



Management Letter

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

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

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



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



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June 30, 2023

Hon. Ruth Coker-Collins
Minister
Ministry of Public Works
Monrovia, Liberian

Dear Hon. Coker-Collins:

RE: MANAGEMENT LETTER ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA ROAD ASSET MANAGEMENT PROJECT (LIBRAMP) FOR THE FISCAL PERIOD ENDED DECEMBER 31, 2022.

The Financial Statements of the Liberia Road Asset Management Project (LIBRAMP) for the period July 1, 2021 to December 31, 2022 are subject to audit by the Auditor-General (AG) under the AG's Mandate as provided for in Section 2.1.3 of the GAC Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

INTRODUCTION

The audit of the Liberia Road Asset Management Project (LIBRAMP) financial statements for the fiscal period ended December 31, 2022 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit includes:

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

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

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

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

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

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the staffers of the Liberia Road Asset Management Project (LIBRAMP) during the audit.

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



Monrovia, Liberia
June 2023



1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Non-Deduction and Remittance of Withholding Taxes

Observation

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

Table 1: Non-Deduction and Remittance of Withholding Taxes (staffers)

No	Position	Annual Remuneration US\$	10% Withholding Amount US\$
1	Key Staff (2)	73,264.50	7,326.45
2	Technical Support Team (TST) (2)	31,000.00	3,100.00
3	Support Staff (4)	15,700.00	1,570.00
	Total	119,964.50	11,996.45

Table 2: Non-Deduction and Remittance of Withholding Taxes (Consultants)

No.	Description	Voucher Date	Voucher/Reference #	Voucher Amount US\$	Invoice #	Invoice Amount US\$	10% Withholding Amount
1	April 2022 -IMC Worldwide	05/07/2022	2022/099	75,522.64	10297-93-F	63,510.83	6,351.08
2	Aug pmt:IMC Worldwide	11/11/2021	2022/061	74,740.40	10297-85-F	65,792.83	6,579.28
3	Dec 2021 pmt:IMC Worldwid	03/02/2022	2022/015	83,557.55	10297-89-F	69,743.18	6,974.32
4	Feb pmt to IMC Worldwide	25/04/2022	2022/063	96,687.69	10297-91-F	84,637.47	8,463.75
5	Jul pmt:IMC Worldwide	15/09/2021	2022/023	110,260.65	10297-84-F	103,303.14	10,330.31
6	July pmt IMC Worldwide	01/09/2022	2022/110	60,629.05	10297-96-F	54,884.91	5,488.49
7	June pmt:IMC	01/09/2022	2022/111	87,396.41	10297-95-F	73,299.28	7,329.93
8	Mar pmt to IMC Worldwide	25/04/2022	2022/064	129,757.11	10297-92-F	108,929.09	10,892.91
9	May 2021	02/09/2021	2022/006	124,348.13	10297-82-F	112,387.46	11,238.75

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No.	Description	Voucher Date	Voucher/ Reference #	Voucher Amount US\$	Invoice #	Invoice Amount US\$	10% Withholding Amount
	pmt:IMC						
10	May, 2022-IMC Worldwide	05/07/2022	2022/103	90,485.55	10297-94-F	77,063.33	7,706.33
11	Nov 2021 pmt:IMC	17/12/2021	2022/085A	98,263.76	10297-88-F	84,920.34	8,492.03
12	Sept 2021 pmt:IMC	17/12/2021	2022/085B	99,773.60	10297-86-F	82,946.41	8,294.64
	Total			1,131,422.54		981,418.27	98,141.83

Risk

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

Recommendation

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

Management's Response

- 1.1.1.8 *LIBRAMP is Tax exempt. Therefore, Contracts of IIU Staffers, consultants and contractors signed under LIBRAMP did not include provision for tax deduction. This matter has been raised across the projects under the World Bank in Liberia. Discussions of this matter continued between the World Bank and Government at high level without closure up to date. (Please see Exhibit I)*

Auditor General's Position

- 1.1.1.9 The LIBRAMP Management's assertions are not supported by Section 905 (j) of the Revenue Code of Liberia Act of 2000 Amended in 2011 and any other documentary evidence. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.



1.1.2 Non-Deduction of Taxes and Duties (contracting entities) CHICO and CICO

Observation

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

Table 3: Non-Withholding of Taxes-contracting entities (CE)

No.	Expenditure Description	Voucher date	Voucher/ Reference #	Contract Amount per Ledger US\$	10% Withholding Amount US\$
1	Civil Works/CHICO	21/11/2022	2022/213	50,591.73	5,059.17
2	Civil Works/CHICO	21/11/2022	2022/212	12,752.29	1,275.23
3	Pmt Q23:CHICO	08/02/2022	2022/064	606,003.69	60,600.37
4	PPR-24:Chico	19/05/2022	2022/091	600,863.91	60,086.39
5	PPR-24:Chico	19/05/2022	2022/090	63,157.96	6,315.80
6	Rehabilitation&Desi:CHICO	11/11/2021	2022/049	582,520.80	58,252.08
7	Works No. 21:CHICO	06/12/2021	2022/013	576,485.10	57,648.51
8	Works Pmt 21:CHICO	11/08/2021	2022/014	63,783.98	6,378.40
Sub-total (a)				2,556,159.46	255,615.95
9	#21 price adjustment:CICO	18/05/2022	2022/077	956,755.43	95,675.54
10	#21price adjustment:CICO	18/05/2022	2022/078	49,654.64	4,965.46
11	#22 price adjustment:CICO	20/05/2022	2022/076	964,516.39	96,451.64
12	30% June pmt:CICO	11/08/2021	2022/009	564,231.20	56,423.12
13	70% June pmt:CICO	11/08/2021	2022/009	1,316,539.47	131,653.95



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No.	Expenditure Description	Voucher date	Voucher/ Reference #	Contract Amount per Ledger US\$	10% Withholding Amount US\$
14	Adv Pmt Amendment 1:CICO	18/05/2022	2022/081	2,033,004.34	203,300.43
15	IPR-4 -6.1KM-03:CICO	04/03/2022	2022/066	1,443,945.19	144,394.52
16	June 2021:CICO	22/09/2021	2022/010	66,073.62	6,607.36
17	Pmt report 22:CICO	18/05/2022	2022/075	1,553,665.84	155,366.58
18	PMT Report No.20:CICO	24/11/2021	2022/057	1,727,956.71	172,795.67
19	Pmt report No.22:CICO	18/05/2022	2022/079	39,160.04	3,916.00
20	Pmt report No.22:CICO	18/05/2022	2022/080	22,913.99	2,291.40
21	Progress pmt report:CICO	28/03/2022	2022/070	24,911.54	2,491.15
22	Rehabilitation-CICO	03/08/2022	2022/141	74,698.17	7,469.82
23	RMP-21:CICO	04/03/2022	2022/067	1,553,665.84	155,366.58
24	RMP-21:CICO	01/04/2022	2022/068	22,761.24	2,276.12
25	Works IPC-19:CICO	08/11/2021	2022/015	136,301.22	13,630.12
26	Works:CICO	21/07/2022	2022/130	19,102.22	1,910.22
Sub-total (b)				12,569,857.09	1,256,985.71
Grand Total (a + b)				15,126,016.55	1,512,601.65

Risk

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

Recommendation

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

Management's Response

- 1.1.2.10 *LIBRAMP is Tax exempt. Therefore, Contracts of IIU Staffers, consultants and contractors signed under LIBRAMP did not include provision for tax deduction. This matter has been raised across the projects under the World Bank in Liberia. Discussions of this matter continued between the World Bank and Government at high level without closure up to date. (Please see Exhibit I)*



Auditor General's Position

1.1.2.11 The LIBRAMP Management's assertions are not supported by Section 905 (j) of the Revenue Code of Liberia Act of 2000 Amended in 2011 and any other documentary evidence. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.3 Non-Remittance of Withholding Taxes

Observation

1.1.3.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 states "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".

1.1.3.2 During the audit, we observed that Management failed to remit withholding taxes deducted from suppliers, businesses and consultants of the project for services rendered. Also, there is no evidence of Payment Receipts (GOL Official Flag Receipts) for remittance of Withholding Taxes. **See table 4 below for detail.**

Table 4: Non-Remittance of Withholding Taxes (Others)

No.	Transaction Date	Transaction Reference	Description	Base Amount USD
1	26/08/2021	2022/017	2%tax:Computer Shop	16.00
2	26/08/2021	2022/017	2%tax:Thunder Bird Corp	27.00
3	29/09/2021	2022/030	2%tax :RAJ Enterprise	43.00
4	13/10/2021	2022/038	2%tax Mutual Benefits	62.53
5	19/10/2021	2022/041	2%tax United Office Suppl	15.40
6	08/11/2021	2022/058	2%Tax: RaJ: GRA	13.00
7	01/12/2021	2022/068	2%tax: Thunder Bird	16.00
8	07/12/2021	2022/073	2%tax: Thunder Bird	20.00
9	07/12/2021	2022/071	2%tax Metro Stationery	676.26
10	28/01/2022	2022/103	2%tax: United Office Suppl	23.30
11	03/03/2022	2022/030	2%tax: Thunder Bird	26.20
12	19/05/2022	2022/077	2%taxes: Thunder Bird	32.00
13	18/07/2022	2022/125	2%tax Deduct-GRA	23.76
14	23/11/2021	2022/056	2%tax Dynamic Marketing	8.00
15	23/11/2021	2022/056	2%tax Orange Liberia	67.40
16	01/04/2022	2022/071	2% tax - CICA Motors Lib	1,632.88
17	18/05/2022	2022/084	2% tax: Harbel Supermarket	58.48
18	29/07/2022	2022/132	2%tax: Lonestar Cell	70.00
19	22/08/2022	2022/153	2% Tax Electro World-GRA	27.60
20	01/09/2022	2022/163	2% tax NP Liberia-GRA	53.13
21	01/09/2022	2022/161	2% tax fr Insurance-GRA	8.00



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No.	Transaction Date	Transaction Reference	Description	Base Amount USD
22	19/09/2022	2022/171	2%tax Orange Lib-GRA	98.00
Subtotal (a)				3,017.94
1	05/07/2021	2022/005	4% for In Profile Daily	80.00
2	18/08/2021	2022/011	4%tax for Allbright:GRA	96.00
3	26/10/2021	2022/045	4%tax Landstar Eng	4,076.99
4	01/03/2022	2022/028	4%tax:Liberia Media	16.00
5	16/03/2022	2022/034	4%tax:In Profile	16.00
6	25/04/2022	2022/060	4%tax Expert Travel	88.00
7	11/05/2022	2022/072	4%tax:Liberia Media	8.00
8	26/05/2022	2022/082	4%tax:InProfile Daily	40.00
9	23/07/2022	2022/116	4%tax deduction-GRA	132.00
10	23/07/2022	2022/115	4%tax deduction-GRA	140.00
11	04/11/2022	2022/193	4% tax Lib Media-GRA	56.00
12	04/11/2022	2022/191	4% tax In Profile-GRA	40.00
13	03/11/2021	2022/056	4%taxes for publication	171.00
14	14/12/2021	2022/060	4%tax In Profile	16.00
15	01/04/2022	2022/052	4%tax Landstar Engineerin	3,336.32
16	11/05/2022	2022/074	4%tax In Profile Daily	40.00
17	26/05/2022	2022/098	4%tax:HG Signs	63.00
18	14/06/2022	2022/105	4%tax:Landstar Eng & Tran	1,879.55
19	26/08/2022	2022/159	4% tax fr Landstar-GRA	1,933.14
20	06/09/2022	2022/166	4% tax William Signs-GRA	1,467.00
21	14/09/2022	2022/169	4% tax for HG Signs-GRA.	1,242.72
22	07/10/2022	2022/177	4% tax fr Freedom printin	46.00
Subtotal (b)				14,983.72
1	20/07/2022	2022/127	10%tax deduct-Saizai Akoi	722.20
2	05/07/2021	2022/005	10% Africa Motor	650.00
3	05/07/2021	2022/005	10% for Cape Automotive	136.40
4	09/08/2021	2022/005	10%presumptive taxes	576.30
5	26/08/2021	2022/017	10%tax:ACICO	454.60
6	23/09/2021	2022/027	10%tax:Africa Motors	283.00
7	07/10/2021	2022/034	10%tax Cape Automotive	305.40
8	20/10/2021	2022/043	10%tax Cape Automotive	152.50
9	03/11/2021	2022/055	10% vehicle servicing	605.40
10	07/12/2021	2022/075	10%tax Africa Motor	250.00
11	09/12/2021	2022/078	10%tax :Boulevard	352.00
12	17/12/2021	2022/082	10%tax Channel Logistics	52.50
13	17/12/2021	2022/084	10%tax Channel Logistics	187.50
14	21/12/2021	2022/091	10% Tax veh serv Afr Moto	139.48
15	21/12/2021	2022/091	10% Tax veh serv Cape Aut	135.00
16	23/12/2021	2022/093	10%tax Monrovia Diesel	120.80
17	17/01/2022	2022/096	10%tax:Channel Logistics	237.50
18	24/01/2022	2022/100	10%tax:Channel Logistics	158.00
19	16/02/2022	2022/022	10%tax:Channel Logistics	52.50



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No.	Transaction Date	Transaction Reference	Description	Base Amount USD
20	04/04/2022	2022/036	10%tax to John A. B-Afful	1,500.00
21	20/04/2022	2022/056	10%tax Channel:GRA	72.00
22	27/05/2022	2022/088B	10%tax:Channel Logistics	288.50
23	20/07/2022	2022/126	10% tax deduct-Cape Hotel	4,400.00
24	20/07/2022	2022/107B	10% tax Channel Log-GRA	141.00
25	11/08/2021	2022/012	10%tax Ansu Fakoly	255.00
26	08/09/2021	2022/024	10%tax:Sabanoh Ent	8,548.60
27	02/11/2021	2022/047	10% tax:Tormu Group	75.00
28	03/02/2022	2022/063	10%Westcorps:GRA	360.70
29	23/05/2022	2022/095	10%tax:Saizai Akoi	6,500.00
30	09/08/2022	2022/146	10%tax :Bam Catering	150.00
31	12/08/2022	2022/146	10% tax for Yeasu-GRA	6,299.00
32	20/09/2022	2022/173	10%tax Alley Printing-GRA	3,760.00
33	04/11/2022	2022/187	10%tax fr B.Clark-GRA	1,137.40
34	04/11/2022	2022/187	10% tax fr Blue Seas	1,000.00
35	04/11/2022	2022/185	10% tax Victor Print-GRA	4,476.50
36	04/11/2022	2022/183	10%tax-Bendu Clark-GRA	1,706.10
37	04/11/2022	2022/189	10%tax fr facilitators	1,710.00
Subtotal (c)				47,950.88

Risk

- 1.1.3.3 Failure to remit withholding taxes, may deny GoL of much needed tax revenue.
- 1.1.3.4 Management may be in noncompliance with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay.
- 1.1.3.5 Non-remittance of withholding taxes may lead to overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.1.3.6 Management should facilitate full deduction and remittance of withholding taxes to the LRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000. Evidence of withholding and remittance of taxes should be adequately documented and filed to facilitate future review.
- 1.1.3.7 Management should adjust the cash book by the total value of the non-remitted withholding taxes and restate the financial statements with the adjusted cash balance.

Management's Response

- 1.1.3.8 *However, for vendors and consultants whose payments are subjected to taxes, the PFMU continue to engage with the stakeholders on this GOL flag receipts issue for tax payment. The LRA has indicated that the PFMU is not regarded as one of her Collectrates that can issue flag receipt. The issuance of flag receipts will have to go through various approvals levels and in their wisdom, the PFMU cannot issue a flag receipt for the reasons given above.*

- 1.1.3.9 *Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account either via the LRA tax remittance forms or via the issuance of checks which will be evidenced / captured by their system and the consultant or vendor can later claim their tax credit from the LRA system.*

Auditor General’s Position

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

1.1.4 Inadequate Disclosure of Cash and Cash Equivalent-Outstanding Claims/Payment to CE

Observation

- 1.1.4.1 Clause 23 & 24 of the General Condition of the Contract states that “Maintenance Services are those activities necessary for keeping the Road in compliance with the Performance Standards pursuant to GC Clause 24. Maintenance Services shall include all activities required to achieve and keep the Road Performance Standards and Service Levels. These Services will be remunerated by Lump-Sum amount for the period of the contract in fixed monthly payments during the entire contract period. The contractor shall carry out the Maintenance Services to achieve and keep the Road complying with the Services Level defined in the Specifications. He will carry out all Works in accordance with performance standards indicated in the Specifications.”
- 1.1.4.2 Additionally, Part 1.2.2 of the Revised Cash Basis IPSAS (2017) provides that “financial statements prepared under the cash basis should provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is balances of cash and changes therein. Notes to the financial statements may provide additional information about liabilities, such as payables and borrowings, and some non-cash assets, such as receivables, investments and property, plant and equipment.”
- 1.1.4.3 During the audit, we observed that the notes to the Financial Statements for the period under audit did not disclose unpaid claims totaling US\$6,152,245.88 and LR\$35,280,459.86 for routine maintenance services provided by contracting entities (CICO and CHICO) under the OPRC Road Asset Management Contracts from ELWA to Coca-Cola Factory to Gbarnga—Ganta Guinea Border road as of December 31, 2022. **See table 5 below for details.**

Table 5: Outstanding Payment to CE for Routine Maintenance

Lot 1 "Coca Cola Factory to Gbarnga Road (180 KM and 6.1KM to ELWA)"			
Project	No. of Quarter Payment	Amount in US\$	Amount in LR\$
Lot 1 180 KM	Q23	1,563,253.95	-
	Q24 (Invoice 1)	2,600,000.00	11,877,192.43
	Q24 (Invoice 2)	394,533.07	-
6.1KM	NO. 5	936,255.70	-



Lot 1 "Coca Cola Factory to Gbarnga Road (180 KM and 6.1KM to ELWA)"			
Project	No. of Quarter Payment	Amount in US\$	Amount in LR\$
Subtotal (a)		5,494,042.72	11,877,192.43
Lot 2 "Gbarnga to Ganta-Guinea Border Road (68.61KM)			
Lot 2 (68.61 KM)	Emergency IPC4		21,854.49
	Emergency IPC10	763.04	2,951.76
	Emergency IPC11		2,435.05
	Emergency IPC13		8,680.35
	Emergency IPC15	1,137.82	4,401.92
	Emergency IPC16	2,653.20	10,263.54
	IPC18		1,959,271.17
	IPC19		1,941,437.61
	Emergency IPC21	4,005.56	
	Emergency IPC24		24,365.36
	IPC25		9,681,493.70
	IPC26	649,643.54	9,746,112.48
	Subtotal (b)		658,203.16
Total		6,152,245.88	35,280,459.86

Risk

- 1.1.4.4 The inability of the Government of Liberia to settle the routine maintenance payments may impair the maintenance of the road project.
- 1.1.4.5 The failure to adequately provide full disclosure about cash and cash equivalent may deny the intended users of the financial statements the information needed to make informed decision.
- 1.1.4.6 Fair presentation and full disclosure may also be impaired.

Recommendation

- 1.1.4.7 The Government of Liberia should ensure the immediate financial settlement of contracting entity to facilitate the timely routine maintenance of Coca-Cola Factory to Gbarnga road project.
- 1.1.4.8 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation.
- 1.1.4.9 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.
- 1.1.4.10 Management should ensure that all relevant information regarding cash and cash equivalent are disclosed in the notes to the financial statements of the Government of Liberia.

Management's Response

- 1.1.4.11 Please see revised Financial Statement. **(See Exhibit II)**



Auditor General's Position

1.1.4.12 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.

1.1.5 Variances between Interim Financial Report and Financial Statements

Observation

1.1.5.1 Section 8.1.2 of PFMU-Financial Procedures Manual, revised 2018 states that "Each transaction shall be initiated on a source document like invoice, bill, receipts, staff claims, demand notice, bank pay-in-slip, debit advice, and so on. All the above will be kept posted up to date and presented for auditing or any other inspection from time to time. A monthly trial balance will be generated from the software for review to ensure that posting have been properly made and balances of the accents appear reasonable."

1.1.5.2 During the audit, an inconsistency (misclassification) of US\$2,278,719.00 and US\$1,443,945.19 was observed between the figure in the Interim Financial Report and the financial statements under Component-Civil Work. **See table 6(a & b) below for details.**

1.1.5.3 Additionally, during the audit, variance of US\$31,918 was observed between the Interim Financial Report and Financial Statement for the cumulative balances. **See table 6(c) below for details.**

Table: 6a Cumulative misclassification between Interim Financial Report and Financial Statement

Activities Within Components	Interim Financial Report	Financial Statement	Misclassification
Component 1 - Civil Works			
Lot 1: Monrovia to Gbarnga-Works (CICO)	152,122,661.10	149,843,942	2,278,719.00
Sub-Component 1.2-ELWA to Redlight Road	7,229,561.94	9,508,281	(2,278,719.00)
Total	159,352,223.00	159,352,223.00	-

Table 6b: Misclassification between the Interim Financial Report and Drilldown

Activities Within Components	Interim Financial Report	Drilldown Ledger/(F/S)	Misclassification
Component 1 - Civil Works			
Lot 1: Monrovia to Gbarnga-Works (CICO)	10,834,452.30	9,390,507.11	1,443,945.19
Sub-Component 1.2-ELWA to Redlight Road	2,033,004.34	3,476,949.53	(1,443,945.19)
Total	12,867,456.64	12,867,456.64	-

Table 6c: Cumulative variance between the Interim Financial Report and Financial Statement

Activities Within Components	Interim Financial Statement	Financial Statement	Variance
Component 2 – Consultancy Service			
Operating Expenses - PFMU & IIU	6,516,176	6,492,973	(23,202)
RAP Settlement	4,233,956	4,225,240	(8,716)
Total	10,750,132	10,718,213	(31,918)

Risk

- 1.1.5.4 Failure to ensure that figures reported in the financial statements and the notes reconcile to figures in the ledgers and trial balance may lead to misstatement of total operating expense in the financial statements.
- 1.1.5.5 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.
- 1.1.5.6 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.1.5.7 Management should adjust the financial statements by the significant variance observed between the financial statements and general ledger.
- 1.1.5.8 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger.
- 1.1.5.9
- 1.1.5.10 Going forward, an automated linkage should be created between the general ledger and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.1.5.11 Please see revised IFR for your consideration. **(See Exhibit III)**

Auditor General's Position

- 1.1.5.12 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.

1.1.6 Signing Date of the Financial Statements not Specified

Observation

- 1.1.6.1 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.”

- 1.1.6.2 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.”
- 1.1.6.3 Additionally, Section 8.4.1 of the Project Financial Procedure Manual 2018, Source documents states “Check payment vouchers; petty cash vouchers; official receipts; stores issue/receipt vouchers etc are accurately coded and posted into the General Ledger and/or the appropriate Subsidiary Ledger. At the end of each Quarter (within the 45 days of the following month) the necessary Project Interim Financial Report shall be prepared for review. The PFMU Manager shall review the draft copy for any possible error(s) before forwarding the final copy to the relevant stakeholders.”
- 1.1.6.4 During the audit, we observed that the financial statements signed by the PFMU Manager and the Project Coordinator did not specify the actual date the document was prepared and signed.

Risk

- 1.1.6.5 The reliance on the financial statements may be impaired if the issuance date is not specified to establish the cut-off period.
- 1.1.6.6 Management may be non-compliant with Regulation I.11. of the PFM Act of 2009 as amended and restated in 2019.
- 1.1.6.7 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

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

Management’s Response

- 1.1.6.9 *This was earlier communicated and was subsequently resolved in the revised financial statement. (Please see Exhibit II)*



Auditor General's Position

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

1.2 Administrative Issues

1.2.1 Outstanding GOL Obligations

Observation

- 1.2.1.1 Section I, paragraph 5 of the Appendix for the Second Addition Financing (AF2) Agreement as Amended and Restated, revised July 25, 2017, requires that "Counterpart Funding" means the following minimum amounts hereby committed by the Recipient (GOL) to allocate in its budget for each year of Project implementation to finance activities under the Program and to make them timely available to ensure adequate Project implementation:
- i. seven million, two hundred eighty thousand Dollars (\$7,280,000), for the seventh year of Project implementation;
 - ii. twenty-eight million Dollars (\$28,000,000) to be provided from the eighth to eleventh year of Project implementation, being a minimum of seven million Dollars per year;
 - iii. six million five hundred twenty thousand Dollars (\$6,520,000), for the twelfth year of Project implementation; and
 - iv. Six million Dollars (\$6,000,000), for the thirteenth year of Project implementation."
- 1.2.1.2 Paragraph (a) and (b) Sentence 1, of Management Letter of the Aide-Memoire of March 7-18, 2022, dated April 18, 2022 provides that, "The mission confirmed that the counterpart funding obligations of the government under the OPRC contract can be reduced from US \$ 47.8 million to about US \$ 35 million. This is the minimum level of funding require to ensure 20 years lifespan of the road closure of the OPRC contracts. Given the rapid drawdown of IDA/LRTF funds, the Government needs to make the decision on the future of this contract and urgently initiate the contract changes if it foresees challenges in meeting its counterpart funding obligations. We look forward to receiving the Government's decision by April 30, 2022. While LIBRAMP counterpart funding obligations are eligible under the NRF Act, this depends on regularizing NRF revenues and strategic planning of NRF expenditures."
- 1.2.1.3 Further, Paragraph 10 (Sentence 4) and Paragraph 32 (Sentence 2 & 4) of the Aide-Memoire of March 7-18, 2022, provides that "The least cost of these options is as follows: (i) on Lot 1, periodic maintenance is completed on 28 km of road, and routine maintenance continues to the contract completion date, and (ii) on Lot 2, periodic maintenance is completed on 3km and routine maintenance continues to the contract completion date. The proposed arrangement will require that the Government assume LIBRAMP OPRC periodic maintenance costs as well as the routine maintenance payments beginning in September of 2022. Based on the Bank Team's assessment during the mission, GOL will need to provide about \$ 35 million for LIBRAMP costs

arising over the period September 2022 to June of 2024."

- 1.2.1.4 During the audit, we observed the amount US \$ 47.8 million was reduced to US\$35 million. There is no evidence that the Government has made contributions towards the US\$35 million up to the date as of this audit report.
- 1.2.1.5 Further, we observed that due to the GOL's shortfall of funding for the routine maintenance payments beginning in September of 2022, IIU issued through the monitoring consultant (MC) to the contracting entities (CE), a Suspension Order of the project on 1st October 2022.

Risk

- 1.2.1.6 The violation of Second Addition Financing (AF2) Agreement by GoL to make payment as required may deny LIBRAMP of much needed funds for ongoing and future contracts.
- 1.2.1.7 Non-Compliance of Periodic Maintenance (Overlay of Asphalt) and Routine Maintenance, the 20 years lifespan of the OPRC road contracts may not be assured. This may lead to early deterioration of the OPRC road contracts from Coca-Cola Factory to Gbarnga, Ganta and Guinea Border.
- 1.2.1.8 Government's liabilities may result in a significant shortfall of funding and may potentially lead to early termination of the project or certain component of the works. This may impact the achievement and deliverables of the project.

Recommendation

- 1.2.1.9 The Government of Liberia should adequately plan for, budget and dedicate funds in an escrow account for contracting entity's payments to facilitate the liquidation of outstanding obligations.
- 1.2.1.10 The Government of Liberia should ensure periodic review of the disbursement for contracting entity payments to ascertain that budgeted funds are used for the intended purposes.

Management's Response

- 1.2.1.11 *The Government of Liberia obligation or commitment to LIBRAMP initially was US\$72.8 million. Due to financial constraints of the GOL, the World Bank Second Additional Financing of LIBRAMP included US\$25 million thus reducing GOL obligation from US\$72.8 million to US\$47.8 million. A mitigating option at the cost of US\$35 million was discussed and recorded in March 2022 Aide Memoire. In January 2023 GOL issued a letter of comfort allocating US\$45 million over three budget years for the successful completion of activities and closure of LIBRAMP.*
- 1.2.1.12 *Due to the low cash flow attributed to the lack of GOL payment of its commitment of US\$47.8 million, a suspension order was issued. In January 2023, GOL issued a letter of Comfort in the amount of US\$45.0 million, payable over three budget years towards the resumption of maintenance activities and the successful completion of the LIBRAMP Project. (Please see Exhibit IV)*

Auditor General's Position

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

1.2.2 Non-Compliance for Replenishment of Petty Cash

Observation

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

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

Table 7: Non-Compliance for Replenishment of Petty Cash

No	Date	Voucher Code	Amount US\$ (a)	Threshold Amount US\$ (b)	Actual c=(a/b)%	Required Replenishment (d) %	Variance in e= (d-c) %
1	26/08/2021	2022/013	9,483.50	10,000.00	95%	50%	-45%
2	16/09/2021	2022/025	9,286.35	10,000.00	93%	50%	-43%
3	11/10/2021	2022/036	9,421.01	10,000.00	94%	50%	-44%
4	02/11/2021	2022/048	9,041.00	10,000.00	90%	50%	-40%
5	24/11/2021	2022/065	9,507.06	10,000.00	95%	50%	-45%
6	04/03/2022	2022/031	9,014.37	10,000.00	90%	50%	-40%
7	18/05/2022	2022/073	9,219.50	10,000.00	92%	50%	-42%
8	30/06/2022	2022/104	9,219.50	10,000.00	92%	50%	-42%
Total			74,192.29				

Risk

1.2.2.3 In the absence of the timely replenishment of petty cash, petty cash may not be available to procure supplies and services of very minimum value.

1.2.2.4 Management may endure the rigors of exhausting the procurement procedures for purchase of supplies and services of very minimum value. This may impair the efficient operations of the project.

Recommendation

- 1.2.2.5 Management should ensure that petty cash is replenished in a timely manner consistent with Section 7.14.1 of the PFMU Financial Procedure Manual 2018. Petty cash should be replenished when the float reaches 50% consistent with the above regulation.

Management's Response

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

Auditor General's Position

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

1.2.3 NASSCORP Contributions Withholding

Observations

- 1.2.3.1 Section 89.6 of The National Social Security and Welfare Corporation (NASSCORP) Act of 2017, provides that "The National Social Security and Welfare Corporation shall be organized in such manner and with such personnel as shall be determined by the Director General with the approval of the Board. Such organization shall be structurally flexible to ensure coordination of the work of the Corporation with the work of ministries and other agencies of the Government and employers in the private sector."
- 1.2.3.2 Also, Section 89.16 of the Decree establishing NASSCORP requires that "the contribution payable under this Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the corporation. Contribution rate shall be total 10% of total gross remuneration of each employee; 2 % under the Employment Injury Scheme payable by the employer; 4 % employer contribution and 4% employee contribution to be remitted by the employer."
- 1.2.3.3 The National Social Security and Welfare Corporation (NASSCORP) was established for the income protection and welfare of employees in both the public and private economic sectors of Liberia. One important function of the Corporation is the implementation of the Employment Injury Scheme (or EIS), which provides medical benefits for insured persons who sustain job-related injuries or contract occupational diseases. A second vital function is the National Pension Scheme (or NPS), that provides pension benefits to insured persons.

- 1.2.3.4 During the audit, we observed that Management has not established or applied the National Social Security and Welfare Scheme for its staffers for the period under audit.

Risk

- 1.2.3.5 In the absence of payment to NASSCORP's contribution, the income protection and welfare of employees may not be assured.
- 1.2.3.6 The benefits for insured persons who sustain job-related injuries or contract occupational diseases and pension benefits to insured persons may not be secured/provided.
- 1.2.3.7 Potential retirees of staff may be denied required pension benefits due to non-compliance with the regulation.

Recommendation

- 1.2.3.8 Management should establish National Social Security and Welfare Scheme for all project staffers.
- 1.2.3.9 Management should facilitate the withholding and remittance of social security contributions to NASSCORP in a timely manner.

Management's Response

- 1.2.3.10 *The Value of Contract signed by each staffer under the project are inclusive of all benefits. However, GAC recommendation will be reviewed and shared with the funding partner for consideration.*

Auditor General's Position

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

1.2.4 Transaction Without Supporting Documentation

Observation

- 1.2.4.1 Section A.3 of the PFM Regulations of 2009 "(1) Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General , the relevant internal auditor or any officers authorized by them, by the Minister".
- 1.2.4.2 Additionally, section 9.1 of the World Bank Procurement Regulations, Fourth Edition November 2020 states that "The Borrower shall retain all documentation, and shall furnish such documentation to the Bank upon request, with respect to each contract subject to post review,

according to the requirements of the Legal Agreement. This documentation shall include, but is not limited to:

- a) complaints, the signed original of the contract and all subsequent amendments or addenda,
- b) the Bids/Proposals evaluation report, and the recommendation for award; and
- c) the payment invoices or certificates, as well as the certificates for inspection, delivery, completion, and acceptance of Goods, Works, and Non-Consulting Services, for examination by the Bank or by its consultants/auditors”.

1.2.4.3 During the audit, we observed that PFMU Management made payments amounting to US\$1,462,559.24 without supporting documentation (payment vouchers). Management did not provide these documents after several requests. **See table 9 below for details.**

Table 9: Transactions Without Supporting Documentation

No	Transaction Date	Journal No.	Transaction Reference	Description	Base Amount US\$
1	07/12/2021	6837	2022/058	Periodic Pmt No.20:CICO	79,570.88
2	22/09/2021	6737	2022/037A	RMP-18:CICO	53,729.13
3	19/05/2022	6982	2022/087	Garbage Clearance:CICO	48,167.85
4	22/08/2022	7171	2022/155	Works PPR-25:CHICO	631,717.14
5	11/11/2021	6669	2022/050	Rehabilitation&Desi:CHICO	74,054.15
6	25/04/2022	6986	2022/064	Mar pmt to IMC Worldwide	129,757.11
7	03/01/2022	6727	2022/076	Aug pmt:IMC Worldwide	122,586.87
8	11/11/2021	6718	2022/061	Aug pmt:IMC Worldwide	74,740.40
9	07/11/2022	7206	2022/112	Sept 2022 pmt:IMC Worldwi	73,928.36
10	07/11/2022	7208	2022/113	Aug,2022 pmt:IMC Worldwid	66,336.39
11	04/01/2022	6843	2022/011	Feb 2019 pmt:IMC	23,663.36
12	15/09/2021	6736	2022/026A	Internet Sub:LIBTELCO	47,028.00
13	18/02/2022	6850	2022/023	Petty Cash:Constance Kama	4,510.42
14	18/03/2022	6892	2022/093	Petty Cash:C. Kamara	4,311.00
15	11/10/2021	6692	2022/035	Petty Cash:Constance Kama	4,122.00
16	13/10/2021	6696	2022/037	1year ins:Mutual Benefits	3,064.23
17	30/06/2022	7083	LIB-AF/014	Petty Cash Utilisation fr	2,052.45
18	07/03/2022	6865	2022/069	DSA:Staff IIU	1,605.00
19	07/10/2021	6635	2022/033	Veh repaired A616564:Cape	1,095.75
20	19/05/2022	6935	2022/086	RAP:Ministry of Post	6,270.00
21	30/09/2021	6739	AF-2/005	RAP:Soko V. Sackor	3,478.75
22	08/07/2022	7121	2022/117	Per Diem-Joshua Voker	3,990.00
23	20/04/2022	6903	2022/072	5days striping:F.J.Bestma	1,580.00
24	28/06/2022	7070	2022/101	Sal June,2022-J.Beh	1,200.00
	Total				1,462,559.24

Risk

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

Recommendation

- 1.2.4.7 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Evidence of all relevant supporting document should be adequately documented and filed to facilitate future review.
- 1.2.4.8 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.
- 1.2.4.9 All relevant supporting documents should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.4.10 *Please see attached payment vouchers. (Please see Exhibit VI)*

Auditor General's Position

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

1.2.5 Lack of supporting documentation (Land Deed) for Purchase of Land

Observation

- 1.2.5.1 Part B, Paragraph 21.1, Sentence (1) of the Lot 1 & 2 OPRC Contracts signed between the Government of Liberia and the contracting entities, (CICO and CHICO) for the design, rehabilitation and maintenance of Red Light-Gbarnga to Ganta-Guinea Border Road requires that "General Description: The Project Manager's office and housing accommodation shall be located on land purchased by the contractor on behalf of the Employer in a safe and secure area.
- 1.2.5.2 Additionally, Section A.3 of the PFM Regulations of 2009 "(1) Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores

and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister.”

- 1.2.5.3 During the audit, we observed that the two (2) deeds for the land bought by the contractors were not made available by Management despite repeated requests.

Risk

- 1.2.5.4 In the absence of land deeds, the legitimacy and ownership of the properties may not be assured. This may lead to misappropriation of the project's funds.
- 1.2.5.5 In instances of potential litigation, the requisite documentation to validate land ownership may not be available. This may lead to loss of project's assets.

Recommendation

- 1.2.5.6 Management should ensure all purchases of land are supported by the relevant title deed, probated and archived consistent with documents retention laws of Liberia. Evidence of title deeds and all relevant supporting documents should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.5.7 The IIU confirms that deeds were issued in the name of the MPW for the lands purchased under the project for the construction of the Consultant's Camp site (facility for accommodation and offices). Copies of the deeds will be shared when retrieved from the MPW.

Auditor General's Position

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

1.2.6 Payments made without Quotations

Observation

- 1.2.6.1 Section 7.2.2 of the PFMU Financial Procedure Manual Revised 2018 states that "Procurement for Goods and Services must follow the procedures outlined in sections 13.1 to 13.9.3 of this manual. Those sections describe the procedures for raising of requisition, obtaining at least 3 quotations, evaluation and ordering process and should precede request for payment for goods and services."
- 1.2.6.2 Additionally, Section 13.4.1 to 13.4.4 of the PFMU Financial Manual 2018 requires that "The implementing agency should first issue Request for Quotation (RFQ) to at most 6 six reputable suppliers. The RFQ should include specifications of items needed and the latest time delivery

should be made. On receipt of quotations, evaluation of suppliers' quotes is done by a committee comprising of, at least, three persons including one person from the section which raised the purchase requisition, and the Procurement Officer. An Evaluation Report is issued recommending the most responsive bidder and the reasons in clear terms for the selection. The Evaluation Report is approved by the Project / Program Manager / Coordinator and an LPO is issued to the successful bidder by the Procurement Officer. The approved LPO shall be attached to the payment request when authorizing the PFMU to make payment to the selected bidder."

- 1.2.6.3 Annex 3, Paragraph 26 of the Project Implementation Manual (PIM) states that "Contracts estimated to cost less than US\$100,000 equivalent per contract would be procured using shopping procedures based on a model request for quotations satisfactory to the Bank. Direct contracting may be used where necessary, but will be subject to Bank's No-Objection."
- 1.2.6.4 During the audit, we observed that goods procured in the amount of US\$18,093.80 did not contain supporting documents such as quotations, evaluation report and etc. **See table 10 below for detail.**

Table 10: Payments made without Quotations

Transaction Date	Journal No.	Transaction Reference	Description	Base Amount
26/08/2021	6605	2022/016	1year veh Insurance:ACICO	4,091.48
08/09/2021	6680	2022/022	1year insurance:ACICO	3,947.52
Subtotal (a)				8,039.00
09/08/2021	6613	2022/004	4 & 4tires :Thunder Bird	1,960.00
09/08/2021	6616	2022/003	4 & 2 tires :Thunder Bird	1,323.00
26/08/2021	6600	2022/015	4&2Tires:Thunder Bird	1,323.00
08/09/2021	6679	2022/021	Tires pmt:Thunder Bird	833.00
01/12/2021	6771	2022/067	Tires pmt:Thunder Bird	784.00
07/12/2021	6816	2022/072	Tires:Thunder Bird Corp	980.00
03/03/2022	6858	2022/029	Tires,Jack:Thunder Bird	1,283.80
19/05/2022	6925	2022/074	3Tires:Thunder Bird Corp	735.00
19/05/2022	6926	2022/075	2tires:Thunder Bird Corp	490.00
19/05/2022	6927	2022/076	1tire:Thunder Bird	343.00
Subtotal (b)				10,054.80
Total (a + b)				18,093.80

Risk

- 1.2.6.5 Management may be non-compliant with the required procurement method, Request for Quotation (RFQ).
- 1.2.6.6 In the non-usage of the required procurement method, value for money may not be achieved.

Recommendation

- 1.2.6.7 Management should facilitate full compliance with the required procurement methods for all transactions. Evidence of all relevant supporting documents should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.6.8 *Supporting documents, in the form of short-term contracts for the previous period was inadvertently provided. Herewith attached are the corrected contracts signed with ACICO and Thunder Bird for the provision of Insurance coverage and tires, respectively. (Please see Exhibit VII)*

Auditor General's Position

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

1.2.7 Non-Compliance: The Maintenance of Lot 1 & 2 Project Camp

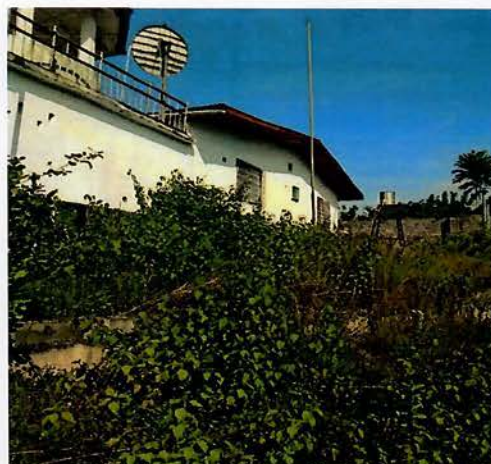
Observation

- 1.2.7.1 Part B, Paragraph 21.1, Sentence (1-5 & 10) of the Lot 1 & 2 OPRC Contracts signed between the Government of Liberia and the contracting entities, (CICO and CHICO) for the design, rehabilitation and maintenance of Red Light-Gbarnga to Ganta-Guinea Border Road requires that "General Description: The Project Manager's office and housing accommodation shall be located on land purchased by the contractor on behalf of the Employer in a safe and secure area. The buildings shall be constructed in accordance with the specifications provided. Both office and residences shall be furnished and maintained for the entire duration of the contract. Upon completion of the contract, the entire accommodation complex (office and residences, including furnishing and equipment) shall become the property of the employer. The location and layout of the main camp will be subject to the approval of the Project Manager. Facilities including maintenance, fuel, oil and spare parts are the responsibility of the contracting entity."
- 1.2.7.2 Additionally, Part B, Paragraph 22.1, Sentence (2 & 7) of the Lot 1 & 2 OPRC Contracts between the Government of Liberia and CICO and CHICO for the design, rehabilitation and maintenance of Red Light- Gbarnga to Ganta-Guinea Border Road requires that "The entire accommodation shall be completed within 60 days of signing commencement of the works. The duties include providing water and electricity for 24 hours and attendance."
- 1.2.7.3 During the field inspection, we observed that the Lot 1 Project Manager's office and living facility, which is located at the Wealla Consultant Camp Site in Margibi County, was not maintained and had been abandoned. We also observed that the facility's generator and 24-hour water supply had been taken away by the contractor (CICO). See photo 1(a & b)) below for detail.



- 1.2.7.4 Further, during the field inspection, we observed that Lot 2 Project Manager's office and living facility at the Pallala Consultant Camp Site in Bong County, was not well maintained. Most of the buildings had leakages and the air conditioners were not functioning.

Lot 1 Project Camp



Lot 1 Project Camp



GAC Photo 1b Showing removal of Generator from Lot 1 Project Camp at Weala

Risk

- 1.2.7.5 Funds may be paid for works/services not performed.
- 1.2.7.6 The absence of effective monitoring and evaluation of contract deliverables may deny the achievement of value for money during the execution of the contract.

Recommendation

- 1.2.7.7 Management should ensure that project assets are maintained in line with the contract deliverables.

Management's Response

- 1.2.7.8 *On account of the ongoing rehabilitation works on the urban section of LIBRAMP - Coca Cola Factory to ELWA Junction (6.1 km), the Consultant sought accommodation in Monrovia for efficient supervision of the road works. Additionally, due to the lack of cash flow to the contractor, as a result of the nonpayment of GOL commitment (US\$47.8 m) to the project, all maintenance activities due to have been undertaken were suspended as of October 1, 2022. In January 2023 GOL issued a letter of comfort to the World Bank that over three budget years a total of US\$45m is to be allocated towards maintenance activities the successful completion of LIBRAMP. Negotiations are ongoing between the contractors (Lots 1 & 2) on the packaging and resumption of the required routine and periodic maintenance activities, in line with the anticipated disbursement schedule of US\$45m to be allocated by GOL.*

Auditor General's Position

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

1.2.8 Irregularities Associated with Fixed Assets Management

Observation

- 1.2.8.1 Regulation V.4 of the PFM Regulation of 2009 states" (1) Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed asset shall be brought on a master inventory of the Government Agency. (2) The master inventory shall record under each category of item: (a) the date and other details of the voucher or other document on which the items were received or issued; (b) their serial numbers where appropriate; and (c) their distribution to individual locations and the total quantity held. (3) In respect of each individual location, there shall be made two copies of the inventory showing all items held at the location; one copy of the inventory shall be kept with the master inventory and the other copy at the location. (4) The dates and other details of all receipts and issue of items to or from the location shall be recorded on both copies of the inventory as they occur. (5) The initial entries and all other entries made later on both copies of the inventory shall be validated by the signature of the officer having the use of the items, or where there is more than one officer, the most senior of them.
- 1.2.8.2 Additionally, Section 8.1 (b) of the PFMU Financial Procedure Manual provides that "Fixed Assets Register that provides details of suppliers, description of goods, original cost, location and disposal of assets. The Fixed Assets Register (Appendix 18) highlights for each individual asset, the following information: supplier's name and address; description and location of the asset within the Project; asset reference (identification) number; purchase price (cost) and/or valuation; date of purchase and disposal; useful life and residual value; Serial or registration number additions to the asset; condition of asset, etc. The Fixed Assets Register shall be updated regularly in the financial software using the information from the disbursement transactions. Twice a year, the Fixed Assets Register will be reconciled with the general ledger records, and a physical verification of fixed assets will be carried out. Discrepancies shall be investigated by the Internal Auditor and satisfactorily resolved by the Head of

PFMU/Implementing Unit. Each Project / Program shall have its own separate Fixed Assets Register. All staff within the PFMU/ Implementing Unit will sign off a form for acknowledging possession of project assets (Appendix 19)".

1.2.8.3 During the audit, we observed that the following irregularities were associated with the LIBRAMP Assets Management System:

- Fixed assets were not coded per project.
- Fixed assets register did not contain all the relevant columns.
- No evidence of periodic physical verification of assets by Management
- No evidence of the movement of Assets Form.
- Assets within a given vicinity were not displayed as required by PFM Act.

See detail below table

Table 15: Assets coding not in line with the project.

No.	Date	Asset code	Asset Descriptions	Asset Location	Value US\$
1	2019	FUR-0681	Executive Chair	Conference Room	125.00
2	2019	FUR-0682	Executive Chair	Conference Room	125.00
3	2019	FUR-0684	Executive Chair	Conference Room	125.00
4	2019	FUR-0688	Executive Chair	Conference Room	125.00
5	2019	FUR-0690	Executive Chair	Conference Room	125.00
6	2019	FUR-0692	Executive Chair	Conference Room	125.00
7	2019	FUR-0693	Executive Chair	Conference Room	125.00
8	2019	FUR-0694	Executive Chair	Conference Room	125.00
9	2019	FUR-0695	Mini Desk	Procurement office	125.00
10	2019	FUR-0696	Visitor Chair	Hall way	65.00
11	2019	FUR-0698	Visitor Chair	Safeguard	65.00
12	2019	FUR-0699	Visitor Chair	Engineer	65.00
13	2019	FUR-0700	Visitor Chair	Safeguard	65.00
14	2019	FUR-0701	Visitor Chair	Engineer	65.00
15	2019	FUR-0702	Office Desk	Safeguard Office	125.00
Total					1,575.00

Risk

- 1.2.8.4 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.2.8.5 Fixed assets bought for a particular project may not be easily identified.
- 1.2.8.6 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.

Recommendation

- 1.2.8.7 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified per project. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification



should be updated in a timely manner.

- 1.2.8.8 Management should ensure that the fixed assets register is updated to reflect the following: description, class, code, location, condition, cost, depreciation expense, accumulated depreciation and net book value of the asset.
- 1.2.8.9 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.
- 1.2.8.10 The Fixed Assets Register should be updated periodically to reflect all project's assets.
- 1.2.8.11 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Assets Register should be updated to reflect the change in location of asset.
- 1.2.8.12 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM.

Management's Response

- 1.2.8.13 *Currently all assets purchased under LIBRAMP are coded and placed to a specific or identifiable location. However, the management of LIBRAMP will consider GAC recommendation in coding assets specific to projects under which it was purchased. (Please see Exhibit VIII)*

Auditor General's Position

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

1.3 LOT 1: Field Inspection

1.3.1 Non-Compliance with Socio-Environmental Management Plan

Observation

- 1.3.1.1 Part D.3.2, Environmental Management Plan under Legal Environmental and Social Specifications of Lot-1 Contract signed between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road, on Socio-Environmental, requires that "Impacts to Existing land use: Mitigation includes: Maintain and cleanup campsites, and respect the rights of local landowners. If located outside the ROW, written agreements with local landowners for temporary use of the property will be required and sites must be restored to a level acceptable to the owner within a predetermined time period."
- 1.3.1.2 Additionally, Part D.3.4-General Provisions and precautions under Legal Environmental and Social Specifications of Lot-1 OPRC Contract signed between the GoL and CICO for the design,



rehabilitation and maintenance of Red Light- Gbarnga Road requires that, "The CE shall take all necessary measures and precautions and otherwise ensure that the execution of the works and all associated operations on the work Sites or off-site are carried out in conformity with statutory and regulatory environmental requirements of Liberia. The CE shall take all measures and precautions to avoid any nuisance or disturbance arising from the execution of the work. This shall, wherever possible, be achieved by suppression of the nuisance at source rather than abatement of the nuisance once generated. In the event of any spoil or debris or silt from the Work Sites being deposited on any adjacent land, the CE shall immediately remove all such spoil debris or silt and restore the affected area to its original state to satisfaction of the responsible authorities. The CE can sub contract some works of the project."

- 1.3.1.3 During the field inspection, we observed a non-compliance of some environmental issue by the contracting entity, CHICO. Further, the following Socio-Environmental issues were identified in Weala and Gbartalla Quarry Sites not being clean-up or disposed of by the contracting entity after the suspension of Periodic (Overlay of Asphalt) and Routine Maintenance with the Government of Liberia (GOL). **See detail below (table 11 and photo 2(a, b & c)).**

Table 11: Non-Compliance with Socio-Environmental Management Plan

Location/Site	Environmental Impacts (bituminous products)
Weala Quqrry	60/70 bitumen
	MC 3000 bitumen containers (drums)
	Overburden remains
	Scrap metal (sheets, beams, unusable machinery)
	Unusable tires (trucks and machinery)
	Clean-up and dispose of soil contaminated with bitumen
	Used engine oil
	Used engine filters
Gbartala	Overburden remains
	Scrap metal (sheets, beams, unusable machinery)
	Unusable tires (trucks and machinery)

Photo 2: Non-Compliance with Socio-Environmental Management Plan



GAC Photo 2a Showing Scrap metal (sheets, beams, unusable machinery at Gbartala Quarry Site



GAC Photo 2b Showing Scrap metal (sheets, beams, unusable machinery at Weala Quarry Site



GAC Photo 2c Showing bitumen containers at Weala Quarry Site

Risk

- 1.3.1.4 The lack of compliance with Environmental and Social monitoring workplan may lead to the occurrence of environmental, health and safety hazards.

Recommendation

- 1.3.1.5 Management should ensure the contracting entity comply with the followings: all remaining hazardous materials are disposed of, soils remediated where contamination has occurred, quarry lakes and overburden rehabilitated and made safe.
- 1.3.1.6 Management should ensure the contracting entity (CICO) restore Weala Camp Site and Gbartala Quarry Site to prior or equivalent potential uses;
- 1.3.1.7 Management should ensure that the contracting entity and monitoring consultant comply with environmental and social monitoring workplan to protect human health and safeguard the environment.

Management's Response

- 1.3.1.8 *Due to the suspension of maintenance activities as at October 1, 2022 as a result of the nonpayment of GOL contribution of US\$47.8 m to LIBRAMP, depression/settlement in the pavement at this chainage was not repaired.*
- 1.3.1.9 *Repair works will be carried out as part of maintenance works to be implemented under the US\$45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.*

Auditor General's Position

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

1.3.2 Pavement Settlement/Depression around Culverts or Similar

Observation

- 1.3.2.1 Part A3, Paragraph 2.6.1 of the Lot 1 Monrovia to Gbarnga Road Asset Management Contract between the Government of Liberia and the China Chongqing International Construction Corporation (CICO) states that "In general terms, the Contractors must ensure that all drainage elements and structures are without any obstructions which may reduce their normal cross section and impede the free flow of water. The service level under item 4 of Paragraph 2.6.1 states that "For one-km section all culverts must be clean and free of obstacles and without structural damage and must be firmly contained by surrounding soil or material."
- 1.3.2.2 During the field inspection, we observed that the depression/settlement of pavements around the culvert or similar (sink on the paved road) in Lot 1, located at 154+500 km was not repaired by the CICO in keeping with the contract specification.



Risk

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

Recommendation

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

Management's Response

- 1.3.2.5 *Due to the suspension of maintenance activities as at October 1, 2022 as a result of the nonpayment of GOL contribution of US\$47.8 m to LIBRAMP, depression/settlement in the pavement at this chainage was not repaired.*
- 1.3.2.6 *Repair works will be carried out as part of maintenance works to be implemented under the US\$45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.*

Auditor General's Position

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

1.3.3 Non-Compliance with Routine Maintenance of Bleeding Asphalt

Observation

- 1.3.3.1 Part A3, Paragraph 2.2.2 of the Lot 1 Contract signed between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "the service level criteria for road user service and comfort on paved roads are defined as follows: 'Rutting'-for a one km section there shall not be ruts deeper than 20 mm. Rutting of more than ten (10)mm shall not be present in more than 5 percent of any of the road section defined in the contract; 'Raveling for a one km section raveled areas must not exist."
- 1.3.3.2 During the field inspection, we observed that the bleeding asphalt at 136+300 km and 162+800 km in the surface pavement has not been repaired by the contractor in keeping with the contract specifications. We further observed that the bleeding is shiny, black surface film of asphalt on the road surface. This causes upward movement of asphalt in the pavement surface. **See detail below photos 3.**

Bleeding Asphalt



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

Risk

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

Recommendation

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

Management's Response

- 1.3.3.5 *Due to the suspension of maintenance activities as at October 1, 2022 as a result of the nonpayment of GOL contribution of US\$47.8 m to LIBRAMP, depression/settlement in the pavement at this chainage was not repaired.*
- 1.3.3.6 Repair works will be carried out as part of maintenance works to be implemented under the US45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.

Auditor General's Position

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

1.3.4 Damage to Pavement

Observation

- 1.3.4.1 Part A3, Paragraph 2.2.2 of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "the service level criteria for road user

service and comfort on paved roads are defined as follows: 'Patching-for a one km section, patches (i) shall be square or rectangular, (ii) shall be level with surrounding pavement, (iii) shall be made using materials similar to those used for the surrounding pavement, and (iv) shall not have cracks wider than three (3) mm.'

- 1.3.4.2 During the field inspection, we observed damage to access road and pavement surface at several locations such as 138+500 km that has not been repaired by the contractor (CICO) along the Monrovia to Kakata Highway and Kakata to Gbarnga corridor in keeping with the contract specifications. **See detail below photo 4.**

Photo 4: Damage to Pavement



GAC Photo 4 Showing Damage to Asphalt at 138+500 km LHS

Risk

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

Recommendation

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

Management's Response

- 1.3.4.5 The MPW had sought to install right-of-way (ROW) markers for demarcation of the road reserve. Despite that initiative, residents have continued to encroach on the ROW, which is also not only safety concern but creates future issue of resettlement when expansion of road works or installation of utilities lines for water, power or telecoms., would be required.

- 1.3.4.6 The MPW proposes that its initiative in protecting the ROW be strengthened by enforcement to be undertaken by the relevant GOL authority, such as the Ministry of Justice, to prevent the mass encroachment along the corridor observed by the GAC.

Auditor General's Position

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

1.3.5 Non-Compliance of Routine Maintenance

Observation

- 1.3.5.1 Part A3, Paragraph 2.9 of the Lot 1 OPRC Contract between the Government of Liberia and CICO for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "the contractor is responsible for the maintenance of all embankment and cut slopes along the road sections included in the contract. In particular, he is responsible for ensuring they are stable without deformation and erosion."
- 1.3.5.2 Additionally, Part A3, Paragraph 2.5.1 of the Lot 1 OPRC Contract signed between the Government of Liberia and CICO for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "The contractor is responsible for ensuring that all horizontal and vertical signaling, as well as guardrails and other road safety devices comply fully with the Service Level requirements for signaling." The service level of guardrails under Paragraph 2.5.1 states that the guardrails "have to be present, clean, without any significant damage and corrosion."
- 1.3.5.3 Further, Part A3, Paragraph 2.2.2 under Road User Comfort, (Item 4) of the Lot 1 Contract between the Government of Liberia and China Chongqing International Construction Corporation (CICO) for the design, rehabilitation and maintenance of Red Light- Gbarnga Road requires that "Cleanliness of the pavement surface and shoulders, for a one-km section, to be measured in subsections of 50m each, for any 50m section of the pavement, the road surface must always be clean and free of soil, debris, trash and other objects. If cleanliness of the pavement surface and shoulders does not exist in more than one subsection, the one-km section does not comply."
- 1.3.5.4 Also, the service level of road user service and comfort measures for roadway embankments, under Paragraph 2.2.2 states that "Embankments must be without erosion and free of organic material, toxic waste, garbage along the Right of Way (ROW)."
- 1.3.5.5 During the field inspection, we observed few cuts on asphalt pavement on the Monrovia to Gbarnga corridor in Lot 1 which were not repaired by the contractor in keeping with the contract specifications.
- 1.3.5.6 Further, during the field inspection, we observed that more than 538 encroachments of several unlawful buildings in the Right of Way along the road corridor in lot 1, particularly in 6.1km and from 2-12km. We also noticed that these constructions are built in the flood basin.
- 1.3.5.7 We observed that the contracting entity (CICO) was not performing the following routine maintenance duties;



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- Overhanging rubber trees were identified at several locations such as 31 km, 86+800 km and etc. where Resettlement Action Plan (RAP) compensation has been finalized.
- Rock mining in the ROW at 9+200km; we noticed damage to a section of asphalt in the carriageway at several different locations causing loss of fine (sand) aggregates from the surface. Moreover, we observed that an unauthorized access was washing gravel onto the road.
- Several locations along the road corridor in Lot 1 experiencing landscaping/grassing;
- The guardrails' reflectors are damaged or missing;
- A damaged guardrail and no new signs or lines;
- Unrepaired cuts in the asphalt pavement;
- Cracks in the asphalt pavement;
- No cutting of vegetation, repairs of drains from blockades, replacement of signs or lines;
- Abandoned vehicles on the road shoulder;
- Several others (Erosion, sand/debris, garbage and etc) are found along the road corridor;
See detail below photos 5.

Photo 5: Non-Compliance of Routine Maintenance



GAC Photo 5a: Showing Encroachment of the Right of Way (ROW) of the road Corridor (6.1km)





GAC Photo 5b Showing Landscaping, Overhanging Trees at 155+400 km



GAC Photo 5c Showing Damage Guardrails and Guardrail with damaged or missing Reflector

Risk

- 1.3.5.8 Structures encroaching into the plain may result in flooding of nearby properties and road overtopping during the rainy season.
- 1.3.5.9 The lack of routine maintenance may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.3.5.10 The contractor failure to remove abandoned vehicles, sand/debris and overhanging trees on the roadway may impede the mobility, road accessibility and result into potential safety hazard for road users.
- 1.3.5.11 Structures encroaching into the plain may result in flooding of nearby properties and road overtopping during the rainy season.

- 1.3.5.12 Growth on the pavement could drastically limit the width of the hard shoulder, forcing bikes and pedestrians into the main carriageway.
- 1.3.5.13 Damaged guardrail and a lack of sign/line replacement may increase the frequency and severity of collisions, resulting in more injuries and fatalities.
- 1.3.5.14 The lack of vegetation growth at landslide emergency works poses an erosion risk; Overhanging tree branches impair the forward driver's field of vision;

Recommendation

- 1.3.5.15 Management should ensure that proper coordination, monitoring and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.
- 1.3.5.16 GOL, MPW, and IIU should take immediate actions to ensure that new land projects are properly controlled. All new structures should be required to be removed by IIU through PMW.

Management's Response

- 1.3.5.17 *The MPW had sought to install right-of-way (ROW) markers for demarcation of the road reserve. Despite that initiative, residents have continued to encroach on the ROW, which is also not only safety concern but creates future issue of resettlement when expansion of road works or installation of utilities lines for water, power or telecoms., would be required.*
- 1.3.5.18 The MPW proposes that its initiative in protecting the ROW be strengthened by enforcement to be undertaken by the relevant GOL authority, such as the Ministry of Justice, to prevent the mass encroachment along the corridor observed by the GAC.
- 1.3.5.19 Repair works will be carried out as part of maintenance works to be implemented under the US45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.

Auditor General's Position

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

1.4 LOT 2: Field Inspection

1.4.1 Non-Compliance with Environmental Standards (Damage to Property)

Observation

- 1.4.1.1 Part D.3.4, Paragraph 5(Sentence 1) and Paragraph 8(Sentence 3-5) of the General Provisions and precautions under Legal Environmental and Social Specifications of Lot 2 OPRC Contract signed between the Government of Liberia and the China Henan International Cooperation



Group Co. Ltd (CHICO) for the design, rehabilitation and maintenance of Gbarnga—Ganta—Guinea Border Road requires that, "To avoid adverse social impacts, the Sub-Contractor shall: Coordinate all construction activities with neighboring land uses and respect the rights of local landowners. If located outside the ROW, written agreements with local landowners of temporary use of the property will be required and sites must be restored to a level acceptable to the owner within a predetermined time period. To avoid potential adverse impacts to utilities, the sub-Contractor/Contractor shall: Assume all responsibility to locate or to confirm the details and location of all utility services on or in the vicinity of the site. Exercise the greatest care at all times to avoid damage to or interference with services. Assume responsibility for any damage and/or interference caused by him or his agents, directly or indirectly, arising from actions taken or a failure to take action, and for full restoration of the damage."

- 1.4.1.2 Additionally, Part D.3.2, Environmental Management Plan under Legal Environmental and Social Specifications of Lot 2 OPRC Contract signed between the GOL and CHICO for the design, rehabilitation and maintenance of Gbarnga—Ganta—Guinea Border Road requires that "Impacts to Existing land use: Mitigation includes: Maintain and cleanup campsites, and respect the rights of local landowners. If located outside the ROW, written agreements with local landowners for temporary use of the property will be required and sites must be restored to a level acceptable to the owner within a predetermined time period."
- 1.4.1.3 During the field inspection, we observed a series of complaints to Monitoring Consultant in Lot 2 Concerning a damage to private property located at one kilometer away from the Pallala Quarry Site. The complaints obtained from two (2) community dwellers in around Pallala Quarry Site indicates that their properties were damaged as a result of effect of blasting of the Dynamite by contracting entity (CHICO) where pieces of rocks damaged the roofing and crack the wall of their buildings.
- 1.4.1.4 Further, the communication received from the two community dwellers indicated that the Contractor, CHICO has been informed concerning these environmental problems and no evidence of action taken to address the issues as they are worried due to suspension of works of the contractor. **See details below (table 12 and Photo 6(a & b)).**

Table 12: Non-Compliance with Environmental Standards (Damage to Property)

Name	Contact	Location	Description of Property Affected	Status
Daniel Togbah	0778306436	David's Town	Concrete bricks with zinc	Damage to Roofing
			One Mud dubbed with zinc	Damage to building
Vaitekeh Flomo Family	0776132250	Vaitekeh Village	Concrete bricks with zinc	Damage to building
			One Mud dubbed with zinc	Damage to building or crack

Photo 6a: Non-Compliance with Environmental Standards (Damage to Property)



GAC Photo 6a: Showing damage to roofing belonging to Mr. Baniel Togbah of David's Town

Photo 6b: Non-Compliance with Environmental Standards (Damage to Property)



GAC Photo 6b: Showing damage to building and crack to wall of building in Vaitekeh Village

Risk

- 1.4.1.5 The lack of compliance with Environmental and Social monitoring workplan may lead to the occurrence of environmental and/or health hazard.

Recommendation

- 1.4.1.6 Management should ensure the contracting entity comply with the followings: all remaining hazardous materials are disposed of, soils remediated where contamination has occurred, quarry lakes and overburden rehabilitated and made safe.
- 1.4.1.7 Management should ensure that the contracting entity and monitoring consultant comply with environmental and social monitoring workplan to protect human health and safeguard the environment.
- 1.4.1.8 Management should ensure that owners of affected properties are duly compensated consistent with the terms of the project.

Management's Response

- 1.4.1.9 *The IIU/MPW Environmental and Social Safeguards Team will work with the Contractor and complainant and ensure that this matter is resolved through the existing Grievance Redress Mechanism (GRM) Process.*

Auditor General's Position

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

1.4.2 Non-Compliance with Socio-Environmental Management Plan

Observation

- 1.4.2.1 Part D.3.4-General Provisions and precautions under Legal Environmental and Social Specifications of Lot 2 OPRC Contract signed between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) for the design, rehabilitation and maintenance of Gbarnga—Ganta—Guinea Border Road requires that, "The CE shall take all necessary measures and precautions and otherwise ensure that the execution of the works and all associated operations on the work Sites or off-site are carried out in conformity with statutory and regulatory environmental requirements of Liberia. The CE shall take all measures and precautions to avoid any nuisance or disturbance arising from the execution of the work. This shall, wherever possible, be achieved by suppression of the nuisance at source rather than abatement of the nuisance once generated. In the event of any spoil or debris or silt from the Work Sites being deposited on any adjacent land, the CE shall immediately remove all such spoil debris or silt and restore the affected area to its original state to satisfaction of the responsible authorities. The CE can sub contract some works of the project."

- 1.4.2.2 Further, Part D, Paragraph 2, Sentence (d) of General Environmental and Resettlement Management Conditions for Construction Contract of Lot 2 OPRC Contract signed between the GOL and CHICO for the design, rehabilitation and maintenance of Gbarnga—Ganta—Guinea Border Road requires that, “Notwithstanding, the contractor’s obligation under the above clause, implement all necessary to avoid undesirable adverse Environment and Social impacts wherever possible, restore work sites to acceptable standards, and abide by any Environment and social performances requirements specified in and EMP, ESMP and RAP. In general, these measures shall include but not limited to: Prevent bitumen, oils, lubricants and waste water used or produced during the execution of works from entering into rivers, stream, irrigation channels and other natural water bodies/reservoirs, and also ensure that stagnant water in uncovered borrow pits is treated in the best way to avoid creating possible breeding grounds for mosquitoes.”
- 1.4.2.3 During the field inspection, we observed a non-compliance of some environmental issues by the contracting entity, CHICO. Further, the following Socio-Environmental issues were identified in Pallala Quarry Sites not cleaned-up or disposed of by the contracting entity after the suspension of Periodic (Overlay of Asphalt) and Routine Maintenance with the Government of Liberia (GOL). **See detail below table 13.**

Table 13: Non-Compliance with Socio-Environmental Management Plan

Location/Site	Environmental Impacts (bituminous products)
Pallala Quarry	60/70 bitumen
	MC 3000 bitumen containers
	Overburden remains
	Scrap metal (sheets, beams, unusable machinery)
	Unusable tires (trucks and machinery)
	Clean-up and dispose of soil contaminated with bitumen
	Used engine oil
	Used engine filters

- 1.4.2.4 Additionally, during the field inspection we observed bitumen concrete (Overburden remains), oils, lubricants and waste water used or produced during the execution of the works entering into wetland/stream; some of Overburden remains were buried within the leased facilities without the awareness of the landowner. Also, we observed that some of the bitumen containers were used by community dwellers in Pallala, Bong county. **See detail below Photo 7.**

Photo 7: Non-Compliance with Socio-Environmental Management Plan



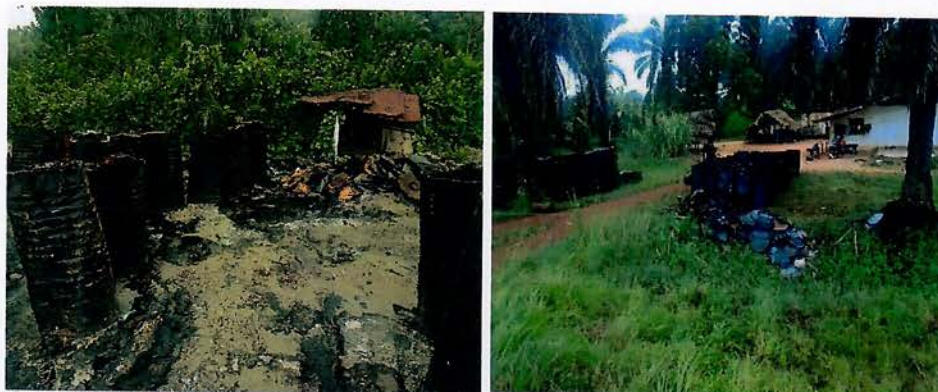
GAC Photo 7a: Showing bitumen (Overburden remains) entering into swamp at Pallala Quarry Site



GAC Photo 7b: Showing bitumen containers at Pallala Quarry Site



GAC Photo 7c: Showing bitumen (Overburden remains) buried at Pallala Quarry Site



GAC Photo 7d: showing bitumen containers in the communities of Pallala, Bong County

Risk

- 1.4.2.5 The lack of compliance with Environmental and Social monitoring workplan may lead to the occurrence of environmental, health and safety hazards.

Recommendation

- 1.4.2.6 Management should ensure the contracting entity comply with the followings: all remaining hazardous materials are disposed of, soils remediated where contamination has occurred, quarry lakes and overburden rehabilitated and made safe
- 1.4.2.7 Management should ensure that the contracting entity and monitoring consultant comply with environmental and social monitoring workplan to protect human health and safeguard the environment.

Management's Response

- 1.4.2.8 *This is the result of the suspension of maintenance activities in October 2022. Repair works will be carried out as part of maintenance works to be implemented under the US45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.*
- 1.4.2.9 *The IIU/MPW Environmental and Social Safeguards Team will work with the Contractor and landowner and ensure that this matter is resolved through the existing Grievance Redress Mechanism (GRM) Process.*

Auditor General's Position

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

1.4.3 Pavement Settlement/Depression around Culverts or Similar

Observation

- 1.4.3.1 Part A3, Paragraph 2.6.1 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management Contract between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) states that "In general terms, the Contractors must ensure that all drainage elements and structures are without any obstructions which may reduce their normal crosssection and impede the free flow of water. The service level under item 4 of Paragraph 2.6.1 states that "For one-km section all culverts must be clean and free of obstacles and without structural damage and must be firmly contained by surrounding soil or material."
- 1.4.3.2 During the field inspection, we observed that CHICO had not made the necessary repairs to the sink on the paved road in Lot 2 that was caused by the depression or settlement of the pavements around the culvert or something similar (around kilometers 189+300, 191+100 km, etc.). **See photo 8 below.**

Settlement/Depression



GAC Photos 8: Showing Settlement along the road corridor from Gharnga to Ganta Guinea Border

Risk

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

Recommendation

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

Management's Response

- 1.4.3.5 *This is the result of the suspension of maintenance activities in October 2022. Repair works will be carried out as part of maintenance works to be implemented under the US45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.*

Auditor General's Position

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

1.4.4 Bleeding Asphalt

Observation

- 1.4.4.1 Part A3, Paragraph 2.2.2 of the Lot 2 Gbarnga- Ganta- Guinea Road Asset Management Contract between the Government of Liberia and the China Henan International Cooperation Group Co. Ltd (CHICO) requires that "the service level criteria for road user service and comfort on paved roads are defined as follows: 'Rutting'-for a one km section there shall not be ruts deeper than 20 mm. Rutting of more than ten (10)mm shall not be present in more than 5 percent of any of the road section defined in the contract; 'Raveling for a one km section raveled areas must not exist."
- 1.4.4.2 During the field inspection, we observed that the contractor had not repaired the bleeding asphalt in accordance with the contract specifications at 205+300 km and 206+500 km in the surface pavement. We also saw that the bleeding is a bright, dark asphalt surface film on the road. This causes upward movement of asphalt in the pavement surface. See detail below photo 9)

Bleeding Asphalt



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

Risk

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

Recommendation

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

Management's Response

- 1.4.4.5 *This is the result of the suspension of maintenance activities in October 2022. Repair works will be carried out as part of maintenance works to be implemented under the US\$45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.*

Auditor General's Position

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

1.4.5 Non-Compliance of Routine Maintenance

Observation

- 1.4.5.1 Part A3, Paragraph 2.9 of the Lot 2 OPRC Contract between the Government of Liberia and CHICO for the design, rehabilitation and maintenance of Gbarnga—Ganta Guinea Border Road requires that "the contractor is responsible for the maintenance of all embankment and cut slopes along the road sections included in the contract. In particular, he is responsible for ensuring they are stable without deformation and erosion."
- 1.4.5.2 Additionally, Part A3, Paragraph 2.5.1 of the Lot 2 OPRC Contract signed between the Government of Liberia and CHICO for the design, rehabilitation and maintenance of Gbarnga—Ganta Guinea Border Road requires that "The contractor is responsible for ensuring that all horizontal and vertical signaling, as well as guardrails and other road safety devices comply fully with the Service Level requirements for signaling." The service level of guardrails under Paragraph 2.5.1 states that the guardrails "have to be present, clean, without any significant damage and corrosion."
- 1.4.5.3 Further, Part A3, Paragraph 2.2.2 under Road User Comfort, (Item 4) of the Lot 2 OPRC Contract between the Government of Liberia and CHICO for the design, rehabilitation and maintenance of Gbarnga—Ganta Guinea Border Road requires that "Cleanliness of the pavement surface and shoulders, for a one-km section, to be measured in subsections of 50m each, for any 50m section of the pavement, the road surface must always be clean and free of soil, debris, trash and other objects. If cleanliness of the pavement surface and shoulders does not exist in more than one subsection, the one-km section does not comply."
- 1.4.5.4 Also, the service level of road user service and comfort measures for roadway embankments, under Paragraph 2.2.2 states that "Embankments must be without erosion and free of organic material, toxic waste, garbage along the Right of Way (ROW)."
- 1.4.5.5 During the field inspection, we observed what appears to be erosion, sand/debris, garbage and several others defects that were not repaired by the CHICO on the Gbarnga to Ganta Guinea Border Road in keeping with the contract specification. Further, we observed that the contracting entity, CHICO was not performing the following routine maintenance duties:
- A damaged guardrail and no new signs or lines;



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- Several locations along the road corridor in Lot 2 experiencing landscaping/grassing;
- The guardrails' reflectors are damaged or missing;
- Unrepaired cuts in the asphalt pavement;
- Cracks in the asphalt pavement;
- No cutting of vegetation, repairs of drains from blockades, replacement of signs or lines;
- Abandoned vehicles on the road shoulder;
- Several others (Erosion, sand/debris, garbage and etc) are found along the road corridor; **See detail below photos 10.**

Unrepaired Crack



GAC Photo 10: Showing Unrepaired Crack on Asphalt along the Gbarnga to Ganta-Guinea Border road corridor in Lot 2



GAC Photo 10b: Showing No cutting of vegetation and replacement of signs in Lot 2 Gbarnga to Ganta Guinea Border Road.

Risk

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

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

Recommendation

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

Management's Response

- 1.4.5.9 *This is the result of the suspension of maintenance activities in October 2022. This will be part of maintenance works to be implemented under the US45m funding allocation communicated by GOL in January 2023 towards LIBRAMP successful completion.*

Auditor General's Position

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

2 STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATION

Out of the 21 audit recommendations contained in the Management Letter on the Financial Statement Audit of Liberia Road Asset Management Project (LIBRAMP) Audit Report, 16 or (76%) percent were implemented, 5 or 24% percent were not implemented at all. Details of not implemented recommendations are reiterated/discussed above of the report.

Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial or Non-Implementation
<p>Non-Remittance of Withholding Taxes</p> <p>The Management of LIBRAMP failed to deduct and remit withholding taxes on remuneration amounting to US\$482,901.98 from Infrastructure Implementation Unit (IIU) staffers and consultants of the project for services rendered.</p>	<p>ML of LIBRAMP Pages 6--7 Para. 1.1.1--1.1.1.9</p>	<p>Management's Response</p> <p>PFMU has worked and continues to engage with the stakeholders regarding the provision of GOL flag receipt as evidence of tax payment. The LRA has indicated that the PFMU is not regarded as one of her Collectorate that can issue flag receipt. The issuance of flag receipts will have to go through various approvals levels and in their wisdom, the PFMU cannot issue a flag receipt for the reasons given above. Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account via the LRA tax remittance forms which will be captured by their system and the consultant or vendor can later claim their tax credit from the LRA system.</p>	<p>Not Implemented</p>	<p>PFMU has worked and continues to engage with the stakeholders regarding the provision of GOL flag receipt as evidence of tax payment. The LRA has indicated that the PFMU is not regarded as one of her Collectorate that can issue flag receipt. The issuance of flag receipts will have to go through various approvals levels and in their wisdom, the PFMU cannot issue a flag receipt for the reasons given above. Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account via the LRA tax remittance forms which will be captured by their system and the consultant or vendor can later claim their tax credit from the LRA system.</p>
<p>Recommendation</p> <p>1.1.1.6 The Management of LIBRAMP should facilitate full deduction and remittance of withholding taxes to the LRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000.</p>				
<p>1.1.1.7 The Management of LIBRAMP should adjust the cash book by the total value of the non-remitted withholding taxes and restate the financial statements with the</p>				

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<p>adjusted cash balance.</p> <p>Auditor General's Position</p> <p>1.1.1.9 The LIBRAMP Management's assertions are not supported by Section 905 (j) of the Revenue Code of Liberia Act of 2000 Amended in 2011. Therefore, we maintain our findings and recommendations.</p>				
<p>Observations/ Recommendations</p> <p>Non-Deduction of Taxes and Duties (contracting entities) CHICO and CICO</p> <p>The LIBRAMP Management failed to deduct and remit income and service taxes from two Contractors CHICO and CICO for payments total of US\$3,930,552.10 made by the PFMU for services rendered.</p> <p>Recommendation</p> <p>1.1.2.8 The Management of LIBRAMP should facilitate full deduction and remittance of withholding taxes to the LRA in keeping with Section 905 (j) of the Revenue Code of Liberia Act of 2000.</p> <p>1.1.2.9 The Management of</p>	<p>Reference</p> <p>ML of LIBRAMP Pages 8--9 Para. 1.1.2 to 1.1.2.11</p>	<p>Management's Action/Reply</p> <p>As was indicated in the responses to the 2019/2020 GAC audit of LIBRAMP, this Project (LIBRAMP) is Tax exempt. Therefore, Contracts of IIU Staffers, Consultants and Contractors signed under LIBRAMP include tax exemption. Discussions of this matter continued between the World Bank and Government at high level without closure during the audit period.</p>	<p>Status (NI)</p> <p>Not Implemented</p>	<p>Reason for Partial or Non-Implementation</p> <p>As was indicated in the responses to the 2019/2020 GAC audit of LIBRAMP, this Project (LIBRAMP) is Tax exempt. Therefore, Contracts of IIU Staffers, Consultants and Contractors signed under LIBRAMP include tax exemption. Discussions of this matter continued between the World Bank and Government at high level without closure during the audit period.</p>

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<p>LIBRAMP should adjust the cash book by the total value of the non-remitted withholding taxes and restate the financial statements with the adjusted cash balance.</p> <p>Auditor General's Position</p> <p>1.1.2.11 The LIBRAMP Management's assertion that the project (LIBRAMP) is Tax exempt is not supported by a ratification of the National Legislature. Therefore, we maintain our findings and recommendations.</p>				
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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Non-Implementation or Partial Implementation
<p>Payment for Uninstalled County Welcome Signs</p> <p>The Management of LIBRAMP made payment amounting to US\$32,850 for nine (9) out of twenty-two (22) pieces of County Welcome Signs that were not installed in the five (5) counties as mentioned.</p>	<p>ML of LIBRAMP Pages 9—11 Para. 1.1.3 to 1.1.3.6</p>	<p>The nine (9) county welcome signs were not installed due to land dispute and road inaccessibility to those counties in accordance with the field report shared with General Auditing Commission (GAC). The uninstalled signs were checked and verified by the GAC. Installations are pending the land dispute resolutions and access to roads in the remaining nine (9) Counties</p>	<p>Not Implemented</p>	<p>Management's Response</p> <p>The nine (9) county welcome signs were not installed due to land dispute and road inaccessibility to those counties in accordance with the field report shared with General Auditing Commission (GAC). The uninstalled signs were checked and verified by the GAC. Installations are pending the land dispute resolutions and access to roads in the remaining nine (9) Counties.</p>
<p>Recommendation</p> <p>1.1.3.4 The Management of LIBRAMP should ensure that all signboards meant for the five (5) Counties are distributed and posted in the selected area.</p> <p>Auditor General's Position</p> <p>1.1.3.6 We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit.</p>				

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason Non-Implementation or Partial Implementation
<p>Non-Compliance for Replenishment of Petty Cash</p> <p>The petty cash float was not replenished in a timely manner as required by the PFMU Financial procedure manual. The replenishment was initiated when the cash balance rose above 90% instead of 50%.</p>	<p>ML of LIBRAMP Pages 14--7 Para. 1.2.1.1--1.2.1.6</p>	<p>Management's Response</p> <p>1.2.1.5 The GAC observation is acknowledged. However, the replenishment of petty cash was done in accordance with the IIU Financial Management Manual, which under internal control measure that maybe established for petty cash indicates amongst others that: " An initial petty cash amount should be established and advanced per month to be replenished, periodically, when it is exhausted or close to exhaustion". (See Exhibit 2 attached: IIU Financial Management Manual)</p>	<p>Not Implemented</p>	<p>Management's Response</p> <p>1.2.1.5 The GAC observation is acknowledged. However, the replenishment of petty cash was done in accordance with the IIU Financial Management Manual, which under internal control measure that maybe established for petty cash indicates amongst others that: " An initial petty cash amount should be established and advanced per month to be replenished, periodically, when it is exhausted or close to exhaustion". (See Exhibit 2 attached: IIU Financial Management Manual)</p>
<p>Recommendation</p> <p>1.2.1.4 The management of LIBRAMP should facilitate the replenishment of petty cash in a timely manner as required by Section 7.14.1 of the PFMU Financial Procedure Manual 2018.</p>				
<p>Auditor General's Position</p> <p>1.2.1.6 We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit.</p>				

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Observations/ Recommendations	Reference	Management's Action/Reply	Status (NI)	Reason for Partial Non-Implementation or
<p>Non-Compliance: The Maintenance of Lot 1 Project Camp</p> <p>The housing accommodation located at Wealla in Margibi County was not adequately maintained. We further observed there was no evidence of 24hrs supply of water and electricity by the contractor (CICO) in keeping with the contract specifications.</p> <p>Recommendation</p> <p>1.2.2.6 Management should ensure that the contract deliverables are implemented in line with the project work plan.</p> <p>1.2.2.7 Management should ensure that proper coordination, monitoring</p>	<p>ML LIBRAMP Pages 15--17 Para. 1.2.2-1.2.2.9</p>	<p>Management's Response</p> <p>1.2.2.8 Due to ongoing works activities on the urban section of LIBRAMP (Coca cola Factory to ELWA Junction 6.1 km), the Consultant's sought accommodation in Monrovia for efficient supervision of the ongoing road works. The formal handing over the Weala facility to the MPW is being processed. The contractor is under obligation to ensure that maintenance is carried out as required and the facility is handed over to MPW in the condition specified in the contract. The IIU/MPW will therefore follow up to ensure that the handing over is done accordingly.</p>	<p>Not Implemented</p>	<p>Management's Response</p> <p>Due to ongoing works activities on the urban section of LIBRAMP (Coca cola Factory to ELWA Junction 6.1 km), the Consultant's sought accommodation in Monrovia for efficient supervision of the ongoing road works. The formal handing over the Weala facility to the MPW is being processed. The contractor is under obligation to ensure that maintenance is carried out as required and the facility is handed over to MPW in the condition specified in the contract. The IIU/MPW will therefore follow up to ensure that the handing over is done accordingly.</p>

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<p>and evaluation of service contract are implemented periodically during the execution of the service contract. This will facilitate the performance of service contract in line with the required specifications.</p> <p>Auditor General's Position</p> <p>1.2.2.9 We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit.</p>				
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