



## Management Letter

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

*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**  
January 2022

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**ACRONYMS USED**

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

January 28, 2022

Hon. Jeanine Milly Cooper  
**Minister**  
Ministry of Agriculture  
New Ministerial Complex, Congo Town  
Montserrado County, Liberia

Dear Hon. Cooper:

**RE: Management Letter on the Financial Statement Audit of the Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P) for the Fiscal Period July 1, 2020 to June 30, 2021**

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

**INTRODUCTION**

The audit of the STAP - P for the year ended June 30, 2021 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**SCOPE AND DETERMINATION OF RESPONSIBILITY**

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

An audit includes:

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

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

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

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

The Management of STAR – P was presented a copy of the draft management letter on December 21, 2021. The STAR – P Management was given five (5) working days to respond to the draft management letter to facilitate the issuance of the Auditor General's Report to the National Legislature and the President of the Republic of Liberia. Several follow-ups were made through emails and telephone calls to obtain responses to the draft management letter. See Exhibit 3. However, the Management of STAR – P submitted its responses on January 26, 2022, several weeks after the statutory reporting date of the audit.

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

Thank you as we strive to promote accountability, transparency and good governance across the Government of Liberia.

### **APPRECIATION**

We would like to express our appreciation for the courtesy accorded and assistance rendered by the staff of the STAR – P Project Implementation Unit (PIU) of the Ministry of Agriculture (MoA) during the audit.



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

**Monrovia, Liberia**  
January 2022

## 1 DETAIL FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Issues

#### 1.1.1 Payment without Internal Audit Review

##### Observation

- 1.1.1.1 Section 7.3.5 Sub-section (b) of the PMU Manual requires that the Internal Auditor sign off on the CPV to certify the goods received, works completed or services rendered in accordance with the purchase order or contract. (c) The Internal Auditor stamps all the papers in the package "goods delivered", "works completed" or "services rendered" followed by the date, to indicate certification for payment and sends the package back to the Project Accountant.
- 1.1.1.2 Additionally, Section 5.5.2 of the Project Implementation Manual (PIM) requires that a space be allocated on the face of payment vouchers for the name and signature of the Internal Audit.
- 1.1.1.3 During the conduct of the audit, we observed that Management processed and made several payments amounting to US\$159,430.00 without evidence of an Internal Audit review (sign-off or stamp on documents). **See table 1 below for details**

**Table 1. Payments Made without IA Review**

Date	Voucher #	Payee	Description	Amounts in US \$
4/5/21	Pv #-639	Class Stationery	Payment for the supply of office equipment's	19,930.00
7/28/20	PV # -0679	Total Liberia Inc.	Payment for 530 gallons fuel for PMU Generator for the month of August 20	1,855.00
6/4/20	PV#-789	Stephen Kolee	Payment for travel to Bomi, Cape Mount, Bassa & Nimba to conduct Environment.	1,120.00
12/4/21	PV#-575	William W. Monger	Payment for DSA & Fuel for travel to three counties	1,170.00
2/19/21	PV#-443	William T. Banks	Payment represented fuels for county tour	2,450.00
6/3/21	PV#-768	Total Liberia Inc.	Payment represented fuel for PIU vehicles	2,722.50
2/10/21	PV#-423	Sabato S. Gonlapa	Payment represented DSA & Fuel of Rep Committee of agaric field mission Bong & Nimba Counties	3,520.00
2/2/21	PV #-379	Animate & Sons Inc.	Payment for fuel under MOA CER	8,848.50
6/22/21	PV#-807	All Staff	Payment of Staff Salaries for the month of June 2021	52,883.50
8/20/20	PV#-001	ECOBANK/UARIOUS Staff	Payment of Staff Salaries for the month of August 2021	28,497.50
19/2/21	PV#-426	George T. Torpoh	Payment represented fuels for county	1,500.00

Date	Voucher #	Payee	Description	Amounts in US \$
			tour with the President	
2/19/21	PV#-432	William T. Banks	Payment represented fuels for county tour	1200.00
12/28/20	PV#-194	Theophilus Baah	Advance for Fuel & DSA for RAC, & DAOs (Fertilizer distribution)	3,785.00
5/28/21	PV#-751	Famatia Sasay	DSA, fuel, Transport for MFDP training & validation Workshop on Liberia project Dashboard	8,530.00
3/11/21	PV#-494	Zuala Kofa	Payment represented 14days for MOC staff training in Ghana	3,682.00
3/11/21	PV#-493	Alexander Darius Linkpor	Payment represented 14days for MOC staff training in Ghana	3,682.00
2/2/21	PV#-383	Edward P. Borloh	Advances for fuels purchase, Transport for Stakeholders and per diem for CDA & MOA staff.	5,475.00
2/10/21	PV#-404	Torwon Soluatch-Brown	Advances to project activities (National Agriculture)	3,949.00
2/23/21	PV#-456	James B. Walker	20days DSA for field mission in the field to hold meeting with stakeholder	1,600.00
3/5/21	PV#-703	Emmanuel G. Gaye	One day DSA and Advances for fuel purchase for FP deployment	1530.00
2/19/21	PV#-427	Ernest J. Clarke	15days DSA for county tour with the President of Liberia.	1500.00
<b>Total</b>				<b>159,430.00</b>

### Risk

- 1.1.1.4 The lack of an internal audit review could prevent the identification of gaps in the operational procedures at the PIU and provide suggestions for improvement of project's systems and control environments, operations and programs.

### Recommendation

- 1.1.1.5 The Management should ensure that the Internal Audit Unit is fully functional evidenced by the conduct of reviews and issuance of reports.
- 1.1.1.6 Also, Management should ensure that the Internal Audit Unit review every transaction before payments are made as required by the PIM.

### Management's Response

- 1.1.1.7 *Management acknowledges the Auditor's recommendation and corrective measure will be taken. However, the PMU has Internal Audit Unit that is fully functional, independent of STAR-Project PIU and reports to the Minister through the PMU Director. Furthermore, project operations experienced setback due to the reemergence of Covid 19, where staff were working from home and on different daily schedules in accordance with the Ministry of Health preventive measures. Going forward, the PIU will ensure that Internal Audit*

*review every transaction before payments are made.*

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

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

### **1.1.2 Lack of Commitment and Running balances in schedule (Contract Register)**

#### **Observation**

1.1.2.1 Section 5.4.1 of the Project Implementations Manual (PIM) requires that a register of commitments/liabilities shall be maintained to record all payables not recognized as a result of the cash basis of accounting.

1.1.2.2 Additionally, Section 5.5.7 of the PIM requires that the project shall maintain a register of contracts. The register shall have a content page, which will list the contracts and their respective contract numbers and the page at which the record of a contract may be located. The record of a contract in the register shall include data on the contract as follows:

- Name of Vendor
- Contract Name/Description
- Contract Number
- Signature Date
- Estimated Duration
- Component and Activity
- Category of Expenditure
- Contract Amount and currency
- Progress Payment
- Payment Reference (PV Ref.)
- Running Balance on Contracts

1.1.2.3 Efforts should be made to keep the register up to date, particularly the progress payments and running balance entries. This is important because one is able to respond to queries with the most current information on the contract as required.

1.1.2.4 It was observed during the conduct of the audit the contract register maintained by Management did not include running balances of commitments/liabilities of contracts.

#### **Risk**

1.1.2.5 Contract Register prepared without updated running balances of commitments of contracts may impair the effective management and liquidation of liabilities.

1.1.2.6 The absence of an updated contract register may lead to over/under payment of liabilities.



**Recommendation**

1.1.2.7 Management should ensure that the Contract Register is updated to include running balances of all commitments. This will facilitate the effective management and liquidation of liabilities/commitments.

**Management's Response**

1.1.2.8 Management acknowledges the Auditor's recommendation and will ensure corrective action be taken. There exist a commitment ledger and it will be updated to reflect running balances.

**Auditor General's Position**

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

**1.1.3 No evidence of Business Registration & Tax Clearances.**

**Observation**

1.1.3.1 Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 states that "A Government Agency shall procure government inventories from persons whose business is registered by the Registrar General's Office and any Government Agency that requires an exemption for any specific case shall apply to the head of government agency with the necessary justification."

1.1.3.2 Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010 states that Bids which are not complete, not signed, not accompanied by a bid security in the prescribed form, if one is required, or not accompanied by essential supporting documents such as business registration certificates, business licenses and tax receipts, or are substantially non-responsive to the technical specifications or contract conditions or other critical requirements in the bidding documents, shall be rejected and excluded from further evaluation and comparison

1.1.3.3 During the conduct of the audit, it was observed that the Management authorized several payments amounting to US\$ 136,485.17 without a valid business registration & tax clearance. **See table 2 below for detail.**

**Table 2. No evidence of Businesses Registration and Tax Clearance**

Date	Voucher#	Payee	Description	Amounts us.
1/22/21	PV#356	Famattas International	Stimulus Grants for COVID-19/ agro SME's grant-	9,913.62
22/1/21	PV#39	LIB Shop Correct	COVID 19 Agro SMEs stimulus grant	7,502.63
22/1/21	PV#362	WEDE Agro Agro Business	Stimulus Grants for COVID-19/Agro SME's grant-	6,903.00
22/1/21	PV#-334	Carto Farms	Stimulus Grants for COVID-19/agro SME's grant-	6,000.00

Date	Voucher#	Payee	Description	Amounts us.
22/1/21	PV#-336	Liberia Business Incubator	Stimulus Grants for COVID-19/agro SME's grant-	6,000.00
22/1/21	PV#-333	Fresh Field General Farming	Stimulus Grants for COVID-19/agro SME's grant	5,952.00
22/1/21	PV#-338	Urban Women Initiative	Stimulus Grants for COVID-19/agro SME's grant	5,910.00
22/1/21	PV#-337	Lovetee's Homelike Farms	Stimulus Grants for COVID-19/agro SME's grant-	5,700.00
22/1/21	PV#-365	Liberia Small Scale food Processing group Inc.	Stimulus Grants for COVID-19-	5,670.00
22/1/21	PV#-324	Falama Liberia Inc. -	Stimulus Grants for COVID-19/agro SME's grant-	5,640.00
22/1/21	PV#-347	Qeluu Farms & Resort	Stimulus Grants for COVID-19/agro SME's grant -	5,604.00
22/1/21	PV#364	Local Farm Inc.	COVID 19 stimulus grant for agro SME's	5,604.00
22/1/21	PV#-321	Weah Farms & Poultry Feeds	Stimulus Grants for COVID-19/agro SME's grant-	5,592.00
22/1/21	PV#-322	Atlantic Agriculture Services	Stimulus Grants for COVID-19/agro SME's grant	5,568.00
22/1/21	PV#-325	Agriculture Conduit for Transformation	Stimulus Grants for COVID-19/agro SME's grant-	5,544.00
22/1/21	PV#-327	Reap Agro Food Processing Center	-Stimulus Grants for COVID-19/agro SME's grant-	5,520.00
22/1/21	PV#-353	Mamattos Food Packaging	Stimulus Grants for COVID-19/agro SM	5,520.00
22/1/21	PV#367	CookShop Food Service	Stimulus Grants for COVID-19/agro SME's -	5,460.00
22/1/21	PV#-344	Meni Nina Farms	Stimulus Grants for COVID-19/agro SME's grant	5,442.00
22/1/21	PV#323	Redimere Chocolate	Stimulus Grants for COVID-19/agro SME's grant	5,424.00
22/1/21	PV# 335	Gbomai Farms	Stimulus Grants for COVID-19/agro SME's grant	5,400.00
22/1/21	PV#-352	Liberia Coaac Corp	Stimulus Grants for COVID-19/agro SME's grant	5,328.00
22/1/21	PV#-345	Menekemu Design & Packaging	Stimulus Grants for COVID-19/agro SME's grant	5,287.92
<b>Total</b>				<b>136,485.17</b>

## Risk

- 1.1.3.4 Management's failure to obtain valid business registrations and tax receipts from vendors may deny Government of the needed tax revenues.

### **Recommendation**

- 1.1.3.5 The Management should ensure that for all transaction involving procurement goods and services, valid Business Registration Certificate and valid Tax Clearance should be obtained as required by Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 and Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010.

### **Management's Response**

- 1.1.3.6 The application process was done online and all the necessary documents including the Business Registration certificates and Tax Clearances were attached for the Formal Businesses. Act). See attached link. [https://drive.google.com/drive/folders/1WwF7ZBGjeDQIC1EJwg3\\_Gyywa0WuJXU?usp=s\\_haring](https://drive.google.com/drive/folders/1WwF7ZBGjeDQIC1EJwg3_Gyywa0WuJXU?usp=s_haring).

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

- 1.1.3.7 We acknowledge Management submission of the link which contains business registration certificates and valid tax clearances in support of its assertions. Management should also ensure that information requested for audit purpose are submitted in a timely manner for review. Going forward, the Management should ensure that copies of business registration certificates and valid tax clearances are attached to supporting documents including payments voucher as required by the provision stated above.

## **1.1.4 Lack of supporting documents for SME Grants Beneficiaries.**

### **Observation**

- 1.1.4.1 Section 5.6.5 of the PIM for the STAR - P provides that records management is an administrative system by which an organization seeks to control the creation, distribution, filing, retrieval, storage and disposal of records that are created or received in the course of its business. The aim of Records Management is to ensure that:
- The right record is made available;
  - To the right person;
  - At the right time; and
  - At the least possible cost

- 1.1.4.2 It was observed during the audit that Management disbursed the amount of US\$ 136,485.17 to Twenty-one local (21) farmers group without evidence of a recorded survey or documented procedures for the selection of beneficiaries of SME Grant package for MoA-CERC Stimulus Grants for COVID-19.

### **Risk**

- 1.1.4.3 In the absence of documented procedures and survey report, beneficiaries could be arbitrarily selected thereby denying the achievement of project objective.

### **Recommendation**

- 1.1.4.4 Management should ensure that a survey report is developed to form the basis for the selection of all beneficiaries.

### Management's Response

1.1.4.5 Again, management maintain that the application process was done online and all the necessary documents including the Business Registration certificates and Tax Clearances were attached for the Formal Businesses. See attached link. [https://drive.google.com/drive/folders/1WwF7ZBGjeDQIC1EJwg3-\\_Gyywa0WuJXU?usp=sharing](https://drive.google.com/drive/folders/1WwF7ZBGjeDQIC1EJwg3-_Gyywa0WuJXU?usp=sharing)

### Auditor General's Position

1.1.4.6 The link provided by Management did not include copy of a survey report. Therefore, we maintain our finding and recommendation.

### 1.1.5 Lack of supporting documentation for the MoA-CERC Food Program.

#### Observation

1.1.5.1 Section 5.6.5 of the PIM for the STAR - P states that records management is an administrative system by which an organization seeks to control the creation, distribution, filing, retrieval, storage and disposal of records that are created or received in the course of its business. The aim of Records Management is to ensure that:

- The right record is made available;
- To the right person;
- At the right time; and
- At the least possible cost

1.1.5.2 During the conduct of the audit, it was observed that Management, under the MoA –CERC food program, made payments amounting to US\$ 252,394.50 for the procurement of several food items. The General Service Agency (GSA) was designated to distribute the food items to the beneficiaries. However, there exist not evidence of a Memorandum of Understanding (MoU) between the MoA and GSA for the distribution of the food items.

1.1.5.3 Also, there exist no evidence of documented procedures or criteria used for the selection of beneficiaries for the food items distributed. **See table 3 below for detail.**

**Table 3: Food Items Distributed**

Date	PV#	Payee	Description	Amount In US\$
11/16/20	PV#-132	Agriculture & Infrastructure Investment Co.	Advance payment for the supply of 150MT milled rice-548	46,462.50
11/16/20	PV#-701	Selma Agriculture Devt. Corp.	Advance payment for the supply of 150MT of milled rice-549	45,937.50
03/16/21	PV#-498	Global Agro Inc.	Agriculture & Infrastructure Investment Co.- Advance payment for the supply of 125MT of rice-547	33,337.50
01/21/21	PV#-252	Mani-Nani Farmers Inc	Advance payment for the sullyp of 100MT of milled rice -634	33,250.00
11/16/20	PV#-	Logan & Logan	Advance payment of the supply of	32,812.50

Date	PV#	Payee	Description	Amount In US\$
	0141	Group	125MT of milled rice-631	
11/16/20	PV#0131	Welekamai Rural Women Farmers	Advance payment for the supply of 100MT of rice-585	26,250.50
11/16/21	PV# 549	Bravo Sister Enterprise	-Final Payment for the supply of 33MT of Deepah flour-466	21,384.00
04/28/21	PV# 634	Brovo Sister Enterprise	-Final Payment for the supply of 18MT of fufu-PV#-465	12,960.00
04/13/21	PV#-585	Agriculture & Infrastructure Investment Co	Advance payment for the supply of 150MT milled rice-548	46,462.50
<b>TOTAL</b>				<b>252,394.50</b>

### Risk

- 1.1.5.4 The absence of a MoU between MoA and GSA for the distribution of food may lead to conflicting expectation and objectives, role and responsibilities. These lapses may result into misappropriation and abuse of distributed food items.
- 1.1.5.5 In the absence of a documented procedures and processes, beneficiaries could be arbitrarily selected thereby denying the achievement of project objective.

### Recommendation

- 1.1.5.6 Management should ensure that for all future inter-agency collaboration a MoU should be crafted, approved and operationalized.
- 1.1.5.7 Management should ensure that a standardized documented procedure is developed to form the basis for the selection of all beneficiaries.

### Management's Response

- 1.1.5.8 *Food distribution under CERC was managed by the GSA and management has not received the distribution report. Management will engage the CERC focal person at the MOA to request reports from the GSA on food distribution under CERC. Moreover, Management has also commenced the process of crafting MOU with implementing partners and other governmental agencies.*

### Auditor General's Position

- 1.1.5.9 Copies of the documented procedures used for the distribution of food items performed by GSA were not received during the audit.
- 1.1.5.10 We acknowledge Management's assertion of the crafting of a MOU with implementing partners and other government agencies. We will make a follow-up during subsequent audit.
- 1.1.5.11 Moreover, Management should make available copies of food distribution report to the office of the Auditor General thirty (30) days after the issuance of this audit report for validation.

### 1.1.6 Unverified Renovation works

#### Observation

1.1.6.1 Section 5.5.8 of the PIM require that payments shall be recorded using the PV instrument to capture relevant data on the transaction from Invoices, Claims or Certificates submitted for payment. The claim for payment should be accompanied by a short letter/minute signed by the approving officer (in this case the Project coordinator confirming that:

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

1.1.6.2 It was observed during the field verification that Management made payments amounting to US\$ 30,239.57 for renovation of warehouses in Lofa and Grand Bassa Counties without evidence of work performed. **See table 4 below for details.**

**Table 4: Payments for Renovation works**

Date	PV#	Payee	Description	Amount US\$
04/21/21	PV#618	Perfect Trading & Construction	Payment for the rehab. of warehouse in Voinjama	10,984.75
04/21/2021	PV#619	BK Enterprise Inc.	Advance payment for the rehab. of warehouse in Ganta, Nimba co.	8,939.27
04/21/2021	PV#-621	BK-Enterprise Inc.	Advance payment for rehab. of warehouse in Grand Bassa county-	10,315.55
Total				<b>30,239.57</b>

1.1.6.3 Also, the audit team could not verify the location of the warehouse in Ganta City, Nimba county.

#### Risk

1.1.6.4 The disbursement of project funds for civil works without evidence of work performed may lead to misappropriation of project funds which may deny the achievement of project's objectives.

#### Recommendation

1.1.6.5 Management should ensure that a comprehensive evaluation reporting structure is established and operationalized for all projects to guarantee value for money before payments for services are made.

### Management's Response

- 1.1.6.6 Management acknowledges the Auditor's recommendation. However, the payments mentioned in the observation were advance payments made to local contractors as per their contracts.
- 1.1.6.7 The renovation/rehabilitation works were delayed owing to the fact that the project did not have its own Engineer to monitor and supervise the works as per the BOQ. Currently, the project has hired an engineer. Management will ensure that these works are done and completed within the time frame as per the contract's extension agreement. **See Exhibit 1: Engineer contract**

### Auditor General's Position

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

## 1.1.7 Unseen Farmer Groups and Equipment/ Materials

### Observation

- 1.1.7.1 Section 5.6.5 of the PIM for the STAR - P states that "records management is an administrative system by which an organization seeks to control the creation, distribution, filing, retrieval, storage and disposal of records that are created or received in the course of its business. The aim of Records Management is to ensure that:
- The right record is made available;
  - To the right person;
  - At the right time; and
  - At the least possible cost"
- 1.1.7.2 During the physical verification exercise, it was observed that Management through MoA –CERC Program distributed several farming equipment/materials (such as water pump machines, plastic crates, wheelbarrows and power tiller as well as ridge sets) to farming groups that could not be physically contacted. **See table 5 below for details.**
- 1.1.7.3 Also, the receipt of Four Hundred sixty-five (465) wheelbarrows recorded on the distribution listings could not be confirmed by the beneficiaries. **See table 6 for details.**
- 1.1.7.4 Furthermore, we could not ascertain the existence of fixed assets procured and recorded on the Fixed Asset Register assigned to STAR - P Focal person in Sinoe County. **See table 7 for details.**

**Table 5: Farmer Group that could not be Contacted**

Name of Farmer/ Cooperative	Location	Farm Size (ha.)	Contact Person	# Water Pump Machine	# Plastic Crates	# of wheelbarrow	# of Power tiller and Ridge (Set)
Brighten Farm, Inc.	Gbenkulumue /Margibi		Moses G. Williams/0886498079	1	5	5	1

Name of Farmer/ Cooperative	Location	Farm Size (ha.)	Contact Person	# Water Pump Machine	# Plastic Crates	# of wheelbarrow	# of Power tiller and Ridge (Set)
United Women for Agriculture production	Kandankai/ Bomi	35	Mama Korlah/055 5907264	1	5	5	1
Unity Vegetables Farmers Association	Bejeanue/Bomi		Arroa S. Fohlon/077 60002378	1	5	5	1
WOC DAL	Tower/ Cape Mount	40.0	Malinda Joss/07771 48753	1	5	5	1
Konyai Farmers Association	Jealayjen/ Cape Mount	35	Mama Korlah/055 5907264	1	5	5	1

**Table 6: Unverified Distribution Wheel borrows**

County	Cassava Farmers Number of wheelbarrow Distributed	Rice Farmers Number of wheelbarrow Distributed	Vegetable Farmers Number of wheelbarrow Distributed
Montserrado	15	20	45
Margibi	15	30	55
Bong	40	50	75
Gbarpolu	10	5	
Grand Cape mount	10		10
Bomi	5	5	20
Lofa		5	15
Nimba	5	5	10
Bassa	15		5
<b>Total</b>	<b>115</b>	<b>120</b>	<b>230</b>

**Table 7: Unverified Asset Assigned to Focal Person**

No	Make/Model	Serial Number	Asset Code	Vendor/ Supplier Information	Date of Purchase	Asset Value (US\$)	Location
1	HP Laptop with Case	5CD042HQ3C	STAR-P/WB/MOA/-PMU-001.18	Office Ideas	4-Mar-21	1,550.00	SINOE
2	AG Yamaha 100cc	JYA3HA004XA 245251	GSA-MOA-160 LB-2118		14-Jul-20	3,750.00	SINOE
<b>Total</b>						<b>5,300.00</b>	

## Risk

- 1.1.7.5 Failure to verify farmer groups and equipment/materials could not provide any assurance on the existence of farmer groups as well as equipment/materials.
- 1.1.7.6 Failure to properly account for fixed assets could lead to theft and misapplication of equipment/materials for farmers. This result in the non-achievement of project objective.



### **Recommendation**

- 1.1.7.7 Management should establish a comprehensive data base of equipment/materials distributed to include the following; names of beneficiaries, addresses, contact numbers and locations of headquarters of the farmer groups.

### **Management's Response**

- 1.1.7.8 *The distribution of these items was done by the CERC team from the MOA. We were informed by the CERC focal person that only 2 farming groups (United Women for Agriculture & VOCDAL) actually received items out of the 5-farming group listed. However, three of these farming groups (Brighten Farm, United Vegetable Farmer & Konyai Farmers) did not receive any items but information was mistakenly submitted to the Auditors without highlighting them as groups that did not receive. The PIU will work with the CERC team to physically contact these 2 farmers groups that received the items.*
- 1.1.7.9 *The Focal Person assigned in Sinoe county was in deep field location during the Auditors field verification and couldn't reached the auditors but communicated with them via Mobile. However, he is currently attending a worship in Monrovia and we managed to get photos of the assets (Computer and Motor bike). **See photos exhibit.***

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

- 1.1.7.10 Management assertion as it relates to the farming groups did not adequately address the audit finding and recommendation. Therefore, we maintain our recommendation.
- 1.1.7.11 We acknowledge subsequent verification of the laptop computer. However, Management did not provide the Motorbike for verification. Management's provision of assets after physical verification period does not guarantee Management effective control of the assets, especially where the location of the asset is unknown during the verification period. Going forward, all movement of assets should be authorized through an Asset Movement Form and subsequently updated in the Fixed Asset Register.

## **1.1.8 No Evidence of Back to Office Reports**

### **Observation**

- 1.1.8.1 Section 3.4.4 of the PIM Annex 1b required that before the Project Coordinator authorizes any work-related travel, the staff should prepare a staff travel request, in which the objective and cost of the travel are specified. On return, the staff is expected to produce a Back-to-Office Report (BTOR). The BTOR should spell out the objective of the travel, the period of the travel and a write up of the activities, particularly focusing on the relevance to the Project. It must also include the statement of expenditure relating to the trip.
- 1.1.8.2 During the conduct of the audit, it was observed that Management made several payments amounting to US\$ 14,694.00 to individuals, staff and consultants for travel without evidence of Back to Office reports. **See table 8 below for details.**

**Table 8: Travels without Back-to-Office Report**

Date	Voucher#	Payee	Description	Amount In US\$
2/19/21	PV#427	Ernest J. Clarke	15days DSA for county tour with the President and entourage	1,500.00
3/5/21	PV#-703	Emmanuel G. Gaye	1-day DSA & fuel advance for FPs deployment mission-	1,530.00
2/23/21	PV# -456	James B. Walker	Payment of 20 days DSA for field mission to hold stakeholders meetings	1,600.00
3/11/21	PV#-493	Alexander Darius Lienkpor.	14 days DSA for MOCI staff to attend training in Ghana.	3,682.00
3/11/21	PV#-494	Zuala Kofa Wleh	14 days DSA for MOCI staff training in Ghana	3,682.00
2/19/21	PV#-432	Williams T. Banks	15 days DSA for county tour with the president of Liberia.	1,200.00
2/18/21	PV#-426	George Tee Forpoh.	15 Days for county tour with the president of Liberia.	1,500.00
<b>Total</b>				<b>14,694.00</b>

**Risk**

- 1.1.8.3 Travels could be made for activities not related to operations of the project using project funds.
- 1.1.8.4 The objective of an official travel could not be achieved.

**Recommendation**

- 1.1.8.5 Management should institute the preparation of Back to Office for all travel made consistent with Section 3.4.4 of the Project Implementations Manual. The report should be submitted within a week upon the staff return to office.

**Management's Response**

- 1.1.8.6 *There exist back to Office Reports. It could be that it was not presented to Auditors during Audit review. Going forward, management will ensure that all BOR are attached to the payment vouchers. **See Attach copies of back to office Reports.***

**Auditor General's Position**

- 1.1.8.7 We acknowledge Management's acceptance of our finding and recommendation. We will make a follow-up during subsequent audit.
- 1.1.8.8 Management's provision of document after the audit execution does not guarantee effective control over document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

**1.1.9 No Goods Received Note.**

**Observation**

- 1.1.9.1 Part P.9 (2) Of the PFM Regulations of 2010 states that "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".

1.1.9.2 During the conduct of the audit, it was observed that Management of authorized several payments amounting to US\$ 53,780.34 for fuel without evidence of Goods Received Note.  
**See table 9 below for details.**

**Table 9: No Evidence of Goods Received Note.**

Date	Voucher#	Payee	Description	Amounts In US\$
3/9/21	PV#-488	Aminata & sons Inc.	Payment for 5100gallons of fuel for MOA operations under CERC	17,697.00
1/20/21	PV#-249	Aminata & Sons Inc.	Payment for the supply of 510 coupons of fuel for MOA	8,848.50
12/29/20	PV# 0195	Aminata & Sons Inc-	Payment for the supply of 2250.48 gallons of fuel for MOA operations-	8,850.00
6/28/21	PV#-834	Aminata & Sons Inc.	Payment for the supply of fuel for MOA operations-	8,849.94
2/5/21	PV#-392	Aminata & Sons Inc.	Payment for fuel for PMU staff for the period Jan. 1- March 30, 2021-	6,940.00
12/13/20	PV#-00187	Aminata & Sons-	Fuel support to PMU Generator for the month of December 2020-	2,594.90
<b>Total</b>				<b>53,780.34</b>

**Risk**

1.1.1.1 In the absence of Goods Received Note, the completeness and existence of goods procured may not be assured.

**Recommendation**

1.1.9.3 The Management should ensure that the Goods Received Note is prepared for all goods procured to validate the completeness and existence of the transactions.

**Management's Response**

1.1.9.4 *Management acknowledges the Auditor's recommendation. Goods procured are received and verified by Administrative Assistant, and designated staff along with the Internal Auditor who signs off on the delivery notes to certify that goods have been fully delivered as per the purchase order (PO). Going forward, management will ensure that the Goods Receive Note is prepared for all goods procured.*

**Auditor General's Position**

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

### **Status on the Implementation of Prior Year Audit Recommendation**

Recommendations conveyed during financial statement audit of Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P) for the fiscal period ended June 30, 2020 are yet to be implemented by Management of the PIU as indicated in the **Table below:**

#### **Prior-year audit matters not implemented**

<b>Paragraph No.</b>	<b>Source of the finding</b>	<b>Particulars of paragraph</b>	<b>recommendation</b>	<b>Status of Implementation</b>
1.1.1.5	Final Management Letter	Salaries - National Social Security Withholding	The STAR-P Management should ensure that the necessary payroll withholdings deductions are made and remitted to NASSCORP.	Not Implemented
1.1.2.4	Final Management Letter	Transportation Allowance	The STAR – P Management should provide reason why it made payment as transportation allowance to staff who work in the same vicinity where the workshop was held.	Not Implemented
1.2.1.4	Final Management Letter	Inappropriate procedures for user access	The STAR – P Management should establish procedures and processes that grant Access Right to all users on the system, through password and even authorized users to those parts of the system that they are explicitly permitted to use (which, in turn, is based on their "need-to-know").	Not Implemented
1.2.2.4	Final Management Letter	Recruitment Procedures	The Management of the STAR – P should provide personnel files of	Not Implemented

<b>Paragraph No.</b>	<b>Source of the finding</b>	<b>Particulars of paragraph</b>	<b>recommendation</b>	<b>Status of Implementation</b>
			the all-project staff for our review.	
1.2.3.5	Final Management Letter	Risk Assessment Process	The Management of STAR – P should develop a Risk Management Policy and perform formal risk assessment.	Not Implemented
1.2.4.4	Final Management Letter	Quarterly and Annual Reports	The Management of the STAR - P should ensure that the M& E Officer provide annual progress reports of the project activities.	Not Implemented
1.2.5.7 – 1.2.5.8	Final Management Letter	Documented Procedure for the Receiving and Issuance of Goods	The STAR-P Management should establish a storeroom/secured area for the storage of inventories and supplies. Further, the STRA-P Management should develop a documented system for receiving and issuance of goods to and from the storeroom/secured area.	Not Implemented

## EXHIBITS

### Exhibit 1: No Renovation of Work on Warehouse in Voinjama



*Back view of MoA warehouse in Voinjama city, Lofa County*

### Exhibit 2: No Renovation of Work on Warehouse in Buchanan



*Interior view of MoA warehouse in Buchanan city, Grand Bassa County*

*Management Letter On the Financial Statement  
Audit of Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P)  
For Fiscal Year Ended June 30, 2021*

### Exhibit 3: Email for the Issuance of the Draft Management Letter

Reply Reply All Forward

Thu 1/6/2022 11:03 AM



ansu.metzger407@gmail.com

Re: STAR-P

To wsnanka@gac.gov.lr

Cc Ansu Sekou Konneh; pjjackson; rmquaye@gac.gov.lr; cbotoe@gac.gov.lr; jmcooper@moa.gov.lr; jhinneh@moa.gov.lr; jgborie@moa.gov.lr; staylor; Cooper Jeanine; Adolphus K. Tuah (Assistant Internal Auditor- IFAD P(U); Dr. Adetunji Oredipe Oredipe; MacDonald Nyazvigo; Zephaniah J Smith; Joseph Toh Hinneh Hinneh; Jemima Dahn; Leelia Andrews; Robert K. Fagans; George Tee Forpoh P(HD)

STAR Project

+231777683407/ 886683407

[ansu.metzger407@gmail.com](mailto:ansu.metzger407@gmail.com)

Tuesday, 21 December 2021, 05:30pm +00:00 from [wsnanka@gac.gov.lr](mailto:wsnanka@gac.gov.lr):

The audit of the STAR -PI for the period ended June 30, 2021 were completed; and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

We would be grateful to get your response to this Management Letter within five (5) working days to make possible the issuance of the Auditor General's Report to the National Legislature and the President of the Republic of Liberia. In the absence of response by the due date, it will be assumed that the analyses, conclusions and recommendations contained in this Management Letter are correct and accurately reflect your position on this matter.

Winsley S. Nanka, CPA, CFE  
Deputy Auditor General, R.L.

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Reply Reply All Forward

Thu 1/6/2022 11:03 AM



ansu.metzger407@gmail.com

Re: STAR-P

To wsnanka@gac.gov.lr

Cc Ansu Sekou Konneh; pjjackson; rmquaye@gac.gov.lr; cbotoe@gac.gov.lr; jmcooper@moa.gov.lr; jhinneh@moa.gov.lr; jgborie@moa.gov.lr; staylor; Cooper Jeanine; Adolphus K. Tuah (Assistant Internal Auditor- IFAD P(U); Dr. Adetunji Oredipe Oredipe; MacDonald Nyazvigo; Zephaniah J Smith; Joseph Toh Hinneh Hinneh; Jemima Dahn; Leelia Andrews; Robert K. Fagans; George Tee Forpoh P(HD)

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Sent from Outlook Email App for Android

Wednesday, 22 December 2021, 09:56AM +00:00 from Ansu Abraham Metzger [ametzger@moa.gov.lr](mailto:ametzger@moa.gov.lr):

Dear Mr. Nanka,

This is to acknowledge receipt of your Management Letter sent 5:30pm yesterday.

The Project will respond within the statutory time required by law.

Best regards,


Ansu Abraham Metzger  
National Project Coordinator  
STAR Project  
+231777683407/ 886683407  
[ansu.metzger407@gmail.com](mailto:ansu.metzger407@gmail.com)



*Management Letter On the Financial Statement  
Audit of Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P)  
For Fiscal Year Ended June 30, 2021*

Reply Reply All Forward

Thu 1/6/2022 11:03 AM

 **A** ansu.metzger407@gmail.com  
Re: STAR-P

To wsnanka@gac.gov.lr

Cc Ansu Sekou Konneh; pgjackson; rmquaye@gac.gov.lr; cbotoe@gac.gov.lr; jmcooper@moa.gov.lr; jhinneh@moa.gov.lr; jgborie@moa.gov.lr; staylor; Cooper Jeanine; Adolphus K. Tuah( Assistant Internal Auditor- IFAD PIU); Dr. Adetunji Oredipe Oredipe; MacDonald Nyazvigo; Zephaniah J Smith; Joseph Toh Hinneh Hinneh; Jemima Dahn; Leelia Andrews; Robert K. Fagans; George Tee Forpoh-PHD

Dear Mr. Nanka,

I would like to inform you that since the end of the Audit of the STAR-P, the then management have not received any Draft Audit Report for its response.

It has been two weeks since you sent a draft management letter without an audit report that needed our response.

Thanks and Happy New Year.

Ansu Abraham Metzger


Professional Consultant

Mobile : +231777683407 / 0886683407

alternative email: [ansu.metzger407@gmail.com](mailto:ansu.metzger407@gmail.com)

Reply Reply All Forward

Thu 1/6/2022 11:03 AM

 **A** ansu.metzger407@gmail.com  
Re: STAR-P

To wsnanka@gac.gov.lr

Cc Ansu Sekou Konneh; pgjackson; rmquaye@gac.gov.lr; cbotoe@gac.gov.lr; jmcooper@moa.gov.lr; jhinneh@moa.gov.lr; jgborie@moa.gov.lr; staylor; Cooper Jeanine; Adolphus K. Tuah( Assistant Internal Auditor- IFAD PIU); Dr. Adetunji Oredipe Oredipe; MacDonald Nyazvigo; Zephaniah J Smith; Joseph Toh Hinneh Hinneh; Jemima Dahn; Leelia Andrews; Robert K. Fagans; George Tee Forpoh-PHD

Monday, 27 December 2021, 01:26PM +00:00 from Ansu Sekou Konneh [akonneh@moa.gov.lr](mailto:akonneh@moa.gov.lr):

Dear Mr. Metzger:

Your two-year consultancy contract ended in October and was extended for two months ending December 31, 2021 for two primary reasons:

- 1) To participate in the World Bank's Review Mission of the STAR-P I'm November
- 2) To respond to GAC Audit queries

Your email response to respond to the GAC Audit reports means that you will respond in two weeks against the advise of the GAC's Deputy Auditor General.

The two weeks statutory period will run after your contract shall have ended and you will not legally entangle the MOA in January.

This constitutes defiance to both MOA and GAC.

In view thereof, the MOA WILL NOT ACCEPT THE STATUTORY PERIOD you mentioned and THE STAR P MUST RESPOND WITHIN THE FIVE-DAY PERIOD.

Regards  
Ansu S. Konneh  
Director/PMU

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