



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**On the Financial Statements Audit of
Smallholder Agriculture Development for
Food and Nutrition Security (SADFONS)
Project**

**For the Period October 1, 2021-December 31,
2022**

IDA Credit No.: 5570155001001

Project Code: P-LR-AA0-010



JUNE 2023

**P. Garswa Jackson, Sr. ACCA, CFIP, CFP
Auditor General, RL**

Table of Contents

AUDITOR GENERAL'S REPORT	3
Opinion.....	3
Basis for Opinion	3
Management Responsibilities for the Financial Statements	4
Responsibilities of Management and Those Charged with Governance for the Financial Statements	4
Auditor's Responsibilities	4
Project Financial Statements.....	5
KEY MEMBERS OF THE PROJECT COORDINATING UNIT	5



Acronyms

ACRONYMS USED

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



AUDITOR GENERAL'S REPORT

June 30, 2023

Hon. Jeanine Milly Cooper

Minister

Ministry of Agriculture

Ministerial Complex, Congo Town

Montserrado County, Liberia

Dear Hon. Cooper:

Auditor General Report on the Financial Statements Audit of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project for the Period July 1, 2021 to December 31, 2022

Opinion

We have audited the financial statements of Smallholder Agriculture Development for Food & Nutrition Security (SADFONS) Project financed by the AfDB/GAFSP Credit No.: 5570155001001 and Project Code: P-LR-AA0-010 for the years Ended December 31, 2022, which comprise the statement of Receipts and Payments, and the statement of Comparison of Budget and Actual Amounts and summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project financed by the AfDB/GAFSP Credit No.: 5570155001001 and Project Code: P-LR-AA0-010 present fairly, in all material respects, the statement of Receipts and Payments as at December 31, 2022, the statement of Comparison of Budget and Actual Amounts and summary of significant accounting policies and other explanatory information for the period then ended in accordance with International Public Sector Accounting Standards (IPSAS 2017) Cash Basis of Accounting.

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project Implementing Unit (PIU) of the Ministry of Agriculture (MoA) in accordance with the ethical requirements that are relevant to



our audit of the financial statements in Liberia, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management Responsibilities for the Financial Statements

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS 2017) Cash Basis of Accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on Statement of Receipts and Payments based on our audit. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) and the World Bank Guidelines. Those standards and the applicable World Bank guidelines required that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement of Receipts and Payments are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Receipts and Payments. The procedures selected depend on the auditor's judgment, including the assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Statement of Receipts and Payments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Statement of Receipts and Payments.


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

Monrovia, Liberia

June 2023

**Project Financial Statements
From October 1, 2021 - December 31, 2022**

INSTITUTIONAL DETAILS/INFORMATION

PROJECT ADDRESS: Program Management Unit, Ministry of Agriculture, LIBSUCO
Compound, LPRC Road, Off Somalia Drive, Garnerville Monrovia

BANKER: Account Number 53030030032759
UBA Liberia USD-ACCOUNT
Broad & Nelson Streets, Monrovia, Liberia

AUDITOR: General Auditing Commission of Liberia, Old Executive Mansion,
Ashmun Street, Monrovia, Liberia

KEY MEMBERS OF THE PROJECT COORDINATING UNIT

No.	Name	Job Title
1.	Jlopeh Dennis Wiagbe, Jr.	Project Coordinator
2.	Bob V. Fassah	Project Accountant
3.	Mohammed L. Kamara	Procurement Officer
4.	Manson R. Kwanwah	Agronomist
5.	Morleeta Mends-Cole Chea	Agronomist
6.	Cleopatra Gibson-Jallay	Food and Nutrition Officer
7.	David M. Mulbah, Jr	Environmental Safeguard Officer
8.	Nyangbeanquoi Aegon Yoko	M&E Officer
9.	Senessee Sheriff Hemoh	Project Engineer



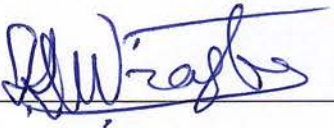
2.0 Statement of Project Management Responsibilities

The Project's Financing Agreement requires the Project Management Team to prepare financial statements in accordance to the requirements of the African Development Bank Financing Agreement and the International Public Sector Accounting Standard (IPSAS) 2017 under the Cash Basis of Accounting. The IPSAS 2017 Cash Basis of Accounting requires that the financial statements present fairly for the year the Project's Statement of Cash Receipts and Payments and the Statement of Budget and Actual with explanatory note.

In preparing the financial statements, the management accepts responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgments and estimates that are reasonable and consistently applied;
- Compliance with applicable accounting standards when preparing financial statements, and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Project will continue in business in the foreseeable future.

The management also accepts responsibility for implementing and maintaining adequate internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error and for taking reasonable steps to safeguard the assets of the project.



Jlopleh Dennis Wiagbe, Jr.
Project Coordinator



Bob V. Fassah
Project Accountant

3.0 Statement of Receipts & Payments Cost Categories for 15months to the period ended December 31, 2022

	Notes	3months (October- December 2021	2022	Cumulative
		US\$	US\$	US\$
Receipts				
ADF Grant Direct Payment	3		1,126	1,126
<i>GASFP Grant Special Account</i>	3	135,000	426,698	561,698
<i>GAFSP Grant Direct Payment</i>	3		628,563	628,563
Total Receipts		135,000	1,056,387	1,191,387
Payments by Cost Category				
<i>Works</i>	4		62,783	62,783
<i>Goods</i>	4		199,191	199,191
<i>Services</i>	4		620,228	620,228
<i>Operating Cost</i>	4	26,536	259,757	286,293
Total Payment by Cost Category		26,536	1,141,959	1,168,495
Increase/Decrease in Cash		108,464	(85,572)	22,891
Cash Balance Beginning	2	-	108,464	
Increase/Decrease in Cash		108,464	(85,572)	22,891
Cash at the end	2	108,464	22,891	22,891

Jlopleh Dennis Wiagbe, Jr.
 Project Coordinator

Bob V. Fassah
 Project Accountant

The notes found on pages 10-17 are integral parts of these financial statements.

4.0 Statement of Receipts & Payments by Project Components for 15months to the period ended December 31, 2022

	Notes	3months (October- December 2021	2022	Cumulati ve
		US\$	US\$	US\$
Receipts				
ADF Grant Direct Payment	3		1,126	1,126
<i>GASFP Grant Special Account</i>	3	135,000	426,698	561,698
<i>GAFSP Grant Direct Payment</i>	3		628,563	628,563
Total Receipts		135,000	1,056,387	1,191,387
Payments by Project Components				
<i>Support to enhancing smallholder agricultural productivity and market access</i>	4		574,838	574,838
<i>Institutional Strengthening and Capacity Building</i>	4		288,023	288,023
<i>Project Management, Coordination, M&E and Knowledge Management</i>	4	26,536	279,098	305,634
Total Payment by Project Components		26,536	1,141,959	1,168,495
Increase/Decrease in Cash		108,464	(85,572)	22,891
Beginning Cash Balance	2	-	108,464	
Increase/Decrease in Cash		108,464	(85,572)	22,891
Cash at the end of period	2	108,464	22,891	22,891

The notes found on pages 10-17 are integral part of these financial statements.

*Auditor General Report on the
Financial Statement Audit of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project
For the Period October 1, 2021, to December 31, 2022*

5.0 Statement of Budget & Actual Comparison (By Components) for the 15 months to the period ended December 31, 2022

Components	Project Allocation	Year						Cumulative	
		Planned	Actual	Variance	% of Budget Utilization	Actual	Variance	% of Allocation Utilization	
		a	b	c	b-c	d	e	f	g
Support to enhancing smallholder agricultural productivity and market access	US\$ 4,601,002	US\$ 821,149	US\$ 508,021	US\$ 313,128	61.87	US\$ 508,021	US\$ 4,092,981.31	11.04	
Strengthening of Sustainable Crop Production and Intensification	1,240,900	1,529,362	66,817	1,462,545	4.37	66,817	1,174,083.10	5.38	
Value Addition and Market Linkages									
Sub-total	5,841,902	2,350,511	574,838	1,775,673	24.46	574,838	5,267,064.41	9.84	
Institutional Strengthening and Capacity Building									
Strengthening Participatory Farmer Advisory Services	1,224,125	336,375	215,353	121,022	64.02	215,353	1,008,771.62	17.59	
Strengthening the Capacity of MoA in Investment Planning and Implementation	675,000	1,51,750	72,670	79,080	47.89	72,670	602,330.00	10.77	
Sub-total	1,899,125	488,125	288,023	200,102	59.01	288,023	1,611,101.62	15.17	
Project Management, Coordination, M&E and Knowledge Management	1,341,000	207,840	279,098	(71,258)	134.28	305,634	1,035,365.77	22.79	
Grand Total	9,082,027	3,046,476	1,141,959	1,904,517	37.48	1,168,495	7,913,531.80	12.87	

See Note 6 to the financial statements for explanation of material variances. The notes found on pages 10-17 are integral part of these financial statements.



6.0 Notes, General Information and Accounting Policies

Principal address of Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) project is:

**Ministry of Agriculture Annex, LIBSUCO Compound, Old LPRC Road,
Japan Freeway, Gardnersville
Monrovia, Liberia**

The Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) project seeks to improve food and nutrition security and reduce poverty of targeted rural populations in Liberia. This will be achieved through (i) increased agricultural productivity and production of smallholder farmers (with a focus on food crops such as rice, cassava, and vegetables), (ii) improved smallholders' value addition, market access and income, and (iii) strengthening the capacity of the government institutions, farmers and producer organizations. The Project area will cover six counties over a five-year period. The project consists of three components, namely: (i) Support smallholder agricultural productivity and market access, (ii) Institutional Strengthening and Capacity building and (iii) Project management and coordination. The total project cost is estimated at US\$ 9.08 million, of which the Global Agriculture and Food Security Program (GAFSP) will finance US\$ 8.2 million, African Development Fund UA 300,000 (US\$ 429,027) and the Government of Liberia (GoL) US\$ 453,000.

Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies will be consistently applied to all years presented, unless otherwise stated.

4.1.0 (a) Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Public Financial Management Act, 2009 and comply with the Cash Basis International Public Sector Accounting Standard (Cash Basis IPSAS 2017): Financial Reporting under the Cash Basis of Accounting.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The accounting policies adopted have been consistently used throughout.

4.1.0. (b) Reporting entity

The financial statements are for the

4.1.0 (c) Reporting currency and translation of foreign currencies

(i) Functional and presentation currency

The functional currency is United States Dollar (US\$) and the reporting currency is the United States Dollar (US\$), which is the legal tender of the Republic of Liberia. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

6.1.0 (d) Reporting Period

The reporting period for these financial statements is the financial year of the Government, which runs from 1st January to the 31st December. Due to the project inception in October 2021, prior year figures were for three (3) months (October to December 2021) while the current year figures were for twelve (12) months (January to December 2022). This could not allow the reporting of comparable year figures as required by IPSAS Cash Basis.

6.2.0 Note 2: Cash & Cash Equivalents

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks and investment in short-term money market instruments. The amount of cash and cash equivalents at the period was **US\$ 22,891.00** (Twenty-Two Thousand Eight Hundred and Ninety- One United States Dollars 00/100 only), comprising of the following amounts:

	3months (October-December 2021)	Fiscal Year 2022
Cash on Hand	US\$	US\$
GAFSP Grant Account United Bank for Africa (UBA)	108,464	21,891
Petty Cash	-	1,000
Total	108,464	22,891

6.3.0 Note 3: Receipts

Receipts represent cash received to the project’s special account; direct payments made on behalf of the project by AfDB from GAFSP and ADF resources; and in-kind contribution by the Government of Liberia to the project during the financial year.

Receipts	3months (October-December 2021)	Fiscal Year 2022
ADF Grant Direct Payment		1,126
GASFP Grant Special Account	135,000	426,698
GAFSP Grant Direct Payment		628,563
Total	135,000	1,056,387

4.4.0 Note: 4 Expenses

In general, all expenses are recognized in the statement of Cash Receipts and Payments when paid. Expenses during the period is categorized by cost and components

*Auditor General Report on the
Financial Statement Audit of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project
For the Period October 1, 2021, to December 31, 2022*

	GAFSP	ADF	GOL	Total
Civil Works				
Rehabilitation of Agriculture Mechanization Service Center	62,782.62			62,782.62
Subtotal	62,782.62	-	-	62,782.62

	GAFSP	ADF	GOL	Total
Goods				
Vehicles	179,850.00			179,850.00
Office Equipment	19,341.00			19,341.00
Subtotal	199,191.00	-	-	199,191.00

	GAFSP	ADF	GOL	Total
Services				
Provision of Foundation Seeds	44,039.96			44,039.96
Training of Master Trainers (TOMT) by FAO	447,587.00			447,587.00
Capacity Building of Laboratory Technicians	16,394.00			16,394.00
Business Management Support	2,907.96			2,907.96
Credit Risk Guarantee Scheme (Meeting)	1,126.13			1,126.13
Nutrition Sensitization Sessions with Peri-Urban Households	35,503.38			35,503.38
Environmental and Social Management Plan	72,670.00			72,670.00
Subtotal	620,228.43	-	-	620,228.43

Recurrent Cost	GAFSP	ADF	GOL	Total
Project Coordinator	25,500			25,500
Procurement Officer	18,000			18,000
Finance Officer	45,000			45,000
M&E Officer	6,000			6,000
Irrigation Specialist	6,000			6,000
Food Security & Nutrition Officer	9,000			9,000
Agronomists	28,000			28,000



*Auditor General Report on the
Financial Statement Audit of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project
For the Period October 1, 2021, to December 31, 2022*

Environmental & Social Development Expert	12,000			12,000
Administrative Assistant	9,600			9,600
Vehicle Fuel	22,960			22,960
Vehicle Maintenance	11,947			11,947
Internet & Telephone Cards	8,208			8,208
Monitoring & Supervision	16,016			16,016
Drivers	6,250			6,250
Cleaning Services	3,900			3,900
Bank Charges	3,337			3,337
Stationery & Supplies	10,780			10,780
Other Operating Costs	9,109			9,109
CACs & DAOs Top-up	2,450			2,450
Advertisement	1,500			1,500
Workshop/Meetings	30,736			30,736
Subtotal	286,293	-	-	286,293

	GAFSP	ADF	GOL	Total
Support to enhancing smallholder agricultural productivity and market access				
Provision of Foundation Seeds	44,039.96			44,039.96
Training of Master Trainers (TOMT)	447,587.00			447,587.00
Capacity Building of Laboratory Technicians (National Standard Lab)	16,394.00			16,394.00
Rehabilitation of Agriculture Mechanization Service Center	62,782.62			62,782.62
Business Management Support (Ministry of Industry) to SMEs	2,907.96			2,907.96
Credit Risk Guarantee Scheme		1,126		1,126.13



*Auditor General Report on the
Financial Statement Audit of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project
For the Period October 1, 2021, to December 31, 2022*

Subtotal	573,711.54	1,126.13	-	574,837.67
-----------------	-------------------	-----------------	----------	-------------------

Institutional Strengthening and Capacity Building	GAFSP	ADF	GOL	Total
Vehicles	179,850.00			179,850.00
Nutrition Sensitization Sessions with Peri-Urban Households	35,503.38			35,503.38
Environmental and Social Management Plan	72,670.00			72,670.00
Subtotal	288,023.38	-	-	288,023.38

Project Management, Coordination, M&E and Knowledge Management	GAFSP	ADF	GOL	Total
Project Coordinator	25,500			25,500
Procurement Officer	18,000			18,000
Finance Officer	45,000			45,000
M&E Officer	6,000			6,000
Irrigation Specialist	6,000			6,000
Food Security & Nutrition Officer	9,000			9,000
Agronomists	28,000			28,000
Environmental & Social Development Expert	12,000			12,000
Administrative Assistant	9,600			9,600
Vehicle Fuel	22,960			22,960
Vehicle Maintenance	11,947			11,947
Office Equipment	19,341			19,341
Internet & Telephone Cards	8,208			8,208
Monitoring & Supervision	16,016			16,016
Drivers	6,250			6,250
Cleaning Services	3,900			3,900
Bank Charges	3,337			3,337
Stationery & Supplies	10,780			10,780
Other Operating Costs	9,109			9,109



*Auditor General Report on the
Financial Statement Audit of the Smallholder Agriculture Development for Food and Nutrition Security (SADFONS) Project
For the Period October 1, 2021, to December 31, 2022*

CACs & DAOs Top-up	2,450			2,450
Advertisement	1,500			1,500
Workshop/Meetings	30,736			30,736
Subtotal	305,634	-	-	305,634

6.5.0 (h) Property, Plant and Equipment (physical assets or fixed assets)

Property, plant and equipment principally comprises land, buildings, plant, vehicles, equipment, and any other capital assets controlled by the Ministry.

Under government's cash basis of accounting, purchases of property, plant and equipment are expensed fully in the year of purchase. However, a memorandum record is maintained in the Fixed Asset Registers at historical cost for all non-current assets. (

6.6.0 Note: 5 Explanation of Material Variances on Budget Vs Actual Statement

During the 15months to the period ended December 31, 2022, the total amount of **US\$ 1,383,864.00** was expended out of the total budget of **US\$ 3,046,476.00** representing 45% resulting into a variance of **US\$ 1,662,612.00**.

The project was in its first year and planning for the implementation of activities has just begun.

The budget was under executed during the period due to several factors including but not limited to the following:

- Delays in the recruitment of project engineer which n has an adverse impact on the implementation of civil works component of the project.
- Procurement processes delays due to bureaucracy in getting the relevant approvals.
- Project areas are difficult to access due to poor roads that hinders the timely delivery of projects.



7.0 Special Account Reconciliation – MOA/SADFONS GAFSP ACCOUNT-UBA

	US\$
Received from the Bank:	
Balance in Special Account as of January 1, 2022	108,463.70
Replenishment of Special Account: RF NO004	426,697.50
Total	535,161.20
 Disbursement:	
Works	62,782.62
Services	171,515.30
Goods	19,341.00
Operating Cost	258,630.81
Balance in bank as December 31, 2022	22,891.47
Total	535,161.20



8.0 Statement of Expenditures Submitted for the 15 months to the period ended December 31, 2022

S/N	Date submitted	Description	Ref No.	Cost Category					Operating Cost	Total Amount submitted	Total Amount Approved	Total Amount Rejected	Funding Source
				Civil Works	Goods	Services							
1	19-May-22	Ministry Of Agriculture (Statement of Expenditure for October 2021-March 2022	RF NO004		9,969.00	17,025.00		85,102.05	112,096.05	112,096.05	-	GAFSP	
		Totals		-	9,969.00	17,025.00	85,102.05	112,096.05	112,096.05	-			

9.0 Disbursement Reconciliation for the Period

S/N	Date	Beneficiary	Disbursement Method	Application No.	Amount Requested	Amount Approved	Variance	Funding Source
1	19-Oct-21	Ministry of Agriculture-SADFONS Account	Special Account	RF N0001	319,500.00	135,000.00	184,500.00	GAFSP
2	19-May-22	Ministry of Agriculture-SADFONS Account		RF NO0004	426,697.50	426,697.50	-	GAFSP
		Total			746,197.50	561,697.50	184,500.00	

