



## Management Letter

### On the Audit of the Mano River Union Road Development & Transport Facilitation Programme (MRU-RDTFP-I) Financial Statements

*For the period ended 31 December 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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*Management Letter on the Financial Statement Audit of  
the Mano River Union Road Development & Transport Facilitation Programme  
MRU/RDTFP-I for the period ended December 31, 2022*

**Acronyms**

<b>Acronyms/Abbreviations/Symbol</b>	<b>Meaning</b>
A/C#	Account Number
AG	Auditor General
MRU/RDTFP	Mano River Union Road Development & Transport Facilitation Programme
CHICO	China Henan International Cooperation Group Co. LTD
CGMA	Certified Global Management Accountant
CPA	Certified Public Accountant
FAR	Fixed Asset Register
FS	Financial Statements
FY	Fiscal Year
GAC	General Auditing Commission
GOL	Government of Liberia
IPSAS	International Public Sector Accounting Standards
ISSIAs	International Standards of Supreme Audit Institutions
ML	Management Letter
MPW	Ministry of Public Work
NCB	National Competitive Bidding
OFM	Office of Financial Management
PFM	Public Financial Management
PPCA	Public Procurement & Concession Commission Act
PPCC	Public Procurement & Concession Commission
PV#	Payment Voucher Number
RFQ	Request for quotation
TOR	Term of Reference
US\$	United state Dollars



*Management Letter on the Financial Statement Audit of  
the Mano River Union Road Development & Transport Facilitation Programme  
MRU/RDFTP-I for the period ended December 31, 2022*

Hon. Ruth Coker-Collins  
Minister  
Ministry of Public Works  
South Lynch Street  
Monrovia, Liberia

June 26, 2023

Dear Hon. Coker-Collins:

The Financial Statements of the Mano River Union Road Development & Transport Facilitation Programme (MRU-RDFTP-I) for the period July 1, 2021 to December 31, 2022 are subject to audit by the Auditor General consistent with the Auditor General's mandate as provided for under Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Engagement Term of Reference.

**Introduction**

The Audit of the MRU/RDFTP-Phase I Management for the period July 1, 2021 to December 31, 2022 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**Scope and Determination of Responsibility**

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

An audit includes:

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

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

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

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

*Management Letter on the Financial Statement Audit of  
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MRU/RDTFP-I for the period ended December 31, 2022*

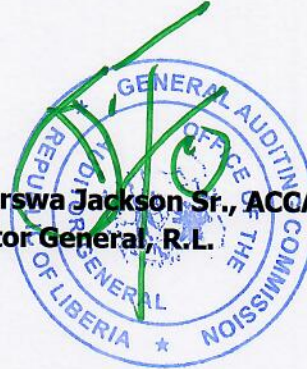
**APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of MRU/RDTFP-Phase I Management during the audit

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

Sincerely,

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



**Monrovia, Liberia**  
June 2023



## **1 DETAILED FINDINGS AND RECOMMENDATIONS**

### **1.1 Financial-Related Issues**

#### **1.1.1 Financial Statements not Consistent with Approved Format**

##### **Observation**

1.1.1.1 Section 3.3.2 of the Financial Procedure Manual of the Project Financial Management Unit (PFMU) states "the Cash Basis International Public Sector Accounting Standards (IPSAS) shall be adopted in the preparation of Project's / Program's Financial Statements.

1.1.1.2 In addition, Appendix 3 of the Financial Procedure Manual of the PFMU requires the Financial Statements to be prepared in line with the format as illustrated.

1.1.1.3 During the audit, we observed that financial statements prepared by PFMU for MRU-I Road Project were not prepared in line with the required format in the financial Manual of the Project Financial Management Unit (PFMU), neither as required by appendix 3 in the manual. The components detailed in the required format differs from the component of transactions recorded on the face of the financial statements. **See attached appendix :**

1.1.1.4 Additionally, components outlined in the project Work plan were not reflected in the Financial Statements presented for audit, thus making comparability and understandability of financial information difficult. **See exhibit 1 (copy of work plan)**

##### **Risk**

1.1.1.5 Comparability, understandability, reconciliation, fair presentation, and full disclosure of the financial statements may be impaired.

##### **Recommendation**

1.1.1.6 The Management should provide substantive justification why the required format as detailed in the project financial manual was not utilized.

1.1.1.7 Going forward, Management should ensure that the required format as detailed in the project financial manual is utilized for the preparation of all financial statements.

##### **Management's Response**

1.1.1.8 *Kindly find attached the revised Financial Statements. Please see Exhibit I*

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

1.1.1.9 We acknowledge Management's acceptance of our findings, recommendation and subsequent adjustment of the financial statements.





**1.1.2 Unreversed errors on reconciliation statements**

**Observation**

- 1.1.2.1 Section 6.5.3 of the PFMU Financial Procedures Manual required that the PFMU Management shall ensure that all reconciliation differences are properly and promptly investigated with the view to regularizing them.
- 1.1.2.2 Additionally, Section 8.4.2 of the PFMU Financial Procedures Manual indicate that, there shall be reconciliation between the control accounts in the general ledger and the memorandum registers and any unusual account balance will also be investigated and resolved promptly.
- 1.1.2.3 Also, count 6.5.3 states that, "The PFMU Manager shall ensure that all reconciliation differences are properly and promptly investigated with a view to regularize them. To this end, all bank reconciliation statement prepared by the Assistant Project Accountant (APA) shall be reviewed by the Internal Auditor and approved by the Unit Head or Senior Accountant".
- 1.1.2.4 During the audit, we observed that Management periodically did not review and approve the bank reconciliation statements in a timely manner. **See Table 1 below.**

**Table 1. Delay in Review and Approval of Bank Reconciliation**

Account Name	Month	Preparation Date	Revision Date	Approval Date
<b>MRU- I Special Account</b>	August 2021	September 24, 2021	September 27, 2021	September 27, 2021
<b>MRU-I Account</b>	September 2021	December 15, 2021	February 16, 2022	February 16, 2021
	October 2021	December 13, 2021	February 6, 2022	February 16, 2022

**Risk**

- 1.1.2.5 Failure to prepare timely bank reconciliation may lead to the non-detection of errors, omissions and fraud.

**Recommendation**

- 1.1.2.6 Management should also ensure that monthly bank reconciliation statements are reviewed and approved in a timely manner. Irregularities identified during revision should also be adjusted and resolved timely.

**Management's Response**

- 1.1.2.7 No response by Management.

**Auditor General's Position**

- 1.1.2.8 In the absence of a response by Management, we maintain our findings and recommendations.



### **1.1.3 Petty cash irregularities**

#### **Observation**

- 1.1.3.1 Count 7.14.4 of the PFMU Financial Procedures Manual states that "Each request for petty cash payments will be forwarded to the Project / Program Manager or his deputy for approval. The approval should be passed to the cashier for necessary action. At the PFMU, petty cash request shall be forwarded to the SPA for approval".
- 1.1.3.2 Also, count 7.14.5 states that "The cashier will ensure that the petty cash so disbursed are adequately/appropriately documented. Petty Cash Vouchers (Appendix 16) will be filed immediately after replenishment".
- 1.1.3.3 During the audit, we observed that payments for petty cash amounting to US\$3,000.00 and LR\$ 2,550.00 were made to various vendors in the periods July 1 to December 31, 2021 and January 1 to December 31, 2022 respectively without evidence of requests from the end-users. **See annexure 1 for details.**
- 1.1.3.4 In addition, we also observed that petty cash disbursements were made without evidence of a voucher system being used.

#### **Risk**

- 1.1.3.5 The absence of petty cash requests from end-users may lead to processing of illegitimate petty cash expenditures.
- 1.1.3.6 The disbursements of petty cash without the use of petty cash voucher system may impair reconciliation, replenishment and accountability of petty cash transactions.

#### **Recommendation**

- 1.1.3.7 The Management of PIU should ensure that all petty cash disbursements are requested for by the end-users before disbursements are made.
- 1.1.3.8 The Management of PIU should ensure that all petty cash payments are facilitated through the processing of petty cash vouchers to aid the adequate tracking of all payments.
- 1.1.3.9 Evidence of petty cash records should be adequately documented and filed to facilitate future review.

#### **Management's Response**

- 1.1.3.10 *Petty cash raised and disbursed (paid for) are duly signed and approved by the relevant authorities. Petty Cash disbursed is also tracked via the Petty Cash Utilization Report to ensure proper reconciliation. However, we acknowledge the recommendations and will incorporate them.*

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

- 1.1.3.11 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 Compliance Issues**

### **1.2.1 Signing date of the Financial Statements not specify**

#### **Observation**

1.2.1.1 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.

1.2.1.2 Regulation I.11. of the PFM Act of 2009 -Annual Government Agency Accounts, states "(1) There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the, 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.

1.2.1.3 During the audit, we observed that the financial statements signed by the Chief Financial Officer and the Project Coordinator did not specify the actual date the financial statements were prepared and signed.

#### **Risk**

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

1.2.1.5 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**

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

#### **Management's Response**

1.2.1.7 Kindly find attached the revised Financial Statements. Please see Exhibit I.

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

1.2.1.8 We acknowledge Management's acceptance of our findings, recommendation and subsequent adjustment of the financial statements.



## **1.2.2 Inappropriate Disclosure of Reporting Period**

### **Observation**

1.2.2.1 Paragraph 1.4.1 of the Revised Cash Basis IPSAS (November 2017) states, "the general-purpose financial statements shall be presented at least annually. When in exceptional circumstances, an entity's reporting date changes and the annual financial statements are presented for a period longer or shorter than one year, an entity shall disclose in addition to the period covered by the financial statements:

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

1.2.2.2 During the audit, we observed that the reporting period of the project financial statements exceeded one (1) year. However, there was no disclosure in addition to the period covered in the financial statements to provide reason(s) for a period longer than one year.

### **Risk**

1.2.2.3 The non-disclosure of reasons for a period other than one year being use for preparation and presentation of financial statements may impair the understandability of financial information and the achievement of fair presentation of the financial statements.

1.2.2.4 Fair presentation and full disclosure may be impaired.

### **Recommendation**

1.2.2.5 Management should ensure that the financial statements have adequate disclosure notes on the reporting period for preparation and presentation of financial statements.

### **Management's Response**

1.2.2.6 *Kindly find attached the revised Financial Statements. Please see Exhibit I.*

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

1.2.2.7 We acknowledge Management's acceptance of our findings, recommendation and subsequent adjustment of the financial statements.

## **1.2.3 Irregularities associated with Fixed Assets**

### **Observation**

1.2.3.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:

1.2.3.2 Section 9.4(v) of the Financial Procedure Manual (FPM) of 2018 states "A summary of fixed assets shall be extracted from the FAR and form part of the project management report and financial statements as required.

- the date and other details of the voucher or other document on which the items were received or issued;
- their serial numbers where appropriate; and



- their distribution to individual locations and the total quantity held.”

1.2.3.3 During the audit, we observed the following irregularities associated with the Fixed Assets Management System:

- There was no evidence of a fixed assets register on project sites.
- There was no evidence of periodic physical verification of assets by Management
- There was no evidence of movement of assets form.
- There was no history of disposal of assets.
- Some fixed assets of the project were not coded.
- Fixed assets for the period were not disclosed in the notes to the financial statements as required by the project financial manual.
- Fixed assets like buildings and vehicles at the construction site were deserted and not maintained, other accessories like air conditioners were seen extracted from buildings but no information was provided as to where those assets are located.

**See exhibit below:**

**Exhibits for Fixed Assets not Maintained**



**Risk**

- 1.2.3.4 Assets may be damaged or impaired but their values are still on the books.
- 1.2.3.5 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.2.3.6 The lack of asset movement log could make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.
- 1.2.3.7 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may result in the non-achievement of the project's objectives.
- 1.2.3.8 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

**Recommendation**

- 1.2.3.9 Management should develop and operationalize a fixed asset register, and set fixed assets value to be recorded, developed, and maintained.



- 1.2.3.10 Management should ensure that the fixed assets register is updated to reflect the following; description, source of purchase, date of purchase, class, code, assignee, location, condition, original cost, depreciation expense, accumulated depreciation and net book value of the asset.
- 1.2.3.11 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.
- 1.2.3.12 The Fixed Assets Register should be updated periodically to reflect all entity's assets.
- 1.2.3.13 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.2.3.14 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of asset.
- 1.2.3.15 Fixed assets for the period should be disclosed in the notes to the financial statements as required by the project financial manual.
- 1.2.3.16 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.

**Management's Response**

- 1.2.3.17 *The PIU takes note of the Management's concerns on the Fixed Assets Register on project sites. The PIU assures the GAC that Project Assets in the field have never been captured by the PIU as reported in the status of the previous audit's implementation recommendation. This is the first time it has been flagged out. However, management (the project Implementation Unit) will create a database to begin tracking all Fixed Assets procured by both the Consultant and Contractor under each project and have these Fixed Assets coded as it is done with the PIU's Fixed Assets Registrar. A periodic Fixed Assets Registrar (FAR) verification will be done by the PIU as recommended by the Audit.*

**Auditor General's Position**

- 1.2.3.18 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 Non-preparation of Interim Financial Report (IFR)**

**Observation**

- 1.2.4.1 Section 10.2 of the Financial Procedure Manual (FPM) of 2018 states "Interim Financial Reports must include a statement showing:
- Sources and uses of funds for the project / program both cumulatively and for



the period  
covered by the said report.

- Uses of funds by project / program activity for the period under review.
- Designated Project / Program Account reconciliation statements
- Summary of SOEs for the period
- An un-audited consolidated financial statement,
- Projected/Forecasted sources & uses of funds for the project for the six-month period following the period covered by the said report
- Category disbursement status to the reporting period end.

1.2.4.2 During the audit, there was no evidence that the Unit Manager of the implementing unit prepared Interim Financial Reports as required by Section 10.2 of the Financial Procedure Manual (FPM) of 2018.

**Risk**

1.2.4.3 The absence of the IFR may impair the timely preparation and submission of the annual financial statements.

1.2.4.4 Management may not account for all activities of the project.

**Recommendation**

1.2.4.5 Management should provide substantive justification for not preparing Interim Financial Statements for the periods under audit.

1.2.4.6 Going forward, Management should ensure that the Interim Financial Statements are prepared in a timely manner consistent with Section 10.2 of the Financial Procedure Manual (FPM) of 2018.

**Management's Response**

1.2.4.7 *We take note of the Auditor's recommendation.*

**Auditor General's Position**

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

**1.2.5 Delay in Completion of 80Km Road (Karloken to Fishtown)**

**Observation**

1.2.5.1 Addendum No.1 to contract No: MPW/QCBS\_RDTFP/REP-01/16 was prepared between the Government of Liberia represented by the Ministry of Public Works and DT Global International Development UK Ltd. In association with TSC Engineering and Construction Consultants in the month of March 2023 for the completion of the 80Km road from Karloken to Fishtown. The contract has been extended to May 2024 including defect liability period for total completion.



1.2.5.2 During the audit the following were observed:

- The addendum No.1 has been signed by DT Global International Development UK Ltd. in association with TSC Engineering and Construction Consultants whereas, the Ministry of Public Works, representing the Government of Liberia is yet to sign the contract for implementation.
- The total revised contract amount of US\$ 3,945,547.90 has not being provided by the Government to Management for the completion of the 80Km road.

**Risk**

1.2.5.3 In the absence of an approved addendum to the contract, the terms and conditions of the draft contract may not be binding on both parties. This may impair the timely completion of the project.

**Recommendation**

1.2.5.4 The African Development Bank and the Government of Liberia should initiate and finalize discussions on the funding for the completion of the project in a timely manner. The GoL should also sign the addendum to the contract to formalize the completion of project activities.

**Management's Response**

1.2.5.5 *The Consultancy Contract Addendum #1 between the Ministry of Public Works and the DT Global International Development UK Ltd in association with TSC Engineering & Construction Consultants was signed on April 3, 2023.*

1.2.5.6 *It is based on this Addendum that the Resident Engineer, which the GAC Audit Team interacted with during the field visit, was remobilized to the project site. A copy of the Addendum was included in the documents shared with the GAC.*

**Auditor General's Position**

1.2.5.7 We acknowledge Management's subsequent implementation of our audit recommendation after the audit period.

**1.2.6 Non-Compliance with Road Pavement Requirement**

**Observation**

1.2.6.1 Section 11.0 of the contract agreement signed between GOL and CHICO states that "In the case of pavements, the contractor shall, when required by the Engineer, furnish samples taken from the completed Works at any point indicated by the Engineer and shall immediately replace the areas so removed with materials and construction to conform to the specifications and to the line and grade of the immediate surrounding pavement surface. No additional compensation will be allowed for furnishing such samples and replacing the areas with new material as described above."

1.2.6.2 During the audit, we observed that the Karloken to Fish Town road (80km) that 27km of the road second layer of pavement has not being laid. **See exhibit 3**



**Exhibit 3: Asphalt road without second layer (from MPW Resident Engineer analysis)**

NO.	Range	Chainage		Length (m)
		From	To	
1	19+592- 37+167	K 19+677	K 37+167	17575
2	37+770 – 39+162	K 37+770	K 39+162	1392
3	49+915 – 58+844	K 49+915	K 58+844	8929
Total including Bridge # 1 & 2 Sections				27896
Total less Bridge # 1& 2 Sections				27759



**Risk**

- 1.2.6.3 Non-completion of the second layer of the road may impair the quality of road constructed. This may lead to non- achievement of the project objectives.

**Recommendation**

- 1.2.6.4 The Government of Liberia and the African Development Bank should ensure that funds are made available for the completion of the project.
- 1.2.6.5 Upon receipt of funds, Management should ensure that the contractor completes the project based on the required pavement specifications.
- 1.2.6.6 Management should ensure that proper coordination, monitoring and evaluation of the project are implemented periodically during the execution of the project.

**Management's Response**

- 1.2.6.7 *The Ministry of Public Works through the Project Implementation Unit (PIU) is fully aware of the incomplete sections of the wearing course due to insufficient project funds.*
- 1.2.6.8 *The Government of Liberia has decided on providing US\$ 1.5 million and requesting 2 million from the African Development Bank in order to fund the remaining portion of the*



*wearing course and other incomplete aspects of the project.*

- 1.2.6.9 *The Ministry assures that there is no problem with coordination, monitoring, and evaluation of the project. The issue is the lack of funds to complete the project.*

**Auditor General's Position**

- 1.2.6.10 We acknowledge Management's assertions. However, in the absence of completion of project deliverables, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

**1.2.7 Lack of Risk Management Policy**

**Observation**

- 1.2.7.1 Paragraph 17 of the Internal Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) indicates that in most cases, the board of head of public entity is ultimately responsible for determining whether management has implemented effective internal control including monitoring. The institution makes this assessment by (a) understanding the risks the organization faces and (b) Gaining an understanding of how senior management manages or mitigates those risk that are meaningful to the organization objectives. Obtaining this understanding includes determining how management supports its beliefs about the effectiveness of the internal control system in those areas.

- 1.2.7.2 During the audit, we observed no evidence that Management has developed a risk management policy to guide internal and external risks that may impair the achievement of the project objectives.

**Risk**

- 1.2.7.3 The absence of a risk management policy may lead to management not being aware of potential risks that may impair the operations of the entity.

- 1.2.7.4 Potential risk to the entity may not be identified, assessed and mitigated/prevented in a timely manner thereby impairing the achievement of the entity's objectives.

**Recommendation**

- 1.2.7.5 Management should develop, approve, and operationalize a risk management policy to guide internal and external risks that may impair the achievement of the entity's objectives.

- 1.2.7.6 Subsequently, Management should conduct risk assessment activities consistent with the approved risk management policy.

- 1.2.7.7 Evidence of approved policy and risk assessment activities should be adequately documented and filed to facilitate future review.



**Management's Response**

- 1.2.7.8 *There is an existing Risk Management and Response Plan to guide internal and external risks that may impair the achievement of the project objectives. The Management has approved the risk management policy and is fully operationalized. Management is always conducting risk assessment activities consistent with the approved risk management policy. Please see the attached exhibit of the Risk Management Policy and Risk Response Plan. Please see Exhibit III.*

**Auditor General's Position**

- 1.2.7.9 Management's assertions are not supported by documentary evidence. Exhibit III was not provided as asserted in Management's response.
- 1.2.7.10 Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

**1.2.8 Lack of Steering Committee**

**Observation**

- 1.2.8.1 Section 2.8.1 of the Financial Procedures Manual of PFMU states "Each project/program shall have an oversight body to provide overall project/program oversight and policy guidance. The infrastructure projects being implemented through the MPW have a Project Steering Committee for this purpose
- 1.2.8.2 Section 2.8.2. of the Financial Procedures Manual of PFMU states" The PSC will meet quarterly to assess progress, identify weaknesses, prepare and apply remedial strategies as well as make short-term action plans and review progress reports
- 1.2.8.3 During the audit, we observed no evidence of a steering committee to assess progress, identify weaknesses, and prepare and apply remedial strategies for the review of the progress report.

**Risk**

- 1.2.8.4 The absence of a steering committee may cast doubt over the strategic oversight activities of the committee.
- 1.2.8.5 In the absence of a Steering committee, project activities may not be aligned with the organization's overall strategic objectives.

**Recommendation**

- 1.2.8.6 Management should ensure that there is a steering committee to assess progress and prepare and apply remedial strategies for the entity's progress.

**Management's Response**

- 1.2.8.7 *Section 2.8.1 of the Financial Procedure Manual of the PFMU does not apply in the case of the African Development Bank projects. The Banks deal with the Ministry of Public Works as the Executing Agency that provides oversight supervision to all of the projects under the Ministry. There is a semi-annual joint mission headed by the Bank that assesses*



*progress, identifies weaknesses, and prepares action points to strengthen further implementation. The Mission ends with the signing of aide memoires that are signed by all parties.*

- 1.2.8.8 *Also, unlike the regular GoL operations, the Project Implementation Unit is governed by the Bank's Procurement Guidelines, and the requisite prior and post approvals are obtained prior to the conclusion of each procurement activity. The Office of the Minister constitutes ad-hoc committees to carry out each procurement activity with the committee providing the Office of the Minister with respective reports per the task of the committee which is in turn reviewed and subsequently submitted to the African Development Bank for No Objection. Hence, there is no statutory Steering Committee for the project. Instead, the committees are set up on a case-by-case basis. Please see attached aide memoir. **See Exhibit IV***

**Auditor General's Position**

- 1.2.8.9 Management's assertions are not supported by documentary evidence. The aide memoir was not provided as asserted in Management's response.
- 1.2.8.10 Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.





**Status of Implementation of Prior Year Audit Recommendations**

Audit Period	Audit Findings	Recommendations	Status of Implementation	Comment
July 1, 2019 to June 30, 2021	Uncompleted Contract Deliverables ( Karloken to Fish Town Road 80KM)	Project management should ensure that proper coordination, monitoring, and evaluation of the project deliverables are done in a timelt manner,during project execution.	Not Implemented	We observed that the issue is still repeating in the cuurent year audit.
July 1, 2019 to June 30, 2021	Unapproved Project Cost and Contract Extension	Management recommended as follows: (i) The project financiers (AfDB) should initiate formal discussions with the contractor for timely resolution of the contractor's (CHICO) request for EOT and the revised project cost and (ii) Going forward, the GOL and AfDB should ensure professional evaluation of project designs before the commencement of the project.	Not Implemented	We observed that the issue is still repeating in the cuurent year audit.
July 1, 2019 to June 30, 2021	Non- Compliance to Road Pavement Requirement per Contract	The AG recommended as follows:	Completed	We observed that the issue is resoulve
		(i) The GOL and the AfDB (financiers) should ensure that the contractor complies with the required pavement specifications of the road construction project.		
		(ii) Both GOL and AfDB should ensure that there is proper coordination, monitoring and evaluation of the project and these should be effectively and consistently implemented throughout the execution of the project.		
		(iii) The GOL and AfDB should ensure that all discrepancies identified are adjusted to suit the		





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Audit Period	Audit Findings	Recommendations	Status of Implementation	Comment
		required specifications per contract.		
		The review advises that since the GOL owns the project and has signed the contract with CHICO, the Ministry of Public Works (Executing Agency) should ensure that the contractor strictly complies with all the tenets of the contract. The review further recommends that the sector should field an onsite mission and include in the mission's terms of reference (TOR) specific steps to help the GOL address its contract management responsibilities and other challenges highlighted in the AG's report.		
July 1, 2019 to June 30, 2021	Error in General Presentation of the Project Financial Statement (PFS)	The review recommends that in future PFS preparation, project management and the PFMU Director should exercise due diligence in the review function of the PFS to ensure, all errors are corrected before issuance and submission of the audit reports to the Bank.	Not Implemented	We observed that the issue is still repeating in the current year audit.
July 1, 2019 to June 30, 2021	No Fixed Assets Schedule attached to the PFS	The review recommends that project management in future audit reports submission should ensure full compliance with the audit TOR (including Section <b>5.4 (c) of the audit TOR</b> ) so that the above lapse does not keep on appearing in subsequent audit report reviews.	Not Implemented	We observed that the issue is still repeating in the current year audit.
July 1, 2019 to June 30, 2021	No evidence of follow up on the status of implementation of prior year audit	This lapse was highlighted per our review of the prior year audit reports. The	Not Implemented	We observed that the issue is still repeating in the current year audit.



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Audit Period	Audit Findings	Recommendations	Status of Implementation	Comment
	recommendations	review recommends that in future audits, the AG should fully comply with the requirement of the audit TOR (including <b>Section 8.1 b (ix) of the audit terms of reference</b> ).		



**ANNEXURE**

**Annexure 1: Petty Cash-Payments without evidence of requests from end-user for FY-2021 and 2022**

**December 22, 2021 Replenishment Report**

Date	Description	Payee	Amount (US\$)
6-Sep-21	Scratch cards	Kpana B. Kpehe	40.00
25-Aug-21	Repair of conference room table	Mohammed	5.00
27-Aug-21	Spare parts for vehicle	Alternative Electrical Center	20.00
19-Nov-21	vehicle repairs	Wisdom Business Center	40.00
8-Jul-21	Fuel/Gasoline	Gethsemene Enterprise	65.00
8-Jul-21	Fuel/Gasoline	Gethsemene Enterprise	30.00
<b>Total</b>			<b>200.00</b>

**July 20, 2022 Replenishment Report**

Date	Description	Payee	Amount (US\$)	Amount (LD)
27-Apr-22	Fuel/Gasoline	NP Liberia, LTD	30.00	-
27-May-22	Fuel/Gasoline	NP Liberia, LTD	20.00	-
4-May-22	Fuel/Gasoline	Destiny G Enterprise	-	2,550.00
26-Apr-22	Fuel/Gasoline	NP Liberia, LTD	30.00	-
29-Jun-22	Fuel/Gasoline	Destiny G Enterprise	30.00	-
3-May-22	Fuel/Gasoline	NP Liberia, LTD	20.00	-
30-May-22	Fuel/Gasoline	NP Liberia, LTD	15.00	-
21-Jun-22	Fuel/Gasoline	NP Liberia, LTD	20.00	-
25-Apr-22	Light bulb and extension cord	Mohammed & Son Business Center	80.00	-
10-May-22	Fuel/Gasoline	NP Liberia, LTD	20.00	-
N0 date	Fuel/Gasoline	Destiny G Enterprise	30.00	-
24-Jun-22	Fuel/Gasoline	NP Liberia, LTD	20.00	-
10-Jun-22	Fuel/Gasoline	NP Liberia, LTD	20.00	-
17-Jun-22	Repair works	Assata Sonoe Business Center	75.00	-
6-Jul-22	Generator repairs	No name	30.00	-
1-Jan-22	Engine oil	Andico Auto Parts	5.00	-
5-May-22	Paint	Ezone Electronics	35.00	-
5-Jun-22	Purchase of fan	No name	30.00	-
N/A	Repair works	Dukuly Kanneh	35.00	-
27-Apr-22	Standing fans	Mallah & Son's Business Center	60.00	-
23-Jun-23	Repair of printer	Zenique Inc	80.00	-
12-Apr-22	Generator repairs	Dukuly Kanneh	80.00	-
12-Apr-22	Office provision	Binta & Sons Business Center	200.00	-
12-Apr-22	Printing of car stickers	HITZ Designers	65.00	-
<b>Sub-total</b>			<b>1,030.00</b>	<b>2,550.00</b>



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**October 24, 2022 Replenishment Report**

Date	Description	Payee	Amount (US\$)
22-Aug-22	Assorted office supplies	Johnson & Son Business Center	200.00
26-Aug-22	Lunch for PIU committee member	Binta & Sons Business Center	25.00
30-Aug-22	Repair of Airconditioner	Two Real Business Center	100.00
19-Oct-22	Purchase of electric wire	God's Wisdom Bus. Center	70.00
15-Sep-22	Cleaning services	Kelvin S.K. Momoh	20.00
15-Jul-22	Fuel/Gasoline	Liberia Petroleum	20.00
25-Mar-22	Fuel/Gasoline	Liberia Petroleum	20.00
27-Jul-22	Fuel/Gasoline	Liberia Petroleum	20.00
10-Mar-22	Fuel/Gasoline	NP Liberia, LTD	20.00
20-Oct-22	Purchase of extension cord	Two Real Business Center	35.00
19-Oct-22	repair works on generator	Mohammed & Son Business Center	35.00
23-Sep-22	door cylinder	Roland Business Center	5.00
19-Oct-22	N/A	Mohammed & Son Business Center	60.00
19-Oct-22	Purchase of wall clippers	Mohammed & Son Business Center	64.00
19-Oct-22	Repair of generator	Emmanuel Business Center	25.00
19-Oct-22	Purchase of generator power charger	Mohammed & Son Business Center	25.00
24-Aug-22	Fuel/Gasoline	Destiny G Enterprise	20.00
22-Aug-22	Production of stamp	Zenique Inc	80.00
12-Sep-22	Fuel/Gasoline	NP Liberia, LTD	20.00
31-Aug-22	Fuel/Gasoline	NP Liberia, LTD	20.00
22-Aug-22	Fuel/Gasoline	NP Liberia, LTD	20.00
No date	Fuel/Gasoline	Liberia Petroleum	15.00
10-Aug-22	Fuel/Gasoline	Liberia Petroleum	15.00
<b>Sub-total</b>			<b>934.00</b>

**April 14, 2022 Replenishment Report**

Date	Description	Payee	Amount (US\$)
20-Jan-22	N0 description	Moses Zeogar	25.00
14-Jan-22	Assorted office supplies	Fawaz & Sons Store	171.00
11-Nov-22	6 pieces of stickers	Morakie Prints	60.00
8-Apr-22	Fuel/Gasoline	Destiny G Enterprise	49.00
25-Feb-22	Fuel/Gasoline	NP Liberia, LTD	18.00
23-Mar-22	Fuel/Gasoline	NP Liberia, LTD	18.00
7-Feb-22	Fuel/Gasoline	NP Liberia, LTD	10.00
N/A	Fuel/Gasoline	NP Liberia, LTD	6.00
8-Feb-22	Fuel/Gasoline	NP Liberia, LTD	40.00
10-Mar-22	Fuel/Gasoline	NP Liberia, LTD	15.00
15-Feb-22	Fuel/Gasoline	NP Liberia, LTD	10.00
14-Jan-22	Fuel/Gasoline	NP Liberia, LTD	12.00
28-Jan-22	Fuel/Gasoline	NP Liberia, LTD	42.00
31-Mar-22	Fuel/Gasoline	NP Liberia, LTD	20.00
13-Apr-22	Fuel/Gasoline	NP Liberia, LTD	20.00





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**April 14, 2022 Replenishment Report**

<b>Date</b>	<b>Description</b>	<b>Payee</b>	<b>Amount (US\$)</b>
25-Feb-22	Fuel/Gasoline	NP Liberia, LTD	10.00
3-Mar-22	Fuel/Gasoline	Liberia Petroleum	20.00
11-Mar-22	Repair services	Mohammed	40.00
18-Mar-22	Canon 727 printer	Mohammed & Son Business Center	60.00
4-Mar-22	Fuel/Gasoline	Aminata & Sons, Inc.	10.00
18-Mar-22	Fuel/Gasoline	NP Liberia, LTD	15.00
17-Mar-22	Engine oil	Andico Auto Parts	5.00
14-Mar-22	Vehicle spare parts	Andico Auto Parts	160.00
<b>Sub-total</b>			<b>836.00</b>
<b>Grand Total:</b>			<b>3,000.00</b>





**Annexure 2: Withholding of goods and services tax**  
**EXHIBIT 1a**

**APPENDIX 3  
INTERIM FINANCIAL REPORT (FMR)**

Include details per implementing agency and discussion points on project progress for the proje  
FMR 1

**STATEMENT OF RECEIPTS AND PAYMENTS  
Totals of Categories**

Accounting Period: X/200X To: X/200X

	Current Period USD	Year to Date USD	Cumulative to Date USD
<b>Opening Bank and Cash Balance:</b>			
Project Bank Account	XXX	XXX	XXX
Project Cash on Hand a/c	xx	xx	xx
	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<b>RECEIPTS During the Period</b>			
IDA Funds	XXX	XXX	XXX
Sale of Bid Documents	xx	xx	xx
	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<b>Total Receipts during Period</b>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Project 3 Current A/c	XXX	XXX	XXX
Works	XXX	XXX	XXX
Consultancy Services	XXX	XXX	XXX
Advance Payments to Contractor/ Consultant	XXX	XXX	XXX
Operating Cost	XXX	XXX	XXX
	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<b>Excess of Receipts over Payments</b>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<b>Closing Bank &amp; Cash Balances:</b>			
Petty Cash – Fund 1	XXX	XXX	XXX
Petty Cash – Fund 2	XXX	XXX	XXX

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