



## Management Letter

### On the Financial Statements Audit of the Liberia Sustainable Management of Fisheries Project (LSMFP)

*For the year ended December 31, 2025*



**Promoting Accountability of Public Resources**

**Monrovia, Liberia**

June 2026

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

## Table of Contents

|            |                                                                                                                               |           |
|------------|-------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>1</b>   | <b>DETAILED FINDINGS AND RECOMMENDATIONS .....</b>                                                                            | <b>5</b>  |
| <b>1.1</b> | <b>Budget Management .....</b>                                                                                                | <b>5</b>  |
| 1.1.1      | Excess Budget Over Allocation .....                                                                                           | 5         |
| <b>1.2</b> | <b>Financial Reporting .....</b>                                                                                              | <b>7</b>  |
| 1.2.1      | Non-Explanation of Material Variances .....                                                                                   | 7         |
| 1.2.2      | Variance between Interim Financial Report and Financial Statements .....                                                      | 8         |
| <b>1.3</b> | <b>Cash Management.....</b>                                                                                                   | <b>10</b> |
| 1.3.1      | Variance between Closing Cash Balance per Interim Financial Report and Closing Cash<br>Balance per Financial Statements ..... | 10        |
| <b>1.4</b> | <b>Personnel Management.....</b>                                                                                              | <b>11</b> |
| 1.4.1      | Non-Withholding and Remittance of Social Security's Contributions .....                                                       | 11        |
| <b>1.5</b> | <b>Expenditures Management.....</b>                                                                                           | <b>15</b> |
| 1.5.1      | Payments without Evidence of Adequate Supporting Documents.....                                                               | 15        |
| 1.5.2      | Irregularities Associated with Women Fishmonger Empowerment Grant Program .....                                               | 17        |
| 1.5.3      | Irregularities Associated with Project's Implementation .....                                                                 | 21        |
| <b>1.6</b> | <b>Assets Management .....</b>                                                                                                | <b>25</b> |
| 1.6.1      | Irregularities Associated with Fixed Assets Management.....                                                                   | 25        |
| <b>1.7</b> | <b>STATUSES ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION<br/>.....</b>                                            | <b>27</b> |

## Acronyms/Abbreviations/Symbols

| Acronyms/Abbreviations/<br>Symbol | Meaning                                                             |
|-----------------------------------|---------------------------------------------------------------------|
| AG                                | Auditor General                                                     |
| CFE                               | Certified Fraud Examiner                                            |
| CFIP                              | Certified Forensic Investigation Professional                       |
| FCCA                              | Fellow Member of the Association of Chartered Certified Accountants |
| GAC                               | General Auditing Commission                                         |
| GOL                               | Government of Liberia                                               |
| IDA                               | International Development Assistance                                |
| IPSAS                             | International Public Sector Accounting Standards                    |
| LSMFP                             | Liberia Sustainable Management of Fisheries Project                 |
| M & E                             | Monitoring and Evaluation                                           |
| PFM Act                           | Public Finance Management Act                                       |
| PFMU                              | Project Financial Management Unit                                   |
| PPC Act                           | Public Procurement & Concession Act                                 |
| PPCC                              | Public Procurement and Concession Commission                        |
| PSC                               | Project Steering Committee                                          |
| PV                                | Payment Voucher                                                     |
| IFR                               | Interim Financial Reporting                                         |
| US\$                              | United States Dollar                                                |



June 25, 2026

Hon. J. Cyrus Saygbe, Sr.

**Director General**

National Fisheries & Aquaculture Authority (NaFAA)

Bushrod Island

Montserrado, Liberia

Dear Hon. Saygbe:

**Re: Management Letter on the Audit of the Liberia Sustainable Management of Fisheries Project for the year ended December 31, 2025.**

The Audit of the Financial Records of the Liberia Sustainable Management of Fisheries Project (LSMFP) for the year ended December 31, 2025 implemented by the National Fisheries & Aquaculture Authority (NaFAA) was commissioned by the Auditor-General (AG) on March 10, 2026, 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 LSMFP account is managed by the Minister of Finance in terms of the Grant agreement as of October 12-16, 2020.

The objectives of the audit were to express professional opinion on the LSMFP's 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 Sustainable Management of Fisheries 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 LSMFP 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 LSMFP 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 LSMFP 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 LSMFP 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 LSMFP operations.

### Limitation of Responsibility

We reviewed the systems and management controls operated by the Management of the Liberia Sustainable Management of Fisheries Project (LSMFP) 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 Management of the LSMFP.

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 LSMFP 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. Cyrus J. Saygbe, Sr | National Fisheries & Aquaculture Authority    | 2025 - Present |
| 2.  | Abraham Dioh             | Project Coordinator                           | 2021 - Present |
| 3.  | G. Oliver Elliott        | Financial Management Officer                  | 2026 - 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 and Management of the Liberia Sustainable Management of Fisheries Project and other individuals who contributed to success of this Audit. The audit findings which were identified during the course of the audit are included.

Sincerely,

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

**Monrovia, Liberia**

June 2026

## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Budget Management

#### 1.1.1 Excess Budget Over Allocation

##### Criteria

- 1.1.1.1 Regulation B.24 (1, 2 and 3) of the PFM Act of 2009 as amended and restated 2019 states: "(1) A head of government agency shall prioritize the Government agency's activities and ensure that related expenditures are within the cash flow plans and budget ceilings or such other ceilings as determined by the Minister".

##### Observation

- 1.1.1.2 During the audit, we observed that the annual budget reported in the Statement of Comparison of Budget and Actual Amounts exceeded the approved project allocation. **See Table 1 below for details:**

**Table 1: Excess Budget Over Allocation**

| Project Component | Project Allocation<br>US\$<br>A | Annual Budget<br>US\$<br>B | Variance<br>US\$<br>C=(A-B) |
|-------------------|---------------------------------|----------------------------|-----------------------------|
| Component 3       | 2,000,000.00                    | 2,860,000.00               | 860,000.00                  |

##### Risk

- 1.1.1.3 Management may be non-compliant with Section 24(1-2) of the PFM Act of 2009 as amended and restated 2019.
- 1.1.1.4 Excess budget over allocation may lead to misappropriation of project's funds. This may impair the achievement of the project's objectives.
- 1.1.1.5 Excess budget over allocation may lead to misappropriation and misapplication of project's funds.

##### Recommendation

- 1.1.1.6 Management should ensure that project budgets are prepared based on approved project allocations and available funding.
- 1.1.1.7 Management should facilitate timely preparation of Quarterly and Annual Budget Performance Reports in line with the PFM Act of 2009 as amended and restated 2019.
- 1.1.1.8 Management should perform periodic (at least quarterly) reconciliation between budgeted and actual revenue and expenditure. Gaps identified should be used to govern future revenue



collection and disbursement activities.

- 1.1.1.9 Evidence of Quarterly and Annual Budget Performance Reports should be adequately documented and filed to facilitate future review.

#### **Management's Response**

- 1.1.1.10 *We acknowledge that the annual budget reported in the Statement of Comparison of Budget and Actual Amounts exceeded the approved project allocation. Management recognizes the need to align budgets with approved allocations to maintain financial control and accountability.*
- 1.1.1.11 *The variance occurred during ongoing project activities. To address this, the project is undergoing restructuring to realign the budget, expenditures, and scope, and to regularize the overdrawn amounts.*
- 1.1.1.12 *The increase in the annual budget does not represent an overrun or expenditure beyond the approved financing envelope of the Liberia Sustainable Management of Fisheries Project (LSMFP). Rather, it reflects a formal restructuring of the Project that was jointly undertaken by the World Bank and the Government of Liberia to better align project activities, priorities, and resource allocations with emerging sector needs and the Government's development agenda.*
- 1.1.1.13 *As part of the restructuring process, revisions were made to project activities, component allocations, and annual work planning arrangements, which resulted in adjustments to the budget presented during the reporting period. These changes were reviewed and approved through the applicable World Bank procedures and therefore constitute authorized modifications to the Project's implementation framework rather than expenditures in excess of approved funding.*
- 1.1.1.14 *For further details on the rationale, scope, and approved budgetary adjustments arising from the restructuring, we kindly refer the auditors to the Project Restructuring Document attached herewith.*
- 1.1.1.15 *Management will closely monitor the restructuring plan to ensure compliance with approved allocations and prevent future budget overruns. We will provide updates on progress and any necessary budget revisions as appropriate.*

#### **Auditor General's Position**

- 1.1.1.16 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 Financial Reporting

### 1.2.1 Non-Explanation of Material Variances

#### Criteria

1.2.1.1 Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017) provides that an entity that makes publicly available its approved budget(s) shall present a comparison of the budget amount for which it is held publicly accountable and actual amounts either as a separate additional financial statement of an additional budget columns in the statement of cash receipts and payments. The comparison of budget and actual amount shall present separately for each level of legislative oversight:

- By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and cross reference to those documents is made in the notes.

1.2.1.2 Additionally, paragraph 1.7.12 of the Revised Cash Basis IPSAS (2017) provides that an explanation of the material differences between actual amounts and the budget amounts will assist users in understanding the reasons for material departure from the approved budget for which the entity is held accountable.

#### Observation

1.2.1.3 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 below for details:**

**Table 2: Non-Explanation of Material Variance**

| Comparison of Budget and Actual Amounts for the Year Ended December 31, 2025 |                                 |                            |                                       |                             |                                             |
|------------------------------------------------------------------------------|---------------------------------|----------------------------|---------------------------------------|-----------------------------|---------------------------------------------|
| Activities Within Component                                                  | Project Allocation<br>US\$<br>A | Annual Budget<br>US\$<br>B | Year to Date Expenditure<br>US\$<br>C | Variance<br>US\$<br>D=(B-C) | Variance Percentage<br>US\$<br>E=(D/B*100%) |
| Component 1                                                                  | 11,110,000                      | 4,144,998                  | 2,955,194                             | 1,189,804                   | 29%                                         |
| Component 2                                                                  | 21,000,000                      | 4,625,640                  | 816,544                               | 3,809,096                   | 82%                                         |
| Component 3                                                                  | 2,000,000                       | 2,860,000                  | 1,168,438                             | 1,691,562                   | 59%                                         |
| Component 4                                                                  | 5,890,000                       | 867,400                    | 664,546                               | 202,854                     | 23%                                         |
| <b>TOTAL</b>                                                                 | <b>40,000,000</b>               | <b>12,498,038</b>          | <b>5,604,722</b>                      | <b>6,893,316</b>            | <b>55%</b>                                  |

#### Risk

1.2.1.4 Failure to include notes or explanation for material variances between budgetary amounts and actual amounts in the financial statements may deny users of the financial statements' information needed to make informed decisions.

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

#### **Recommendation**

1.2.1.6 Management should adjust the financial statements to include explanation for material variances in the notes to the financial statements and submit the adjusted financial statements to the Office of the Auditor General as part of Management's response to this Management Letter.

1.2.1.7 Going forward, Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017).

#### **Management's Response**

1.2.1.8 *We acknowledge the absence of explanatory notes on material variances between budgeted and actual amounts in the financial statements. Management recognizes that detailed explanations are essential for clear and useful financial reporting.*

1.2.1.9 *We have prepared and included the necessary explanatory notes on these material variances in the updated financial statements. Management remains committed to ensuring comprehensive and transparent financial reporting in accordance with best practices and relevant guidelines. Please see the attached statements for details. **See attached Exhibit I: Revised Financial Statements.***

#### **Auditor General's Position**

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

### **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\$517.57 between total payments recorded in the Interim Financial Report and total payments reported in the financial statements. **See Table 3 below for details:**



**Table 3: Variances between Interim Financial Report and Financial Statements**

| Description | IFR (Year to Date)<br>US\$<br>A | Financial Statements<br>US\$<br>B | Variance<br>US\$<br>C=(A-B) |
|-------------|---------------------------------|-----------------------------------|-----------------------------|
| Payments    | 5,605,239.57                    | 5,604,722.00                      | 517.57                      |

### **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, catalogued in Table 3 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\$517.57 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 Variance between Closing Cash Balance per Interim Financial Report and Closing Cash Balance per Financial Statements

#### Criteria

- 1.3.1.1 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

- 1.3.1.2 During the audit, we observed variance amounting to US\$517.42 between the closing cash balance per the IFR year to date and the closing cash balance per the financial statements.

**See Table 4 below for details:**

**Table 4: Variances between Closing Cash Balances per Interim Financial Report and Closing Cash Balances per Financial Statements**

| No. | Description          | IFR Year to Date<br>Available Cash<br>Balance<br>US\$<br>A | Financial Statement Cash in<br>Bank<br>US\$<br>B | Variance<br>US\$<br>C=(A-B) |
|-----|----------------------|------------------------------------------------------------|--------------------------------------------------|-----------------------------|
| 1   | Closing Cash Balance | 3,284,764.00                                               | 3,284,246.00                                     | 517.42                      |

#### Risk

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

### Recommendation

- 1.3.1.7 Management should account for the variances 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 4 above, as part of Management's response to this Management Letter.
- 1.3.1.8 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.
- 1.3.1.9 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.
- 1.3.1.10 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

- 1.3.1.11 *We acknowledge a variance of US\$517.42 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

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

## 1.4 Personnel Management

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

#### Criteria

- 1.4.1.1 Section 89.6 of The National Social Security and Welfare Corporation (NASSCORP) Act of 2017, provides that "The National Social Security and Welfare Corporation shall be organized in such manner and with such personnel as shall be determined by the Director General with the approval of the Board. Such organization shall be structurally flexible to ensure



coordination of the work of the Corporation with the work of ministries and other agencies of the Government and employers in the private sector."

1.4.1.2 Also, Section 89.16 of the Decree establishing NASSCORP requires that "the contribution payable under this Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the corporation. Contribution rate shall be total 10% of total gross remuneration of each employee; 2 % under the Employment Injury Scheme payable by the employer; 4 % employer contribution and 4% employee contribution to be remitted by the employer."

1.4.1.3 The National Social Security and Welfare Corporation (NASSCORP) was established for the income protection and welfare of employees in both the public and private economic sectors of Liberia. One important function of the Corporation is the implementation of the Employment Injury Scheme (or EIS), which provides medical benefits for insured persons who sustain job-related injuries or contract occupational diseases. A second vital function is the National Pension Scheme (or NPS), that provides pension benefits to insured persons.

1.4.1.4 Section 3.2 of The Employer's Guide to the National Social Security and Welfare Corporation Schemes of 2013, provides "Persons not Eligible for Coverage under the EIS and NPS" includes:

- Members of the Armed Forces including the Naval and Air Force;
- Members of any military forces of any country other than Liberia;
- Members of the employer's family dwelling in his/her house;
- Wives working for their husbands; vice versa.
- Domestic servants and hires;
- Persons employed on board vessels, ships, boats or canoes, etc. flying Liberian flag;
- Persons born before September 1, 1959, and
- Persons under the age of 18 or above the age of 55 (for persons born before 1980) and above the age 52 (for persons born 1980 and after)

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

### **Observation**

1.4.1.6 During the audit, we observed no evidence that Management withheld and remitted the employees' and employer's social security's contributions to NASSCORP for the period under review as required.

### **Risk**

1.4.1.7 Management may be non-compliant with the NASSCORP Act of 2017 which may result to penalties and fines.

- 1.4.1.8 Potential retirees of GoL may be denied required pension benefits due to non-compliance with the Regulation.
- 1.4.1.9 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.
- 1.4.1.10 Non-remittance of social security contributions may lead to misapplication / misappropriation of social security funds.
- 1.4.1.11 Miscomputation of the social security benefit may lead to misstatement of social security contributions and subsequently the financial statements.

### **Recommendation**

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

### **Management's Response**

- 1.4.1.19 *Project Implementation Unit staff are recruited under a contract for service status and not contract of service arrangement that qualifies or attract social benefits (i.e NASSCORP). Under contract for service status, there is no employer to employee relationship, and the associated social benefits that an employer to employee relationship derive does not exist.*



- 1.4.1.20 *A contract of service is essentially an employment contract between an employer and an employee. It defines the terms of employment, including working hours, duties, compensation, vacation, and other conditions. The employee is integrated into the business and works under the employer's control, meaning the employer directs how, when, and where the work is performed. Employees under this contract enjoy statutory benefits such as paid leave, pension contributions, health insurance, and protection from unfair dismissal. The employer is also generally liable for the employee's actions performed in the course of employment.*
- 1.4.1.21 *A contract for service is an agreement between a client and an independent contractor or freelancer to complete a specific task or project. The contractor operates independently, determines how to perform the work, and is responsible for delivering the agreed results. This type of contract does not create an employer-employee relationship, so labor laws and statutory benefits generally do not apply. Payment can be a lump sum or per project, and the contractor bears responsibility for their own taxes and insurance.*
- 1.4.1.22 *Furthermore, the Financing Agreement and associated project implementation arrangements establish the categories of expenditures eligible for financing under the Project. The remuneration and contractual benefits payable to PIU consultants are specifically defined in contracts that have been reviewed and approved by the World Bank. The Project is not authorized to unilaterally impose deductions, alter agreed remuneration, or create additional employer obligations that are not contemplated in the approved contracts, Financing Agreement, or Project Operations Manual. Any modification to the contractual remuneration structure would require the consent of the parties and, where applicable, prior review and clearance by the World Bank.*
- 1.4.1.23 *Management therefore respectfully submits that the finding appears to be premised on the assumption that all individuals receiving compensation under the Project are employees for purposes of the NASSCORP Scheme. Such a conclusion requires a legal determination of the status of the PIU consultants under the Decent Work Act, the NASSCORP Act, the Financing Agreement, and the individual consultancy contracts. In the absence of such a determination, Management is unable to conclude that mandatory employee and employer contributions were legally required during the period under review.*
- 1.4.1.24 *Notwithstanding the foregoing, Management recognizes the importance of ensuring full compliance with the laws of the Republic of Liberia and the requirements of the Financing Agreement. Accordingly, Management will engage the Ministry of Finance and Development Planning, and the World Bank to obtain formal guidance on the applicability of NASSCORP contribution requirements to project-financed consultants engaged under World Bank-financed investment operations.*
- 1.4.1.25 *In light of the foregoing, Management respectfully submits that the recommendations relating to the computation and remittance of employee and employer social security contributions,*



*settlement of alleged arrears, preparation of payment plans, and reconciliation of employee contribution records are not presently applicable unless and until it is legally established that the PIU consultants fall within the category of covered employees under the NASSCORP Scheme. Nevertheless, Management remains committed to ensuring that all project-financed engagements are administered in full compliance with the laws of the Republic of Liberia, the Financing Agreement, and World Bank requirements.*

### **Auditor General's Position**

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

## **1.5 Expenditures Management**

### **1.5.1 Payments without Evidence of Adequate Supporting Documents**

#### **Criteria**

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

#### **Observation**

- 1.5.1.2 During the audit, we observed no evidence of adequate supporting documents such as; contracts, permit from public works to construction companies, LPOs and Delivery notes for payments amounting to US\$481,264.83. **See Table 5 below for details:**

**Table 5: Payments without Evidence of Adequate Supporting Documents**

| No | Date      | Description                    | PV #     | Payee                     | Amount US\$ |
|----|-----------|--------------------------------|----------|---------------------------|-------------|
| 1. | 1/13/2025 | Const x Infrastructure         | 2025/003 | Mak Ente Inc fr Const Inf | 15,614.40   |
| 2. | 1/13/2025 | Const x Infrastructure         | 2025/004 | Mak Ente Inc Const Inc    | 58,033.58   |
| 3. | 1/14/2025 | ConducMid-term review fr NAFAA | 2025/007 | R.Hamm fr sub draft repo  | 17,000.00   |
| 4. | 3/3/2024  | ConducMid-term review fr NAFAA | 2025/034 | R.Hammad Compl fr Fina Mi | 8,358.90    |
| 5. | 5/9/2025  | Const. of Infra to sup UL Prog | 2025/112 | Bittar Co.: pmt fr work   | 29,811.60   |
| 6. | 6/13/2025 | Office Supplies                | 2025/142 | Sara Alum fr Installation | 9,408.00    |
| 7. | 7/4/2024  | Const. of Infra to sup UL      | 2025/174 | Bittar Const Comp fr 60%  | 44,717.40   |



| No           | Date      | Description                       | PV #     | Payee                     | Amount<br>US\$    |
|--------------|-----------|-----------------------------------|----------|---------------------------|-------------------|
|              |           | Prog                              |          |                           |                   |
| 8.           | 7/10/2025 | Office Materials                  | 2025/193 | Plan PC Lib fr offi equip | 6,414.10          |
| 9.           | 8/20/2025 | Dev't of Fisheries sector LIB     | 2025/251 | Advan Afri Mag Ser fr fiv | 12,391.50         |
| 10.          | 10/9/2025 | Dzn of the nafaa fish<br>Complex  | 2025/330 | AEP Consult fr pre report | 34,918.50         |
| 11.          | 1/8/2025  | Econ Anlys on Fisheries<br>sector | 2025/002 | Mac Ell&Par Ltd fr Fin Re | 40,783.00         |
| 12.          | 1/13/2025 | Designs of Klayhatchery<br>Bomi   | 2025/005 | WAPC Lim fr pro of draft  | 73,182.26         |
| 13.          | 1/22/2025 | Designs of Klayhatchery<br>Bomi   | 2025/008 | WAPCOS Ltd fr Fina Report | 92,335.23         |
| 14.          | 1/8/2025  | Supv. Work 4 Constr of UL<br>FISC | 2025/001 | Bez+Tur Cont Remu for Nov | 9,574.09          |
| 15.          | 2/17/2025 | Supv. Work 4 Constr of UL<br>FISC | 2025/019 | Bez+Tur Co fr remu loc&Fo | 9,574.09          |
| 16.          | 3/27/2025 | Supv. Work 4 Constr of UL<br>FISC | 2025/066 | Bez+Tur Con In fr rem Feb | 9,574.09          |
| 17.          | 4/21/2025 | Supv. Work 4 Constr of UL<br>FISC | 2025/086 | Bez+Turk Co Inc fr Jan re | 9,574.09          |
| <b>TOTAL</b> |           |                                   |          |                           | <b>481,264.83</b> |

### Risk

- 1.5.1.3 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.
- 1.5.1.4 In the absence of adequate supporting documents, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the project's funds.
- 1.5.1.5 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.5.1.6 Management may override the procurement processes by completing disbursement without utilizing the required procurement methods.

### Recommendation

- 1.5.1.7 Management should fully account for expenditure made without adequate supporting documents comprehensively catalogued in Table 5 above, as part of Management's response to this Management Letter.

- 1.5.1.8 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.
- 1.5.1.9 Additionally, Management should facilitate the operationalization of the electronic document management system by ensuring that all relevant source and supporting documents are scanned, attached to the transaction (in the accounting software for financial transactions), archived and maintained to facilitate future review.

### Management's Response

- 1.5.1.10 *All the aforementioned payments were made with all the requisite supporting documents. At no time are payments authorized or executed without proper documentation, which include payment vouchers, invoices, delivery notes, receipts and any other relevant supporting documents. We are herewith submitting the payment vouchers with all the requisite supporting documents for the auditor's review. **See attached Exhibit III: Payment Vouchers with Supporting Documents.***

### Auditor General's Position

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

## 1.5.2 Irregularities Associated with Women Fishmonger Empowerment Grant Program

### Criteria

- 1.5.2.1 Section 8.2 (Disbursement Procedures) of the LSMFP Community Grant Operations Manual requires that large grants be disbursed in three tranches (40:40:20) and only after the fulfillment of specified conditions, including completion of due diligence procedures, submission of required documentation, signing of grant agreements, financial assessments, and demonstration of satisfactory utilization and reporting on prior disbursements.
- 1.5.2.2 Further, Section 4.1 (Grant Management Roles and Responsibilities) requires Conservation International to maintain transparent and accountable grant management processes, while the Financial Management Specialist is responsible for ensuring expenditures are aligned with approved contracts and for overseeing fiduciary responsibilities and contract administration.



- 1.5.2.3 Section 5 (Terms and Conditions of the LSMFP Grants) requires that grant funds be used exclusively for approved project purposes and in accordance with the approved grant objectives and grant agreement. Beneficiaries are required to ensure that goods, works, and services financed under the project are used exclusively for implementing approved grant objectives.
- 1.5.2.4 Furthermore, Section 5(I) states that the first ten grants are subject to prior review and approval by the World Bank, while Section 8.1 (Contracting and Disbursement of Grants) requires beneficiaries to utilize grant funds only for their intended purposes as approved under the grant arrangement.
- 1.5.2.5 Section 6.1.1 Legal Framework of the Project Implementation Manual states that procurement of goods, non-consulting services, and works and selection and employment of consultants under the project will be carried out in accordance with guidelines, laws and regulations which are based on a combination of IDA and GoL policies and guidelines.
- 1.5.2.6 Section 2(18) of the Public Procurement and Concessions Act, as amended and restated in 2010, defines a Performance Security as a financial instrument submitted by a bidder to secure the bidder's obligations under a procurement contract. The PPC Act further seeks to ensure accountability, transparency, and value for money in the use of public resources. Accordingly, procuring entities should obtain adequate performance security or equivalent safeguards before disbursing substantial advance payments to contractors.

### **Observation**

- 1.5.2.7 During the audit, we observed the following irregularities associated with Women Fishmonger Empowerment Grant Program implemented by Conservation International (CI):
- A US\$2 million contract was awarded to Conservation International (CI) in June 2023 for a two-year period, with 100% of the contract value paid in advance without performance guarantee or other adequate safeguards to project's funds;
  - An amount of US\$40,000.00 was transferred from consultancy services under the capacity-building component to grant allocation designated for women beneficiaries without evidence of prior authorization or approval or no objection from the World Bank.

### **Risk**

- 1.5.2.8 In the absence of a performance guarantee, financial losses incurred as a result of non-performance of a contractor may not be recovered. This may lead to misappropriation of the project funds.
- 1.5.2.9 Project funds may be utilized for unintended purposes, resulting in non-compliance with donor requirements, reduced benefits to intended beneficiaries and non-achievement of the project's objectives.

- 1.5.2.10 Transfers of funds from one component of the project to another without the required authorization may lead to misapplication and misappropriation of the project's funds.

### **Recommendation**

- 1.5.2.11 Management should provide substantive justification for not obtaining performance guarantee from Conservation International (CI) consistent with the terms and conditions applied within the Project Implementation Manual and the PPC Act. Management should also provide substantive justification why some applicants did not receive the full amount budgeted for in the application without any reasons provided by Conservation International (CI).
- 1.5.2.12 Going forward, Management should obtain performance guarantee from contractor to ensure that financial losses incurred from non-performance of the terms and conditions of the contract are duly recovered.
- 1.5.2.13 Management should strengthen contract management procedures by ensuring that advance payments are made in accordance with contractual provisions and that adequate performance guarantees or other appropriate securities are obtained before disbursing significant advance payments to contractors. This will help safeguard project funds and mitigate the risk of non-performance.
- 1.5.2.14 Management should ensure that periodic activities report prepared and submitted by the sub-contractors are inclusive of total funds budgeted per beneficiaries, total funds disbursed per beneficiaries and reasons for over/under disbursements where applicable. All undisbursed funds at the end of the project should be subsequently remitted to the project's bank account for onward submission to the bank.
- 1.5.2.15 Management should ensure that all budget reallocations and transfers between budget lines are supported by prior approval from the Bank and documented in accordance with the grant agreement. Funds should be utilized solely for their approved purposes to ensure compliance with donor requirements and achievement of project objectives.
- 1.5.2.16 Evidence of performance guarantee, periodic activities reports, approved budgetary transfer/ No objection from the Bank and all relevant supporting records should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.5.2.17 *Management acknowledges the audit observation regarding the Women Fishmonger Empowerment Grant Program implemented by Conservation International (CI) and appreciates the importance of maintaining strong fiduciary controls, contractual safeguards, and strict adherence to approved budget allocations under the Liberia Sustainable Management of Fisheries Project (LSMFP).*



- 1.5.2.18 *With respect to the transfer of US\$40,000 from the capacity-building budget line to the grant allocation for women beneficiaries, Management confirms that this reallocation was undertaken by Conservation International without prior approval, authorization, or concurrence from the Project Implementation Unit (PIU) and without evidence of a prior no-objection from the World Bank. Upon becoming aware of the matter, the PIU immediately rejected the reallocation and formally instructed Conservation International to remit the US\$40,000 to the Project account. This position was communicated in writing by the Project Coordinator through official correspondence to CI management (see attached), a copy of which was provided to the auditors during the audit process. Management therefore agrees that the reallocation was not undertaken in accordance with the approved contractual and fiduciary arrangements and has taken corrective action to ensure recovery of the funds and restoration of compliance with the approved budget structure.*
- 1.5.2.19 *Management further acknowledges the observation regarding the absence of a performance guarantee or equivalent security instrument in connection with the US\$2 million Grant Agreement executed with Conservation International in June 2023. However, Management wishes to clarify that the Grant Agreement was negotiated, reviewed, approved, and executed in 2023, prior to the recruitment of the current Project Coordinator and the current NaFAA Senior Team. Consequently, the current management was not involved in the procurement, negotiation, structuring, approval, or execution of the original arrangement.*
- 1.5.2.20 *Notwithstanding this fact, Management recognizes that the inclusion of a performance guarantee, advance payment security, insurance mechanism, or other equivalent safeguard would have provided additional protection to project resources and strengthened the overall fiduciary framework governing the grant.*
- 1.5.2.21 *Management also notes that Conservation International is a globally recognized international non-governmental organization with an established institutional presence, significant implementation experience, and longstanding partnerships with the World Bank and other international development partners. The decision to disburse the grant funds was made within the context of the grant arrangement approved at the time. Nevertheless, Management agrees that the absence of additional financial safeguards exposed the Project to unnecessary fiduciary risk and that future grant agreements involving significant advance disbursements should be supported by appropriate security instruments or other risk mitigation measures consistent with the applicable provisions of the Project Implementation Manual, Community Grant Operations Manual, World Bank requirements, and the Public Procurement and Concessions Act where applicable.*
- 1.5.2.22 *Management accepts the recommendations aimed at strengthening fiduciary oversight and contract administration. Going forward, the PIU will ensure that all significant grant agreements and implementation arrangements include appropriate risk mitigation measures, including performance guarantees, advance payment securities, insurance instruments, or other safeguards as may be appropriate. In addition, Management will ensure that all budget*



*reallocations, transfers between expenditure categories, and modifications to approved implementation arrangements receive the necessary prior approvals and are fully documented before implementation. Enhanced monitoring, reporting, reconciliation, and recordkeeping procedures will also be implemented to ensure that project funds are utilized solely for their intended purposes and that complete audit trails are maintained for future review.*

- 1.5.2.23 *Accordingly, while Management acknowledges the deficiencies identified in relation to the unauthorized US\$40,000 reallocation and the absence of a performance guarantee under the 2023 Grant Agreement, Management notes that corrective actions have already been initiated with respect to the unauthorized transfer and commits to strengthening grant management and fiduciary controls to prevent similar occurrences in the future. **See attached Exhibit IV: Email to CI on Reallocation of Funds without Approval.***

#### **Auditor General's Position**

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

### **1.5.3 Irregularities Associated with Project's Implementation**

#### **Criteria**

- 1.5.3.1 Section 1. A. of the Project Agreement state that; (a) The Project Implementing Entity shall maintain, throughout the period of implementation of the Project, the Project Implementation Unit ("PIU") with functions and resources, satisfactory to the Association. (b) Without limitation upon sub-paragraph (a) immediately above the foregoing, the PIU shall be responsible for day-to-day management, implementation, coordination and planning of the Project, procurement, environmental and social management aspects, communication, reporting, monitoring and evaluation, all in accordance with the Project Implementation Manual. To this end, the Project Implementing Entity shall, at all times during the implementation of the Project, maintain the PIU with the following key staff: a Project coordinator, a financial management officer or an accountant, a procurement officer, a procurement assistant, a monitoring and evaluation officer, an environmental specialist, a social specialist, and a gender specialist, all with terms of reference, qualifications, and experience, satisfactory to the Association.
- 1.5.3.2 According to Section 6.9 of the Project Implementation Manual (PIM) which states that there is expected to be a huge procurement of works under the project. Works to be procured may include contracts for (a) major works for the construction and repair/refurbishment of a mini harbor, fish landing sites, office spaces for NaFAA, and CMAs and (b) refurbishing of the Klay hatchery. The procurement of such huge scale works shall be carried out using the World Bank's procurement procedures.

#### **Observation**

- 1.5.3.3 During the audit, we observed that some deliverables of the project were not completed up to



approved specifications and within approved timelines. As a result, the expected completion dates for approved deliverables were subsequently restructured. **See Table 7 below for details:**

**Table 7: Irregularities Associated with Project's Implementation**

| No           | Description of Assignment                                                                                         | Selection Method/<br>Market Approach | Estimated Costs<br>US\$ | Contract<br>Signature<br>Date | Expected<br>Completion<br>Date |
|--------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------|-------------------------------|--------------------------------|
| 1.           | Construction of Artisanal Fish Handling Platform for four sites (Margibi, Grand Bassa, Grand Kru and Montserrado) | RFB/Limited National                 | 800,000.00              | 7-Mar-23                      | 30-Oct-24                      |
| 2.           | Construction of NaFAA National Headquarter                                                                        | RFB/Open International               | 2,535,000.00            | 7-Sep-23                      | 5-May-25                       |
| 3.           | Construction of the Artisanal Fish Landing and processing facility at Mesurado                                    | RFB/Open International               | 5,379,498.00            | 2-Dec-23                      | 30-Jun-25                      |
| 4.           | Construction, Wreck removal and Dredging of Mesurado Industrial Fisheries Terminal                                | RFB/Open-International               | 12,520,502.00           | 7-Dec-23                      | 30-Jun-25                      |
| 5.           | Rehabilitation of 0.6 kilometer of access road connecting to Mesurado Pier                                        | RFB/Limited National                 | 500,000.00              | 22-Aug-25                     | 21-Jun-26                      |
| <b>Total</b> |                                                                                                                   |                                      | <b>21,735,000.00</b>    |                               |                                |

### **Risk**

- 1.5.3.4 Failure of project management to ensure that services paid for are delivered in a timely manner may lead to non-achievement of project objectives.
- 1.5.3.5 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.5.3.6 Payments may be made for service not performed and value for money may be impaired.
- 1.5.3.7 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**

- 1.5.3.8 Management should provide substantive justification why the project deliverables catalogued in our findings above were not completed within approved timelines.

- 1.5.3.9 Management should assess the current status of the work performed, the contractor's capacity to complete the project deliverables and update the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.5.3.10 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 deliverables and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts.
- 1.5.3.11 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.
- 1.5.3.12 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**

- 1.5.3.13 *Management acknowledges the observation regarding the extension of implementation timelines for certain project activities and notes that the referenced adjustments were not the result of a failure of project oversight or contract management, but rather arose from legitimate technical, financial, and implementation challenges that became apparent during project execution. These challenges were comprehensively assessed during the Project's Mid-Term Review and subsequently addressed through a formal restructuring of the Liberia Sustainable Management of Fisheries Project (LSMFP), which was approved by the World Bank and the Government of Liberia.*
- 1.5.3.14 *With respect to the Mesurado Industrial Fishing Port, the audit observation appears to assume that the construction of the port, dredging operations, wreck removal activities, and associated artisanal landing facilities could be implemented as originally envisioned within the available project financing envelope. However, subsequent technical assessments established that several critical prerequisite and ancillary activities had not been fully identified, designed, costed, or budgeted during the original project preparation phase. These included, among others, hydrological, bathymetric, diving and salvage assessments, detailed geotechnical investigations, updated engineering designs, environmental and social assessments, and other preparatory activities necessary to ensure compliance.*
- 1.5.3.15 *As implementation progressed, it became evident that the available project resources were insufficient to simultaneously finance the construction of the Mesurado Industrial Fishing Port, undertake dredging operations, remove submerged wrecks, and complete all associated enabling infrastructure and safeguard requirements.*



- 1.5.3.16 *Consequently, the Project and the World Bank undertook a detailed review of project priorities, technical feasibility, implementation readiness, and available financing. This review concluded that certain activities could not be implemented within the original project budget and implementation period without jeopardizing the quality, sustainability, and value-for-money objectives of the Project.*
- 1.5.3.17 *Accordingly, the Project was formally restructured to align implementation activities with available financing and implementation realities. Under the restructuring, priority was placed on advancing critical preparatory and enabling investments necessary to preserve the long-term viability of the Mesurado Industrial Fishing Port, including access infrastructure, detailed engineering studies, environmental and social assessments, geotechnical investigations, and other foundational activities required to position the investment for future financing and implementation. The restructuring documents, which were approved by the World Bank and the Government of Liberia, provide a comprehensive explanation of the rationale for the revised implementation approach and timeline adjustments.*
- 1.5.3.18 *Management further notes that the referenced projects were not abandoned and that substantial progress has been achieved across multiple activities. For example, the access road to the Mesurado Pier has reached substantial completion; the National Fisheries Headquarters procurement process has advanced significantly; detailed design and technical studies for the fisheries terminal are ongoing; wreck removal preparatory activities have been undertaken; and implementation arrangements for other infrastructure investments continue to progress. The revised timelines therefore reflect a strategic sequencing of activities based on technical readiness, financing availability, and implementation feasibility rather than a failure to perform contractual obligations.*
- 1.5.3.19 *Management accepts the recommendation regarding continued monitoring and documentation of project implementation. The Project already maintains annual work plans and budgets, procurement plans, implementation schedules, supervision arrangements, progress monitoring systems, Implementation Status and Results Reports (ISRs), aide memoires, mission reports, and periodic reporting mechanisms required under the Financing Agreement and World Bank procedures. Going forward, Management will continue to strengthen implementation planning, contract monitoring, documentation, and reporting to ensure that project activities remain aligned with approved work plans, available financing, and project development objectives.*
- 1.5.3.20 *Management respectfully refers the auditors to the approved Project Restructuring Paper, Mid-Term Review findings, implementation support mission reports, and related project documentation, which provide detailed justification for the revised implementation timelines and demonstrate that the adjustments were driven by technical, financial, and operational considerations rather than deficiencies in project oversight or management.*

## **Auditor General's Position**

- 1.5.3.21 We acknowledge Management's assertions relative to the implementation of approved project deliverables within the restructured timelines. We will follow-up on the implementation of our recommendations during subsequent audit.

## **1.6 Assets Management**

### **1.6.1 Irregularities Associated with Fixed Assets Management**

#### **Criteria**

- 1.6.1.1 Regulation V.4 of the PFM Regulation of 2009 as amended and restated 2019 states" (1) Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed asset 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:
- The fixed assets register did not contain all the relevant columns;
  - Fixed assets within a given vicinity were not displayed as required by the PFM;

#### **Risk**

- 1.6.1.3 The completeness, existence and valuation of fixed assets may not be assured. Therefore, the fixed assets register and subsequently the financial statements may be misstated.
- 1.6.1.4 Fixed assets may be damaged or impaired, but their values are still on the books.
- 1.6.1.5 Fixed assets may be removed from the project's premises without authorization, misappropriated, subjected to personal use or theft.

#### **Recommendation**

- 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.



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

**Management's Response**

1.6.1.8 *This observation is well noted. Management acknowledges the need to strengthen fixed assets management processes, including the updating of the asset register to include all the relevant columns and also ensure that assets within a given vicinity are displayed to prevent the removal of assets from project's premises without authorization, misappropriated, subjected to personal use or theft.*

**Auditor General's Position**

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

## 1.7 STATUSES ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION

1.7.1.1 Recommendations conveyed during financial statement audit of the Liberia Sustainable Management of Fisheries Project (LSMFP) for the period ended January 1 2024 to December 31, 2024 as indicated in the **Table below:**

|                               |                     | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31,<br/>2024.</b>                                                                                                                                                                                 | <b>Audit Findings - 14; Financial<br/>Issues (FII) - 4; Governance<br/>Issues (GI) - 3;<br/>Compliance Issues (CI) - 3;<br/>Internal Control Issues (ICI) - 4.</b> |                                  | <b>Audit Recommendations - 55; Fully Implemented - 5;<br/>Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                                                                |
|-------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SOURCE<br/>(PARAGRAPH)</b> | <b>FINDING TYPE</b> | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                       |                                                                                                                                                                    | <b>IMPLEMENTATION<br/>STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1.1.1.2                       | Governance Issues   | <b>Project Steering Committee did not Meet on a Regular Basis</b><br>During the audit, we observed that the Project Steering Committee (PSC) met only once, on January 24, 2025 instead of meeting two (2) weeks after the end of each quarter as required. |                                                                                                                                                                    | Not Implemented                  | Management should liaise with the relevant authorities of the Project Steering Committee to facilitate the conduct of periodic Project Steering Committee meetings. Project Steering Committee meeting minutes should comprehensively detail activities discussed, actions to implement planned activities and approved timelines. Meetings' minutes should be subsequently documented and filed to facilitate future review. |
|                               |                     |                                                                                                                                                                                                                                                             |                                                                                                                                                                    | Not Implemented                  | Management should also institute a platform for following-up on decision made at Project Steering Committee meetings. Actions/deliverable should be discussed during current meetings, as a medium for tracking implementation progress and planning for future activities.                                                                                                                                                   |
|                               |                     |                                                                                                                                                                                                                                                             |                                                                                                                                                                    | Not Implemented                  | Evidence of meeting minutes and periodic activities reports of the PSC should be adequately documented and filed to facilitate future review.                                                                                                                                                                                                                                                                                 |
| 1.1.2.4                       | Governance Issues   | <b>The Use of Personal Email for Business Purpose</b><br>During the audit, we observed no                                                                                                                                                                   |                                                                                                                                                                    | Not Implemented                  | Management should develop, approve and operationalize policies and procedures for the effective and efficient operations of the project's official site for the management                                                                                                                                                                                                                                                    |



|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>                                                                                                                                                |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                    |
|---------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                             | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                  |
|                           |                                                                         | evidence that the Management of the Project facilitated the use an official email for the management and channeling of communications related to the project. We observed that key personnel such as the Project Coordinator used his personal email to conduct official business of the project. |                              | and channeling of communication/emails. The policy should comprehensively catalog the requirements for establishing and managing the site consistent with the National Policy on the Use of the Gov.Lr Domain Name of the Ministry of Posts and Telecommunications of the Republic of Liberia as well as Regulation A.14 of the PFM Act of 2009 as amended and restated 2019. |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                   | Not Implemented              | Subsequently, Management should ensure that all email communications of the project are facilitated through official email platforms to ensure data security and privacy are optimized.                                                                                                                                                                                       |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                   | Not Implemented              | Evidence of the approved policy for the project's official site and the procedures for the management and channeling of the project's communication/emails should be adequately documented and filed to facilitate future review.                                                                                                                                             |
| 1.2.1.3                   | Financial Issues                                                        | <b>Non-Explanation of Material Variances</b><br>During the audit, we observed that Management did not include explanatory notes to the financial                                                                                                                                                  | Fully Implemented            | Management should adjust the financial statements to include explanation for material variance in the notes to the financial statements and submit the adjusted financial statements to the Office of the Auditor General as part of Management's response to this Management Letter.                                                                                         |

|                               | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31,<br/>2024.</b> | <b>Audit Findings - 14; Financial<br/>Issues (FII) - 4; Governance<br/>Issues (GI) - 3;<br/>Compliance Issues (CI) - 3;<br/>Internal Control Issues (ICI) - 4.</b>                                                                                                                                                                                                                                                                                   |                                  | <b>Audit Recommendations - 55; Fully Implemented - 5;<br/>Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SOURCE<br/>(PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                         | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>IMPLEMENTATION<br/>STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                               |                                                                             | statements on the material variances between the budget and actual amounts. <b>See Table 1 in report for details.</b>                                                                                                                                                                                                                                                                                                                                |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                               |                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Fully Implemented                | Going forward, Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017).                                                                                                                                                                                                                                                                  |
| 1.2.2.2                       | Financial Issues                                                            | <b>Inconsistency in the Classification Scheme for Financial Reporting</b><br>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 programmatic classifications disclosed in the notes to the financial statements. | 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. |



|                               | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31,<br/>2024.</b> | <b>Audit Findings - 14; Financial<br/>Issues (FII) - 4; Governance<br/>Issues (GI) - 3;<br/>Compliance Issues (CI) - 3;<br/>Internal Control Issues (ICI) - 4.</b>                                                                                                                                        |                                  | <b>Audit Recommendations - 55; Fully Implemented - 5;<br/>Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                                                                                     |
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| <b>SOURCE<br/>(PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                         | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                                     | <b>IMPLEMENTATION<br/>STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                               |                                                                             |                                                                                                                                                                                                                                                                                                           | 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.                                                                                                                                          |
| 1.3.1.4                       | Financial Issues                                                            | <b>Payment without Permit from the Ministry of Justice</b><br>During the audit, we observed that Management made payment to Security Expert Guard Agency of Liberia (SEGAL) for security service in the amount of <b>US\$19,170.00</b> . However, we observed no evidence that SEGAL has obtained a valid | Not Implemented                  | Management should provide substantive justification for facilitating payment to SEGAL for security services without evidence of valid operational permit from the Ministry of Justice as required.                                                                                                                                                                                                                                                 |

|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>  |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                                                                                                                                  |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                               | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                           |                                                                         | operational permit for the period under audit from the Ministry of Justice as required. <b>See Table 3 and Exhibit I in the report for details.</b> |                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                           |                                                                         |                                                                                                                                                     | Not Implemented              | Going forward, Management should ensure that evidence of a valid operational permit from the Ministry of Justice is obtained for all security service companies hired. Evidence of valid operational permit for security service companies hired should be adequately documented and filed to facilitate future review.                                                                                                                                                                     |
|                           |                                                                         |                                                                                                                                                     | Not Implemented              | 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. |



|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>                                                                                                                                                                                                                                                                                                                                                                   |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                          |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                        |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Not Implemented              | 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. |
| 1.3.2.2                   | Internal Control Issues                                                 | <b>Irregularities Associated with Fuel Management</b><br>During the audit, we observed the following irregularities associated with fuel management: <ul style="list-style-type: none"> <li>· No evidence of a fuel management policy.</li> <li>· No evidence of monthly petroleum distribution report for the period under audit.</li> <li>· Variance between fuel procured and fuel distributed per the fuel distribution logs amounting to <b>US\$8,530.00. See Table 4 in the report for details.</b></li> </ul> | Not Implemented              | Management should account for the variance between fuel procured and fuel distributed per the fuel distribution logs comprehensively <b>catalogued in Table 4 in the report.</b>                                                                                                                                                    |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Not Implemented              | Management should develop, approve and operationalize a policy on fuel procurement, distribution, consumption and                                                                                                                                                                                                                   |

|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>                                                                                      |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                            |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                   | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                          |
|                           |                                                                         |                                                                                                                                                                                                                                         |                              | ensure that proper records are maintained.                                                                                                                                                                                                                                                                                            |
|                           |                                                                         |                                                                                                                                                                                                                                         | Not Implemented              | Management should maintain a fuel consumption and distribution log to aid the entity manage cost and inform future purchase.                                                                                                                                                                                                          |
|                           |                                                                         |                                                                                                                                                                                                                                         | Not Implemented              | Evidence of approved fuel policy and all other fuel procurement, distribution, and consumption records should be adequately documented and filed to facilitate future review.                                                                                                                                                         |
|                           |                                                                         |                                                                                                                                                                                                                                         | Not Implemented              | Going forward, Management should conduct periodic reconciliation between the fuel procured and the distribution logs. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and file to facilitate future review. |
| 1.3.3.2                   | Internal Control Issues                                                 | <b>No Evidence of Scratch Cards/Recharged Cards Management</b><br>During the audit, we observed no evidence of an approved scratch card/recharged cards management policy to regulate the procurement, distribution, and consumption of | Not Implemented              | Management should develop, approve and operationalize a policy on scratch cards procurement, distribution, consumption and ensure that proper records are maintained.                                                                                                                                                                 |



|                               | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31,<br/>2024.</b> | <b>Audit Findings - 14; Financial<br/>Issues (FII) - 4; Governance<br/>Issues (GI) - 3;<br/>Compliance Issues (CI) - 3;<br/>Internal Control Issues (ICI) - 4.</b>                                                                                                                                                                                                         |                                  | <b>Audit Recommendations - 55; Fully Implemented - 5;<br/>Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                            |
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| <b>SOURCE<br/>(PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                         | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                                                                                                      | <b>IMPLEMENTATION<br/>STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                              |
|                               |                                                                             | scratch cards for the period under audit.                                                                                                                                                                                                                                                                                                                                  |                                  |                                                                                                                                                                                                                           |
|                               |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            | Not Implemented                  | Evidence of approved scratch card policy and all other scratch cards procurement, distribution, and consumption records should be adequately documented and filed to facilitate future review.                            |
| 1.3.4.2                       | Compliance Issues                                                           | <b>Delays in the Distribution of Fishing Nets and AIS Transponders</b><br>During the audit, we observed no evidence that 28,224 pieces of fishing nets and 400 pieces of AIS Transponders procured by Management amounting to <b>US\$358,011.19</b> were distributed to fishermen during the period under audit as required. <b>See Table 6 in the report for details.</b> | Not Implemented                  | Management should provide substantive justification why project deliverables: distribution of AIS transponder and fishing nets, were not distributed to fishermen consistent with approved timelines.                     |
|                               |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            | Not Implemented                  | Management should assess the current status of the distribution of AIS transponder and fishing nets to fishermen and update the Office of the Auditor General as part of Management's response to this Management Letter. |

|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b> |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                              | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                           |                                                                         |                                                                                                                                                    | Not Implemented              | Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all project deliverables. The work plan should comprehensively catalog phases of deliverables and corresponding payments required to implement each phase of approved deliverables (where applicable). The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts (where applicable). |
|                           |                                                                         |                                                                                                                                                    | Not Implemented              | 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.                                                                                                                                                                                                                                                                                                 |
|                           |                                                                         |                                                                                                                                                    | Not Implemented              | Evidence of approved work plans, contracts and periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.                                                                                                                                                                                                                                                                                                                                           |



|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>                                                                                                                                                                                        |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                    |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                                                                     | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                  |
| 1.4.1.2                   | Compliance Issues                                                       | <b>Non-Compliance with GoL Harmonized Salary Pay-Grade</b><br>During the audit, we observed that Management facilitated disbursement of salaries to the project coordinator non-compliant with the approved harmonized pay grade instituted by the Government of Liberia on March 26, 2020. <b>See Table 7 in the report for details.</b> | Not Implemented              | Management should facilitate the immediate adoption of the GoL harmonized pay-grade for the disbursement of salaries to all project staff.                                                                                                                                                                                                                                    |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                                                           | Not Implemented              | The human resource and internal audit functions of the project should facilitate the conduct of periodic review of employment documentation, perform and conduct periodic reconciliation of payrolls to ensure that the harmonized pay-grade is comprehensively and consistently implemented by the project. Variances identified should be immediately adjusted as required. |

|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>                                                                                                                                               |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                            | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                  | Not Implemented              | Management should ensure that an automated linkage is established between the harmonized pay-grade and the payroll data. Determination of employees' wages should be performed by simply inputting the position of the employee and the corresponding pay-grade step (as the system would automatically select the expected salary). Management should establish a control such that payroll adjustments inputted by a junior staff is reviewed and approved by a senior staff before the transaction is effected in the payroll/accounting software. |
| 1.4.2.3                   | Governance Issues                                                       | <b>Inadequate Segregation of Duties</b><br>During the audit, we observed no evidence of a designated project accountant for the period under audit. The environmental specialist appeared to have served in a dual capacity, acting as both the project accountant and environmental specialist. | Not Implemented              | Management should facilitate the competitive hiring of qualified and experienced staff in the finance section to ensure that adequate financial management and reporting requirements and effective review, reconciliation and checks and balances are optimized.                                                                                                                                                                                                                                                                                     |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                  | Not Implemented              | Management should also ensure that the relevant segregation of duties over processing (preparing, reviewing and approving) of transactions are initiated and operationalized.                                                                                                                                                                                                                                                                                                                                                                         |



|                               | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31,<br/>2024.</b> | <b>Audit Findings - 14; Financial<br/>Issues (FII) - 4; Governance<br/>Issues (GI) - 3;<br/>Compliance Issues (CI) - 3;<br/>Internal Control Issues (ICI) - 4.</b>                                                                                                    |                                  | <b>Audit Recommendations - 55; Fully Implemented - 5;<br/>Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                        |
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| <b>SOURCE<br/>(PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                         | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                 | <b>IMPLEMENTATION<br/>STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                          |
|                               |                                                                             |                                                                                                                                                                                                                                                                       | Not Implemented                  | Evidence of competitive recruitment of experienced and qualified finance professionals and subsequent employment should be adequately documented and filed to facilitate future review.                                                                                                                                                               |
| 1.4.3.3                       | Internal Control<br>Issues                                                  | <b>Non-Performance of Exit<br/>Conference for Exiting Staff</b><br>During the audit, we observed no evidence that Management performed exit conference for staff who had resigned/exited the project during the period. <b>See Table 8 in the report for details.</b> | Not Implemented                  | Management should facilitate the performance of exit conference for all staff departing the entity to ascertain the reason(s) for resignation.                                                                                                                                                                                                        |
|                               |                                                                             |                                                                                                                                                                                                                                                                       | Not Implemented                  | Management should catalog reason(s) obtained from exiting staff during the exit conference to aid in the formulation of employee's development plan, improvement in the corporate culture and the working environment of the project (where applicable). Existing resources should be used to resolve significant issues raised by exiting personnel. |
|                               |                                                                             |                                                                                                                                                                                                                                                                       | Not Implemented                  | Evidence of exit conference and actions to address significant concerns should be adequately documented and filed to facilitate future review.                                                                                                                                                                                                        |
| 1.4.4.4                       | Financial Issues                                                            | <b>Non-Withholding and</b>                                                                                                                                                                                                                                            | Not Implemented                  | Management should provide substantive justification for not                                                                                                                                                                                                                                                                                           |

|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>                                                                                               |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                               |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                            | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                             |
|                           |                                                                         | <b>Remittance of Social Security's Contributions</b><br>During the audit, we observed no evidence of payment receipts for remittance of employees' and employer's contributions made to NASSCORP for all contractors for the period under audit. |                              | 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 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                                                                                                                                                       |



|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>                                                                                                                                                                                                                                                                                                                    |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                 |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                               |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                              | 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.                                                 |
| 1.5.1.2                   | Internal Control Issues                                                 | <b>Irregularities Associated with Fixed Assets Management</b><br>During the audit, we observed the following irregularities associated with the project's fixed assets management system:<br>· No evidence of fixed assets management policy;<br>· The fixed assets register did not contain all the relevant columns;<br>· The fixed assets register was not regularly updated: 2 Laptops procured for <b>US\$4,572</b> on February 7, 2024 with voucher number 017, | Partially Implemented        | Management should update the fixed assets register to include the 2 Laptops procured for <b>US\$4,572</b> on February 7, 2024 with voucher number 017 not recorded in the Fixed Asset Register for the period under audit. |

|                           | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31, 2024.</b> | <b>Audit Findings - 14; Financial Issues (FII) - 4; Governance Issues (GI) - 3; Compliance Issues (CI) - 3; Internal Control Issues (ICI) - 4.</b>                                                                                                                                                                                                                                          |                              | <b>Audit Recommendations - 55; Fully Implemented - 5; Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                        |
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| <b>SOURCE (PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                     | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                                                                                                                       | <b>IMPLEMENTATION STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                      |
|                           |                                                                         | were not recorded in the Fixed Asset Register for the period under audit;<br>· No evidence of movement of fixed assets form;<br>· No evidence of periodic physical verification of fixed assets;<br>· Fixed assets within a given vicinity were not displayed as required by the PFM;<br>· Some of the project's fixed assets were not coded; <b>See Table 6 in the report for details.</b> |                              |                                                                                                                                                                                                                                   |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                             | Partially Implemented        | Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the entity.                                                                                          |
|                           |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                             | Partially 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. |



|                               | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31,<br/>2024.</b> | <b>Audit Findings - 14; Financial<br/>Issues (FII) - 4; Governance<br/>Issues (GI) - 3;<br/>Compliance Issues (CI) - 3;<br/>Internal Control Issues (ICI) - 4.</b> |                                  | <b>Audit Recommendations - 55; Fully Implemented - 5;<br/>Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                    |
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| <b>SOURCE<br/>(PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                         | <b>AUDIT FINDINGS</b>                                                                                                                                              | <b>IMPLEMENTATION<br/>STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                      |
|                               |                                                                             |                                                                                                                                                                    | Partially Implemented            | Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner. |
|                               |                                                                             |                                                                                                                                                                    | Partially Implemented            | 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.                                                                                |
|                               |                                                                             |                                                                                                                                                                    | Partially Implemented            | The Fixed Assets Register should be updated periodically to reflect all the project's assets.                                                                                                                                                                                                                                     |
|                               |                                                                             |                                                                                                                                                                    | Partially Implemented            | Fixed Assets within a particular vicinity should be clearly displayed as required by the PFM Act.                                                                                                                                                                                                                                 |
|                               |                                                                             |                                                                                                                                                                    | Partially 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.                                                                                                                            |
| 1.6.1.3                       | Compliance Issues                                                           | <b>Irregularities Associated with the Project Implementation</b><br>During the audit, we observed the                                                              | Not Implemented                  | Management should provide substantive justification why the project deliverables catalogued in our findings above were not completed within approved timelines.                                                                                                                                                                   |

|                               | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31,<br/>2024.</b> | <b>Audit Findings - 14; Financial<br/>Issues (FII) - 4; Governance<br/>Issues (GI) - 3;<br/>Compliance Issues (CI) - 3;<br/>Internal Control Issues (ICI) - 4.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                  | <b>Audit Recommendations - 55; Fully Implemented - 5;<br/>Partially Implemented - 8; Not Implemented - 42.</b> |
|-------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------|
| <b>SOURCE<br/>(PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                         | <b>AUDIT FINDINGS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>IMPLEMENTATION<br/>STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                   |
|                               |                                                                             | <p>following irregularities associated with delays in the implementation of project deliverables:</p> <ul style="list-style-type: none"> <li>· Delay in the construction of the NaFAA headquarters in Montserrado County;</li> <li>· Delay in the rehabilitation of the Klay Hatchery project in Bomi County; See Exhibit III below for current picture.</li> <li>· Progress on the 1.2 km Mesurado Fishing Port access road has been disrupted for the past one year; See Exhibit IV below for current picture.</li> <li>· Delay in the completion of base studies (Environmental and Social Impact Assessment and the design studies) for the Mesurado Port infrastructure;</li> <li>· Women fishmonger empowerment grant has experienced delay in commencement.</li> </ul> |                                  |                                                                                                                |
|                               |                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Not Implemented                  | Management should assess the current status of the work                                                        |



|                               | <b>Audited Period (AP):<br/>January 1, 2024-<br/>December 31,<br/>2024.</b> | <b>Audit Findings - 14; Financial<br/>Issues (FII) - 4; Governance<br/>Issues (GI) - 3;<br/>Compliance Issues (CI) - 3;<br/>Internal Control Issues (ICI) - 4.</b> |                                  | <b>Audit Recommendations - 55; Fully Implemented - 5;<br/>Partially Implemented - 8; Not Implemented - 42.</b>                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SOURCE<br/>(PARAGRAPH)</b> | <b>FINDING TYPE</b>                                                         | <b>AUDIT FINDINGS</b>                                                                                                                                              | <b>IMPLEMENTATION<br/>STATUS</b> | <b>AUDIT RECOMMENDATIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                               |                                                                             |                                                                                                                                                                    |                                  | performed, the contractor's capacity to complete the project deliverables and update the Office of the Auditor General as part of Management's response to this Management Letter.                                                                                                                                                                                                                                                                         |
|                               |                                                                             |                                                                                                                                                                    | Not Implemented                  | 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. |
|                               |                                                                             |                                                                                                                                                                    | Not Implemented                  | 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.                                                                                                                                                                                                                                                 |
|                               |                                                                             |                                                                                                                                                                    | Not Implemented                  | Evidence of approved work plans, contracts and periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.                                                                                                                                                                                                                                                                                           |