Management Letter

On the Financial Statements Audit of Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P)

For the period January 1 to October 31, 2025

Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2026

Table of Contents

1 DETAILED FINDINGS AND RECOMMENDATIONS 6

1.1 Governance Issues 6

1.1.1 No Evidence of a Functional Audit Committee within the National Project Steering Committee 6

1.2 Procurement Management 8

1.2.1 Non Competitive Procurement 8

1.3 Fixed Assets Management 10

1.3.1 Irregularities Associated with Fixed Assets Management 10

1.4 Project Implementation (Field Verification) 12

1.4.1 Irregularities Associated with LACF Beneficiaries Assets 12

1.4.2 Incomplete Constructions 16

1.4.3 No evidence of Integrated Digital Online Lending Platform at Citi Trust 19

1.4.4 LACF Asset not Turnover 21

2 STATUS OF PRIOR YEAR'S AUDIT RECOMMENDATION 24

ACRONYMS USED

Acronym	Meaning
AG	Auditor General
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Practitioner
COBIT	Control Objectives for Information and Related Technology
COSO	Committee of Sponsoring Organization of the Treadway Commission
FCCA	Fellow Member of the Association of Certified Chartered Accountants
GAC	General Auditing Commission
GoL	Government of Liberia
IFMIS	Integrated Financial Management Information system
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standard of Supreme Audit Institutions
IT	Information Technology
LACF	Liberia Agriculture Commercialization Funds
MFDP	Ministry of Finance and Development Planning
MoA	Ministry of Agriculture
MoCI	Ministry of Commerce and Industry
PIM	Project Implementation Manual
PFM	Public Finance Management
PIU	Project Implementation Unit
PV	Payment Voucher
STAR - P	Smallholder Agriculture Transformation and Agribusiness Revitalization Project

June 29, 2026

Hon. J. Alexander Nuetah, PHD
Minister
Ministry of Agriculture
Ellen Johnson Sirleaf Ministerial Complex, Congo Town
Montserrado County, Liberia

Dear Hon. Nuetah:

RE: Management Letter on the Financial Statements Audit of the Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P) for the Six Months Ended June 30, 2025

The financial statements of the STAP - P are subject to audit by the Auditor-General in terms of Section 2.1.3 of the New GAC Act of 2014 as well as the Engagement Terms of Reference.

INTRODUCTION

The audit of the STAP - P for the Six Months Ended June 30, 2025 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit includes:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the overall financial statement presentation.

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

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

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Project's Management at the Ministry of Agriculture (MoA). Our responsibility is to express our opinion on these financial statements.

Key Personnel of the Project

During the period under audit the following personnel managed the affairs of the STAR-P

Name		Tenue
J. Alexander Nuetah, PHD	Minister	2024-Present
Galah Toto	National Project Coordinator	2022-Present
Stephen T. Marvie	Operation Manager	2022-Present
Henrique Nea Urey, CA, CISA CPA	Financial Management Specialist	2024-Present
Omobolaji P. Famakiwa	Project Accountant	2022-Present
M. Rudolph Glaydor	Procurement Officer	2022-Present
Youdeh Moore	M&E Office	2022-Present
Theophilus Baah	Project Agronomist	2018-Present

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

APPRECIATION

We would like to express our appreciation for the courtesy accorded and assistance rendered by the staff of the STAR-P during the audit.

GENERAL AUDITING OFFICE · REPUBLIC OF LIBERIA

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

Monrovia, Liberia
June 2026

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Governance Issues

1.1.1 No Evidence of a Functional Audit Committee within the National Project Steering Committee

Criteria

1.1.1.1 Further, Regulation K.11(1),(a) of the PFM Act of 2009 as amended and restated 2019 states that the Audit Committee of Government Agencies or Organizations shall review internal controls, including the scope of internal audit, internal audit Plans, internal audit findings, and recommend to the head of government agency the appropriate action to be taken.

1.1.1.2 Further, Regulation K.12. of the PFM Act of 2009 as amended and restated 2019 (1) Members of the Audit Committee shall be appointed by the Internal Audit Governance Board. (2) Membership of the Audit Committee shall consist of three or more persons as determined by the Internal Audit Governance Board, or any other enactment, each of whom shall satisfy independence, financial literacy and experience requirements and any other regulatory requirements. (3) The majority of the members of the Committee shall not be full-time employees of the government agency or organization and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing. (4) In the case of a Government Agency or state-owned enterprise, at least one person shall be from outside the public service. (5) At least one Committee member shall be a designated "audit committee financial expert" who shall be an accountant or auditor by profession or expert in the fields of accounting or auditing. (6) The Committee's Chairperson shall be designated by the Board or, if it does not do so, the Committee members shall elect a Chairperson by vote of a majority of the full Committee. (7) The Committee may form and delegate authority to subcommittees when appropriate. (8) No committee member shall serve on the audit committees of more than three government agencies or organizations. (9) Committee members shall serve for a period of three years renewable for another period of three years only. (10) Committee members shall serve until their successors shall be duly elected and qualified. (11) Notwithstanding sub regulation 10, if a member ceases to be "independent", such person shall immediately resign as a Committee member.

1.1.1.3 Section 10.6, Internal Audit Arrangements (10.6.1, 10.6.2 & 10.6.3), of the PMU Manual states Internal Audit: is established within the PMU by the Program Steering Committee (PSC) to serve the PMU and all PMU/PIUs. It is staffed by an Internal Auditor and Internal Audit Assistant. Appendix 9.3 is the Internal Audit Charter. Internal Audit reports functionally to the PSC and administratively (i.e., day-to-day operations) to the PMU Director. The PSC will approve all decisions regarding the performance evaluation, appointment, or removal of the Internal Auditor as well as the Internal Auditor's annual compensation and salary adjustment.

Observation

1.1.1.1 During the audit, we observed the following irregularities associated with the National Project Steering Committee:

- No evidence that the National Project Steering Committee established sub-committees such as audit committee to monitor and address audit matters as required.
- No evidence that the NPSC met with the Internal Auditors, discussed issues reported, and agreed on action to be taken. No evidence that Internal Audit Reports was part of the agenda of the National Steering Committee meeting minutes provided for review.
- The National Project Steering Committee met once during the period to review and approve the Annual Budget and Work Plan of the Projects coordinated by the Ministry of Agriculture.

Risk

1.1.1.2 Audit issues and lapses identified in the entity's internal control system may not be appropriately monitored and addressed due to the lack of audit committee.

1.1.1.3 Internal and external audit recommendations may not be monitored and implemented in a timely manner.

Recommendation

1.1.1.4 Management should liaise with the relevant authority to establish a functional audit committee. Evidence of periodic meetings minutes and activities reports should be adequately documented and filed to facilitate future review.

Management's Response

1.1.1.5 *Management acknowledges this recommendation but whilst there is no evidence that the NPSC has established an audit committee the MoA has establish an Audit Recommendation Implementation Committee with a view to ensure both internal and external audit recommendations are monitored and implemented in a timely manner. This committee is chaired by the Minister of Agriculture who also chairs the NPSC. The above audit committee had several meetings during the month of May 2026.*

1.1.1.6 *Going forward, this project via its project Coordinator will liaise with other PIUs to bring the issue of an Audit committee within the NPSC to the attention of the MoA to ensure that internal and external audit issues are on the meeting agenda of the NPSC including approval of AWPBs as well.*

Auditor General's Position

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

1.2 Procurement Management

1.2.1 Non Competitive Procurement

Criteria

1.2.1.1 Section 11, Procurement Management, of the Approved LACF Manual states: The procurement guidelines that grantees should follow should be in line with commercial practices used by the private sector that are acceptable to the World Bank (IDA). For the avoidance of doubts, High Value Procurements are procurements over USD 50,000.

1.2.1.2 Section 4.6.10, Direct Selection (DS), of the Approved Project Implementation Manual states: The PIU may procure the services of any firm/individual consultant without going through the competitive process. Direct Selection procedure will be in accordance with:

- Paragraph 7.13 to 7.15 for Consulting Firms, and
- Paragraph 7.39 of the Procurement Regulations for Individual Consultants.

1.2.1.3 In case circumstances warrant that a Direct Selection is the only option, a strong justification for considering only one Consultant shall be prepared by the PIU. A justification to use Direct Selection method shall be submitted by the PIU together with the draft procurement Plan which is submitted to the Bank for approval.

1.2.1.4 Section 7.13 Direct Selection, of the World Bank Procurement Regulation September 2023 states: Proportional, fit-for-purposes, and Value for Money considerations may require a direct selection (single-source or sole-source selection), approach, that is: approaching and negotiating with only one firm. This selection method may be appropriate when only one firm is qualified, a firm has experience of exceptional worth for the assignment, or there is justification to use a preferred firm.

1.2.1.5 Section 7.14: Direct selection may be appropriate under the following circumstances:

a. an existing contract for Consulting Services, including a contract not originally financed by the Bank but awarded in accordance with procedures acceptable to the Bank, may be extended for additional Consulting Services of a similar nature, if it is properly justified, no advantage may be obtained by competition, and the prices are reasonable;

b. for tasks that represent a natural continuation of previous work carried out by a Consultant within the last 12 months, where continuity in the technical approach, experience acquired, and continued professional liability of the same Consultant may make continuation with the initial Consultant preferable to a new competition, if performance has been satisfactory in the previous assignment(s); Section VII. Approved Selection Methods: Consulting Services 47 World Bank Procurement Regulations for IPF Borrowers

c. there is a justifiable requirement to reengage a firm that has previously completed a contract with the Borrower to perform a similar type of Consulting Service. The justification shows that the firm performed satisfactorily under the previous contract, no advantage may be obtained by competition, and the prices are reasonable;

d. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;

e. in exceptional cases, for example, in response to Emergency Situations;

f. only one firm is qualified, or one firm has experience of exceptional worth for the assignment;

g. the Consulting Services provided in the Borrower's country by an SOE, university, research center, or institution of the Borrower's country are of a unique and exceptional nature, in accordance with Paragraph 3.23 c.; or

h. Direct selection of UN Agencies in accordance with Paragraphs 7.27 and 7.28.

Observation

1.2.1.6 During the audit, we observed no evidence of competitive procurement process for LACF payment of US$27,000.00 to OA & A Consult Limited. We observed no evidence of advertisement of EOI, evaluation of EOI, technical and financial proposals submitted by Consulting Firms and, Evaluation of Proposals. **See Table 2 for details.**

Table 2: Non Competitive Procurement.

Date	Vouchers #	Payee	Description	Amount Us$
23/6/25	LACFPV-CTSLL-06	OA & A Consult Limited	Payment IRO Consultancy services for loan product development, monitoring, & Support, loan repayment, evaluation of pilot & Scaling up plan.	27,000.0R0

Risk

1.2.1.7 Management may be non-compliant with Section 11 of the Approved LACF Manual and Section 7.13 of the World Bank Procurement Regulation September 2023.

1.2.1.8 The non-application of the requisite procurement method may impair the achievement of value for money and facilitate fraudulent procurement activities.

Recommendation

1.2.1.9 Going forward, Management should ensure that the requisite procurement methods are utilized for all procurement transactions to achieve value for money and ensure compliance to Section 11 of the Approved LACF Manual and Section 7.13 of the World Bank Procurement Regulation September 2023.

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

Management's Response

1.2.1.11 *Going forward, Management will ensure that grantees who receive future financial support from the project follow competitive procurement processes/guidelines that are consistent with IFAD's procurement guidelines/requirements in order to ensure value for money (VFM) is achieved and that are in line with other commercial practices used by the private sector as well.*

Auditor General's Position

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

1.3 Fixed Assets Management

1.3.1 Irregularities Associated with Fixed Assets Management

Criteria

1.3.1.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:

- the date and other details of the voucher or other document on which the items were received or issued;
- their serial numbers where appropriate; and
- their distribution to individual locations and the total quantity held."

1.3.1.2 Section 5.4.3, Fixed Assets, of the Approved Project Implementation Manual states: Fixed Assets will be recorded but expensed in the year of acquisition. No depreciation will be calculated for these assets during the life of the project. However, a register of fixed assets shall be maintained to record the historical costs of the assets, the year of acquisition and the supplier/manufacturer to facilitate the calculation of depreciation if and when the policy comes to be changed.

1.3.1.3 Section 5.5.5, Fixed Assets Register, of the Approved Project Implementation Manual states: Where fixed assets are procured under the project, they should be duly entered in a Fixed Assets Register. Information recorded and maintained in the assets register should include:

- Date of acquisition
- An Asset Identification number
- Name of supplier
- Description & Nature of Asset

- Location (department/region)
- Officer in charge of the asset
- Cost of the asset

Observation

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

- The fixed assets register did not contain all the relevant columns
- There was no evidence of periodic physical verification of assets by Management
- Fixed assets within a given vicinity were not displayed as required by the PFM Act.
- The fixed assets register was not regularly updated. We observed no evidence that fixed assets procured during the period were updated in the fixed assets register. **See Table 3 for details**

Table 3: Irregularities Associated with Fixed Assets Management

Date	PV Number	Payee	Descriptions	Amount
27/06/2025	PV 4158	Planet PC	Planet PC- Payment for Saves for office use	5,600.00
30/06/2025	PV 4166	Class Stationery	Class Stationery- Payment for computers and other equipment for office	20,629.00
17/04/2025	PV 2982	Class Stationery	Class Stationery- Payment for 3 laptops for 2 technical Assistance, and Food security Officer	5,950.00
22/04/2025	PV 2994	Class Stationery	Class Stationery- Payment for one laptop for procurement officer	2,500.00
27/06/2025	PV 4158	Planet PC	Planet PC- Payment for Printer and projector for office use	2,650.00
27/06/2025	PV 4158	Planet PC	Planet PC- Payment for furniture for office use	9,390.00
Total				**46,719.00**

Risk

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

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

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

1.3.1.8 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.

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

1.3.1.10 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

Recommendation

1.3.1.11 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.

1.3.1.12 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.

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

1.3.1.14 The fixed assets register should be updated periodically to reflect all the entity's assets.

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

1.3.1.16 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of assets.

Management's Response

1.3.1.17 *The Fixed Assets Register has been updated and is attached.*

Auditor General's Position

1.3.1.18 We acknowledge Management's subsequent update of the fixed assets register with fixed assets procured during the period. However, the fixed asset registers submitted after our audit execution d*id* not contain all the columns as recommended.

1.3.1.19 Therefore, we maintain our recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.4 Project Implementation (Field Verification)

1.4.1 Irregularities Associated with LACF Beneficiaries Assets

Criteria

1.4.1.1 Regulation V.1 (2) of the Public Finance Management (PFM) Act of 2009 states that "The Head of Government Agency must take full responsibility for assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that:(a) preventive mechanisms are in place to eliminate theft, losses, wastage, and misuse; And (b) inventory levels are at an optimum and economical level".

1.4.1.2 Section 5.5.8, Payment Procedures, of the approved Project Implementation Manual, states: "Payments shall be recorded using the PV instrument to capture relevant data on the transaction from Invoices, Claims or Certificates submitted for payment. The claim for payment should be accompanied by a short letter/minute signed by the approving officer (in this case the Project coordinator confirming that:

- The work has been performed, the goods have been supplied, and/or the services have been rendered;
- The price charged is in accordance with the contract, or if not specified by the contract, is reasonable."

Observation

1.4.1.3 During the Audit, we observed the following irregularities associated with the fixed assets procured for beneficiaries through the Matching Grant/ LACF:

- Fixed assets amounting to US$33,500.00 procured for beneficiaries were not made available for verification during our physical verification exercise. **See Table 4A for details**

Table 4A: Unverified Grantees Assets.

Name of Vendor	Beneficiary	Description	Amount US$
Mascaro Auto Services	Kaming Cooperative Society Limited (Lofa County)	Payment for two (2) TVS HLX-150cc motorbikes (US$2,100.00) and one (1) TVS JIVE-IIOcc motorbike (US$1,300.00)	3,400.00
ATEXX Smart Agriculture	TOTAG Farm	Payment for 10ft *20ft Cold Storage	11,000.00
ATEXX Smart Agriculture	TOTAG Farm	Payment for 10kw solar power generating off grid system	10,000.00
ATEXX Smart Agriculture	TOTAG Farm	Payment for 8ft * 20ft weather resistant shade net green house	9,100.00
Total			**33,500.00**

- We observed that fixed assets amounting to US$1,680.00 acquired for beneficiaries through component 3 (Matching Grant) had not been made available for use. **See Table 4B for details.**

Table 4B: Grantees Assets Procures Not in Use.

Beneficiary	Description	Amount US$
4 united Brother's Vegetable, Palm & Rice Farm Agricultural Incorporated	Payment for Solar system	1,680.00
Total		**1,680.00**

- We observed that fixed assets amounting to US$68,000.00 acquired for beneficiaries through component 3 (Matching Grant) were not coded. **See Table 4C below for detail.**

Table 4C: Grantees Assets procures Not Coded

Vendor	Beneficiary	County	Description	Amount US$
Cactus Motors Inc.	Cheenah Group of Companies (CGC)	Grand Bassa	Payment for 5.2 tones mini truck Isuzu Truck.	29,500.00
Dong Xin Machinery Company	Cheenah Group of Companies (CGC)	Grand Bassa	Payment for (2) two motor tricycles with half glass dumping types about 3 tones	10,600.00
Masarco Auto Services Inc.	Cheenah Group of Companies (CGC)	Grand Bassa	Payment for one TVs Hixes 100 motorbike.	2,000.00
Teta chika steel Construction center.	Cheenah Group of Companies (CGC)	Grand Bassa	fabrication of palm oil press (Comprising of diesel Generator, palm fruit thresher , Steam boiler, 2 boiler , butter clarification tank, Pump, Kernel, press with diesel engine, kernel Cracker and separator with diesel engine, kernel separator with diesel engine).	25,900.00
Total				**68,000.00**

Risk

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

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

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

1.4.1.7 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.

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

Recommendation

1.4.1.9 Management should account for fixed assets not made available for physical verification catalogued in Table 4A above, as part of Management's response to this Management Letter.

1.4.1.10 Management should also provide substantive justification why fixed assets procured for grantees were not made available for use in a timely manner catalogued in Table 4B above, as part of Management's response to this Management Letter.

1.4.1.11 Going forward, Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the grantees.

1.4.1.12 Management should develop a fixed assets register and facilitate comprehensive recording of all fixed assets procured for grantees. The fixed assets register should include the following columns: date of acquisition, description, class, code, location, condition, and cost, depreciation expense, accumulated depreciation and net book value of the asset.

1.4.1.13 Management should 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. All fixed assets should be coded before subsequent distribution to the grantees.

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

1.4.1.15 The fixed assets register should be updated periodically to reflect all the grantees' assets.

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

1.4.1.17 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of assets.

Management's Response

1.4.1.18 *Management notes the observations flagged by the GAC in the management and monitoring of fixed assets acquired under STAR-P through the Liberia Agriculture Commercialization Fund (LACF). The majority of the assets were procured and transferred to beneficiaries under the matching grant scheme, and some were not readily available for verification during the audit due to the decentralized nature of implementation, availability and or incomplete supporting records on sites.*

1.4.1.19 *Management has initiated a reconciliation exercise to verify the existence, condition, and utilization of all assets and has commenced measures to strengthen asset management through the development and updates of existing Fixed Asset Management Policy, establishment of a comprehensive asset register, implementation of an asset coding and tracking system, periodic physical verification, and enhanced supervision to ensure accountability, safeguard project resources, and maintain compliance with applicable* *fiduciary requirements.*

1.4.1.20 *The above fixed assets procedures will be documented in the LACF Manual that is currently under review and being updated.*

Auditor General's Position

1.4.1.21 Management assertions did not adequately address the issues raised. Management did not account for fixed assets not made available for physical verification catalogued in Table 4A above, as part of Management's response to this Management Letter.

1.4.1.22 Management did not also provide substantive justification why fixed assets procured for grantees were not made available for use in a timely manner catalogued in Table 4B above, as part of Management's response to this Management Letter.

1.4.1.23 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.4.1.24 Further, Management should facilitate the conduct of a joint (with the GAC) physical verification exercise for the fixed assets not made available during our physical verification exercise. The proposed physical verification exercise should be facilitated within one month upon the issuance of the Auditor General's Report to the National Legislature.

1.4.2 Incomplete Constructions

Criteria

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

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

1.4.2.2 Payment Procedures, of the PIM, states: "Payments shall be recorded using the PV instrument to capture relevant data on the transaction from Invoices, Claims or Certificates submitted for payment. The claim for payment should be accompanied by a short letter/minute signed by the approving officer (in this case the Project coordinator confirming that:

1. The work has been performed, the goods have been supplied, and/or the services have been rendered;
2. The price charged is in accordance with the contract or if not specified by the contract, is reasonable;"
3. Where payment is to be made before the completion of the work, delivery of

the goods, or the rendering of the service, that the payment is by the contract and is secured or that it is a part/progress payment on a contract;

4. The Claim is in order, according to the terms and conditions of the contract; and the amount claimed is accurate.

1.4.2.3 Section 9.1, Investment Management, of the approved LACF Manual states: "Contract Preparation; Once the FAC has approved a particular project to be funded, the FM will ensure that the grantee revises the Business Plan and includes all the recommendations of the Independent Investment Committee, the FAC, the World Bank and IFAD and any matters arising from the one-on-one sessions during the induction workshop. The FM will also review the documentation for consistency. The final figures for the total funding awarded will be agreed and the terms and conditions will be finalized. The contract commits the parties to the following: The Grantee will implement the project for which LACF funds have been made available in accordance with the approved Business Plan (and Annexes) plus any other obligations imposed by the IIC as a condition of funding:

1. The Grantee will invest its resources into the project as set out in the Business Plan;
2. The Grantee will report on the progress and impact of the project as required by LACF
3. The Grantee will sustain and further develop the project - if successful — following utilization of the LACF funds"

Observation

1.4.2.4 During the audit, we observed that Management made payments amounting to US$57,960.00 for Construction works not completed within the approved timeline, June 30, 2025, and as at the time of our field visit (May 2026) to Lofa and Grand Bassa counties. **See Table 5 below for details.**

Table 5: Incomplete Construction

Date	Beneficiary	County	Description	Amount US$
7/10/2024	Keledu Youth for Development, Peace & Farmers Network	Lofa	Payment for construction of warehouse.	30,000.00
3/7/2025	Cheenah Group of Companies (CGC), Inc.	Grand Bassa	Payment for Construction of oil palm factory	27,960.00
Total				**57,960.00**

Risk

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

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

1.4.2.7 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

1.4.2.8 Management should provide substantive justification why the approved civil works comprehensively catalogued in our findings above were not completed up to approved specifications and within approved timelines, as part of Management's response to this Management Letter.

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

1.4.2.10 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 upon with the contractors and included as supplementary documentation to the approved contracts.

1.4.2.11 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.

1.4.2.12 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

1.4.2.13 *Management acknowledges the observations raised by the GAC concerning delays in service delivery and contractor performance under the STAR Project. The warehouse construction in question was implemented under a beneficiary-led matching grant arrangement and experienced delays due to contractor capacity constraints, adverse weather conditions, increased construction costs, and logistical challenges.*

1.4.2.14 *Management will assess the current status of the works and the contractor's capacity to complete the assignment and has strengthened contract management by introducing detailed implementation work plans, milestone-based payments, enhanced supervision, periodic site inspections, and improved documentation and filing systems to ensure timely delivery, value for money, and compliance with contractual obligations.*

Auditor General's Position

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

1.4.3 No evidence of Integrated Digital Online Lending Platform at Citi Trust

Criteria

1.4.3.1 Payment Procedures, of the PIM, states: "Payments shall be recorded using the PV instrument to capture relevant data on the transaction from Invoices, Claims or Certificates submitted for payment. The claim for payment should be accompanied by a short letter/minute signed by the approving officer (in this case the Project coordinator confirming that:

- The work has been performed, the goods have been supplied, and/or the services have been rendered;
- The price charged is in accordance with the contract or if not specified by the contract, is reasonable;"
- Where payment is to be made before the completion of the work, delivery of the goods, or the rendering of the service, that the payment is by the contract and is secured or that it is a part/progress payment on a contract;
- The claim is in order, according to the terms and conditions of the contract; an
- The amount claimed is accurate.

1.4.3.2 The Scope of Services Section of the Service Level Agreement (SLA), dated March 12, 2025, between Cititrust Savings and Loans (LACF Beneficiary) and Smart Systems (Vendor) states: The Service Provider agrees to provide the following services:

1. **Software Development –** Design, develop, and implement the software per the Client's specifications for an Online Digital Lending System.
2. **Project Management –** Regular updates and reporting on project progress.
3. **Testing & Quality Assurance –** Conduct functional, security, and performance testing.
4. **Deployment & Integration –** Deliver and integrate the software into the Client's environment.
5. **Support & Maintenance –** Provide ongoing support, bug fixes, and updates.

1.4.3.3 The Deliverables & Timeline Section of the Service Level Agreement (SLA), dated March 12, 2025, between Cititrust Savings and Loans (LACF Beneficiary) and Smart Systems (Vendor) states:

Milestone	Deliverable	Expected Completion Date
Requirement Analysis	Documented system requirements	17-Mar-25
UI/UX Design	Wireframes & mockups	21-Mar-25
Development Phase	Initial software version	21-Apr-25
Testing & QA	Bug fixes & security testing	28-Apr-25
Deployment	Software goes live	May 1, 2025
Post Deployment Support	Bug fixes &Updates	May 15, 2025

Observation

1.4.3.4 During the audit, we observed that LACF paid a total of US$36,768.00 representing 100% of the Service Level Agreement (SLA), dated March 12, 2025, between Cititrust Savings and Loans (LACF Beneficiary) and Smart Systems for the design, development, integration and maintenance of an online digital lending platform for farmers. We observed no evidence of an integrated online digital lending platform at Citi Trust Savings & Loans Liberia Limited that facilitated lending to grantees as at the time of our physical verification (May 2026) consistent with the terms and conditions of the contract. **See Table 6 below for details.**

Table 6: No evidence of Integrated Digital Online Lending Platform at Citi Trust.

Date	Vouchers #	Payee	Description	Amount Us$
4/17/2025	LACFPV-CTSLL-05	Citi Trust Saving & Loans Liberia Limited	Pmt. IRO refund for 60% Advance made to smart systems for the implementations of an online digital lending platform.	22,060.80
23/6/25	LACFPV-CTSLL-06	Citi Trust Saving & Loans Liberia Limited.	Pmt. IRO refund for 40% Advance made to smart systems for the implementations of an online digital lending platform.	14,707.20
Total				**36,768.00**

Risk

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

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

1.4.3.7 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

1.4.3.8 Management should provide substantive justification why the online digital lending platform for farmers was not developed and operationalized within the approved timelines consistent with the terms and conditions of the contract.

1.4.3.9 Management should assess the current status of the work performed, the vendor's capacity to complete the integration of the software into the Beneficiary's operating system and update the Office of the Auditor General, as part of Management's response to this Management Letter.

1.4.3.10 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 upon with the contractors and included as supplementary documentation to the approved contracts.

1.4.3.11 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.

1.4.3.12 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

1.4.3.13 *Management recognizes the observations raised by the GAC concerning delays in software integration and vendor performance under the STAR Project Matching Grant Scheme. The activity was implemented under a beneficiary-led matching grant arrangement and experienced delays due to customization requirements system, connectivity challenges and technical capacity constraints.*

1.4.3.14 *Management will undertake an assessment of the current implementation status and the vendor's capacity to complete the assignment and will ensure that the complete/full integration and migration of the software into the beneficiary's operating system (OS) is achieved prior to the end of the Service Level Agreement (SLA) between CitiTrust Savings and Loan and Smart Systems. Management will provide an update to the Office of the Auditor General when the above is achieved.*

Auditor General's Position

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

1.4.4 LACF Asset not Turnover

Criteria

1.4.4.1 Section 6.3, LACF Information Management, of the approved LACF manual states: In addition to formal reporting requirements, the FM will give opportunities to Ministry of Agriculture officials and members of the World Bank and IFAD, to have access to LACF information at any point in time, beyond the public information that will be displayed on the Ministry of Agriculture website. This will be done by putting the quarterly and annual reports on an electronic link for access to the above-mentioned stakeholders, for a short period of time where it can be accessed. Beyond this agreed period, the information shall be available on request. In addition to the above, the FM will develop and maintain a detailed database of all contacts and correspondence with market actors. This will be a useful marketing tool.

Observation

1.4.4.2 During the audit, we observed no evidence that the Fund Manager turn over the LACF Reporting Dashboard to Management upon the completion of the contract.

1.4.4.3 In addition, we observed no evidence that the Fund Manager turn over a comprehensive fixed assets register that catalogued all fixed assets acquired by LACF during the implementation of the contract.

Risk

1.4.4.4 Fixed assets not turned over may be subjected to misappropriation and theft.

1.4.4.5 The absence of the dashboard may increase Management's reliance on ad hoc reporting, limiting Management's ability to track fund performance, beneficiary data, and correspondence with market actor due to incomplete records.

Recommendation

1.4.4.6 Management should engage the Fund Manager to fully turnover all LACF assets including the Reporting Dashboard, comprising of user credentials, documentation, and training, as part of contract closure. Management should facilitate the conduct of a post-contract review to confirm that all assets acquired and develop for LACF including the reporting assets (dashboards, databases, correspondence logs) are fully transferred and operational.

1.4.4.7 Going Forward, Management should train and assign a designated staff charged with the responsibility for updating, maintaining and upgrading the dashboard to facilitate continuity. Future agreements should explicitly mandate handover of all reporting tools and databases at contract completion, with penalties for non-compliance.

1.4.4.8 Official turnover of fixed assets of the projects should be facilitated within 90 days upon the issuance of the Auditor General's report to the National Legislature. Evidence of official turnover report of fixed assets should be submitted to the Office of the Auditor General for validation, and adequately documented and filed to facilitate future review.

Management's Response

1.4.4.9 *Management recognizes the observations raised by the GAC concerning the incomplete transfer of the LACF Reporting Dashboard and related digital assets following the ending of the Fund Manager's contract.*

1.4.4.10 *Management has initiated discussions with the former Fund Manager to facilitate the full handover of the dashboard, databases, user credentials, and supporting documentation and will undertake a post-contract review to verify their transfer and functionality.*

1.4.4.11 *Going forward, the PIU will designate responsible staff to manage and maintain the system, strengthen staff capacity, and incorporate mandatory handover provisions for all project-funded digital assets into future contracts to ensure continuity, accountability, and timely reporting to stakeholders.*

Auditor General's Position

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

2 STATUS OF PRIOR YEAR'S AUDIT RECOMMENDATION

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.1.1.3	Governance Issues PRA	**No Evidence of Periodic Activities and Performance Reports for Beneficiaries of Matching Grants** we observed no evidence of periodic activities and performance reports of beneficiaries of matching grants comprehensively cataloguing acquisition and utilization of farming inputs, harvest and production activities, financial performance of the business and personnel records etc. to validate the capacity development of grantees consistent with the project's objectives.	Management should facilitate the provision of technical assistance to aid grantee in the preparation of periodic activities and performance reports on a quarterly and annual basis.	**Implemented** Grantees submits quarterly reports to Fund Manager, M&E makes analysis of report, TAs were contracted to provide technical assistance and handholding for grantees.
1.1.2.3	Governance Issues PRA	**No Access to Essential Farm Supplies** we observed no evidence that Management facilitated the creation of a value chain system to enhance access to market and aid farmers in identifying potential suppliers and customers consistent with the project's objectives. For instance, we observed that many rice farmers were having difficulties sourcing buyers for their milled rice and palm oil.	Management should facilitate the creation of a comprehensive market information system cataloging information on providers of upstream and downstream commodities and services. Management should perform a comprehensive value-chain survey for upstream and downstream commodities/service, identify areas of scarcity in commodities/services, and demand for existing commodities/services.	**Partially Implemented:** The Project supports MoA National Agriculture Fare which creates a platform for market linkage. However, additionally collaboration is required to put in place comprehensive market information system cataloging information on providers of upstream and downstream commodities and services.
1.2.1.3	Financial Issues PRA	**Financial Reporting - Untimely Submission of Financial Statements**	Management should provide explanation for not submitting the	**Implemented T**he PIU has observed the submission timeline for subsequent year

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
		we observed no evidence that Management prepared and submitted the financial statements to the Offices of the Comptroller and Accountant General and Auditor General within two months after the fiscal year as required. Additionally, we observed that the Interim Financial Reports (IFR) for quarters one (1) was prepared and approved 103 days after its due dates.	annual financial statements to the Offices of the Auditor General and the Comptroller and Accountant General in accordance with regulations. Management should facilitate timely preparation of the Interim Financial Reports and the financial statements, and facilitate timely submission of the annual financial statements to the Offices of the Auditor General and the Comptroller and Accountant General two months after the end of the fiscal period	2025. IFRs were submitted in time
1.2.2.2	Financial Issues PRA	**Variances between the Interim Financial Reports and the Financial Statements** During the audit, we observed the following discrepancies between the Interim Financial Reports and annual financial statements: · No evidence that the following receipts were disclosed on the face or in the notes to the financial statements (where applicable): o **US$857,555** refund from WFP in Q1, o **US$1,006,288** cash receipt in IDA Credit DA-A in Q2, and o **US$465,777 (refund from CERC in Q2). See Table 1 in the report for details**	Management should adjust the financial statements to include on the face and in the notes to the financial statements cash receipts from the Bank amounting to **US$1,006,288,** with details catalogued in Table 1 above. Management should also adjust the financial statements to include in the notes to the financial statements the total cash refunds from WFP amounting to **US$1,323,332,** with details catalogued **in Table 1 in the report.** The adjusted financial statements should be submitted to the Office of the Auditor General, as part	**Implemented** The PIU made appropriate adjustment and disclosures in financial reports.

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
			of Management's response to this Management Letter.	
1.2.3.2	Financial Issues PRA	**Misclassification of Expenditures per Components in the Interim Financial Reports and the Annual Financial Statements** we observed variances between total expenditures per components reported in the IFRs and total expenditures per components reported in the financial statements.	Management should perform a reconciliation between the total component expenditures per the IFRs and the total component expenditures per the annual financial statements and adjust the financial statements (where applicable).	**Implemented** The IFRs were found to be consistent with the financial statement for FY2025.
1.2.4.3	Financial Issues PRA	**Un-liquidated Cash Advances** During the Audit, we observed no evidence of liquidation reports for advances amounting to **US$160,501.88** pay to Aminata & Son Inc. and Bomi Community College for the purchase of fuel to facilitate the continuation of work on the demonstration site.	Management should submit liquidation reports for cash advances comprehensively catalogued. Management should ensure that all advance payments are adequately retired/accounted for consistent with the PIM.	**Implemented:** The liquidation report have made available.
1.3.1.3	Internal Control Issues PRA	**Personnel Management - Lack of Required Personnel** For instance, we observe no evidence of staff for key position such as accountant/book keeper, secretary or cashier responsible for overseeing and managing project funds.	The Fund Manager and the PIU should liaise with the beneficiaries to facilitate the recruitment and maintenance of the required staff appropriate for the effective operations and growth of the beneficiary's entity. The Fund Manager and the PIU should facilitate training and technical assistance for beneficiaries on good business practices to ensure the growth of beneficiary entities.	**Implemented:** The PIU contracted PACE Consulting that addressed training and handholding for project beneficiaries in several thematic areas, including good business practices to ensure the growth of the beneficiary entities.

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.3.2.2	Internal Control Issues PRA	**Irregularities Associated with Employees Attendance** · No evidence that staff were signing the attendance log at the start and end of the work day. We observed instances where staff signed in but did not sign out at the end of day. · No evidence of periodic validation/spot check of the attendance logs to authenticate the validity of information recorded.	Management should ensure that all staff sign the daily attendance records. The daily attendance sheet should include the following columns: name of employee, department, position, signatures and time for in and out periods. Management should ensure that personnel attendance records are regularly monitored by a designated staff and that employees should be reprimanded in line with the entity's employees' handbook for failing to report to work.	**Partially Implemented:** Management has designated staff to monitor attendance.
1.4.1.3	Financial Issues PRA	**Cash Management - Overdrawn Closing Cash Balance** the financial statements reported an overdrawn closing cash balance of **(US$76,067.56)** for the project operational account titled OPIDAIFAD with bank account no. 6101713423 domiciled at Ecobank Liberia Limited without explanatory notes for reasons of the negative closing cash balance.	Management should provide substantive justification for overdrawn closing cash balance catalogued in our findings. Going forward, Management should facilitate the preparation of monthly bank reconciliation statements for all of its bank accounts.	**Implemented:** Management has acknowledged this recommendation and has ensure that the project continuously reviews and reconciles its bank statements including proactively monitoring its daily cash balances to avoid running negative cash balances or resulting in overdrawn bank account of the project.

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.4.2.2	Financial Issues PRA	**Bank Reconciliation not Reviewed and Approved** no evidence that the monthly bank reconciliation reports for March – June 2024 were signed, reviewed, and approved as required by the approved project Implementation Manual (PIM).	Management should ensure that monthly bank reconciliation statements are prepared, reviewed and approved for all of its bank accounts. Monthly bank reconciliation statements prepared by the project accountant should be reviewed by the Financial Management Specialist and approved by the National Project Coordinator in a timely manner.	**Implemented:** The PIU prepares bank reconciliation reports that are signed by the preparer, reviewer and approved by PC.
1.5.1.2	Financial Issues PRA	**Procurement Management - Payment Without Evidence of Functional Software** we observed that Management made payments to Oracle Corporation UK limited and Softype Inc. amounting to **US$36,079.31** for financial reporting software and annual subscription. However, we observed no evidence of a functional Oracle powered financial reporting software or the occurrence of an Information Technology Service Management activity in 2024.	Management should provide substantive justification for payment made to Oracle Corporation UK limited and Softype Inc. amounting to **US$36,079.31** without evidence of software acquisition. Management should immediately liaise with the vendor to ensure that the software applications and associated services paid for are delivered in a timely manner consistent with the terms and conditions of the contract.	**Partially Implemented:** Management has elevated findings to the MoA, MFDP IFAD and the World Bank pending further investigation and resolution.

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.5.2.2	Compliance Issues PRA	**Unapproved Importation of Farming Inputs** we observed that beneficiaries in the palm value chain imported seedlings for nurseries; however, we observed no evidence that the Central Agriculture Research Institute (CARI) and the Agronomist examined, tested and certified these seedlings as required.	Going forward, Management should ensure that all seedlings imported are tested and approved by CARI and the project agronomist consistent with ANNEX 2A, Terms of Reference for Project Implementation Unit. Evidence of seedling testing and certification by CARI and the project agronomist should be adequately documented and filed to facilitate future review.	**Partially Implemented:** The project has approved germination reports from the testing based on specific scientific procedures. These reports are performed by the Ministry of Agriculture County Team and they go through an approval process. We have attached some of these germination reports for your consideration.
1.6.1.2	Financial Issues PRA	**Expenditure Management - Irregularities Associated with Jalk Enterprise Inc. (Matching Grant Beneficiary)** During the audit, we observed that only seven (7) units of Baffa were physically verified. In addition, we observed no evidence of JALK Enterprise contribution to the project. We also observed during our physical verification exercise tensions between JALK Enterprise Incorporated and the leadership and residents of the Kpatawee Community on land right and ownership of the Resort.	Management should provide substantive justification why project deliverables were not completed within approved timelines and not performed consistent with approved specifications. Management should assess the current status of the work performed, the grantee's capacity to complete the construction of the outstanding five (5) Baffa and update the Office of the Auditor General as part of Management's response to this Management Letter.	**Partially Implemented:** Justification provided that FAC approved 8 huts instead of 12, adjustment of 8 of eight to 7 due to elevation of the 7 huts. Jalk contribution remained outstanding.

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.6.2.2	Financial Issues PRA	**Transactions without Adequate Supporting Documents** During the audit, we observed no evidence of adequate supporting documents such as payment receipts, quotations, goods received notes, delivery notes, etc. for various procurements amounting to **US$12,751.78.**	Management should fully account for expenditure made without adequate supporting documents. Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.	**Implemented:** Evidence of documents shared and reviewed.
1.7.1.3	Internal Control Issues PRA	**Fixed Assets Management - Irregularities Associated with LACF Beneficiaries** · no evidence that the LACF (Fund Manager) establish and maintained an asset registry for the assets procured for beneficiaries of the Matching Grant. · We observed no evidence that the US$64,806.50 assets had been delivered to the grantees. · Assets amounting to **US$152,491.00** procured for beneficiaries were not verified during our physical verification exercise. · We observed that assets amounting to **US$25,550.00** acquired for beneficiaries through component 3 (Matching Grant) were not in use. **See Table 7C in the report for details.**	Management should account for fixed assets procured and not delivered catalogued **in Table 7A in the report.** Management should account for fixed assets not made available for physical verification catalogued **in Table 7B in the report.** Management should also provide substantive justification for not ensuring that grantees utilize fixed assets procured catalogued **in Table 7C the report.** Going forward, Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the grantees. Management should develop a fixed assets register and facilitate comprehensive recording of all fixed assets procured for grantees.	Not Implemented

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.8.1.2	Internal Control Issues PRA	**Inventory Management - Irregularities Associated with Inventory Management** · No evidence of manual or automated inventory management system · No evidence of periodic physical verification of inventories/stock.	Management should develop, approve and operationalize an inventory management policy to regulate inventory management of the project. The policy should comprehensively catalog provisions for ordering, storing, distributing and recording of inventories/ stationery & supplies. Management should develop and operationalize an automated inventory management system. Inventory should be systematically arranged on shelves, comprehensively and systematically labelled.	**Partially Implemented:** Comprehensive inventory count done before Project separation from WB, policy development is on going.
	Internal Control Issues PRA	**Risk Assessment Process**	The Management of STAR - P should develop a Risk Management Policy and perform formal risk assessment.	**Partially Implemented:** The Internal Audit Unit has drafted a Risk Assessment report and developed a Risk Register for FY24 and 25 which are available for your review.
	Internal Control Issues PRA	**Lack of Coordination between Internal Audit and National Project Steering Committee**	The National Project Steering Committee should meet with internal audit and appropriately address recommendations from internal audit reports. Such meetings	**Not Implemented**

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
GAC 2022	Internal Control Issues PRA	**Internal Audit Activities Plan Not Adequately Executed**	Management should provide the requisite resources and logistics to ensure that Internal Audit performs all interventions approved by the NPSC.	**Partially Implemented** To date, all the projects under the PIU provide some support (i.e., salaries, vehicles, etc) to the IA Unit to perform their duties effectively. Moreover, a recruitment process is ongoing to hire another audit staff in the Internal Audit department. The staff should hopefully be in place before the end of December 2025. This would assist the adequate performance of interventions approved by the NPSC.
GAC 2022	Financial Issues PRA	**Non-Preparation of Monthly Statement of Supplies**	Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution,current stock balance, reordering level, stock-out level etc.	**Partially Implemented:** To date, Management has utilized a manual inventory management system due to budgetary constraints but with an upgrade web-based accounting software in the offing, the project is hopeful that an inventory module will form part of this process.

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
	Internal Control Issues PRA	**Irregularities Associated with LACF Fund Manager Deliverables**	Management should provide substantive justification why approved project deliverables: Project Risk Register, Technical Assistance Mobile App, Project Result Framework and LACF Log Frame have not been implemented within the approved timeline.	**Partially Implemented** Management notes that it was the responsibility of the STAR-Project to develop a "Project Risk Register" not the LACF as a Fund Manager deliverable. Towards that end, the project via the Program Coordinator, the Senior Internal Auditor and the Financial Controller is currently working towards developing a "Risk Profile" of the project as prerequisite for developing an appropriate Project Risk Register.
GAC 2021	Internal Control Issues PRA	**No Independent Review of Grantees' Activities**	The Fund Manager should facilitate the timely conduct of an independent audit of the grantee's project activities and corresponding financial statements by a qualified independent external auditor consistent with Section 14, Project Audit Guidelines, of the Approved LACF Manual.	**Partially Implemented** To date, a LACF Performance Evaluation report of the project was conducted which incorporated financial management and fiduciary aspects of the project. However, no separate independent audit of grantee's project activities besides GAC audit.
GAC 2023		**IT Backup exercises not independently verified**	Management should periodically verify the data backed up by IT. In addition, Management should identify and store back-up data of the project at an appropriate offsite location.	**Partially Implemented** The PIU via its ICT Consultant has written to the head office of MoA to provide an offsite storage area at the Ministry to be utilized for back up of project data for independent verification. The email is available for review.

SOURCE (PARAGRAPH)	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
GAC 2023	Financial Issues PRA	**Salaries - National Social Security Withholding**	The STAR-P Management should ensure that the necessary payroll withholdings deductions are made and remitted to NASSCORP	Not implemented: Management note that consultants are not permanent staff and the employer's contribution is not budgeted for by the Partners in the Costab or AWPB.