



## Management Letter

### On The Audit of the Liberia Forest Sector Project (LFSP) Financial Statements

*For the Period July 1, 2020 to 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/Symbols**

<b>Acronyms/Abbreviations/Symbol</b>	<b>Meaning</b>
A/C#	Account Number
AG	Auditor General
LFSP	Liberia Forest Sector Project
ACCA	Association of Chartered Certified Accountants
CFIP	Certified Forensic Investigation Professional
CFC	Certified Financial Consultant
FY	Fiscal Year
GAC	General Auditing Commission
GOL	Government of Liberia
ISSAIs	International Standards of Supreme Audit Institutions
FS	Financial Statement
PFM Act	Public Finance Management Act
US\$	United States Dollar
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual
FAR	Fixed Asset Register
PIEs	Project Implementing Entities
RIAT	Regional Inter-Agency Task Team

## **Management Letter**



December 30, 2021

Hon. C. Mike Doryen  
Managing Director  
Forestry development Authority (FDA)  
Wein Town  
Montserrado County, Liberia

Dear Hon. Doryen:

The financial statements of the Liberia Forest Sector Project (LFSP) for the fiscal year ended June 30, 2021 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 LFSP Management for the period July 1, 2020 to June 30, 2021 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 was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements.

An audit includes:

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

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

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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 Accounting Officer. Our responsibility is to express our opinion on these financial statements.

**Appreciation**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of LFSP Management 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 Compliance Issues

#### 1.1.1 Uncompleted Project Deliverables

##### Observation

1.1.1.1 Section II (1) of the LFSP Grant Agreement states that "The recipient shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepared project reports in accordance with the provisions of section 2.06 of the standard conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report".

1.1.1.2 It was observed during the conduct of the audit that key project activities, target dates and deliverables agreed with the World Bank were not achieved by the Project Implementing Entities (PIEs). **Refer to Appendix 1 for details.**

##### Risk

1.1.1.3 Project objectives may not be achieved in the absence of effective project implementation and coordination.

1.1.1.4 The absence of effective monitoring and evaluation of project deliverables may deny the achievement of value for money during the execution of the project.

##### Recommendation

1.1.1.5 Management should ensure that the project deliverables are implemented in line with the project work plan.

1.1.1.6 Management should ensure that proper coordination, monitoring and evaluation of the PIEs are implemented periodically during the execution of the project.

#### Management's Response

No.	Description	Target Dates	Status	FDA-Response
1	Complete consultations at Krahn Bassa PPA	March 26, 2021	Ongoing; to be completed by Nov-, Dec 2021 as June-Sept might be interrupted by rainy season and associated bad roads	Initial consultations during engagement with stakeholders of Krahn Bassa PPA was completed in November 2021. However, a review of the process with the FDA and her technical partners on KBPPA now indicate that consultation will continue throughout the gazettelement, that is up to March or April 2023.

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<b>No.</b>	<b>Description</b>	<b>Target Dates</b>	<b>Status</b>	<b>FDA-Response</b>
2	Complete preparation of management plan summary for Gola Forest National Park and Lake Piso Multi-use Reserve	March 26, 2021	Ongoing; to be completed by mid- July 2021	This assignment was completed in October 2021.
3	Develop and share with WB a social infrastructure package for forest communities	April 5, 2021	Pending rollout of Cluster Approach- by end of July 2021	The rollout of the Cluster Approach itself was delay by several factors including bad roads. As a result, the package couldn't be developed as the firms needed to visit the communities to inform the completion of this activity.
4	Roll out livelihood support schemes and income streams	April 15, 2021	Pending rollout of Cluster Approach by Jul-Aug 2021	The rollout of the Cluster Approach itself was delay by several factors including bad roads. As a result, the package couldn't be developed as the firms needed to visit the communities to inform the completion of this activity.
5	Develop and share with WB "quick-win activities" to support ecotourism	March 30, 2021	Not complete; CD/FDA working on this and to submit by mid-June 2021	This was completed in May 2021.
6	Adopt the finalized CFMP guidelines Complete piloting of CFMP guidelines	May 31, 2021	Piloting near, completion; all information needed for draft CFMPs accessed by consultant after community consultations, trainings and inventories	This activity was delay due to a number of factors including travel restrictions for the international consultant and at the time that the consultant was ready bad roads leading to the communities became a factor also. It is now expected to be completed by February 2022.
7	Review the MOU between FDA and MME to reflect the new proposed activities and additional budgets	March 10, 2021	Not yet; additional fund requested by MME not yet approved by the Bank	The MOU between the FDA and MME was revised and signed by the parties after the Bank had approved MME additional activities and budget. This was completed in September 2021.
8	Continue with the FDA training at the FTI		Ongoing; 3rd batch completed; two batches to go- all set	Training of the fourth batch is ongoing and completion of the entire training is due in March

No.	Description	Target Dates	Status	FDA-Response
			to be completed by 31 October 2021	2022. The delay was due largely to the administrative transition at FTI which took up some time for review of the process before resuming the training.
9	Construction of Rangers outpost in Camp Alpha, Gbarpolu County	June 30, 2020	Construction works is still on going. A formal request for extension has been communicated to the World Bank for approval.	This work was delay due to the bad road condition leading to Camp Alpha. The contractor had to repair at least four bridges and incurred several vehicle breakdowns due to the bad road condition which was unanticipated.

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

1.1.1.7 We acknowledge Management's assertions. We will make follow-up on the implementation during subsequent audits.

1.1.1.8 However, we maintain our finding and recommendation.

### **1.1.2 Lack of Forest Trees Maintenance**

#### **Observation**

1.1.2.1 Section II (1) of the LFSP Grant Agreement states that "The recipient shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepared project reports in accordance with the provisions of section 2.06 of the standard conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report"

1.1.2.2 It was observed during the conduct of the audit that maintenance activities and the construction of Fire lines to protect the growth of afforestation and agroforestry plants from bush fires have not been implemented by the LFSP Management. **See Photo below for details.**





**GAC photo: A partial view of forest trees requiring maintenance and fire line protection**

- 1.1.2.3 We noted, from a review of project document, that over 100 acres of afforestation trees and agroforestry plants require maintenance and fire lines protection.

**Risk**

- 1.1.2.4 Forest trees could be subjected to uncontrollable bush fires and/or other damages in the absence of fire line protection and maintenance.
- 1.1.2.5 The absence of effective monitoring and evaluation of project deliverable may deny the achievement of value for money during the execution of the project.

**Recommendation**

- 1.1.2.6 The LFSP Management should ensure the timely maintenance and construction of fire lines to protect afforestation trees and agroforestry plants in line with the project work plan.
- 1.1.2.7 Management should ensure that proper coordination, monitoring and evaluation of the PIEs are implemented periodically during the execution of the project.

**Management's Response**

- 1.1.2.8 *We note that the LFSP Management should ensure the timely maintenance and construction of fire lines to protect afforestation trees and agroforestry plants in line with the project work plan. It is important to note that these trees have grown and maintenance is done strategically in different parts of the plantation on a technically need to do basis. The importance of the plantation is regreen the area and ensure a balance in ecology and biodiversity. Completely clearing the under brushes of the grown-up trees could expose the place to erosion which could have a negative impact on the area and reverse some of the gains the project has made.*

**Auditor General's Position**

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

**Annexure 1: Schedule of Prior-year's Matters not implemented**

No.	Finding	Observation	Recommendation	Status of Implementation
1.	Project Implementation	1.1.1.2 It was observed during the conduct of the audit that key project activities, target dates and deliverables agreed with the World Bank were not achieved by the Project Implementing Entities (PIEs).	1.1.1.4 The LFSP Management should provide justification why project deliverables were not achieved.	Not Implemented
2.	Foya Afforestation Project	1.1.2 It was observed during the conduct of the audit that maintenance activities and the construction of Fire lines to protect the growth of afforestation and agroforestry plants from bush fires have not be implemented by the LFSP Management.	1.1.2.5 The LFSP Management should provide justification for failing to implement maintenance activities for the Foya Afforestation Project.	Partially Implemented
3.	Smallholder Tree Crops Project	1.1.3 We noted from a review of the project field activity report that a total of 1,794, 265 cocoa seeds due to be distributed to farmers and planting were not provided by Management.	1.1.3.4 Management should provide justification for failing to achieve the project deliverable targeted in the project workplan.	Implemented
4.	Vehicle Maintenance	1.1.41 We noted during the conduct of the audit that the Liberia Forest Sector Project Management expended US\$40,086.42 (Forty thousand, eight-six United States Dollars, forty-two cents) for repairs and maintenance for project vehicles that have outlived their useful life	1.1.4.3 Management should do a cost benefit analysis on the vehicle's continuous usage	Implemented
5.	Store Room Facilities	1.1.5.2 We noted during the conduct of the audit that the LFSP Management did not maintain a store room facility to store up and secure project assets and other logistical equipment.	1.1.5.5 Management should ensure that store room facilities are provided to safeguard project assets from theft and/or damage.	Implemented

## APPENDIX

### Appendix 1: Uncompleted Project Deliverables

No	Description	Target Dates	Status
1	Complete consultations at Krahn Bassa PPA	March 26, 2021	Ongoing; to be completed by Nov-, Dec 2021 as June-Sept might be interrupted by rainy season and associated bad roads
2	Complete preparation of management plan summary for Gola Forest National Park and Lake Piso Multi-use Reserve	March 26, 2021	Ongoing; to be completed by mid-July 2021
3	Develop and share with WB a social infrastructure package for forest communities	April 5, 2021	Pending rollout of Cluster Approach- by end of July 2021
4	Roll out livelihood support schemes and income streams	April 15, 2021	Pending rollout of Cluster Approach by Jul-Aug 2021
5	Develop and share with WB "quick-win activities" to support ecotourism	March 30, 2021	Not complete; CD/FDA working on this and to submit by mid-June 2021
6	Adopt the finalized CFMP guidelines Complete piloting of CFMP guidelines	May 31, 2021	Piloting near, completion; all information needed for draft CFMPs accessed by consultant after community consultations, trainings and inventories
7	Review the MOU between FDA and MME to reflect the new proposed activities and additional budgets	March 10, 2021	Not yet; additional fund requested by MME not yet approved by the Bank
8	Continue with the FDA training at the FTI		Ongoing; 3rd batch completed; two batches to go- all set to be completed by 31 October 2021
9.	Construction of Rangers outpost in Camp Alpha, Gbarpolu County	June 30, 2020	Construction works is still on going. A formal request for extension has been communicated to the World Bank for approval.