



Management Letter

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

For the Period July 1, 2021 to December 31, 2022



Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2023

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Acronyms/Abbreviations

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

Prof. D. Ansu Sonii, Sr.
Minister of Education
Ministry of Education
Ministerial
Complex
Monrovia,
Liberia

June 28, 2023
Dear Hon. Sonii:

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF THE IMPROVING RESULTS FOR SECONDARY EDUCATION PROJECT (IRISE) FOR THE PERIOD 1 JULY 2021 TO DECEMBER 31, 2022.

The Financial Statements of the Improving Results for Secondary Education Project (IRISE) were subject to audit by the Auditor General in terms of Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Engagement Terms of Reference. The Financial Audit was performed for the period July 1, 2021 to December 31, 2022.

INTRODUCTION

The audit of the Improving Results for Secondary Education Project (IRISE) for the period July 1, 2021 to December 31, 2022 is being completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

AUDIT SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit involves:

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

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

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

Financial Statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Improving Results for Secondary Education Project (IRISE) Management. Our responsibility is to express our opinion on these Financial Statements.

Key Personnel of the Project

During the period under audit, the following key persons managed the affairs of the IRISE Project

Name	Position	Tenure
Prof. D. Ansu Sonii, Sr	Minister	2018- Present
Abraham Kiazolu	Project Coordinator	2018- Present
Sadacious Varney	Finance Officer	2020 - Present
Quaqua Gayflor	Procurement Specialist	2022 - Present

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

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of Improving Results for Secondary Education Project (IRISE) during the audit.


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

Monrovia, Liberia
June 2023

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Non-Explanation of Material Variances

Observation

1.1.1.1 Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017) provides that an entity that makes publicly available its approved budget(s) shall present a comparison of the budget amount for which it is held publicly accountable and actual amounts either as a separate additional financial statement of an additional budget columns in the statement of cash receipts and payments. The comparison of budget and actual amount shall present separately for each level of legislative oversight:

- By way of note disclosure, an explanation of material variances between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and cross reference to those documents is made in the notes.

1.1.1.2 Additionally, paragraph 1.7.12 of the Revised Cash Basis IPSAS (2017) provides that an explanation of the material differences between actual amounts and the budget amounts will assist users in understanding the reasons for material departure from the approved budget for which the entity is held accountable.

1.1.1.3 During the audit, we observed that Management did not include explanatory notes to the financial statements on the material variances between the budget and actual amounts. Table 1 below for details:

Table 1: Non-Explanation of Material Variances

Activities Within Components	Project Allocation	Annual	Actual Expenditure	Variance
Improving access and learning environment at the senior secondary level	14,400,000	6,958,850.00	6,579,135.00	379,715.00
Increasing opportunities for girls to transition to and complete senior secondary education	5,000,000	2,010,000.00	1,621,126.00	388,875.00
Improving quality and relevance of senior secondary education	19,000,000	3,390,242.00	2,063,216.00	1,327,026.00
Capacity building, TA, project coordination, and M&E	7,100,000	2,329,005.00	2,176,455.00	152,550.00
Covid 19 Emergency Response	1,500,000	3,500.00	3,500.00	00.00

Activities Within Components	Project Allocation	Annual	Actual Expenditure	Variance
Total	47,000,000	14,691,597	12,443,433	2,248,166

Risk

1.1.1.4 Failure to include notes or explanation for material variances between budgetary amounts and actual amounts in the financial statements may deny users of the financial statements information needed to make informed decision.

1.1.1.5 Fair presentation and full disclosure may be impaired.

Recommendation

1.1.1.6 Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017).

Management's Response

1.1.1.7 *This was earlier communicated and was also resolved in the revised financial statement. Please see Exhibit I*

Auditor General's position

1.1.1.8 We acknowledge Management's acceptance of our findings and recommendations and subsequent adjustment of the financial statements.

1.1.2 Financial Statement submitted after deadline date

Observation

1.1.2.1 Section 4.6 IRISE Project Implementation Manual (PIM) states that the project will also prepare annual financial statements at the end of the project in accordance with International Public-Sector Accounting Standards cash basis. The annual financial statements will be submitted to the external auditor as soon as possible but not later than 2 months after the end of each fiscal year of the GoL.

1.1.2.2 During the audit, we observed that Management did not provide or submit the financial statements within the required stipulated timeframe.

Risk

1.1.2.3 Management may be noncompliant with Section 4.6 IRISE Project Implementation Manual (PIM).

1.1.2.4 Untimely presentation of the financial statements may impair accountability and decision making. The completeness and accuracy of the financial statements may also be impaired.

Recommendation

- 1.1.2.5 Management should facilitate the timely preparation of financial statements and subsequent submission of same to the GAC as required by Section 4.6 IRISE Project Implementation Manual (PIM).
- 1.1.2.6 Evidence of approved financial statements should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.2.7 *PFMU submitted to GAC all the IFRs that were prepared for every quarter of the entire period of the audit which was adequate for the commencement of the audit. PFMU had to meet its reporting requirements to the World Bank before preparing the IPSAS financial statement that is required by only GAC for the annual audit of the project. We believe that the IFR was sufficient and adequate for the auditor to commence the audit until the IPSAS Financial statements were completed for the entire period under audit.*

Auditor General's position

- 1.1.2.8 Management's assertion does not adequately address the issues raised. Going forward, Management should ensure that the annual financial statements are submitted to the Offices of the Auditor General and the Comptroller and Accountant General two (2) months after the end of each fiscal year of the GoL.
- 1.1.2.9 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.3 Lack of Signing date of the Financial Statements

Observation

- 1.1.3.1 Paragraph 1.4.5. of the IPSAS Cash basis reporting framework states "An entity shall disclose the date when the financial statements were authorized for issue and who gave the authorization. If another body has the power to amend the financial statements after issuance, the entity shall disclose that fact.
- 1.1.3.2 Regulation I.11. of the PFM Act of 2009 as amended and restated 2019 - states that "(1) There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the Minister and the Comptroller-General in respect of the year, accounts covering all public funds under his control. The accounts shall be submitted within a period of two months after the end of each fiscal year, or such other period as the Legislature may by resolution appoint and shall include statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia.
- 1.1.3.3 During the audit, we observed that Management did not indicate the date of approval on the financial statements.

1.1.3.4 As the result of the omission of approval dates on the financial statements, we could not ascertain the timely preparation of the financial statements.

Risk

1.1.3.5 Management may be non-compliant with Regulation I.11. of the PFM Act of 2009 as amended and restated in 2019.

1.1.3.6 Untimely presentation and approval of the financial statements may impair accountability and decision making. The completeness and accuracy of the financial statements may also be impaired.

Recommendation

1.1.3.7 Management should adjust the financial statements to include the date of approval adjacent to the signatures of the authorizers.

Management's Response

1.1.3.8 *This was earlier communicated and subsequently resolved in the revised financial statement. Please see **Exhibit I.***

Auditor General's Position

1.1.3.9 We acknowledge Management's acceptance of our findings and recommendations and subsequent adjustment of the financial statements.

1.1.4 Inconsistent Comparable Figures in the Financial Statements

1.1.4.1 Paragraph 1.4.19 of the IPSAS Cash Basis of Accounting states, "When the presentation or classification of items required to be disclosed in the financial statements amended, comparative amounts shall be reclassified, unless it is impracticable to do so, to ensure comparability with the current period, and the nature, amount of, and reason for any reclassification shall be disclosed.

1.1.4.2 Paragraph 1.4.1 of the IPSAS Cash Basis of Accounting states, "The general-purpose financial statements shall be presented at least annually. When in exceptional circumstances, an entity's reporting date changes and the annual financial statements are presented for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:

- The reason(s) for a period other than one year being used; and
- The fact that comparative amounts may not be comparable"

1.1.4.3 During the audit, we observed that the comparable amounts in the financial statements were not consistent. There were three (3) fiscal periods reported in the project financial statements. Two prior period figures for twelve and six months respectively (July 2020 to June 2021 and July 2021 to December 2021) while the current year figures were for twelve (12) months (January to December 2022).

1.1.4.4 Management did not also disclose in the notes to the financial statements the reason why comparable prior year figures were inconsistent.

Risk

1.1.4.5 Management may be non-compliant with Paragraph 1.4.19 of the IPSAS Cash Basis of Accounting.

1.1.4.6 Fair presentation and full disclosure may be impaired.

Recommendation

1.1.4.7 Management should adjust the financial statements and disclose in the notes to the financial statements why it was impractical to present comparable figures, as the project had activities for only six (6) months in the immediate prior year.

Management's Response.

1.1.4.8 *This was earlier communicated and subsequently addressed in the revised financial statement. Please see **Exhibit I**.*

Auditor's General Position

1.1.4.9 We acknowledge Management's acceptance of our findings and recommendations and subsequent adjustment of the financial statements.

1.1.5 Payment Made in Cash

Observation

1.1.5.1 Section R.14 of the Public Financial Regulations states that Heads of Government Agency shall endeavor to arrange, as far as it is consistent with the convenience of the public and the control of transaction, that collections or payments are made by check, bank transfer or direct payment to bank accounts.

1.1.5.2 During the audit, we observed that Management made payments amounting to US\$1,909,125.00 to contractors in cash instead of bank transfer or check. **See table 2 below.**

Table 2: Payment made in Cash

County	Amount paid in cash (US\$)
Bomi	80,000.00
Bong	277,500.00
Nimba	372,500.00
Lofa	227,500.00
Grand Bassa	80,000.00
Rivercess	40,000.00
River Gee	37,500.00
Maryland	75,000.00
Grand Kru	72,500.00

County	Amount paid in cash (US\$)
Margibi	192,500.00
Gbarpolu	57,500.00
Grand Cape Mount	137,500.00
Grand Gedeh	144,000.00
Sinoe	90,000.00
Montserrado	25,125.00
Total	US\$1,909,125.00

Risk

- 1.1.5.3 Cash may be misappropriated or subjected to theft.
- 1.1.5.4 Management may be non-compliant with Section R.14 of the Public Financial Regulations.

Recommendation

- 1.1.5.5 Management should facilitate all disbursements to vendors or their legally authorized representative through cheques or bank transfers.

Management's Response.

- 1.1.5.6 *The school grant intervention was designed based on the piloting of a Community Empowerment Approach to the management of schools in the spirit of decentralization of education management in Liberia as called for in the national decentralization policy. Both the designers of the project and the donor organization were quite aware that this effort will come with some potential challenges, including mainly the inadequate capacity of the local school management teams in the communities to adequately understand and implement the grant in accordance with the conventional fiduciary procedures given their locations and local contexts. For example, a school leaving from Vahun, Lofa County very closed to Sierra Leone to travel all the way down to Gbarnga in Bong County (Central Liberia) before accessing a fund in its bank account and carry out banking transactions is just a serious impediment to a smooth grant implementation. While a grant manual was developed and approved by the MoE with no objection from the World Bank that follows the conventional financial management and procurement procedures, it was very clear that these procedures/requirements could work for some schools/communities but not all, given their local context. The MoE carried out regular monitoring activities to verify compliance with the grant guidelines and the School Improvement Plan. During this monitoring process, the MoE observed that some SMCs were encountering difficulties which were posing slow progress to the grant implementation. As a way forward, they adopted more traditional methods that suited their specific circumstances in implementing the grant. Upon identifying such cases, the MoE provided appropriate recommendations to the concerned schools based on their observations. The MoE has recognized these experiences as valuable lessons for future considerations. These challenges were reported during the Midterm review of the project to the stakeholders including the World Bank, and it was agreed that while we maintain the grant manual, some areas should be relaxed based on lessons learned from the implementation, and that community schools should be allowed to use local context as common of CEAs, but*



should not compromise transparency, accountability and value for money. The project team is therefore also aware of some of these deviations from the conventional standards of financial and procurement management, but accepted them as part of the lessons learned from the local context provided no willful misapplication of funds or fraud is observed. For instance, some schools given their locations withdrew the funds from the account at once, kept it at the school, with the SMC following the vendor to purchase all materials requested and approved, and only workmanship was paid directly to the contractor. So the audit observation that schools pay through cash and not bank transfer and check is correct. Most rural schools did not receive check books from the banks in time after several efforts.

Auditor General's Position.

1.1.5.7 We acknowledge Management's acceptance of our findings and subsequent assertions. However, if Management had deemed approved financial management procedures as being impractical for implementation by some schools, Management should have adjusted the financial management procedures to address the challenges outlined in Management's response. The disbursement of funds in cash rather than the issuance of cheques is non-compliant to approved procedures.

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

1.1.6 **Unapproved Fuel Management Policy**

Observation

1.1.6.1 Section 1(introduction) to the Project Implementation Manual (PIM) states that; the Government of Liberia has received a grant equivalent to USD 47 million from the International Development Association (IDA) to implement the Improving Results in Secondary Education (IRISE) Project, hereinafter "the Project". The Project duration is four years. The Ministry of Education (MoE) is the IRISE implementation agency responsible for project execution and results monitoring. The implementation will be overseen by the Ministry's Senior Management Team (SMT).

1.1.6.2 During the audit, we observed that the fuel management policy was not approved by SMT as required by the PIM. The fuel management policy was unilaterally approved by the Deputy Project Coordinator/Technical lead.

Risk

1.1.6.3 In the absence of an approved fuel management policy by the Senior Management Team (SMT), gasoline and fuel may be procured and distributed on a discretionary basis. This may lead to misappropriation of fuel and gasoline.

Recommendation

1.1.6.4 Management should ensure that the draft fuel management policy is approved by the SMT as required by the PIM.



- 1.1.6.5 Evidence of approved fuel management policy by SMT should be adequately documented and filed to facilitate future review.

Management's Response.

- 1.1.6.6 *The Project coordinator did not unilaterally sign and authorize the use of fuel, disregarding the SMT (Steering Committee). The SMT, through the Minister, authorized (memo attached) the Coordinator to approve the previous fuel policy for the PDT (Project Delivery Team). However, considering that there are provisions for amendment & following advice on best practice recommended by the PFMU Internal Audit team as our fiduciary controls and compliance agent, the MoE (Ministry of Education) revised the fuel policy and include Communication policy which was signed/approved by head of entity. This updated policy took effect from January 2023, and aims to address the gaps identified in the previous policy and provide suitable measures and guidelines for fuel and communication management.*

Auditor's General Position.

- 1.1.6.7 Management's assertion does not adequately address the issues raised. The request for approval memo written by Management to the Minister of Education for approval does not suffice for a fuel management policy. Therefore, the Minister's signature on the memo (although not dated) does not amount to the approval of the policy. The memo for request for approval by the Minister was also written fourteen (14) months into the period under audit, which confirmed that Management had facilitated numerous fuel purchases without an approved policy.
- 1.1.6.8 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.7 Payment Made to Illegitimate Entities

Observation

- 1.1.7.1 Section 7.3.2 of the PFMU Financial Procedure Manual states, "All payments (local) to vendors should be accompanied by valid Business Registration and Tax Clearance. In the absence of a valid Business Registration and Tax Clearance, valid Tax payment receipt would suffice. Note: The validity (timing) of the Tax Clearance should be compared to the Delivery Date or Date of Completion of Service."
- 1.1.7.2 During the audit, we observed that Management made payments amounting to **US\$31,208.73** for catering services and radio announcements to business entities that did not have either valid business registration, tax clearance or payment receipts. **See Table 3-a below for details.**
- 1.1.7.3 We further substantiated the authenticity of business registration and tax clearance certificates attached to payment vouchers amounting to **US\$152,500.00** and observed that the tax identification numbers (TIN) indicated on the certificates were invalid. **See table 3-b below.**

Table: 3-a Payment made to Illegitimate Entities

Description	PV Date	PV No.	Amount (US\$)	Comment as to condition
Payment for the provision of Radio Coverage during the Citizens engagement and awareness of the IRISE School Grant in Grand Bassa County under 4 of the IRISE Project	1/10/2021	IRISEP/2022/147	2,850.00	No Business Registration and Tax Clearance attached
Payment for the provision of Conference facility and Catering services for the Technical Working Group (TWG) working in session for the costing of activities as per the documents attached under the IRISEP Project	21/06/2022	IRISEP/2022/325	886.05	Tax clearance expired as date of transaction
Conference facility and catering services for the review of Technical Design and Cost Estimated for the twenty-five (25) JSS schools submitted by AEP under the IRISEP Project	11/3/2022	IRISEP/2022/235	7,900.20	Tax clearance and Business Registration expired as date of transaction
Being conference facility and catering services for the modification of annual school census tools as per the documents attached under the IRISEP Project	12/9/2022	IRISEP/2022/366	2,700.00	Tax clearance expired as date of transaction
Provision for vehicle repair services of Two Toyota land Cruiser plate #2368 and #2368 under the IRISEP Project	22/08/2022	IRISEP/2022/356	5,607.00	Tax Clearance expired as date of transaction
Conference facility and catering services for the review of school improvement plans under the IRISEP Project	12/7/2021	IRISEP/2022/012	1,564.38	Business Registration expired as date of transaction
Representing the Procurement and supply of Scratch cards for the use by the project delivery team for the months of	24/11/2022	IRISEP/2022/4440	3,939.60	Business Registration & Tax Clearance expired as date of transaction

Description	PV Date	PV No.	Amount (US\$)	Comment as to condition
October, November and December 2022 under the IRISEP Project				
Payment for the procurement and supply of scratch cards for the use of the PDT under the IRISEP Project	27/05/2022	IRISEP/ 2022/312	3,601.50	Business Registration & Tax Clearance expired as date of transaction
Payment for the supply of scratch cards for the use of the PDT under the IRISEP Project	17/11/2021	IRISEP/2022/171	2,160.00	Business registration expired as date of transaction
Total:			US\$31,208.73	

Table: 3-b Payment made to Illegitimate Entities (borged businesses)

Name of School	Location	Payee	Tax Payor Identification Number (TIN)	Name of Tax payor number used	Amount (US\$)	Comment as to condition
Bahn High School	Bahn, Nimba Co.	Prophet Elijah Inc.	500594868	Executive Printing Service Inc.	12,500.00	Tax payer identification number (TIN) different from payee.
Unification Town High SCH.	Camp Four, Nimba	Elvis local construction Company	500517426	Invalid (Not assigned)	27,500.00	Tax payer identification number (TIN) different from payee.
Gbor Payee Public Sch.	Gbor Payee, Nimba	Prophet Elijah Inc.	500594868	Executive Printing Service Inc.	15,000.00	Tax payer identification number (TIN) different from payee.
M. V. Massaquoi High Sch.	Gbarnga, Bong County	Diakor Construction Trading Inc.	501402680	Planet PC Lib. Inc.	27,500.00	Tax payer identification number (TIN) different from payee.

Name of School	Location	Payee	Tax Payor Identification Number (TIN)	Name of Tax payor number used	Amount (US\$)	Comment as to condition
Yarpah Town High Sch.	Rivercee, Co.	Stanht Development Inc.	500010488	Invalid (Not assigned)	15,000.00	Tax payer identification number (TIN) different from payee.
Pipeline High Sch.	Paynesville, Montserrado	United Groups Companies	500194808	Invalid (Not assigned)	27,500.00	Tax payer identification number (TIN) different from payee.
Paynesville Community High Sch.	Paynesville, Montserrado	UNICO, Corporation	501179972	Gem's Word of print	27,500.00	Tax payer identification number (TIN) different from payee.
Total					US\$152,500.00	

Risk

- 1.1.7.4 In the absence of valid business registration and tax clearance certificates, payment may be made to illegitimate vendors leading to loss of much needed tax revenue.

Recommendation

- 1.1.7.5 Management should ensure that all payments relating to procurement of goods and services, are supported with valid business registration and tax clearance certificate as required by Section 7.3.2 of the PFMU Financial Procedure Manual.
- 1.1.7.6 Evidence of valid business registration and tax clearance certificates should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.7.7 *The PDT/PMU has made significant efforts to diligently validate all tax clearances submitted through the LRA tax clearance validation portal. However, we recognize that there might have been instances where our thoroughness did not uncover expired certificates. We are committed to collaborating closely with the PFMU to rectify such situations in the future and improve our validation processes. It is important to note that in some cases, vendors do submit valid certificates, but due to payment delays or the vendors' delays in collecting their checks, these certificates may have expired before the vendor comes to collect check that has already been signed just waiting release. At the*



point of release, we request proper identification and not tax clearance or business registration certificate.

Auditor General Position

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

1.1.8 **Non-Retirement of Foreign Travel**

Observation

1.1.8.1 Section 29 of the GoL Revised Travel Ordinance 2016/2017 state that “Upon return from abroad, officials are required to submit to the Financial Regulations Unit of the Ministry of Finance and Development Planning, a Travel Settlement Form as per Annexure II and copy of certificates for workshops, seminars, etc., used ticket stubs, copy of passport within 14 days from the date of return from tour or before date of next journey, whichever is earlier. In very exceptional cases where the second granted with the specific written approval of the official concerned, explaining the reasons thereof.

1.1.8.2 During the audit, we observed that Management facilitated travel to Kigali, Rwanda for study tour in support of the development of the Teaching Workforce Management Strategy using the amount of US\$15,738.30 and did not provide receipt for accommodation and justification for over staying two extra days as required by the travel ordinance. **See table 4 below for details.**

Table: 4 Non-Retirement of Foreign Travel

Description	PV No.	Beginning Date of travel	Ending date of travel	Amount (USD)	Comment as to condition
Payment representing air ticket to Kigali, Rwanda for study tour in support of the development of the Teaching Workforce Management Strategy under the IRISEP Project	IRISEP/2022/431	29-Oct-22	7-Nov-22		No evidence of invoices for foreign travels and over stay of two (2) days after the required number of days of travel
Total				15,738.30 US\$15,738.30	

Risk

1.1.8.3 Failure to adequately retire travel expenditure with the provision of invoices and reports may impair accountability of public funds.

Recommendation

- 1.1.8.4 Management should ensure that all travel expenditures are adequately accounted for as required by the travel ordinance. Upon return from abroad staff should retire with evidence of invoices for foreign travels and justification for additional days stay.
- 1.1.8.5 Evidence of retirement of travel expenditures should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.8.6 *Please note that payment in question was fully retired or accounted for by the Ministry of education for air tickets that was fully supported by invoice, delivery note and receipt from Universal Travel Service, Inc. **Please See Exhibit II.***

Auditor General's Position

- 1.1.8.7 Management's assertions are not supported by adequate documentation. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.9 **Payment Made to Third-Party**

Observation

- 1.1.9.1 Section 6.4.1 of the revise PFMU of 2020 states" All Payment vouchers and checks shall be written in the name of beneficiary that appears on the supporting documents.
- 1.1.9.2 During the audit (field verification), we observed that Management made payments to third-parties amounting to **US\$579,500.00** rather than the contractors, vendors, service-providers and direct beneficiaries or legally authorized representatives. **See table 5 below for details.**

Table 5: Payments Made to Third Party

No	County	No. of Public Schools	Amount Per Contract US\$
1	Nimba	22	72,500.00
2	Grand Gedeh	10	44,000.00
3	Bong	16	77,500.00
4	Lofa	16	87,500.00
5	Grand Bassa	3	42,000.00
6	Margibi	6	87,500.00
7	Rivercess	3	21,000.00
8	Grand Cape Mount	9	54,500.00
9	Bomi	3	43,000.00
10	Gbarpolu	2	27,500.00
11	Montserrado	1	22,500.00
Total			US\$579,500.00

Risk

- 1.1.9.3 Paying cash to individual for subsequent disbursement to vendors or service providers may facilitate misappropriation of project funds. This practice may also lead to management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.1.9.4 Management should ensure payments for goods and services procured be made directly to vendors or its legally authorized representatives.

Management's Response

- 1.1.9.5 *The school grant was designed based on a Community Empowerment Approach, with the stakeholders anticipating potential challenges. To facilitate the smooth implementation of the grant using this approach, the Ministry of Education (MoE) developed the School Improvement Grant Implementation Manual and provided training to all School Management Committee (SMC) members in procurement, financial management, and reporting. The responsibility for managing the grant rested squarely with the schools, with monitoring support from the MoE's School Grants team. The MoE carried out regular monitoring activities to verify compliance with the grant guidelines and the School Improvement Plan. During this monitoring process, the MoE observed that some SMCs encountered difficulties and adopted more traditional methods that suited their specific circumstances in implementing the grant. Upon identifying such cases, the MoE provided appropriate recommendations to the concerned schools based on their observations. The MoE has recognized these experiences as valuable lessons for future considerations.*

Auditor's General Position

- 1.1.9.6 Management's assertion does not adequately address the issues raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.10 **Failure to Withhold and Remit Taxes**

Observation

- 1.1.10.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "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".
- 1.1.10.2 Section 91. (a) of the revised Revenue Code of 2011 states that; A person required under the provisions of this Code or regulations hereunder to withhold, collect, segregate, account for, or pay over any tax or other revenues of the Republic and who knowingly fails to do so commits a misdemeanor. Upon conviction, in addition to any other sanctions

that may be provided by law, the person is subject to a fine of not more than \$50,000.00, imprisonment for not more than one year, or both.

- 1.1.10.3 During the audit, we observed that Management did not withhold and remit the total amount of US\$62,280.00 as withholding taxes from vendors and contractors to LRA. **See table 6 below for details:**

Table 6: Failure to Withhold and Remit Taxes

No	County	No. of Public Schools verified	Amount Per Contract US\$	2% Withholding Amount
1	Bomi	3	81,000.00	1,620.00
2	Bong	8	324,000.00	6,480.00
3	Gbarpolu	3	90,000.00	1,800.00
4	Grand Bassa	9	144,000.00	2,880.00
5	Grand Cape Mount	5	171,000.00	3,420.00
6	Grand Gedeh	5	139,500.00	2,790.00
7	Grand Kru	4	90,000.00	1,800.00
8	Lofa	8	238,500.00	4,770.00
9	Margibi	5	247,500.00	4,950.00
10	Maryland	5	121,500.00	2,430.00
11	Montserrado	17	841,500.00	16,830.00
12	Nimba	11	400,500.00	8,010.00
13	Rivercess	2	54,000.00	1,080.00
14	Rivergee	2	45,000.00	900.00
15	Sinoe	3	126,000.00	2,520.00
Grand Total			3,114,000.00	62,280.00

Risk

- 1.1.10.4 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.1.10.5 Management may be non-compliant with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 which may result in to penalties for late payment and failure to pay.
- 1.1.10.6 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.1.10.7 Management should provide substantive justification for not remitting withholding taxes to the LRA.
- 1.1.10.8 Management should facilitate full remittance of withholding taxes to the LRA in keeping with Sections 91 and 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.



- 1.1.10.9 Going forward, Management should withhold all taxes and facilitate full remittance of same to the General Revenue Account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance of withholding taxes should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.10.10 *PFMU wishes to clarify that the withholding of taxes on advances paid to the public schools under the school grant arrangement had a different funds flow modality that made it impracticable for the PFMU to deduct taxes. The funds under reference were advance to various public schools. These public schools later carried out their own procurement related activities thereby limiting the PFMU in withholding and remitting the applicable taxes. PFMU could not tax the advances as public schools are non-tax paying entities under our law. To facilitate the smooth implementation of the grant using this approach, the Ministry of Education (MoE) developed the School Improvement Grant Implementation Manual and provided training to all School Management Committee (SMC) members in procurement, financial management, and reporting. The responsibility for managing the grant rested squarely with the schools, with monitoring support from the MoE's School Grants team.*

Auditor General's Position

- 1.1.10.11 Management's assertion does not adequately address the issues raised. Management had the fiduciary responsibility to educate implementing partners about prudent financial management and procurement practices and obligations including withholding and remitting taxes. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.11 **Payments without Supporting Documentation**

Observation

- 1.1.11.1 Regulation P.9 (2) of the Public Financial Management Act of 2009 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".
- 1.1.11.2 During the audit, we observed that Management made payments amounting to US\$277,241.00 without evidence of supporting documents such as payment vouchers, delivery notes and invoices to validate the authenticity of the transactions. **See table 7 below for details:**

Table 7: Payments Made Without Supporting Document

Management Letter On the
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For the Period July 1, 2021 to December 31, 2022

County	Name of School	Payee	Amount Paid to Vendor(s)	Condition
Bong County	John F. Bakalu Semi-High	Dukuly & Brothers Construction Company	3,550.00	No Delivery Notes for payment made to Obediah & Ophelia Business
Bong County	N.V. Massaquoi Elem. Jr High & Sr. High School	Diakor Construction Trading Inc.	45,535.00	Lack of supporting document for the amount paid
Bong County	Suakoko Central High School	Bong Engineering & Construction Company	15,000.00	Lack of supporting document for the amount paid
Nimba County	Leamah Public School	Menkar Construction Inc.	16,500.00	Lack of supporting document for the amount paid
Nimba County	Johnny Voker High School	Doe-Lorker Koiah Construction Union Inc.	4,875.00	Lack of supporting document for the amount paid
Nimba County	Gbor Payee High School	N/a	6,875.00	Lack of supporting document for the amount paid
Nimba County	Tappeh Memorial High School	Doe-Lorker Koiah Construction Union Inc	1,310.00	Lack of supporting document for the amount paid
Grand Gedeh County	Gborho Center High School	Eagles Group of Company	3,056.00	Lack of supporting document for the amount paid
Lofa County	Konia Garbo Public School	Bong Engineering Construction Company	13,150.00	Lack of supporting document for the amount paid
Margibi County	Unification Town High School	Elvis Local Construction Company	25,000.00	Lack of supporting document for the amount paid
Margibi County	Dolo Town Public Elem. Jr. & Sr. High School	Cast Inc.	27,500.00	Lack of supporting document for the amount paid
Margibi County	Lango Lippaye Elementary, Junior, Senior High School	Royal Construction Engineering Company	27,500.00	Lack of supporting document for the amount paid
Margibi County	Weala Public School	Royal Construction Engineering Company	15,000.00	Lack of supporting document for the amount paid



County	Name of School	Payee	Amount Paid to Vendor(s)	Condition
Grand Cape Mount County	Tienii- Wonde Elem. Jr/Sr High School	Secomavula Equipment rental land & services Construction Company Inc.	7,400.00	Lack of supporting document for the amount paid
Grand Cape Mount County	Damballa Community School System	Secomavula Equipment rental land & services Construction Company Inc.	5,750.00	Lack of supporting document for the amount paid
Grand Cape Mount County	Gbesseh High School	African Development Network	6,740.00	Lack of supporting document for the amount paid
Gbarpolu County	Bopolu Central High School	P.S.I Liberia Limited	27,500.00	Lack of supporting document for the amount paid
River Cess County	Yarpah High School	Stahn Development Inc	15,000.00	Lack of supporting document for the amount paid
River Cess County	Neegbah Public School	Topoe Woodwork Shop	10,000.00	Lack of supporting document for the amount paid
Total:			US\$277,241.00	

Risk

- 1.1.11.3 In the absence of adequate supporting documents, the validity, occurrence and accuracy of payments cannot be assured. This may lead to misappropriation of the project's funds.
- 1.1.11.4 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.1.11.5 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.

Recommendation

- 1.1.11.6 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.
- 1.1.11.7 Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable.

- 1.1.11.8 All relevant supporting documents should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.11.9 *The Community Empowerment Approach (CEA) incorporates control mechanisms that strictly enforce the requirement of proper supporting documentation before any payment can be made. Furthermore, the Ministry of Education (MoE) does not disburse funding to school accounts unless the schools meet specific benchmarks, which encompass procurement, financial management, monitoring, and reporting. If there have been instances where payments were made without the necessary documentation, we kindly request you to provide us with the names of the specific schools involved and the particular document missing (instead of the generic statement in the table above "lack of supporting document for the amount paid"). This information will enable us to investigate and address any non-compliance promptly.*

Auditor General's Position

- 1.1.11.10 Management's assertion does not adequately address the issues raised. The additional information requested in Management's response are contained in table 7 above. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.12 Fully Paid Uncompleted Projects

Observation

- 1.1.12.1 Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

- Ensuring that the contractor complies with the specifications and terms of the contract;
- Ensuring that the contract is being performed on schedule;
- Ensuring that, payments made to the contractors are in accordance with the terms of the contract."

- 1.1.12.2 During the audit, we observed that Management made full payment to contractors for uncompleted projects amounting to US\$189,500.00. **See table 8 below for details:**

Table 8: Fully Paid Uncompleted Projects as at May 2023.

#	School	Location	District	Amount (USD) 1 st / 2 nd payment
1	Bopolu Central High School	Bopolu City	Bopolu	27,500.00
2	Lango Lippaye Elementary, Junior, Senior High School	Kakata	Kakata 2	22,000.00
3	Neegbah Public School	Cephas Town, Neegbah	Yarnee	30,000.00
4.	Sass Town	Bomi	Klay District	27,500.00

#	School	Location	District	Amount (USD) 1 st / 2 nd payment
5.	Milton Teahjay High Sch.	Unification City	Tarjuwon	27,500.00
6.	Sass Town high sch.	Sass Town Grand Kru Co.	Sass Town	27,500.00
7	Pipe Line Public School	Montserrado, Pipeline, Paynesville	Monrovia 1 (Monrovia Consolidated School System)	27,500.00
Total:				189,500.00

Risk

- 1.1.12.3 Failure to complete fully paid construction project on schedule may lead to non-achievement of the project's objectives and misappropriation of project funds.
- 1.1.12.4 Management may incur additional overhead expenditures to complete overdue project deliverables.
- 1.1.12.5 The absence of effective monitoring and evaluation of project deliverables may deny the achievement of value for money during the execution of the project.

Recommendation

- 1.1.12.6 Management should provide substantive justification why the construction projects have not been completed as at December 31, 2022, as enshrined in the contract agreement.
- 1.1.12.7 Management should ensure that proper coordination, monitoring and evaluation of the project are implemented periodically during the execution of the project.
- 1.1.12.8 Going forward, subsequent disbursement should be aligned with the level of work completed.

Management's Response

- 1.1.12.9 *We will investigate this observation during the end of implementation assessment visit to the schools and revert as prior audit issue given this is a CEA and we are not in the field to establish this right away.*

Auditor's General Position

- 1.1.12.10 We acknowledge Management's assertions. We will follow-up on the implementation of our recommendations during subsequent audit.

2 STATUSES ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION

Recommendations conveyed during financial statement audit of Improving Results in Secondary Education (IRISE) for July 1, 2021 to December 31, 2022 are yet to be implemented by Management of the PIU as indicated in the Table below:

Prior-year audit matters implemented

No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
1	Note Disclosure of Budgetary Basis, Period and Scope	Management ensures full and adequate disclosures of budgetary basis, period and scope for the project	1.1.1	We acknowledge the auditor's recommendation and will ensure full compliance during the preparation of the next financial reports.	We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit.	Completed	IRISE Management made full disclosures of budgetary basis, period and scope for the project	
2	Non-implementation of Project Programs	Management should ensure that a comprehensive monitoring and evaluation reporting structure is established to	1.2.1	We do acknowledge this as it has also been recognized by both the GoL and the World Bank. Modalities are being worked	We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit.	Completed	Management has a established monitoring and evaluation reporting structure.	



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
		ensure deliverables are achieved in a timely manner.		out to accelerate implementation and improve disbursement under the Project. Like it was mentioned in our response to your queries on budget variance, once civil works activities and the DLIs are implemented and verified in time, there would be tremendous improvement in implementation . All of these were discussed, adjustments recommended and				



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
				<p>agreements reached between the World Bank and MoE during the just concluded midterm review of the project. Key subcomponents experiencing delayed implementation were considered during the MTR for restructuring. This will see a speedy implementation of the project during the fiscal year 2022.</p>				



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
3	Health Kits Distribution Record	Management should ensure that distribution logs are adequately disaggregated, documented and filed to facilitate future review. Management should ensure that all assets procured for project operations are placed into use in a timely manner	1.3.1.1	We respectfully disagree with the assertion that "there was no distribution log to clearly indicate the quantity of the health kits items received and distributed for IRISE during the fiscal period". We also disagree with the audit finding that a combined distribution record for the health kits distribution to private and public schools by the MoE is equivalent to	Management's response does not adequately address our finding. Management should ensure that distribution logs are adequately disaggregated per project records. These records should be adequately documented and filed to facilitate future review. Therefore, we maintain our finding and recommendation acceptance of our findings and recommendations. We will make a follow-up during subsequent audit.	Not implemented	Management is yet to implement the Auditor's recommendation	Management needs to implement the auditor's recommendation.



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No.	Findings	Description of Recommendation	Source (paragraphs)	Management's Response	Auditor General's Position	Status of recommendation	Activities performed	Outstanding activities
				co-mingling				

