.2.11 *Management acknowledges the variances noted between the withholding tax payments recorded in the drilldown ledger and LRA receipts. Upon review, we noted that the differences arose primarily because the drill-down ledger reflects the actual timing of tax remittances and journal postings, which in some instances included payments relating to prior months, consolidated tax payments covering multiple periods, and timing differences between payroll processing and ledger postings. Consequently, the amounts reflected in the drill-down ledger do not always correspond to the monthly payroll tax deductions recorded in the payroll ledger.*
- 1.2.2.12 *Management will undertake a comprehensive reconciliation of payroll tax deductions, payroll ledgers, general ledger postings, and tax remittance records to determine the exact causes of the variances. Any unsupported differences identified will be adjusted accordingly, and procedures will be strengthened to ensure that payroll records, ledger postings, and tax remittances are reconciled on a monthly basis.*

Auditor General's Position

- 1.2.2.13 Management's assertions did not adequately address the issues raised. Management did not account for the variance identified between total withholding tax payments recorded in the drilldown ledger and total withholding tax payments per actual receipts catalogued in Table 2 above as requested. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit

1.2.3 Variances among the Drilldown Ledger, Trial Balance and Financial Statements of Consultant Services

Criteria

- 1.2.3.1 Section 36(1) of the Amended and restated Public Financial Management (PFM) Act of 2019 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister".
- 1.2.3.2 Further, Section 8.1.2 of PFMU-Financial Procedures Manual, revised 2018 states that "Each transaction shall be initiated on a source document like invoice, bill, receipts, staff claims, demand notice, bank pay-in-slip, debit advice, and so on. All the above will be kept posted up to date and presented for auditing or any other inspection from time to time. A monthly trial balance will be generated from the software for review to ensure that posting have been properly made and balances of the accounts appear reasonable."

Observation

- 1.2.3.3 During the audit, we observed variances amounting to US\$74,981.00 and (US\$5,696.00) between the drilldown ledger, trial balance and financial statements for consultant services and RAP payments. **See below Table 4(a & b) for details.**

Table 4a: Variance between Trial Balance and Drilldown Ledger of Consultant Services and RAP Payments

No.	Payee	Trial Balance US\$ (A)	Financial Statement US\$ (B)	Variance US\$ C=(A-B)
1	RAP	3,264.00	8,580.00	(5,316.00)
2	Techsuit Liberia Inc.	521,532.00	601,314.00	(79,782.00)
3	SARI Consulting	725,623.00	715,506.00	10,117.00
	Total	1,250,419.00	1,325,400.00	(74,981.00)

Table 4b: Variance between Trial Balance and Drilldown Ledger of Consultant Services

No.	Payee	Drilldown Ledger US\$ (A)	Trial Balance US\$ (B)	Variance US\$ C=(A-B)
1	RAP	8,580.00	3,264.00	5,316.00
2	SARI Consulting	715,506.00	725,623.00	(10,117.00)
3	Work Well Construction	8,954.00	9,849.00	(895.00)
	Total	733,040.00	738,736.00	(5,696.00)

Risk

- 1.2.3.4 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.

- 1.2.3.5 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.
- 1.2.3.6 Management may not account for all its transactions.
- 1.2.3.7 Fair presentation and full disclosures of the financial statements may be impaired.

Recommendation

- 1.2.3.8 Management should account for the variances among the general ledger, trial balance and the financial statements comprehensively catalogued in Table 4(a & b) above, as part of Management's response to this Management Letter.
- 1.2.3.9 Subsequently, Management should adjust the financial statements by the variance observed among the general ledger, trial balance and the financial statements. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.2.3.10 Going forward, Management should conduct periodic reconciliation among the general ledger, trial balance and the financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and file to facilitate future review.
- 1.2.3.11 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance, and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.2.3.12 *The adjustments for both SARI Consulting and Techsult Liberia Inc. to reflect the amounts in the trial balance have been made to the financial statements. However, the difference in RAP accounts on the TB and FS is due to a DSA made to staff who traveled along the corridor to address some grievance issues relating to PAPs; therefore, the financial statement takes into account RAP-related activities, including payments to PAPs. The amount recorded in the TB accounts for payments made exclusively to the PAPs. These differences are recorded in the DSA ledger on the TB. Attached is the FS and transaction details RAP for ease of reference. **See attached Exhibit III: Revised Financial Statement.***
- 1.2.3.13 *The adjustments for both SARI Consulting to reflect the amounts in the trial balance have been made to the financial statements. However, the difference in RAP accounts on the TB and FS is due to a DSA made to staff who traveled along the corridor to address some grievance issues relating to PAPs; therefore, the financial statement takes into consideration RAP-related activities, including payments to PAPs. The amount recorded in the TB accounts for payments*

*made exclusively to the PAPs. These differences are recorded in the DSA ledger on the TB. Also, the difference reported by the audit team under Work Well Construction is the taxable amount paid on behalf of the contractor, which is also included in the Drilldown ledger provided. However, we have attached a copy of the drilldown ledger highlighting the difference for ease of reference. **See attached Exhibit V: Copy of the Drilldown Ledger***

Auditor General's Position

- 1.2.3.14 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustments of the financial statements.

1.3 Procurement Management

1.3.1 Irregularities Associated with Fuel Management

Criteria

- 1.3.1.1 Regulations A.3 (1) of the PFM Act of 2009 states that "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."

Observation

- 1.3.1.2 During the audit, we observed the following irregularities associated with fuel management of the project:
- No evidence of fuel management policy
 - No evidence of fuel consumption logs

Risk

- 1.3.1.3 Fuel may be distributed on a discretionary basis, in the absence of a policy.
- 1.3.1.4 Fuel procured may not be based on actual consumption.
- 1.3.1.5 Management may spend above budgeted allocation and fuel may be subjected to misappropriation or theft.

Recommendation

- 1.3.1.6 Management should develop, approve and operationalize a policy on fuel procurement, distribution, consumption and ensure that proper records are maintained.
- 1.3.1.7 Management should maintain a fuel consumption and distribution logs to aid the entity manage cost and inform future purchase.

- 1.3.1.8 Evidence of approved fuel policy and all other fuel procurement, distribution, and consumption records should be adequately documented and filed to facilitate future review.
- 1.3.1.9 Going forward, Management should conduct periodic reconciliation between the fuel procured and the distribution logs. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and file to facilitate future review.

Management's Response

- 1.3.1.10 *Every fuel allotted for a trip is calculated based on the distance or kilo meter for the travel. The engineer will calculate the distance and allot the quantity of fuel that will cover said distance or kilo meter. Evidence for the use of supplied fuel is, the Calculation analysis Sheet for the quantity of fuel required. However, management will consider your recommendation to develop a logging system for fuel consumption under the project. **See attached Exhibit VI: Fuel Calculation Analysis Sheet***

Auditor General's Position

- 1.3.1.11 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 Cash Management

1.4.1 Variance between Prior Year Closing Cash Balances and Current Year Opening Cash Balances

Criteria

- 1.4.1.1 Section 36(1) of the PFM Act of 2009 as amended and restated 2019 states that "It is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instructions issued by the Minister".
- 1.4.1.2 Additionally, Section 1.3.27 of IPSAS Cash Basis of Accounting requires that 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 the other information disclosed in the financial statement in that it is:
 - Complete;
 - Neutral and
 - Free from material error;

- 1.4.1.3 Section 1.5.1 to 1.5.2 of the IPSAS Cash Basis of Accounting (Correction of Errors) "When an error arises in relation to a cash balance reported in the financial statements, the amount of the error that relates to prior periods shall be reported by adjusting the cash at the beginning of the period. Comparative information shall be restated, unless it is impracticable to do so."
- 1.4.1.4 Section 1.5.2 An entity shall disclose in the notes to the financial statements the following:
- (a) The nature of the error that relates to a prior period;
 - (b) The amount of the correction; and
 - (c) The fact that comparative information has been restated or that it is impracticable to do so.

Observation

- 1.4.1.5 During the audit, we observed variances amounting to US\$38,526.00 between the prior year closing cash balance and the current year opening cash balance for the period under audit. **See Table 5 below for details.**

Table 5: Variances between Prior Year Closing Cash Balances and Current Year Opening Cash Balances

Closing Cash Balance in Prior Year 2024	US\$	Opening Cash Balance in Current Year 2025	US\$	Variance US\$
	100,401.00		61,875.00	38,526.00

Risk

- 1.4.1.6 The non-reconciliation of closing and opening cash balances for the prior and subsequent fiscal periods may lead to misstatement of cash balances and subsequently the financial statements. The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.
- 1.4.1.7 Misstated financial statements may facilitate fraudulent financial reporting and mislead the users of the financial statements.
- 1.4.1.8 Fair presentation and full disclosure of the financial statements may be impaired.

Recommendation

- 1.4.1.9 Management should account for the variance between the closing and opening cash balances comprehensively catalogued in Table 5 above, as part of Management's response to this Management Letter.
- 1.4.1.10 Going forward, Management should ensure that all closing balances of the prior period reconcile with opening balances of the subsequent periods.
- 1.4.1.11 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before

the transactions appear in the general ledger. An automated linkage should be created among the general ledger, trial balance and the financial statements to facilitate the completeness and accuracy of the financial statements.

- 1.4.1.12 In an instance where a prior period error is identified in the subsequent periods for which the opening balance of an account may be subjected to adjustments, comparative information should be restated in current period financial statements including the nature of the prior period error, amount of correction made and the fact that comparative information has been restated as required by Section 1.5.1 to 1.5.2.

Management's Response

- 1.4.1.13 *During the first-quarter submission of the project IFR for March 2025, the World Bank requested a revision of that IFR due to a US\$38,057.74 difference in the opening balance, which was classified as a Translation Impact Difference and subsequently increased the cash balance. We were advised that, because it is a non-cash item, only disclosure was required. We are submitting a copy of the rejection message and the bank's advice. However, we have also included a note in the financial statements to disclose the difference in the opening balance. **See attached Exhibit VII: Rejection Message and the Bank's Advice***

Auditor General's Position

- 1.4.1.14 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustments of the financial statements.

1.5 Expenditure Management

1.5.1 Contract Suspension, Extension, Interest, CPA and Delay Claims

Criteria

- 1.5.1.1 Clause 39.3 (i), of the General Condition of the Lot 1 Contract signed between the Government of Liberia and the monitoring consultant, (Techsult Liberia Inc.) for the Design Build and Transfer of Ganta to Saglepie, South Eastern Corridor Road requires that "For Design Services and Rehabilitation Works, the times of completion and the applicable liquidated damages are provided as follows:
- The times for completion of the detailed designs and other associated field investigations are specified in the last paragraph of Clause 1.1, Part A3, Section VI-Specifications. Liquidated damages will be applied to any delays in meeting each of the specified times of completion at the rate of 0.05% of the contract price per calendar day, subject to a maximum of 5% of the contract price.
 - A rate of 0.1% of the Contract Price per calendar day (calculated pro-rate of the Contract Price for specific milestone) will be applied as liquidated damages to the delays in completion of the Works, subject to a maximum delay of 100 calendar days, beyond which the Employer may choose to terminate the Contract in accordance with Clause 59.2.2."

- 1.5.1.2 Further, 58.3 of the General Condition of SECRAMP-Lot 1 Contract requires that "If the consultant's performance of its obligations is suspended or the rate of progress is reduced pursuant to this GC Sub-Clause 58, then the Time for Completion shall be extended in accordance with GC Sub-Clause 64, and any and all additional costs or expenses incurred by the consultant as a result of such suspension or reduction shall be paid by the Employer to the consultant in addition to the Contract Price, except in the case of suspension order or reduction in the rate of progress by reason of the consultant's default or breach of Contract."
- 1.5.1.3 Additionally, Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:
- Ensuring that the contractor complies with the specifications and terms of the contract;
 - Ensuring that the contract is being performed on schedule;
 - Ensuring that, payments made to the contractors are in accordance with the terms of the contract."

Observation

- 1.5.1.4 During the audit, we observed unvalidated claims amounting to US\$712,482.00 for consultant (Techsult Liberia Inc.) 39km, Lot 1 in December Progress Report, as a result of the Government of Liberia's contract suspension, extension, late interest payment, foreign exchange, Contract Price Adjustment (CPA), and delayed payments. **See Table 6 below for details.**

Table 6: Contract Suspension, Extension, Interest, CPA and Delay Claims

No.	Outstanding Payments for Period Ending December 2025	Amount US\$
1	Total Balance Payment due to loss in exchange from LRD to USD and for the 10% Tax deduction reimbursement, for payment ending May 2024	478,563.04
2	Other Outstanding Payments Contract Price Adjustment, (from June 2021 to May 2024)	134,620.85
3	Interest on Delayed Payment, (for Monthly invoices ending May 2024)	73,135.29
4	Claims for Consultancy Support Services Costs paid by Monitoring and Supervision Consultant to be reimbursed, (from May to April 2025)	26,162.82
	Total for Outstanding Monthly Invoice Payments Due, Loss in Currency exchange from LRD to USD, 10% tax deduction reimbursement and claims	712,482.00

Risks

- 1.5.1.5 Failure to fully complete payment of construction project on schedule may lead to non-achievement of the project's objectives and misappropriation of project funds.
- 1.5.1.6 Management may incur additional overhead expenditures to complete overdue project deliverables.

- 1.5.1.7 Contractors may submit claims for suspensions of work initiated by the client or other stakeholders, resulting in delays and additional costs. Claims may include compensation for idle equipment and labor, extended overhead costs, and loss of productivity due to the suspension and extension.
- 1.5.1.8 The absence of effective monitoring and evaluation of project deliverables may deny the achievement of value for money during the execution of the project.

Recommendation

- 1.5.1.9 Management should submit a comprehensive set of original supporting documents including contracts, amendment to contracts, invoices, exchange gain/loss computations and all relevant supporting records to the Office of the Auditor General to justify the regularity of the transactions, as part of Management's response to this Management Letter.
- 1.5.1.10 Management should liaise with the Government of Liberia and establish a committee to analyze, investigate and validate claims derived by the consultant.
- 1.5.1.11 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of all validated claims and outstanding obligations.
- 1.5.1.12 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.
- 1.5.1.13 Going forward, Management should develop, approved and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverable and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and agreed with the GOL, contractors and included as supplementary documentation to the approved contracts.
- 1.5.1.14 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.
- 1.5.1.15 Management should ensure that proper coordination, monitoring and evaluation of the project are implemented periodically during the execution of the project.
- 1.5.1.16 Going forward, subsequent disbursement should be aligned with the level of work completed.

Management's Response

- 1.5.1.17 *As stated in your observation above, those claims are unvalidated and have not been paid. These claims will be reviewed and validated before payments are made.*

Auditor General's Position

- 1.5.1.18 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 Non-Withholding and Remittance of Social Security Contributions

Criteria

- 1.5.2.1 Section 89.6 of The National Social Security and Welfare Corporation (NASSCORP) Act of 2017, provides that "The National Social Security and Welfare Corporation shall be organized in such manner and with such personnel as shall be determined by the Director General with the approval of the Board. Such organization shall be structurally flexible to ensure coordination of the work of the Corporation with the work of ministries and other agencies of the Government and employers in the private sector."
- 1.5.2.2 Also, Section 89.16 of the Decree establishing NASSCORP requires that "the contribution payable under this Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the corporation. Contribution rate shall be total 10% of total gross remuneration of each employee; 2 % under the Employment Injury Scheme payable by the employer; 4 % employer contribution and 4% employee contribution to be remitted by the employer."
- 1.5.2.3 The National Social Security and Welfare Corporation (NASSCORP) was established for the income protection and welfare of employees in both the public and private economic sectors of Liberia. One important function of the Corporation is the implementation of the Employment Injury Scheme (or EIS), which provides medical benefits for insured persons who sustain job-related injuries or contract occupational diseases. A second vital function is the National Pension Scheme (or NPS), that provides pension benefits to insured persons.
- 1.5.2.4 Section 3.2 of The Employer's Guide to the National Social Security and Welfare Corporation Schemes of 2013, provides "Persons not Eligible for Coverage under the EIS and NPS" includes:
- Members of the Armed Forces including the Naval and Air Force;
 - Members of any military forces of any country other than Liberia;
 - Members of the employer's family dwelling in his/her house;
 - Wives working for their husbands; vice versa.
 - Domestic servants and hires;
 - Persons employed on board vessels, ships, boats or canoes, etc. flying Liberian flag;
 - Persons born before September 1, 1959, and
 - Persons under the age of 18 or above the age of 55 (for persons born before 1980) and above the age 52 (for persons born 1980 and after)

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

Observation

- 1.5.2.6 During the audit, we observed no evidence that Management had established or applied the National Social Security and Welfare Scheme for its staffers for the period under audit. **See Table 7 below for details.**

Table 7: Non-Withholding and Remittance of Social Security Contributions

Months	Total Gross Per Month Salary US\$	Employee Contribution 4% US\$ (A)	Employer Contribution 6% US\$ (B)	Total US\$ C=(A+B)
Jan	59,058	2,362	3,543	5,906
Feb	60,186	2,407	3,611	6,019
Mar	59,136	2,365	3,548	5,914
Apr	65,463	2,619	3,928	6,546
May	58,936	2,357	3,536	5,894
Jun	66,036	2,641	3,962	6,604
Jul	58,936	2,357	3,536	5,894
Aug	58,675	2,347	3,521	5,868
Sep	56,436	2,257	3,386	5,644
Oct	56,936	2,277	3,416	5,694
Nov	54,736	2,189	3,284	5,474
Dec	61,036	2,441	3,662	6,104
Total	715,570	28,623	42,934	71,557

Risk

- 1.5.2.7 Management may be non-compliant with the NASSCORP Act of 2017 which may result to penalties and fines.
- 1.5.2.8 Potential retirees of GoL may be denied required pension benefits due to non-compliance with the Regulation.
- 1.5.2.9 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.
- 1.5.2.10 Non-remittance of social security contributions may lead to misapplication / misappropriation of social security funds.

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

Recommendation

- 1.5.2.12 Management should provide substantive justification for not withholding and remitting social security contributions.
- 1.5.2.13 Management should facilitate comprehensive and accurate computation of social security benefits by ensuring social security computations are derived on the basis of total earnings, as required by the Regulations.
- 1.5.2.14 A payment plan should be crafted and agreed between Management and NASSCORP Management for full settlement of all arrears. Management should budget for and ensure full compliance to the terms of the agreed payment plan. Management should also ensure that future employers' contributions are adequately provided for in the approved budget on an annual basis (where applicable).
- 1.5.2.15 Management should facilitate full payment of employees and employer's contributions to NASSCORP on a consistent and timely basis.
- 1.5.2.16 Management should ensure that a comprehensive reconciliation is performed with NASSCORP records to ensure that individual employees social security contributions are duly allocated and compiled to validate the completeness and accuracy of employees' social security contributions.
- 1.5.2.17 Going forward, monthly remittance of NASSCORP contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' NASSCORP accounts respectively.
- 1.5.2.18 Evidence of remittances of monthly social security contributions and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.5.2.19 *Project Implementation Unit staff are recruited under a contract for service status and not contract of service arrangement that qualifies or attract social benefits (i.e NASSCORP). Under contract for service status, there is no employer to employee relationship, and the associated social benefits that an employer to employee relationship derive does not exist.*
- 1.5.2.20 *A contract of service is essentially an employment contract between an employer and an employee. It defines the terms of employment, including working hours, duties, compensation, vacation, and other conditions. The employee is integrated into the business and works under the employer's control, meaning the employer directs how, when, and where the work is performed. Employees under this contract enjoy statutory benefits such as paid leave, pension*

contributions, health insurance, and protection from unfair dismissal. The employer is also generally liable for the employee's actions performed in the course of employment.

- 1.5.2.21 A contract for service is an agreement between a client and an independent contractor or freelancer to complete a specific task or project. The contractor operates independently, determines how to perform the work, and is responsible for delivering the agreed results. This type of contract does not create an employer-employee relationship, so labor laws and statutory benefits generally do not apply. Payment can be a lump sum or per project, and the contractor bears responsibility for their own taxes and insurance.*
- 1.5.2.22 Furthermore, the Financing Agreement and associated project implementation arrangements establish the categories of expenditures eligible for financing under the Project. The remuneration and contractual benefits payable to PIU consultants are specifically defined in contracts that have been reviewed and approved by the World Bank. The Project is not authorized to unilaterally impose deductions, alter agreed remuneration, or create additional employer obligations that are not contemplated in the approved contracts, Financing Agreement, or Project Operations Manual. Any modification to the contractual remuneration structure would require the consent of the parties and, where applicable, prior review and clearance by the World Bank.*
- 1.5.2.23 Management therefore respectfully submits that the finding appears to be premised on the assumption that all individuals receiving compensation under the Project are employees for purposes of the NASSCORP Scheme. Such a conclusion requires a legal determination of the status of the PIU consultants under the Decent Work Act, the NASSCORP Act, the Financing Agreement, and the individual consultancy contracts. In the absence of such a determination, Management is unable to conclude that mandatory employee and employer contributions were legally required during the period under review.*
- 1.5.2.24 Notwithstanding the foregoing, Management recognizes the importance of ensuring full compliance with the laws of the Republic of Liberia and the requirements of the Financing Agreement. Accordingly, Management will engage the Ministry of Finance and Development Planning, and the World Bank to obtain formal guidance on the applicability of NASSCORP contribution requirements to project-financed consultants engaged under World Bank-financed investment operations.*
- 1.5.2.25 In light of the foregoing, Management respectfully submits that the recommendations relating to the computation and remittance of employee and employer social security contributions, settlement of alleged arrears, preparation of payment plans, and reconciliation of employee contribution records are not presently applicable unless and until it is legally established that the PIU consultants fall within the category of covered employees under the NASSCORP Scheme. Nevertheless, Management remains committed to ensuring that all project-financed engagements are administered in full compliance with the laws of the Republic of Liberia, the Financing Agreement, and World Bank requirements.*

Auditor General's Position

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

1.5.3 No Evidence of Construction Permits

Criteria

- 1.5.3.1 Part II (E), Paragraph 35.1(a & b), Page 24 of the General Condition of Contract (GCC) for Consultancy Services for Ganta to Saclepie, 39km, November 2021 requires that "Obligation of the Client-Unless otherwise specified in the Specific Condition of Contract (SCC), the Client shall use its best efforts to:
- Assist the Consultant with obtaining work permits and with such other documents as shall be necessary to enable the consultant to perform the services.
 - Assist the consultant with promptly obtaining, for the Experts and, if appropriate, their eligible dependents, all necessary entry and exit visas, residence permits, exchange permits and any other documents required for their stay in the Client's country while carrying out the Services under the Contract."

Observation

- 1.5.3.2 During field verification, we observed no evidence of valid waste management arrangements, including approved disposal methodology and designated disposal sites by an EPA-certified waste disposal company. Further, we noted no evidence of a licensed metal scrap disposal company, valid environmental permits for the Lot-1 sub-mining company (Z & H) operating at the Yarsonnah quarry site, and valid blasting and mining licenses for the quarry operations. **See Table 8 below for details:**

Table 8: No Evidence of Construction Permits

Description	Comment
A valid Domestic Waste Management Agreement, including an approved disposal methodology and designated disposal site, for the operation of the rock quarry supporting the construction of the Ganta-Saclepea road corridor in Yarsonnah, Nimba County.	No evidence of an EPA-certified waste disposal company in compliance with health, safety, and Resettlement Action Plan (RAP) requirements.
Metal scraps disposal company to dispose waste scraps metals for the operation of the rock quarry supporting the construction of the Ganta-Saclepea road corridor in Yarsonnah, Nimba County.	No evidence of licensed metal scraps disposal company in compliance with health, safety, and Resettlement Action Plan (RAP) requirements.

Description	Comment
Environmental permits for lot-1 sub-mining company (Z & H) at Yarsonnah quarry site for the operation of the rock quarry supporting the construction of the Ganta–Saclepea road corridor in Yarsonnah, Nimba County.	No evidence of valid environmental permits in compliance with health, safety, and Resettlement Action Plan (RAP) requirements.
A valid blasting and mining license for sub-contractor, Z & H Mining Company for the operation of the rock quarry supporting the construction of the Ganta–Saclepea road corridor in Yarsonnah, Nimba County.	No evidence of valid blasting and mining licenses for Z & H Mining Company as a sub-contractor of quarry site in compliance with health, safety, and Resettlement Action Plan (RAP) requirements

Risk

- 1.5.3.3 The lack of valid waste management plans, environmental permits, and blasting/mining licenses may result to non-compliance of the contract terms and loss of revenue due to the non-payment of taxes. This may lead to environmental, health, safety, and legal risks to the project there by impairing the achievement of the project objectives.
- 1.5.3.4 Improper disposal of domestic and scrap metal waste may result in environmental pollution and public health hazards, while operating without the required environmental and mining approvals may lead to regulatory sanctions, suspension of quarry operations, financial penalties, and reputational damage to the project and implementing entities.

Recommendation

- 1.5.3.5 Management should ensure that valid construction permits (for environmental, health & safety and RAP) are obtained in line with the contract terms and loss of revenue due to the non-payment of taxes.
- 1.5.3.6 Going forward, Management should ensure that the contractor and all subcontractors fully comply with applicable environmental, waste management, blasting, and mining regulatory requirements by obtaining all required permits and licenses. Additionally, EPA-certified waste disposal companies and licensed scrap disposal companies should be engaged to provide approved waste disposal methodologies and designated disposal sites in accordance with national regulations and contractual obligations.
- 1.5.3.7 Evidence of the required regulatory permits, licenses, contracts, original copies of flag receipts for tax payments, and other relevant supporting records should be adequately documented and filed to facilitate future review.

Management's response

- 1.5.3.8 *Please see attached the following required permits: 7 Blasting Permit with application number-b131525, Environmental Permit for construction and operating of a concrete batching plant and construction and operation of an asphalt plant. **See attached Exhibit VIII: 7 Blasting Permit.***

Auditor General's Position

- 1.5.3.9 We acknowledge Management's subsequent submission of permits and licenses after our audit execution. However, Management provision of documents after our review does not guarantee Management effective control of expenditure liquidation and document management.
- 1.5.3.10 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that required regulatory permits, licenses, contracts, and other relevant supporting records are adequately documented and filed to facilitate future review.

1.5.4 Payment without Evidence of Supporting Documents for Resettlement Action Plan (RAP)

Criteria

- 1.5.4.1 Part A (4), Paragraph 4 of the Contract between the Government of Liberia and Chana Railway Seventh Group of Companies LTD for rehabilitation works of SECRAMP Lot 2, 61km, requires that "As per the World Bank's OP/BP 4.12, Contracting Authority has also prepared and publicly disclosed a Resettlement Action Plan (RAP) for the Gant to Tappita stretch of the South Eastern Corridor road, to address the direct economic and social impacts that are caused by the involuntary taking of land. The RAP indicates that a total of 1,109 projects affected persons will be compensated for loss of livelihoods and assets. The Contracting Authority shall make compensation payments to the projected affected persons (PAPs) and handover the site and Rights of Way to the Contractor in two tranches with any outstanding and unresolved claims and in accordance to clause 16 of the Contract Agreement."
- 1.5.4.2 Additionally, according to Paragraph (1 & 2) of the World Bank OP 4.12: Involuntary Resettlement, requires that "The policy aims to avoid or minimize involuntary resettlement where feasible. When resettlement is unavoidable, it seeks to ensure that displaced persons are provided with adequate compensation and support. The policy mandates that displaced individuals or communities receive compensation and assistance to restore their livelihoods and living conditions to at least their pre-displacement levels. 2) Key Principles-Consultation: Effective consultation with affected communities is required. The process should be participatory, allowing affected people to be involved in the planning and implementation of resettlement activities, Compensation: Affected persons should be compensated for their losses. This includes not only physical assets but also any loss of income or livelihood opportunities, Livelihood Restoration: Resettlement plans must include measures to restore or improve the living standards and livelihoods of displaced individuals, and Grievance Mechanism: A mechanism should be established to address grievances from affected persons regarding the resettlement process."

Observation

- 1.5.4.3 During the audit, we observed no evidence of supporting documents for expenditures amounting to US\$8,580.19 related to the Resettlement Action Plan (RAP), specifically, transaction records,

receipts, disbursement schedules, beneficiary acknowledgments, list of projects affected persons or properties, contact number, and other relevant documentation. These requested documents were not made available for audit purposes.

- 1.5.4.4 Further, we observed no evidence of Grievance Redress Committee meeting minutes for the establishment of Grievance Redress Mechanism, or community consultation and awareness meeting minutes for participation and meaningful consultations with affected Communities for audit review.

Risk

- 1.5.4.5 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.
- 1.5.4.6 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.
- 1.5.4.7 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.5.4.8 Management's inability to provide RAP payments supportive documents may impair the timely completion of the road construction projects.
- 1.5.4.9 Untimely disbursement of RAP payments may also result into potential disruption, litigation and/or reputational damage for the entity.
- 1.5.4.10 In the absence of functional Grievance Redress Committee meeting and community consultation and awareness, stakeholders buy-in, and the smooth coordination and implementation of road construction projects may be impaired.

Recommendation

- 1.5.4.11 Management should fully account for RAP expenditure amounting to US\$8,580.19 through the provision of relevant supporting documents, as part of Management's response to this Management Letter.
- 1.5.4.12 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as payment vouchers, list of projects affected persons or properties and contact numbers etc. should be prepared and approved for resettlement action plan where applicable.
- 1.5.4.13 Going forward, Management should adequately budget for and facilitate timely remittance for both the arrears and subsequent RAP payments for all construction projects. Evidence of

approved budget, RAP arrears settlement plan, RAP disbursement reports and all other relevant supporting records should be adequately documented and filed to facilitate future review.

- 1.5.4.14 Management should develop, approve and operationalize the Resettlement Policy Framework (RPF) to regulate the activities over community engagements, RAP disbursements and stakeholders' coordination activities. The policy should contain provisions for targeted stakeholders to engage during the project, timing of meetings, proposed schedule for RAP payments and mechanism for settling of potential disputes with stakeholders.
- 1.5.4.15 Management should facilitate adequate and comprehensive documentation of periodic meeting minutes and activities reports for the Grievance Redress Mechanism, or community consultation and awareness meetings. Management should also institute a platform for following-up on decisions made at Grievance Redress Mechanism, or community consultation and awareness meetings. An update of progress towards previous meeting agreed actions/deliverable should be discussed during current meetings, as a medium for tracking institutional progress and planning for future activities.
- 1.5.4.16 Evidence of approved Resettlement Policy Framework (RPF), periodic meeting minutes and activities reports of the Grievance Redress Mechanism, or community consultation and awareness, and all other relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.5.4.17 *The expenditure amounting to US\$8,580.19 is not related to any RAP activities and the management seeks clarity of the said amount.*

Auditor General's Position

- 1.5.4.18 Management's assertions did not adequately address the issues raised. Management did not account for RAP expenditure amounting to US\$8,580.19 through the provision of relevant supporting documents as requested. The RAP payments amounting to US\$8,580.19 reported in our findings above were obtained from the drilldown ledger. **See Table 1.5.4 for details.** Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

Table 1.5.4: Payment without Evidence of Supporting Documents for Resettlement Action Plan (RAP)

Drilldown Ledger			
Transaction Date	Description	Transaction Reference	Amount in US\$
4-Mar-25	RAP Payment-DSA-Listed Individuals	2025/001	5,600.00
4-Mar-25	RAP Payment-Fuel	2025/001	629.06
4-Mar-25	RAP payment-Dixon Myers	S-LRD/005	554.00

2-Jun-25	RAP pmt for PAP	2025/003	2,709.60
31-Jul-25	Reversal of RAP Payment	S-LRD/010	(912.47)
Total			8,580.19
Trial Balance			
Account Code	Account Name	Transaction Reference	Amount US\$
43536	RAP	N/A	3,264
Total			3,264
Note 10 of the Adjusted financial statement			
Description			December 31, 2025
Cash Paid			
RAP Payment			8,580
Total			8,580

1.5.5 No Evidence of RAP Payments for 3 Communities of Yarsonnah Rock Quarry Site

Criteria

- 1.5.5.1 Part D.4-Resettlement Framework under Resettlement Principles according to World Bank OP/BP4.12 and Liberian Land Acquisition Policies of the Specifications of Lot-1 (39km) Design Build and Transfer Contract signed between the GoL and CICO for rehabilitation of Ganta to Saglepie South Eastern Corridor Road requires that, "The objectives of the RPF is to provide guidelines for implementing contractor on how to recognize needs for resettlement planning and how to conduct it and implement the results in accordance with World Bank OP 4.12. Page 117, under Compensation Eligibility, Sentence 1, states that "all project Affected Peoples (PAPs) whether public or private or cooperative, who will lose land, buildings, houses, crops or sources of income, will be compensated according to the types and amount of their losses. People with no titles to land will be compensated according to OP/BP 4.12 requirements and hence, squatters will also be supported so that they can lead a life at least equal to the one they had before they became affected by the project."

Observation

- 1.5.5.2 During the audit, we observed no evidence that the three (3) affected villages surrounding the rock quarry and crushing plant at Yarsonnah, utilized by the contractor, CICO, had received any compensation from the contractor/subcontractor, Z & H, as at the time of our field verification conducted on May 7, 2026, despite the matter having been reported in the previous audit report and as required under the contract.
- 1.5.5.3 Further, during the field verification, we noted a public complaint from residents of Gbahn around Km 10+010 concerning water stagnation within their farms, reportedly caused by project

activities. The residents indicated that the condition has adversely affected their farming activities, and no corrective measures, solution, or compensation had been provided by the contractor and/or project management as of the date of the audit.

Risk

- 1.5.5.4 The contractor's inability to settle RAP payments may impair the timely completion of the road construction project.
- 1.5.5.5 Untimely disbursement of RAP payments may also result into litigation and/or reputational damage for the project.
- 1.5.5.6 Failure to address community complaints relating to environmental and livelihood impacts may lead to community dissatisfaction, disputes, reputational damage, project delays, and potential non-compliance with environmental and Social Management Plan (ESMP) requirements and contractual obligations.

Recommendation

- 1.5.5.7 Management should ensure that the contractor facilitates the early financial settlement of project affected communities (PACs) under the project's Resettlement Action Plan (RAP) to enable the World Bank OP 4.12 requirements in the attainment of the project goal in Lot 1 (39km).
- 1.5.5.8 Management should fully prepare for, budget for, and dedicate funds in an escrow account for all RAP payments to facilitate timely RAP liquidation.
- 1.5.5.9 Management should ensure that the disbursement for contractor RAP payments is reviewed on a regular basis to ensure that budgeted monies are used for the intended purposes.
- 1.5.5.10 Management should ensure that the complaint is promptly investigated and appropriate remedial actions taken to address the water stagnation issue. Where livelihoods have been adversely affected, a proper assessment should be conducted and fair compensation provided in line with contractual requirements and applicable environmental and social safeguard policies. Evidence of actions taken should be documented and maintained for audit purposes.

Management's Response

- 1.5.5.11 *Z & H is an independent firm that operates the rock quarry. CICO only purchase aggregates for works been carried out. Z & H is fully responsible to settle all obligations to the communities within the proximity of the rock quarry. **See attached Exhibit IX: Z & H Business Registration and Permit.***

Auditor General's Position

- 1.5.5.12 Management's assertions did not adequately address the issues raised. The RAP obligations for the three affected villages at Yarsonnah were reportedly not settled by contractor CICO in line

with contract specifications. During prior year audits, Management had indicated engagement with CICO to address related complaints. However, the issue remains unresolved. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.6 Fixed Assets Management

1.6.1 Irregularities Associated with Fixed Asset Management

Criteria

- 1.6.1.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:
- the date and other details of the voucher or other document on which the items were received or issued;
 - their serial numbers where appropriate; and
 - their distribution to individual locations and the total quantity held."

Observation

- 1.6.1.2 During the physical verification of fixed assets, we identified the following irregularities associated with the Fixed Assets Management System at the Lot 1 and Lot 2 Consultant Project Camp Sites.
- There was no evidence of vehicles recorded in the fixed asset register
 - The vehicles purchased for monitoring consultancy under SECRAMP Lot (1 & 2) were not coded as per the project.
 - The fixed assets register did not contain all the relevant columns.
 - The fixed assets register was not regularly updated.
 - Most fixed assets of the entity were not coded.
 - There was no evidence of periodic physical verification of fixed assets by Management
 - There was no evidence of movement of assets form.
 - There was no evidence of assets turnover or history of disposal of assets
 - Fixed assets within a given vicinity were not displayed as required by the PFM Act. **See Table 9 (a & b) below for details.**

Table 9a: Irregularities Associated with Fixed Asset Management (Asset not coded per Project)

Assets at the Consultant Project Camp site Lot-1 (39km) not coded							
Assets Located at the Consultant House type 1-A							
No.	Asset Name	Code	Asset Description	QTY	Project	Asset Value	GAC Comment
1	Television	N/A	Flat Screen	1	SECRAMP	N/A	Assets not coded
2	Refrigerator	N/A	Refrigerator	1	SECRAMP	N/A	Assets not coded

Assets at the Consultant Project Camp site Lot-1 (39km) not coded							
Assets Located at the Consultant House type 1-A							
No.	Asset Name	Code	Asset Description	QTY	Project	Asset Value	GAC Comment
3	Gas stove	N/A	Electrical/Gas stove	2	SECRAMP	N/A	Assets not coded
4	Micro wave Oven	N/A	Micro wave Oven	1	SECRAMP	N/A	Assets not coded
5	Air Conditioner	N/A	Air Conditioner-split type-12000 BTU/h	2	SECRAMP	N/A	Assets not coded
6	Livingroom set	N/A	Living room set	1 set	SECRAMP	N/A	Assets not coded
7	Bedroom set	N/A	Bed room set	1 set	SECRAMP	N/A	Assets not coded
8	Dining room set	N/A	Dining room set	1 set	SECRAMP	N/A	Assets not coded
9	Fan	N/A	Standing fan	1	SECRAMP	N/A	Assets not coded
10	Stove	N/A	Gas Stove (Cooking)	1	SECRAMP	N/A	Assets not coded
Assets Located at the Consultant Office Lot-1							
1	Desk	N/A	Executive Desk	2	SECRAMP	N/A	Assets not coded
2	Chair	N/A	Executive Chair	4	SECRAMP	N/A	Assets not coded
3	Desk	N/A	Conference Desk	1	SECRAMP	N/A	Assets not coded
4	HP office jet	N/A	HP office jet pro. 9730	1	SECRAMP	N/A	Assets not coded
5	Chair	N/A	Conference Chair	3	SECRAMP	N/A	Assets not coded
6	Air Conditioner	N/A	Air Conditioner (Sharp)	2	SECRAMP	N/A	Assets not coded
7	Cabinet	N/A	File Cabinet	1	SECRAMP	N/A	Assets not coded
8	Laptop	N/A	Dell Laptop	1	SECRAMP	N/A	Assets not coded
9	Fan	N/A	Standing fan	1	SECRAMP	N/A	Assets not coded
10	Printer	N/A	Canon Printer	1	SECRAMP	N/A	Assets not coded
11	Desktop	N/A	Desktop computer set	1	SECRAMP	N/A	Assets not coded
12	Binder	N/A	Binding machine	1	SECRAMP	N/A	Assets not coded

Assets at the Consultant Project Camp site Lot-1 (39km) not coded							
Assets Located at the Consultant House type 1-A							
No.	Asset Name	Code	Asset Description	QTY	Project	Asset Value	GAC Comment
13	Safe	N/A	Safe	1	SECRAMP	N/A	Assets not coded

Table 9b: Irregularities Associated with Fixed Asset Management (Asset not coded per Project)

Assets at the Consultant Project Camp Site Lot-2 (61km) not coded							
Assets Located at the Consultant House type 1-A							
No.	Asset Name	Code	Asset Description	QTY	Project	Asset Value	Assets not coded
1	Refrigerator	N/A	Min 0.40 m3 (electric frost free)	1	SECRAMP	N/A	Assets not coded
2	Freezer	N/A	Deep freezer-min 0.40 m3	1	SECRAMP	N/A	Assets not coded
3	Vacuum cleaner	N/A	Vacuum cleaner (electric)	1	SECRAMP	N/A	Assets not coded
4	Washing Machine	N/A	Washing Machine	1	SECRAMP	N/A	Assets not coded
5	Television	N/A	Television	1	SECRAMP	N/A	Assets not coded
6	Kitchen table	N/A	Kitchen table (Formica top)	3	SECRAMP	N/A	Assets not coded
7	Fan	N/A	Ceiling Fan	2	SECRAMP	N/A	Assets not coded
8	Writing table	N/A	Writing table with 3 drawers	1	SECRAMP	N/A	Assets not coded
9	Sofa	N/A	Sofa for 3 persons	1	SECRAMP	N/A	Assets not coded
10	Mirror	N/A	Dressing mirror (vertical)	2	SECRAMP	N/A	Assets not coded
11	Air Conditioner	N/A	Air Conditioner-split type-12000 BTU/h	4	SECRAMP	N/A	Assets not coded
12	Microwave oven	N/A	Microwave oven min 800/w	1	SECRAMP	N/A	Assets not coded
13	Table	N/A	Side Table	3	SECRAMP	N/A	Assets not coded
Assets located at the Consultant Office Lot-2							
No.	Asset Name	Code	Asset Description	QTY	Project	Asset Value	Assets not coded
1	Desktop	N/A	Desktop Computer	6	SECRAMP	N/A	Assets not coded
2	Laptop	N/A	Laptop Computer	4	SECRAMP	N/A	Assets not coded

Assets at the Consultant Project Camp Site Lot-2 (61km) not coded							
Assets Located at the Consultant House type 1-A							
No.	Asset Name	Code	Asset Description	QTY	Project	Asset Value	Assets not coded
3	HP Color Printer	N/A	HP Color Printer-inkjet type for A4 & A3 printing	2	SECRAMP	N/A	Assets not coded
4	Photo Copier	N/A	Photo Copier for A4 and A3 printing	1	SECRAMP	N/A	Assets not coded
5	Flatbed scanner	N/A	Flatbed scanner with auto feeder	2	SECRAMP	N/A	Assets not coded
6	A4 BW laser printer	N/A	A4 BW laser printer including toner & paper	6	SECRAMP	N/A	Assets not coded
7	Binding machine	N/A	Binding machine for reports with cover spirals	3	SECRAMP	N/A	Assets not coded

- 1.6.1.3 Further, during the audit, we observed inadequate document management practices at the Road Safety Secretariat, as Management provided no fixed asset register for physical verification.

Risk

- 1.6.1.4 Fixed Assets may be misstated (Over/understated).
- 1.6.1.5 Fixed Assets may be damaged or impaired but their values are still on the books.
- 1.6.1.6 Fixed Assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.6.1.7 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.
- 1.6.1.8 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.
- 1.6.1.9 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

Recommendation

- 1.6.1.10 Management should submit to the Office of the Auditor General the fixed assets register of the Road Safety Secretariat not made available for audit purposes, as part of Management's response to this Management Letter.
- 1.6.1.11 Management should update the fixed assets register and include all fixed assets including vehicles procured for project operations.

- 1.6.1.12 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.
- 1.6.1.13 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.
- 1.6.1.14 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.
- 1.6.1.15 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.
- 1.6.1.16 Fixed Assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.6.1.17 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

- 1.6.1.18 *Fixed assets were recorded in the Asset Registry but not coded. The management of IIU will engage the consultants to implement your recommendation to include column for each asset and the coding.*

Auditor General's Position

- 1.6.1.19 Management's assertions did not adequately address the issues raised. Management did not submit to the Office of the Auditor General the fixed assets register of the Road Safety Secretariat not made available for audit purposes as requested. Management should submit to the Office of the Auditor General fixed assets register not made available for audit purposes within one month after the issuance of the Auditor General's Report to the National Legislature. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.7 LOT 1: Field Verification

1.7.1 Delay in Completion of Major Project Activities

Criteria

- 1.7.1.1 Section 41, 1(a to c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and

monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following: a) Ensuring that the contractor complies with the specifications and terms of the contract; b) Ensuring that the contract is being performed on schedule; c) Ensuring that, payments made to the contractors are in accordance with the terms of the contract."

Observation

- 1.7.1.2 During the field verification in May 3, 2026, and review of construction progress reports and test results, we observed that several major project activities remained substantially incomplete despite the revised completion date of April 7, 2027. Our analysis further revealed that approximately 38.48% of the total project works remained outstanding as of the verification date, particularly in critical areas such as bridge repairs and widening, sub-base construction, crush aggregate base, asphalt binder and wearing courses, and road marking works. The slow progress of these key activities raises concerns about the timely completion of the project within the approved implementation period. **See Table 10(a) below for details.**

Table 10a: Delay in Completion of Major Project Activities

No	Activities	Unit	Required QTY	Actual QTY	Variance in QTY	% Incomplete	GAC Comment
1	Construction and Repairs of Pipe Culverts	EA	69	66	3	4.35%	Contractor should expedite completion of remaining culvert works.
2	Repairs and Widening of Bridges	EA	4	0.34	3.66	91.50%	Immediate intervention is required to avoid further project delay.
3	Widening of Embankment	KM	38.67	34.87	3.8	9.83%	Supervision consultant should enforce accelerated work schedule.
4	Sub-grade Construction	KM	38.67	34.39	4.28	11.07%	Contractor should improve resource deployment and productivity.
5	Sub-base Construction	KM	38.67	25.96	12.71	32.87%	Management should ensure timely execution of pending works.
6	Crush Aggregate Base	KM	38.67	25	13.67	35.35%	Corrective action plan should be implemented immediately.

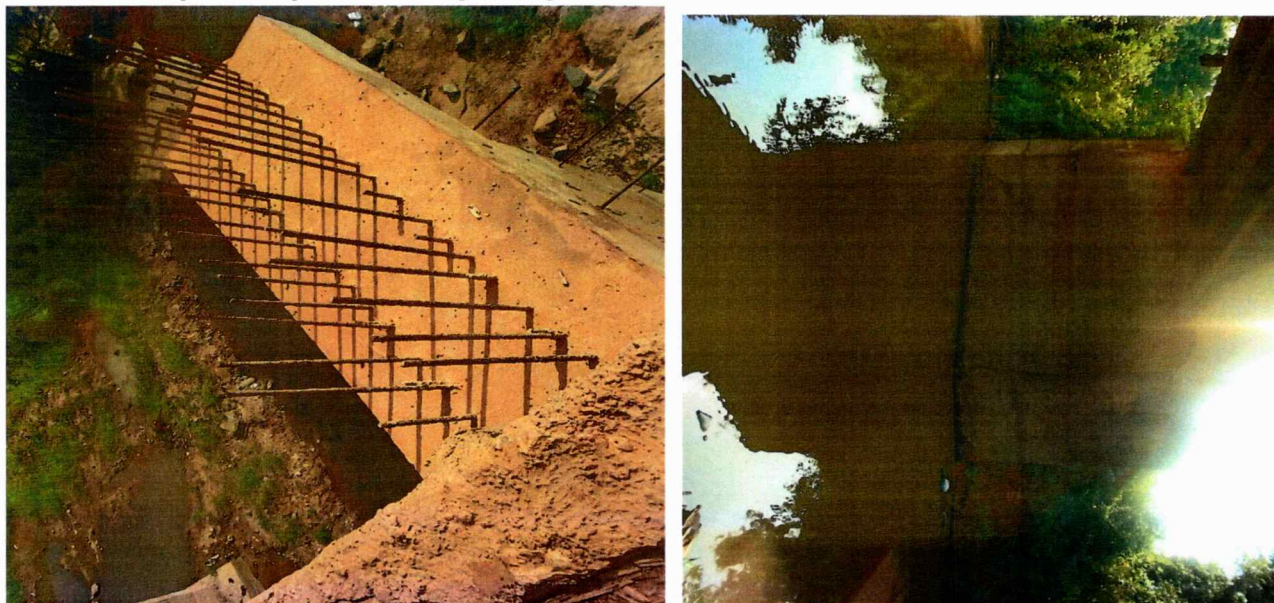
No	Activities	Unit	Required QTY	Actual QTY	Variance in QTY	% Incomplete	GAC Comment
7	Asphalt Binder Course	KM	38.67	25	13.67	35.35%	Contractor should accelerate asphalt works to recover delays.
8	Asphalt Wearing Course	KM	38.67	17.05	21.62	55.91%	Delayed surfacing works require urgent management attention.
9	Road Marking and Other Road Inventory/Infrastructure Works	KM	38.67	11.57	27.1	70.08%	Contractor should prioritize completion of road safety infrastructure.
Overall Percentage of Incomplete Activities to Date						38.48%	Project management should enforce strict recovery measures and monitoring.

1.7.1.3 Further, we observed no evidence of geotechnical and hydraulic assessment reports for the rehabilitation/repair works relating to three (3) of the seven (7) main bridges under the project. The technical assessments revealed that the rehabilitation activities were supported by the necessary engineering investigations required to determine soil conditions, structural stability, hydraulic behavior, and other critical design considerations. **See table 10(b) and photo 1 below for details.**

Table 10b: Delay in Completion of Major Project Activities (Unrepaired RCPs & Bridges)

No.	Description	Location (KM)	Observation	Comment
1	Bridge (2 span, 30m)	11+141	Delay in installation (unrepaired guardrails, pedestrian walkways and routine maintenance)	Need replacement
2	2-line RCP 900mm	38+000	Delay in installation	Need RCP installation
3	Bridge	17+414	Existing bridge unrepaired installation (unrepaired guardrails, pedestrian walkways and routine maintenance). Delay in installation.	Need replacement
4	Bridge (4 spans, 53m)	26+620	Existing bridge not repaired (unrepaired guardrails, pedestrian walkways and routine maintenance)	Need replacement
5	Bridge (2 spans, 21m)	30+000	The existing bridge has not been replaced with a Reinforced Concrete (RC) bridge.	Need replacement

Photo 1: Delay in Completion of Major Project Activities



GAC Photo 1: Showing unrepaired bridges along the 39km road corridor from Ganta to Sagleppe.

Risk

- 1.7.1.4 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.7.1.5 Delay in completion of major project activities may impair effective monitoring and evaluation during the project. This may impair the achievement of value for money and the implementation of project deliverables.
- 1.7.1.6 Failure to conduct and document adequate geotechnical and hydraulic assessments prior to rehabilitation works may compromise the structural integrity, safety, durability, and sustainability of the bridges. This may lead to design deficiencies, premature structural failure, increased maintenance costs, cost overruns, and potential safety risks to road users and surrounding communities.
- 1.7.1.7 The absence of effective monitoring and evaluation of project deliverables may impair the achievement of value for money during the execution of the project.

Recommendation

- 1.7.1.8 Management should provide substantive justification why project deliverables have not been implemented consistent with approved workplan and timelines.
- 1.7.1.9 Management should develop, approve and operationalize a work plan in a timely manner to facilitate the smooth implementation of deliverables for all components. 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 all parties and included as supplementary documentation to the approved contracts. Management should facilitate payments to contractors consistent with the implementation of approved deliverables, terms of reference and contracts.

- 1.7.1.10 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.
- 1.7.1.11 Evidence of approved work plans, contracts and periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.
- 1.7.1.12 Management should ensure that comprehensive geotechnical and hydraulic assessments are conducted and properly documented for all bridge rehabilitation and repair works prior to implementation. The assessment reports should be reviewed and approved by the relevant technical authorities to ensure that the rehabilitation designs and construction activities are based on sound engineering standards and technical requirements.

Management's Response

- 1.7.1.13 *Management has not been able to achieve the planned deliverable in a timely manner wholly due to long delays in GOL's cashflow provision to the contractor, thus adversely affecting the implementation scheduled. Work progress only in April 2025, following two years of suspension, after the GOL's outstandings were cleared. As at now, there has been substantial progress of work done by the contractor. The over progress of work done is now 80.80 %. **See attached Exhibit X: Consultant's Progress Report***

Auditor General's Position

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

1.7.2 Delay in Completion of Lot 1 (39km) Project Camp Site

Criteria

- 1.7.2.1 Part B, Paragraph 21.1, Sentence (1-5 & 10) of the Lot 1 (39km) under Design Build and Transfer (DBT) Contracts signed between the Government of Liberia and the contracting entities, (CICO and Consultant) for the rehabilitation of Ganta to Saglepie Road requires that "General Description: The Project Manager's office and housing accommodation shall be located on land purchased by the contractor on behalf of the Employer in a safe and secure area. The buildings shall be constructed in accordance with the specifications provided. Both office and residences shall be furnished and maintained for the entire duration of the contract. Upon completion of the contract, the entire accommodation complex (office and residences, including furnishing and equipment) shall become the property of the employer. The location and layout of the main

camp will be subject to the approval of the Project Manager. Facilities including maintenance, fuel, oil and spare parts are the responsibility of the contracting entity."

- 1.7.2.2 Part B, Paragraph 22.1, Sentence (2 & 7) of the Lot 1 (39km) under Design Build and Transfer (DBT) Contracts signed between the Government of Liberia and the contracting entity, (CICO) for the rehabilitation Ganta to Saglepie to Tapitta South Eastern Corridor Road requires that "The entire accommodation shall be completed within 60 days of signing commencement of the works. The duties include providing water and electricity for 24 hours and attendance."

Observation

- 1.7.2.3 During the field verification, we observed that the contractor did not construct a lockable 6mx3m garage adjacent to type 1 house as well a 3m wide driveway and a 150 mm thick wearing course, at the Yarsonnah Consultant Camp Site in Nimba County.
- 1.7.2.4 Further, we observed no evidence of a Maintenance Plan for the Lot 1 camp site from the contractor to ascertain the monthly or quarterly maintenance activities of the camp. We also observed that minor repair works are required on the buildings and doors and that stable electricity supply was needed as required. **See below photo 2 for details.**

Lot 1 Project Camp



GAC Photo 2: Showing Yarsonnah Project Camp without lockable 6mx3m garage and a 3m wide driveway with thick wearing course without roof

Risk

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

- 1.7.2.6 Project deliverables may not be implemented within the approved timelines. Payment may be made for services not performed.
- 1.7.2.7 In the absence of a documented maintenance plan may lead to poor monitoring and execution of routine maintenance activities, resulting in deterioration of camp facilities, unsafe working conditions, increased repair costs, and reduced lifespan of the infrastructure. Further, unrepaired defects on buildings and doors, together with unstable electricity supply, may compromise the safety, security, functionality, and overall living and working conditions at the camp site.

Recommendation

- 1.7.2.8 Management should assess the current status of the work performed, the contractor's capacity to complete the garage adjacent to type 1 house, as well as a 3m wide driveway of a 150 mm thick wearing course and update the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.7.2.9 Going forward, Management should develop, approve and operationalize a work plan (including a comprehensive maintenance plan for the Lot 1 & 2 camp sites) 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 GoL, contractors and included as supplementary documentation to the approved contracts.
- 1.7.2.10 A comprehensive preventive and corrective maintenance plan should be developed and implemented for all camp facilities under Lot 1 and Lot 2. The plan should cover buildings, accommodation units, doors, electrical systems, water systems, utilities, and all common areas.
- 1.7.2.11 The maintenance plan should clearly define maintenance schedules, inspection frequencies, responsible personnel, reporting lines, and escalation procedures. The plan should also incorporate routine inspections, defect tracking mechanisms, defined repair timelines, and emergency response procedures to ensure timely and effective maintenance management.
- 1.7.2.12 In addition, all identified minor repair works relating to buildings and doors should be promptly addressed. This is necessary to ensure that facilities remain safe, functional, and in good condition, and to prevent deterioration that could affect security, usability, and overall living conditions at the camp site.
- 1.7.2.13 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. Evidence of approved work plans and contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.7.2.14 *The construction of the consultant's garage is ongoing. The garage has been built. Only the pavement is under construction.*

Auditor General's Position

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

1.7.3 Non-compliance with Contract Specifications (Riprap Protections) Lot-1 (39km)

Criteria

- 1.7.3.1 Part B, Clause (13.1 & 13.2) under Quadrant pitching of the General Specifications for Road Works for Design Build and Transfer Contract between the Government of Liberia and Chonging International Construction Corporation (CICO) requires that "Description of the work: Procedure described above for slope protection shall apply. Rip rap: this work shall consist of performing the following: (a) furnishing and placing a protective course of stone laid as riprap for erosion protection, sediment control on slopes or in channel in an earthen bed covered with filter fabric. (b) furnishing and placing a protective course of stone embedded as riprap on a slope gravel base and grouted into place as shown on the plan or as directed by the Engineer. (c) Incidental to this work a grouted riprap toe wall 450 wide and 450 deep shall be constructed to support the slope. (d) Installation of filter fabric will be required under stone riprap when used for erosion protection. For riprap graduations 4 and 5, a fabric weight of 270g/m² shall be used for rip-rap gradation of 6 & 7. The thickness of individual stone shall be not less than 150mm and the plant size shall be not less than 300x300."
- 1.7.3.2 Additionally, Part D. Clause (D.3.4), paragraph 4 page 113 under Protection of Soils of the General Specifications for Road Works for Design Build and Transfer Contract between the Government of Liberia and CICO requires that "Erosion, to avoid potential adverse impacts due to erosion, the sub-Contractor/Contractor shall:
- Line spillage ways with riprap to prevent undercutting.
 - Provide Mitigation plantings and fencing where necessary to stabilize the soil and reduce erosion.
 - Upgrade and adequately size, line and contour storm drainage to minimize erosion potential.
 - To avoid erosion and gullyng of road formations, the contractor should reduce his earthworks during the peak of rainy seasons, use gabions and miter drains, and avoid angle termination at the intersections of cuts and fills

Observation

- 1.7.3.3 During the field verification, we observed what appears to be erosion around reinforced concrete pipes (RCPs) at several location along the Ganta to Saglepie (39km) South Eastern Corridor Road. **See Table 11 and Photo 3 below for details.**

Table 11: Non-compliance with contract specifications (Riprap Protections)

No.	Description	Location (KM)	Observation	Comment
1	Single line RCP 900mm	5+400	Erosion is undermining the soil around the drainage.	Need riprap/gabion protection on both LHS & RHS of the drainage
2	Single line RCP 900mm	15+900	Erosion is undermining the soil around the drainage.	Need riprap/gabion protection on both LHS & RHS
3	2-line RCP 1200mm	15+400	Erosion is undermining the soil around the drainage	Need riprap/gabion protection on both LHS & RHS
4	Deep roadside ditch/trap adjacent to the curve after the railway crossing.	11+220	The road not widen, no guardrail, and erosion is undermining the soil around the road edges	Need riprap/gabion protection guardrail with reflection on both LHS & RHS
5	2-line Box Culvert	11+600	Erosion is undermining the soil around the drainage	Need riprap/gabion protection on both LHS & RHS

GAC Photo 3: Showing non-compliance with contract specifications (erosion around RCPs)





GAC photo 3: Showing sections that needed grass planting to protect a streambank from erosion

Risk

- 1.7.3.4 Noncompliance with contract specifications may impair mobility, road accessibility, and provide a potential safety hazard to road users. This may also impair the achievement and deliverables of the project.

Recommendation

- 1.7.3.5 Management should immediately alert the contractor about the current defects associated with the riprap protections catalogued in our findings above and ensure that repairs and restoration of road works are facilitated in a timely manner to ensure that value for money and project objectives are achieved.
- 1.7.3.6 Going forward, Management should ensure that project deliverables are implemented in line with approved specifications.
- 1.7.3.7 Management should develop, approve and operationalize a work plan in a timely manner to facilitate the smooth implementation of deliverables for all components. 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 all parties and included as supplementary documentation to the approved contracts. Management should facilitate payments to contractors consistent with the implementation of approved deliverables, terms of reference and contracts.
- 1.7.3.8 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.

- 1.7.3.9 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

- 1.7.3.10 *GoL has made appropriate arrangement to honor its obligation under this project by phasing out the remaining civil works activities over a two fiscal year period – 2025 – 2027. The new completion date of the project under this arrangement will now be March 31, 2027. The Contractor has accordingly provided the work plan to match this time frame based on GoL committed funding availability. Please see attached Annex-10 contractor's workplan. **See attached Exhibit XI: Contractor's Workplan***

Auditor General's Position

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

1.7.4 Non-Compliance with Rehabilitation Works

Criteria

- 1.7.4.1 Part A3, Paragraph 2.9 of the Lot 1 (39km) Contract between the Government of Liberia and CICO for the design, build and transfer of Ganta to Saglepie South Eastern Corridor Road requires that "the contractor is responsible for the maintenance of all embankment and cut slopes along the road sections included in the contract. In particular, he is responsible for ensuring they are stable without deformation and erosion."
- 1.7.4.2 Further, Part A3, Paragraph 2.2.2 under Road User Comfort, (Item 4) of the Lot 1 (39km) Contract between the Government of Liberia and (CICO) for the design, build and transfer of Ganta to Saglepie South Eastern Corridor Road requires that "Cleanliness of the pavement surface and shoulders, for a one-km section, to be measured in subsections of 50m each, for any 50m section of the pavement, the road surface must always be clean and free of soil, debris, trash and other objects. If cleanliness of the pavement surface and shoulders does not exist in more than one subsection, the one-km section does not comply."
- 1.7.4.3 Also, the service level of road user service and comfort measures for roadway embankments, under Paragraph 2.2.2 states that "Embankments must be without erosion and free of organic material, toxic waste, garbage along the Right of Way (ROW)."

Observation

- 1.7.4.4 During the field verification and review of construction test results, we observed that the executed works for both the crushed rock base course and asphalt binder course did not consistently comply with the approved project specifications in certain sections of the road corridor. Specifically, the crushed rock base course in the section from KM 10+140 to 11+400 recorded an actual thickness of 125 mm against the required 150 mm, resulting in a deficiency of 25 mm.

1.7.4.5 Further, several asphalt core samples taken along the corridor showed variations between the required 50 mm thickness and the actual measured values, with deficiencies ranging from 0.2 mm to 10.7 mm. **See Table 12 below for details.**

Table 12: Non-Compliance with Rehabilitation Works

No.	Activities	Location KM	Required Thickness (mm)	Actual Thickness (mm)	Deficiency (mm short)	GAC Comments
1	Crush Rock Base Course	10+140 to 11+400	150	125	25	Contractor should rectify deficient base thickness to meet specification.
2	Core No. A4	13+323 R	50	39.3	10.7	Immediate corrective action required due to significant deficiency.
3	Core No. B3	14+076 R	50	49.8	0.2	Ensure strict compliance with approved thickness specifications.
4	Core No. C1	13+447 R	50	46.4	3.6	Monitor and rectify deficient asphalt thickness.
5	Core No. C3	13+675 R	50	40.7	9.3	Urgent remedial work recommended to prevent premature failure.
6	Core No. C4	13+548 L	50	45	5	Reinstate asphalt layer to required thickness.
7	Core No. C5	13+399 R	50	47.3	2.7	Improve construction quality control measures.
8	Core No. C6	13+187 R	50	47.5	2.5	Conduct additional inspection and corrective overlay if necessary.
9	Core No. C7	13+034 R	50	45.5	4.5	Correct deficient sections to avoid early deterioration.
10	Core No. C8	13+865 R	50	48.3	1.7	Maintain compliance through enhanced supervision.
11	Core No. D6	13+691 R	50	48	2	Ensure all pavement layers comply with design standards.

1.7.4.6 We further noted that the roadside lined drains with lengths of 109m and 108m on the left-hand side (LHS) and right-hand side (RHS), respectively, between KM11+854 and KM11+963, had not been constructed by the contractor at the time of verification. Additionally, some of the lined drains already constructed were observed to be non-compliant with the approved technical specifications.

- 1.7.4.7 Further, we observed that completed sections of the road between Km 10+120 and Km 14+450 lack properly constructed road verges/shoulders. We noted that the edges of the asphalt binder course are unsupported, resulting in edge dropping, cracking, and progressive pavement breakage in the affected areas. In addition, we observed no evidence of grass planting along the road edges to provide slope protection and erosion control. **See photo 4a below for details.**

Photo 4a: Non-Compliance of Rehabilitation Works (Road Verges)

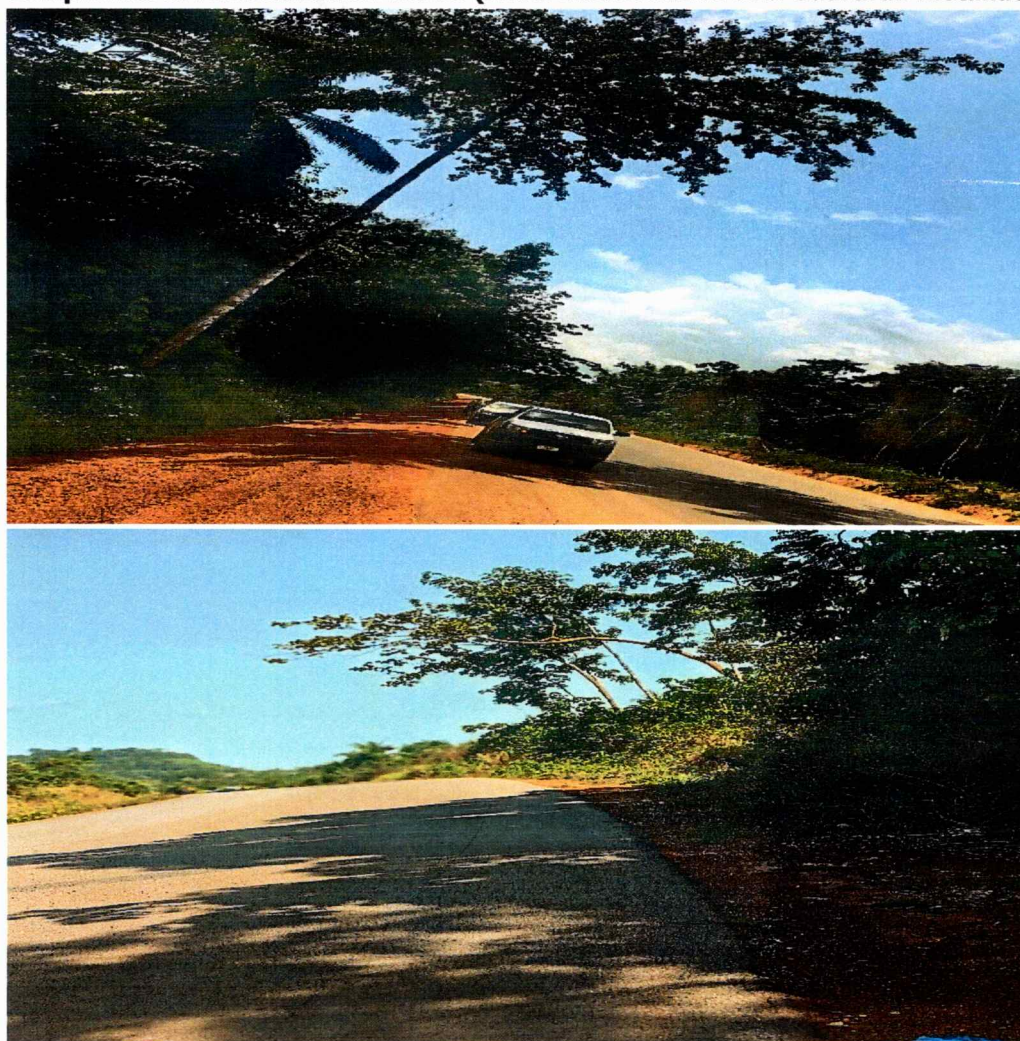


GAC Picture 4a: Showing Road verges unsupported, cracking and breaking

- 1.7.4.8 Additionally, we observed encroachments of several unlawful buildings in the Right of Way along the road corridor in Lot 1, particularly in (39km), and from 2-5km in Ganta. We also noticed that these constructions are built in the flood basin.
- 1.7.4.9 We noticed that the contracting entity (CICO) was not performing the following routine maintenance duties;

- Vegetation growths were identified at several RCPs, and culverts locations along the Ganta to Saglepiea road corridor (km22+200)
- Overhanging trees at km15+000
- No cutting of vegetation around the culverts or RCPs and repair of blockades of drainage in several section of the road corridor.
- Several others (Erosion, sand/debris, garbage etc) were found along the road corridor.
- Some drainage paths were not fully shaped, and gravel materials blocking the channels are impeding runoff during rainfall, particularly between Km 28+910 and Km 30+100.
- Routine maintenance works had not been carried out, and some concrete channels and concrete trap drains had not been constructed as required between Km 11+840 and Km 12+010 on both the RHS and LHS.
- No evidence of access culverts at some junctions, schools, clinics, and access to some homes in adjacent communities. **See below photos 4b for details.**

Photo 4b: Non-Compliance of Rehabilitation works (Road maintenance and Guardrail installation





GAC Photo 4: Showing overhanging tree, vegetation, and lack of guardrail along Ganta to Saglepie in Lot 1 (39km)

Risk

- 1.7.4.10 Non-compliance with required/approved pavement layer thickness impairs the structural integrity and durability of the road. Reduced thickness in the base and asphalt layers may lead to premature pavement failure, including cracking, rutting, and surface deterioration. This may increase maintenance and rehabilitation costs, reduce the design life of the road, and negatively affect road safety and user comfort. Furthermore, these deficiencies may expose the project to potential claims of substandard workmanship and contractual non-compliance there by impairing value for money and non-achievement of project objectives.
- 1.7.4.11 Noncompliance with contract specifications may impair mobility, road accessibility, and provide a potential safety hazard to road users.

- 1.7.4.12 The absence of grass cover and slope protection may result in erosion of road shoulders and embankments, water infiltration into the pavement layers, which also may weaken the road structure and accelerate pavement damage.

Recommendation

- 1.7.4.13 Management should ensure that the contractor complies strictly with the approved pavement design specifications and required layer thicknesses for both the crushed rock base course and asphalt binder course. Management should ensure the contractor is required to rectify all sections where deficiencies exceed allowable tolerances, through corrective measures such as overlay or reconstruction, as appropriate.
- 1.7.4.14 Going forward, Management should ensure that the monitoring consultant improves quality assurance and quality control (QA/QC) procedures, including more frequent site inspections, independent material testing, and real-time verification of layer thickness during construction before certification and payment approvals. Additionally, non-compliance should be formally documented and addressed through contractual enforcement mechanisms to prevent recurrence.
- 1.7.4.15 Management should ensure that properly designed and compacted road verges/shoulders are constructed along all completed road sections to provide adequate support to the asphalt pavement edges. In addition, grass should be planted and maintained along the road edges and embankments to minimize erosion, stabilize slopes, and improve drainage protection. Regular inspections should also be conducted to ensure compliance with approved engineering specifications and standards before project handover.
- 1.7.4.16 Management should ensure that project deliverables are implemented in line with approved specifications.
- 1.7.4.17 Management should facilitate proper coordination, monitoring and evaluation of service contract periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.7.4.18 *Please refer to the response provided concerning contract's work schedule. **See attached Exhibit XII: Contract's Work Schedule***

Auditor General's Position

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

1.8 LOT 2: Field Verification

1.8.1 Non-Compliance with Contract Requirements for Laboratory Facility

Criteria

- 1.8.1.1 Part B, Paragraph 21.1, Sentence (1-5 & 10) of the Lot 2 Contract signed between the Government of Liberia and China Railway Seventh Group-Contracting Entities (CE) for the design, build and transfer of Saglepiea to Tappita Road requires that "General Description: The Project Manager's office and housing accommodation shall be located on land purchased by the contractor on behalf of the Employer in a safe and secure area. The buildings shall be constructed in accordance with the specifications provided. Both office and residences shall be furnished and maintained for the entire duration of the contract. Upon completion of the contract, the entire accommodation complex (office and residences, including furnishing and equipment) shall become the property of the employer. The location and layout of the main camp will be subject to the approval of the Project Manager. Facilities including maintenance, fuel, oil and spare parts are the responsibility of the Contracting Entity."
- 1.8.1.2 Additionally, Part B, Paragraph 22.1, Sentence (2 & 7) of the Lot 2 Contract between the Government of Liberia and China Railway Seventh Group-Contracting Entities (CE) for the design, build and transfer of Saglepiea to Tappita Road requires that "The entire accommodation shall be completed within 60 days of signing commencement of the works. The duties include providing water and electricity for 24 hours and attendance."

Observation

- 1.8.1.3 During field verification, we observed that the contractor, China Railway Seventh Group, did not construct the laboratory housing for consultant use within the designated project camp site as required by the contract. Instead, laboratory operations were being conducted from a leased facility that cannot be transferred to the Government upon project completion.
- 1.8.1.4 Additionally, the installation of laboratory equipment was incomplete, with 2.5% of the required equipment yet to be supplied.

Risk

- 1.8.1.5 The Government may not realize the intended project benefits and ownership of project assets upon completion, while incomplete laboratory facilities may affect the effectiveness of quality assurance and testing activities.
- 1.8.1.6 Funds may be paid for works/service not performed.
- 1.8.1.7 The absence of effective monitoring and evaluation of contract deliverables may deny the achievement of value for money during the execution of the contract.

Recommendation

- 1.8.1.8 Management should ensure that the contractor complies with the contract requirements by providing a transferable laboratory facility and completing the supply and installation of all outstanding laboratory equipment.
- 1.8.1.9 Management should ensure that the contract deliverables are implemented in line with the project work plan.
- 1.8.1.10 The Contracting Entity should comply with the contract terms by constructing the required laboratory facility within the project camp site or seek formal approval for any variation from the relevant authorities.
- 1.8.1.11 Management should ensure that all outstanding laboratory equipment (2.5%) are supplied and installed promptly to achieve full operational capacity.
- 1.8.1.12 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.8.1.13 *GoL has made appropriate arrangement to honor its obligation under this project by phasing out the remaining civil works activities over a two fiscal year period – 2025 – 2027. The new completion date of the project under this arrangement will now be March 31, 2027. The Contractor has accordingly provided the work plan to match this time frame based on GoL committed funding availability. **See attached Exhibit XIII: Contractor's Workplan***

Auditor General's Position

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

1.8.2 Unrepaired Pavement Settlement/Depression and Incomplete Concrete Drain

Criteria

- 1.8.2.1 Part A3, Paragraph 2.6.1 of the Lot 2 Contract Documents for design, build and transfer of Saglepie to Tappita, South Eastern Corridor Road requires that "In general terms, the Contractors must ensure that all drainage elements and structures are without any obstructions which may reduce their normal cross section and impede the free flow of water. The service level under item 4 of Paragraph 2.6.1 states that "For one-km section all culverts must be clean and free of obstacles and without structural damage and must be firmly contained by surrounding soil or material."

- 1.8.2.2 Part A3, Paragraph 2.2.2 of the Lot 2 Contracts for the design, build and transfer of Saglepie to Tappita, South Eastern Corridor Road requires that "the service level criteria for road user service and comfort on paved roads are defined as follows: 'Rutting'-for a one km section there shall not be ruts deeper than 20 mm. Rutting of more than ten (10)mm shall not be present in more than 5 percent of any of the road section defined in the contract; 'Ravelling for a one km section ravelled areas must not exist."

Observation

- 1.8.2.3 During the field verification, we observed two (2) instances of pavement depression/settlement (sinking of the paved road surface) around culvert sections between chainage 87 km and 88 km on the Saglepie–Tappita Southeastern Corridor Road. These defects had not been repaired by the Contracting Entity, in keeping with the requirements of the contract specifications, which mandate timely rectification of such defects to ensure road integrity.
- 1.8.2.4 Further field verification revealed that out of a total of 6,988 meters of concrete side drains identified and approved for installation in Saglepie, Gray, Zoela, and Tappita, only 6,840 meters had been completed, leaving 121 meters incomplete. This indicates that the works were not fully executed in accordance with the approved scope and contract requirements. **See Photo 5 below for details.**

Photo 5: Showing side Drains





GAC Picture 5: Showing incomplete side drains along the 61km road corridor

Risk

- 1.8.2.5 Pavement settlement may compromise road quality and safety, resulting in increased maintenance costs and premature deterioration of the road infrastructure.
- 1.8.2.6 Incomplete side drains may impair drainage efficiency, increasing the risk of erosion, flooding, and premature deterioration of the road infrastructure.
- 1.8.2.7 Inadequate drainage, which may lead to water accumulation on or alongside the ດຳ and accelerate pavement deterioration, increases the risk of flooding and erosion, potentially damaging the road structure and adjacent properties.

Recommendation

- 1.8.2.8 Management should ensure that the Contracting Entity promptly repair the identified pavement depressions in accordance with contract specifications and engineering standards.
- 1.8.2.9 Management should ensure a joint inspection be conducted by the supervising engineer and project management team to assess the root cause (e.g., poor compaction, subgrade failure, or drainage issues) and ensure appropriate remedial measures are applied.
- 1.8.2.10 Management should ensure the project oversight team enforce defect liability obligations and ensure that all such defects are corrected within stipulated timelines.
- 1.8.2.11 Management should ensure the Contracting Entity complete the outstanding 121 meters of concrete side drains in accordance with the approved design and contract specifications.

- 1.8.2.12 Management should strengthen routine inspection and quality control mechanisms, particularly around culvert locations, to detect and address defects early.
- 1.8.2.13 Where necessary, apply contractual penalties or corrective measures to ensure compliance and prevent recurrence.

Management's Response

- 1.8.2.14 *GoL has made appropriate arrangement to honor its obligation under this project by phasing out the remaining civil works activities over a two fiscal year period – 2025 – 2027. The new completion date of the project under this arrangement will now be March 31, 2027. The Contractor has accordingly provided the work plan to match this time frame based on GoL committed funding availability. See attached Exhibit XIII: Contractor's Workplan*

Auditor General's Position

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

1.8.3 Road Inventory (Guardrail) Installation

Criteria

- 1.8.3.1 Part A3, Paragraph 2.5.1 of the (Lot 1 & 2) Contracts for the design, build and transfer of Saglepie to Tappita, South Eastern Corridor Road requires that "The contractor is responsible for ensuring that all horizontal and vertical signaling, as well as guardrails and other road safety devices comply fully with the Service Level requirements for signaling." The service level of guardrails under Paragraph 2.5.1 states that the guardrails "have to be present, clean, without any significant damage and corrosion."

Observation

- 1.8.3.2 During the field verification, we observed that guardrails had not been installed along the road section between chainage 38+670 and 44+000, contrary to the contract specifications.
- 1.8.3.3 Further, at chainage 84+200, the guardrail installed on the RHS was inadequate in length and did not provide the required protection for the embankment section. We also noted that the contracting entity was not performing the following routine maintenance duties;
- Overhanging rubber trees were identified at several locations such as 41+900 km, 42+650km and etc. where Resettlement Action Plan (RAP) compensation has been finalized.
 - Several locations along the road corridor in Lot 2 experiencing grassing;
 - No evidence of guardrails' reflectors;
 - No evidence of new signs or lines in some completed section of the road
 - No cutting of vegetation;
 - Abandoned vehicles on the road shoulder;

Several others (Erosion, sand/debris, garbage and etc) were found along the road corridor;
See Photo 6 below for details.



Photo 6: Showing Erosion, sand/debris



GAC Picture 6: Showing incomplete side drains and guardrail along the 61km road corridor

Risk

- 1.8.3.4 The lack of guardrail may lead to increase in road traffic accidents, particularly in hazardous sections at locations with embankments greater than 3 meters.
- 1.8.3.5 Non-compliance with contract specifications and safety standards may impede the achievement of the project objectives.
- 1.8.3.6 The lack of routine maintenance may impede mobility, road accessibility and result into potential safety hazards for road users.

- 1.8.3.7 The contractor failure to remove abandoned vehicles, sand/debris and overhanging trees on the roadway may impede mobility, road accessibility and result into potential safety hazard for road users.
- 1.8.3.8 Growth on the pavement could drastically limit the width of the hard shoulder, forcing bikes and pedestrians into the main carriageway.
- 1.8.3.9 A lack of sign/line may increase the frequency and severity of collisions, resulting in more injuries and fatalities.
- 1.8.3.10 The lack of vegetation growth at landslide emergency works poses an erosion risk; Overhanging tree branches impair the forward driver's field of visions.

Recommendation

- 1.8.3.11 Management should ensure the Contracting Entity installs guardrails along chainage 38+670 to 44+000 in accordance with approved designs and contract specifications.
- 1.8.3.12 Management should ensure the existing guardrail at 84+200 (RHS) be extended to the required length to ensure full protection of the high embankment section.
- 1.8.3.13 Management should ensure that guardrail design, height, anchorage, and end treatments meet standards suitable for embankments of 3 meters and beyond 3 meters.
- 1.8.3.14 Management should ensure the monitoring consultant inspect, verify, and certify compliance prior to acceptance of the works.
- 1.8.3.15 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.
- 1.8.3.16 GOL, MPW, and IIU should take immediate actions to ensure that new land projects are properly controlled. All new structures erected along the road corridors should be demolished by IIU through MPW.

Management's Response

- 1.8.3.17 *GoL has made appropriate arrangement to honor its obligation under this project by phasing out the remaining civil works activities over a two fiscal year period – 2025 – 2027. The new completion date of the project under this arrangement will now be March 31, 2027. The Contractor has accordingly provided the work plan to match this time frame based on GoL committed funding availability. **See attached Exhibit XIII: Contractor's Workplan***

Auditor General's Position

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