Management Letter

On the Audit of the Financial Statements of The Renewable Energy for Electrification in Liberia (REEL) Project

For the Year ended December 31, 2025

Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2026

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Acronyms / Abbreviations Symbols

Acronym	Meaning
AfDB	African Development Bank
AG	Auditor General
AM	Aide Memoire
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
FCCA	Fellow Member of the Association of Certified Chartered Accountant
GAC	General Auditing Commission
GoL	Government of Liberia
IFR	Interim Financial Report
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards for Supreme Audit Institutions
LD	Liberia Dollar
LRA	Liberia Revenue Authority
MFDP	Ministry of Finance and Development Planning
PAD	Project Appraisal Document
PAP	Project Affected Persons
PCU	Project Coordination Unit
PFM	Public Finance Management
PIU	Project Implementation Unit
PPC Act	Public Procurement and Concession Act
PSC	Project Steering Committee
RAP	Resettlement Action Plan
REEL	Renewable Energy Electrification in Liberia
RREA	Rural Renewable Energy Agency
ToR	Term of Reference
USD	United States Dollar

Hon. Samuel Nagbe
Executive Director
Rural Renewable Energy (RREA)
Newport Street
Monrovia, Liberia

June 25, 2026

Dear Mr. Nagbe:

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF THE RENEWABLE ENERGY FOR ELECTRIFICATION IN LIBERIA (REEL) PROJECT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025.

The Financial Statements of the Renewable Energy for Electrification in Liberia (REEL) for the fiscal year ended December 31, 2025 are subject to audit by the Auditor General (AG) consistent with the Auditor General's mandate as provided for under section 2.1.3 of the General Auditing Commission (GAC) Act of 2014, and the Audit Engagement Terms of Reference (ToR).

INTRODUCTION

The audit of the Renewable Energy for Electrification in Liberia (REEL), for the period ended December 31, 2025 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the course of the audit.

The Project financial statements are prepared in line with the requirements of the International Public Sector Accounting Standards (IPSAS), Cash Basis accounting and the World Bank reporting requirements.

SCOPE AND DETERMINATION OF RESPONSIBILITY

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) as promulgated by International Organization of Supreme Audit Institutions (INTOSAI), the International Public Sector Accounting Standards (IPSAS) Cash basis and the World Bank reporting requirements. These standards require that we plan and perform the audit so as to obtain reasonable assurance whether the Renewable Energy for Electrification in Liberia (REEL), financial statements and related records are free of material misstatements due to errors or fraud and whether they comply with ethical requirements.

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 statements' presentation.

The audit will also contain 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 Team. Our responsibility is to express an opinion on these financial statements.

The audit findings which were identified during the course of the audit are included below. It would be appreciated, if you were to comment on or provide your responses to these findings.

Key management personnel for fiscal year 2025

Name of Officials	Rank	Tenure
Samuel B. Nagbe	Executive Director	March 12,2024-present
Dehkontee Liles Wymon	Deputy Executive Director Finance & Adm.	May 2024 - present
Senesee Hemoh	Project Coordinator	Dec.1, 2024 - Present
Marthaline Horace	Finance Director	2021 - present
Boimah S. Barclay	Accountant	Dec.1, 2024 - present
Stephen Potter	Deputy Executive Director-Programs	Aug.1, 2010 - present

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Renewable Energy for Electrification in Liberia (REEL).

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

Monrovia, Liberia
June 2026

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Non-disclosure of Fixed Asset

Criteria

1.1.1.1 Regulation V.1 (2a) of the PFM Act of 2009 as amended and restated in 2019 states: The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that:

- preventive mechanisms are in place to eliminate theft, losses, wastage and misuse;"

1.1.1.2 Regulation O.24 (1) of the PFM Acts of 2009 states "A Head of Government Agency shall ensure that his accounts are properly maintained and are correct at all times".

Observation

1.1.1.3 During the audit, we observed no evidence that Management disclosed on the face and in the notes to the financial statements the cost and details respectively of nine (9) visitor chairs purchased on October 21, 2025 amounting to US$950.00. **See Table 1 below for details.**

Table-1: Non-disclosure of Fixed Assets

Fixed Assets	Purchase date	Amount
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Visitor chair	October 21, 2025	95.00
Total		**950.00**

Risk

1.1.1.4 Management may be non-compliant with Regulation V.1 (2a) of the PFM Act of 2009 as amended and restated in 2019.

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

1.1.1.6 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

1.1.1.7 Management may not account for all expenditures of the project.

1.1.1.8 Non-disclosure of fixed assets purchased may impair fair presentation and full disclosure of the financial statements.

Recommendation

1.1.1.9 Management should account for fixed assets purchased during the period under audit which were not disclosed in the financial statements.

1.1.1.10 Subsequently, Management should adjust the financial statements and include on the face and in the notes to the financial statements, the cost and details of fixed assets totaling US$950. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.

1.1.1.11 Going forward, Management should facilitate full and adequate disclosure of receipts and expenditure on the face and in the notes to the financial statements (where applicable) consistent with IPSAS Cash Basis of financial Reporting.

Management's Response

1.1.1.12 Please find attached the revised financial statements, which disclose the cost and details of the fixed assets.

1.1.1.13 Management would also like to clarify that these assets have not yet been paid for and, accordingly, do not form part of the expenditure for the period under audit.

Auditor General's Position

1.1.1.14 We acknowledge Management's assertions relative to the receipt of fixed assets on credit and subsequent disclosure of fixed assets in the notes to the financial statements.

1.1.2 Irregularities Associated with Vendor Payments:

Criteria

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

Observation

1.1.2.2 During the audit, we observed the following irregularities associated with payments amounting to US$8,000.00 disbursed to Planet PC Liberia Inc.:

- The payment voucher was only signed by the preparer. We observed no evidence of authorization by the Finance Director as required. **See Exhibit 1.**
- Copy of check submitted for audit purposes referenced number 00000525 and

dated May 1, 2026 and drawn on International Bank of Liberia was signed by a single signatory of the entity. **See Exhibit 2.**

- There was no evidence of a goods delivery note
- Original copies of the supporting documents such as payment voucher, check, **goods received register, etc., were not made available for audit purpose.**

Risk

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

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

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

1.1.2.6 Unauthorized and / or inadequate signatories may facilitate the processing of illegitimate transactions leading to misappropriation and/or fraud.

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

Recommendation

1.1.2.8 Management should submit copy of fully authorized check for the transaction catalogued in our finding above. Management should also submit original copies of supporting documents such as payment voucher, goods received register, etc., not made available for audit purposes. The requested documents should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.

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

1.1.2.10 Management should also ensure that all checks are issued under dual signatory in accordance with the entity's authorized signature mandate.

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

Management Response

1.1.2.12 Management wishes to clarify that the payment voucher and cheque were duly authorized by both designated signatories and subsequently reviewed and cleared by the Internal Auditor.

1.1.2.13 There are two authorized signatories for all bank accounts; therefore, no cheque can be signed by only one signatory and be accepted for processing by the bank.

1.1.2.14 Furthermore, the payment was cost-shared among various projects. As a result, the Goods Delivery Note reflected the total quantity of items procured under the combined purchase, rather than only those attributable to a single project.

Auditor General's Position

1.1.2.15 Management's assertions did not adequately address the issues raised. Management did not submit copy of fully authorized check for the transaction catalogued in our finding above. Management did not also submit original copies of supporting documents such as payment voucher, goods received register, etc., not made available for audit purposes as requested. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.3 Non-Withholding and Remittance of GST

Criteria

1.1.3.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "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".

1.1.3.2 Section 91. (a) of the revised Revenue Code of 2011 states that; A person required under the provisions of this Code or regulations hereunder to withhold, collect, segregate, account for, or pay over any tax or other revenues of the Republic and who knowingly fails to do so commits a misdemeanor. Upon conviction, in addition to any other sanctions that may be provided by law, the person is subject to a fine of not more than $50,000.00, imprisonment for not more than one year, or both.

1.1.3.3 Also, Section 8.01(c) of the Bank's General Conditions applicable to Loan, Guarantee, and Grant Agreements, and Article 57 of the Bank Agreement, any immunities, exemptions, or privileges from taxation are granted solely for the benefit of the Bank. These privileges do not extend to consultants, contractors, or other third parties engaged by the Borrower or Guarantor in connection with the Project.

Observation

1.1.3.4 During the audit, we observed no evidence of Personal Income Tax (PIT) amounting to US$16,596.30 being withheld and remitted into GoL Revenue Account as required. **See Table 3 below for details.**

Table -3 Non-withholding and Remittance of GST

Description	Name	Gross amount A	Months taxes not withhold B	10% Withholdings C	Total withholding D D= (Ax10%)
Salary 2025	Archiebald Brown III	2,373.00	11	237.30	2,610.30
Salary 2025	Boimah Barclay	2,373.00	11	237.30	2,610.30
Salary 2025	Dai G. Gono	950.00	12	95.00	1,140.00
Salary 2025	Joseph K. Fobay	450.00	12	45.00	540.00
Salary 2025	Josepus A. Sonniful	2,350.00	9	235.00	2,115.00
Salary 2025	Samuel P. Freeman	450.00	11	45.00	495.00
Salary 2025	Senesee S. Hemoh	4,500.00	11	450.00	4,950.00
Salary 2025	T. Woibah	2,373.00	9	237.30	2,135.70
Total					**16,596.30**

Risk

1.1.3.5 Failure to withhold and remit taxes, may deny GoL of much needed tax revenue.

1.1.3.6 Management may be non-compliant with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 which may result in to penalties for late payment and failure to pay.

1.1.3.7 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

1.1.3.8 Management should provide substantive justification for not withholding and remitting withholding taxes to the General Revenue Account as required.

1.1.3.9 Management should facilitate full remittance of withholding taxes to the General Revenue Account in keeping with Sections 91 and 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.

1.1.3.10 Going forward, Management should withhold all taxes and facilitate full remittance of same to the General Revenue Account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.

1.1.3.11 Evidence of original copies of flag receipts and other relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.1.3.12 Management wishes to clarify that the contracts of the above-mentioned consultants were granted tax-exempt during the period under review.

1.1.3.13 For reference and verification, please refer to contracts for the Project Implementation Unit (PIU), which clearly outline the tax-exempt provisions applicable to these consultants that were previously shared with the audit team.

Auditor General's Position

1.1.3.14 Management's assertions were not supported by adequate documentation. Of the contracts subsequently submitted for audit purposes, only the Project Coordinator, Senesee S. Hemoh, contract had a provision for tax exemption. We observed no evidence of tax exemption provision in all the other contractors' contracts as asserted in Management's response. Therefore, we maintain our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.2 Procurement Management

1.2.1 Irregularities Associated with Procurement Management

Criteria

1.2.1.1 Section 30 (1 and 2) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: "(1) Each Procurement Committee shall constitute a Bid Evaluation Panel with the required expertise as and when required to evaluate bids solicited by the Procuring Entity. (2) A Bid Evaluation Panel shall be responsible for the evaluation of bids in accordance with the predetermined and Published evaluation criteria as outlined to bidders in the bid documents in accordance with this Act and shall prepare and submit evaluation reports and recommendations for award for the consideration of the Procurement Committee or the Head of the Procuring Entity as provided in the Schedule".

1.2.1.2 Additionally, Bank Procurement Policy and Methodology: Bank standard PMPs, using the relevant Bank Standard Solicitation Documents, is used for Open Competitive Bidding International (OCB-I) contracts for both goods and works and Acquisition of Consulting Services as indicated in the Technical Annex B5, Para. B.5.3.2 of the Bank procurement policy.

Observation

1.2.1.3 During the audit, we observed the following irregularities associated with the procurement of Microsoft 365 Office migration:

- No evidence of functional procurement committee evidenced by the absence of meeting minutes and periodic reports.
- There was no evidence of procurement committee meeting minutes authorizing the

purchase of the Microsoft 365 Office application.

- Procurement of Microsoft 365 Office migration was not budgeted for
- No evidence that Microsoft 365 Office Migration was included in the procurement plan
- Split procurement of Microsoft 365 Office migration between LESSAP and REEL
- No evidence of No Objection to the procurement of Microsoft 365 Office migration at final 50% payment of US$10,075.58 by REEL management
- There was no evidence of periodic (quarterly and annual) procurement activities report submitted to African Development Bank (AfDB).

Risk

1.2.1.4 In the absence of a functional procurement committee, the entity's procurement processes may be discretional.

1.2.1.5 Procuring goods and services non-consistent with the approved procurement plan and budget may lead to discretionary expenditures. This may lead to misappropriation of project funds.

1.2.1.6 In the absence of quarterly and annual procurement activities reports, Management may be non-compliant with the Bank procurement policy and PPC Act of 2005 as amended and restated in 2010.

1.2.1.7 Management may not adequately account for its procurement activities and impair effective monitoring of its procurement activities by the Bank procurement policy.

Recommendation

1.2.1.8 Management should establish a functional procurement committee evidenced by the documentation of meeting minutes and periodic activities reports. All major procurement activities should be authorized by the procurement committee.

1.2.1.9 Management should facilitate the approval of annual procurement plan by the AfDB and / or the PPCC. All unplanned procurement activities should be subsequently submitted to the AfDB and / or the PPCC for approval before execution.

1.2.1.10 Management should ensure that all planned procurement activities catalogued in the approved procurement plan are adequately budgeted for in the approved annual or supplementary budget of the project.

1.2.1.11 Management should facilitate the preparation and submission of quarterly and annual procurement activities reports to the PPCC and / or the AfDB as required.

1.2.1.12 Management should ensure that all goods/works/services are covered in the annual procurement and that the requisite procurement methods are utilized for all procurement transactions to achieve value for money and ensure compliance to the PPC Act of 2005 as amended and restated 2010 and or the AfDB

1.2.1.13 Evidence of approved annual procurement plan, quarterly and annual procurement activities reports, and all relevant supporting procurement records should be adequately documented and filed to facilitate future review.

1.2.1.14 Going forward, Management should facilitate adequate planning of procurement activities to ensure that competitive procurement processes are utilized to optimize value for money and the achievement of project's deliverables. The procurement plan should be prepared and approved before the commencement of the fiscal year to provide adequate timing for the conduct of more competitive procurement processes.

Management's Response

1.2.1.15 Management wishes to clarify that the Microsoft 365 Office subscription is an online software service acquired directly through a digital platform. As such, a conventional procurement process was not applicable to this transaction.

1.2.1.16 Notwithstanding, all relevant supporting documentation was maintained and attached to the payment voucher, including the service agreement, supplier invoices, payment voucher, and SWIFT transfer confirmation. These documents provide adequate evidence of the transaction and support the validity of the expenditure incurred.

Auditor General's Position

1.2.1.17 Management's assertions did not adequately address the issues raised and were not consistent with Section 30 (1 and 2) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 and Para. B.5.3.2 of the Bank procurement policy. Further, as reported in our findings above, the purchase of the software was not included in the approved procurement plan neither was the purchase budgeted for or subsequently approved by the Bank. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3 Expenditure Management

1.3.1 Non-remittance of Withholding Taxes

Criteria

1.3.1.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "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".

1.3.1.2 Also, Section 8.01(c) of the Bank's General Conditions applicable to Loan, Guarantee, and Grant Agreements, and Article 57 of the Bank Agreement, any immunities, exemptions, or privileges from taxation are granted solely for the benefit of the Bank. These privileges do not extend to consultants, contractors, or other third parties engaged by the Borrower or Guarantor in connection with the Project.

Observation

1.3.1.3 During the audit, we observed that Management withheld the total amount of US$2,312.50 as withholding taxes in the months of October, November and December 2025 for some consultants and staff without evidence of subsequent remittance to the General Revenue Account as required. **See 5able 5 below for details.**

1.3.1.4 Also, we observed no evidence that Management disclosed the unremitted taxes withheld as a liability in the notes to the financial statements.

Table -5: Taxes Withheld and not Remitted

Description	Name	Gross amount US$	Months taxes withheld US$ A	10% Withholdings US$ B	Total withheld US$ C=(AxB)
Salary 2025	Archiebald Brown III	2,637.00	1	263.70	263.70
Salary 2025	Boimah Barclay	2,637.00	1	263.70	263.70
Salary 2025	Josephus A. G. Sonniful	3,238.00	3	323.80	971.40
Salary 2025	Senesee S. Hemoh	5,500.00	1	550.00	550.00
Salary 2025	T. Woibah Sumo	2,637.00	1	263.70	263.70
Total					**2,312.50**

Risk

1.3.1.5 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.

1.3.1.6 Management may be non-compliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. Please see Section 52 of the Revenue Code of Liberia as referenced above.

1.3.1.7 Non-remittance of withholding taxes may lead to overstatement of the cash book and subsequently the financial statements.

Recommendation

1.3.1.8 Management should facilitate full remittance of withholding taxes to the GRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.

1.3.1.9 Management should disclose in the notes to the financial statements the total amount of taxes withheld and not remitted during the period for fair presentation and full disclosure purposes.

1.3.1.10 Going forward, Management should withhold all taxes and facilitate full remittance of same to the General Revenue Account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.

1.3.1.11 Evidence of original copies of flag receipts and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.3.1.12 Management acknowledges the auditor's observation and commits to ensuring that all withheld taxes are remitted to the relevant tax authority in a timely manner and in accordance with applicable regulations.

Auditor General's Position

1.3.1.13 We acknowledge Management's acceptance of our findings and recommendations. However, Management did not disclose the withholding tax liability in the notes to the financial statements as requested. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.4 Fixed Assets Management

1.4.1 Irregularities Associated with Fixed Assets Management

Criteria

1.4.1.1 Regulation V.1 (2a) of the PFM Act 2009 as restated in 2019 states: The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that: (a) preventive mechanisms are in place to eliminate theft, losses, wastage and misuse;"

Observation

1.4.1.2 During the audit, we observed the following irregularities associated with the REEL project fixed assets management system:

- There was no evidence of a fixed assets management policy.
- The fixed asset register did not contain all the relevant columns to include; depreciation expense, accumulated depreciation, net book value, etc.
- The fixed assets register was not regularly updated. Three (3) HP Desktops procured on May 1, 2025 amounting to US$3,634.98.00 were not recorded in the fixed assets register. **See Table 6 for details**.
- There was no evidence of periodic physical verification of fixed assets management

Table – 6 Irregularities Associated with Fixed Management System

Assets	Amount US$	Comment
HP Desktop	1,211.66	Not recorded in assets register
HP Desktop	1,211.66	Not recorded in assets register

Assets	Amount US$	Comment
HP Desktop	1,211.66	Not recorded in assets register
Total	**3,634.98**	

Risk

1.4.1.3 Fixed Assets Register may be misstated (Over/understated).

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

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

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

1.4.1.7 Fixed Assets not recorded may be susceptible to theft or diverted to personal use.

Recommendation

1.4.1.8 Management should update the fixed assets register to record all fixed assets purchased in fiscal year 2025, comprehensively cataloged in Table 6 above.

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

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

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

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

Management's Response

1.4.1.13 Management wishes to clarify that a Fixed Assets Policy is included in the organization's Financial Manual and provides guidance on the recognition, recording, and management of fixed assets.

1.4.1.14 Management further confirms that the Fixed Asset Register has been updated and contains all relevant information and required fields for proper asset tracking and control.

1.4.1.15 In addition, the three desktop computers procured during the period under review has been recorded. Please refer to the attached updated Fixed Asset Register for verification.

Auditor General's Position

1.4.1.16 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 Field Verification Issues

1.5.1 Discrepancies Associated with Project Deliverables

Criteria

1.5.1.1 Page 7 paragraph 2 of REEL project implementation manual (PIM) states that the Renewable Energy for Electrification in Liberia (REEL) project is aims at electrification of communities located in proximity of the existing distribution network and the capacity building for hydropower plant development and management. The generated power be evacuated to the existing cross-border line between Liberia and Côte d'Ivoire through an 8km 33kV evacuation line that runs from Lugatuo Border to Ganta and Gbarnga.

1.5.1.2 Additionally, Request for Bids plan Schedule No. 1: Plant and Mandatory Spare Parts (Distribution Equipment/material) Supplied from Abroad; Section 1.2 states that: the line supporting structure shall be of single pole (cl 3 or cl 4 wood or steel tubular) structure as follows:

- Steel Tubular Poles: these shall be 12m & 11m primarily for the 33kV express (transmission) lines in open country (between towns and villages).
- The use of steel poles is to protect the lines against bush fires which is rampant in the area.
- Wood Poles: these are for 11m & 12m poles for the 33kV express and distribution lines within the towns and villages where bush fires are not expected.
- The class 4 poles are for intermediate and light angle pole structures whilst the class 3 poles are for MAP, HAP, Tee Off, and Terminal Single Pole structures

Observation

1.5.1.3 During the audit, we observed that transmission lines erected in Gehwee, Sanniquellie and along the Ganta to Gbarnga corridor were mounted on wooden poles rather than steel tubular poles as required.

Risk

1.5.1.4 The usage of wooden poles to string power lines in the rural areas may expose the infrastructure to fire vandalism due to regular burning of cultivated farms by community dwellers.

1.5.1.5 The absence of regulation and prescribed punishment for burning of poles may lead to the non-achievement for value for money.

Recommendation

1.5.1.6 Management should develop a strong communication strategy between the project implementors (Contractors) and community members to create more awareness about care and protection of project infrastructure.

1.5.1.7 The Community Outreach personnel should engage all community dwellers in periodic community dialogue sections informing them of the consequences of not caring and protecting project infrastructure.

1.5.1.8 Going forward, Management should consider the erection of concrete or metal poles rather than wooden poles due to threat from fire hazards owing to cultivation of farm lands in the project areas.

1.5.1.9 Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts.

1.5.1.10 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.

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

Management's Response

1.5.1.12 *For Gehwee lines poles, it was due to insufficiency of steel tubular poles and the contractor was instructed to provide wooden poles to complete the line. For Gblasonnoh lines, from the take-off point after the existing transformer behind the administration building Sanniquelle to the Gblasonnoh town all poles are steel tubular. From Ganta city to Gbarnga city, the 33KV lines are existing lines contructed under the USAID project. Most of the transformers installed are inline transformers, except for Kpain 5 km line of road, palala T-off to Zoeweinta, and part of Gbarnga city where T-off were required.*

Auditor General's Position

1.5.1.13 Management's assertions relative to "insufficiency of steel tubular poles and the contractor was instructed to provide wooden poles to complete the line" are not consistent with the terms and conditions of the contract. Management should immediately alert the contractor to replace the wooden poles with tabular steel poles consistent with the terms and conditions of the contract. We will follow up on the implementation of our recommendations during subsequent audit.

1.5.2 Irregularities Noted in Meter Distributions

1.5.2.1 Page 7 paragraph 2 of REEL project implementation manual (PIM) states that the Renewable Energy for Electrification in Liberia (REEL) project is aims at electrification of communities located in proximity of the existing distribution network and the capacity building for hydropower plant development and management. The generated power be evacuated to the existing cross-border line between Liberia and Côte d'Ivoire through an 8km 33kV evacuation line that runs from Lugatuo Border to Ganta and Gbarnga.

Observation

1.5.2.2 During the audit, we observed the following irregularities associated with meter connections to households in Gehwee, Gblassonnoh and Davoryee in Nimba County by Jungle Energy Power (JEP).

- Meters retrieved from homes not properly wired in prior year have not been returned to those homes; consequently, the affected homes were without connection. Some households' meters were taken along with their receipts while some homes meters were taken in the absence of the customers.
- Some homes whose meters were retrieved due to improper wiring have been rewired properly; however, their meters had not been returned.
- Transformers installed in Davoryee and Gblassonnoh Towns blasted in flames one after the other within two days and have not been replaced; leading to power outage in these locations.
- Unlike other communities along the Ganta to Gbanga corridor, Gehwee, Gblassonnoh and Davoryee towns in Saniquelli were without street lights.

Risk

1.5.2.3 Failure to restore meters to affected homes, Management may not fully implement project deliverables. The required number of targeted beneficiaries may not be served, thereby impairing value for money and the achievement of project objectives.

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

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

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

Recommendation

1.5.2.7 Management should ensure that retrieved meters and exposed wires from some houses, are restored to give improve access to reliable electricity to these homes.

1.5.2.8 Management should ensure that street lights are installed on the poles located at populated areas to provide visibility for residents, visitors, and security personnel.

1.5.2.9 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts. Project Implementation Unit (PIU) should facilitate payments to contractors consistent with the approved work plan and payment terms.

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

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

Management's Response

1.5.2.12 The removal of meters from these houses by JEP was due to the safety of the meter installed from rain creating rust at the meter input which was exposed, and the customers were given receipt to authenticate after completing their internal wiring for JEP to install the meter back without any cost. For transformer blasting not to my knowledge as the project was dedicated and turned over to LEC February 21, 2025 and to the O&M contractor JEP. No streetlight under this project procures for installation.

Auditor General's Position

1.5.2.13 We acknowledge Management's assertions. However, with their meters yet to be returned to the customers as recommended, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.5.3 Delay in Commencement of Civil Works and Hydropower Construction

Criteria

1.5.3.1 Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

- Ensuring that the contractor complies with the specifications and terms of the contract
- Ensuring that the contract is being performed on schedule
- Ensuring that payments made to the contractors are aligned with the terms of the contract.

Observation

1.5.3.2 During the audit, we observed that the Civil Works and Hydropower Construction have not yet commenced, primarily due to the unavailability of the access road leading to the project site. Though the government had hired a construction company called Darhin Construction Company to construct an access road through an alternative 8.13km route, the hydropower dam site remains inaccessible due to delay in the completion of the alternative route.

Risk

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

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

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

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

Recommendation

1.5.3.7 Management should provide substantive justification why project deliverables have not been implemented consistent with approved timelines.

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

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

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

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

Management's Response

1.5.3.12 This Auditor General observation is true as the access road remains a critical activity under the project. The road is 67% complete and progress has stalled due to the absence of the road contractor on the road. Several factors are responsible for the delay. Inadequate supervision of the ongoing road. The road was expected to be completed by June 2026. However, the MPW has extended the contract to November 30, 2026. The GoL/MPW should accelerate the road construction in preparations for a full-scale mobilization of the HPP Contractor.

Auditor General's Position

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

1.5.4 Delay in Completion of Access Road Construction

Criteria

1.5.4.1 Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

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

Observation

1.5.4.2 During the audit, we observed that the implementation progress for the construction of an access road remains slow due to limited equipment owned by Darhin Construction Company hired by the Ministry of Public Works to construct the access road to the Gbedin Falls through an alternative 8.13km route.

Risk

1.5.4.3 Payments may be made for services not performed and value for money may be impaired.

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

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

1.5.4.6 Increase in approved project cost may lead to breach of contract, impair value for money and facilitate misappropriation of project funds.

Recommendation

1.5.4.7 Management should provide substantive justification why project deliverables have not been implemented consistent with approved timelines.

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

1.5.4.9 Management should also provide justification and the cost implication for the initiation of alternative road and the subsequent hiring of a new contractor for the alternative road project while the initial road project appeared to be abandoned.

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

1.5.4.11 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.

Management's Response

1.5.4.12 This Auditor General observation is true as the access road remains a critical activity under the project. The road is 67% complete and progress has stalled due to the absence of the road contractor on the road. Several factors are responsible for the delay. Inadequate supervision of the ongoing road. The road was expected to be completed by June 2026. However, the MPW has extended the contract to November 30, 2026. The GoL/MPW should accelerate the road construction in preparations for a full-scale mobilization of the HPP Contractor.

Auditor General's Position

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

1.5.5 Irregularities Associated with Asset Management in the Field

Criteria

1.5.5.1 Regulation V.1 (2a) of the PFM Act 2009 as restated in 2019 states: The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that: (a) preventive mechanisms are in place to eliminate theft, losses, wastage and misuse;"

Observation

1.5.5.2 During the audit, we observed that a 100KVA transformer with serial No. 2104024 belonging to REEL Project was abandoned in a guest house (Open Door Guest House) compound around the Phebe Hospital in Gbarnga, Bong County. The transformer was observed to be unused since purchased and had been stored in the guest house since 2023. **See exhibit 1 for details.**

Risk

1.5.5.3 Lack of management oversight and failure to implement proper asset maintenance and utilization procedures may lead to increased overhead cost of the project.

1.5.5.4 Fixed assets may be stolen, damaged or impaired, but their original values are still on the books.

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

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

Recommendation

1.5.5.7 Management should provide substantive justification why the transformer had been abandoned at the Open- Door Guest House.

1.5.5.8 Management should immediately facilitate the retrieval of the transformer from the guest house and provide a status report to the Office of the Auditor General, as part of Managements response to this Management Letter.

1.5.5.9 Management should also ensure that all fixed assets procured are made available for use in a timely manner as required.

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

1.5.5.11 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

1.5.5.12 Management wish to clarify as per the project documentation, only 45 transformers were to be procured and installed, and all were installed. Except for Palala and Kpain towns transformers 8 installed 4 of each were borrow from Lofa for the former president George Manneh Weah to dedicate light 2023.

Auditor General's Position

1.5.5.13 Management's assertions did not adequately address the issues raised. Management did not provide substantive justification why the transformer had been abandoned at the Open-Door Guest House. Management did not also facilitate the immediate retrieval of the transformer from the guest house and provide a status report to the Office of the Auditor General, as part of Managements response to this Management Letter as requested. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendation during subsequent audit.

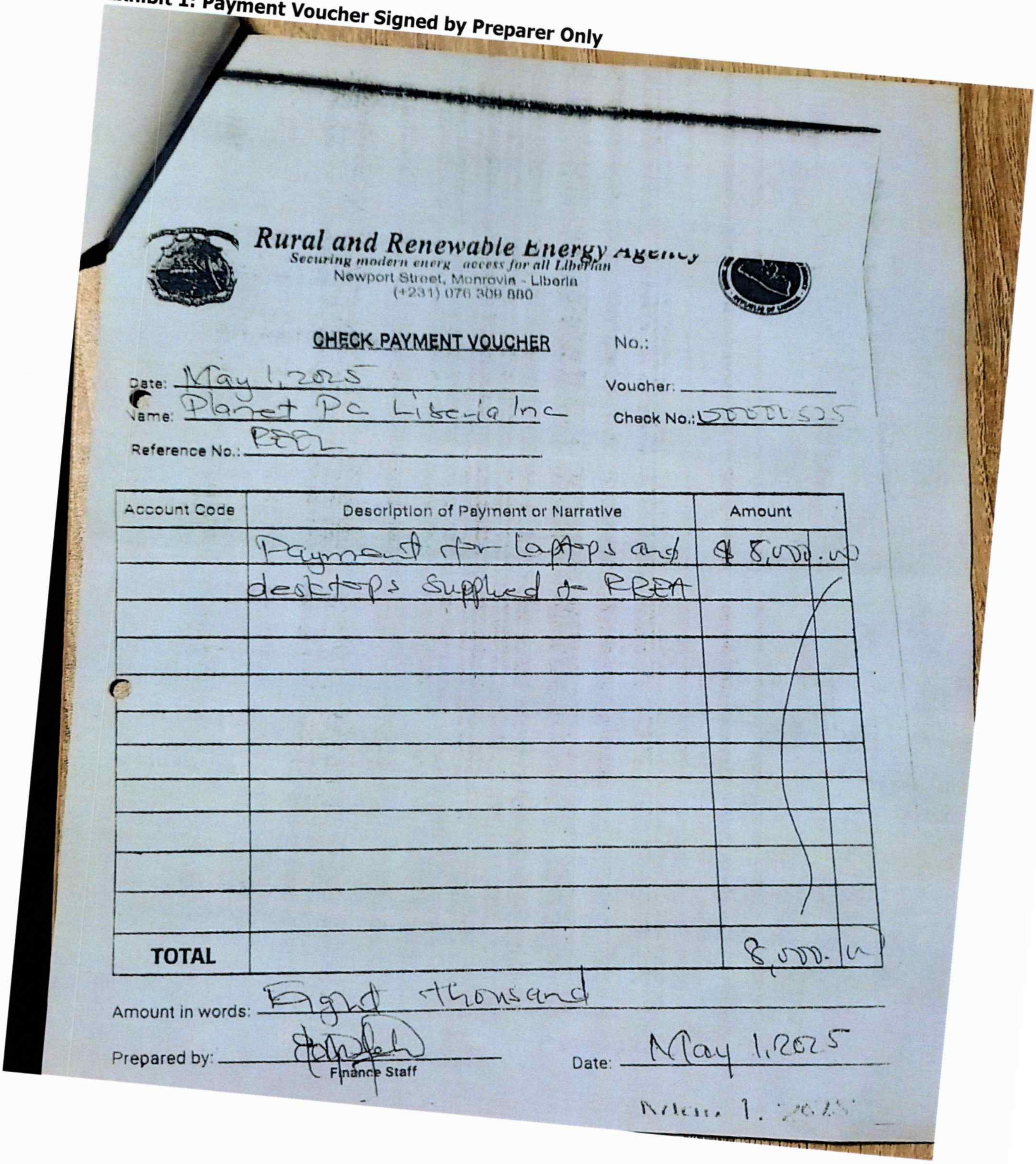
STATUS OF PRIOR YEAR RECOMMENDATIONS (REEL)

Paragraph #	Issues	Responsible Party	Recommendations	Level of Implementation by Auditee
1.1.1.3	Failure to Withhold and Remit Taxes	Finance	Management should provide substantive justification for not withholding and remitting withholding taxes to the LRA.	Not implemented
1.1.2.2	Payment Made to Third Party	Finance	Management should initiate and complete all procurement processes as required by the Project Coordination Unit (PCU) or PPCC and the Public Financial Management Act.	Partially Implemented
1.1.3.2	Irregularities Associated with the Management of the Project's Assets	Finance	Management should ensure that all fixed assets are recorded and maintained in the fixed asset register constant with the fixed asset policy.	Partially Implemented
1.1.4.3	Spending in Excess of Approved Budgeted – Project Fund	Finance	Management should account for the expenditure in excess of the approved budget limits without evidence of approved supplementary and /or recast budget (no objection) for the period.	Not Implemented
1.2.2.2	Delay in the Completion of Road Works	Program	Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the road work and update the Office of the Auditor General as part of Management's response to this Management Letter.	Partially Implemented
1.3.1.3	No Segregation of Duties	Program	Management should facilitate segregation of duties and check and balances in the implementation of project activities.	Implemented

Paragraph #	Issues	Responsible Party	Recommendations	Level of Implementation by Auditee
1.3.2.3	Lack of an Audit Committee	Finance	Management should liaise with the relevant authority to establish a functional audit committee. Evidence of periodic meetings minutes and activities reports should be adequately	Implemented
			documented and filed to facilitate future review.	
1.3.3.2	No Risk Assessment Policy and Process	Finance	Management should develop, approve and operationalize a risk management policy that identifies strategies for mitigating internal and external risks that may impair the achievement of the institution's objectives.	Implemented
1.3.5.3	Lack of Monitoring and Evaluation	Program	Management should facilitate effective coordination, monitoring and evaluation of all project activities and prepare periodic reports of monitoring and evaluation activities.	Partially Implemented
1.3.5.3	Lack of Monitoring and Evaluation	Program	The Project Implementation Unit (PIU) should restore the abandoned 100KVA transformer to workable condition and ensure that the asset is subsequently made available for use or transfer it to a location where it is needed	Not implemented

EXHIBITS

Exhibit 1: Payment Voucher Signed by Preparer Only



Rural and Renewable Energy Agency
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(+231) 076 309 880

CHECK PAYMENT VOUCHER No.:

Date: May 1, 2025 Voucher:
Name: Planet Pc Liberia Inc Check No.: 00000525
Reference No.: REEL

Account Code	Description of Payment or Narrative	Amount
	Payment for laptops and	$ 8,000.00
	desktops supplied to RREA	
TOTAL		8,000.00

Amount in words: Eight thousand

Prepared by: ______ Finance Staff Date: May 1, 2025

May 1, 2025

Exhibit 2: Check Signed by Single Signatory of the entity

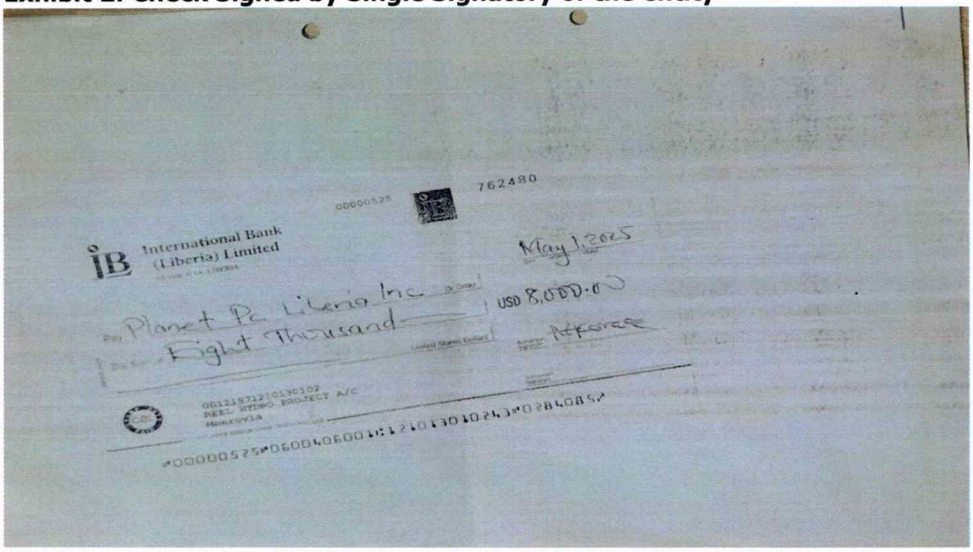

Exhibit 3A: Irregularities Associated with Fixed Assets Management

Exhibit 3B: Irregularities Associated with Fixed Assets Management +