

Management Letter



On the Financial Statement Audit of the Liberia Road Asset Management Project (LIBRAMP)

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

Abbreviation	Meaning
ACCA	Association of Chartered Certified Accountants
AfDB	African Development Bank
AG	Auditor General
APA	Assistant Project Accountant
AWPB	Annual Work Plan and Budget
BC	Box Culvert
CE	Contracting Entity
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
CHICO	China Henan International Cooperation
CICO	Chongqing International Construction Corporation
CPA	Certified Public Accountant
CS	Consultancy Services
FA	Financing Agreement
FAR	Fixed Assets Register
FPM	Financial Procedure Manual
GOL	Government of Liberia
IDA	International Development Association
IIU	Infrastructure Implementation Unit
LHS	Left Hand Side
LIBRAMP	Liberia Road Asset Management Project
LRTF	Liberia Reconstruction Trust Fund
MC	Monitoring Consultant
MOFDP	Ministry of Finance & Development Planning
MPW	Ministry of Public Works
OPRC	Output and Performance-Based Road Contract
PAD	Project Appraisal Document
PAPs	Property Affected Persons
PDO	Project Development Objectives
PFMU	Project Financial Management Unit

Abbreviation	Meaning
PIM	Project Implementation Manual
PIP	Project Implementation Plan
PIU	Project Implementation Unit
PSC	Project Steering Committee
RAP	Resettlement Action Plan
RHS	Right Hand Side
RoW	Right of Way
RPF	Resettlement Policy Framework
SBD	Sample Bidding Document
SDR	Special Drawing Rights
SIU	Special Implementation Unit
SOE	Statement of Expenditures
WB	World Bank

December 31, 2021

Hon. Ruth Coker-Collins
Deputy Minister for Technical Services/Acting Minister
Ministry of Public Works
Monrovia, Liberia

Dear Hon. Coker-Collins:

RE: MANAGEMENT LETTER ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA ROAD ASSET MANAGEMENT PROJECT (LIBRAMP) FOR THE FISCAL PERIOD ENDED JUNE 30, 2021.

The Financial Statements of the Liberia Road Asset Management Project (LIBRAMP) for the period July 1, 2020 to June 30, 2021 are subject to audit by the Auditor-General (AG) under the AG's Mandate as provided for in Section 2.1.3 of the GAC Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

INTRODUCTION

The audit of the Liberia Road Asset Management Project (LIBRAMP) financial statements for the fiscal period ended June 30, 2021 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of 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.

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 Project 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 staffers of the Liberia Road Asset Management Project (LIBRAMP) 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 Issues

1.1.1 Non-Remittance of Withholding Taxes

Observation

- 1.1.1.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 states "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".
- 1.1.1.2 During the conduct of the audit, it was observed that the Management of LIBRAMP failed to deduct and remit withholding taxes on remuneration from Infrastructure Implementation Unit (IIU) staffers and consultants of the project for services rendered. **See table 1 & 2 below.**

Table 1: Withholding Taxes staffers

No	Position	Annual Remuneration US\$
1	Key Staff	50,000.00
2	Technical Support Team (TST)	60,700.00
3	Support Staff	52,400.00
	Total	163,100.00

Table 2: Withholding Taxes (Consultants)

NO	DATE	VOUCHER #	PAYEE	AMOUNT US\$
1	24/02/2021	2021/064	IMC	80,340.22
2	24/02/2021	2021/066	IMC WORLDWIDE	78,204.28
3	18/05/2021	2021/144	IMC WORLDWIDE	118,894.75
Subtotal (a)				277,439.25

NO	DATE	VOUCHER #	PAYEE	AMOUNT US\$
4	21/08/2020	2021/029	OPUS	13,979.70
5	21/08/2020	2021/026	OPUS	14,403.33
6	21/08/2020	2021/024	OPUS	13,979.70

NO	DATE	VOUCHER #	PAYEE	AMOUNT US\$
Subtotal (b)				42,362.73
Total (a + b)				319,801.98

Risk

- 1.1.1.3 Failure to deduct withholding taxes, could deny GoL of much needed tax revenue.
- 1.1.1.4 Management of the LIBRAM may be in noncompliance with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. Please see Section 52 of the Revenue Code of Liberia as reference above.
- 1.1.1.5 Non-deduction and subsequent remittance of withholding taxes may lead to overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.1.1.6 The Management of LIBRAMP should facilitate full deduction and remittance of withholding taxes to the LRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000.
- 1.1.1.7 The Management of LIBRAMP should adjust the cash book by the total value of the non-remitted withholding taxes and restate the financial statements with the adjusted cash balance.

Management's Response

- 1.1.1.8 *PFMU has worked and continues to engage with the stakeholders regarding the provision of GOL flag receipt as evidence of tax payment. The LRA has indicated that the PFMU is not regarded as one of her Collectrates that can issue flag receipt. The issuance of flag receipts will have to go through various approvals levels and in their wisdom, the PFMU cannot issue a flag receipt for the reasons given above. Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account via the LRA tax remittance forms which will be captured by their system and the consultant or vendor can later claim their tax credit from the LRA system.*

Auditor General's Position

- 1.1.1.9 The LIBRAMP Management's assertions are not supported by Section 905 (j) of the Revenue Code of Liberia Act of 2000 Amended in 2011. Therefore, we maintain our findings and recommendations.

1.1.2 Non-Deduction of Taxes and Duties (Contracting Entities) CHICO and CICO

Observation

- 1.1.2.1 Section 52.3 of the Contract between the Government and Contracting Entities (CE), CHICO and CICO on January 25, 2012 and May 8, 2013 respectively states that "for the purpose of the contract, it is agreed that the Contract Price specified in the Form of Contract Agreement is based on the taxes, duties, levies and charges prevailing at the date twenty-eight (28) days prior to the date of bid submission in the country where the site is located (hereinafter called "Tax").
- 1.1.2.2 Also, Section 52.1 of these contracts require that "except as otherwise specifically provided in the contract, the contractor shall bear and pay all taxes, duties and charges assessed on the contractor, its Subcontractor or their employees by all municipal, state or national government authorities in connection with the Works and Services in and outside of the country where the Site is located."
- 1.1.2.3 Additionally, Section 905 f (1) of the Revenue Code of Liberia 2000 as amended and restated 2011 requires that "If a payor makes a payment to a resident for services rendered, and the services are not the subject of a contract of employment, the payor is required to withhold tax at the rate of 10 percent of the amount of the payment."
- 1.1.2.4 During the period under audit, we observed that the LIBRAMP Management failed to deduct and remit income and service taxes from two Contractors CHICO and CICO for payments made by the PFMU for services rendered. **See table 3 below.**

Table 3: Non-Withholding of Taxes-Contracting Entities (CE)

No	Transaction Date	Transaction Reference	Description	Amount US\$
1	28-Apr-21	2021/112	Design&Rehabilitat: CHICO	564,210.83
2	28-Apr-21	2021/113	Design&Rehabilita: CHICO	63,717.30
3	29-Jul-20	2021/008	Jan-Mar 2019 IPC12: CHICO	304,320.84
4	18-May-21	2021/145	Works-18-20: CHICO	11,825.83
Subtotal (a)				944,074.80
5	03-Feb-21	2021/081	30% Routine main.: CICO	450,915.58
6	05-May-21	2021/085	CICO LIBRG-35 (RMP-18)	1,101,049.62
7	03-Feb-21	2021/048A	Dec 26 2020 work CICO	67,892.43
8	24-May-21	2021/087	CICO IPR-3 - 6.1KM-03	1,366,619.67

Subtotal (b)	2,986,477.30
Total (a + b)	3,930,552.10

Risk

- 1.1.2.5 Failure to deduct withholding taxes, could deny GoL of much needed tax revenue.
- 1.1.2.6 Management of the LIBRAM may be in noncompliance with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. Please see Section 52 of the Revenue Code of Liberia as reference above.
- 1.1.2.7 Non-deduction and subsequent remittance of withholding taxes may lead to overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.1.2.8 The Management of LIBRAMP should facilitate full deduction and remittance of withholding taxes to the LRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000.
- 1.1.2.9 The Management of LIBRAMP should adjust the cash book by the total value of the non-remitted withholding taxes and restate the financial statements with the adjusted cash balance.

Management’s Response

- 1.1.2.10 *As was indicated in the responses to the 2019/2020 GAC audit of LIBRAMP, this Project (LIBRAMP) is Tax exempt. Therefore, Contracts of IIU Staffers, Consultants and Contractors signed under LIBRAMP include tax exemption. Discussions of this matter continued between the World Bank and Government at high level without closure during the audit period.*

Auditor General’s Position

- 1.1.2.11 The LIBRAMP Management’s assertion that the project (LIBRAMP) is Tax exempt is not supported by a ratification of the National Legislature. Therefore, we maintain our findings and recommendations.

1.1.3 Payment for Uninstalled County Welcome Signs

Observation

- 1.1.3.1 Section IV of the Contract between IIU/MPW and H. G. Signs, under Schedule of Requirement (Item 1), Page 8, Contract Number RFQ No. LR-IIU-166097-GO-RFQ, for the Supply and Installation of Counties Welcome, Street Naming and Traffic Warning Signs, August 2020, requires the contractor of “Board Size: 10’x12’, Color: green background with white lettering, Letter size: lettering 18” and 24” High, Quality of Metal: 1.5 mm steel plate, Length: 17ft (Two galvanize poles), Square tube: 2”x2”x18’ scotch

lite (reflective materials), Quantity: 22 pcs at location: Grand Bassa-2, Rivercess-2, Sinoe-4, Grand Kru-3, Maryland-2, Grand Gedeh 2, Nimba 2 and River Cess 5.”

- 1.1.3.2 During the period under audit, we observed that the Management of LIBRAMP made payment amounting to US\$32,850 for nine (9) out of twenty-two (22) pieces of County Welcome Signs that were not installed in the five (5) counties as mentioned. **See (Table 4 and Photo 1 Below)**

Table 4: Uninstalled County Welcome Signs

No.	County	# Of Signs Required for supply & Installation	# Of Signs supplied & installed	# Of signs uninstalled	Unit Price US\$	Total Cost US\$
				(a)	(b)	C= (a x b)
1	Sinoe	4	2	2	3,650.00	7,300.00
2	Grand Kru	3	1	2	3,650.00	7,300.00
3	Maryland	2	1	1	3,650.00	3,650.00
4	River Gee	5	2	3	3,650.00	10,950.00
5	Nimba	2	1	1	3,650.00	3,650.00
Total		16	7	9	3,650.00	32,850.00

County Welcome Signs



GAC Photo 1: Showing Uninstalled County Welcome Signs for Grand Kru and Nimba Counties respectively.

Risk

- 1.1.3.3 Failure of the Management of LIBRAMP to deliver and post printed signboards to beneficiary communities could undermine the project objectives.

Recommendation

- 1.1.3.4 The Management of LIBRAMP should ensure that all signboards meant for the five (5) Counties are distributed and posted in the selected area.

Management's Response

- 1.1.3.5 The nine (9) county welcome signs were not installed due to land dispute and road inaccessibility to those counties in accordance with the field report shared with General Auditing Commission (GAC). The uninstal signs were checked and verified by the GAC. Installations are pending the land dispute resolutions and access to roads in the remaining nine (9) Counties.

Auditor General's Position

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

1.1.4 Inconsistency in Remuneration

Observation

- 1.1.4.1 Regulation T.3, 1(e & f) of Public Finance Management 2009, states that "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that the amount of salary and other allowances authorized for payment to each staff is not exceeded; and payments are not made on the payment voucher to staff who do not belong to the Agency or unit.
- 1.1.4.2 Additionally, Appendix 28, Paragraph 7, under 'Control Self-Assessment (CSA)' of the PFMU Financial Procedure Manual Revised 2018, requires that "Payroll should be paid based on authorized wages for actual work performed. Payroll calculations should be accurate. The payroll should be controlled and reviewed (independent checks)."
- 1.1.4.3 During the conduct of the audit, we observed inconsistency in the remuneration of two (2) IIU/MPW staffers amounting to USD1,800.00. The difference resulted from two employees receiving salaries for 13 months rather than the 12 months for the period under audit. **See table 5 for details.**

Table 5: Inconsistency in Remuneration

No	Name	Position	Annual Salary US\$ a	Actual Receipt US\$ b	Variance US\$ C=(a-b)
1	Frederick Hunder, Jr.	Technical Support Team (TST)	15,600.00	16,900.00	(1,300.00)
	Joe Kamara	Support Staff	6,000.00	6,500.00	(500.00)
Total			21,600.00	23,400.00	(1,800.00)

Risk

- 1.1.4.4 Disbursements of staffers remuneration in excess of the actual number of months worked may lead to misappropriation of funds.

Recommendation

- 1.1.4.5 The Management of LIBRAMP should ensure that payments of salaries are made only for actual number of months worked.
- 1.1.4.6 Access payment should be deducted from the employees' future remuneration and subsequently remitted to the entity's account.

Management's Response

- 1.1.4.7 *Messrs. Frederick Hunder and Joe Kamara signed contracts for the period of two years (Hunder, Jan.02, 2020 to Dec.31, 2021 and Joe, Dec.1, 2020 to Nov.30, 2022). The contract for Hunder ended December 31, 2021 with the total disbursement for Hunder as per his contract amounted to US\$31,200 and for the ongoing contract for Joe disbursements US\$6,000.00 as per his contract. Please see attached contract Addendum No. 5 for Hunder and the contract agreement for Joe. (See Exhibit 1a attached: Contract Addendum No. 5 and Contract Agreement for Joe)*
- 1.1.4.8 *Prior to the auditor's review of the issue, management detected the payment that was done inadvertently and immediately instituted the necessary residual actions by applying the relevant standard (IAS 8: Accounting policies, changes in accounting estimates, errors). The required adjustments have been made to the staff remunerations account to reflect the annual salary. This was treated as a prior period's adjustment. (See Exhibit 1b attached: Salaries Withheld)*

Auditor General's Position

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

1.1.5 Variances between Trial Balance and Financial Statements

Observation

- 1.1.5.1 Section 8.1.2 of PFMU-Financial Procedures Manual, revised 2018 states that "Each transaction shall be initiated on a source document like invoice, bill, receipts, staff claims, demand notice, bank pay-in-slip, debit advice, and so on. All the above will be kept posted up to date and presented for auditing or any other inspection from time to time. A monthly trial balance will be generated from the software for review to ensure that posting have been properly made and balances of the accents appear reasonable."
- 1.1.5.2 During the conduct of the audit, variances of (US\$11,118.57) and US\$1,250.00 were observed between the trial balance and Financial Statements ((F/S) for Technical Support Team (TST) and Support Staff respectively. **See table 6 below for details.**

Table: 6 Variances between Trial Balance and Financial Statements

Account Code	Account Name	Amount per Trial Balance US\$ A	Amount per F/S US\$ B	Variance US\$ C=(A-B)
43535	Technical Support Team (TST)	189,900.00	201,018.57	(11,118.57)
Total (i)				(11,118.57)
Account Code	Account Name	Amount per Trial Balance US\$ A	Amount per Drilldown Ledger US\$ B	Variance US\$ C=(A-B)
41527	Aaron T. Johnson	16,250.00	15,000.00	1,250.00
Total (ii)				1,250.00

Risk

- 1.1.5.3 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.
- 1.1.5.4 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.1.5.5 The management of LIBRAMP should adjust the financial statements by the significant variance observed between the financial statement and general ledger.
- 1.1.5.6 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.
- 1.1.5.7 Going forward, an automated linkage should be created between the general ledger and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.1.5.8 *There is no need for management to adjust her financial statement as the variance under reference did not have any effect on the financial statement. When the auditor requested Management to provide the transaction drill down, the drill is extracted and imported into a spreadsheet by components. Kindly note that this exercise is independent of the financial statement and trial balance as it is a temporary exercise used as a working paper to aid the auditor. During the process of the exercise, values that should have been imported under the Technical Support Team were inadvertently placed under another heading (operational activities) during the sorting process thereby giving the variances noted by the auditor. The auditor was informed that it was just a sorting error and has no bearing on the financials report. In our view, this is very trivial and we least expected to see this captured in the ML.*

1.1.5.9 Again, let it be made known that this sorting, copying and pasting to spreadsheet exercise that is completely independent of the accounting system statement has no effect on the financial statement prepared.

Auditor General's Position

1.1.5.10 The LIBRAMP Management's assertions "During the process of the exercise, values that should have been imported under the Technical Support Team were inadvertently placed under another heading (operational activities) during the sorting process thereby giving the variances noted by the auditor. The auditor was informed that it was just a sorting error and has no bearing on the financials report." reemphasize our recommendation for thorough review of transactions. We retain that 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.

1.2 Administrative Issue

1.2.1 Non-Compliance for Replenishment of Petty Cash

Observation

1.2.1.1 Section 7.14.1 of the PFMU Financial Procedure Manual 2018, states that, "The PFMU shall maintain an Imprest Account at the implementing units to facilitate the purchase of minor items. The Project / Program Managers / Coordinator shall be responsible for the security, balancing and reimbursement of this Imprest Account. The amount of petty cash float at the implementing units shall be determined by the implementing units and approved by the Task Team Leader of the Project or the AB in case of the Education Pooled Fund. The float shall be replenished when the cash till balance falls to 50% of the imprest level. The Imprest holder shall be a designated cashier at the implementing units. The sample of a Petty Cash Book is at Appendix 15"

1.2.1.2 During the period under audit, we noted that the petty cash float was not replenished in a timely manner as required by the PFMU Financial procedure manual. The replenishment was initiated when the cash balance rose above 90% instead of 50%.
See table 7 below:

Table 7: Non-Compliance for Replenishment of Petty Cash

No	Date	Voucher Code	Amount US\$	Actual %	Required %	Variance in %
				(a)	(b)	c= (b-a)
1	14/09/2020	LIBRAMP/2021/045	9,327.50	93%	50%	(43%)
2	19/11/2020	LIBRAMP/2021/068	9,243.59	92%	50%	(42%)
3	01/06/2021	LIBRAMP/2021/159	9,598.71	96%	50%	(46%)
4	11/05/2021	LIBRAMP/2021/085	9,788.39	98%	50%	(48%)

No	Date	Voucher Code	Amount US\$	Actual %	Required %	Variance in %
				(a)	(b)	c= (b-a)
5	12/01/2021	LIBRAMP/2021/031	9,565.08	96%	50%	(46%)
6	02/02/2021	LIBRAMP/2021/047	9,061.83	91%	50%	(41%)
7	02/03/2021	LIBRAMP/2021/070	9,472.39	95%	50%	(45%)
Total			66,057.49			

Risk

- 1.2.1.3 Management delay in replenishment of petty cash in a timely manner may impact the operational efficiency of the project. This may also deny the achievement of the project's objective

Recommendation

- 1.2.1.4 The management of LIBRAMP should facilitate the replenishment of petty cash in a timely manner as required by Section 7.14.1 of the PFMU Financial Procedure Manual 2018.

Management's Response

- 1.2.1.5 *The GAC observation is acknowledged. However, the replenishment of petty cash was done in accordance with the IIU Financial Management Manual, which under internal control measure that maybe established for petty cash indicates amongst others that: "An initial petty cash amount should be established and advanced per month to be replenished, periodically, when it is exhausted or close to exhaustion". (See Exhibit 2 attached: IIU Financial Management Manual)*

Auditor General's Position

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

1.2.2 Non-Compliance: The Maintenance of Lot 1 Project Camp

Observation

- 1.2.2.1 Part B, Paragraph 21.1, Sentence (1-5 & 10) of the Lot 1 Contract signed between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "General Description: The Project Manager's office and housing accommodation shall be located on land purchased by the contractor on behalf of the Employer in a safe and secure area. The buildings shall be constructed in accordance with the specifications provided. Both office and residences shall be furnished and maintained for the entire duration of the contract. Upon completion of the contract, the entire accommodation complex (office and residences, including furnishing and

equipment) shall become the property of the employer. The location and layout of the main camp will be subject to the approval of the Project Manager. Facilities including maintenance, fuel, oil and spare parts are the responsibility of the Contracting Entity.”

1.2.2.2 Additionally, Part B, Paragraph 22.1, Sentence (2 & 7) of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that “The entire accommodation shall be completed within 60 days of signing commencement of the works. The duties include providing water and electricity for 24 hours and attendance.”

1.2.2.3 During the field inspection, we observed that the housing accommodation located at Wealla in Margibi County was not adequately maintained. We further observed there was no evidence of 24hrs supply of water and electricity by the contractor (CICO) in keeping with the contract specifications. **See detail below (photo 2).**

Lot 1 Project Camp



GAC Photo Showing abandoned office and residences of Lot 1 Project Camp at Wealla

Risk

1.2.2.4 Funds may be paid for works/service not performed.

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

Recommendation

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

1.2.2.7 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

1.2.2.8 Due to ongoing works activities on the urban section of LIBRAMP (Coca cola Factory to ELWA Junction 6.1 km), the Consultant's sought accommodation in Monrovia for efficient supervision of the ongoing road works. The formal handing over the Weala facility to the MPW is been processed. The contractor is under obligation to ensure that maintenance is carried out as required and the facility is handed over to MPW in the condition specified in the contract. The IIU/MPW will therefore follow up to ensure that the handing over is done accordingly.

Auditor General's Position

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

1.3 LOT 1: Field Inspection

1.3.1 Non-Maintenance of Bleeding Asphalt

Observation

1.3.1.1 Part A3, Paragraph 2.2.2 of the Lot 1 Contract signed between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "the service level criteria for road user service and comfort on paved roads are defined as follows: 'Rutting'-for a one km section there shall not be ruts deeper than 20 mm. Rutting of more than ten (10)mm shall not be present in more than 5 percent of any of the road section defined in the contract; 'Raveling for a one km section raveled areas must not exist."

1.3.1.2 We observed during the field inspection that the bleeding asphalt in the surface pavement has not been repaired by the contractor in keeping with the contract specifications. We further observed that the bleeding is shiny, black surface film of asphalt on the road surface. This causes upward movement of asphalt in the pavement surface. **See detail below (table 8 and photos 3)**

Table 8: Bleeding Asphalt

No	Location (KM)	Comment
1	*117+900	Needs monitoring and repairing
2	127+200	
3	136+300	
4	147+200	
5	162+800	

Bleeding Asphalt



GAC Photo 3: Showing Bleeding Asphalt on Pavement Surface, Monrovia to Gbarnga corridor in Lot 1

Risk

- 1.3.1.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.3.1.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.3.1.5 *The Consultant, IMC World Wide will monitor and advise appropriate remedial action.*

Auditor General's Position

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

1.3.2 Pavement Settlement/Depression around Culverts or Similar

Observation

- 1.3.2.1 Part A3, Paragraph 2.6.1 of the Lot 1 Monrovia to Gbarnga Road Asset Management Contract between the Government of Liberia and the China Chongqing International Construction Corporation (CICO) states that "In general terms, the Contractors must ensure that all drainage elements and structures are without any obstructions which may reduce their normal crosssection and impede the free flow of water. The service level under item 4 of Paragraph 2.6.1 states that "For one-km section all culverts must be clean and free of obstacles and without structural damage and must be firmly contained by surrounding soil or material."

- 1.3.2.2 During the field inspection, we observed that the depression/settlement of pavements around the culvert or similar (sink on the paved road) in Lot 1 was not repaired by the CICO in keeping with the contract specification. See detail below (table 9)

Table 9: Depression

No	Location (KM)	Observation	Comment
1	154+500	@C-320 depression/settlement was identified	Needs monitoring
2	166+700	@C-338 ✓ ✓	Repairing and

Risk

- 1.3.2.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.3.2.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.3.2.5 *The MC will continue to monitor the depression /settlements (km154+500 and km166+700) mentioned and accordingly inform the CE to carry out the necessary repair works.*

Auditor General's Position

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

1.3.3 Damaged Access Road and Pavement

Observation

- 1.3.3.1 Part A3, Paragraph 2.2.2 of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "the service level criteria for road user service and comfort on paved roads are defined as follows: `Patching-for a one km section, patches (i) shall be square or rectangular, (ii) shall be level with surrounding pavement, (iii) shall be made using materials similar to those used for the surrounding pavement, and (iv) shall not have cracks wider than three (3) mm."
- 1.3.3.2 During the field inspection, we observed damage to access road and pavement surface that has not been repaired by the contractor (CICO) along the Monrovia to Kakata Highway and Kakata to Gbarnga corridor in keeping with the contract specifications. **See detail below (table 10 and photo 4).**

Table 10: Damaged Pavement

No	Location (KM)	Observation	Comment
1	7+800—8+200	Access road identified damaged LHS	Needs monitoring of the extent of damage and repairing
2	13+200	Damaged access road at Fendel Junction LHS	
3	*19+300	Damage to pavement	
4	*19+950	√ LHS	
No	Location (KM)	Observation	Comment
5	25+750	√	
6	79+300	√	
7	*137+800	√	

Damaged Access Road and Pavement



GAC Photo 4: Showing Unrepaired Damaged Access Road and Pavement, Monrovia to Gbarnga corridor in Lot 1

Risk

1.3.3.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

1.3.3.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management’s Response

1.3.3.5 *The MC will continue to monitor the Access Road (km7+800 – 8+200 LHS), Damaged Access Road at Fendell Junction LHS (km13+200), Damaged to Pavement LHS:(km19+300), (km19+950), (KM25+750), (KM79+300) and (KM 137+800).*

Auditor General’s Position

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

1.3.4 Cuts on Asphalt Pavement

Observation

1.3.4.1 Part A3, Paragraph 2.9 of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that “the contractor is responsible for the maintenance of all embankment and cut slopes along the road sections included in the contract. In particular, he is responsible for ensuring they are stable without deformation and erosion.”

1.3.4.2 During the field inspection, we observed few cuts on asphalt pavement on the Monrovia to Gbarnga corridor in Lot 1 which were not repaired by the contractor in keeping with the contract specifications. **See detail below (table 11 and photo 5)**

Table 11: Cuts on Asphalt

No	Location (KM)	Observation	Comment
1	*3+200	Deep cut at edge of pavement	Needs monitoring Repairing and
2	*4+300	√	
3	*25+300	√ Center Line (CL)	
	66+500	√	
4	*4+800	Damaged headwall at RHS	
5	*4+900	Damaged line drain at RHS	

Cuts on Asphalt



GAC Photo 5: Showing Unrepaired Cuts on Asphalt Pavement, Monrovia to Gbarnga corridor in Lot 1

Risk

- 1.3.4.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.3.4.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.3.4.5 *From the technical perspective it is not advisable to repair minor cuts on the pavement surface. In particular, those caused by wheel rims unless they penetrate through the wearing course. The method of repair (which is covered by emergency works) requires that the entire length of the cut be saw cut on both sides to around 250mm. The 50mm wearing course is then removed. The problem is that the resultant patch can only be done by hand. The asphalt cools too fast because of the small area thus resulting the patch not being as waterproof as machine laid asphalt. There is therefore more likelihood of the patch failing as compare to leaving as is. The MC will be continued to monitor the identified cuts on asphalt at (km3+200, km4+300, 25+300, 66+500, and damaged headwall at km4+800 – 900 RHS) and instruct the CE to carry out the appropriate repair measure.*

Auditor General's Position

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

1.3.5 Damage to Guardrail

Observation

- 1.3.5.1 Part A3, Paragraph 2.5.1 of the Lot 1 Contract signed between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "The contractor is responsible for ensuring that all horizontal and vertical signaling, as well as guardrails and other road safety devices comply fully with the Service Level requirements for signaling." The service level of guardrails under Paragraph 2.5.1 states that the guardrails "have to be present, clean, without any significant damage and corrosion."

Observation

- 1.3.5.2 During the field inspection, we observed damage to the guardrails that were not repaired by the contracting Entity (CICO) on the Monrovia to Gbarnga road in keeping with the contract specifications. **See (table 12 and photos 6) below.**

Table 12 Damage to Guardrails

No	Location (KM)	Observation	Comment
1	45+200	Guardrail identified damaged on the RHS	Needs monitoring of the extent of damage and repairing
2	115+200	✓ LHS	
3	121+400	✓ RHS	
4	170+800	✓ RHS	

Damage to Guardrail



GAC Photos 6: Showing Damage to guardrail along the road corridor from Monrovia to Gbarnga

Risk

1.3.5.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

1.3.5.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management’s Response

1.3.5.5 *The damage to Guardrails will be repaired under emergency works. The MC will instruct the CE to carry out the repair works on identified damaged to guardrails at km45+200, km115+200, km122+200 and km170+800.*

Auditor General’s Position

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

1.3.6 Damaged Reflectors Signaling on the Guardrail and Guardrail with No Reflectors

Observation

- 1.3.6.1 Part A3, Paragraph 2.5.1 of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that “the Contractor is responsible for ensuring that all horizontal and vertical signaling, as well as guardrails and other road safety devices full comply with the Service Level requirements for signaling.” The service level of traffic ruling signs of Paragraph 2.5.1 states that “signal had to be present, complete, clean, legible, and structurally sound; and clearly visible at night.”
- 1.3.6.2 During the field inspection, we observed damaged reflectors on the guardrails at various locations. We further observed also several guardrails with no reflectors along the Monrovia to Gbarnga road corridor which were not replaced in keeping with the contract specifications. **See (table 13 and photos 7 below.)**

Table 13: Guardrail with damaged Reflectors and No Reflectors

No	Location (KM)	Observation	Comment
1	69+400	Reflectors identified damaged on the guardrail on the RHS	Needs replacement or repairing
2	83+000 to 86+400	RHS &LHS	
3	88+600	RHS	
4	94+000	√	
5	115+200	LHS	
6	117+200	RHS	
7	65+500	Guardrail with no reflector RHS & LHS	
8	66+800 to 84+000	√ RHS & LHS	
9	108+200 to 109+800	LHS	
10	157+600 to 178+000	RHS & LHS	



GAC Photos 7: Showing Damaged reflectors and Guardrail with no reflectors on Monrovia to Gbarnga road corridor

Risk

- 1.3.6.3 The lack of routine maintenance of reflectors on guardrail may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.3.6.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.3.6.5 *Reflectors on guardrails were not included in the Contract Specifications for guardrail installation; therefore, the CE fulfilled its contractual obligations accordingly by complying fully with the Specs relating to the installation of guardrails. However, as added action to enhance road safety, CE will be requested to consider placement of reflectors on guardrails.*

Auditor General's Position

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

1.3.7 Abandoned Vehicles and Stones Mark MPW/ROW on the Road Shoulder

Observation

- 1.3.7.1 Part A3, Paragraph 2.2.1 (a) of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "The contractor will have to ensure that the road is open to all traffic and free of interruptions at all times. Interruptions are defined as any obstruction on the causing suspension of traffic." The service level of road user service and comfort measures for roadway embankments,

- under Paragraph 2.2.2 states that the “Embankments must be without erosion and free of organic material, toxic waste, garbage along the Right of Way (ROW).”
- 1.3.7.2 During the field inspection, we observed abandoned vehicles at various locations/kilometers along the Monrovia to Gbarnga road corridor which were not removed in keeping with the contract specifications.
- 1.3.7.3 Additionally, we observed what appears to be abandoned project stones mark: MPW/ROW in the side drains at various locations/kilometers (44+700-48+200) on the Monrovia to Gbarnga road corridor which were not removed from the side drains in keeping with the contract specifications. **See table 14 and photos 8(a & b) below for detailed.**

Table: 14 Abandoned Vehicles

No	Location (KM)	Observation	Comment
1	19+500	Abandoned Vehicle on the LHS	Needs removal from these locations to avoid accident
2	22+700	RHS	
3	30+800	LHS	
4	70+200	RHS	
5	82+500	√	
6	94+100	√	
7	105+000	LHS	
8	105+5000	√	
9	113+700	RHS	
10	142+300	√	

Abandoned Vehicles



GAC Photos 8a: Showing Abandoned Vehicles along the road corridor from Monrovia to Gbarnga

Abandoned RoW Stone



GAC Photos 8b: Showing Abandoned ROW Stone Uninstalled and Unremoved along the road corridor from Monrovia to Kakata

Risk

- 1.3.7.4 The contractor failure to remove abandoned vehicles and MPW-Stones on the roadway may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.3.7.5 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.3.7.6 *The MC will instruct the CE to remove all abundant vehicles which obstruct the flow of traffic in location outside of the right of way in accordance with the contract specification.*
- 1.3.7.7 *The installation of MPW/ROW Stones is expected to resume when enforcement of demolition of properties which encroach on the ROW is conducted by GOL.*

Auditor General's Position

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

1.3.8 Several Others (Erosion, sand/debris, Garbage, etc...)

Observation

- 1.3.8.1 Part A3, Paragraph 2.2.2 under Road User Comfort, (Item 4) of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "Cleanliness of the pavement surface and shoulders, for a one-km

section, to be measured in subsections of 50m each, for any 50m section of the pavement, the road surface must always be clean and free of soil, debris, trash and other objects. If cleanliness of the pavement surface and shoulders does not exist in more than one subsection, the one-km section does not comply.”

- 1.3.8.2 Also, the service level of road user service and comfort measures for roadway embankments, under Paragraph 2.2.2 states that “Embankments must be without erosion and free of organic material, toxic waste, garbage along the Right of Way (ROW).”
- 1.3.8.3 During the field inspection, we observed what appears to be erosion, sand/debris, garbage and several others defects that were not repaired by the CICO on the Monrovia to Gbarnga road in keeping with the contract specifications. **See table 15 below.**

Table 15: Erosion, sand/debris, Garbage, etc.

No	Location (KM)	Observation	Comment
Erosion			
1	13+950	Erosion identified at this kilometer on RHS	Needs monitoring and repairing
2	87+500	Erosion-overflow of water on pavement RHS	
Sand/debris			
4	16+400	Sand/debris on pavement LHS	Needs cleaning
5	22+450	√ RHS	
Garbage			
6	4+900	Trash site identified at this kilometer RHS	Needs cleaning
7	114+000	√ RHS	
8	131+200	√ Side drain RHS	
9	146+000	√ LHS	
Line Drain			
10	4+400	Crack line drain at this location LHS	Needs repair
11	13+320	BC-3 with trash	Needs proper cleaning
12	29+600	Dirt in line drain L/RHS	
Encroachment			
13	15+400	Encroachment by marketers over the side drains and RoW	Needs removal
14	30+000—30+200	√	

Risk

- 1.3.8.4 The contractor failure to remove abandoned vehicles and MPW-Stones on the roadway may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.3.8.5 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management’s Response

- 1.3.8.6 *These activities will be corrected as part of the routine maintenance works.*

Auditor General’s Position

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

1.4 LOT 2: Field Inspection

1.4.1 Pavement Settlement/Depression around Culverts or Similar

Observation

- 1.4.1.1 Part A3, Paragraph 2.6.1 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management Contract between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) states that “In general terms, the Contractors must ensure that all drainage elements and structures are without any obstructions which may reduce their normal crosssection and impede the free flow of water. The service level under item 4 of Paragraph 2.6.1 states that “For one-km section all culverts must be clean and free of obstacles and without structural damage and must be firmly contained by surrounding soil or material.”

- 1.4.1.2 During the field inspection, we observed that the depression/settlement of pavements around the culvert or similar (sink on the paved road) in Lot 2 was not repaired by CHICO in keeping with the contract specification. **See table 16 and photo 9 below.**

Table 16: Depression

No	Location (KM)	Observation	Comment
1	189+300	Depression/Settlement were identified at these locations	Needs monitoring and Repairing
2	191+100	√ √	
3	204+900	√ √	
4	205+300	√ √	

No	Location (KM)	Observation		Comment
5	206+500	✓	✓	
6	209+530	✓	✓	
7	210+440	✓	✓	
8	214+650	✓	✓	

Settlement/Depression



GAC Photos 9: Showing Settlement along the road corridor from Gharnga to Ganta Guinea Border

Risk

- 1.4.1.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.4.1.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.4.1.5 *The MC will continue to monitor the depression /settlements at (km191+100, km204+900, km205+300, km206+500, km209+530, km210+440, km214+650) mentioned and accordingly inform the CE to carry out the necessary repair works.*

Auditor General's Position

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

1.4.2 Bleeding Asphalt

Observation

- 1.4.2.1 Part A3, Paragraph 2.2.2 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management

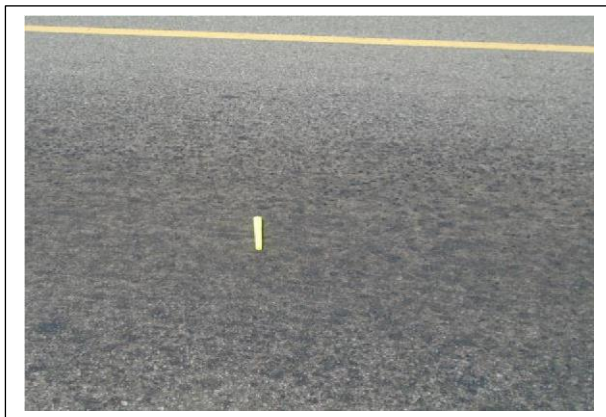
Contract between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) requires that "the service level criteria for road user service and comfort on paved roads are defined as follows: 'Rutting'-for a one km section there shall not be ruts deeper than 20 mm. Rutting of more than ten (10)mm shall not be present in more than 5 percent of any of the road section defined in the contract; 'Raveling for a one km section raveled areas must not exist."

- 1.4.2.2 We observed during the field inspection that the bleeding asphalt in the surface pavement has not been repaired by the contractor in keeping with the contract specifications. We further observed that the bleeding is shiny, black surface film of asphalt on the road surface. This causes upward movement of asphalt in the pavement surface. **See detail below (table 17 and photos 10)**

Table 17: Bleeding Asphalt

No	Location (KM)	Comment
1	205+300	Needs monitoring and Repairing
2	218+200	
3	206+500	

Bleeding Asphalt



GAC Photos 10: Showing Bleeding along the road corridor from Gharnga to Ganta Guinea Border

Risk

- 1.4.2.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.4.2.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

1.4.2.5 The Consultant, IMC World Wide will monitor and advise appropriate remedial action.

Auditor General's Position

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

1.4.3 Crack on Asphalt Pavement

Observation

1.4.3.1 Part A3, Paragraph 2.9 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management Contract signed between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) requires that "The Contractor is responsible for the maintenance of all embankment and cut slopes along the road sections included in the contract. In particular, he is responsible for ensuring they are stable without deformation and erosion."

1.4.3.2 During the field inspection, we observed few cuts on asphalt pavement on the Gbarnga to Ganta-Guinea border corridor in Lot 2 which were not repaired by the contractor in keeping with the contract specifications. **See photo 11 below.**

Unrepaired Crack



GAC Photo 11: Showing Unrepaired Crack on Asphalt along the Gbarnga to Ganta-Guinea Border road corridor in Lot 2

Risk

1.4.3.3 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

1.4.3.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.4.3.5 *From the technical perspective it is not advisable to repair minor cracks on the pavement surface. The MC will continue to monitor the observed cracks and instruct the CE to carry out the appropriate repair measure.*

Auditor General's Position

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

1.4.4 Non-Reflectors Signaling on the Guardrail

Observation

- 1.4.4.1 Part A3, Paragraph 2.5.1 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management Contract signed between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) requires that "the Contractor is responsible for ensuring that all horizontal and vertical signaling, as well as guardrails and other road safety devices full comply with the Service Level requirements for signaling." The service level of traffic ruling signs of Paragraph 2.5.1 states that "signal had to be present, complete, clean, legible, and structurally sound; and clearly visible at night."

- 1.4.4.2 During the field inspection, we observed the guardrails with no reflectors along the Gbarnga to Ganta-Guinea border road corridor which were not replaced in keeping with the contract specifications.

Risk

- 1.4.4.3 The lack of routine maintenance of reflectors on guardrail may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.4.4.4 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.4.4.5 *Reflectors on guardrails were not included in the Contract Specifications for guardrail installation; therefore, the CE fulfilled its contractual obligations accordingly by complying fully with the Specs relating to the installation of guardrails. However, as added action to enhance road safety, CE will be requested to consider placement of reflectors on guardrails.*

Auditor General's Position

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

1.4.5 Overhanging Tree Branches

Observation

- 1.4.5.1 Part A3, Paragraph 2.7.1 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management Contract signed between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) requires that “service Levels to be complied with in the case of vegetation growing within the road Right-of-Way. Vegetation is to be controlled to the heights, at the locations and with restrictions.”
- 1.4.5.2 The service level of vegetation under Paragraph 2.7.1 states that “Growth removed when it encroaches into the Vegetation Free Zone from the side or top applies to vegetation including trees, scrub or branches hanging into the Vegetation Free Zone (within 0.5m of the line of the edge marker posts or to within 6.0m above the pavement.”
- 1.4.5.3 During the field inspection, we observed overhanging trees branches at 196+000 km, RHS within the Vegetation Free Zone along the Gbarnga to Ganta—Guinea border road corridor. **See Photo 12 below:**

Overhanging Tree branches



GAC Photo 12: showing overhanging Tree branches along Gbarnga to Ganta Road corridor in Lot 2

Risk

- 1.4.5.4 The overgrowth of vegetation within the Right-of-Way (Vegetation Free Zone) may impair the visibility of motorists, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.4.5.5 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.4.5.6 *Overhanging trees at km196+000 RHS is acknowledged. The MC will instruct the CE to clear the overhanging trees' branches as part of the routine maintenance activities.*

Auditor General's Position

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

1.4.6 Several Others (Erosion, sand/debris, Garbage, etc...)

Observation

- 1.4.6.1 Part A3, Paragraph 2.2.2 under Road User Comfort, (Item 4) of the Lot 2 Gbarnga-Ganta- Guinea Road Asset Management Contract signed between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) requires that "Cleanliness of the pavement surface and shoulders, for a one-km section, to be measured in subsections of 50m each, for any 50m section of the pavement, the road surface must always be clean and free of soil, debris, trash and other objects. If cleanliness of the pavement surface and shoulders does not exist in more than one subsection, the one-km section does not comply."
- 1.4.6.2 Also, the service level of road user service and comfort measures for roadway embankments, under Paragraph 2.2.2 states that "Embankments must be without erosion and free of organic material, toxic waste, garbage along the Right of Way (ROW)."
- 1.4.6.3 During the field inspection, we observed what appears to be erosion, sand/debris, garbage and several others defects that were not repaired by CHICO on the Gbarnga to Ganta-Guinea border road in keeping with the contract specifications. **See table 18 and photo 13 below.**

Table 19: Erosion, sand/debris, Garbage, etc.

No	Location (KM)	Observation	Comment
1	Abandoned Vehicles		
	217+600	Abandoned Vehicle on the RHS	Needs removal from these locations to avoid accident
232+000	√ RHS		
2	Headwall		
	246+950	Headwall identified damage on the reinforce concrete pipe (RCP) at this kilometer on RHS	Needs monitoring and repairing
3	Side Drain		

No	Location (KM)	Observation	Comment
	179+200	Dirt in line drain L/RHS	Needs repair
	181+200	Dirt in line drain L/RHS	Needs proper cleaning
4	Encroachment		
	246+900	Encroachment by marketers over the side drains and RoW in Ganta-Guinea border	Needs removal
	246+950	√	

Encroachment



GAC Photo 13: Showing encroachment on the side drain from Ganta to Guinea border in Lot 2

Risk

- 1.4.6.4 The contractor failure to repair debris, garbage and/or remove abandoned vehicles on the roadway may impede the mobility, road accessibility and result into potential safety hazard for road users.

Recommendation

- 1.4.6.5 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.

Management's Response

- 1.4.6.6 *These activities will be corrected as part of the routine maintenance works. Regarding encroachment by marketers over the side drains, the MPW/IIU, social safe guide office will work closely with the MC and Ganta city Authority to resolve this important issue.*

Auditor General's Position

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

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATION

Out of the 16 audit recommendations contained in the Management Letter on the Financial Statement Audit of Liberia Road Asset Management Project (LIBRAMP) Audit Report, 12 or (75%) percent were implemented, 4 or 25% percent were not implemented at all. Details of not implemented recommendations are reiterated/discussed above of the report.

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
<p>The Management of the LIBRAMP did not withhold the total amount of US\$750,333.19 as taxes from IIU staffers and consultants of the project for services rendered.</p> <p>Recommendation The Management of the LIBRAMP should provide justification for not remitting withholding taxes</p> <p>The LIBRAMP Management's assertion that they followed the tax and duties exemption privilege agreed by GOL is not materially supported. The prior audit documents submitted in response to the LIBRAMP Management only supported duty-free on import. Hence, we maintain that LIBRAMP's Management should withhold taxes on income earned by</p>	<p>ML of LIBRAMP Pages 9--10 Para. 1.1.3-- 1.1.3.6</p>	<p>Management's Response</p> <p>The Management of LIBRAMP followed the Tax and duties exemption privilege agreed by the Government of Liberia for this project. This information was submitted to the GAC during the prior audit. Hence, LIBRAMP Management has never deducted taxes from IIU staffers based on the tax exemption privilege mentioned above and has therefore not withheld taxes deducted from IIU staffers</p>	<p>Not Implemented</p>	<p>Management's Response</p> <p>The Management of the LIBRAMP did not withhold the total amount of US\$750,333.19 as taxes from IIU staffers and consultants of the project for services rendered. Management Reason: The Project is Tax Exempt and any payment of Taxes will be a double payment of taxes on the said fund that have already been from their respective Donor countries.</p>
<p>staffers and consultants and remit same to the Liberia Revenue Authority as required by the Section 905 (J) of the Revenue Code of Liberia</p>				

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
Act of 2000 as amended in 2011.				

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
<p>The LIBRAMP Management failed to deduct and remit income and service taxes from two Contractors CHICO and CICO in the amount US\$2,193,606.41 for payments made by the PFMU for services rendered.</p> <p>Recommendation The Management of the LIBRAMP should provide justification for not collecting withholding taxes from CHICO and CICI.</p> <p>The LIBRAMP Management's assertions that contracting entities are exempted from payment of taxes is not materially supported by documentary evidence. The payment of taxes by individuals and</p>	<p>ML LIBRAMP Pages 10--11 Para. 1.1.4- 1.1.4.8</p>	<p>Management's Response</p> <p>This Project (LIBRAMP) is Tax exempt as indicated above. Discussions of this matter continued between the World Bank and Government at high level without closure during the audit period. Please refer to the October 2018 World Bank's Implementation Support Mission Aide Memoire, Page 4 Paragraph 23 and GOL is to</p>	<p>Not Implemented</p>	<p>Management's Response</p> <p>The LIBRAMP Management did not withhold taxes from two Contractors (CICO and CHICO) in the amount US\$2,193,606.41 for the services rendered. Management Reason: GoL is yet to fulfill their part of the bargain on this project agreement which is contrary to the signed agreement. The October 2018 Aide Memoir clearly put it that GoL needs to conclude this as to remitting their contribution of the counterpart fund to the Project Designated account. See Exhibit</p>

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
entities are legislated and can't be				
waived. The LIBRAMP Management should deduct taxes from contracting entities and pay to the Liberia Revenue Authority as required by Section 905 f (1) of the Revenue Code of Liberia 2000, as amended 2011.		conclude on this matter. See Exhibit V.		

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
<p>Non-Compliance of GOL to settle Obligations The amount of US\$25 million was provided by IDA to reduce the Government's counterpart funding obligations under the original financing plan from US\$72.8 million to US\$47.8 million. Of this reduced amount, there is no evidence that the Government has made contributions towards the US\$47.8 million up to the date as mentioned above.</p> <p>Recommendation</p>	ML LIBRAMP Pages 12-- 13 Para. 1.2.1- 1.2.1.5	<p>Management's Response</p> <p>The Government of Liberia has not made any payment against its Commitments to the (LIBRAMP) Project. The initial commitment was US\$72.8 million but was reduced to US\$47.8 million after IDA paid US\$25.00 million against the US\$72.8</p>	Not Implemented	<p>Management's Response</p> <p>The Government of Liberia has not made any payment against its Commitments to the (LIBRAMP) Project. The initial commitment was US\$72.8 million but was reduced to US\$47.8 million after IDA paid US\$25.00 million against the US\$72.8 million. Please refer to the October 2018 World Bank's Implementation Support Mission Aide Memoire, Page 5 Paragraph 23. Kindly see attached. See Exhibit V.</p>

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
		million. Please refer to the		
<p>We recommend that the Government of Liberia should begin payment as required to enhance speed, effectiveness and efficiencies for ongoing contracts.</p> <p>We acknowledge LIBRAMP Management's acceptance of our finding and recommendation. Going forward, the Government of Liberia should begin payment as required in order to enhance ongoing construction activities.</p>		<p>October 2018 World Bank's Implementation Support Mission Aide Memoire, Page 5 Paragraph 23. Kindly see attached. See Exhibit V.</p>		

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
<p>Non-Compliance of LIBRAMP Management for Technical Audit</p> <p>We observed that the technical audits on Civil Works have not been implemented by the management of LIBRAMP on the 255km road corridor (both Lot 1 and 2 since in years 1, 4, 7 and up to date, 8 years of project lifespan) as</p>	<p>ML LIBRAMP Pages 13 Para. 1.2.2--1.2.2.6</p>	<p>Management's Response</p> <p>Technical Audit of LIBRAMP is planned to be conducted prior to the end of the ongoing Routine Maintenance Phase in Fiscal Year 2022 and would cover both the Rehabilitation</p>	<p>Not Implemented</p>	<p>Management's Response</p> <p>Technical Audit of LIBRAMP is planned to be conducted prior to the end of the ongoing Routine Maintenance Phase in Fiscal Year 2022 and would cover both the Rehabilitation and Routine Maintenance Phases.</p>

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
required by the PIM.		and		
<p>Recommendation</p> <p>The management of LIBRAMP should conduct the Technical Audit as required by the PIM</p> <p>The Management of LIBRAMP's assertion is not backed by the requirements of PIM or PAD. The Technical Audit was to be held in year 1, 4 and 7 which has not been conducted by management of LIBRAMP. The prior procurement Plan covering October 2017 to April 2019 approved the conduct of the Technical Audit in Fiscal Year 2019/2020. Therefore, we maintain that the Management of LIBRAMP should conduct the Technical Audit.</p>		<p>Routine Maintenance Phases.</p>		