Management Letter

On the Financial Statements Audit of the Recovery of Economic Activity for Liberia Informal Sector Employment Project (REALISEP)

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 USED

Acronyms/Abbreviations/Symbol	Meaning
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Practitioner
FCCA	Fellow Member of the Association of Chartered Certified Accountant
CSC	County Steering Committee
GoL	Government of Liberia
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MOYS	Ministry of Youth and Sports
No.	Number
PDO	Project Development Objectives
PFM	Project Financial Manual
POM	Project Operational Manual
PMT	Project Management Team
ToR	Term of Reference
IFR	Interim Financial Reporting
US$	United States Dollars

June 25, 2026

Hon. Cornelia W. Kruah
Minister
Ministry of Youth and Sports
Samuel Kanyon Doe Sports Complex
Monrovia, Liberia

Dear Hon. Kruah:

Re: Management Letter on the Audit of the Recovery of Economic Activity for Liberia Informal Sector Employment Project (REALISEP) for year ended December 31, 2025

The Audit of the Financial Records of the Recovery of Economic Activity for Liberia Informal Sector Employment Project (REALISEP) for the year ended December 31, 2025 was commissioned by the Auditor-General (AG) under 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 REALISE Project account is managed by the Minister of Finance in terms of the Grant agreement as of February 12, 2021.

The objective of the audit were to express professional opinion on the REALISE Project Financial Reports for the year ended December 31, 2025, as submitted to the World Bank and express an audit opinion according to Cash Basis International Public Sector Accounting Standards (IPSAS) promulgated by International Federation of Accountants (IFAC), whether the Financial Reports of the Liberia Integrated Public Financial Management Reform Project submitted to the Bank are in accordance with the Project Financial Management Unit's (PFMU) policies and World Bank requirement for financial reporting".

Audit Scope and Methodology

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) as well as the Engagement (Audit) Terms of Reference. These standards require that we plan and perform the audit so as to obtain reasonable assurance whether the REALISE Project's financial statements and related records are free of material misstatements due to errors or fraud and comply with ethical requirements.

In planning and performing the audit, we considered the REALISE Project internal controls over financial reporting that were considered to be significant deficiencies. Significant deficiencies involve matters coming to our attention relating to deficiencies in the design or operation of internal control over financial reporting that, in our judgment could adversely affect the REALISE Project's ability to initiate, authorize, record, process and report financial data reliably in accordance with the International Financial Reporting Standards, Cash Basis and the World Bank financial reporting framework.

Towards this end, we reviewed the Grant agreement, business and the control environment of the REALISE Project through which risks of material misstatements affecting its operations were assessed using a risk-based approach. Audit procedures considered necessary were thus pursued to address the risks identified within REALISE Project's operations.

Limitation of Responsibility
We reviewed the systems and management controls operated by the REALISE Project only to the extent we considered necessary for the effective performance of this audit. As a result, our review may not have detected all weaknesses that existed or all improvements that could have been made.

The responsibility to put in place effective systems and controls for the prevention and detection of fraud, error and non-compliance with applicable accounting standards, laws and regulations and policies is the duty of the REALISE Project.

Our responsibility under 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) is to provide certification on the REALISE Project's financial statements and related records based on the outcome of our examination of the financial statements and related records.

No.	Name	Position	Tenure
1.	Hon. Cornelia W. Kruah	Minister – Ministry of Youth and Sports	2026 - Present
2.	Jesse H. Bengu	Project Coordinator	2021 - Present
3.	Deniece E. Gardiner	Financial Management Officer	2021 - Present
4.	Palpin Daniel, Jr.	Director – Donor Funded Project - PFMU	2021 - Present
5.	Leroy N. Fendor	Deputy Director – Donor Funded Project - PFMU	2021 – Present
6.	Verleewo N. Siakor	Project Internal Auditor	2021 - Present

Appreciation
We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Recovery of Economic Activity for Liberia Informal Sector Employment Project (REALISEP) Management Team and other individuals who contributed to success of this Audit. The audit findings which were identified during the course of the audit are included.

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

GENERAL AUDITING COMMISSION OFFICE OF THE AUDITOR GENERAL REPUBLIC OF LIBERIA

Monrovia, Liberia
June 2026

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Budget Management

1.1.1 Variance between Budget per Financial Statements and Approved Recast Budget

Criteria

1.1.1.1 Regulation C. 8 (2) of the PFM Act of 2009 as amended and restated 2019, states that "A head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all revenues or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".

Observation

1.1.1.2 During the audit, we observed that the approved budget amount per the financial statements did not reconcile with the approved recast budget amount, resulting in a variance of US$1,595.08. **See Table 1 below for details:**

Table 1: Variance between Budget per Financial Statements and Approved Recast Budget

Budget Amount per Financial Statements US$ A	Budget Amount per Approved Recast Budget US$ B	Variance US$ C = (A-B)
15,272,185.00	15,273,780.08	1,595.08

Risk

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

1.1.1.4 Revenues and expenditures may be misstated.

Recommendation

1.1.1.5 Management should fully account for the variance between the approved budget per the financial statements and the approved recast budget, and adjust the financial statements accordingly. The adjusted financial statements should be presented to the Office of the Auditor General as part of Management's response to this Management Letter.

1.1.1.6 Going forward, Management should conduct periodic reconciliation between the approved budget per financial statements and the approved (recast) budget. 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.

1.1.1.7 Financial statements should be prepared and reviewed by personnel with the relevant qualifications, experience and seniority to facilitate adequate preparation of the financial statements.

1.1.1.8 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 among the general ledger, the trial balance, and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

1.1.1.9 *Management has noted the audit finding, and the issue has been corrected. Attached is the revised Financial Statements for ease of reference.* ***See attached Exhibit I: Revised Financial Statements.***

Auditor General's Position

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

1.2 Financial Reporting

1.2.1 Untimely Preparation and Submission of Financial Statements

Criteria

1.2.1.1 Regulation I.11 of the PFM Act of 2009 as amended and restated 2019, Annual Government Agency Accounts, states: "(1) There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the, the Minister and the Comptroller-General in respect of the year, accounts covering all Public Funds under his control. The accounts shall be submitted within a period of two months after the end of each fiscal year, or such other period as the Legislature may by resolution appoint, and shall include statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia".

Observation

1.2.1.2 During the audit, we observed no evidence that Management made available the project financial statements two months after the end of the year to the Offices of the Auditor General and the Comptroller and Accountant General as required.

Risk

1.2.1.3 Management may be non-compliant with Regulation I.11 of the PFM Act of 2009 as amended and restated 2019.

1.2.1.4 Failure to prepare and submit financial statements in a timely manner, may impair relevance and usefulness of the financial statements. Stakeholders may not be able to make informed decisions in a timely manner.

Recommendation

1.2.1.5 Management should provide explanation for failing to make available the annual financial statements in accordance with regulations.

1.2.1.6 Going forward, Management should facilitate timely presentation of financial statements to the Offices of the Auditor General and the Comptroller and Accountant General in line with Regulation I.11 of the PFM Act of 2009 as amended and restated 2019.

1.2.1.7 All approved periodic (Quarterly and Annual) financial statements should be adequately documented and filed to facilitate future review.

Management's Response

1.2.1.8 *We acknowledge the delayed submission of the project financial statements to the Office of the Auditor General. We know timely financial reporting is essential for transparency and legal compliance. The delay resulted from unforeseen operational challenges. We are committed to improving the financial reporting process and have taken the following steps to prevent recurrence:*

1. *Strengthening the internal timetable to ensure financial statements are prepared and reviewed before the deadline.*
2. *Implementing enhanced monitoring and tracking mechanisms to ensure timely submission.*

We remain committed to full compliance and will provide evidence of timely submissions going forward.

Auditor General's Position

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

1.2.2 Variance between Interim Financial Report and Financial Statements

Criteria

1.2.2.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 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

1.2.2.2 During the audit, we observed variance amounting to US$4,367.47 between total payments reported in the IFR and total payments reported in the financial statements. **See Table 2 below for details:**

Table 2: Variance between Interim Financial Report and Financial Statements

Description	IFR (Year to Date) US$ A	Financial Statements US$ B	Variance US$ C=(A-B)
Payments	14,185,812.47	14,181,445.00	4,367.47

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 between the interim financial report (Year to Date) and the financial statements, comprehensively 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 where applicable. 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 perform periodic reconciliation between the interim financial reports and the annual financial statements. Variance(s) identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and filed 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 among 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 *We acknowledge a variance of US$4,367.47 between total payments reported in the Interim Financial Report (IFR) and the financial statements. Management is committed to resolving this discrepancy and maintaining accurate, consistent financial reporting. Our initial review indicates that the difference may have happened because an unadjusted IFR was submitted for audit. Management will take steps to reduce these kinds of differences in future reports. The updated Interim Financial Report (IFR) is attached.* ***See attached Exhibit II: Revised IFR.***

Auditor General's Position

1.2.2.12 We acknowledge Management's acceptance of our finding, recommendations and subsequent adjustment of the interim financial report.

1.3 Cash Management

1.3.1 Mobile Money Closing Account Balances not Reported in Closing Cash Balance

Criteria

1.3.1.1 Regulation R.3 (6) of the PFM Act of 2009 as amended and restated 2019 states: "the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or reference to the date and number thereof".

1.3.1.2 Section R.3 (1) of the PFM Act of 2009 as amended and restated 2019 states: "When ordering the opening of a bank account for a Ministry or a Government Agency, the Comptroller-General under instruction from the Minister, shall communicate to the bank and the head of government agency, the conditions under which the account will be operated, which shall include: (a) Prohibition of overdraft on the bank account; (b) A requirement that all Checks shall be signed by at least two officers, (c) No officer shall sign any check which has not been fully completed in all respects. (d) Names and specimen signatures of officers authorized to sign Checks on the bank account; and (e) A requirement for the Bank to provide the Head of Government Agency with monthly bank statements on the account".

1.3.1.3 Further, Regulation R.3 (4) of the PFM Act of 2009 as amended and restated 2019 states: "Any public officer who opens or operates any Bank Account for a Government Agency, which is not authorized by the Comptroller-General is in breach of financial discipline as defined in sub regulation 20(1)".

Observation

1.3.1.4 During the audit, we observed that the closing balances of the mobile money account amounting to US$482,082.97 and L$60,699.50 domiciled with Lonestar mobile money were not included as part of the closing cash balance reported in the financial statements for the period. **See Table 3 below for details:**

Table 3: Mobile Money Account Balances not Reported in Closing Cash Balance

No.	Account Name	Account Number	Balance	
1	REALISE Momo Account (Lonestar)	231-555-813-504	US$482,082.97	L$60,699.50

Risk

1.3.1.5 The non-inclusion of the mobile money account balance as a part of the closing cash balance reported in the financial statements may lead to misstatement of the financial statements. This may facilitate fraudulent financial management practices, misappropriation and/or fraud.

1.3.1.6 Fair presentation, and full disclosure of the financial statements may be impaired.

1.3.1.7 Management may not fully account for all cash balances of the project.

1.3.1.8 Failure to prepare monthly reconciliation statements for mobile money account may lead to untimely detection of errors or omissions and fraud.

Recommendation

1.3.1.9 Management should adjust the financial statements to include the mobile money closing account balance as part of the closing cash balance reported on the face and in the notes to 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.

1.3.1.10 Going forward, Management should develop, approve and operationalize a policy to regulate the management and operation of all mobile money accounts. The policy should include provisions for maximun balance to be domiciled in the mobile money account, the nature of transactions to be processed through the mobile money account, processes over approval for withdrawals and the relevant supporting documentations to be processed and maintained per transaction.

1.3.1.11 Management should facilitate the preparation of monthly reconciliation statements for all mobile money accounts. Variances identified should be investigated and resolved where applicable in a timely manner.

1.3.1.12 Evidence of approved policy and monthly reconciliation statements should be adequately documented and filed to facilitate future review.

1.3.1.13 Management should include all mobile money closing account balances as part of the closing cash balance reported on the face and in the notes to the financial statements.

Management's Response

1.3.1.14 *We acknowledge the observation about excluding the closing balances of the mobile money accounts, totaling US$482,082.97 and L$60,699.50 with Lonestar Mobile Money, from the closing cash balance in the financial statements.*

1.3.1.15 *Management wishes to indicate that the financial statements have been revised to include the mobile money accounts totaling US$482,082.97 and L$60,699.50 with Lonestar Mobile Money as at December 31, 2025.* ***See attached Exhibit V, revised financial statements.***

Auditor General's Position

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

1.3.2 Non-Disclosure of Foreign Currency Translation

Criteria

1.3.2.1 Section 1.6.2 of the IPSAS Cash basis of 2017 states that, cash receipts and payments arising from transactions in a foreign currency shall be incorporated in the statement of receipts and payments in an entity's presentation currency by applying the spot rate to the foreign currency amount at the date of the receipt and payments.

1.3.2.2 Section 1.6.3 further indicates that, Cash balances held in a foreign currency shall be translated using the closing rate.

1.3.2.3 Section 1.6.5 also states that, "an entity shall disclose the amount of exchange differences included as reconciling items between opening and closing cash balances for the period".

Observation

1.3.2.4 During the audit, we observed that Management did not disclose in the notes to the financial statements the exchange rate utilized for the transfers of United States Dollars to the Liberian Dollars Mobile Money Account. Additionally, Management also did not convert the Liberian Dollars Mobile Money Account Closing Balance to include the converted account balance as part of closing cash balance reported in the financial statements as required.

Risk

1.3.2.5 Fair presentation and full disclosure may be impaired.

1.3.2.6 Failure to use the appropriate closing rate, closing cash balance may be misstated. The completeness and accuracy of closing cash balance may not be assured.

1.3.2.7 In instances where foreign currency transactions are material and translation rate(s) used is misstated, the financial statements may be misstated.

1.3.2.8 Failure to disclose exchange rates utilized in the transfer of United States Dollars to the Liberian Dollars Mobile Money Account and to convert the Closing Liberian Dollars Mobile Money Account for subsequent disclosure on the face and in the notes (where applicable) to the financial statements may impair fair presentation and full disclosure. Closing cash balances and subsequently the financial statements may be misstated.

Recommendation

1.3.2.9 Management should adjust the financial statements by perfoming the following:

- Disclose the foreign currency utilized in the transfer of United States Dollars to the Liberian Dollars Mobile Money Account;
- Convert the closing Mobile Money Account to United States Dollars using the closing rate per CBL and disclose the converted United States Dollars as part of closing cash balance in the financial statements.

1.3.2.10 The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to the management Letter.

1.3.2.11 Going forward, Management should utilize the spot/transactional rate in the conversion of foreign currency transactions and the closing rate at CBL for the conversion of foreign currency account balances during the re-computation of closing cash balances.

1.3.2.12 Management should disclose in the notes to the financial statements the exchange rate utilized in the conversion of the closing cash balance and all associated exchange gain and losses where applicable.

Management's Response

1.3.2.13 *We acknowledge the observation about the lack of disclosure of the exchange rate used for the transfers of United States Dollars to the Liberian Dollars Mobile Money Account. To ensure transparency, we have included the disclosures on the exchange rates used in the updated financial statements to meet reporting requirements. We remain committed to maintaining full compliance with financial reporting standards and ensuring clear and comprehensive disclosures moving forward.* ***See attached Exhibit I: Revised Financial Statements.***

Auditor General's Position

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

1.3.3 Non-Disclosure of Bank Account Numbers in the Financial Statements

Criteria

1.3.3.1 Regulation C.8 (1& 2) of the PFM Act of 2009 as amended and restated 2019 states: "(1) A head of a government agency or spending unit shall be personally and pecuniary responsible to Legislature for the use of funds under their control. (2) A head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all revenues or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".

1.3.3.2 Additionally, Regulation C.8 (4) of the PFM Act of 2009 as amended and restated 2019 states: "A head of agency or spending unit shall: (a) manage and reconcile the bank accounts authorized for the Agency by the Minister".

Observation

1.3.3.3 During the audit, we observed that Management did not disclose the account numbers of three (3) bank accounts in the financial statements for the period under audit. **See Table 4 below for details:**

Table 4: Non-Disclosure of Bank Account Numbers in the Financial Statements

No.	Account Title	Account Status	Account Numbers	Currency	Balance US$
1.	REALISE AF-II PROJECT ACCT(TF-II)	Active	0324037/002/0001/005	USD	125,195.00
2.	REALISE- OPS ACCT MGCSP	Active	0320437/002/0001/004	USD	(1,352,801.00)
3.	REALISE- AFD PROJECT ACCT	Active	0324037/002/0001/003	USD	3,020,001.00

Risk

1.3.3.4 Fair presentation, full disclosure, understandability and reconciliation of the cash balances may not be assured.

1.3.3.5 Effective review and reconciliation of closing cash balance and subsequently the financial statements may be impaired.

Recommendation

1.3.3.6 Management should adjust the financial statements to include the undisclosed bank account numbers reported in 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.

1.3.3.7 Going forward, Management should comprehensively disclose in the notes to the financial statements the titles, bank account numbers and the corresponding closing account balance of each bank/ mobile money account for fair presentation, full disclosure and effective review and reconciliation purposes.

1.3.3.8 Management should formally communicate with all banking institutions to disclose all the entity's bank account numbers maintain by the banking institutions, the status of the bank accounts, signatories to the accounts and the bank statements for reasonable periods.

1.3.3.9 Subsequently, Management should review the bank statements for unusual transactions, investigate and resolve unusual transactions, authorize the immediate closure of all inactive bank/mobile money accounts and regularize the signatories to reflect current senior management team.

1.3.3.10 Management should ensure that the closing cash balances reported in the financial statements are reflective of all bank accounts of the entity.

Management's Response

1.3.3.11 *We acknowledge the omission of account numbers for three bank accounts in the financial statements for the audited period. Management recognizes the importance of full disclosure to ensure transparency and compliance. This omission was unintentional and has been corrected. The financial statements now include the relevant account numbers. We have also reviewed our disclosure procedures to prevent similar oversights.*

Management remains committed to upholding the highest standards of financial reporting and transparency. Please find the updated financial statements attached for your reference. ***See attached Exhibit I: Revised Financial Statements.***

Auditor General's Position

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

1.3.4 Variance between Closing Cash Balance per IFR and Closing Cash Balance per Financial Statements

Criteria

1.3.4.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 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

1.3.4.2 During the audit, we observed variance amounting to US$4,367.63 between the closing cash balance per the interim financial report year to date and the closing cash balance per the financial statements. **See Table 5 below for details:**

Table 5: Variances between Closing Cash Balance per IFR and Closing Cash Balance per Financial Statements

Description	IFR Year to Date Available Cash Balance US$ A	Financial Statement Cash in Bank US$ B	Variance US$ C=(A-B)
Closing Cash Balance	2,556,286.37	2,560,654.00	4,367.63

Risk

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

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

1.3.4.5 Management may not account for all its transactions.

1.3.4.6 Fair presentation and full disclosure of the financial statements may be impaired.

Recommendation

1.3.4.7 Management should account for the variance between the closing cash balance per the interim financial report (Year to Date) and the closing cash balance per the financial statements, catalogued in Table 5 above, as part of Management's response to this Management Letter.

1.3.4.8 Subsequently, Management should adjust the financial statements where applicable. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.

1.3.4.9 Going forward, Management should perform periodic reconciliation between the interim financial reports and the annual 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 filed to facilitate future review.

1.3.4.10 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

1.3.4.11 *We acknowledge a variance of US$4,367.47 between closing cash balances reported in the Interim Financial Report (IFR) and the financial statements. Management is committed to resolving this discrepancy and maintaining accurate, consistent financial reporting. Our initial review indicates that the difference may have happened because an unadjusted IFR was submitted for audit. Management will take steps to reduce these kinds of differences in future reports. The updated Interim Financial Report (IFR) is attached.* ***See attached Exhibit II: Revised IFR.***

Auditor General's Position

1.3.4.12 We acknowledge Management's acceptance of our finding, recommendations and subsequent adjustment of the Interim financial Reports.

1.4 Personnel Management

1.4.1 Non-Withholding and Remittance of Social Security's Contributions

Criteria

1.4.1.1 Section 89.16(a) of the NASSCORP New Act and published February 13, 2017 states 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 the 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."

1.4.1.2 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).

1.4.1.3 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

1.4.1.4 During the audit, we observed no evidence of withholding and remittance of employees' and employer's contributions made to NASSCORP for all contractors for the period under audit.

Risk

1.4.1.5 Management may be non-compliant with NASSCORP General Regulations of 2018 which may result to penalties and fines.

1.4.1.6 Potential retirees of the project may be denied required pension benefits due to non-compliance with the Regulation.

1.4.1.7 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.

Recommendation

1.4.1.8 Management should provide substantive justification for not withholding and remitting social security's contributions as required.

1.4.1.9 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).

1.4.1.10 Going forward, Management should facilitate full payment of employees' and employer's contributions to NASSCORP on a consistent and timely basis.

1.4.1.11 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.

1.4.1.12 Monthly remittance of social security's contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' social security accounts respectively.

1.4.1.13 Evidence of remittances of monthly social security contribution and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.4.1.14 *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.*

1.4.1.15 *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.*

1.4.1.16 *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.*

1.4.1.17 *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.*

1.4.1.18 *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.*

1.4.1.19 *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.*

1.4.1.20 *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

1.4.1.21 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 Expenditures Management

1.5.1 No Evidence of Travel Activities Reports for Travel Expenditures

Criteria

1.5.1.1 Section 29 of the GOL Revised Travel Ordinance 2016/2017 states that "Upon return from abroad, officials are required to submit to the Financial Regulations Unit of the Ministry of Finance and Development Planning, a Travel Settlement Form as per Annexure II and copy of certificates for workshops, seminars, etc., used ticket stubs, copy of passport within 14 days from the date of return from tour or before date of next journey, whichever is earlier. In very exceptional cases where the second tour is performed immediately after return from the first tour; the second advance may be granted with the specific written approval of the official concerned, explaining the reasons thereof.

Observation

1.5.1.2 During the audit, we observed no evidence of travel activities reports for travel amounting to US$21,940.00 as required. **See Table 6 below for details:**

Table 6: No Evidence of Travel Activities Reports for Travel Expenditures

Date	Description	Voucher No.	Payee	Amount US$
Oct. 15, 2025	Being payment of Daily Subsistence Allowance (DSA) for sixteen (16) personnel participating in County, District, and Community Consultations in Bong, Grand Gedeh, Lofa, and Gbarpolu Counties from October 15, 2025.	LACE/152		11,840.00
Feb. 17, 2025	Representing Refreshment for Community engagement in 50 communities in Montserrado and Margibi Counties for 4 implementation	MYS/013	Vashti Horace	1,000.00
Feb. 17, 2025	Representing Refreshment for Community engagement in 50 communities in Montserrado and Margibi Counties for 4 implementation	MYS/012	Jefferrson Redd	1,000.00
Feb. 17, 2025	Representing Refreshment for Community engagement in 50 communities in Montserrado and Margibi Counties for 4 implementation	MYS/011	Salome S. Joe	1,000.00
Feb. 17, 2025	Representing Refreshment for Community engagement in 50 communities in Montserrado and Margibi Counties for 4	MYS/010	Caroline D. Gibson	1,000.00

Date	Description	Voucher No.	Payee	Amount US$
	implementation			
Feb. 17, 2025	Representing Refreshment for Community engagement in 50 communities in Montserrado and Margibi Counties for 4 implementation	MYS/009	J. Abu Sanda	1,000.00
June 19, 2025	Being payment of 10 days' Daily Subsistence Allowance (DSA) and fuel for four (4) personnel traveling to River Gee, Grand Kru, and River Cess Counties to monitor SCT activities from July 12 to July 21, 2025.	MGCSP/057		5,100.00
TOTAL				**21,940.00**

Risk

1.5.1.3 Travel expenditures not appropriately retired/accounted for may lead to misappropriation of the entity's funds.

1.5.1.4 In the absence of travel activities reports, travel expenditure may be utilized for unapproved activities.

Recommendation

1.5.1.5 Management should submit activities reports not submitted for audit purposes for travel expenditures comprehensively catalogued in Table 6 above, as part of Management's response to this Management Letter.

1.5.1.6 Going forward, Management should facilitate the preparation of comprehensive travel activities reports for all travels of the project. The report should include details of the purpose of the travels, and activities executed during the travels to justify the regularity of the travels. The report should be signed by the head of delegation and subsequently submitted to Senior Management for review and approval.

1.5.1.7 Evidence of approved travel activities reports should be adequately documented and filed to facilitate future review.

Management's Response

1.5.1.8 *Management acknowledges the finding and confirms that these travel reports were done in keeping with the PFM regulation relating to travel retirement. We are attaching all reports related to the activities listed in table 6 for your review. See attached* ***Exhibit III: Travel Retirement Documents.***

Auditor General's Position

1.5.1.9 We acknowledge Management's subsequent submission of travel activities reports after our audit execution. However, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.

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

1.6 Fixed Assets Management

1.6.1 Irregularities Associated with Fixed Assets Management

Criteria

1.6.1.1 Regulation V.4 of the PFM Act of 2009 as amended and restated 2019 states" (1) Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed assets shall be brought on a master inventory of the Government Agency. (2) The master inventory shall record under each category of item: (a) the date and other details of the voucher or other document on which the items were received or issued; (b) their serial numbers where appropriate; and (c) their distribution to individual locations and the total quantity held. (3) In respect of each individual location, there shall be made two copies of the inventory showing all items held at the location; one copy of the inventory shall be kept with the master inventory and the other copy at the location. (4) The dates and other details of all receipts and issue of items to or from the location shall be recorded on both copies of the inventory as they occur. (5) The initial entries and all other entries made later on both copies of the inventory shall be validated by the signature of the officer having the use of the items, or where there is more than one officer, the most senior of them.

Observation

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

- No evidence of a fixed assets management policy;
- The fixed assets register did not contain all the relevant columns;

Risk

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

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

Recommendation

1.6.1.5 Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the project.

1.6.1.6 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.

Management's Response

1.6.1.7 *Management acknowledges the finding and is working on an asset policy that will encompass both fixed assets and inventory management. The policy will incorporate procedures from the three implementing entities after which will be presented to the Project Steering Committee for validation and subsequently shared with GAC. The fixed assets register was updated to include all the depreciation and book value colum as required. Attached is the updated fixed assets register for your review.* ***See attached Exhibit IV: Updated Fixed Assets Register.***

Auditor General's Position

1.6.1.8 We acknowledge Management's acceptance of our findings, recommendations and the updated fixed assets register. We will follow-up on the implementation of our recommendations during subsequent audit.

1.7 Storeroom Management

1.7.1 Irregularities Associated with Storeroom Management System

Criteria

1.7.1.1 Regulation U.7 (2) of the PFM Act of 2009 as amended and restated 2019 requires that notwithstanding sub-regulation (1), a head of Government Agency is responsible for the general management of government inventories held within the Government Agency and for the due performance of the duties of subordinate staff in relation to the government inventories.

Observation

1.7.1.2 During the audit, we observed the following irregularities associated with the storeroom management system:

- No evidence of approved policy to regulate storeroom management of the project.
- Inventories were systematically arranged on shelve in the warehouse but were not comprehensively labelled.

Risk

1.7.1.3 Inventories may be procured, stored, distributed and reported on a discretionary basis in the absence of a policy.

1.7.1.4 Inventories may be misappropriated leading to decline in operational activities.

Recommendation

1.7.1.5 Management should develop, approve and operationalize an inventory management policy to regulate inventory management of the project. The policy should comprehensively catalog provisions for ordering, storing, distributing and recording of inventories/ stationeries & supplies and the nature and timing of stock-take/ physical verification of inventories/ stationeries and supplies.

1.7.1.6 Management should develop and operationalize an automated inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.

1.7.1.7 Inventories should be systematically arranged on shelves, comprehensively and systematically labelled to facilitate effective monitoring, evaluation and recording of inventories.

1.7.1.8 Evidence of approved policy, and all other inventory records including records of periodic stock takes, should be adequately documented and filed to facilitate future review.

Management's Response

1.7.1.9 *Management acknowledged the finding and is working on an asset policy that will encompass both fixed assets and inventory management. The policy will incorporate procedures from the three implementing entities after which will be presented to the Project Steering Committee for validation and subsequently shared with GAC. PMT have bin cards and labels for each item in store going forward will begin displaying the labels.*

Auditor General's Position

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

STATUS ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION

Recommendations conveyed during financial statement audit of the Recovery of Economic Activity forLiberia Informal Sector Employment Project for the period ended January 1 2024 to December 31, 2024 as indicated below:

	Audited Period (AP): January 1, 2024- December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
1.1.1.2	Governance Issue PRA	**Lack of Approved Organogram** During the audit, we observed no evidence of an approved organogram showcasing approved hierarchical structure/chain of command of the project and line of reporting.	Fully Implemented	Management should develop, approve and operationalize an organogram that details established hierarchical structure, clearly defined reporting channels and authorities and responsibilities within the project. The approved organogram should be reflective of the current operations and practices at the project level. Evidence of approved organogram should be adequately documented and filed to facilitate future review.
1.2.1.2	Financial Issue PRA	**Budget Management - Variance between Budget per Financial Statements and Approved Recast Budget** During the audit, we observed that the approved budget amount per Financial Statements did not reconcile with the approved recast budget amount, resulting in a variance of **US$12,994,163.88. See Table 1 in**	Fully Implemented	Management should fully account for the variance between the approved budget per the financial statements and the approved recast budget, and adjust the financial statements accordingly. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.

	Audited Period (AP): January 1, 2024- December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
		the report for details.		
			Fully Implemented	Going forward, Management should conduct periodic reconciliation between the approved budget per financial statements and the approved (recast) budget. 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.
			Fully Implemented	Financial statements should be prepared and reviewed by personnel with the relevant qualifications, experience and seniority to facilitate adequate preparation of the financial statements.
1.3.1.4	Financial Issue PRA	**Financial Reporting - Non-Explanation of Material Variances** During the audit, we observed that Management did not include explanatory notes to the financial statements on the material variances between the budget and actual amounts. **See Table 2 in the report for details.**	Fully Implemented	Management should adjust the financial statements and include in the notes to the financial statements explanations for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017). The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.
			Fully Implemented	Going forward, Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts

Ensuring Accountability of Public Resources

	Audited Period (AP): January 1, 2024- December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
				consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017).
1.3.2.2	Financial Issue PRA	**Missclassification of Transactions in the General Ledger/Drilldown** During the audit, we observed that expenditures amounting to **US$6,817.50** for Ministry of Gender, Children and Social Protection-Recovery of Economic Activity for Liberia Informal Sector Employment and Liberia Agency and Community Empowerment-Recovery of Economic Activity for Liberia Informal Sector Employment were incorrectly posted to Ministry of Youths Sports-Recovery of Economic Activity for Liberia Informal Sector Employment program ledgers. **See Table 3 in the report for details.**	Fully Implemented	Management should adjust the financial statements to correct the misclassifications cataloged in **Tables 3a and 3b in the report.** Evidence of the adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management Letter.
1.3.2.3	Financial Issue PRA	Additionally, we observed from the drill down/general ledger that transactions amounting to **US$8,360.00** paid to the National Identification Registry (NIR) were misclassified under the 'Capacity Building Project	Fully Implemented	Going forward, Management should facilitate routine training on data entry posting and classification of transactions for junior staff.

	Audited Period (AP): January 1, 2024- December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
		Implementation and Coordination' instead of the appropriate accounts: Temporary Employment Support and Employability Development for Vulnerable Workers. **See Table 4 in the report for details.**		
			Fully Implemented	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. Subsequently, an automated linkage should be created among the general ledger, the trial balance, and the financial statements to facilitate completeness and accuracy of the financial statements.
1.3.3.2	Financial Issue PRA	**Inconsistency in the Classification Scheme for Financial Reporting** During the audit, we observed that the drilldown ledger, trial balance and the financial statements were prepared using programmatic classifications. However, we observed no evidence of a reconciliation between the programmatic and economic classifications, or the makeup of the	Fully Implemented	Management should adjust the financial statements to include in the notes to the financial statements a reconciliation between the programmatic classification and the economic classification or at least disclose a detailed composition of each programmatic classification utilized in the preparation of 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.

	Audited Period (AP): January 1, 2024- December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
		programmatic classifications disclosed in the notes to the financial statements.		
			Fully Implemented	Going forward, 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 Trial Balance. subsequently, an automated linkage should be created among the general ledger, trial balance, and the financial statements to facilitate completeness and accuracy of the financial statements.
			Fully Implemented	Management should also include in the notes to the financial statements a reconciliation between the programmatic classification and the economic classification or at least disclose a detailed composition of each programmatic classification utilized in the preparation of the financial statements.
1.4.1.4	Financial Issue PRA	**Cash Management - Irregularities Associated with Mobile Money Account** During the audit, we observed the following irregularities associated with the mobile money account: • Reconciliation statements were not	Fully Implemented	Management should adjust the financial statements to include the mobile money closing account balance as part of the closing cash balance reported on the face and in the notes to 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.

	Audited Period (AP): January 1, 2024-December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
		prepared for mobile money account for the period under audit; • The closing balance of the project mobile money account of **US$1,912,390.35** was not included as part of the closing cash balance reported in the financial statements for the period. **See Table 5 in the report for details.**		
			Partially Implemented	Going forward, Management should develop, approve and operationalize a policy to regulate the management and operation of all mobile money accounts. The policy should include provisions for maximun balance to be domiciled in the mobile money account, the nature of transactions to be processed through the mobile money account, processes over approval for withdrawals and the relevant supporting documentations to be processed and maintained per transaction.
			Fully Implemented	Management should facilitate the preparation of monthly reconciliation statements for all mobile money accounts. Variances identified should be investigated and resolved where applicable in a timely manner.
			Partially Implemented	Evidence of approved policy and monthly reconciliation statements should be adequately documented and filed

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	Audited Period (AP): January 1, 2024-December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
				to facilitate future review.
			Fully Implemented	Management should include all mobile money closing account balances as part of the closing cash balance reported on the face and in the notes to the financial statements.
1.5.1.4	Financial Issue PRA	**Personnel Management - Non-Withholding and Remittance of Social Security's Contributions** During the audit, we observed no evidence of payment receipts for remittance of employees' and employer's contributions for contractors made to NASSCORP for the period under audit.	Not Implemented	Management should provide substantive justification for not withholding and remitting social security's contributions as required.
			Not Implemented	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).
			Not Implemented	Going forward, Management should facilitate full

	Audited Period (AP): January 1, 2024-December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
				payment of employees and employer's contributions to NASSCORP on a consistent and timely basis.
			Not Implemented	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.
			Not Implemented	Monthly remittance of social security's contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' social security accounts respectively.
			Not Implemented	Evidence of remittances of monthly social security contribution and all relevant supporting records should be adequately documented and filed to facilitate future review.
1.6.1.2	Financial Issue PRA	**Procurement Management - Third-Party Payments made to Staffer of the Project** During the audit, we observed that Management made third-party payment of **US$1,200.00** to a staff of the project rather than making direct payment to service providers or their	Fully Implemented	Management should initiate and complete all procurement processes as required by the PPC and the Public Financial Management Acts.

	Audited Period (AP): January 1, 2024-December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
		legally authorized representatives. **See Table 9 in the report for details.**		
			Fully Implemented	All payments for goods and services procured by the project should be made directly to the vendors or their legally authorized representative.
			Fully Implemented	Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.
1.7.1.2	Internal Control Issue PRA	**Fixed Assets Management - Irregularities Associated with Fixed Assets Management** During the audit, we observed the following irregularities associated with the project's Fixed Assets Management System: • No evidence of a fixed assets management policy; • The fixed assets register did not contain all the relevant columns; • The fixed assets register was not regularly updated; • No evidence of history of disposal of assets;	Partially Implemented	Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the project.

Ensuring Accountability of Public Resources

	Audited Period (AP): January 1, 2024- December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
		• No evidence of movement of assets form; • Fixed assets within a given vicinity were not displayed as required by the PFM Act.		
			Fully Implemented	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.
			Fully Implemented	Fixed Assets within a particular vicinity should be clearly displayed as required by the PFM Act.
			Fully Implemented	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.
1.8.1.2	Internal Control Issue PRA	**Inventory Management - Irregularities Associated with Storeroom Management System** During the audit, we observed the following irregularities associated with the storeroom management system: • No evidence of approved policy to regulate storeroom management of the	Partially Implemented	Management should develop, approve and operationalize an inventory management policy to regulate inventory management of the project. The policy should comprehensively catalog provisions for ordering, storing, distributing and recording of inventories/stationeries & supplies and the nature and timing of stock-take/ physical verification of inventories/ stationeries and supplies.

	Audited Period (AP): January 1, 2024-December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
		project. • Inventories were systematically arranged on shelve in the warehouse but were not comprehensively labelled. • No evidence of manual or automated inventory management system comprehensively cataloging the following: goods ordered, goods received, goods requested, goods distributed, current running balance and buffer (minimum request before reordering) inventories/ stationery & supplies level established for each class of inventory/ stationery & supplies (where applicable). • No evidence of periodic physical verification of inventories/stock take.		
			Partially Implemented	Management should develop and operationalize an automated inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.
			Partially Implemented	Inventories should be systematically arranged on

	Audited Period (AP): January 1, 2024-December 31, 2024.	**Audit Findings - 11; Financial Issues (FII) - 8; Governance Issues (GI) - 1; Internal Control Issues (ICI) - 2.**		**Audit Recommendations - 35; Fully Implemented - 21; Partially Implemented - 8; Not Implemented - 6.**
SOURCE (PARAGRAPH)	**FINDING TYPE**	**AUDIT FINDINGS**	**IMPLEMENTATION STATUS**	**AUDIT RECOMMENDATIONS**
				shelves, comprehensively and systematically labelled to facilitate effective monitoring, evaluation and recording of inventories.
			Partially Implemented	Management should perform periodic physical verification of inventories and review of systems and records. Appropriate adjustments should be made where applicable.
			Partially Implemented	Evidence of approved policy, and all other inventory records including records of periodic stock takes, should be adequately documented and filed to facilitate future review.