

## Management Letter



### On the Financial Statements Audit of the Improving Results in Secondary Education Project (IRISE)

*For the Period Ended June 30, 2021*



**Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**  
December 2021

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## **Acronyms/Abbreviations**

<b>Acronyms/Abbreviations</b>	<b>Meaning</b>
ACCA	Association of Chartered Certified Accountants
CFIP	Certified Forensic Investigation Professional
CFC	Certified Financial Consultant
DLI	Disbursement Link Indicators
DA	Designated Account
ESDC	Education Sector Development Committee
EEP	Eligible Expenditure Program
FAR	Fixed Asset Register
FASB	Financial Accounting Standards Board
PFM	Project Financial Management Manual
GAC	General Auditing Commission
IRISE	Improving Results for Secondary Education Project
GOL	Government of Liberia
IA	Internal Audit
IAS	International Accounting Standards
IFR	Interim Financial Report
IFRS	International Financial Reporting Standards
IPSA	International Public Sector Accounting Framework
IIA	Institute of Internal Auditors
INTOSAI	International Organization of Supreme Audit Institutions
ISAs	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
MFDP	Ministry of Finance and Development Planning
MOE	Ministry of Education
NGOs	Non-governmental Organizations
PFM	Public Financial Management
PFMU	Public Financial Management Unit
PDT	Project Delivery Team
PPCC	Public Procurement and Concession Commission
PRC	Procurement Review Committee
PIM	Project Implementation Manual
PIU	Project Implementation Unit (Same as PDT)
SOE	Statement of Expenditure
US\$	United States Dollar
WB	World Bank

Prof. D. Ansu Sonii, Sr.  
**Minister of Education**  
Improving Results for Secondary Education Project  
Ministry of Education  
Ministerial Complex  
Monrovia, Liberia

December 31, 2021

Dear Hon. Sonii:

**AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF the  
Improving Results for Secondary Education Project (IRISE) FOR THE PERIOD 1 JULY  
2020 TO 30 JUNE 2021**

The Financial Statements of the Improving Results for Secondary Education Project (IRISE) were subject to audit by the Auditor General in terms of Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Engagement Terms of Reference. The Financial Audit was performed for the period July 1, 2020 - June 30, 2021.

**INTRODUCTION**

The audit of the Improving Results for Secondary Education Project for the period July 1, 2020 - June 30, 2021 is being completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**AUDIT SCOPE AND DETERMINATION OF RESPONSIBILITY**

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

An audit involves:

- 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 Financial Statement presentation.

An audit also includes 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.

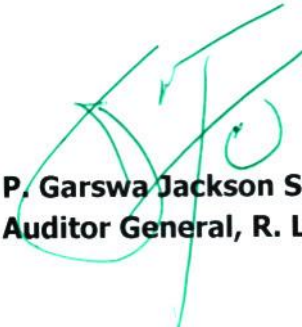
The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the IRISE Management. Our responsibility is to express our opinion on these financial statements.

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

### **APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the project during the audit.



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

**Monrovia, Liberia**

December 2021

## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Statement Issues

#### 1.1.1 Note Disclosure of Budgetary Basis, Period and Scope

##### Observation

1.1.1.1 Paragraph 1.7.33 of the Revised Cash Basis IPSAS (2017) requires that an entity shall explain in the notes to the financial statements the budgetary basis and classification basis adopted in the approved budget.

1.1.1.2 It was noted that the financial statements of IRISE for fiscal year 2020/2021 did not include explanatory notes on the budgetary and classification basis adopted in the approved budget.

##### Risk

1.1.1.3 Failure to include notes for budgetary basis, period and scope in the financial statements may deny users of the financial statements the information needed to make informed decision.

##### Recommendation

1.1.1.4 Management should ensure full and adequate disclosures of budgetary basis, period and scope for the project.

##### Management's Response

1.1.1.5 *We acknowledge the auditor's recommendation and will ensure full compliance during the preparation of the next financial reports.*

##### Auditor General's Position

1.1.1.6 We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit.

### 1.2 Governance & Operations Issues

#### 1.2.1 Non-implementation of Project Programs

##### Observation

1.2.1.1 Section 1(B) (1) of the Financing Agreement states: "The Recipient shall cause the Ministry of Education to carry out Part 1 to 4 of the Project in accordance with the Project Implementation Manual and shall carry out Part 5 of the Project in accordance with the IRM Operations Manual.

1.2.1.2 In the event of any conflict between the provisions of the Project Implementation Manual, the IRM Project Operations Manuals and, this Agreement, the provisions of this Agreement shall prevail."

- 1.2.1.3 We noted during the conduct of the audit that several project components as outlined in the budget and work plan for July 2020 - June 2021 were not fully implemented. **See Annexure 1 for details.**

#### **Risk**

- 1.2.1.4 The absence of effective monitoring and evaluation, may deny the achievement of project deliverables and value for money during the execution of the project.
- 1.2.1.5 The delay in the achievement of the project deliverable may result into additional expenditure of the project (fixed cost Etc.)

#### **Recommendation**

- 1.2.1.6 Management should ensure that a comprehensive monitoring and evaluation reporting structure is established to ensure deliverables are achieved in a timely manner.
- 1.2.1.7 Reports from monitoring and evaluation activities should be adequately documented and filed to facilitate future review.

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

- 1.2.1.8 *We do acknowledge this as it has also been recognized by both the GoL and the World Bank. Modalities are being worked out to accelerate implementation and improve disbursement under the Project. Like it was mentioned in our response to your queries on budget variance, once civil works activities and the DLIs are implemented and verified in time, there would be tremendous improvement in implementation. All of these were discussed, adjustments recommended and agreements reached between the World Bank and MoE during the just concluded midterm review of the project. Key subcomponents experiencing delayed implementation were considered during the MTR for restructuring. This will see a speedy implementation of the project during the fiscal year 2022.*

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

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

### **1.3 Internal Controls & Compliance Issues**

#### **1.3.1 Health Kits Distribution**

##### **Observation**

- 1.3.1.1 Also, PFM regulation A.15 (1) states that "The head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks.

- 1.3.1.2 We observed during the audit that there was no distribution log to clearly indicate the quantity of the health kits items received and distributed for IRISE during the fiscal period. It was noted that distribution records for health kits at the Ministry of Education related to GPE and IRISE were mixed/comingled thereby making it difficult to distinguish between the distribution records of IRISE and GPE.
- 1.3.1.3 We also observed that 4,200 pieces of plastic containers (five-gallon capacity) valued at US\$8,400.00 brought into the warehouse for onward distribution to private schools for the COVID 19 fight had not been distributed. **See Table 2 below for details.**

**Table 2: Health Kit Item not distributed**

Planned Item	Specification	Planned Quantities	Planned Budget	Actual Amount
Container	5-gallons capacity	4,200	8,400.00	8,400.00
<b>Total:</b>				<b>8,400.00</b>

**Risk**

- 1.3.1.4 Management may not be able to fully account for the Health kits distributed, if the distribution records are not clearly disaggregated and documented.
- 1.3.1.5 Assets may be impaired if not placed into use in a timely manner.

**Recommendation**

- 1.3.1.6 Management should ensure that distribution logs are adequately disaggregated, documented and filed to facilitate future review.
- 1.3.1.7 Management should ensure that all assets procured for project operations are placed into use in a timely manner.

**Management's Response**

- 1.3.1.8 *We respectfully disagree with the assertion that "there was no distribution log to clearly indicate the quantity of the health kits items received and distributed for IRISE during the fiscal period". We also disagree with the audit finding that a combined distribution record for the health kits distribution to private and public schools by the MoE is equivalent to co-mingling.*
- 1.3.1.9 *During the audit engagement, we informed the team that the health and hygiene kits distribution exercise is one intervention informed by the Ministry's Education in Emergency Response Plan for the COVID-19 outbreak in Liberia but funded from two different sources. While the Global Partnership for Education provided the funding for procurement of the health kits for public schools, the IRISE Project provided the funding under its CERC for the procurement of health kits for private schools. The distribution of the items to the schools was planned by the MoE as one activity/event pooling resources from the two sources (GPE and IRISE). While portion of the funding from IRISE was used to take the items to the 7 most difficult to access counties - namely Rivercess, Sinoe, Grand Kru,*



*Maryland, River Gee and Grand Gedeh, portion of the funding from the GPE was used to take the items to the remaining counties. Regardless of the funding source, all schools (both public and private) in each county were targeted for the delivery of health kits by the MoE. This was a cost-effective approach adopted by the Ministry in its distribution plan which was approved by the World Bank through a no objection.*

- 1.3.1.10 During the distribution exercise, the MoE distribution team took with them booklets of waybills each of which has 5 duplicates (copies) per school. Each waybill contains among other information space for school's name, school type and location. With an understanding of the funding source, a private school on the waybill is automatically considered as funded by the IRISE Project. The audit team requested for all the waybills in addition to the list of schools targeted for the health kits distribution under IRISE, which were provided. Each school's details was separated and submitted in the booklets given to the auditors for verification during the field visit. Please see attached both the distribution plan and the letter of no objection from the World Bank. (**See Exhibit 3 attached: Distribution Plan and Letter of No Objection from the World Bank**)*
- 1.3.1.11 On the issue of the undistributed 4,200 containers with the 5 gallons capacity each, the MOE acknowledged this as factual. The Ministry saw it more challenging to take the containers along with the other items during the distribution exercise due the space limitation on the vehicles. The Ministry is currently developing a revised distribution plan to deliver the containers to the schools over the next 3 to 4 months period starting from January 2022.*

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

- 1.3.1.12 Management's response does not adequately address our finding. Management should ensure that distribution logs are adequately disaggregated per project records. These records should be adequately documented and filed to facilitate future review. Therefore, we maintain our finding and recommendation.
- 1.3.1.13 We acknowledge management's acceptance of our finding and recommendation about the 4,200 pieces of undistributed plastic containers. We will make a follow-up during subsequent audit.

## Annexures

### Annexure 1: Schedule of Project Status

Project Component	Status
<b>Component 1: Improving Access and Learning Environment at the Senior Secondary Level</b>	
Improving access to Senior Secondary Education	Partially Implemented
Supporting School Expansion, Rehabilitation and Renovation Using a Community Empowerment Approach (CEA)	Partially Implemented
<b>Component 2: Increasing Opportunities for girls to transition to and complete Senior Secondary Education</b>	
Scholarships for Girls in Counties with the Highest Female Dropout Rates at the Senior Secondary Level	Not Implemented
Supporting Safer Learning Environments in Senior Secondary Schools for girls	Not Implemented
Promoting Community Engagement to Empower Girls, Schools and Communities	Not Implemented
<b>Component 3: Improving Quality and Relevance of Senior Secondary Education</b>	
Modernizing Pre-Service Teacher Training	Not Implemented
Establishing an In-Service Teacher Continuous Professional Development System	Not Implemented
Improving the Management and Quality of the Teaching Workforce	Not Implemented
Providing Teaching and Learning Materials to Senior Secondary Schools	Not Implemented
Providing Opportunities for Acquisition of Digital Skills and Competencies	Not Implemented
<b>Component 4: Capacity Building, TA, Project Coordination, and M&amp;E</b>	
Project Coordination, Monitoring and Evaluation	Partially Implemented
TA for Components 2-3 Delivery	Not Implemented
Capacity Building	Not Implemented
Contingency	Not Implemented
<b>Component 5: Contingency Emergency Response Component (CERC)</b>	
Purchase and distribution of health and hygiene kits	Partially Implemented

## 2 Prior Year's Audit Matter 2019/2020 (IRISE Project)

No.	Title of Finding	Finding	Recommendation	Status of Implementation
1.	Payments to Third Party	It was observed during the conduct of the audit that the IRISE Project Delivery Team (PDT) made payment of US\$870.00 for a service in the name of a staff of the PDT instead of the vendor providing the service.	Management should provide substantive justification for authorizing payments in the name of staff of the PDT.	Implemented
2.	No Evidence of Tax Remittance	We observed from review and analysis of documents submitted that there was no evidence that the PMFU remitted taxes withheld for goods and services procured in the amount of US\$1,273.61.	Management should provide material justification for not remitting taxes withheld from goods and services procured.	Implemented
3.	Non-implementation of Project Programs	We noted during the conduct of the audit that the project components as outlined in the budget and work plan for July 2019 - June 2020 were not fully implemented. A further review of the Statement of Comparison Budget and Actual amounts of the fiscal year also shows the same narrative.	Management should provide material justification for not meeting the project targets earmarked for the period under review.  Going forward, management should work with all stakeholders to ensure that the project is implemented accordingly.	Implemented
4.	Governance Structure	During the conduct of the audit, there was no indication that the committee exercised its oversight responsibilities, as there was no evidence of meeting minutes to show that it held discussions with the	Management should provide substantive justification for the inactiveness of the ESDC in the implementation of the project.	Implemented

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<b>No.</b>	<b>Title of Finding</b>	<b>Finding</b>	<b>Recommendation</b>	<b>Status of Implementation</b>
		MOE on the implementation of the project.		
5.	Payment made to Ineligible Business	It was observed during the audit, that the IRISE Project Delivery Team (PDT) made a total payment of US\$19,299.48 to business entities that did not have valid business registration and tax clearance for the purchase of assorted stationeries, printing and binding.	Management should provide material justification why transactions were carried out with business institutions without valid tax clearance and business registration.	Not Implemented Finding repeated in current year