



Management Letter

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

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 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
STAR - P	Smallholder Agriculture Transformation and Agribusiness Revitalization Project



June 30, 2023

Hon. Jeanine Milly Cooper

Minister

Ministry of Agriculture

New Ministerial Complex, Congo Town

Montserrado County, Liberia

Dear Hon. Cooper:

RE: Management Letter on the Financial Statement Audit of the Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P) for the Fiscal Period July 1, 2021 to December 31, 2022

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

INTRODUCTION

The audit of the STAP - P for eighteen months ended December 31, 2022 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit includes:

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

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

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

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

Key Personnel of the Project

During the period under audit, the following key persons managed the affairs of the STAR-P

Name	Position	Tenure
Hon. Jeanine Milly Cooper	Minister	2020 - Present
Galah Toto	National Project Coordinator	2022 -Present
Dr. Cheryl Williams	Gender and Social Development Officer	2022 -Present
Stephen T. Marvie	Operation Manager	2022 -Present
Micah Tebah Belleh	Financial Management Specialist	2022 -Present
Omobolaji P. Famakiwa	Project Accountant	2022 -Present
M. Rudolph Glaydor	Procurement Officer	

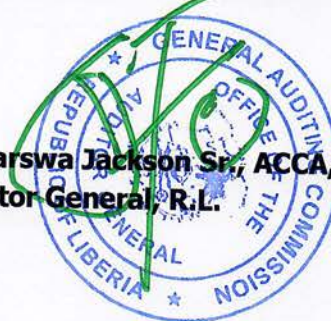
The audit findings which were identified during the course of the audit are included below.

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

APPRECIATION

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

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



Monrovia, Liberia
June 2023

1 DETAIL FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Inadequate Disclosure of Project Expenditures

Observation

1.1.1.1 Paragraph 1.3.8 of IPSAS Financial Reporting Under Cash Basis of Accounting, November 2017, states: "Notes to the financial statements include narrative descriptions or more detailed schedules or analyses of amounts shown on the face of the financial statements, as well as additional information. They include information required and encouraged to be disclosed by this standard, and can include other disclosures considered necessary to achieve a fair presentation and enhance accountability."

1.1.1.2 During the audit, we observed that the financial statements did not disclose in the notes the composition and nature of expenditures for each component as presented in the Statement of Receipts and Payments. Specifically, note 12: Project Expenditure per Nature cannot be traced to any component as presented on the face of the Statement of Receipt and Payments.

Risk

1.1.1.3 In the absence of a precise, clear, and complete analysis that accounts for each project component per the respective nature of expenditures, fair presentation and full disclosure may be impaired.

Recommendation

1.1.1.4 The notes to the financial statements should fully disclose the nature of expenditures of each Project Component.

Management 's Response

1.1.1.5 *The PIU has taken note of this observation and provided the auditors with an updated note 11 which links the expenditure by nature, to the appropriate project components.*

Auditor General's Position

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

1.1.2 The signing date of the Financial Statements not specified

Observation

1.1.2.1 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.

1.1.2.2 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.

1.1.2.3 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

1.1.2.4 Management may be non-compliant with Paragraph 1.4.5. of the IPSAS Cash basis of reporting.

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

Recommendation

1.1.2.6 Management should adjust the financial statements to include the date of preparation of the financial statements adjacent to the signatures of the authorizers.

Management 's Response

1.1.2.7 *As recommended, the financial statements have been adjusted to include the preparation date adjacent to the signature of the authorizers.*

Auditor General's Position

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

1.1.3 Inadequate Disclosure of Information

Observation

1.1.3.1 Para 1.4.7 of IPSAS Financial Reporting Under Cash Basis of Accounting, "An entity shall disclose the following in the notes to the financial statements if not disclosed elsewhere in information published with the financial statements:

- The domicile and legal form of the entity and the jurisdiction(s) within which it operates;
- A description of the nature of the entity's operations and principal activities;
- A reference to the relevant legislation governing the entity's operations, if any; and
- The significant entities or sectors of government that are presented in the financial

statements, and changes in the significant entities or sectors that comprise the reporting entity and were presented in the previous period financial statements.”

- 1.1.3.2 During the audit, we observed that a precise and clear description of the project’s objectives, components, activities, and jurisdictions in which the project activities are implemented are not disclosed in the financial statements.
- 1.1.3.3 In addition, there was no disclosure that the financial statements are accompanied by any other information such the Project Activities Report, etc.

Risk

- 1.1.3.4 Management may be non-compliant with Para 1.4.7 of IPSAS Financial Reporting Under Cash Basis of Accounting.
- 1.1.3.5 Fair presentation and full disclosure may be impaired.

Recommendation

- 1.1.3.6 Management should fully disclose in the notes to the financial statements the precise and clear description of the project’s objectives, components, activities, and jurisdictions in which the project activities are implemented.
- 1.1.3.7 Alternatively, Management should reference the provision of these information in an accompanied report in the notes to the financial statements.

Management’s Response

- 1.1.3.8 *The PIU has taken note of this observation and provided the auditors with an updated financial statement to include the project’s objectives, components, activities, and jurisdictions in which the project activities are implemented.*

Auditor General’s Position

- 1.1.3.9 We acknowledge Management’s acceptance of our findings and recommendations and subsequent adjustments of the financial statements.

1.1.4 Irregularities with STAR-P Pre-financing of RETRAP Expenditures

Observation

- 1.1.4.1 Section I of the approved financing agreement states:

A. Institutional Arrangements

Inter-Ministerial National Project Steering Committee. By no later than one (1) Month after the Effective Date, the Recipient shall establish and thereafter maintain, throughout the project’s implementation period, an inter-ministerial national project steering committee with a mandate, composition, and resources satisfactory to the Association. Without limitation on the foregoing, said committee shall be chaired by the Recipient’s Ministries of MOA or designated representative and comprise relevant representatives from ministries and agencies, and shall meet at least once every year

or more often if required for the purposes of, inter alia: (a) reviewing the overall progress of the Project, (b) providing Strategic and policy direction on all project activities, and (c) facilitating the coordination of Project Activities.

- 1.1.4.2 Section I, sub-section D of the approved financing agreement states: "The Recipient shall:
- a. Prepare and furnish to the Association for its review, no later than May 30th, unless otherwise agreed with the Association, in each calendar year throughout the period of implementation of the Project, the proposed annual work plan for all the activities proposed to be included under the Project (including a budget thereof) for the following year
 - b. afford the Association a reasonable opportunity to exchange views with the Recipient on the proposed annual work Plan;
 - c. thereafter implement the Project during such following year in accordance with the annual work plan as shall have been approved by the Association for such respective year (Annual Work Plan);
 - d. and not make or allow to be made any changes to the Annual Work Plan without the prior concurrence, in writing, of the Association

1.1.4.3 During the audit, we observed that STAR-P pre-financed RETRAP's activities without a formal agreement (MOU) that clearly outlines the nature of activities and the amount to be expended. In addition, Management is yet to provide a written resolution from the National Project Steering Committee that substantiates the authorization of these expenditures.

1.1.4.4 Additionally, we observed that World Bank's "No objection" was not provided to substantiate authorization of STAR-P pre-finance of RETRAP's activities totaling US\$968,193.00.

Risk

1.1.4.5 Management may be non-compliant with the approved financing agreement by pre-financing RETRAP's activities without the approval of the Inter-Ministerial National Project Steering Committee and the World Bank.

1.1.4.6 Funds availability may be impaired for approved project activities.

Recommendation

1.1.4.7 Management should ensure that all expenditures are adequately planned for and approved as per the approved financing agreement.

1.1.4.8 In the instance where Management deems unplanned expenditures as being expedient, Management should obtain the authorization of the Inter-Ministerial National Project Steering Committee and the World Bank.

Management 's Response

- 1.1.4.9 *The PIU has taken note of this observation and will adhere to the auditor's recommendation hereafter.*

Auditor General's Position

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

1.1.5 Misclassification of RETRAP'S Expenditures

Observation

- 1.1.5.1 1.3.27 of the IPSAS Financial Reporting under the Cash Basis of Accounting states that: "Financial Statements shall present information that is:

- Understandable
- Relevant to the decision-making and accountability needs of users;
- A faithful representation of the cash receipt, cash payments, and cash balance of the entity and other information disclosed in the financial statement in that it is:
 - Complete;
 - Neutral, and
 - Free from material error;
 - Comparable;
 - Timely; and
 - Verifiable

- 1.1.5.2 During the audit, the review of the general ledgers, revealed that expenditures for RETRAP's activities and the corresponding refund amounting to US\$968,193.00 respectively were inappropriately posted in the 2111 General Ledger Account for Travels.

Risk

- 1.1.5.3 Misclassification of transactions may result in improper reconciliation of budget vs actual analysis.
- 1.1.5.4 Misclassification of expenditures may facilitate fraudulent financial reporting especially if the preparer of the financial statements intends to conceal over/under utilization of expenditures.

Recommendation

- 1.1.5.5 Management should adjust the financial statements accordingly to present and disclose separately all transactions made on RETRAP's behalf to ensure that transactions related to expenditures are properly classified and consistent with the budget and the approved chart of accounts.
- 1.1.5.6 Management should facilitate routine training of staff on data entry posting and classification of transactions for junior staff.

1.1.5.7 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.

Management 's Response

1.1.5.8 *The PIU takes note of the observation and has corrected all entries in keeping with the auditor's recommendation.*

Auditor General's Position

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

1.1.6 Financial Statements inconsistent with the IFRs

Observation

1.1.6.1 1.3.27 of the IPSAS Financial Reporting under the Cash Basis of Accounting states that: "Financial Statements shall present information that is:

- Understandable
- Relevant to the decision-making and accountability needs of users;
- A faithful representation of the cash receipt, cash payments, and cash balance of the entity and other information disclosed in the financial statement in that it is:
 - Complete;
 - Neutral, and
 - Free from material error;
 - Comparable;
 - Timely; and
 - Verifiable

1.1.6.2 During the audit, our analysis as shown in table 1 below reveals that the general-purpose financial statements for the period audited are inconsistent with the Interim financial reports submitted to the World Bank (Donor). **See table 1 below for details.**

Table 1: IFRs and Financial Statements Analysis

STAR-P IFR & Financial Statements Analysis					
Description	Yea-to-date (IFRs 2021)	Year-to-date (IFRs 2022)	Total (18 months)	Financial Statements (2021-22)	Variance
	US\$	US\$	US\$	US\$	US\$
IDA Credit (DA-B)	2,783,786	2,000,000	4,783,786	20,386,044	(15602,258)
IDA Credit (DA-C)	-	-	-	-	-
IDA Credit (Direct Payment)	-	-	-	-	-
IFAD Grant (DA-D)					
IFAD Grant	1,588,500	2,632,230	4,220,730	-	4,220,730



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STAR-P IFR & Financial Statements Analysis					
Description	Yea-to-date (IFRs 2021)	Year-to-date (IFRs 2022)	Total (18 months)	Financial Statements (2021-22)	Variance
	US\$	US\$	US\$	US\$	US\$
IFAD Loan (DA-E)					
IFAD Loan	4,288,300	7,116,770	11,405,070	-	11,405,070
Total Receipts	8,660,586	11,749,000	20,409,586	20,386,044	(23,542)
Payments					
Component 1					
Sub-component 1.1	291,663	596,009	887,672	887,672	-
Sub-component 1.2	104,388	547,052	651,440	651,410	(30)
Sub-component 1.3	49,282	290,945	340,227	340,227	-
Sub-component 1.4	(16,182)	3,187	(12,995)	(12,995)	0
	429,151	1,437,193	1,866,344	1,866,314	(30)
Component 2					
Subcomponent 2.1	-	-	-	-	-
Subcomponent 2.2	278,462	2,303,965	2,582,427	2,582,786	359
Subcomponent 2.3	-	-	-	-	-
	278,462	2,303,965	2,582,427	2,582,786	359
Component 3					
Subcomponent 3.1	851,402	1,262,741	2,114,143	2,091,291	(22,852)
Subcomponent 3.2	3,681	145,092	148,773	148,773	-
Subcomponent 3.3	363,122	984,653	1,347,775	1,346,776	(999)
	1,218,205	2,392,486	3,610,691	3,586,840	(23,851)
Total Payments	1,925,818	6,133,644	8,059,462	8,035,940	(23,522)

Risk

- 1.1.6.3 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statement may be misstated.
- 1.1.6.4 A misstated financial statement may facilitate fraudulent financial reporting and mislead the financial statements users.

Recommendation

- 1.1.6.5 Management should adjust the financial statements with the variance observed between the financial statements and IFRs.
- 1.1.6.6 Going forward, Management should ensure that financial statements are reviewed, approved and reconciled to the IFRs by Senior Management before submission of the financial statements.

Management 's Response

- 1.1.6.7 *The PIU has taken note of this observation. Adjustments were made in subsequent periods following the submission of the IFR hence the difference indicated above. The PIU has taken steps to resolve the difference.*

Auditor General's Position

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

1.1.7 Misclassification of Expenditures

Observation

- 1.1.7.1 1.3.27 of the IPSAS Financial Reporting under the Cash Basis of Accounting states that: "Financial Statements shall present information that is:
 - Understandable
 - Relevant to the decision-making and accountability needs of users;
 - A faithful representation of the cash receipt, cash payments, and cash balance of the entity and other information disclosed in the financial statement in that it is:
 - Complete;
 - Neutral, and
 - Free from material error;
 - Comparable;
 - Timely; and
 - Verifiable
- 1.1.7.2 During the audit, our review of the general ledgers revealed that several expenditures were misclassified as shown in the table below. ***Please see Annexure 1 for details.***

No	Misclassified Account	Correct Account	Value US\$
1	Travels	Wages, Salaries & Consultancy	8,218.00
2	Rent	Other Expense	316.50
3	Office Materials	ICT Equipment	18,300.00
4	Travel	Education, Training and Related	1,210.00
5	Travel	Machinery, furniture & Transport Equipment	52,256.65
6		Rent	3,292.80
7		Consulting, Advisory & Audit Service	23,473.12

No	Misclassified Account	Correct Account	Value US\$
8		RETRAP Expenditures	968,193.00
9		Repairs & Maintenance	15,261.88
10	Travel	RETRAP Refund	968,193.00
11	Insurance & Other Charges	Utilities	9,830.00
12	Machinery	Receipts	24,541.61
TOTAL			2,093,086.56

Risk

- 1.1.7.3 Misclassification of transactions may result in improper reconciliation of budget vs actual analysis.
- 1.1.7.4 Misclassification of expenditures may facilitate fraudulent financial reporting especially if the preparer of the financial statements intends to conceal over/under utilization of expenditures.

Recommendation

- 1.1.7.5 Management should adjust the financial statements accordingly (as shown in annexure1) to ensure that transactions related to expenditures are properly classified and consistent with the budget and the approved chart of accounts.
- 1.1.7.6 Management should facilitate routine training of staff on data entry posting and classification of transactions for junior staff.
- 1.1.7.7 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.

Management 's Response

- 1.1.7.8 *The PIU takes note of the observation and has corrected all entries in keeping with the auditor's recommendation.*

Auditor General's Position

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

1.1.8 Inappropriate Accounting Treatment of Prior Period Error

Observation

- 1.1.8.1 1.5, Correction of Errors, of the Financial Reporting Under the Cash Basis of Accounting states:
- When an error arises about a cash balance reporting in the financial statements, the amount of the error that relates to prior periods shall be reported by adjusting the cash at the beginning of the period. Comparative information shall be restated unless it is impracticable to do so.

- 1.1.8.2 An entity shall disclose in the notes to the financial statements the following:
- The nature of the error that relates to a prior period;
 - The amount of the corrections; and
 - The fact that comparative information has been restated or that it is impracticable to do so.
- 1.1.8.3 During the audit, we observed that 15 checks amounting to US\$11,010.00 issued as stimulus grants to SMEs in FY 2020-2021 were not collected. The reversal of these expenditures was recorded in this current period under review as credit in the expenditure's general ledgers.

Risk

- 1.1.8.4 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.
- 1.1.8.5 A misstated financial statement may facilitate fraudulent financial reporting and mislead the financial statement users.

Recommendation

- 1.1.8.6 The Management should adjust the opening cash balance, restate the prior year's cash balance and disclose in the notes to the financial statements the nature of the error that relates to the prior period, the amount of the corrections, and the fact that comparative information has been restated or that it is impracticable to do so.

Management 's Response

- 1.1.8.7 *The PIU takes note of the observation and has corrected all entries in keeping with the auditor's recommendation.*

Auditor General's Position

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

1.1.9 Lack of Coordination between Internal Audit and National Project Steering Committee

Observation

- 1.1.9.1 Section 10.6, Internal Audit Arrangements, of the PMU Manual states:
- 10.6.1 Internal Audit: is established within the PMU by the Program Steering Committee (PSC) to serve the PMU and all PMU/PIUs. It is staffed by an Internal Auditor and Internal Audit Assistant. Appendix 9.3 is the Internal Audit Charter.
 - 10.6.2 Internal Audit reports functionally to the PSC and administratively (i.e., day-to-day operations) to the PMU Director.
 - 10.6.3 The PSC will approve all decisions regarding the performance

evaluation, appointment, or removal of the Internal Auditor as well as the Internal Auditor's annual compensation and salary adjustment

1.1.9.2 During the audit, we observed that the Internal Audit Reports submitted for review were addressed to the Minister of Agriculture, who is the chair of the National Project Steering Committee (NPSC). However, no evidence was provided to substantiate that the Internal Auditor and the NPSC (Minister) met, discussed issues reported, and agreed on action to be taken to ensure reported audit issues do not persist.

1.1.9.3 Additionally, the internal audit report was not part of the agenda of the National Steering Committee meeting minutes provided for review.

Risk

1.1.9.4 The lack of coordination between the internal audit and NPSC may limit the value that the internal audit may create in the financial management system of the PMU. In addition, internal controls gaps identified by the internal audit may continue to persist if the implementation of audit recommendations is not adequately monitored by the appropriate authority.

1.1.9.5 Systems and controls deficiencies, and implementation of internal audit recommendations may not be addressed in a timely manner. This may impair the effective operations of the PMU/PIUs.

Recommendation

1.1.9.6 The National Project Steering Committee should meet with internal audit and appropriately address recommendations from internal audit reports. Such meetings should be documented accordingly.

1.1.9.7 Management should also draft and agree on a schedule of timelines for implementations of Internal Audit recommendations. This schedule should be periodically monitored and evaluated by Management.

1.1.9.8 Evidence of this schedule as well as the implementation of Internal Audit recommendations should be adequately documented and filed to facilitate future reviews.

Management's Response

1.1.9.9 *The PIU notes your observation and will engage the office of the Minister to formally document its meetings with internal audit. There have been engagement meetings with IA on audit issues except that they were not formally documented.*

Auditor General's Position

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

1.1.10 Internal Audit Activities Plan not adequately executed

Observation

1.1.10.1 Section 10.6, Internal Audit Arrangements, of the PMU Manual states:

- 10.6.1 Internal Audit: is established within the PMU by the Program Steering Committee (PSC) to serve the PMU and all PMU/PIUs. It is staffed by an Internal Auditor and Internal Audit Assistant. Appendix 9.3 is the Internal Audit Charter.
- 10.6.2 Internal Audit reports functionally to the PSC and administratively (i.e., day-to-day operations) to the PMU Director.
- 10.6.3 The PSC will approve all decisions regarding the performance evaluation, appointment, or removal of the Internal Auditor as well as the Internal Auditor's annual compensation and salary adjustment

1.1.10.2 During the audit, we observed that the internal audit did not perform all audit interventions in the approved internal activities plan for the period audited.

1.1.10.3 For the period under review, the PMU implemented 8 different projects which have activities across the 15 counties. The Internal Audit Function of the PMU has only two staff, the Internal Auditor and an Audit Assistant, that reviews the 8 different projects with activities across the 15 counties.

Risk

1.1.10.4 Potential risks that may impair the achievement of the entity objectives may not be identified and mitigated in a timely manner.

1.1.10.5 Potential risk may materialize in the absence of internal audit intervention consequently leading to deviation from internal controls, policies, laws, and regulations.

1.1.10.6 Deviation from internal controls may result in misappropriation of assets, errors, fraud, and misstated financial statements.

Recommendation

1.1.10.7 Management should provide the requisite resources and logistics to ensure that Internal Audit performs all interventions approved by the NPSC.

1.1.10.8 Management should ensure that the Internal Audit is appropriately staffed to meet the demands of the eight (8) projects across the fifteen (15) counties.

Management's Response

1.1.10.9 *The PIU notes your observation that the Internal Audit Unit had only two staff assigned in the unit during the period audited. However, based on IA's request, management has recruited one IA Assistant to support the work of the Unit.*

Auditor General's Position

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

1.1.11 IT Backup exercises not independently verified

Observation

1.1.11.1 3.4.14, Daily on-site backup, of the PIM, states: "The PIU network is designed so that the essential data contained in the hard disks of all PIU computers (particularly financial/accounting and M&E data), as well as the software applications, are automatically saved on the server on a daily basis. In addition, PIU backups on external hard disks are stored in the safe and offsite (at a bank) on a weekly basis.

1.1.11.2 Individual backup: Staff is required to save their most important working files on the CD and external hard drives provided by the PIU. These individual backups must be done at least once a week."

1.1.11.3 During the audit, we observed that the IT specialist conducted backups that were not verified by any staff to ensure that relevant data that could enable the smooth transition of project activities in case of a disaster are captured. In addition, we also observed that backups are stored only onsite.

Risk

1.1.11.4 If essential data that may ensure the smooth continuation of project activities are not backed up and stored in offsite location, vital information could be unrecoverable in case of disaster or system shutdown.

Recommendation

1.1.11.5 Management should periodically verify the data backed up by IT. In addition, Management should identify and store back-up data of the project at an appropriate offsite location.

Management's Response

1.1.11.6 *The PIU acknowledges the auditor's finding and will accordingly implement this best industry practice.*

1.1.11.7 *The financial/accounting data are already being scanned and stored on the PIU server. The M&E data are collected via Kobil Collect which is also on the server.*

Auditor General's Position

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

1.1.12 Matching Grant Assets Procured for Beneficiaries Not Coded

Observation

1.1.12.1 Regulation V.1 (2) of the Public Finance Management (PFM) Act of 2009 states that "The Head of Government Agency must take full responsibility for assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that:(a) preventive mechanisms are in place to eliminate theft, losses, wastage, and misuse; And (b) inventory levels are at an optimum and economical level".

1.1.12.2 During the audit, we observed that assets amounting to US\$602,251.00 acquired for beneficiaries through component 3 (Matching Grant) were not coded. Similarly, no asset registry was provided by the Liberia Agriculture Commercialization Fund (LACF) Fund Manager for the assets procured. **See Table 2 below for details.**

Table 2: Matching Grant Assets Procured for Beneficiaries Not Coded

No	Vendor Name	Beneficiary	Description Of Asset Seen	Amount US\$
1	Cactus Motor Inc.	Makona River Farm and Agriculture Services (LOFA County)	Cater Motor Truck	37,500
2	MORK TRUCK INC	Agriculture And Infrastructural Investment Company (AIIC) (LOFA)	11Tonage 6 Gear DAF Truck	40,000
3	Shalimar Trading Lab Inc.	AGRICULTURE And INFRASTRUCTURAL INVESTMENT COMPANY (AIIC)(LOFA)	Packing Machines	15,000
4	Shalimar Trading Lab Inc.	JEF'S MERCHANDISE & SERVICE CORPORATION (LOFA)	Tractor And Trailer	35,000
5	Tayo Motor Liberia	JEF'S MERCHANDISE & SERVICE CORPORATION(LOFA)	3Ton J Rice Thresher AC Track	22,500
6	Vishnu Trading Inc.	YOUMTORNOR ENTERPRISE & DEVELOPMENTAL SERVICES INCORPORATED	Rice Thresher	6,000
7	Shalimar Trading Lib Inc.	YOUMTORNOR ENTERPRISE & DEVELOPMENTAL SERVICES INCORPORATED	Tractor Ifo Yeds	28,000
8	Vishnu Trading Inc.	YOUMTORNOR ENTERPRISE & DEVELOPMENTAL SERVICES INCORPORATED	5Ton Hyperdrive Wagon	6,500
9	Vishnu Trading Inc.	YOUMTORNOR ENTERPRISE & DEVELOPMENTAL SERVICES INCORPORATED	75hp Disc Plough	3,500
10	Vishnu Trading Inc.	Foyah Rural Women Corporative Association (LOFA)	Motorbike And Tarpaulin	1,550
11	Vishnu Trading Inc.	Foyah Rural Women Corporative Association (LOFA)	Power Tiller Wagon	4,500
12	City Life Inc.	Ndevofile Rice Farmers Cooperative (LOFA)	Renault Manager 210 Truck	15,000
13	Snesta Trading Inc	Ndevofile Rice Farmers Cooperative (LOFA)	2 Hero Hunter Motorbike 100cc	1,800
14	Shalimar Trading Lib. Inc.	SELMA AGRICULTURE DEVELOPMENT CORPORATION (SADC) (LOFA)	11Tonage 6 Gear DAF Truck	40,000
15	Shalimar Trading Lib. Inc.	SELMA AGRICULTURE DEVELOPMENT CORPORATION (SADC) (LOFA)	Color Sorter.	9,524
16	Shalimar Trading Lib Inc.	SELMA AGRICULTURE DEVELOPMENT CORPORATION (SADC) (LOFA)	Packing Machines	9,242
17	Cactus Motors Inc.	Diompillor Farmers Association (DIFA)(LOFA)	Isuzu Truck 4.5 Ton Light Pickup	32,000
18	Toyo Motor	Say No to Hunger Farmer Cooperative	6-Ton Truck	

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

No	Vendor Name	Beneficiary	Description Of Asset Seen	Amount US\$
		(Nimba)		28,600
19	Ma-Fanta Friendly Enterprise.	ZOR KWADO Farmer Cooperative (Nimba)	Renault Truck	16,000
20	Greenfield Liberia	ZOR KWADO Farmer Cooperative (Nimba)	Water Pump	350
21	Greenfield Liberia	ZOR KWADO Farmer Cooperative (Nimba)	Poly Tank	375
22	Sunshine Uses Car &Auto Parts.	Rain Forest Agriculture Enterprise (Nimba)	Two (2) Long Buckets Pick-Up 4wd	24,000
23	Mount Nimba Construction Company.	Rain Forest Agriculture Enterprise (Nimba)	2000 Gal. Water Poly Tank	1,650
24	G. Superb Enterprise	Rain Forest Agriculture Enterprise (Nimba)	One Use Laptop	750
25	Ben Professional Garage	Rain Forest Agriculture Enterprise (Nimba)	Palm Kernel Cracker And Crushing Machines	8,000
26	Masarco Auto & Services Inc.	Meinpea-Mah Rural Women for Development Multipurpose (Nimba)	One Motorbikes	950
27	Tayo Motor Liberia.	Meinpea-Mah Rural Women for Development Multipurpose (Nimba)	3-Ton JAC Truck Single Cabin	24,300
28	Vee Brothers Inc.	Meinpea-Mah Rural Women for Development Multipurpose (Nimba)	Rice Mill And Rice Thresher	37,000
29	Moonlight Metal Workshop	Kpailama Agro Business Enterprise (Nimba)	Set Of Palm Kernel Cracker Machines	13,300
30	Cactus Motor Inc.	Kpailama Agro Business Enterprise (Nimba)	One ISUZU Truck	36,000
31	Moonlight Metal Workshop	Kpailama Agro Business Enterprise (Nimba)	Oil Storages Tank	8,060
32	Tayo Motors	JPL Consumer Inc. (Bong)	JPL Consumer Inc. (Bong)	32,000
33	Cactus Motor Inc.	Adara Farms Inc. (Margibi)	Adara Farms Inc. (Margibi)	31,500
34	Sunshine Used Car & Auto Parts	Rural Community Developer Enterprise (BOMI)	5MT Used Truck	11,500
35	Mismark Incorporated	Rural Community Developer Enterprise (BOMI)	Fabrication And Installation of Oil Palm Mill	20,300
Total				602,251

Risk

1.1.12.3 Fixed assets not code may be susceptible to theft or diverted to personal use.

1.1.12.4 Fixed Asset Register may be understated which may lead to misappropriation or theft.

Recommendation

1.1.12.5 Management should ensure that all assets acquired with the project funds are adequately documented (coded and updated in the asset registry) as prescribed the Chapter 4.2 paragraph 163 of the Finance and Administrative Procedures Manual of the project.

- 1.1.12.6 Management should conduct periodic fixed asset counts and/or verification to determine the current condition and location of the project assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.

Management’s Response

- 1.1.12.7 *The PIU notes the recommendation and has commenced plans to accelerate the coding of assets acquired with the project funds and the updating of same in the asset register. The assets are also being branded by the Communications Specialist.*

Auditor General’s Position

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

1.1.13 No Evidence of Payment Receipts for Beneficiaries Transaction

Observation

- 1.1.13.1 Regulation P.9(2) of the PFM Act of 2009 as amended and restated 2019 states that “Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers”.

- 1.1.13.2 During the audit, we observed that the Management of the STAR-P/LACF authorized several payments amounting to US\$244,557 for Vehicles, Building Materials, labor Costs, motorbikes, and power tiller. However, official payment receipts from the vendors were not seen on the payment documents submitted for review. **See Table 3 below for details.**

Table 3: No Evidence of Payment Receipts.

No	Vendor	Beneficiaries	Description	Amount
1	Snesta Trading Inc.	Makona River Farm and Agriculture Services (LOFA County)	Payment for 2 Motorbikes	1,900
2	Shalima Trading Inc	Makona River Farm and Agriculture Services (LOFA County)	Payment for Jobn -Deere Tractor and other	83,000
3	Cactus Motor Inc.	Makona River Farm and Agriculture Services (LOFA County)	Payment for Cater Motor Truck	37,500
4	Vishnu Trading Inc.	Makona River Farm and Agriculture Services (LOFA County)	Payment for Building Materials and Labor Costs,	28,861
5	Makona River Farm	Makona River Farm and Agriculture Services (LOFA County)	Payment for Construction of Warehouse in Sorluma Town	29,482
6	Insurances Company of Africa	Makona River Farm and Agriculture Services (LOFA County)	Payment insurance for the Truck and two motorbikes	1,254
7	Moonlight Metal Workshop	Kpailama Agro Business Enterprise (Nimba)	Set of Palm Kernel Cracker Machines	13,300
8	Cactus Motor	Kpailama Agro Business Enterprise	One ISUZU Truck	36,000

No	Vendor	Beneficiaries	Description	Amount
	Inc.	(Nimba)		
9	Moonlight Metal Workshop	Kpailama Agro Business Enterprise (Nimba)	Oil Storages Tank	8,060
10	Gro Green	TACO FARMS INC(Margibi)	Purchase of power tiller	5,200
Total				244,557

Risk

- 1.1.13.3 The absence of payment receipts impairs the occurrence and legitimacy of these payments.
- 1.1.13.4 Management may make payments to vendor for goods not received or job/service not delivered.
- 1.1.13.5 In the absence of adequate supporting documents, the validity, occurrence and accuracy of payments may not be assured. This may lead to misappropriation of project’s funds.

Recommendation

- 1.1.13.6 The Management should ensure that payment receipts are issued for all goods procured to validate the completeness and existence of the transactions. Payment receipts from vendors should be attached to the payment voucher and other relevant supporting documents to ensure funds expended are adequately accounted for.
- 1.1.13.7 Evidence of payment receipts and payment vouchers should be adequately documented and filed to facilitate future reviews.

Management’s Response

- 1.1.13.8 *The PIU takes note of the observation and has provided receipts to the auditors.*

Auditor General’s Position

- 1.1.13.9 We reviewed the documents subsequently submitted by Management, after our audit execution. Consequently, we have adjusted the transactions without evidence of payment receipts to (US\$244,557.00– US\$201,275.00) US\$43,282.00 to be accounted for by Management. However, Management’s provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.13.10 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that vouchers are adequately documented and filed to facilitate future review.



1.1.14 Assets Not Delivered

Observation

1.1.14.1 5.5.8, Payment Procedures, of the PIM, states: "Payments shall be recorded using the PV instrument to capture relevant data on the transaction from Invoices, Claims or Certificates submitted for payment. The claim for payment should be accompanied by a short letter/minute signed by the approving officer (in this case the Project coordinator confirming that:

- The work has been performed, the goods have been supplied, and/or the services have been rendered;
- The price charged is in accordance with the contract or if not specified by the contract, is reasonable;"

1.1.14.2 During the physical verification exercise, we could not physically identify assets amounting to US\$250,375.50 procured for beneficiaries through LACF even though documents reviewed substantiate payments were received by vendors. **See Table 4 below for details.**

Table 4: Assets Not Delivered.

No	Vendor	Beneficiaries	Description	Amount
1	Vishnu Trading Inc.	AGRICULTURE and INFRASTRUCTURAL INVESTMENT COMPANY (AIIC)(LOFA)	50% payment for Color Sorter.	6,000.00
2	MA-Bendu Farm	Mano River Women Initiatives Incorporated (LOFA)	Payment for Power Tiller	4,300.00
3	Gro Green	Meinpea-Mah Rural Women for Development Multipurpose (Nimba)	Payment for Rice Mill and Rice Thresher	11,000.00
4	Gro Green	Korsien Doolakeh Multipurpose Farmers' Cooperative (Nimba)	Dongfeng Tractor DF-554G3(55hp,4WD)	22,000.00
5	Easy Solar (Liberia) Limited	Korsien Doolakeh Multipurpose Farmers' Cooperative (Nimba)	Payment for Solar Generator	2,100.00
6	Gro Green	Helping Hand Farmers' Group (HEHAFAG) (Grand Gedeh)	Payment Rice Transplanted	76,000.00
7	Kumar Metal Industries Ltd	JPL Consumer Inc. (Bong)	Purchase of Expeller Parts	14,734.00
8	Cactus Motor Inc.	Adara Farms Inc. (Margibi)	Purchase of ISUZU Truck - QMR (QMR5)	31,500.00
9	Bounceband Energy	Adara Farms Inc. (Margibi)	Purchase of DC Projector Lights	1,700.00
10	Tonbol Innavigation Group	Adara Farms Inc. (Margibi)	Purchase of Soap processing and package Machine.	71,941.50
11	Gro Green	TACO FARMS INC(Margibi)	One Set of Destoner Rice Mill	3,300.00
12	Gro Green	TACO FARMS INC(Margibi)	Rice Milling Machines	3,300.00

No	Vendor	Beneficiaries	Description	Amount
	Micmork Inc.	JEF'S MERCHANDISE & SERVICE CORPORATION(LOFA)	Inclined kernel Screw Conveyor	2,500.00
Total				250,375.50

Risk

- 1.1.14.3 Payment may be made for assets not received.
- 1.1.14.4 Failure of project management to ensure that assets paid for are delivered on time, may lead to non-achievement of project objectives.

Recommendation

- 1.1.14.5 Management should ensure that assets paid for are delivered in a timely manner.
- 1.1.14.6 Going forward, Management should ensure that a contract is developed, approved and operationalized with the selected vendors. The contract should include nature of goods/service to be delivered, the value of the goods/service, timing of delivery of goods/service, and a clearly defined repercussion for breach of contract terms.
- 1.1.14.7 Evidence of approved contracts should be adequately documented and filed to facilitate future reviews.

Management's Response

- 1.1.14.8 *The PIU notes the recommendation regarding assets not delivered. The PIU would also like to indicate that Deloitte, the Fund Manager, has indicated that delays in shipment have impacted delivery schedules. A system to track of delivery of assets and communicate periodically with the beneficiary has been instituted to ensure all stakeholders are up to date with changes in delivery schedules.*

Auditor General's Position

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

1.1.15 Uncompleted Warehouses

Observation

- 1.1.15.1 5.5.8, Payment Procedures, of the PIM, states: "Payments shall be recorded using the PV instrument to capture relevant data on the transaction from Invoices, Claims or Certificates submitted for payment. The claim for payment should be accompanied by a short letter/minute signed by the approving officer (in this case the Project coordinator confirming that:
- The work has been performed, the goods have been supplied, and/or the services have been rendered;
 - The price charged is in accordance with the contract or if not specified by the contract, is reasonable;"

- Where payment is to be made before the completion of the work, delivery of the goods, or the rendering of the service, that the payment is by the contract and is secured or that it is a part/progress payment on a contract;
- The Claim is in order, according to the terms and conditions of the contract; and
- The amount claimed is accurate.

1.1.15.2 During the audit, we observed that STAR-P/LACF made payments amounting to US\$58,343.40 for the construction of a warehouse in Sorluma Town Foyah District Lofa County by Makona River Farm and Agriculture Services. However, the warehouses could not be located; the beneficiaries asserted that the work is yet to commence. **See Table 5 below for details.**

Table 5: Unverified Warehouses

No	Names	Beneficiaries	Description	Amount US\$
1	Vishnu Trading Inc.	Makona River Farm and Agriculture Services	Purchase of Building Materials and Labor Costs,	28,861.00
2	Makona River Farm	Makona River Farm and Agriculture Services	Construction of Warehouse in Sorluma Town	29,482.40
Total				58,343.40

1.1.15.3 Similarly, we observed during the physical verification exercise, that an uncompleted warehouse from FY 2020/2021 with a contract cost of US\$46,903.02 which was scheduled to be completed in March 2022 is yet to be completed. Our review shows that the vendor was paid US\$10,984.75 on April 21, 2021 (PV#00618). **See photo and table 6 below for details.**



Table 6: Incomplete Warehouse in Voinjama

Name of Vendor	Location	Description	Contract Amount US\$	Amount Paid US\$
Perfect Trading	Lofa County	Warehouse Construction	46,903.02	10,984.75

Risk

- 1.1.15.4 Failure of project management to ensure that services paid for are delivered on time, may lead to non-achievement of project objectives.
- 1.1.15.5 Payment may be made for service not performed.

Recommendation

- 1.1.15.6 Management should ensure that services paid for are performed in a timely manner.
- 1.1.15.7 Going forward, Management should ensure that a contract is developed, approved and operationalized with the selected vendors. The contract should include nature of goods/service to be delivered, the value of the goods/service, timing of delivery of goods/service, and a clearly defined repercussion for breach of contract terms.
- 1.1.15.8 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.15.9 *The PIU notes the recommendation regarding the uncompleted warehouse.*
- 1.1.15.10 *Makona is currently in negotiations with the Fund Manager regarding its performance on the grant. The project is working with the Fund Manager to ensure there is full accountability of the funds related to the warehouse or the warehouse is constructed.*
- 1.1.15.11 *A report on the performance of the Perfect Trading-Lofa Warehouse was forwarded by the Project Infrastructure Engineer and a decision to cancel the contract is being entertained.*

Auditor General's Position

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

1.1.16 Beneficiary Assets not Verified

Observation

- 1.1.16.1 5.10, Auditing, of the PIM, states: "The PIU has the obligation, under the Loan/Credit/Grant Agreement to have its annual Financial Statements for the Project audited. Each such audit of the Financial Statements shall cover the period of one fiscal year of the project. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of the fiscal year".
- 1.1.16.2 During the physical verification exercise, assets amounting to US\$42,384.18 were not physically identified due to imposed restrictions by J. Palm Liberia Inc, the beneficiary to whom the funds were provided. **See Table 7 below for details.**

Table 7: Beneficiary Assets not Verified

No	Name of Vendor	County	Description	Amount \$US
1	DeGroote & Trailers	Bong County	Payment for one 4 -Ton Dump Truck	14,867.20
2	Smart Welding Garage	Bong County	Payment for Contraction of Factory	27,516.98
Total				42,384.18

Risk

1.1.16.3 Fixed assets not verified may be susceptible to theft or diverted to personal use.

Recommendation

1.1.16.4 Management should ensure assets listed above are verified. Similarly, beneficiaries and County Officials and all relevant parties involved with the activities of the project should be duly informed about the audit and possible procedures to be performed prior to the departure of the auditors to the activity sites.

Management's Response

1.1.16.5 *The PIU notes the recommendation regarding limitation of scope. J-Palm has asserted that the assets were being procured. The truck is in the country and will be physically verified by the Project Internal Audit and M&E team in an upcoming mission.*

Auditor General's Position

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

1.1.17 Farming Inputs not Verified

Observation

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

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

1.1.17.2 During the physical verification exercise, beneficiaries (Farmers and Farmer Groups) who received farming inputs (Seed Rice, Chemicals, Fertilizers and Palm Seeding) could not be located; consequently, the farming input distributed could not be validated. Vital data like contact numbers were not provided, and some contact numbers indicated did not belong to the beneficiary indicated. **See Tables 8,9 and 10 below for details:**

Table 8: List of Farms that Never Receive Seed Rice (Grand Cape Mount County)

No	District	Farm Location	Farmer Name	Sex	Age	Farm Size (Acre)	LAC Quantity (Kg)	Contact # Provided
1	Garwula	Gohn Zoduah	Annie Sheriff	F	58	3	66	NIL
2	Tewor	Koima Sokpja	Yayah Kamara	M	31	4	66	NIL
3	Tewor	Koima Sokpja	Emmanuel Harris	M	39	3	66.7	NIL
4	Garwula	Plank Field	Marcus Queen	M	42	0	66.8	0775809266
5	Garwula	Plank Field	Moses Kiadii	M	27	0	66.8	0775809266
6	Garwula	Plank Field	Ezekiel Vaye	M	35	0	66.8	0775809266
7	Garwula	Plank Field	Alhaji Bah	M	29	0	66.8	0775809266
8	Garwula	Plank Field	Jacob Kerwon	M	38	0	66.8	0775809266
9	Garwula	Plank Field	Watta Senwah	F	51	0	66.8	0886816090
10	Garwula	Plank Field	Joshua Lubeh	M	41	0	66.8	0778229623
11	Garwula	Plank Field	Tenneh Massaquoi	F	22	0	66.8	0886816090
12	Garwula	Plank Field	Boimah Freeman	M	31	0	66.8	0775122062
13	Garwula	Plank Field	Satta Rogers	F	19	0	66.8	0886816090
14	Garwula	Plank Field	Eric Teah	M	22	0	66.8	0778229623
15	Tewor	Kulangor	Miatta Kamah	F	26	3.5	66.8	0778795373
Total							1,000.3	

Table 9: Unverified distribution of Chemical (kg) (Grand Cape Mount County)

No	District	Farm location	Name	Sex	Age	Farm Size (Acre)	Contact # Provided	Chemical(kg) Mancozeb
1	Tower	Mambo	Zoe Kamanda	F	62	2	None	1
2	Tower	Mambo	Miatta Corneh	F	58	3	None	0.86
3	Tower	Mambo	Miatta Sesay	F	31	3	None	0.86
4	Tower	Mambo	Bendu Massaquoi	F	42	4	None	0.86
5	Tower	Mambo	H. Miatta Corneh	F	62	3	None	0.86
6	Tower	Mambo	Morris Kpaka	M	45	4	None	0.86
7	Tower	Mambo	Kemah Pasewe	F	43	2	None	0.86
8	Tower	Mambo	Foday Kromah	M			None	0.86
9	Tower	Gissiwolo	Zinnah Kamara	M	45	2	None	0.89
10	Tower	Gissiwolo	Fatu Kromah	F	30	1	None	0.89
11	Tower	Gissiwolo	Maima Kamanda	F	30	2	None	0.89
12	Tower	Kulangor	Annie Eric	F			None	0.89
13	Tower	Kulangor	Aminata Kiawu	F			None	0.89
14	Tower	Kulangor	Tenneh Sambela	F			None	0.89
15	Garwula	Gohn Town	Julius Gibson	M	52	4	None	0.89
16	Garwula	Gohn Town	Jefferson Flomo	M	43	5	None	0.89
17	Garwula	Gohn Town	Lawrence Flomo	M	38	6	None	0.89
Total								15.03

Table 10: Unverified Fertilizers (kg) Distributions

No	County	District	Farm location	Name	Sex	Age	Farm Size (Ha)	Value Chain	Contact #	NPK Kg	UREA Kg
1	Bomi	Senjeh	Zelakai road	Daniel Semmenie M.	M	56	0	Horticulture	None	25	50
2	Bomi	Klay	Lowah road	Melekee Johnson	M	41	0	Horticulture & Oil palm	None	150	100
3	Bomi	Senjeh	Baytown road	Mulbah David	M	43	0	Vegetable	None	100	100
4	Bomi	Senjeh	Hoff farm	Matthew Gbatoo	M	52	0	Vegetable	None	50	50
5	Bomi	Senjeh	Kamanda town road	Jumah Samboleh	F	43	0	Vegetable	None	100	0
6	Bomi	Senjeh	Tubmanburg	Kpehe Kamara	M	49	0	Vegetable	None	150	0
7	Bomi	Klay	Nicolas Farm	Aaron Tokpah	M	38	0	Vegetable	None	100	0
8	Bomi	Senjeh	Tubmanburg	Austin	M	34	0	vegetable	None	100	0
9	Bomi	Senjeh	Borbor	Joseph Fayiah	M	65	0	Rice	None	50	0
10	Gbarpolu	Gbarma	Konneh Village	Garmai Darsee	F	46	0		None	50	50
11	Margibi	#5	Weala	Emmanuel Freeman	M	47	6		None	50	100
15	Cape Mount	Tewor	Sawula	Boimah Diagor	M	0	0		None	200	100
19	Margibi	#5	Weala	Emmanuel Freeman	M	47	6		None	50	100
20	Margibi	#5	Weala	Emmanuel Freeman	M	47	6		None	50	100
21	Gbarpolu	Bopolu	Lorma Road	Emmanuel Baah	M	38	0		None	100	150
22	Gbarpolu	Bopolu	Lorma Road	Moses f. Flomo	M	45	0		None	50	100
23	Gbarpolu	Bopolu	Lorma Road	Vesselly Tuckolon	M	47	0		None	50	50
24	Gbarpolu	Bopolu	Lorma Road	Augustin Gbaryan	M	44	0		None	100	100
25	Gbarpolu	Bopolu	Lorma Road	Moses Y. Kollie	M	45	0		None	100	100
26	Gbarpolu	Bopolu	Lorma Road	Emmanuel Baah	M	38	0		None	100	150
Total										1,725	1,400



1.1.17.3 Similarly, the receipt of two thousand eight hundred and eighty Palms Seedlings recorded on the STAR – P distribution listings could not be confirmed by the beneficiaries. See **Table 11 for details.**

Table 11: Palm Seedling not verified

No	County	District	Location	Farmer Name	Sex	Age	Contact No.	Farm Size (acre)	Qty
1	Bong	Suakoko	Balama Town	Adolphus Togbadoya	M		0886747140	5	300
2	Bong	Suakoko	Nyanpaa	Rev. David Kpenkpa	M		0886475740	5	300
3	Bong	Kpail	Seketa	Garmai Jarboue	F		0775083397	3	180
4	Bong	Kpail	Kowai	Solomon Pailay	M		0779785313	1	60
5	Bomi	Sinjeh District	Hoff Farm	Elijah Wokpeh	M	38	0880893731	15	900
6	Gbarpolu	Bopolu	Farwenta	Peter Yarkpasuwa	M		0555852011	4	240
7	Cape Mount	Tewor	Sheriff Village	Zakiyou Perry	M		Nil	3	180
8	Cape Mount	Tewor	Weco	Eshman Samah	M		Nil	4	240
9	Cape Mount	Garwula	Johnson Farm	Gonyeyee Bartuah	M		Nil	4	240
10	Cape Mount	Garwula	Mambo Konneh	Eric M. Jusu	M		Nil	4	240
Total									2,880

Risk

1.1.17.4 Farming inputs procured may not have been delivered to the approved beneficiaries, subjected to theft or diverted to personal use.

1.1.17.5 The objectives of the project may not be achieved if farming inputs procured are not delivered to approved beneficiaries.

Recommendation

1.1.17.6 Management should establish appropriate mechanism to ensure that beneficiaries data collected are accurate and complete.

1.1.17.7 Management should also facilitate effective coordination, monitoring and evaluation of farming inputs to ensure that products are received by the approved beneficiaries.

Management's Response

1.1.17.8 *The Agronomic Section acknowledges that some beneficiaries may have been unreachable at the time of the audit. This could be because rice farmers in Liberia, especially those in the upland, tend to be migratory farmers practicing shifting cultivation that involves*

consistently moving their farming activities to different locations in search of more fertile soils or better agro-ecological conditions. Given that these inputs were supplied more than 2 farming seasons ago, it is possible that some farmers may have shifted their farming operations to locations different from the previous. Other farmers may live or have their farms in places that are inaccessible by telephone. These farmers tend to spend several days or weeks on their farms, during which time it may be almost impossible to reach them by telephone. This is especially common around this time of year when rice farmers are busy with land cultivation and planting activities. Given that the input distribution under review was part of an emergency intervention by the MOA carried out over a year ago in the wake of the COVID pandemic, it is inevitable that some beneficiaries may be unreachable by telephone or may have migrated to a new farm location a year later.

1.1.17.9 *MOA extension workers in the counties of concern are already in the process of tracking down the unverified farmers, a few of whose alternative contact numbers we have included and highlighted in yellow.*

1.1.17.10 *We suggest that future verification missions employ the support of the local MOA extension officers to aid in identifying beneficiaries who might be unreachable by telephone.*

1.1.17.11 *While the possession of an active telephone number has never been a criterion for the selection of beneficiaries, management acknowledges the limitations this may pose for monitoring and evaluation of beneficiaries and has instituted measures to improve the identification and verification of beneficiaries. The MOA World Bank PIU has partnered with the National Identification Registry to conduct biometric registration of beneficiaries, thus ensuring that every recipient of project support has a unique national identification number. Additionally, the operational location of each project-supported beneficiary is being geo-tagged with unique GPS coordinates.*

1.1.17.12 *These are being included in a database along with other relevant details such as sex, age telephone numbers and farm size to ease tracking, monitoring, and evaluation in the future.*

Auditor General's Position

1.1.17.13 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations including other assertions made by Management during subsequent audit.

1.1.18 Withholding Tax Irregularities

Observation

1.1.18.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to

withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay”.

- 1.1.18.2 During the audit, we observed that Management withheld a total of US\$372,918.40 as taxes from the payment of goods, consultancies and services for the period under audit. However, the review of LRA receipts show that only a total of US\$336,095.90 was paid resulting into outstanding payments amounting to US\$36,822.50. **See table 12 below for details:**

Table 12: Withholding Tax Irregularities

Period	Total Amount Withheld	Amount Withholding Paid	Variances
July 1, 2021, To December 31, 2022	Us\$ 372,918.40	Us\$ 336,095.90	Us\$ 36,822.50

Risk

- 1.1.18.3 Failure to remit withheld taxes may deny GoL of much-needed tax revenue.
- 1.1.18.4 Management may be non-compliant with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 which may result in to penalties for late payment and failure to pay.

Recommendation

- 1.1.18.5 Management should facilitate the full remittance of withholding taxes to the LRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.
- 1.1.18.6 Evidence of official tax payment flag receipts and all other relevant documentation should be adequately documented and filed to facilitate future review.

Management’s Response

- 1.1.18.7 *The PIU takes note of the observation and has provided evidence of the remittance of all monies withheld for the period indicated above.*

Auditor General’s Position

- 1.1.18.8 We acknowledge Management’s assertion. Our review of the documents submitted during the audit execution resulted in the variance mentioned above. Outstanding documentation since the query was raised is yet to be submitted. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.19 Payments without Vendor Receipt

Observation

- 1.1.19.1 Regulations P.9 (2) of the PFM Act of 2009 as amended and restated 2019 states “Payments except for statutory transfers and debt service shall be supported by invoices,



bills, and other documents in addition to the payment vouchers”.

1.1.19.2 During the audit, we observed that the official receipts from vendors were not attached to payments totaling US\$1,16679.69. **See table 13 below for details**

Table 13: Payments without Receipts Attached

No	Payee	Voucher #	Description	Amount U\$
1	Deloitte & Touch Ghana	PV-793	Payment for matching grant management consultancy fees	156,382.32
2	Deloitte & Touch Ghana	PV-879	Second Payment for fund Management (Matching Grant)	78,191.19
3	Deloitte & Touch Ghana	PV-1606	Quarterly payment for the fund (LAC) management fees	152,642.59
4	Deloitte & Touch Ghana	PV - 1376	Fund management fees upon submission of roll & implementation of the program report	148,445.07
5	Deloitte & Touché Ghana	PV-1298	1st quarter payment for fund Management consultancy fees	101,648.54
6	Deloitte& Touché Ghana	PV-2031	Payment for fund management fees	82,374.63
7	Deloitte & Touché Ghana	PV-1885	Payment for fund management fees	64,537.29
8	Deloitte & Touché Ghana	PV-1885	Payment for fund management fees	64,323.59
9	Deloitte & Touché Ghana	PV--2031	Payment for fund management fees	44,058.66
10	Deloitte & Touché Ghana	PV- 2031	Payment for fund management fees	30,470.76
11	Deloitte & Touché Ghana	PV-1885	Payment for fund management fees	23,781.71
12	Neema Group Inc	PV-1874	Second payment for plowing and harrowing of farmland	16,571.25
13	Duke & Associates Construction	PV-1398	50 percent payment for PMU offices renovation	5,359.89
14	Logan & Logan Group-	PV-845	Final payment for the supply of Gari /Cassava product	32,400.00
15	Clarence G. Mesah-Final	PV-1354	Payment for extension services provider consultancy fees-1354	4,500.00
16	Auto City Service Center	PV-1426	Arrears for vehicle servicing (STAR-P)-1426	5,053.86
17	Dove Electrical Services	PV-2050	Payment for solar lights at the PMU compound and server room 2050	8,006.04
18	Dove Electrical Services	PV-2050	Payment for solar lights at the PMU compound and server room 2050	4,282.09
19	Dove Electrical Services	PV-2050	Payment for solar lights at the PMU compound and server Room-2050	2,961.47
20	Tonieh A. Tarley-Wiles-	PV-1582	30% fees upon submission of inception report/ Gender mainstreaming-1582	3,680.06
21	Jungle Water of Investment	PV-1631	Hall rental & catering service for NOPPOL technical workshop-1631	3,645.60
22	H. Athelstan F.K. Tambah-	PV-1232	first payment to the short-term term engineer upon submission of report-1232	3,645.00
23	EPA	PV-1232	Payment for environmental permit for Teh farm.	3,550.00

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No	Payee	Voucher #	Description	Amount U\$
			1812	
24	United Office Supplies	PV-1434	Payment for stationeries and supplies for AMCU/MFDP-1434	1,924.00
25	Passion Hotel	PV-1634	Hall rental and Catering service / Agro processors workshop in Bong County-1634	2,058.00
26	Saksouk Shopping Center	PV-1626	Payment for the supply of Communication cards for MOA-1626	2,000.00
27	Planet PC Office Equipment	PV-1976	payment for 2 laptops-1976	3,404.00
30	Cynthia Guest House	PV-2079	Payment for catering service for Chemical Handling TOT workshop-2079	2,086.56
31	H. Athelstan F.K. Tambah	PV-1296	2nd installment payment for works supervision-1296	2,430.00
32	Cheryl Williams	PV-1414	Advance for hall rental for ESS Gender training-1414	2,400.00
33	B. Robert Printing Center	PV -1567	Payment for the printing of 62 pcs of NOPSAP and other items -1567	2,112.00
34	Tonieh A. Talery Wiles	PV-1931	Final Payment for Gender mainstreaming strategy consultancy-1931	2,683.38
35	Francis F.B. Mulbah	PV-1277	Final payment for the development of National Oil Palm strategy- 1227	3,276.00
36	Julius Yenwon Saye Keh-Nel-	PV-1260	Payment of MOCI consultant fees for Jan. 2022-1260	2,520.00
37	Julius Yenwon Saye Keh-Nel	PV-1288	Payment of MOCI consultant fees for Feb. 2022-1288	2,520.00
38	Julius Yenwon Saye Keh-Nel	PV-1377	MOCI consultant consultancy fees for March 2022-1377	2,520.00
39	Julius Yenwon Saye Keh Nel	PV-1502	Payment of MOCI consultant consultancy fees for the month April-1502	2,520.00
39	Julius Yenwon Saye Keh-Nel	PV-1583	Payment of MOCI/SBA consultant fees for May-2022-1583	2,520.00
40	Alvino Hotel Inc	PV-1325	Hall rental and catering services during workshop-1325	3,292.80
41	Clarence G. Mesah	PV-1278	2nd payment for extension services provider fees-1278	3,375.00
42	J. Mart Inc	PV-1671	Payment for the supply of furniture for MOA-1671	3,171.00
43	Julius Yeawon Saye Keh-Neh	PV-1680	Payment of MOCI consultant consultancy fees for June 2022-1680	1,323.00
44	Julius Y. Saye Kehnel	PV-1786	Payment of MOCI staff consultancy fees for July 2022-1786	1,323.00
45	Julius Y. Saye KehNel	PV-1886	Payment of SBA/MOCI consultant fees for August 2022-1886	1,323.00
46	Julius Yeawon Saye Keh-Nel	Pv-1944	Payment of MOCI/SBA consultancy fees for Sept. 2022-1944	1,323.00
47	Bella Casa Hotel	PV-1948	Payment for hall rental and catering service during CAAP workshop-1948	1,389.96
48	Tonia a. Talery Wiles-	PV-1869	Gender Mainstreaming consultant fees upon submission of draft report-1869	1,811.28
49	Clarence G. Mesah	PV-1270	2nd payment for extension services provider fees-1278	3,375.00
50	J. Mart Inc	PV-1671	J. Mart Inc- Payment for the supply of furniture for MOA-1671	3,171.00
51	Yarkpazuo Z.	PV-841	1st installment payment for the development of	13,230.00



No	Payee	Voucher #	Description	Amount U\$
	Korvah		farmer field school manual-841	
52	Yarkpazuo Z. Korvah	PV-964	30% payment of consultancy fees, Farmers Field school manual devt. 964	13,230.00
53	Toshi Itoka	Pv-1870	20% pmt for inception report (Capacity Building & strengthen state & non-state -1870	4,226.04
54	Toshi Itoka	PV-1870	20% pmt for inception report (Capacity & Building & strengthen state & non-state -1870	2,260.33
55	Toshi Itoka	PV-1870	20% pmt for inception report (Capacity & Building & strengthen state & non-state -1870	1,563.23
56	Toshi Itoka	PV-1972	20% payment upon the submission of the needs assessment report-1972	8,050.00
57	Dickson J. Chowolo	Pv-1930	Final payment of consultancy fees for environmental assessment on Teh farm-1930	3,600.00
58	Julius Yenwon Saye Keh Nel-	PV-1204	Payment of MOCA consultant consultancy fees for Dec. 1204	2,520.00
59	Julius Yenwon Saye Keh Nel-	PV-2021	Payment of MOCA consultant consultancy fees for Oct. 2021	2,520.00
60	Abraham Billy	PV -1196	Final payment for study & research work/ Climate Smart Agriculture-1196	3,025.00
61	Techno Tech Inc	PV-1784	Spare parts and building of tank for PMU generator-1784	4,135.00
62	Auto City Service Center	PV-2030	Payment for servicing of project vehicle-2030	2,698.50
63	Sisi Z. Subah-	PV-1328	25% consultancy fees upon submission of inception report-1328	3,375.00
Total				1,166,796.69

Risk

- 1.1.19.3 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.
- 1.1.19.4 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

Recommendation

- 1.1.19.5 Management should ensure that all payments to vendors are supported by official receipts.
- 1.1.19.6 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.

Management's Response

- 1.1.19.7 *The PIU takes note of the observation and has provided receipts and payment advices to the auditors.*

Auditor General's Position

- 1.1.19.8 We reviewed the documents subsequently submitted by Management, after our audit execution. Consequently, we have adjusted the transactions without evidence of vendor payment receipts to (US\$1,166,796.69-US\$1,005,854.29) US\$160,942.40 to be accounted for by Management. However, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.19.9 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that vouchers are adequately documented and filed to facilitate future review.

1.1.20 Payments without Receipt and Inspection Report

Observation

- 1.1.20.1 Section 5.9 paragraph 273 of the Finance and Administrative Procedures Manual states that "upon receipt of goods procured by way of a goods contract, the accountant and the requesting staff conduct a detailed inspection of the goods before acceptance. They immediately fill out a receiving & inspection report, indicating the contract number and whether all goods ordered were received and in what condition. In case of a problem (damaged or missing goods), the accountant notes the details on the RIR. The accountant keeps a copy of the RIR and sends the original to the Procurement Officer who handles the claim against the freight carrier, the insurance company, and/or the supplier under the supervision of the PC. S/he also inputs the date and number of the RIR in the TOMMARCHE and files it in the procurement file".
- 1.1.20.2 During the audit, we observed that payments for goods amounting to US\$1,034,025.86 had no Receiving and Inspection Report attached. (RIR). **See Table 14 below for details.**

Table 14: Payments without Receiving and Inspection Report

No	Payee	Vouchers#	Description	Amount U\$
1	Meni-Nina Farmers Inc	PV--1585	Final Payment for the delivery of 100MT of milled rice	54,250.00
2	Selma Agriculture Development Corp	PV--1302	Final payment for the supply of Milled rice	42,000.00
3	V.K Logistic Group of Companies	PV--1360	Payment transporting of milled rice from Lofa to Monrovia	8,583.57
4	B. Robert Printing Center	PV--1567	Payment for the printing of 62 pcs of NOPSAP and other items	2,112.00
5	Tech Hut Inc	PV-1324	Payment for Office supplies (RETRAP)-1324	3,847.36
6	Office Express Inc	PV-2053	Payment for the supply	3,729.00
7	United Motor Company	PV-1999	Payment for spare parts for STAR-P vehicles	1,380.74
8	United Motor Company	PV-1999	Payment for spare parts for STAR-P	1,996.46

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No	Payee	Vouchers#	Description	Amount US\$
			vehicles	
9	United Motor Company	PV-1999	Payment for spare parts for STAR-P vehicles	3,732.70
10	United Motor Company	PV-1999	Payment for spare parts for STAR-P vehicles	1,380.74
11	Class Stationery	PV-1937	payment for the supply of LP Laster Toner	14,650.00
12	Planet PC Office Equipment and Furniture		Furniture & equipment for conference room-1412	33,261.12
14	Office Ideas	PV-857	Final payment for 12 computers for office use-PV#-857	18,300.00
15	Office Express	PV-930	Payment for other office supplies-PV#930	17,027.50
16	Ma Bendu Farms Inc	Pv-1562	Payment for the supply of fertilizers pesticides & insectides for farmland-1562	138,180.00
17	Gro Green	PV-1018	First & final payment for the supply of vegetable seeds-PV#-1018	137,739.00
18	Almadina General Supplies	PV-861	Payment for the supply of farming tools -PV#-861	43,879.50
19	Almadina General Supplies	PV-878	Final Payment for the supply of Farming tools-PV#-878	43,879.50
20	Vishnu Trading Inc	PV-1788	Payment for the supply of Argo chemicals -PV#-1788	97,700.00
21	TJAL Enterprise	PV-1791	Payment for vegetable seeds-PV#1791	94,240.00
22	Vishnu Trading Inc	PV-1757	Payment for the supply of assorted hand tools-1757	89,950.00
23	Gro Green Inc	PV-2058	Advance payment for the supply and delivery of farming tools- 2058	44,421.43
24	Ma Bendu Farm	PV-1361	Payment for the supply of fertilizers-1361	42,189.00
25	Class Stationery-	PV-1731	Payment for assorted equipment, Generator, drone, scale, and GPS for Farmers -1731	40,700.00
26	Meni- Nina Farmers Inc.	PV-1568	Final payment for the supply of oil palm seedlings-1568	31,137.12
27	Gro Green Inc	PV-2058	Advance payment for the supply and delivery of farming tools- 2058	23,759.12
Total				1,034,025.86

Risk

1.1.20.3 In the absence of Receiving and Inspection Report, the completeness and existence of goods procured may not be assured.

1.1.20.4 Goods received may not meet the required value or specifications.

Recommendation

1.1.20.5 Management should ensure that the Receiving and Inspection Report is prepared for all goods procured to validate that goods paid for including the required specifications were delivered to the end user.

- 1.1.20.6 Evidence of Receiving and Inspection Report should be adequately documented and filed to facilitate future review.

Management’s Response

- 1.1.20.7 *The PIU takes note of the observation. Delivery notes are attached to all payment vouchers and should suffice for Receiving and Inspection Report.*

Auditor General’s Position

- 1.1.20.8 We acknowledge Management’s assertion. However, we maintain our findings and recommendations consistent with Section 5.9 paragraph 273 of the Finance and Administrative Procedures Manual. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.21 Inconsistency between LACF Confirmed Expenditures and Financial Statements

Observation

- 1.1.21.1 Part B of the approved financing agreement of the project states:

B. Liberia Agricultural Commercialization Fund (LACF) Under Part 2 of the Project

- a. **LACF Operational Manual.** The Recipient shall carry out Part 2 of the Project in accordance with the LACF Operational Manual. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, waive, or permit to be assigned, amended, abrogate, or waived, the LACF Operational Manual and/or any provision thereof. In the event of a conflict between the provision of LACF Operational and those of this Agreement, the latter shall govern.
- b. **LACF Advisory Committee. Prior to providing a Matching Grant under Part 2 of the Project,** the Recipient shall establish and thereafter maintain, throughout the period of implementation of the project, an advisory committee with a mandate, composition, and resources satisfactory to the Association. Without limitation on the foregoing, said committee shall be responsible for, inter alia, overseeing the provision of Matching Grants in accordance with the LACF Operational Manual.
- c. **LACF Manager. Prior to providing Matching Grant under Part 2 of the Project** the Recipient shall hire and maintain, throughout the Period of implementation of Part 2 of the project, a manager, under terms of reference acceptable to the association, to be responsible for the management of the Matching Grant.

- 1.1.21.2 During the audit, we observed that the financial statements reported US\$1,480,710.40 for Matching Grant expenditures, however, the total payment confirmed from LACF is US\$1,880,183.90 resulting in variance of US\$399,473.50. **See Table 15 for details.**

Table 15: Variance Between Financial Statement Figures and LACF Confirm Amount

ACCT. TITLE	FINANCIAL STATEMENT AMOUNT In US\$	LACF Ledger US\$	VARIANCE
Matching Grants	1,480,710.40	1,880,183.90	399,473.50



Risk

- 1.1.21.3 The completeness and accuracy of the expenditures may not be assured; therefore, the financial statement may be misstated.
- 1.1.21.4 Management may not fully account for the activities of the entity.

Recommendation

- 1.1.21.5 Management should perform periodic reconciliation between the financial statements and LACF records. Differences identified should be investigated and adjusted (where applicable) in a timely manner.
- 1.1.21.6 Management should adjust the financial statement to reflect the complete and accurate expenditures.

Management's Response

- 1.1.21.7 *The PIU takes note of the observation and has updated the financial statements to reflect the accurate LACF expenditure amount. The updated expenditure information has been provided to the auditor for review.*

Auditor General's Position

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

1.1.22 Procurements with no Advertisements

Observation

- 1.1.22.1 3.4.2, Recruitment Policy, of the PIM states: "Standard steps in the process for the recruitment of PIU long-term consultants and support staff is to be as follows:
 - a. The position to be filled is identified, Terms of Reference are written, reviewed and approved, to take action to fill the position, is sought and received from the MOA and the World Bank;
 - b. The IDA's approval is sought on the proposed recruitment action, including where advertisements are to be placed and whether the process will be subject to post or prior review;
 - c. For positions subject to post review, they are advertised in at least three local daily newspapers of wide circulation - advertising in a professional magazine may also be appropriate. They will also be advertised in the World Bank's STEP for automatic advert in the UNDB. The advertisement is to indicate that more details of the position, including the criteria against which candidates are to be assessed, is available on request;"

1.1.22.2 During the audit, we observed there was no evidence provided that the below consultant's recruitment was opened and competitive as substantiated by publication in local newspapers. **See Table 16 for details.**

Table16: Procurements Without Advertisements

No	Vendor	Vouchers#	Description	Amount U\$
1	Liberia Media for Democratic Initiatives	PV-1728	Payment for communication for development phase 1-1728	49,589.92
2	Liberia Media for Democratic Initiatives	PV-1728	Payment for communication for development phase 1-1728	18,343.55
3	Liberia Media for Democratic Initiatives	PV-1728	Payment for communication for development phase 1-1728	26,523.53
	Liberia Media for Democratic Initiatives	PV-2073	consultancy fees for C4D implementation-2073	25,940.75
4	Chris Tokpah	PV-1728	30%payment of consultancy fees upon submission of draft report-1327	8,039.25
5	Ballah Yangban	Pv-1681	30% payment of consultancy for the development of training manuals-1681	4,397.33
	Total			132,834.33

Risk

- 1.1.22.3 The absence of advertisement may lead to the job vacancy being available to a limited audience; thereby limiting the number of qualified and experienced candidates for interview.
- 1.1.22.4 In the absence of advertisement, Management may be non-compliant with Section 3.4.2, Recruitment Policy, of the PIM.

Recommendation

- 1.1.22.5 Management should provide evidence that these recruitments were duly advertised.
- 1.1.22.6 Going forward, Management should ensure job vacancies are duly advertised consistent with the approved PIM.
- 1.1.22.7 Evidence of job advertisements should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.22.8 *The PIU takes note of your observation and would like to clarify that advertisement for procurement notices are not required for individual short-term consultants. It is a limited process under the 4th Edition of the WB Guidelines Section 7.23 that requires you to compare three CVs to select the most qualified consultant without advertisement. And the most qualified consultant is selected to carry on the assignment. For the case with LMDI, the REOI was published in the Inquirer Newspaper and on the Executive Mansion website. The World Bank Country Office also published the REOI on the UNDB online.*



Auditor General's Position

1.1.22.9 We acknowledge Management's assertion that: "(...would like to clarify that advertisement for procurement notices are not required for individual short-term consultants. It is a limited process under the 4th Edition of the WB Guidelines Section 7.23 that requires you to compare three CVs to select the most qualified consultant without advertisement. And the most qualified consultant is selected to carry on the assignment. For the case with LMDI, the REOI was published in the Inquirer Newspaper and on the Executive Mansion website. The World Bank Country Office also published the REOI on the UNDB online."

1.1.22.10 However, in the absence of documentary evidence to substantiate that procurement were duly advertised, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.23 Payments without Travel Authorization Forms

Observation

1.1.23.1 Chapter 2.6 paragraph 81 of the Finance and Administrative Manual requires that the total amount of the DSA will be given to the traveller by check before departure, and reported in the second part of the TA along with the date and reference of the payment. Once the arrangements are completed and payments are made, the traveller is required to sign the TA to acknowledge receipt of the payments. A copy of the signed TA is kept for the accounts, and the travellers is given the original along with the air ticket and hotel details (if applicable). For in-country travel, the travelled must have the original TA signed and stamped upon arrival and departure by the head of each entity visited, as proof of their travel.

1.1.23.2 During the audit, we observed that disbursements for travel advance amounting to US\$66,870.00 had no approved travel authorization forms. **See Table 18 for details.**

Table18: Payments without Travel Authorization Forms

No	Payee	Voucher#	Description	Amount US\$
1	Edward P. Borloh	PV -972	DSA for 50 persons attending NOPPOL validation meeting-PV#-972	5,000.00
2	Kpadebah Kollie	PV -1015	15 days DSA for FP travel to Monrovia to participate in project activities-1015	1,200.00
3	Flomo Pshorr	PV -1014	15 days DSA for travel to Monrovia to participate in project activities-1014	1200.00
4	Matus B. Sonody	PV -1013	15 days DSA for FP travel to Monrovia to participate in project activities-1013	1,200.00
5	D. Levi Kpenkpa	PV -1012	15 days DSA for travel to Monrovia to participate in project activities-1012	1,200.00
6	Garmai Duwana-	PV - 1012	15 days DSA for FP travel to Monrovia to participate in project activities-1011	1,200.00
7	Victoria D. Martins	PV -1010	15 days DSA for FP travel to Monrovia to participate in project activities-1010	1,200.00
8	Aaron Kenneh	PV-1007	15 days DSA for FP travel to Monrovia to participate in activities-1007	1,200.00

No	Payee	Voucher#	Description	Amount U\$
9	James Kollie	PV-1009	15 days DSA for FP travel to Monrovia to participate in project activities-1009	1,200.00
10	Gabriel Yiadom	PV-1008	15 days DSA for FP travel to Monrovia to participate in project activities-1008	1,200.00
11	Torwon Sulonteh-Brown	PV-1120	2 days DSA for Bank implementation & support mission to project sites-1120	160.00
12	Clarke Gedeh	PV-1596	15 days DSA for GESS training in 3 counties-1596	1,200.00
13	Jemima Dahn	PV-1830	3 Nights DSA & Payment of casual workers I in Teh Farm to pay casual workers-1830	240.00
14	Stephen Marvie	PV-1464	DSA and cash advance for mobilization mission -1464	42,750.00
15	Z. Elijah Peh	PV-1829	10 days DSA for the farm rice planting supervision mission-1829	500.00
16	ALL GRM Mission -	PV-2048	DSA, fuel feeding, and media coverage for GRM meetings-2048	870.00
17	Theophilus Baah	PV-1678	Payment to casual workers for work on Teh farm-1678	2,000.00
18	Lonestar Cell MTN Mobile money	PV-1853	DSA Transpiration for farm visits (M&E Mission)	3,350.00
Total				66,870.00

Risk

- 1.1.23.3 In the absence of duly approved travel form, travels may be made with project funds for activities not related to the operations of the project.
- 1.1.23.4 Making payment to staffs for travel without an approved Traveling Authorization Form may lead to misappropriation of project funds.

Recommendation

- 1.1.23.5 Management should ensure that Travels Authorization Forms are issued and signed for all travel related transactions.
- 1.1.23.6 Going forward, Management should facilitate the approval of all Travel Authorization Forms before disbursements of travel Perdiem.
- 1.1.23.7 Evidence of approved Travel Authorization Forms should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.23.8 *The PIU notes the recommendation regarding payment without Travel Authorization (TA) Forms. The PIU would like to state that the TAs for some of these transactions may have been inadvertently unseen, though available, during the audit. We have provided most of the TAs indicated to the auditor.*

Auditor General's Position

1.1.23.9 We reviewed the documents subsequently submitted by Management, after our audit execution. Consequently, we have adjusted the transactions without evidence of approved travel authorization forms to (US\$66,570.00– US\$47,410.00) US\$19,160.00 to be accounted for by Management. However, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.

1.1.23.10 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that vouchers are adequately documented and filed to facilitate future review.

1.1.24 No Back-to-Office Report

Observation

1.1.24.1 Section 3.4.4 of the PIM Annex 1b required that before the Project Coordinator authorizes any work-related travel, the staff should prepare a staff travel request, in which the objective and cost of the travel are specified. In return, the staff is expected to produce a Back-to-Office Report (BTOR). The BTOR should spell out the objective of the travel, the period of the travel, and a write-up of the activities, particularly focusing on the relevance to the Project. It must also include the statement of expenditure relating to the trip.

1.1.24.2 During the audit, we observed that Management made payments amounting to US\$70,180.00 to individuals, staff, and consultants for travel. However, no evidence that Back to Office reports were prepared upon their return. **See Table 19 for details.**

Table 19: No Back-to-Office Report

No	Payee	Vouchers#	Description	Amount US\$
1	Ansu Abraham Metzger	PV-886	DSA for travel to Nigeria for training-PV#-886	3,370.00
2	Willie Sirleaf	PV -889	DSA transportation and another cost for travel to Nigeria for training-889	3,370.00
3	Akaii Lineberger	PV-888	DSA transportation and other fees for training in Nigeria- 888	3,370.00
4	Theophilus Baah	PV-887	DSA transportation and others for travel to Nigeria for training-887	3,370.00
5	Gabriel Yaidon	PV-893	DSA transportation and other fees for training in Nigeria-893	3,370.00
6	Leelia R. Andrews	PV-892	DSA transportation and other fees for travel to Nigeria for training- 892	3,370.00
7	Sylvester W. Taylor	PV-891	DSA, transportation, and another cost for travel to Nigeria for training-891	3,370.00
8	Torwon Sulonteh-Brown	PV-890	DSA, transportation, and other fees for training in Nigeria-890	3,370.00
9	Matus Sonody	PV-897	DSA, transportation, and other fees for travel to	3,370.00

No	Payee	Vouchers#	Description	Amount U\$
			Nigeria for training-897	
10	Garmai Duwana	PV-894	DSA, transportation, and other fees for travel to Nigeria for training-894	3,370.00
11	Victoria Doles Martins	PV-895	DSA, transportation, and other fees for travel to Nigeria for training-895	3,370.00
12	David Levi Kpenkpa	PV-896	DSA, transportation, and other fees for travel to Nigeria for training-896	3,370.00
13	James B. Kollie	PV-899	DSA, transportation, and other fees for travel to Nigeria for training-899	3,370.00
14	Flomo C. Pshorr	PV-898	DSA, transportation, and other fees for training in Nigeria-898	3,370.00
15	Aaron S. Kenneth	PV-900	DSA, transportation, and other fees for training in Nigeria-900	3,370.00
16	Peter J. Hinneh	PV-917	DSA, transportation, and other fees for travel to Nigeria for training-917	3,165.00
17	Christian N. Natt	PV-916	DSA, transportation, and other fees for training in Nigeria-916	3,165.00
18	Abednego J. Harris	PV-915	DSA, transportation, and other fees for travel to training in Nigeria-915	3,165.00
19	Fester S. Tiah	PV-913	DSA, transportation, and other fees for training in Nigeria-913	3,165.00
20	Garmai Duwana	PV-1011	15 days DSA for FP travel to Monrovia to participate in project activities-1011	1,200.00
21	Victoria D. Martins	PV-1010	15 days DSA for FP travel to Monrovia to participate in project activities-1010	1,200.00
22	Adolphus K. Tuah	PV-1180	15 days DSA for engineer field assessment mission-1180	1,200.00
23	Kpadebah Kollie	PV-901	DSA, transportation, and other fees for travel to Nigeria for training-901	3,370.00
Total				70,180.00

Risk

1.1.24.3 Travels may be made for activities not related to the operations of the project using project funds.

1.1.24.4 The objective of official travel may not be achieved.

Recommendation

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

1.1.24.6 Evidence of Back-to-office reports should be adequately documented and filed to facilitate future review.

Management's Response

1.1.24.7 *The PIU notes the recommendation regarding Evidence of Back-to-Office Reports. We also note that there were instances where the Back-to-Office Reports were available, but*

inadvertently not seen, for example, the Nigeria Mission Back-to-Officer Report. These reports have been submitted to the auditor.

Auditor General's Position

- 1.1.24.8 We reviewed the documents subsequently submitted by Management, after our audit execution. *Consequently*, we have adjusted the travel transactions without evidence of back-to-office report to (US\$70,180.00– US\$66,580.00) US\$3,600.00 to be accounted for by Management. *However*, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.24.9 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that vouchers are adequately documented and filed to facilitate future review.

1.1.25 Required Number of Quotation not Solicited

Observation

- 1.1.25.1 Section 5.5 paragraph 245 of the Finance and Administrative Procedure manual requires that the RFQ selection procedure should consist of comparing price quotations obtained from at least 3 shortlisted suppliers. The RFQ is prepared by the Procurement Officer and should contain the description and quantity of the goods, specifications of works, or description of services, and the desired delivery/completion place and date. It is reviewed by the FC and signed by the Project Coordinator. After the RFQ is approved, a personalized invitation to submit a quotation is addressed directly to each shortlisted firm; a written receipt of acknowledgment is obtained from each firm.
- 1.1.25.2 Additionally, Section B, paragraph 34. Request for Quotations. Request for Quotations may be an appropriate competitive method for procuring readily available off-the-shelf goods, or simple civil works or non-consulting services. The Request for Quotations selection method can be used even for large contracts and the justification noted in the PPSD or procurement records as appropriate. Normally at least three price quotations should be obtained. In case less than three suppliers or contractors are available (or fewer than 3 quotations are received), such a situation shall be noted in the procurement records and the process shall be continued.
- 1.1.25.3 During the audit, we observed that payments amounting to US\$74,967.09 were made; however, the required number of quotations were not seen attached. **See Table 20 for details.**

Table 20: Required number of quotations not solicited

No	Payee	Vouchers#	Description	Amount U\$
1	V.K Logistic Group of Companies	Pv-844	Transportation of Rainboots, Raincoats buckets, and fertilizers-844	5,500.00
2	V.K. Logistics Group of	PV-1059	Vehicle rental fees, milled rice to	5,292.00

No	Payee	Vouchers#	Description	Amount U\$
	Companies-		Monrovia from llofa-PV1059	
3	V.K Logistics Group of Companies	PV-1207	Payment for the delivery of 2000bags of from Voinjama Mon.-1207	7,350.00
4	V.K. Logistics Group of Companies	PV-158	Vehicle rental fees to deliver farming inputs & safety gears-1058	1,470.00
5	Silver Spoon Group of Companies	PV 1175	Payment for catering service during GIS training-1175	1,152.00
6	Sister Kuntry Kitchen	PV-1016	Payment for catering services during NOPPOL validation workshop-1016	1,728.00
7	Corina Hotel & Realty Corp	PV-1032	Payment for catering service & Hall rental during budget review -1032	1,084.74
8	Alvino Hotel Inc	PV-1098	Payment for hall rental and catering services during ESS and Gender training-1098	3,127.68
9	Silver Spoon Group of Companies	PV-1175	Payment for catering service during GIS training-1175	1,152.00
10	Auto City Service Center	PV-965	Payment for servicing of STAR-P vehicles-965	2,612.68
11	Auto City Service Center	PV-966	Payment for servicing of STAR-P vehicles-966	4,165.49
12	Auto City Service Center	PV-1103	Payment for Servicing of Vehicles-PV#-1103	3,967.53
14	Auto City Service Center	PV-1427	Arrears for vehicle servicing (MOA vehicles)-1427	10,032.26
15	Auto City Service Center	PV-1906	Payment for servicing of MOA vehicles-1906	8,470.00
16	Saksouk Shopping Center	PV-960	Communication cards for MFDP for Sept-Oct. 2021-960	9,550.10
17	Saksouk Shopping Center	PV-1031	Communication cards for MFDP for Sept-Oct. 2021-1031	1,470.00
18	InfoSync Inc.	PV-1105	Final payment for GIS software and training -1105	1,788.75
19	Auto City Service Center	PV-14	Arrears for vehicle servicing (STAR-P)-1426	5,053.86
20	Clarence G. Mesah-Final	PV-1354	Payment for extension services provider consultancy fees-1354	4,500.00
Total				74,967.09

Risk

1.1.25.4 Management may be non-compliant with the required procurement method.

1.1.25.5 In the non-usage of the procurement method, value for money may be impaired.

Recommendation

1.1.25.6 Management should facilitate full compliance with the required procurement standards for all transactions.

Management's Response

1.1.25.7 *The PIU notes GAC's concerns, however, during the period under review, the Project had Framework Agreements (FA) which are in the physical files with V.K Logistic Group of Companies, Auto City Service Center and Saksouk Shopping Center for the provision of*

the services listed above. These suppliers were contracted through a competitive process. Purchase Orders under Framework Contracts are issued on 'as and when' required basis using the agreed upon rates in the FA.

- 1.1.25.8 *Clarence G. Mesah was contracted Under the World Bank Procurement Guidelines, for Individual Consultancy (ICS). By using this procedure, three CVs solicited from relevant sources or knowledge from the market. Those three CVs are compared and the most qualified individual consultants are selected for contract award. The procurement box file is available for review. These are not employment positions; they are hired short-term consultants.*
- 1.1.25.9 *Payments made to Corina Hotel & Realty Corp and Alvino Hotel, Inc. were made in consonance with Section 6.8 (Direct Selection) of the World Bank Procurement Guideline for which a Justification for Direct Selection duly approved by the NPC is attached to the payment.*
- 1.1.25.10 *Three quotations were solicited which are in the physical file in the procurement section for each payment made to Infozy, Inc., Silver Spoon Group of Companies and Sister Kuntry Kitchen.*

Auditor General's Position

- 1.1.25.11 We acknowledge *Management's* assertions. However, in the absence of documentary evidence to substantiate *that these procurements were executed consistent with approved policies*, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.26 No Delivery Note Seen

Observation

- 1.1.26.1 Part P.9 (2) Of the PFM Regulations of 2010 states that "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".
- 1.1.26.2 During the audit, we observed that Management authorized payments amounting to US\$28,271.88 for Spare Parts, Communication Cards, and Arrears for vehicle Servicing without evidence of delivery notes. **See table 21 below for details.**

Table 21: No Delivery Note seen

No	Payee	Vouchers#	Description	Amount U\$
1	Auto City Service Center	PV-1103	Payment for Servicing of Vehicles-PV#-1103	8,470.00
2	Auto City Service Center	PV-1427	Arrears for vehicle servicing (MOA vehicles)-1427	10,032.26
3	Masarco Auto Service Inc.	PV-1106	Payment for the supply of motorbikes spare parts and lubricants-1106	8,299.62
4	Saksouk	PV-1031	Payment for the supply of Communication cards	1,470.00



No	Payee	Vouchers#	Description	Amount U\$
	Shopping Center		for PIU staff (Oct-Nov)-1031	
Total				28,271.88

Risk

Management may be non-compliant with Part P.9 (2) of the PFM Regulations of 2010.

- 1.1.26.3 Goods received may not meet the required value or specifications and payments may be made for goods not received.

Recommendation

- 1.1.26.4 Management should ensure that delivery notes are received for all goods procured to validate that goods paid for including the required specifications were delivered to the end user.
- 1.1.26.5 Evidence of delivery notes for all goods received should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.26.6 *The PIU takes note of this observation and has provided the auditors with evidence of task completion certificate and goods received note which certifies that the acquired services were rendered or goods were delivered.*

Auditor General's Position

- 1.1.26.7 We reviewed the documents subsequently submitted by Management, after our audit execution. Consequently, we have adjusted the payments without evidence of delivery notes to (US\$28,271.88– US\$9,769.62) US\$18,502.26 to be accounted for by Management. However, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.26.8 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that vouchers are adequately documented and filed to facilitate future review.

1.1.27 Assets Unaccounted for

Observation

- 1.1.27.1 Chapter 4.2 paragraph 163 of the Finance and Administrative Procedures Manual provides that as soon as a fixed asset is received and the supplier's invoice is approved, the AA captures the asset in the TOMPRO system, using the information on the invoice as source data. The asset "order number" is automatically generated by the system and the following data are input into the system by the AA:
- Asset description (wording)

- Quantity purchased and unit price (the system automatically displays the total value)
- Asset identification number or serial number (if applicable)
- Installation (or implementation) date
- Name of supplier
- Supplier Invoice number and date
- Asset location / User name
- Budget and analysis codes (including financing levels and agreements)
- Asset code
- Financier

1.1.27.2 Additionally, Section 7.4.10 Disbursement: petty cash disbursement is in the form of an advance or a reimbursement (that is when the staff personally funds the expense or advances the funds) as follows: (a) For advances, the Petty Cash Custodian delivers the cash advance on the basis of approved request. After the expense is made, the Requestor must return the receipt (including invoice if applicable) along with the change, if any, to the Petty Cash Custodian for recording. (b) For reimbursements, after the goods or services have already been delivered or performed, the receipt (including invoice if applicable) is presented to the Petty Cash Custodian for reimbursement

1.1.27.3 During the audit, we observed that the former Administrative Assistant did not turnover assets (petty cash and laptop computer) assigned to her prior to her exit upon the expiry her contract. **See Table 22 for details.**

Table 22: Assets Unaccounted for

No	Assignee	Position	Description	Amount U\$
	Irener B.M Clarke	Administrative Assistant	Laptop with carry case	1,525.00
	Irener B.M Clarke	Administrative Assistant	Petty Cash	1,000.00
Total				2,525.00

Risk

1.1.27.4 Assets not turned over upon exit of staff may lead to misappropriation of project assets/ funds and consequently financial loss.

1.1.27.5 The fixed asset register may be overstated.

Recommendation

1.1.27.6 Management should ensure that the former staff account for the project assets.

1.1.27.7 Management should institute mandatory turnover procedures for all staff at least a week prior to the end of service contracts.

Management's Response

1.1.27.8 *The PIU takes note of your observation and has instituted a process to recover petty cash and Laptop.*



Auditor General’s Position

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

1.1.28 Non-Project Expenditures

Observation

1.1.28.1 5.5.8, Payment Procedures, of the PIM states: “In addition to the above requirements project expenditures should be processed for payment only when the following conditions have been satisfied:

- Copy of the Contract Document has been received by the accountant for validation of payment terms and conditions;
- If it is a prior review contract a copy of the contract has been sent to the World Bank for registration;
- Procurement was approved by the Bank and evidenced by the Bank’s “Non-Objection” letter to the award and contract, if applicable;
- There is evidence of review and recommendation by the relevant Implementing Agency and/or Procurement Specialist;
- The Project Coordinator or his representative has approved the invoice/certificate for payment and the same has been authorized by the Project Director;
- Expenditures are eligible, in accordance with the Grant Agreement;
- Funds allocated to the components/category of expenditure to be processed have not been exceeded.”

1.1.28.2 During the audit, we observed that US\$3,528.00 was paid as arrears for Security Services rendered to the Ministry of Agriculture in 2018-2019 fiscal year; when STAR-P was not yet approved. **See Table 23 for details.**

Table 23: Non-Project Expenditures

No	Vendor	Voucher #	Description	Amount U\$
1	Aries Security Services Inc.	PV-1208	Arrears for security services rendered in 2019-1208	3,528.00

Risk

1.1.28.3 Management may facilitate the disbursement of unapproved/illegitimate expenditures.

1.1.28.4 Funds availability may be impaired for approved project activities.

Recommendation

1.1.28.5 Management should ensure that all expenditures are adequately planned for and approved as per the approved financing agreement.

1.1.28.6 In the instance where Management deems unplanned expenditures as being expedient, Management should obtain the authorization of the World Bank.



Management's Response

- 1.1.28.7 *The PIU Budgeted an amount as support to the Ministry of Agriculture, during the period under audit, and used said amount to cover relevant costs determined by the Ministry of Agriculture.*

Auditor General's Position

- 1.1.28.8 We acknowledge Management's assertion. However, in the absence of documentary evidence to substantiate Management's claim, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.29 Irregularities with Employees Attendance

Observation

- 1.1.29.1 Article 6 of the Project Implementation Manual states "Normal weekly working hours for all staff, except security, shall be from 07:30 to 17:30 Monday to Friday with a one-hour lunch break. The employee may be absent from work only with the prior consent of the employer, and where circumstances preclude this consent must be sought immediately afterward.
- 1.1.29.2 During the audit, we observed that staff were not signing the attendance log at the start and end of the work day. We observed instances where staff signed in but did not sign out at the end of day.

Risk

- 1.1.29.3 The accuracy of time spent on the job may not be assured in the absence of daily attendance records for PIU key staff.
- 1.1.29.4 Failure to monitor and supervise personnel attendance records may result in compensation for none-deserving employees. This practice may cultivate an inappropriate work culture at the entity and may subsequently affect the operations and performance of the project.

Recommendation

- 1.1.29.5 Management should ensure that personnel attendance records are regularly monitored by a designated staff and that employees should be reprimanded in line with the PIM for failing to record attendance.
- 1.1.29.6 Evidence of employees' attendance records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.29.7 *The PIU takes note of this observation and will ensure that key staff sign in the attendance register from now hence. It is important to note that the PIU has upgraded from an attendance book to an electronic sign in device.*

Auditor General's Position

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

1.1.30 Non-Preparation of Monthly Statement of Supplies

Observation

- 1.1.30.1 Section 4.6 and paragraph 203 of the Finance and Administrative Procedures Manual require that a simple stock management system be developed on Excel to record the receipt and delivery of supplies and to monitor the level of stocks at all times. The system includes an individual stock card for each item purchased by the Project. The card shows the opening balance, receipts, deliveries, and available stock. The monthly stock statement shows cumulative movements for the month as well as end-of-month balance for each item. The monthly statement is updated automatically from the data contained in the individual cards.

- 1.1.30.2 During the audit, we observed that Management provided no evidence of monthly inventories reports of supplies for the period under audit.

Risk

- 1.1.30.3 Inventories may be misappropriated leading to decline in operational activities.
- 1.1.30.4 Failure to effectively maintain documentations for inventory receipt, storage, and distribution may lead to unauthorized and misappropriation of inventory.

Recommendation

- 1.1.30.5 Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.
- 1.1.30.6 Management should perform periodic physical verification of inventory and review of systems and records. Appropriate adjustments should be made where applicable.
- 1.1.30.7 All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.30.8 *The PIU takes note of this observation and is in the process of acquiring an ERP system that will help with inventory management.*

Auditor General's Position

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

1.1.31 Unliquidated Cash Advances

Observation

- 1.1.31.1 According to the Annex, Expenditure Checklist, of the PIM states: "Staff advances paid to staff are in accordance with the staff rules & for the purpose within rules. The settlement of staff advances is as per the operational rule of the program. A status report on the pending staff advances for more than three months old with an opinion on what amount could be considered receivable has been obtained".
- 1.1.31.2 In addition, 3.4.4, Work Related Travel of PIM prescribes that: "the Back-to-Office Report should spell out the objective of the travel, the period of the travel and a write up of the activities, particularly focusing on the relevance to the Project. It must also include the statement of expenditure relating to the trip.
- 1.1.31.3 Liquidation is a control mechanism that assures management that authorized field missions are implemented per the travel objectives. Besides, the liquidation of advances facilitates the detection of misapplied resources.
- 1.1.31.4 During the audit, we observed that advances to staff totaling US\$7,429.00 were not liquidated by the expenditure report for the period under Audit. **See Table 26 below for details.**

Table 24 Unliquidated Cash Advances

No	Payee	Vouchers#	Description	Amount U\$
1	Augustine Zoduah	PV-24	Fuel for (6) days National Sensitization Workshop	160.00
2	Johnny Niamanney	PV-30	Fuel for (6) days National Sensitization Workshop	960.00
3	Johnny Niamanney	PV-61	Fuel for (3) days of Field Visits	400.00
4	Abraham Varmah	PV-129	DSA, Airport Transportation and COVID Tests	3172.00
5	Franklin Jackson	PV-1494	DSA and fuel for Talofa staff, farmer mobilization mission	720.00
6	William W. Monger	PV-1632	DSA and fuel for 2 Vehicles for Agro Processors Workshop 1632	360.00
7	Olive Cisco	Pv- 1659	2 days & Fuel for access to finance Workshop	90.00
8	Patrick Zeckeh	Pv-1662	Fuel DSA for access to financial workshop	250.00
9	Alvin C. Wisseh	PV-1576	14 days DSA & Fuel for farmers and Cooperatives Mapping Mission	690.00
10	Princes Kor		3 nights of DSA fuels for nutrition-sensitive training	207.00
11	Victor Biddle	PV-1866	Fuel & DSA for M&E event in Nimba	420.00
Total				7,429.00

Risk

- 1.1.31.5 If cash advances for project activities are not liquidated after the utilization of the fund, misappropriation of project funds may not be detected when it occurs.

1.1.31.6 In the absence of liquidation reports, cash advances may not be used for their intended purposes leading to misappropriation of project funds.

Recommendation

1.1.31.7 Management should ensure that all advance payments are adequately liquidated/ retired as prescribed by the PIM.

1.1.31.8 Evidence of approved liquidation reports should be adequately documented and filed for future review.

Management's Response

1.1.31.9 The PIU takes note of the observation and has provided proof of Unliquidated Cash Advances to the auditors.

Auditor General's Position

1.1.31.10 Management's assertion is 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.

Status on the Implementation of Prior Year Audit Recommendation

Recommendations conveyed during financial statement audit of Smallholder Agriculture Transformation and Agribusiness Revitalization Project (STAR-P) for the fiscal period ended June 30, 2021 are yet to be implemented by Management of the PIU as indicated in the **Table below:**

Prior-year audit matters not implemented

No.	Period Audited & Date	Observation Title	Summary of Recommendation	Comments on Status to Date
4	FY 2020-2021/ 1.2022	Unseen Farmer Groups and Equipment/ Materials	Management should establish a comprehensive data base of equipment/materials distributed to include the following; names of beneficiaries, addresses, contact numbers and locations of headquarters of the farmer groups.	Partially implemented: The PIU has obtained distribution documents from the Ministry on beneficiaries and is utilizing the information to construct a comprehensive database. Also, a team has been setup and TOR developed for an assessment mission on the farming materials and tools distributed to the farmers.
5	FY 2020-2021/ 1.2022	No Evidence of Back to Office Reports	Management should institute the preparation of Back to Office for all travel made consistent with Section 3.4.4 of the Project Implementations Manual. The report should be submitted within a week upon the staff return to office.	Not Implemented
6	FY 2019-2020	Salaries - National Social Security Withholding	The STAR-P Management should ensure that the necessary payroll withholdings deductions are made and remitted to NASSCORP	Not Implemented
8	FY 2019-2020	Risk Assessment Process		Not Implemented

Annexures

Annexure1: Misclassifications of Expenditures and Accounting Misstatements:

Wrong posting Extract-2111 Wages					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
08/29/2022-010002	211101	01693205	Ecobank Liberia- DSA and transportation for M&E event participants(Bomi, Cape Gbarpolu-1858	2,103.19	
08/29/2022-010002	211101	01693205	Ecobank Liberia- DSA and transportation for M&E event participants(Bomi, Cape Gbarpolu-1858	3,932.25	
08/29/2022-010002	211101	01693205	Ecobank Liberia- DSA and transportation for M&E event participants(Bomi, Cape Gbarpolu-1858	1,454.56	
10/21/2022-010002	211101	BT-04	Ecobank Liberia- Payment of DSA and fuel for Teh farm mission-1974	204.42	
10/21/2022-010002	211101	BT-04	Ecobank Liberia- Payment of DSA and fuel for Teh farm mission-1974	382.20	
10/21/2022-010002	211101	BT-04	Ecobank Liberia- Payment of DSA and fuel for Teh farm mission-1974	141.38	
Recommended Adjustment					
221101 Travels				8,218.00	
211101 Wages, Salaries & Consultancy					8,218.00
To reclassify DSA and Transportation wrongly posted in 211101					
Wrong posting Extract -2213 Rent					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
05/09/2022-010002	221304	01526989	General Revenue Account- Withheld tax of on other fees for April-1519	316.50	
Recommended Adjustment					
2221 Other Expense				316.5	
2213 Rent					316.5
To reclassify withholding tax for other fees wrongly posted in 221301					
Wrong posting Extract-221605 Office Material, Supplies & Consumables					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
08/02/2021-010008	221605	01329890	Office Ideas- Final payment for 12 computers for office use-PV#-857	18,300.00	
Recommended Adjustment					
3123 ICT Equipment				18,300.00	
2216 Office Materials					18,300.00
Reclassification of final Payment of 12 computer wrongly posted in Office Materials & Consumables					
Wrong Posting Extract-221903 Education					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
10/11/2021-	221904	01329909	Willie Sirleaf- Refund from		215.00

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Wrong posting Extract-2111 Wages					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
010016			staff training in Nigeria-889		
10/13/2021-010003	221904	01329917	Matus Sonody- Refund from staff capacity development training in Nigeria training-897		215.00
10/13/2021-010004	221904	01329919	James B. Kollie- Refund from staff capacity development training in Nigeria-899		195.00
10/13/2021-010005	221904	01329918	Flomo C. Pshorr- Refund from staff capacity development training in Nigeria-PV#-898		195.00
10/13/2021-010006	221904	01329909	Kpadebah Kollie- Refund from capacity development training in Nigeria-901		195.00
10/15/2021-010010	221904	01329916	D. Levi Kpenkpa- Refund from training in Nigeria-896		195.00
Recommended Adjustment					
221904 Education, Training and Related				1,210.00	
221101 Travel					1,210.00
To reclassify refunds of travel & DSA from Staff training wrongly posted in Education, Training and Related					
3122 Machinery, furniture & Transport Equipment					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
03/01/2022-010010	221105	01526294	Beever Company Inc- Payment for 50KVA generator for the PMU-1301	15,680.00	
04/04/2022-010001	221105	01526368	CONex Energy Liberia- Fuel for MOA generator for the period of 6 months-1389	9,189.60	
03/31/2022-010002	221105	01526355	Beever Company- Procurement & Installation of 50KVA generator for MOA generator-1378	26,307.05	
03/11/2022-010011	221105	01626310	Mohammed A. Kiazolu- Payment for wiring and connecting of 50KVA generator at MOA office-1322	630.00	
04/11/2022-010009	221105	01526392	Mohammed Kaizulu- Payment for the installation of 50 KVA generator at the PMU-1424	450.00	
2213 Rent					
03/11/2022-010014	221105	01526313	Alvino Hotel Inc- Hall rental and catering services during workshop-1325	3,292.80	
2217 Consulting, Advisory & Audit Service					
03/31/2022-010004	221105	01526359	CHris Tokpah- Final Payment of Stgakeholders Mapping consultant -1380	12,058.87	
03/18/2022-010002	221105	01526316	Chris Tokpah- 30%payment of consultancy fees upon submission of draft report-1327	8,039.25	
03/18/2022-	221105	01526317	Sisi Z. Subah- 25%	3,375.00	



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Wrong posting Extract-2111 Wages					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
010003			consultancy fees upon submission of inception report-1328		
RETRAP Expenditures					
12/01/2021-010016	221105	REC	RETRAP- Refund from RETRAP for expenditures during PPA		24,307.00
02/03/2022-010014	221104	bt-91-2-22	All RETRAP STAFF- transportation allowance for RETRAP CLFs-1245	7,010.00	
02/08/2022-010001	221104	Bt-93-2-22	All RETRAP STAFF- transportation allowance for RETRAP Senior staff 1247	3,200.00	
02/08/2022-010003	221105	01526246	General Revenue Account- Withheld tax on RETRAP consultants consultancy fees for Jan. fees-1248	4,767.42	
02/21/2022-010001	221105	Bt-96-2-2022	All RETRAP Staff- Payment of RETRAP- staff consultancies fees for Jan- 2022-1264	35,268.60	
02/22/2022-010001	221105	01526260	4G Printer - Payment for printing of RETRAP Financing Agreement-1266	4,320.00	
02/22/2022-010003	221105	01526262	Alex Tarpeh- Establishment of petty cash for RETRAP-1268	1,000.00	
03/01/2022-010001	221105	Bt-96-3-2022	All RETRAP STAFF- transportation , DSA and fuel for project implementation workshop-1291	15,960.20	
03/01/2022-010009	221105	01526293	Saksouk Shopping Center- Communication cards for RETRAP staff Jan. - March 2022 -1300	5,233.20	
03/11/2022-010001	221105	bt-103-3-2022	All Staff Transportation allowance for RETRAP field staff for March 2022	4,400.00	
03/11/2022-010010	221105	01526008	New Era Publication LTD- Payment for the publication of REOI for RETRAP recruitment-1321	960.00	
03/11/2022-010012	221105	01526311	Class Stationery & Mobile Center- Supply of computers, Printers and copier RETRAP-1323	77,292.60	
03/11/2022-010013	221105	01526212	Tech Hut Inc- Payment for Office supplies (RETRAP)-1324	3,847.36	
03/11/2022-010017	221105	01526307	Sunu Assurances - Comprehensive insurance coverage for RETRAP vehicle-1319	1,592.50	
03/18/2022-010001	221105	01526314	Joseph Lavela Saysay- 25% payment of consultacny fees for consultancy fees RETRAP-1326	3,375.00	
03/18/2022-010004	221105	01526321	Jackquelyn M. Benson- Transportation allowance for	1,200.00	



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Wrong posting Extract-2111 Wages					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
			RETRAP senior staff for March 2022-1329		
03/18/2022-010005	221105	Bt-105-3-2022	All RETRAP Staff- Payment of RETRAP staff consultancy fees for March 2022-1331	35,268.60	
03/23/2022-010003	221105	01526329	Master Links Media- Payment for printing of RETRAP Staff ID cards-1353	1,348.80	
03/29/2022-010002	221105	01526338	Planet P C Office Equipment & Furniture- Payment for the supply of RETRAP furnitures-PV#-1363	31,180.80	
03/31/2022-010006	221105	01526361	Cuttington University- 19% payment for data collection (Baseline survey for retrap)-1383	18,771.05	
03/31/2022-010007	221105	01526362	General Revenue Account-Withheld Tax on RETRAP consultants consultancy fees-1382	3,918.73	
04/05/2022-010003	221105	01526371	Prince Kor- Replenishment of pettycash for RETRAP-1392	953.50	
04/06/2022-010003	221105	01526374	Duke & Associates Construction- Payment for renovation of PMU offices-1398	5,359.89	
04/06/2022-010016	221105	01526390	United Motor Company- Procurement of 7 new cars for RETRAP vehicles-1413	297,773.00	
04/06/2022-010017	221105	01526363	General Revenue Account-Withheld tax RETRAP STAFF March consultancy fees-1397	3,918.73	
04/06/2022-010017	221105	01526363	General Revenue Account-Withheld tax RETRAPconsultants March consultancy fees-1397	2,983.13	
04/11/2022-010010	221105	01526393	James T. Moore- Salary advance for RETRAP program Officer-PV#-1425	500.00	
04/15/2022-010006	221105	01526410	P. Foltan Blasin- DSA for RETRAP farmers mobilization & sensitization mission-1440	1,280.00	
04/15/2022-010007	221105	01526411	Halala W. Kokulo- DSA for RETRAP- farmers mobilization & sensitization mission-1441	1,280.00	
04/15/2022-010008	221105	01526412	Melvin Willie- DSA for RETRAP farmers mobilization & sensitization mission-1442	1,280.00	
04/15/2022-010009	221105	01526413	Roosevelt C. Reeves- DSA for RETRAP farmers mobilization and sensitization mission-1443	960.00	
04/15/2022-010010	221105	01526414	Leeza Bright- DSA for RETRAP farmers mobilization mission-1444	1,280.00	
04/15/2022-	221105	01526416	Kona Mason- 16 days DSA	800.00	



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Wrong posting Extract-2111 Wages					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
010012			for RETRAP farmers mobilization mission-PV#-1446		
04/15/2022-010013	221105	01526417	Lawrence Maimah- DSA for RETRAP farmers mobilization mission-1447	600.00	
04/15/2022-010014	221105	01526406	Roland Teye- DSA for RETRAP farmers mobilization mission-1448	960.00	
04/15/2022-010015	221105	01526408	G. Moses Zolue- DSA and advance for fuel and other items for RETRAP mobilization mission-1449	21,526.00	
04/15/2022-010016	221105	01526418	Elijah Z. Peh- DSA for RETRAP farmers mobilization mission-1450	800.00	
04/18/2022-010006	221105	BT-1012/04/22	All RETRAP-STAFF-Payment of staff consultancy fees for April 2022-1504	45,807.21	
04/18/2022-010009	221105	bt-1013-3-2022	All RETRAP Staff- RETRAP staff transportation allowance for April 2022-1534	5,500.00	
05/09/2022-010002	221105	01526989	General Revenue Account-Withheld tax of on RETRAP Staff consultancy fees for April-1519	5,091.69	
05/19/2022-010001	221105	Rec. 012	MOA-RETRAP- Refund for expenditures undrewritten by STAR-P-		951,869.12
06/24/2022-010015	221105	016457703	Michael G. Johnson- Refund for payment of RETRAP intern-1617		150.00
06/24/2022-010016	221105	016445704	Samar Modad Bou Hussein- Refund of payment to RETRAP Intern-1618		300.00
08/23/2022-010006	221105	139	Sylvester W. Taylor- Payment of DSA and fuel for GIS training in CARI-		420.00
08/23/2022-010007	221105	139	Sylvester W. Taylor- Payment for fuel and DSA for RETRAP GIS training in Gbarnga-1370	420.00	
10/25/2022-010008	221105	BT-01	MOA-RETRAP-Refund to RETRAP-1983	1,161.84	
10/25/2022-010008	221105	BT-01	MOA-RETRAP-Refund to RETRAP-1983	2,172.24	
10/25/2022-010008	221105	BT-01	MOA-RETRAP-Refund to RETRAP-1983	803.52	
2215 Repairs & Maintenance					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
03/22/2022-010002	221105	01526320	Duke & Associate Engineering & Construction Com.- 70% payment for office renovation-1345	15,261.88	
Recommended Adjustment					



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Wrong posting Extract-2111 Wages					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
			3122 Machinery, furniture & Transport Equipment	52,256.65	
			2213 Rent	3,292.80	
			2217 Consulting, Advisory & Audit Service	23,473.12	
			RETRAP Expenditures	968,193.00	
			2215 Repairs & Maintenance	15,261.88	
			2211 Travel		1,062,477.45
Reclassification of Transactions wrongly posted in 221101-Travels					
2211 Travel				968,193.00	
RETRAP Expenditures					968,193.00
Reclassification of Transactions wrongly posted in 221101-Travels					
Wrong Posting Extract-222308 Insurance & Other Charges					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
09/09/2022-010009	222308	01693230	Lonestar Communications Corp.- Payment for toll free short code lines for GRM purpose-1896	1,552.82	
09/09/2022-010009	222308	01693230	Lonestar Communications Corp.- Payment for toll free short code lines for GRM purpose-1896	2,903.25	
09/09/2022-010009	222308	01693230	Lonestar Communications Corp.- Payment for toll free short code lines for GRM purpose-1896	1,073.93	
09/09/2022-010010	222308	01693229	Orange Liberia- Payment for toll free short code lines for GRM-1887	1,207.44	
09/09/2022-010010	222308	01693229	Orange Liberia- Payment for toll free short code lines for GRM-1887	2,257.50	
09/09/2022-010010	222308	01693229	Orange Liberia- Payment for toll free short code lines for GRM-1887	835.06	
Recommended Adjustment					
2212 Utilities				9,830.00	
222306 Insurance & Other Charges					9,830.00
To correct Misclassification of Transaction					
Incorrect Accounting Extry-261110 SME Grant					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
08/31/2021-010024	261110	Reversal	Reversal of amount for 15 uncollected cheques for Stimulus grant issued in Jan. 2021		11,010.00
Recommended Adjustment					
Cash in Bank Opening balance (T the same cash accounting in which the original entry was posted)					11010
Correction of opening cash balance for the reversal of expenditure reported in prior period					
Incorrect Accounting Treatment for Receipt of Insurance claims on burnt vehicle Extract- 312201					



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Wrong posting Extract-2111 Wages					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
Machinery, Furniture & Transport Equipment					
Date-Order Number	S/Account	Voucher Number	Description	Debit	Credit
09/14/2021-010005	312201	1111	Sunu Assurances- Refund from insurance company for burnt vehicle		23,541.61
Recommended Adjustment					
312201 Machinery				24,541.61	
Receipts					24,541.61
Correction of wrong accounting treatment of insurance payment for claims on burnt vehicle					

