



Management Letter

On the Financial Statements Audit of Smallholder Agriculture Development for Food & Nutrition Security (SADFONS) Project

For the Year-end December 31, 2025



Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2026

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ACRONYMS USED

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 Chartered Certified Accountants
GAC	General Auditing Commission
GoL	Government of Liberia
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standard of Supreme Audit Institutions
MFDP	Ministry of Finance and Development Planning
MoA	Ministry of Agriculture
PFM	Public Finance Management
PIU	Project Implementation Unit
PMU	Project Management Unit
PV	Payment Voucher
SADFONS	Smallholder Agriculture Development for Food and Nutrition Security
US\$	United States Dollar

June 30, 2026

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

Dear Hon. Nuetah:

RE: Management Letter on the Financial Statement Audit of the Smallholder Agriculture Development for Food & Nutrition Security (SADFONS) Project for the period January 1, 2025 to December 31, 2025

The financial statements of the Smallholder Agriculture Development for Food & Nutrition Security (SADFONS) Project for the period January 1, 2025 to December 31, 2025 are subject to audit by the Auditor General consistent with the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014 as well as the engagement Terms of Reference.

Introduction

The Audit of the financial statements of SADFONS for the period January 1, 2025, to December 31, 2025, has been completed, and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

Scope and Determination of Responsibility

The audit is 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 also included 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 SADFONS' Management. 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	Position	Tenure
Jlopeh Dennis Wiagbe, Jr.	Project Coordinator	2021-Present
Siaka Toure	Financial Management Specialist	2025-Present
Bob V. Fassah	Project Accountant	2021-Present
Mohammed L. Kamara	Procurement Officer	2021-Present
Manson R. Kwanwah	Agronomist	2021-Present
Morleeta Mends-Cole Chea	Agronomist	2021-Present
Cleopatra Gibson-Jallay	Food and Nutrition Officer	2021-Present
David M. Mulbah, Jr.	Environmental Safeguard Officer	2021-Present
Nyangbeanquoi Aegon Yoko	M&E Officer	2021-Present
Price O. Tay	Project Engineer	2025-Present

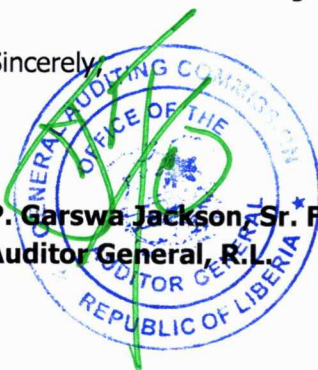
The audit findings which were identified during the audit are included below.

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.

Sincerely,

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



1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Governance

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 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

- 1.1.1.4 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 were 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

- 1.1.1.5 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.
- 1.1.1.6 Internal and external audit recommendations may not be monitored and implemented in a timely manner.

Recommendation

- 1.1.1.7 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

- 1.1.1.8 *Management acknowledges the observation. The PMU Operations Manual does not provide for a separate Project Audit Committee; however, oversight of internal control, audit matters, and project implementation is exercised through the Program Steering Committee (PSC) and the Internal Audit Unit in accordance with the PMU governance framework. Management will engage the Ministry of Agriculture and the Internal Audit Governance Board to determine the applicability and requirements for the establishment of an Audit Committee for donor-funded projects under the PMU framework and take the necessary action accordingly.*

Auditor General's Position

- 1.1.1.9 We acknowledge Management's assertions relative to the operationalization for the establishment of an audit committee for the project through the Project Steering Committee. We will follow-up on the implementation of our recommendation during subsequent audit.

1.2 Budget Management

1.2.1 Excess Disbursement over Approved Expenditures

Criteria

- 1.2.1.1 Regulations A.1 of the PFM Act of 2009, as amended and restated in 2019, states that "the public shall be provided with full access to all appropriate information concerning the financial affairs of the Government. This will include, but not be limited to, information about the development of annual and supplementary budget estimates, the quarterly fiscal outturn reports issued by the Ministry, the monthly revenue and quarterly budget performance reports of ministries, agencies, and state-owned enterprises, their annual accounts and reports, and the Government's annual audited accounts.

Observation

- 1.2.1.2 During the audit, we observed that Management facilitated excess disbursement over approved budget for Component 3 of the project for the fiscal period without evidence of a supplementary/recast budget/ no objection from the Bank. **See Table 1 below for details.**

Table 1 Excess Disbursement over Approved Expenditures

Sub Component 3.1 Project Management & Coordination	Budgeted US\$ (A)	Actual US\$ (B)	Variance US\$ C=A-B	Variance % D=C/A
Project Management & Coordination	493,400.00	560,741.75	(67,341.75)	-14%
M&E and Knowledge Management.	-	78,102.91	(78,102.91)	-100%
Total	493,400.00	638,844.66	(145,444.66)	-29.48%

Risk

- 1.2.1.3 Management may be non-compliant with Regulations A.1 of the PFM Act of 2009 as amended and restated 2019.
- 1.2.1.4 Spending in excess of approved budget may lead to misappropriation of public funds. This may impair the achievement of the project's objectives.
- 1.2.1.5 Unauthorized excess disbursement over approved budgetary allotment may lead to misappropriation and misapplication of public funds.
- 1.2.1.6 Management may not implement approved planned activities catalogued in the approved annual work plan and budget of the project.

Recommendation

- 1.2.1.7 Management should account for the expenditure in excess of the approved budget limits without evidence of supplementary and /or recast budget for the period comprehensively

catalogued in Table 1 above, as part of Management's response to this Management Letter.

- 1.2.1.8 Going forward, Management should ensure that expenditures are within the approved budget limits at all times and where applicable, supplementary and /or approval (no objection) for recast budget is acquired. Copies of the required documentation should be maintained for administrative and audit purposes.
- 1.2.1.9 Management should perform periodic (at least quarterly) reconciliation between budgeted and actual expenditure. Gaps identified should be used to govern future revenue collection and disbursement activities.
- 1.2.1.10 Periodic budget performance reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.1.11 *The apparent excess disbursement under Component 3 is primarily attributable to the inclusion of the Government of Liberia's in-kind contribution relating to the salaries and benefits of staff seconded to the National Coordinating Office (NCO). In accordance with the Project Appraisal Report, these costs form part of the overall project financing and are disclosed in the financial statements as project expenditures.*
- 1.2.1.12 *However, the Annual Work Plan and Budget (AWPB) is principally designed to capture the operational and investment activities financed through project resources and does not typically include the valuation of Government in-kind contributions, particularly the cost of seconded Government staff. As a result, when the value of seconded staff is recognized in the financial statements, it creates a variance between the approved AWPB and the total expenditures reported under the Project Management and Coordination component.*
- 1.2.1.13 *Management further notes that, excluding the Government's in-kind contribution, actual expenditures incurred from project funds remained substantially within the approved budgetary framework. Therefore, the variance does not represent unauthorized spending, excess cash disbursement, or expenditure beyond the resources approved for project implementation, but rather arises from the accounting recognition and disclosure of the Government's in-kind contribution in accordance with the project financing arrangements.*
- 1.2.1.14 *Consequently, Management does not agree that the variance constitutes misappropriation, misapplication of funds, or non-compliance with the approved project budget. Nevertheless, Management will consider providing additional explanatory disclosures and reconciliations between the AWPB and the financial statements in future reporting periods to facilitate users' understanding of variances arising from the recognition of Government in-kind contributions.*

Auditor General's Position

- 1.2.1.15 We acknowledge Management's assertions. GOL's contribution (Counterpart Contribution)

is an essential component of the project's cost. Management's omission of GOL's contribution (Counterpart Contribution) during the formulation of the budget for the fiscal period is not supported by Section 4.06 of the Protocols of Agreement. Section 4.06 of the Protocols of Agreement dated June 21, 2021 states; Recipient's Counterpart Contribution, the recipient shall within six (6) months of the date of the Protocol of Agreement or such later date as may be approved by the Fund, submit evidence of the secondment of staff and administrative aspects to the project management unit in accordance with agreed specifications and requirement acceptable to the fund, as its in-Kind contribution (the " Counterpart Contribution") towards the cost of the project .

- 1.2.1.16 Going forward, Management should comprehensively include GOL contribution as part of the budget to ensure all sources of funding are duly identified, recorded and that subsequent expenditures are facilitated within approved budget limits.

1.2.2 Under Disbursement of Approved Budgetary Allocation

Criteria

- 1.2.2.1 Regulation E.7 (1) (2) of the Public Financial Management Act of 2009 as amended and restated 2019 requires that a head of government agency shall inform the sector minister or appropriate authority immediately of any circumstances that are likely to affect materially the budgetary results either through revenue and expenditure or other receipts and payments of the Government agency. The sector minister or the appropriate authority shall take the necessary steps to bring to the notice of the Minister any warnings of significant or material budget variations.

Observation

- 1.2.2.2 During the audit, we observed that Management facilitated under-disbursement of approved budgetary allocation for Component 1 of the project. **See Table 2 below for details.**

Table 2: Under Disbursement of Approved Budgetary Allocation

Component Activities	Budget US\$ A	Actual-F/S US\$ B	Variance US\$ C=A-B	% D=C/A
Component 1.1 Strengthening Sustainable Crop Production & Intensification	3,823,209.03	499,757.84	3,323,451.19	86.93%
Component 1.2 Value Addition and Market Linkages	971,400.00	138,357.34	833,042.66	85.76%
Component 2.1 Strengthening Part. Farmer Advisory Services	732,000.00	290,266.89	441,733.11	60.35%
Component 2.2 Strengthening MOA in Investment Planning and Implementation	531,657.00	292,504.76	239,152.24	44.98%
Component 2.3 Enhance the community-based nutrition Activities	871,000.00	7,075.65	863,924.35	99.19%
Total	6,929,266.03	1,227,962.48	5,701,303.55	72.37%

Risk

- 1.2.2.3 Under disbursement of approved budgetary allocation may impair the achievement of the project deliverables and objectives.
- 1.2.2.4 Management may not implement approved planned activities catalogued in the approved annual work plan and budget of the project.

Recommendation

- 1.2.2.5 Management should provide substantive justification for under disbursement of approved budgetary allocations catalogued in Table 2 above, as part of Management's response to this Management Letter.
- 1.2.2.6 Management should perform periodic (at least quarterly) reconciliation between budgeted and actual revenue and expenditures. Gaps identified should be used to govern future revenue collection and disbursement activities. Evidence of Quarterly and Annual Budget Performance Reports should be adequately documented and filed to facilitate future review.
- 1.2.2.7 Going forward, in the instance of under receipt of approved budgetary allocation, the Head of the National Coordinating Office should communicate to the National Project Steering Committee indicating any circumstances that are likely to affect materially the budgetary results either through revenue and expenditure. The National Project Steering Committee should subsequently communicate to the Bank bringing to their attention any warnings of significant or material budget variations.
- 1.2.2.8 Evidence of the above communication and the subsequent approved recast budget should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.2.9 *Management acknowledges the observation and notes that the delays in the implementation of certain key project activities under Components 1 and 2 were primarily attributable to procurement and implementation challenges encountered during the reporting period.*
- 1.2.2.10 *These challenges included delays in obtaining detailed technical specifications from beneficiary institutions, extended procurement processing timelines, and the time required to secure the African Development Bank's no-objection for major procurement packages. As a result, several planned activities could not be fully implemented within the 2025 fiscal year, contributing to the underutilization of the approved budget.*
- 1.2.2.11 *It should also be noted that following the Project Mid-Term Review conducted in March 2025, certain activities initially included in the Project Appraisal Report were revised to reflect implementation realities and evolving project priorities. Consequently, activities such as the Integrated Rice and Fish Farming Initiative and the procurement of Solar*

Dryer Kits were removed from the implementation program, while new interventions including land preparation for lowland development and the construction of cold storage facilities were introduced and approved.

1.2.2.12 *Furthermore, most of the major procurement processes associated with the cited activities have now been completed or are at advanced stages of implementation. Contracts have been awarded, and delivery and execution are currently underway. Management remains confident that these activities will be substantially completed before the Project closure at the end of the year.*

1.2.2.13 *The Project continues to closely monitor implementation progress and is working with contractors, suppliers, beneficiary institutions, and the African Development Bank to ensure the timely delivery of all outstanding project outputs and achievement of the intended development objectives.*

Auditor General's Position

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

1.3 Financial Reporting

1.3.1 FY2026 Payment Reported in FY2025 Financial Statements

Criteria

1.3.1.1 Paragraph 1.2.2, Cash Basis of Accounting, of the IPSAS Financial Reporting under the Cash Basis of Accounting September 2017 states: The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the entity. Financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is balances of cash and changes therein. Notes to the financial statements may provide additional information about liabilities, such as payables and borrowings, and some non-cash assets, such as receivables, investments and property, plant and equipment.

1.3.1.2 Regulation D13(3) of the Public Financial Management Act of 2009 as amended and restated 2019 provides that accounting and reporting for the National Budget or the appropriations for the central government as well as that of all government agencies shall be according to the budget classification and the Chart of Accounts.

Observation

1.3.1.3 During the audit, we observed that a voucher (PV-1105) of US\$4,133, disbursed on January 2, 2026, for DSA and Fuel to monitor LACF beneficiaries were reported in the statement of Receipts and Payments for the period under review.

Risk

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

Recommendation

- 1.3.1.7 Management should reverse the payment of US\$4,133, disbursed on January 2, 2026 incorrectly posted to the general ledger and adjust the financial statements accordingly. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.3.1.8 Going forward, Management should conduct periodic reconciliation among the bank statements, general ledger, trial balance and the financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and file to facilitate future review.
- 1.3.1.9 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance, and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.3.1.10 *Management respectfully disagrees with the observation that PV-1105, amounting to US\$4,133.00, was misclassified in the FY2025 financial statements.*
- 1.3.1.11 *The transaction was approved and recorded in the accounting records on December 29, 2025, and was appropriately reflected as an outstanding payment in the December 2025 Bank Reconciliation Statement. While the payment was cleared by the bank on January 2, 2026, this timing difference resulted solely from the bank's processing cycle and does not constitute a misclassification of expenditure.*
- 1.3.1.12 *Management notes that the transaction was fully disclosed and reconciled through the year-end bank reconciliation process, thereby ensuring transparency and maintaining the integrity of the financial records. The difference between the accounting records and the bank statement at year-end was properly identified, documented, and subsequently cleared in January 2026.*

1.3.1.13 Accordingly, Management is of the view that the financial statements were not materially misstated, as the transaction was appropriately disclosed through the reconciliation process and supported by adequate documentation. To support this position, the following documents are attached:

- **Exhibit 14: Payment Voucher (PV-1105);**
- **December 2025 Bank Reconciliation Statement** showing the transaction as an outstanding payment;
- **January 2026 Bank Statement** evidencing the clearing of the payment by the bank.

Auditor General's Position

1.3.1.14 We acknowledge Management's assertions. However, supporting documents submitted by Management (exhibit 14) revealed that the payment voucher was prepared on December 29, 2025 but was reviewed and approved on January 5, 2026. Similarly, the back-to-office report revealed that the activity started on January 5, 2026 and ended on January 15, 2026. Management's assertion that the transaction was *recorded* in the accounting records on December 29, 2025 prior to approval and disbursement of cash contravenes Paragraph 1.2.2, Cash Basis of Accounting, of the IPSAS Financial Reporting under the Cash Basis of Accounting September 2017. **See Exhibit 5 below for details.**

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

1.3.2 Inadequate Disclosure of GOL in-Kind Contributions

Criteria

1.3.2.1 Paragraph 1.3.8 of IPSAS Financial Reporting Under Cash Basis of Accounting, November 2017, states: "Notes to the financial statements include narrative descriptions or more detailed schedules or analyses of amounts shown on the face of the financial statements, as well as additional information. They include information required and encouraged to be disclosed by this standard, and can include other disclosures considered necessary to achieve a fair presentation and enhance accountability."

1.3.2.2 Section C, page 5 of the Additional Financing Project Appraisal Report states that "The Government contribution will be an in-kind contribution of project staff seconded to the National Coordinating Office (NCO) and provision of office accommodation. The project resources shall not be used to finance taxes and duties in the project."

Observation

1.3.2.3 During the audit, we observed no evidence that Management disclosed office accommodation and taxes as part of GOL in-kind contributions in the notes to the financial statements as required.

Risk

1.3.2.4 Management may be non-compliant with paragraph 1.3.8 of IPSAS Financial Reporting under Cash Basis of Accounting.

- 1.3.2.5 The actual value of GoL in-kind contribution received by Management may not be assured in the absence of full disclosure of the required information.
- 1.3.2.6 Fair presentation and full disclosure may be impaired.

Recommendation

- 1.3.2.7 Management should immediately liaise with the MOA, MFDP and other relevant authorities to provide a comprehensive report on the details and value (including the basis on which the value is determined) of GOL in-kind contribution made to the project as at December 31, 2025.
- 1.3.2.8 Subsequently, Management should adjust the financial statements and disclosed in the notes to the financial statements the comprehensive composition of GOL in-kind contributions constituting seconded staff, taxes and office accommodation. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.3.2.9 Going forward, Management should facilitate full and adequate disclosure of all GOL in-kind contributions in the notes to the financial statements to facilitate completeness, accuracy and fair presentation of the financial statements. For withholding taxes not withheld, Management should develop and maintain a schedule of unremitted taxes to facilitate full and adequate disclosure of GOL in-kind contributions in taxes for the fiscal period.

Management's Response

- 1.3.2.10 *Management acknowledges the observation and notes that the Government of Liberia (GoL) in-kind contribution recognized in the Statement of Cash Receipts and Payments was based on the approved financing arrangements contained in the Project Appraisal Report, which quantified the Government's contribution at US\$453,000 through the salaries of Government staff seconded to the National Coordinating Office (NCO). Accordingly, only the quantified and measurable portion of the Government's in-kind contribution has been recognized in the financial statements prepared under the Cash Basis of Accounting (IPSAS 2017).*
- 1.3.2.11 *Management further recognizes that the Additional Financing Project Appraisal Report refers to office accommodation and taxes as additional Government support to the Project. While the value of office accommodation has not been determined by the relevant Government authorities and therefore could not be reliably measured for disclosure, Management has enhanced the disclosures in the restated financial statements.*
- 1.3.2.12 *Specifically, Note: 7.3.1 – Additional Disclosure: Government of Liberia In-Kind Contribution has been included in the restated financial statements submitted to the Office of the Auditor General. The note provides supplementary disclosure of the estimated statutory taxes applicable to payments for goods, works and services during the reporting*

period. These taxes were calculated for disclosure purposes only using the applicable tax rates prescribed under the Liberia Revenue Code and do not represent taxes withheld or remitted by the Project. Consequently, they have not been recognized in the Statement of Cash Receipts and Payments but are disclosed to enhance transparency regarding the Government of Liberia's additional support to the Project.

1.3.2.13 *Management will continue to liaise with the Ministry of Agriculture, the Ministry of Finance and Development Planning, and other relevant Government institutions to obtain a reliable basis for determining the value of other forms of Government in-kind contributions, including office accommodation, for future disclosure where appropriate.*

1.3.2.14 *The restated Financial Statements have been updated to include Note 7.3.1 – Additional Disclosure: Government of Liberia In-Kind Contribution, which discloses the estimated statutory taxes on goods, works and services calculated for disclosure purposes only. This disclosure has been included in the revised Financial Statements submitted to the Office of the Auditor General.*

Auditor General's Position

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

1.3.3 Non-reconciliation between the Budget/Work Plan Activities and the Economic Activities used for Financial Reporting

Criteria

1.3.3.1 Section 14 (2)(a) of the PFM Act of 2009 as amended and restated 2019 states: "All public financial transactions, both revenues and expenditures, are to be structured and classified using the same classifications for both budgeting and accounting. The following rules will apply:

1.3.3.2 Where relevant, these classifications shall be designed to meet generally accepted international standards as defined in regulations issued pursuant to this Act. In the national budget or supplementary appropriations, budgetary classifications may be made for expenditures of a confidential nature. Details of such spending items will be promulgated in the regulations accompanying this Act".

1.3.3.3 Further, Regulation D.18 (1) of the PFM Act of 2009 as amended and restated 2019 states: "For the purposes of budgeting and accounting, the expenditures and other payments of Government agencies shall be classified by administrative/institutional unit responsible for spending, appropriated at spending agency level, and will be further classified according to economic classification structured around the following major categories of spending: (a) Recurrent expenditures further subdivided by: (i) Wages, salaries and other allowances (ii) Goods and services (iii) Current subsidies and transfers (iv) Interest payments on debt (b) Acquisition of capital assets 43 (c) Lending (d) Equity participation (e) Repayment of external or domestic debt".

Observation

- 1.3.3.4 During the audit, we observed that the project activities per the budget and work plan were classified in programmatic activities but expended in economic activities form. For instance, the program activities named "Strengthening the capacity of the Ministry of Agriculture (MOA) in investment planning and implementation" incurred a total cost of US\$292,504.76 which was predominantly used for various economic expenditures such as: travel, fuel, salary, training, etc. However, we observed no evidence of reconciliation between the programmatic activities and the economic activities, which served as the basis for the preparation of the general ledger, trial balance, and subsequently the financial statements.

Risk

- 1.3.3.5 The completeness and accuracy of expenditures may not be assured. Therefore, the financial statements may be misstated. Management may not account for all of its transactions.
- 1.3.3.6 Fair presentation and full disclosure may be impaired.
- 1.3.3.7 Non-reconciliation between programmatic and economic activities may impair accurate reporting of budget versus actual analysis.

Recommendation

- 1.3.3.8 Management should reconcile the programmatic activities to the economic activities to facilitate consistency in the classification of project financial transactions for effective review and reconciliation purposes. The reconciliation statements should be disclosed in the notes to the financial statements.
- 1.3.3.9 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance, and financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.3.3.10 *Management notes that the SADFONS Project is a donor-financed project implemented in accordance with the Financing Agreement, the Project Appraisal Report (PAR), the Annual Work Plan and Budget (AWPB), and the African Development Bank's financial management and reporting requirements. Accordingly, the Project budget is prepared, monitored, and reported using project components, sub-components, outputs, and activities, while the accounting records, including the general ledger and trial balance, are maintained using economic classifications.*
- 1.3.3.11 *Management acknowledges the Auditor General's recommendation to enhance the linkage between the Project's programmatic activities and the economic classifications used for financial reporting. In response, the restated Financial Statements have been*

updated to include Note 7.4.3 – Expenses by Economic Classification, together with Schedules 4.8, 4.9 and 4.10, which provide a detailed analysis of expenditures by economic classification for each Project component. These schedules facilitate the reconciliation between the Project's activity-based implementation framework and the economic classifications used in the accounting records and financial statements.

- 1.3.3.12 *Management believes that the additional disclosures strengthen the transparency, completeness and fair presentation of the financial statements by demonstrating how expenditures reported under the Project's components are classified into the respective economic categories recorded in the general ledger and trial balance.*
- 1.3.3.13 *Management further confirms that all accounting transactions are supported by adequate documentation and are subject to supervisory review prior to posting in the accounting system. Management will continue to strengthen internal controls and reporting processes, including the integration of accounting records and financial reporting schedules, to enhance consistency and facilitate future reconciliations.*
- 1.3.3.14 *The restated Financial Statements submitted to the Office of the Auditor General have been updated to include Note 7.4.3 – Expenses by Economic Classification and Schedules 4.8, 4.9 and 4.10, providing a reconciliation of expenditures by Project component to their respective economic classifications and enhancing the disclosures in the financial statements.*

Auditor General's Position

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

1.4 Personnel Management

1.4.1 Non-adherence to Direct Deposit for Compensation Disbursements

Criteria

- 1.4.1.1 Regulation H. 8 (4) of the Public Financial Management Act of 2009 as amended and restated 2019, states that "The Minister shall ensure, to the extent possible, that all government payments are done through a direct deposit system, progressively graduating towards an electronic fund transfer system."

Observation

- 1.4.1.2 During the audit, we observed that contractors and casual workers received monthly compensations through cash disbursement, non-compliant to Regulation H. 8 (4) of the Public Financial Management Act of 2009 as amended and restated 2019. **See Table 3 below for details.**

Table 3: Non-adherence to Direct Deposit for Compensation Disbursements

Date	PV #	Check #	Payee	Description	Amount US\$
4-Jun-25	0039	1235180	CARI SADFONS PROJECT (Franklin Paye Lablah)	Payment for Professional Service and casual workers for the month of May, 2025	12,688.00
10-Jul-25	0067	1235427	CARI SADFONS PROJECT (Joseph Sairmue woah)	Payment for Professional Service and casual workers for the month of June, 2025	16,734.00
11-Mar-25	0882	1146473	Kebbeh Harris	Payment for Professional Service and casual workers for the month of June, 2025	16,958.00
10-Jul-25	0433	1146483	Kebbeh Harris	Payment for professional service top-up for the of June, 2025	16,734.00
8-Oct-25	0102	1217861	Kebbeh Harris	Payment for Professional Service and casual workers for the month of September, 2025	17,798.00
22-Apr-25	0014	1242272	CARI SADFONS PROJECT (Joseph S. Woah)	Payment for Professional Service and casual workers for the month of March, 2025	9,472.22
9-May-25	0012	1242291	CARI SADFONS PROJECT (Franklin Paye Lablah)	Payment for Professional Service and casual workers for the month of April, 2025	11,144.00
17-Sep-25	0975	1217854	Kebbeh Harris	Payment for Professional Service and casual workers for the month of August 2025	17,938.00
11-Mar-25	0883	1146473	Kebbeh Harris	Payment for casual workers for the month of February, 2025	16,958.00
24-Apr-25	0342	1146478	Kebbeh Harris	Payment for CARI-SADFONS Professional Services top-up and Casual Workers' Salaries for activities completed for the Month of March 2025	9,272.00
Mar-25	0327	1146473	Kebbeh Harris	Payment for SADFONS-CARI PROFESSIONAL SERVICES TOP-UP and casual Workers	16,958.00
Oct 13, 2025	0533	1217861	Kebbeh Harris	Payment for Professional Service/casual workers top up for activities completed for the month of September 2025	17,798.00

Date	PV #	Check #	Payee	Description	Amount US\$
10-Jul-25	0433	1146483	Kebbeh Harris	Payment for Professional Service/casual workers top up for activities completed for the month of September 2025	16,734.00
16-Mar-25	0364	1146480	Jerrison Dee Jr.	Payment for Professional Service/casual workers top up for activities completed for the month of September 2025	11,144.00
14-Mar-25	0327	1146473	Kebbeh Harris	Payment for SADFONS-CARI Professional Services top up and casual workers' salaries for activities completed for the month of January and February 2025	16,958.00
19-Sep-25	0508	1217854	Kebbeh Harris	Payment for Professional Services top up and Casual Workers' Salaries for activities completed for the month of August 2025	17,938.00
21-Jan-25	0856		Achie Sheriff	Payment for transportation reimbursement for DRDRE Staff to attend the orientation training in Bong County	6,013.16
Total					249,239.38

Risk

- 1.4.1.3 Management may be non-compliant with Regulation H. 8 (4) of the Public Financial Management Act of 2009 as amended and restated 2019.
- 1.4.1.4 The absence of establishing employees' bank /mobile money accounts may lead to ghost or undeserving staff being compensated. This may also lead to salaries being paid for work not performed.
- 1.4.1.5 Availability of evidence to corroborate disbursement of salaries to employees may be impaired.

Recommendation

- 1.4.1.6 Management should facilitate all disbursement of compensation to contractors and casual laborers through the direct deposit system to bank or mobile money accounts. The accounts should be opened in the name of the employee to validate the legitimacy of the transactions.
- 1.4.1.7 Evidence of periodic (monthly) bank/mobile money transfers should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.1.8 *Management acknowledges the observation and wishes to clarify that the Project has already taken corrective measures to eliminate the practice of third-party payments by establishing and utilizing mobile money payment platforms for beneficiaries, casual workers, and other eligible recipients.*
- 1.4.1.9 *The instances cited by the auditors primarily relate to payments made under the CARI-SADFONS seed production activities. These payments involved casual workers engaged on a daily basis for foundation seed production. At the time, many of the casual workers did not possess mobile money accounts or banking facilities, making direct electronic payments impracticable. Consequently, funds were advanced to designated CARI personnel solely for the purpose of disbursing approved payments to the casual workers, supported by payrolls, attendance records, and signed payment sheets.*
- 1.4.1.10 *Management further notes that this arrangement was transitional and was implemented to avoid disruptions to critical seed production activities. Since November 2025, the process has been fully revised, and all casual workers engaged under the Project are now paid directly through their individual mobile money accounts, thereby eliminating the need for third-party disbursements.*
- 1.4.1.11 *Accordingly, Management believes that adequate controls existed over the payments in question and that the matter has already been addressed through the implementation of direct mobile money payments to beneficiaries and casual workers.*

Auditor General's Position

- 1.4.1.12 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 Project Implementation (Field Verification)

1.5.1 Irregularities Associated with the Rehabilitation and Stabilization of Irrigation Infrastructure - Flowroken (River Gee County)

Criteria

- 1.5.1.1 Financing agreement, subcomponent 1.1. page 3 states "The project will support the establishment of small-scale irrigation systems for all-year-round farming – climate-smart agriculture in lowland ecologies. This activity will support the installation of at least thirty (30) small-scale systems in the ten counties.
- 1.5.1.2 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal control framework on control activities states: "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

Observation

- 1.5.1.3 During the audit, we observed that Management made payments totaling US\$411,478.00 for the Rehabilitation and Stabilization of Irrigation Infrastructure in Flowroken. However, the following irregularities were noted. **See Annexure 2 below for details:**
- The reservoir water level was observed to be below the required levels thereby limiting supply to the 50-hectare farmland; we observed no evidence of source of water to supply the reservoir
 - The center canal is not completed.
 - The peripheral canal was built with block rather than stone pitching as approved by the contract.
 - The flood gate of the left, right and, center peripheral canals were observed to be damaged.
 - There was an overflow of water from the side of the field into the diversion. This has also led to damage to the diversion box.
 - Only 37 out of 50 hectares have been laid out (processed for farming)
 - Out of the 37 hectares (equivalent to 100 plots) processed for farming, only 35 plots were utilized by individual Small Holder Farmers rather than the approved Farmer Based Organization (FBO).
 - Additionally, the contract was extended up to March 2026. However, as of the time of the audit field verification in May 2026, we observed construction works ongoing, with the contractor still engaged in stone pitching works on the Central Canal and the Peripheral Canal, indicating a significant delay in meeting the agreed timelines.
 - 20% of the 50 hectares is required for fish farming; however, we observed no evidence of fish farming activities.

Risk

- 1.5.1.4 Failure of project management to ensure that services paid for are delivered in a timely manner, may lead to non-achievement of project objectives.
- 1.5.1.5 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.5.1.6 Payments may be made for service not performed and value for money may be impaired.
- 1.5.1.7 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

- 1.5.1.8 Management should provide substantive justification why the approved farming activities and 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.

- 1.5.1.9 Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the civil works and update the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.5.1.10 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all approved FBOs and 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 approved FBOs and included as supplementary documentation to the approved contracts.
- 1.5.1.11 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.
- 1.5.1.12 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

- 1.5.1.13 *Management provides the following clarifications regarding the observations:*
Reservoir Water Level: *The reservoir is a rain-fed system, designed to capture and store water during the rainy season for subsequent use during the dry season. Accordingly, water levels fluctuate depending on seasonal rainfall patterns and the time of inspection. The reservoir was not designed with a perennial water source but rather to function as a storage structure for harvested runoff.*
- 1.5.1.14 **Center Canal and Stone Pitching:** *Works at the site are still ongoing. The contractor is continuing the completion of the center canal, including the remaining stone pitching works, in accordance with the approved Bill of Quantities and technical specifications.*
- 1.5.1.15 **Peripheral Canal Construction:** *Due to the scarcity of suitable stone materials in the project area, the contractor proposed an alternative engineering solution consisting of masonry wall lining for portions of the canal. This approach was adopted to achieve the intended structural stability and hydraulic performance of the canal system.*
- 1.5.1.16 **Flood Gates:** *The flood gates and intake structures were properly installed and verified to be functional. However, unauthorized interference by residents living upstream of the reservoir has resulted in damage and tampering with the gates, largely due to concerns over flooding in their communities when the gates are closed. To ensure compliance with the contract requirements and maintain the integrity of the infrastructure, the Contractor has been instructed to reinforce the gates. In addition, the Project Team will undertake stakeholder engagement and consultations with affected residents to address their concerns and promote the proper operation and protection of the structures.*

- 1.5.1.17 **Overflow and Damage to Diversion Structures:** *There is a road running parallel to the project site with culverts and drainage structures that channel runoff from surrounding upland areas into the lowland. This results in excess water entering portions of the irrigation system during periods of heavy rainfall. The issue was identified during implementation and was proposed for resolution through additional works; however, the proposed variation was not approved. Consequently, the challenge remains and continues to affect portions of the infrastructure.*
- 1.5.1.18 **Farmer Utilization of the Site:** *The Project notes that farmer participation and plot utilization are influenced by seasonal conditions, flooding challenges, and ongoing works. Efforts are being made to address the operational challenges affecting the site to facilitate increased utilization by beneficiary farmers and Farmer-Based Organizations.*
- 1.5.1.19 **Project Delays:** *Management acknowledges that implementation has experienced delays due to a combination of technical, climatic, and operational challenges encountered during construction. However, the contractor remains engaged on the site and works are ongoing. The Project continues to closely monitor implementation progress and has instructed the contractor to complete all outstanding works in accordance with the contract requirements before final inspection and handover. Management will submit supporting supervision reports, progress reports, site inspection records, and related correspondence for verification.*

Auditor General's Position

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

1.5.2 Irregularities Associated with the Rehabilitation and Stabilization of Irrigation Infrastructure - Jarkaken (River Gee County)

Criteria

- 1.5.2.1 Financing agreement, subcomponent 1.1. page 3 states "The project will support the establishment of small-scale irrigation systems for all-year-round farming – climate-smart agriculture in lowland ecologies. This activity will support the installation of at least thirty (30) small-scale systems in the ten counties.
- 1.5.2.2 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal control framework on control activities states: "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

Observation

- 1.5.2.3 During the audit, we observed that Management made payments totaling US\$146,294.00 for the Rehabilitation and Stabilization of Irrigation Infrastructure in Jarkaken. However, the following irregularities were noted. See Annexure 2 below for details:

- We observed that the slot gates for both the central and peripheral canals were damaged
- Only a portion of the central canal was stone-pitched, while the majority remained unprotected
- The BOQ specified that the site for Jarkaken cover 25 hectares of laid out farmland; however, we observed only 15 hectares had been laid out; the 10 hectares were unprocessed for farming activities.
- The embankment of 40 meters by 80 meters on the reservoir should be stone pitch pavement; however, we observed no evidence of stone pitching on the embankment leading to sinking of the embankment.
- 20% of the farmland should incorporate integrated rice and fish farming; however, we observed no evidence of plot allocated for fish farming.
- For all the uncompleted civil works catalogued above, we observed no evidence of construction works during our physical verification exercise.

Risk

- 1.5.2.4 Failure of project management to ensure that services paid for are delivered in a timely manner, may lead to non-achievement of project objectives.
- 1.5.2.5 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.5.2.6 Payments may be made for service not performed and value for money may be impaired.
- 1.5.2.7 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

- 1.5.2.8 Management should provide substantive justification why the approved farming activities and 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.
- 1.5.2.9 Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the civil works and update the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.5.2.10 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all approved FBOs and 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 approved FBOs and included as supplementary documentation to the approved contracts.

- 1.5.2.11 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.
- 1.5.2.12 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

- 1.5.2.13 *Management provides the following clarifications regarding the observations:*
Slot Gates: *The contractor has been notified regarding the damaged slot gates on the central and peripheral canals and is taking corrective action to restore and reinforce the structures prior to final completion and handover.*
- 1.5.2.14 **Stone Pitching of Central Canal:** *The works are still ongoing, and the contractor remains committed to completing all required stone pitching works in accordance with the approved Bill of Quantities and technical specifications.*
- 1.5.2.15 **Farmland Layout:** *The contractor was instructed to prioritize the critical infrastructure components of the scheme, including the embankment, reservoir, and canal stone pitching, before completing the plot layout works due to the prevailing weather conditions and the need to secure the hydraulic structures. The remaining plot layout activities will be completed as part of the ongoing works.*
- 1.5.2.16 **Project Status:** *The contractor has not abandoned the site. Implementation is ongoing, and an amendment is currently being processed to extend the contract period up to August 31, 2026, during which the contractor will continue and complete the outstanding works.*
- 1.5.2.17 **Stone Pitching of Embankment:** *Stone pitching has been completed on both shoulders (slanted sides) of the embankment. The only outstanding section is the top of the embankment, which will be completed prior to final inspection and turnover of the project.*
- 1.5.2.18 **Integrated Rice and Fish Farming:** *The integrated rice and fish farming activity was removed from the Scope of Work during the Midterm review. Consequently, this activity no longer forms part of the contractor's contractual obligations.*
- 1.5.2.19 **Project Delays:** *Management acknowledges that implementation has experienced delays due to technical and operational challenges. However, the contractor remains engaged and has demonstrated the capacity to complete the works. The Project continues to conduct regular supervision and monitoring to ensure that all outstanding works are completed in accordance with the contract requirements and the revised implementation schedule. Supporting supervision reports, progress reports, contract amendment documentation, and site inspection records will be submitted for verification.*

Auditor General's Position

- 1.5.2.20 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 the Rehabilitation and Stabilization of Irrigation Infrastructure - Pleebo (Maryland County) A and B

Criteria

- 1.5.3.1 Financing agreement, subcomponent 1.1. page 3 states "The project will support the establishment of small-scale irrigation systems for all-year-round farming – climate-smart agriculture in lowland ecologies. This activity will support the installation of at least thirty (30) small-scale systems in the ten counties.
- 1.5.3.2 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal control framework on control activities states: "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

Observation

- 1.5.3.3 During the audit, we observed that Management made payments amounting to US\$250,253.00 for the Rehabilitation and Stabilization of Irrigation Infrastructure in Pleebo. However, the following irregularities were noted. **See Annexure 2 below for details:**
- The BOQ specified that the sites for both Pleebo A and B should cover 30 hectares of farmland each; however, the layout shows 3.77 hectares for Pleebo A and 3.55 hectares for Pleebo B. This resulted into 26.23 and 26.45 hectares of unprocessed farmland for Pleebo A and Pleebo B respectively
 - We observed no evidence of stone pitching of the Peripheral canal of Pleebo B in the layout
 - The three gates (each costing US\$1,000) that control the Peripheral canal and the main canal were observed to be non-functional
 - The BOQ specifies that the diversion box should be 22 to supply water for both Pleebo A and B; however, we observed only 10 diversion boxes in Pleebo A.
 - 20% of the 50 hectares is required for fish farming; however, we observed no evidence of fish farming activities at Pleebo sites A & B.
 - We observed flooding from the community into the peripheral canal, thereby leading to farmers evacuating the site
 - For all the uncompleted civil works catalogued above, we observed no evidence of construction works during our physical verification exercise.

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 approved farming activities and 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.
- 1.5.3.9 Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the civil works 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 approved FBOs and 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 approved FBOs 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 provides the following clarifications regarding the observations:*
 - 1. Stone Pitching of Peripheral Canal:** *The stone-pitching works prescribed under the Bill of Quantities were completed by the contractor. While additional stone pitching of the peripheral canal at Pleebo B was identified during implementation, it was not included in the approved scope of works and was never authorized for execution. Consequently, only the originally contracted stone-pitching works are recognized as part of the completed contract deliverables.*
- 1.5.3.14 **2. Reservoir Clearing and Dredging:** *The reservoir at Pleebo A was cleared and dredged to the required capacity of approximately 2,625 cubic meters, while the pondage structure at Pleebo B was dredged to its required capacity of approximately 675 cubic meters. Supporting measurement records are available for verification.*

- 1.5.3.15 **3. Flood Gates:** *The three flood gates at Pleebo B were installed and were confirmed functional upon installation. However, subsequent unauthorized tampering by trespassers using the structures as crossing points to nearby communities resulted in the loosening of the gate operating mechanisms. The contractor has been instructed to repair, tighten, and secure the mechanisms prior to final turnover.*
- 1.5.3.16 **4. Diversion Boxes:** *A total of 22 diversion boxes were constructed under the contract for Pleebo A and Pleebo B. However, during implementation, several metal control plates were removed by vandals and scrap metal collectors. The contractor has been instructed to reinstall the missing control plates using reinforced materials before final completion and handover.*
- 1.5.3.17 **5. Integration of Fish and Rice Farming:** *The fish and rice integration activity was subsequently removed from the Scope of Work following discussions during the Midterm review.*
- 1.5.3.18 **7. Flooding and Site Abandonment by Farmers:** *The project site is located within a lowland ecology surrounded by elevated upland terrain, which generates significant runoff into the developed area during periods of heavy rainfall. This challenge was not envisaged under the original contract scope. To address the issue, a proposal for the construction of earthen barrier bunds was developed; however, the proposed variation was not approved, resulting in continued flooding challenges. The flooding and disposal of waste by surrounding communities have adversely affected farmers' utilization of portions of the site.*
- 1.5.3.19 **8. Contractor Performance:** *The Project acknowledges implementation delays. However, the contractor has not abandoned the project. The contractor remains engaged and has been instructed to address outstanding defects and complete the remaining contractual obligations prior to final inspection and handover. The Project continues to closely monitor progress and implement corrective measures to ensure completion.*
- 1.5.3.20 *Management will submit supporting documentation, including site verification reports, supervision reports, progress certificates, drawings, and correspondence, to substantiate the above clarifications.*

Auditor General's Position

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

1.5.4 Irregularities Associated with the Rehabilitation and Stabilization of Irrigation Infrastructure in Grand Gedeh County (Work and See)

Criteria

- 1.5.4.1 Financing agreement, subcomponent 1.1. page 3 states "The project will support the establishment of small-scale irrigation systems for all-year-round farming – climate-smart

agriculture in lowland ecologies. This activity will support the installation of at least thirty (30) small-scale systems in the ten counties.

- 1.5.4.2 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal control framework on control activities states: "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

Observation

- 1.5.4.3 During the audit, we observed that Management made payments amounting to US\$388,703 for the Rehabilitation and Stabilization of Irrigation Infrastructure in Grand Gedeh County. However, the following irregularities were noted. **See Annexure 2 below for details:**

- From the contract and BOQ, the site should cover 50 hectares of laid out farmland; however, we observed 43 hectares laid out farmland; the remaining 7 hectares had not been laid out
- The reservoir water level was observed to be below the required levels thereby limiting water supply to the 50-hectare farmland; we observed no evidence of source of water to supply the reservoir. Consequently, some of the rice plot lack water supply.
- The center canal was not completed; we observed no evidence of stone pitching; rather, the contractor cast (cement without stone)
- The peripheral canal was built with block rather than stone pitching as approved by the contract.
- The flood gate of the center canal could not contain the water in the reservoir, thereby leading to flooding.
- 20% of the 50 hectares is required for fish farming; however, we observed no evidence of fish farming activities as required.

Risk

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

- 1.5.4.7 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

- 1.5.4.8 Management should provide substantive justification why the approved farming activities and 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.
- 1.5.4.9 Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the civil works and update the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.5.4.10 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all approved FBOs and 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 approved FBOs and included as supplementary documentation to the approved contracts.
- 1.5.4.11 Management should facilitate periodic monitoring and evaluation of project activities to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts.
- 1.5.4.12 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

- 1.5.4.13 *Management provides the following clarifications regarding the observations:*
Farmland Layout: *The total 50 hectares of lowland extends from the dam across the main Konobo Road, as reflected in the approved design and layout drawings. The entire 50 hectares of bunds and plots have been laid out and completed. Management therefore disagrees with the observation that seven hectares remain unlaid.*
- 1.5.4.14 **Reservoir Water Level:** *The reservoir was designed with sufficient storage capacity to harvest runoff and support year-round agricultural production. However, to maximize water retention and increase available storage volume, the Contractor has been instructed to ensure that all gates are fully functional and properly sealed to minimize seepage losses and improve water retention.*
- 1.5.4.15 **Water Supply to Rice Plots:** *The contractor has been instructed to rectify all defects and non-conforming works identified during inspections. Corrective measures are being undertaken to ensure that all rice plots receive adequate water supply and that the works fully comply with the approved designs, specifications, and required standards.*

- 1.5.4.16 **Center Canal Works:** Works on the canal system are still ongoing. The contractor remains committed to completing all outstanding stone pitching works and other unfinished sections of the canal in accordance with the approved Bill of Quantities and technical specifications.
- 1.5.4.17 **Peripheral Canal:** Due to the scarcity of suitable local stone materials, the contractor proposed an alternative engineering solution consisting of masonry wall lining for portions of the peripheral canal. The completed sections of the canal remain largely intact. However, isolated sections were damaged by excessive runoff originating from outside the scheme area and will be reconstructed by the contractor as part of the ongoing corrective works.
- 1.5.4.18 **Flood Gate:** The flood gate was properly installed in accordance with the approved design. However, instances of tampering by unauthorized persons have affected its operation. The contractor has been notified and instructed to undertake the necessary repairs and reinforcement prior to final turnover.
- 1.5.4.19 **Farmer Participation:** The reduced utilization of some plots is attributable to a combination of ongoing construction activities, water management challenges, and social issues affecting stakeholder relationships within the community. The Project's Social Safeguards Team has conducted stakeholder engagement meetings with the concerned parties and continues to work towards resolving the issues and strengthening cooperation among stakeholders.
- 1.5.4.20 **Contractor Payment Concerns:** Management wishes to clarify that the contractor has never been denied payment. Payments are processed in accordance with the terms of the contract upon achievement and verification of the requisite milestones and measurable outputs. Once the contractor attains the applicable threshold for payment, the necessary technical verification is conducted and payment processing commences in line with established project procedures.

Auditor General's Position

- 1.5.4.21 We acknowledge Management's assertions relative to the lay out of the Grand Gedeh (Work and See) site consisting of 50 hectares. Based on our verification performed during our physical verification conducted in May 2026, we observed 43 hectares laid out farmland; the remaining 7 hectares had not been laid out as at the time of our physical verification. Discrepancies associated with outstanding laid out farmlands were also documented in the Internal Audit Report submitted for audit purposes.
- 1.5.4.22 Further, we acknowledge Management's assertions relative to updates and progress made relative to our observations for the remaining deliverables. We will follow up on the implementation of our recommendations during subsequent audit.

1.5.5 Key Projects Activities not Implemented

Criteria

- 1.5.5.1 The Financing Project Appraisal Report of the Smallholder Agriculture Development for Food and Nutrition Security states: Component 1: Support to enhancing smallholder agricultural productivity and market access; Sub-Component 1.1: Strengthening of sustainable crop production and intensification: The project will support smallholder farmers through an integrated approach and low-cost and effective climate-smart technologies that support multiple cropping cycles through gender-sensitive interventions. The project will support the expansion of the development of a seed supply system for rice, cassava, and vegetables through seed multiplication. This activity will scale up the development of a seed supply system for selected value chains (rice, cassava, and vegetables). The Central Agriculture Research Institute (CARI) will increase the number of seed grower groups and build the capacity of various seed grower groups to produce and distribute the certified seeds in Liberia. An additional 250 tons of foundation seeds are expected to be produced by CARI, and about 17,000 tons of certified seeds will be produced by seed growers. The certified seeds are expected to be cultivated on 30,000 Hectares of farmland. The project will support the rehabilitation and equipping of a seed bank and the enhancement of seed management at CARI to sustain viable storage of germplasm of parent materials. The project will provide seed health and equipment for the seed laboratory. The project will also support training additional seed growers in seed production, processing, and packaging.
- 1.5.5.2 Component 2: Institutional Strengthening and Capacity Building: Sub-Component 2.1: Strengthening public and private sector extension services via training the trainers (ToT). This sub-component will focus on capacity development and systems strengthening of public and private sector extension services by training the trainers to enhance adequate service provision with sustainable measures. This will include close collaboration with CARI, the TAAT compacts for the selected commodities, National Standard Lab, Farmer-Based Organizations, Farmer Field Schools, and farmer cooperatives through thematic training, Knowledge exchange and exposure visits, and cross-county learning on best practices and innovations. The project will provide mobility logistics to support the seed certification committee to be able to visit and maintain quality assurance among seed growers before certification. The project will provide two vehicles to support the seed certification committee to enable seed inspectors to visit seed farms to ensure that the right seed protocols are being adhered to and two vehicles to enhance project coordination, including supervision and monitoring missions.

Observation

- 1.5.5.3 During the audit, we observed that project activities had not been fully implemented in accordance with the Financing Project Appraisal Report approved work plan. We observed no evidence that Management implemented key project deliverables for the period under audit: **See Table 7 below for details.**

For Component 1:

- Development of 75 ha fishponds within existing lowland rice farms.

- Installation of 30 irrigation systems across 10 counties in Liberia
- Strengthening micro-hubs/SMEs for rice, cassava, and vegetable processing
- Provision of 50 solar dryer kits for fish, cassava, and vegetable processing
- Support to micro-hubs with equipment and skills for continuous operations

For Component 2:

- Provision of mechanized equipment: Tractors, power tillers, threshers, etc, covering at least 37 FBOs supported, with four sets of equipment servicing clusters

Table 7: Key Projects Activities not Implemented

Component Activities	Budget US\$ A	Actual-F/S US\$ B	Variance US\$ C=A-B	% D=C/A
Component 1.1 Strengthening Sustainable Crop Production & Intensification	3,823,209.03	499,757.84	3,323,451.19	86.93%
Component 1.2 Value Addition and Market Linkages	971,400.00	138,357.34	833,042.66	85.76%
Component 2.1 Strengthening Part. Farmer Advisory Services	732,000.00	290,266.89	441,733.11	60.35%
Component 2.2 Strengthening MOA in Investment Planning and Implementation	531,657.00	292,504.76	239,152.24	44.98%
Component 2.3 Enhance the community-based nutrition Activities	871,000.00	7,075.65	863,924.35	99.19%
Total	6,929,266.03	1,227,962.48	5,701,303.55	72.37%

Risk

- 1.5.5.4 Failure of project management to ensure that services paid for are delivered in a timely manner, may lead to non-achievement of project objectives.
- 1.5.5.5 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.5.5.6 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables.

Recommendation

- 1.5.5.7 Management should provide substantive justification why the approved farming activities and 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.
- 1.5.5.8 Management should assess the current status of the work performed, the contractor's capacity to complete the construction of the civil works and update the Office of the Auditor General as part of Management's response to this Management Letter.

- 1.5.5.9 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all approved FBOs and 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 approved FBOs and included as supplementary documentation to the approved contracts.
- 1.5.5.10 Management should facilitate periodic monitoring and evaluation of project activities to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts.
- 1.5.5.11 Management should perform periodic (at least quarterly) reconciliation between budgeted and actual expenditures. Gaps identified should be used to govern future revenue disbursement activities.
- 1.5.5.12 Evidence of approved work plan, budget, periodic budget performance reports and all other supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.5.5.13 *Management acknowledges the observation and notes that the delays in the implementation of certain key project activities under Components 1 and 2 were primarily attributable to procurement and implementation challenges encountered during the reporting period.*
- 1.5.5.14 *These challenges included delays in obtaining detailed technical specifications from beneficiary institutions, extended procurement processing timelines, and the time required to secure the African Development Bank's no-objection for major procurement packages. As a result, several planned activities could not be fully implemented within the 2025 fiscal year, contributing to the underutilization of the approved budget.*
- 1.5.5.15 *It should also be noted that following the Project Mid-Term Review conducted in March 2025, certain activities initially included in the Project Appraisal Report were revised to reflect implementation realities and evolving project priorities. Consequently, activities such as the Integrated Rice and Fish Farming Initiative and the procurement of Solar Dryer Kits were removed from the implementation program, while new interventions including land preparation for lowland development and the construction of cold storage facilities were introduced and approved.*
- 1.5.5.16 *Furthermore, most of the major procurement processes associated with the cited activities have now been completed or are at advanced stages of implementation. Contracts have been awarded, and delivery and execution are currently underway. Management remains confident that these activities will be substantially completed before the Project closure at the end of the year.*

- 1.5.5.17 *The Project continues to closely monitor implementation progress and is working with contractors, suppliers, beneficiary institutions, and the African Development Bank to ensure the timely delivery of all outstanding project outputs and achievement of the intended development objectives.*

Auditor General's Position

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

1.5.6 Inadequate Contract Management for Construction & Stabilization of Irrigation Infrastructure

Criteria

- 1.5.6.1 Section 41 of the Amended and Restated Public Procurement and Concession Act, 2010 states that "Contract Administration (1) The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. Administration functions shall include at least the following: (a) The contract ensuring that the contractor complies with the specifications and terms of the contract; (b) (c) (d) (e) (2) ensuring that the contract is being performed on schedule; ensuring that payments made to the contractor are in accordance with the terms of the contract. determining when a contract has been successfully performed, which will entitle the contractor to final payment; and in the case of each contract awarded by the Procuring Entity, designating a contract administration officer who will have responsibility for the administration of the contract consistently with the requirements of this Act and the regulations.

Observation

- 1.5.6.2 During the audit, we observed that Management entered into contracts for the Construction and rehabilitation of the lowland irrigation system for farmers in Maryland, River Gee, and Grand Gedeh Counties. However, we observed the following irregularities:
- The contracts were signed on December 29, 2023, and were to be completed on April 29, 2025. Management periodically extended the contracts completion date to June 30, 2025 and October 1, 2025 in FY 2024. During the period, the contracts dates were extended to March 31, 2026. However, as at the time of our physical verification (May 2026), the works had not been completed as required. **See Annexure 1 for details**
 - For all the uncompleted civil works catalogued above, we observed evidence of active construction works during our physical verification exercise only in Grand Gedeh County (Work and See Site).
 - Furthermore, the performance guarantees for the contractors had expired.

Risk

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

- 1.5.6.4 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.5.6.5 Payments may be made for service not performed and value for money may be impaired.
- 1.5.6.6 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables.
- 1.5.6.7 Non-recovery of refunds from performance guarantees may lead to loss of much needed funds to complete project deliverables. This may lead to misappropriation of project's funds.

Recommendation

- 1.5.6.8 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.
- 1.5.6.9 Management should assess the current status of the work performed, the contractors' capacity to complete the construction of the civil works and update the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.5.6.10 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all approved FBOs and 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 approved FBOs and included as supplementary documentation to the approved contracts.
- 1.5.6.11 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.
- 1.5.6.12 Management should perform periodic (at least quarterly) reconciliation between budgeted and actual expenditures. Gaps identified should be used to govern future revenue disbursement activities.
- 1.5.6.13 Evidence of approved work plan, budget, periodic budget performance reports and all other supporting records should be adequately documented and filed to facilitate future review.
- 1.5.6.14 Additionally, Management should ensure that robust performance monitoring mechanism are instituted to ensure that funds are recovered due to non-performance of services consistent with the terms and conditions of contracts. All performance and advance payment guarantee submitted by contractors should be validated by Management to

ascertain the legitimacy of the guarantees. Subsequently, Management should ensure that performance and advance payment guarantees are comprehensively recovered within approved timelines in instances of non-performance of service contracts.

Management's Response

- 1.5.6.15 *Management acknowledges the observation and notes that considerable efforts have been made to manage and monitor the irrigation infrastructure contracts in Maryland, River Gee, and Grand Gedeh Counties.*
- 1.5.6.16 *The delays are primarily attributable to poor contractor performance, technical challenges, and implementation constraints. While contract termination was considered, the Project determined that the lengthy procurement and approval processes required to terminate and replace contractors would likely result in further delays and jeopardize completion before project closure. Management also notes that limited on-site supervision contributed to implementation challenges and delayed the timely resolution of defects and performance issues.*
- 1.5.6.17 *To address these concerns, the contracts have been amended and extended to August 31, 2026, with contractors required to provide new Performance Guarantees. The amended contracts also include stricter performance obligations and penalties for unjustified delays and non-performance. In addition, the Project is finalizing the recruitment of individual site engineers/consultants for each irrigation scheme to strengthen supervision, improve contract management, and accelerate implementation.*
- 1.5.6.18 *The Project continues to closely monitor progress and remains committed to ensuring completion of all outstanding works before project closure. Supporting documents, including contract amendments, renewed performance guarantees, and supervision reports, will be submitted for verification.*

Auditor General's Position

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

Prior Year Audit Issues Status

SOURCE PARAGRAPH	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.1.1.2	Governance Issues PRA	Lack of Segregation of Duties During the audit, we observed that the existing staffing in the finance section of the project is inadequate to facilitate adequate segregation of duties and check and balances. The finance section only had the project accountant who is responsible for all of the accounting and financial reporting activities of the project.	Management should facilitate the competitive hiring of additional qualified and experienced staff in the finance section to ensure appropriate segregation of duties. Management should also ensure that the relevant segregation of duties over processing (preparing, reviewing and approving) of transactions are initiated and operationalized.	Fully Implemented
1.2.1.3	Financial Issues PRA	Financial Reporting - Non-reconciliation between the Budget/Workplan Activities and the Economic Activities used for Financial Reporting e observed no evidence of reconciliation between the programmatic activities and the economic activities which served as the basis for the preparation of the general ledger, trial balance, and subsequently the financial statements.	Management should reconcile the programmatic activities to the economic activities to facilitate consistency in the classification of project financial transactions for effective review and reconciliation purposes. The reconciliation statements should be disclosed in the notes to the financial statements. An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance, and financial statements to facilitate completeness and accuracy of the financial statements	Not Implemented
1.2.2.3	Financial Issues PRA	Untimely Submission of Financial Statements During the audit, we observed no evidence that Management submitted the annual	Management should provide explanation for failing to make available the annual financial statements in accordance with regulations. Going forward, Management should facilitate timely	Fully Implemented

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SOURCE PARAGRAPH	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
		financial statements two months after the end of the fiscal period to the Offices of the Auditor General and the Comptroller and Accountant General as required.	presentation of financial statements to the Offices of the Auditor General and the Comptroller and Accountant General two months after the end of the fiscal period in line with Regulation I.11 of the PFM Act of 2009 as amended and restated 2019.	
1.2.3.3	Financial Issues PRA	Inadequate Disclosure of GOL in- Kind Contributions During the audit, we observed no evidence that Management disclosed office accommodation and taxes as part of GOL in-kind contributions in the notes to the financial statements.	Management should immediately liaise with the MOA, MFDP and other relevant authorities to provide a comprehensive report on the details and value (including the basis on which the value is determined) of GOL in-kind contribution made to the project as at December 31, 2024.	Not Implemented
1.2.4.2	Financial Issues PRA	Inconsistencies between Chart of Accounts and Payment Voucher Coding During the audit, we observed inconsistencies between the approved Chart of Account (CoA) codes and chart of account codes utilized on some Payment Vouchers (PVs). See Table 1 in the report for details.	Management should ensure that all payment vouchers are coded consistent with the approved Chart of Accounts to facilitate effective review and reconciliation between the general ledger and the financial statements.	Partially Implemented
1.3.1.4	Financial Issues PRA	Personnel Management - No Withholding and Remittance of Social Security Contributions During the audit, we observed that Management did not withhold and remit statutory social security contributions amounting to US\$300,822.00 from the gross salaries of project staff to NASSCORP for the period January 1 to December 31, 2024.	Management should provide substantive justification for not withholding NASSCORP contributions from retirees/pensioners. 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.	Not Implemented

SOURCE PARAGRAPH	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.4.1.2	Financial Issues PRA	Expenditure Management - Payments Made to Third-Party During the audit, we observed that Management made payments to third-parties amounting to US\$89,282.00 rather than the contractors, vendors, service-providers and direct beneficiaries or their legally authorized representatives. See annexure 1 in the report for details.	All payments for goods and services procured by the entity should be made directly to the vendor or their legally authorized representative. Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.	Not Implemented
1.5.1.3	Internal Control Issues PRA	Fixed Assets Management - Irregularities Associated with Fixed Asset Management 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 (where applicable). • The fixed assets register was not regularly updated (where applicable). • Most fixed assets of the entity were not coded. • There was no evidence of movement of assets form. • There was no history of disposal of assets Fixed assets within a given vicinity were not displayed as required by the PFM Act.	Management should ensure that the fixed assets register is updated to reflect the following; description, class, code, location, condition, cost, depreciation expense, accumulated depreciation and net book value of the asset. Management 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

SOURCE PARAGRAPH	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.5.2.2	Internal Control Issues PRA	Irregularities Associated with Fixed Assets Distributed to the Farmers' Group and Cooperatives - Assets were stored in open spaces without adequate shelter or protection - The assets distributed to the farmers' group or cooperatives were kept in different locations by different individuals. - Parts of individual assets were separated and stored in different places - Some assets could not be physically verified - Fixed assets within a given vicinity were not displayed	Management should account for fixed assets not made available by farmer groups/cooperatives for physical verification. Management should maintain a distribution log of fixed assets distributed to farmer groups/cooperatives to keep track of assets and to facilitate periodic physical verification of fixed assets distributed to farmer groups/cooperatives. Management should ensure that all fixed assets distributed to a farmer group/cooperative are maintained in a single location with the relevant safeguards to facilitate safe custody of assets.	Partially Implemented
1.6.1.5	Governance Issues PRA	Assurance Management - Irregularities Associated with Internal Audit Functions - No evidence of periodic risk assessment - No evidence of periodic internal audits on Management functions. There were no internal audit reports made available for audit purposes. - No evidence of follow-up activities on the implementation of internal and external audit recommendations.	Management should facilitate the preparation and approval of a comprehensive annual internal audit plan. The plan should include periodic risk assessment, periodic internal audits on key Management functions, and follow-up activities on the implementation of internal and external audit recommendations. Management should ensure that the annual internal audit plan is subsequently operationalized, monitored and evaluated to ensure that planned activities are implemented in a comprehensive and timely manner.	Partially Implemented
1.6.2.2	Governance Issues PRA	No Approved Risk Assessment Policy and Periodic Risk Assessment During the audit, we observed no evidence of an approved risk management policy nor the performance of periodic risk assessment to	Management should develop, approve and operationalize a risk management policy that identifies and mitigate internal and external risks that may impair the achievement of the entity's objectives.	Partially Implemented

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SOURCE PARAGRAPH	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
		guide internal and external risks that may impair the achievement of the project's objectives.		
1.7.1.3	Compliance Issues PRA	Field Verification Issues - Irregularities Associated with the Rehabilitation and Stabilization of Irrigation Infrastructure - Flowroken (River Gee County) · The contractor, Advance Construction Engineering Corporation, received an advance payment on February 20, 2024, with a contractual completion timeline of ten (10) months, setting the expected completion date at December 2024. · Additionally, the Defects Notification Period (DNP) was scheduled to end by June 2025. However, as of the time of the audit field verification on April 23, 2025, the work is ongoing, with the contractor still engaged in stone pitching works on the Central Canal and the Peripheral Canal, indicating a significant delay in meeting the agreed timelines.	Management should provide substantive justification why the civil works were not completed within approved timelines.	Not Implemented
1.7.3.3	Compliance Issues PRA	Irregularities Associated with the Rehabilitation and Stabilization of Irrigation Infrastructure - Pleebo (Maryland County) A and B · The contractor, Kingdom Business Incorporated, received an advance payment on February 27, 2024, with a contractual	Management should provide substantive justification why the civil works were not completed within approved timelines.	Not Implemented

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SOURCE PARAGRAPH	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
		completion timeline of ten (10) months, setting the expected completion date at December 2024. Additionally, the Defects Notification Period (DNP) was scheduled to end by June 2025. However, as of the time of the audit field verification on April 21, 2025, the work is ongoing, with the contractor still engaged in stone pitching works on the Central Canal and the Peripheral Canal, indicating a significant delay in meeting the agreed timelines.		
1.7.4.3	Compliance Issues PRA	Irregularities Associated with the Rehabilitation and Stabilization of Irrigation Infrastructure in Grand Gedeh County · The contractor, Advance Construction Engineering Corporation, received an advance payment on February 20, 2024, with a contractual completion timeline of ten (10) months, setting the expected completion date at December 2024. Additionally, the Defects Notification Period (DNP) was scheduled to end by June 2025. However, as of the time of this audit field verification, the work is ongoing, with the contractor still engaged in stone pitching works on the Central Canal and the Peripheral Canal, indicating a significant delay in meeting the agreed timelines.	Management should provide substantive justification why the civil works were not completed within approved timelines.	Not Implemented

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SOURCE PARAGRAPH	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
1.1.10.2	Financial Issues PRA	No Segregation of Duties During the audit, we observed that the existing staffing in the finance section of the project is inadequate to ensure sufficient segregation of duties.	Management should facilitate the competitive hiring of additional qualified and experienced staff in the finance section to ensure appropriate segregation of duties.	Fully Implemented
1.1.11	Procurement Management PRA	Inadequate Supporting Documents During the audit, we observed that Management authorized payments amounting to US\$21,808.00 for the supply of Solar Panel Systems, ICT hardware, and others without evidence of delivery notes. See Table 4 in report for details.	Management should ensure that delivery notes are received for all goods procured to validate that the goods paid for including the required specifications were delivered to the end user (the delivery note should be uniquely coded to reflect the specific	Fully Implemented
1.1.12	Expenditure Management PRA	No Back-to- Office Report Management made payments of US\$1,200.00 to individual staff for travel. However, we observed no evidence that a Back-to-Office report was prepared upon his return. See Table 5 for details.	Management should institute and operationalize the preparation of a Back-to-Office report for all travels consistent with Section 3.4.4 of the Project Implementations Manual. The report should be submitted within a week upon the staff's return to the	Fully Implemented
1.1.13	Expenditure Management PRA	No Tax Clearance Management authorized payments amounting to US\$123,214.03 without tax clearance and expired tax clearance. See Table 6 in report for details.	Management should ensure that for all transactions involving procurement of goods and services, valid Tax Clearance and Business Registration Certificates are obtained as required by Regulation U.9. (4) of the PFM Act of 2009 as amended and restated 2019.	Partially Implemented
1.1.15	Procurement Management PRA	Unapproved Procurement , we observed that Management expended more than its approved procurement plans in the amount of US\$20,000.00 to Farmington Hotel for Catering Service (PV#:447). without evidence of "no objection"/ approval from PPCC and	Management should ensure that expenditure is within the approved procurement plan limits at all times. All unplanned procurement activities and expenditures should be subsequently submitted to the PPCC, AfDB, and National Steering Committee for approval before	Fully Implemented

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SOURCE PARAGRAPH	FINDING TYPE	AUDIT FINDINGS	AUDIT RECOMMENDATIONS	IMPLEMENTATION STATUS
		AfDB.	execution. Evidence of subsequently approved procurement plans, approved no-objection requests and all other relevant supporting records should be adequately documented and filed to facilitate future review.	
1.1.14	Budget Management	No Budget Performance Report we observed no evidence of periodic Budget Performance Reports as required by the PMU Manual.	Management should facilitate the preparation, review, and approval of quarterly and annual Budget Performance Reports. Periodic Budget Performance Report should be subsequently submitted to the National Project Steering Committee as required by Section 5.6.1-6 of the PMU Manual.	Fully Implemented
1.1.7	Procurement Management PRA	Warehouse Not Constructed During the audit, we observed that Management made a payment of \$9,020.21, 20% of \$47,500.81 to a contractor on November 2, 2023, for the construction of a warehouse in Falama, Bomi County. However, during our physical verification in April 2025, we observed no evidence that a warehouse was being constructed on the designated site.	Management should assess the current status of the work performed, and the contractor's capacity to complete the construction of the warehouse, and update the Office of the Auditor General as part of Management's response to this Management Letter.	Fully Implemented

ANNEXURES

Annexure 2: Inadequate Contract Management for Construction & Stabilization of Irrigation Infrastructure

Contract Serial No.	Description of Works	Name and Address of Contractor	Delivery Period	Performance guarantee Expiry Date	Contract Start Date	End Date	First Extended Contract End Date	Second Extended Contract Start Date	Second Extended Contract End Date	Physical Progress (% progress) after Contract Extension
MoA/SADFONS/OCB-I/WKS1/22	Rehab/Construction of irrigation infrastructure in Flowroken	Advance Construction and Engineering Corporation	16 months	31-Jul-25	29-Dec-23	29-Apr-25	30-Jun-25	Oct-25	26-Mar	75%
MoA/SADFONS/OCB-I/WKS2/22	Rehab/Construction of irrigation infrastructure in Jarkaken	Eagle Construction Company	16 months	4-Dec-24	29-Dec-23	29-Apr-25	30-Jun-25	Oct-25	26-Mar	49%
MoA/SADFONS/OCB-I/WKS3/22	Rehab/Construction of irrigation infrastructure in Maryland (Pleebo A & B)	Kingdom Business Inc.,	16 months	30-Jun-25	29-Dec-23	29-Apr-25	30-Jun-25	Oct-25	26-Mar	77%
MoA/SADFONS/OCB-I/WKS3i/22	Rehab/Construction of irrigation infrastructure in Grand Gedeh (Work and See)	Advance Construction and Engineering Corporation	16 months	31-Jul-25	29-Dec-23	29-Apr-25	30-Jun-25	Oct-25	26-Mar	80%

Annexure 2: Irregularities Associated with the Rehabilitation and Stabilization of Irrigation Infrastructure in Grand Gedeh, River Gee and, Maryland Counties

Contract Serial No.	Description of Works	Name and Address of Contractor	Contract Start Date	End Date	Delivery Period	Performance guarantee Expiry Date	First Extended Contract End Date	Second Extended Contract Start Date	Second Extended Contract End Date	Contract Value US\$	Amount Disbursed US\$	Financial Progress (%)	Physical Progress (%)
MoA/SADFONS/OCB-I/WKS1/22	Rehab/Construction of irrigation infrastructure in Flowroken	Advance Construction and Engineering Corporation	29-Dec-23	29-Apr-25	16 months	31-Jul-25	30-Jun-25	Oct-25	26-Mar	630,541.84	411,478.00	65%	73%
MoA/SADFONS/OCB-I/WKS2/22	Rehab/Construction of irrigation infrastructure in Jarkaken	Eagle Construction Company	29-Dec-23	29-Apr-25	16 months	4-Dec-24	30-Jun-25	Oct-25	26-Mar	296,438.38	146,294.00	49%	20%
MoA/SADFONS/OCB-I/WKS3/22	Rehab/Construction of irrigation infrastructure in Maryland (Pleebo A & B)	Kingdom Business Inc.,	29-Dec-23	29-Apr-25	16 months	30-Jun-25	30-Jun-25	Oct-25	26-Mar	415,236.83	250,253.00	60%	77%
MoA/SADFONS/OCB-I/WKS3i/22	Rehab/Construction of irrigation infrastructure in Grand Gedeh (Work and See)	Advance Construction and Engineering Corporation	29-Dec-23	29-Apr-25	16 months	31-Jul-25	30-Jun-25	Oct-25	26-Mar	542,777.12	388,703.00	72%	80%

2 Pictorial Exhibit

Exhibit 1: Rehabilitation and Stabilization of Irrigation Infrastructure - Flowroken (River Gee County)



The reservoir for Flowroken is not drag, and the level is low to supply 50 ha



The Center Canal is under construction, while the Peripheral Canal is being built with blocks



Overflow of water damages the diversion box and the farmer's abundant field in Flowerken

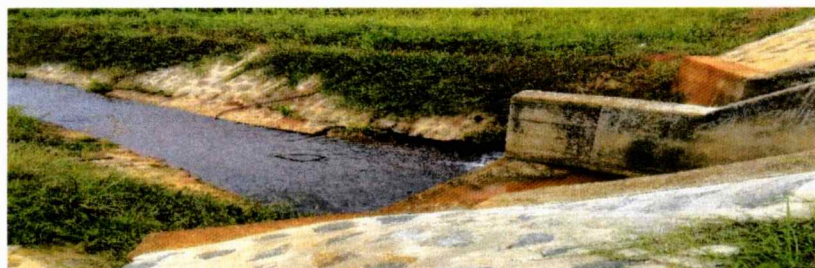
Exhibit 2: Rehabilitation and Stabilization of Irrigation Infrastructure - Jarkaken (River Gee County)



The Embankment of the Reservoir is not stone Pitch and the Embankment is sinking



Incomplete Center Canal and Abandonment of the entire site by contractors



The center canal ward is sinking in while the farmland is being abandon by the farmers

Exhibit 3: Rehabilitation and Stabilization of Irrigation Infrastructure - Pleebo (Maryland County) A and B



The reservoir for both Pleebo A and B is not drag, and there is no water



Flooding from the community into the peripheral canal destroying the Layout



Damage gate of the peripheral canal

No pitch stone of Pleebo A peripheral canal

Exhibit 4: Rehabilitation and Stabilization of Irrigation Infrastructure -Work and See (Grand Gedeh Count



The water level in the Reservoir is low; moreover, the plot does not have water



The Central Canal is Cast (cement without stone), and the abandonment of farmland by farmers



The Peripheral Canal is built with cement blocks, and a portion of it is destroyed by erosion

Management Letter/Draft Report on the Financial Statement Audit of SMALLHOLDER AGRICULTURE DEVELOPMENT FOR FOOD & NUTRITION SECURITY (SADFONS) PROJECT
For the Period January 1, 2025 to December 31, 2025

Exhibit 5: Excerpt of PV#1105

Ministry of Agriculture
Smallholder Agriculture Development For Food and Nutrition Security (SADFONS) Project

Payment Voucher No: **1105**

Payment Voucher

Payee Name: Aagon N. Yoko et al Payee Signature: _____
Payee Address: NCO Name: _____
Date: Dec. 29, 2025 Date Received: _____
Local Purchase Order (LPO) No: _____ Date: _____
Goods Received Note (GRN) No: _____ Date: _____
Suppliers Invoice No: _____

Explanation	Account Code	Amount
Payment BSA & fuel to monitor LACF Beneficiaries in Lofa, Nimba and Bong Counties	22105-CIBOS-AA	4,133.00
	221401-CIBOS-AA	
	Total:	4,133.00

Total Amount in Words: Four thousand one hundred and thirty three United States Dollars Check No. _____
Date Issued: _____

Prepared By: Project Coord Approved By: [Signature] Reviewed By: [Signature]
Title: _____ Name: _____ Signature: _____ Date: 12/29/2025

Ministry of Agriculture
Smallholder Agriculture Development for Food and Nutrition Security (SADFONS)
Ministry of Agriculture Annex, LIBSUCO Compound, Old LPRC Road,
Japan Freeway, Garduerville, Monrovia, Liberia

2026

CONCEPT NOTE TO PARTICIPATE IN THE NATIONAL AGRICULTURE FAIR @ GANTA NIMBA COUNTY

Project Code:	P-LR-AA0-010
To:	Jlopleh Dennis Wiagbe Jr./Project Coordinator
From:	Aagon N. YOKO/M&E Officer
SUBJECT:	Concept Note to Monitor LACF BENEFICIARIES in Lofa, Nimba and Bong Counties
Field Trip	Start Date: January 5, 2026 End Date: January 15, 2026
Team Composition	The mission team include the following: 1. Aagon N. YokoM&E Officer 2. Monfeeta Menscole Chea..... Project Agronomist 3. Menson R. KwanwahProject Agronomist 4. Sundayboy Washington.....NCO Driver
County of assessment	1. Lofa 2. Nimba 3. Bong
Background	The Liberia Agriculture Commercialization Fund (LACF), under the STAR-P Project, received a financial contribution from the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project amounting to USD 397,907.22. These funds were approved by the Fund Advisory Committee (FAC) for disbursement to eight grantees under the rice and horticulture value chains. The M&E Team will monitor the below Cooperatives to ensure accountability, transparency, and compliance with the BOQ/ technical to rehabilitate the following 1. Selma Agriculture and Development Corporation in Voinjama 65 ha of lowland @ LISCA, 2. The Mayour River Women Farm in Foya10 ha of lowland Irrigation.