



Management Letter

On the Financial Statement Audit of the Rural Community Finance Project (RCFP)

For the Year January 1, 2022 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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ACRONYM

| Acronym/Abbreviation/Symbol | Meaning |
|------------------------------------|--|
| AA | Administrative Assistance |
| AG | Auditor General |
| ACCA | Association of Chartered Certified Accountant |
| AWPB | Annual Work Plan and Budget |
| CBL | Central Bank of Liberia |
| COSO | Committee of Sponsoring Organizations of the Treadway Commission |
| CPA | Certified Public Accountant |
| CQS | Consultant Qualification Selection |
| DSA | Daily Sustenance Allowance |
| FC | Financial Comptroller |
| GAC | General Auditing Commission |
| IFAD | International Fund for Agriculture Development |
| ICB | International Competitive Bidding |
| ICS | Individual Consultant Selection |
| ITB | Invitation to Bid |
| ISSAI | International Standards of Supreme Audit Institutions |
| JRCPV | Journal Cash Payment Voucher |
| JV | Journal Voucher |
| LCS | Least Cost Selection |
| LRA | Liberia Revenue Authority |
| MOA | Ministry of Agriculture |
| NCB | National Competitive Bidding |
| PC | Project Coordinator |
| PIU | Project Implementation Unit |
| RCFI | Rural Community Finance Institution |
| RCFP | Rural Community Finance Project |
| RFQ | Request for Quotation |
| RL | Republic of Liberia |
| TA | Travel Authorization |
| TASU | Technical Assistant and Supervision Unit |
| US\$ | United States Dollars |

June 29, 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 Rural Community Finance Project (RCFP) for the Financial Year January 1, 2022 to December 31, 2022.

The financial statements of the Rural Community Finance Project (RCFP) are subject to audit by the Auditor-General in terms of Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as in accordance with the Term of Reference of the Project Financing Agreement.

Introduction

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

An audit includes:

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

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

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

*Management Letter on the Financial Statement Audit of the
Rural Community Finance Project (RCFP)
For the Year January 1, 2022 to December 31, 2022*

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

The audit findings that 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 IFAD 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 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Irregularities Associated with Travel

Observation

- 1.1.1.1 Section 6.3 paragraph 314 of the Finance and Administrative Procedures Manual requires that expenditure is incurred by the project at three different levels: (i) at the level of the PIU, (ii) at the Level of TASU and, (iii) at the level of CBL. At each of these levels project expenditures are initiated by a request prepared/signed by the requesting staff and indicating the nature of the expenditure and other relevant information, the amount, AWPB activity, and the transaction coding. Expenditure requests may take the form of a purchase requisition (for the procurement of goods, works or services), a request for temporary assistance (for the engagement of temporary personnel or individual consultants), the monthly payroll statement (for the salaries of PIU staff) or a travel authorization (for official missions).
- 1.1.1.2 Additionally, Chapter 2.6 paragraph 81 of the Finance and Administrative Manual requires that the total amount of the DSA will be given to the traveler by check before departure, and reported in the second part of the Travel Authorization (TA) along with the date and reference of the payment. Once the arrangements are completed and payments are made, the traveler 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 traveler is given the original along with the air ticket and hotel details (if applicable). For in-country travel, the traveler must have the original TA signed and stamped upon arrival and departure by the head of each entity visited, as proof of their travel.
- 1.1.1.3 During the audit, we observed that PIU Management transferred the amount of US\$14,320.00 to CBL as DSA advances for dissemination of training facilitation/workshop conducted for six RCFIs on CBL regulation threshold in the Counties without evidence of an approved Travel Authorization (TA). **See Annexure 1 for details.**
- 1.1.1.4 We further observed there was no evidence of an approved Travel Authorization (TA) for foreign travel in the amount of US\$5,720.00. **See table 1 below for details.**

Table 1: Irregularity Associated with Travel Authorization

| No. | Date | Payee | Description | Voucher No. | Check No. | Amount (USD) |
|-----|------------|------------------------|---|-------------|-----------|--------------|
| 1. | 6/10/2021 | Christopher S. Wallace | DSA for six nights in Nairobi, Kenya at \$260 for international training on the implementation of the RCFP II | PV-38 | 00000057 | 1,560.00 |
| 2. | 6/10/2021 | Alieu Bayouh | DSA for six nights in Nairobi, Kenya at \$260 for international training on the implementation of the RCFP II | PV-34 | 00000053 | 1,560.00 |
| 3. | 10/13/2021 | Christopher | DSA for six nights in Nairobi, | PV-44 | 00000063 | 1,300.00 |

| No. | Date | Payee | Description | Voucher No. | Check No. | Amount (USD) |
|--------------|------------|--------------|---|-------------|-----------|-----------------|
| | | Wallace | Kenya at \$260 for international training on the implementation of the RCFP II | | | |
| 4. | 10/13/2021 | Alieu Bayouh | DSA for six nights in Nairobi, Kenya at \$260 for international training on the implementation of the RCFP II | PV-43 | 00000062 | 1,300.00 |
| Total | | | | | | 5,720.00 |

Risk

- 1.1.1.5 The legitimacy of travel expenditure may be impaired, in the absence of the approved authorization.
- 1.1.1.6 Disbursement of travel expenditure to staff without an approved Traveling Authorization (TA) may lead to misappropriation of project funds.

Recommendation

- 1.1.1.7 Management should facilitate the approval of all Travel Authorization Forms before payments are made to staff.
- 1.1.1.8 Evidence of approved Travel Authorization Forms including retirement records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.9 *The PIU ensures that Travel Authorizations are prepared and approval for project staff traveling. However, the travel reference in the above were made by the CBL staff paid from advances made to CBL. During the review of expenditure documents submitted by the CBL, the project was made to understand that at CBL travels are approval memo.*

Auditor General's Position

- 1.1.1.10 Management's assertion that "During the review of expenditure documents submitted by the CBL, the project was made to understand that at CBL travels are approval memo" is not consistent with Chapter 2.6 paragraph 81 of the Finance and Administrative Manual and not supported by documentary evidence. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.2 No Receiving and Inspection Report

Observation

- 1.2.1.1 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 (RIR – see model in Annex 5.1), 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.

- 1.2.1.2 During the audit, we observed that PUI Management made payments amounting to US\$34,642.00 without evidence of a Receiving and Inspection Report (RIR). **See table 2 below for details.**

Table 2: No Receiving and Inspection Report for the below transactions

| No. | Date | Payee | Description | Voucher No. | Check No. | Amount (US\$) |
|--------------|---------------|-----------------------|--|-------------|-----------|------------------|
| 1 | Mar- 23, 2022 | Master Trading Center | Payment to Master Trading Center for the supplied of ten pieces of Tyre/RCFP 2 vehicle | 631 | 01245891 | 2,500.00 |
| 2 | Sept-23-2022 | INFOZY INC | Payment to INFOZY INC. for the supplied and Installed CCTV at 12 RCFIs | 864 | 01675276 | 32,142.00 |
| TOTAL | | | | | | 34,642.00 |

Risk

- 1.2.1.3 In the absence of Receiving and Inspection Report, the completeness, existence and accuracy of goods procured and received may not be assured.
- 1.2.1.4 Actual goods procured may not be received or the quality of goods received may not be consistent with approved specifications.

Recommendation

- 1.2.1.5 Management should ensure that the Receiving and Inspection Report is prepared for all goods procured to validate the completeness and existence of the transactions.
- 1.2.1.6 Evidence of approved Receiving and Inspection Report including all purchases related records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.1.7 *The CCTV supply contract was delivery and installation contract; therefore, these items were delivered and installed at different location of Rural Community Finance Institution (RCFI) and therefore was not feasible to prepare Receiving and Inspection Report from the central office. To ensure these goods were delivered and stalled management requested confirmation from all the RCFIs as evidence of delivery and inspection before to the vendor.*

Auditor General's Position

- 1.2.1.8 Management's assertion that it was not feasible to prepare Receiving and Inspection Reports from the central office, impairs the conduct of detailed inspection of goods before acceptance; and is inconsistent with Section 5.9 paragraph 273 of the Finance and Administrative Procedures Manual. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3 Irregularity Associated with Procurement/Service Contract

Observation

- 1.3.1.1 Section 5.7 paragraph 262 of the Financial Procedure Manual states that "For services provided by consulting firms (procured through an RFP), a service contract is issued using the model in Annex 5.i. The contract must include:

- A description of the nature and scope of the services (the ToR must be annexed to the contract)
- A reference to the technical proposal of the supplier
- A description of resources to be made available by the supplier (human, material, etc.)
- The general conditions of execution of the contract
- The list of expected outputs (e.g. intermediary and final report) and delivery dates
- The cost of services and reimbursable expenses (with a reference to the proposal submitted by the supplier)
- The procurement modalities for any assets and equipment needed in the performance of the contract
- A clause on the ownership of data produced, copyrights and assets acquired during the execution of the contract
- Payment terms (expense claims, supporting documents, financial reports, etc.)
- Payment schedule (deliverables, amounts and dates of invoicing).

- 1.3.1.2 The model in Annex 5.i is for lump sum service contracts. A different model is used for consulting contracts with time-based payments.

- 1.3.1.3 During the audit, we observed that CBL disbursed funds amounting to US\$14,480.00 to Banking Institution of Liberia, M&Y Enterprise and Cerra Automotive without evidence of service contracts as prescribed in Section 5.7, paragraph 262 of the Financial Procedure Manual. **See table 3 below for details.**

Table 3: Irregularity Associated with Procurement/Service Contract

| No. | Date | Payee | Description | Voucher No. | Check No. | Amount (US\$) |
|-----|---------------|------------------|--|-------------|-----------|---------------|
| 1 | June 14, 2022 | Cerra Automotive | Car rental services to six RCFIs in Gbarpolu, RiverGee, and Rivercess. -(May 5, 2021) 15,265.44 | JV-217 | 00000004 | 3,850.00 |
| 2 | June 14, | M & Y | Car rental for 15 days to eight | JV-217 | 00000076 | 3000.00 |

| No. | Date | Payee | Description | Voucher No. | Check No. | Amount (US\$) |
|--------------|---------------|---------------------------------------|---|-------------|-----------|------------------|
| | 2022 | Enterprise | counties on the assessment of the RCFP implementation on TASU (22/11/2021) 17,083.44 | | | |
| 3. | June 14, 2022 | Banking Institute of Liberia- | Cost of two weeks professional training and workshop for staff of RSD. (Oct. 1, 2021) 4,000.00 | JV-217 | 00000051 | 4,000.00 |
| 4. | June 14, 2022 | Cerra Automotive- 3,630.00 (5/5/2021) | Car rental services to six RCFI in Lofa and Nimba Counties for 11 days Oct. 19, 2021 (5,475.00) | JV-217 | 00000003 | 3,630.00 |
| Total | | | | | | 14,480.00 |

Risk

- 1.3.1.4 In the absence of a valid service contract, there may be no clearly defined terms and agreement to regulate the business relationship of the contractor and contractee thereby impairing the achievement of value for money.
- 1.3.1.5 The vendor may be arbitrarily selected leading to hike in price, reduction in quality and an undefined implementation period.
- 1.3.1.6 In the absence of a valid contract, dispute arising from contract performance issues may not be easily adjudicated in a public court of competent jurisdiction.

Recommendation

- 1.3.1.7 Management should provide copy of the contracts entered into with the service providers.
- 1.3.1.8 Going forward, Management should ensure that procurement processes leading to the hiring of a service provider are duly followed. All contracts subsequently signed should be adequately documented and filed to facilitate future review.
- 1.3.1.9 Further, Management should ensure that the terms and conditions of the contracts are fully implemented, monitored and evaluated on a consistent basis.

Management's Response

- 1.3.1.10 *Recommendation Noted.*

Auditor General's Position

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

1.4 Project Deliverable not Fully implemented as per Approved Timeline

Observation

- 1.4.1.1 Under the Presentation of the Project, the Financial Procedures Manual states that "The project will benefit economically active rural population (petty traders, smallholder farmers, food processors, local transporters, craftsmen and artisans, as well as ex-combatants) who demonstrate interest and willingness to expand their economic activities. Special attention will be given to women and youth in both on-farm and off-farm activities, and micro and small-scale entrepreneurs. The Project directly target 24,000 individual / 23,000 households, at least 50% of women and 25% youth, equally divided between female and male youth.
- 1.4.1.2 During the audit, we observed that the following project deliverables were not achieved as at the closure of project activities on December 31, 2022:
- 14,054 individuals benefited from the project compare to the approved target of 24,000 which constitute 59% achievement.
 - TASU was unable to build the required capacity of the 12 existing RCFIs relative to the preparation and maintenance of a comprehensive financial management system, preparation of periodic progress reports and monitoring and evaluation of the profitability of the RCFIs.
 - TASU was unable to create the required 10 additional RCFIs in marginalized areas in Liberia.
 - The second promotional shares valued at US19,633.00 was not disbursed to the 12 existing RCFIs by the PIU. **See table 4 below for details.**

Table 4

| Name of RCFI | Shares Purchased | Matching Shares | Value Per Shares | SMG |
|--------------|------------------|-----------------|------------------|--------------|
| | | <i>A</i> | <i>B</i> | <i>C=A*B</i> |
| Totota | 186 | 297 | \$5 | \$1,485 |
| Zorlayea | 618 | 797 | \$5 | \$3,985 |
| Kolahun | 1,518 | 610 | \$5 | \$3,050 |
| Foya | 388 | 643 | \$5 | \$3,215 |
| Gbarpolu | 303 | 259 | \$5 | \$1,295 |
| Rivercess | 64 | 111 | \$5 | \$555 |
| Sinoe | 129 | 77.5 | \$5 | \$388 |
| Grand Kru | 557 | 670 | \$5 | \$3,350 |
| River Gee | 92 | 133 | \$5 | \$665 |
| Nimba | 79 | 113 | \$5 | \$565 |
| Gbehlay Geh | 0 | 0 | \$5 | \$0 |
| Tappita | 139 | 216 | \$5 | \$1,080 |

| Name of RCFI | Shares Purchased | Matching Shares | Value Per Shares | SMG |
|--------------|------------------|-----------------|------------------|-------------------|
| Total | 4,073 | 3,926.5 | | \$19,632.5 |

Risk

- 1.4.1.3 The objectives of the project may not be achieved.
- 1.4.1.4 In the absence of effective capacity to sustain the operations of the RCFIs, the going concern/sustainability of the RCFIs may not be assured.

Recommendation

- 1.4.1.5 Management should provide substantive justification for not achieving the full objectives of the project; that is, meeting the required number of beneficiaries and building the required capacity support relative to financial management, periodic reporting and assessment of profitability.
- 1.4.1.6 Going forward, Management should ensure that proper coordination, monitoring and evaluation of the project are implemented periodically during execution of the project. Gaps identified should influence realignment of future project activities in order to achieve overall project objectives.

Management’s Response

- 1.4.1.7 *The PIU did not transfer the second funds to RCFIs for the second batch of promotional shares because validation late reach the PIU until end of December when the project had complete. Transferring funds for implementation after project completion date would have violated the Financing covenant and rather said payment ineligible.*

Auditor General’s Position

- 1.4.1.8 Management did not adequately address the issues raised. Going forward, Management should enhance its monitoring and evaluation activities to ensure strategies are employed to meet timely completion of project deliverables. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.5 Irregularity Associated with Financial Reporting

Observation

- 1.5.1.1 Section 6.4 paragraph 334, Sub-section 5 and 9 of the Financial Procedures Manual states that “The size of the advance should be equal to cover 3 or maximum 6 months average expenditures as defined in the AWPB and stipulated in the Contract with them. The advance will be replenished by the PIU upon receipt of monthly replenishment requests by the TASU or CBL.” Further, the amount to be replenished will be based on the amount that has been duly justified. If the supporting documentation for an item is missing this amount will be deducted from the replenished amount, but may be paid as part of the next replenishment

once the supporting documentation has been provided. Any amounts determined as ineligible due to lack of supporting documentation or other reason, TASU or CBL must refund this amount to the PIU.

- 1.5.1.2 During the audit, we observed that transactions amounting to US\$80,948.34 were reported in the financial statements as expenditure for the period under audit. However, our analysis of expenditure report for the related transactions revealed that expenditures were actually incurred between May to November 2021. **See Annexure 2 for details:**

Risk

- 1.5.1.3 Expenditures and subsequently the financial statements may be misstated (overstated).

Recommendation

- 1.5.1.4 Management should provide substantive justification for recognizing prior period expenditure in current reporting period.

- 1.5.1.5 Going forward, Management should ensure that all expenditures are recognized during the actual period of occurrence. The bank statements should be used to determine actual expenditure for a given reporting period.

Management's Response

- 1.5.1.6 *The PIU advanced this amount to CBL for operation and recorded it as Advance which was included in the 2021 closing cash balance of the TCEP Financial Report. Under the cash basis of accounting, this is considered as expenditure when it is retired. Therefore, it could not be recognized as expenditure in the period incurred.*

Auditor General's Position

- 1.5.1.7 Management's assertion "Under the cash basis of accounting, this is considered as expenditure when it is retired. Therefore, it could not be recognized as expenditure in the period incurred" is not supported by IPSAS Cash Basis of Accounting.

- 1.5.1.8 IPSAS Cash Basis (2017) 1.2.2 The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the entity. Financial statements prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is balances of cash and changes therein. Notes to the financial statements may provide additional information about liabilities, such as payables and borrowings, and some non-cash assets, such as receivables, investments and property, plant and equipment.

- 1.5.1.9 Management should therefore had recognized the advances as expenditure and disclosed in the notes to the financial statements that the disbursement was due to be retired by the CBL consistent with the standards. Therefore, we maintain our finding and recommendations.

1.6 Fixed Assets Irregularities

Observation

1.6.1.1 Section 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 (see details in paragraph 177)
- Financier

1.6.1.2 The assets register and individual asset cards may be printed at any time.

1.6.1.3 During the audit several anomalies were noted with the maintenance and management of RCFP fixed assets. We observed the following discrepancies:

- The condition of some fixed assets observed during our verification exercise were not updated in the fixed assets register. **See table 6b below for details.**

Table 6b: Assets Condition not Updated in the Fixed Assets Register

| No. | Location | Condition | Item | Coding | Cost In US\$ |
|--------------|---------------|-----------|-----------------------------------|------------------------------------|-----------------|
| 1 | ZORLAYEA RCFI | Damaged | Laptop Computer Intel core i7,8GB | RCFP/IFAD/LAPTOP.COM/015 | 1,400.00 |
| 2 | ZORLAYEA RCFI | Damaged | UPS APC 650VA | RCFP/IFAD/UPS/008 | 145.00 |
| 3 | ZORLAYEA RCFI | Damaged | ACER PROJECTOR | RCFP/IFAD/PRO/ZOR/011 | 1,175.00 |
| 4. | TAPPITA RCFI | Damaged | Three Seated metal Chair | RCFP/IFAD/RCFI/V.CHAIR/046 | 275.00 |
| 5. | TAPPITA RCFI | Damaged | Three Seated metal Chair | RCFP/IFAD/RCFI/V.CHAIR/046 | 275.00 |
| 6. | FOYA RCFI | Damaged | Cash Counting Machine No:5800 | RCFP/IFAD/RCFI/CSH/COUNT.MATCH.006 | 500.00 |
| Total | | | | | 3,770.00 |

1.6.1.4 Additionally, we observed no movement of assets log to account for movement of assets from one location to the other and fixed assets within the given vicinity were not displayed as required by PFM Act. Fixed assets were also not periodically verified.

Risk

- 1.6.1.5 Assets may be damaged or impaired but their values are still on the books.
- 1.6.1.6 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.6.1.7 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.

Recommendation

- 1.6.1.8 The Fixed Assets Register should be updated periodically to reflect all entity's assets.
- 1.6.1.9 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.
- 1.6.1.10 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM.
- 1.6.1.11 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of asset.

Management's Response

- 1.6.1.12 *Management regularly update fixed assets register when new assets are acquired and conduct periodic fixed assets count once a year at which time the condition and location of the project asset are known and adjusted. During the verification exercise of the fixed assets by the auditor, there was an ongoing training and the vehicles were in the field and staff also took along their laptops. However, the assets are available for verification.*

Auditor General's Position

- 1.6.1.13 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.

ANNEXURE

Annexure 1: Irregularity Associated with Travel Authorization

| No. | Date | Payee | Description | Voucher No. | Check No. | Amount |
|-----|------------|---------------------|--|-------------|-----------|----------|
| 1. | 11/22/2021 | Wynston Jallah | DSA for 13 days the dissemination and training facilitation of six RCFIs on CBL Regulation threshold | PV-60 | 00000074 | 1,200.00 |
| 2. | 8/17/2021 | Adullah Molley | DSA for 13 days the dissemination and training facilitation of six RCFIs | PV-27 | 00000045 | 1,040.00 |
| 3. | 08/17/2021 | Wynston A. Jallah- | DSA for 13 days the dissemination and training facilitation of six RCFIs | PV-28 | 00000049 | 1,040.00 |
| 4. | 08/17/2021 | Balal O. Kanneh | DSA for 13 days the dissemination and training facilitation of six RCFIs | PV-26 | 00000048 | 1,040.00 |
| 5. | 08/17/2021 | Joserh N. Mulbah | DSA for 13 days the dissemination and training facilitation of six RCFIs | PV-29 | 00000047 | 1,040.00 |
| 6. | 10/19/2021 | Wynston A. Jallah | DSA for 13 days the dissemination and training facilitation of six RCFIs | PV-50 | 00000069 | 680.00 |
| 7. | 10/19/2021 | Adullah D. Molley | DSA for 13 days the dissemination and training facilitation of six RCFIs | PV-54 | 00000068 | 680.00 |
| 8. | 11/22/2021 | Joseph N. Mulbah | DSA for 13 days the dissemination and training facilitation of six RCFIs | PV-59 | 00000075 | 1,200.00 |
| 9. | 5/6/2021 | Hans A. D. Andreson | DSA for 10 days for the facilitation of training workshop for 3 RCFIs. | PV-5 | 00000006 | 800.00 |
| 10. | 5/6/ 2021 | Hans A. D. Andreson | DSA for 10 days for the facilitation of training workshop for 3 RCFIs. | PV-12 | 00000007 | 800.00 |
| 11 | 5/6/2021 | Joseph N. Mulbah | DSA for 10 days for the facilitation of training workshop for 3 RCFIs. | PV-6 | 00000008 | 800.00 |
| 12 | 5/6/2021 | Nyan M. Kofa | DSA for 10 days at \$80 for the facilitation of training workshop | PV-8 | 00000010 | 800.00 |
| 13. | 5/6/2021 | Nyan M. Kofa | DSA for 10 days at \$80 for the facilitation of training workshop | PV-9 | 00000011 | 800.00 |
| 14. | 5/6/2021 | Wynston A. Jallah | DSA for 10 days at \$80 for the facilitation of training workshop | PV-12 | 00000012 | 800.00 |
| 15. | 5/6/2021 | Wynston A. Jallah | DSA for 10 days at \$80 for the facilitation of training workshop | PV-13 | 00000012 | 800.00 |
| 16. | 5/6/2021 | Joseph N. Mulbah | DSA for 10 days at \$80 for the facilitation of training | Pv-7 | 00000022 | 800.00 |

Management Letter on the Financial Statement Audit of the
Rural Community Finance Project (RCFP)
For the Year January 1, 2022 to December 31, 2022

| No. | Date | Payee | Description | Voucher No. | Check No. | Amount |
|--------------|------|-------|-------------|-------------|-----------|------------------|
| | | | workshop | | | |
| Total | | | | | | 14,320.00 |

Annexure 2: Irregularity Associated with Financial Reporting

| No. | Date | Voucher No. | Description | Payee | Amount |
|--------------|------------|-------------|---|---|------------------|
| 1. | 6/5/2021 | JV-217 | RETIREMENT OF ADVANCE TO CBL FOR ROUND TABLE DISCUSSION ON RCFI & MDs REGULATIONS | Hans A.D. Anderson -1600.00 and Joseph N. Mulbah -800.00 | 2,400.00 |
| 2. | 01/10/2021 | JV-217 | RETIREMENT OF ADVANCE TO CBL FOR CAPACITY BUILDING OF CBL SUPERVISION TRAINING | Banking Institution of Liberia | 4,000.00 |
| 3. | 6/5/2021 | JV-217 | RETIREMENT OF ADVANCE TO CBL FOR STUDY TOUR OF CBL STAFF | M&Y Enterprise -3,238.00 Wynston Jallah -2,920.00 Abdullah Molley -3238.00 Total Liberia -1475.15 Balal Q. Kanneh – 1040.00 Joseph N. Mulbah – 2240.00 Cerra Automotive – 3850.00 | 17,083.15 |
| 4. | 9/6/2021 | JV-217 | RETIREMENT OF CBL EXPENDITURE ON INTERNATIONAL TRAINING OF CBL STAFF | Nyan M. Koffa – 3,320.00 Abdullah Molley – 6,997.00 Darlington S. Boyce – 3,302.00 Hans A. D. Anderson – 3302.00 Joseph N. Mulbah – 3302.00 Wynston A. Jallah – 3302.00 Selina M. Keagon – 585.00 Christopher S. Wallace – 3095.00 Alieu Bayouh – 4395.00 Passion Angel Johnson Dayocollins – 4020.00 | 36,679.75 |
| 5. | 05/05/2021 | JV-217 | RETIREMENT OF ADVANCE TO CBL ON TRAINING OF RCFI STAFF ON NEW BANK REGULATION | Cerra Automotive – 3,630.00 Nyan M. Koffa -1600.00 Joseph N, Mulbah -800.00 Total Liberia – 746.44 Wynston A. Jallah – 1600.00 | 15,265.44 |
| 6. | 05/05/2021 | JV-217 | RETIREMENT OF ADVANCE TO CBL FOR ROUND TABLE DISCUSSION ON RCFI & MDs REGULATIONS | M & Y Enterprise | 5,475.00 |
| | 25/11/2021 | JV-217 | CBL Bank Charges | CBL | 45.00 |
| TOTAL | | | | | 80,948.34 |

2 STATUSES ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION

Recommendations conveyed during financial statement audit of Rural Community Finance Project (RCFP) for the special period ended December 31, 2021 are yet to be implemented and implemented by Management of the PIU as indicated in the Table below:

Prior-year audit matters not implemented

| No. | Findings | Description of Recommendation | Source (paragraphs) | Management's Response | Auditor General's Position | Status of recommendation | Activities performed | Outstanding activities |
|-----|--|---|-----------------------------------|---|---|--------------------------|---|------------------------|
| 1 | Payment without Valid Business Registration Certificate and Tax Receipts | Management should ensure that for all transactions involving procurement of goods and services, valid Business Registration and Tax Clearance Certificates should be obtained as required by Part V 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010. Evidence of valid Business Registration and Tax Clearance certificates should be adequately documented and filed to facilitate future review. | 1.1.1.1.2 - 1.1.1.1.4 & 1.1.1.1.5 | Based on the remote location of the RCFIs that had the AGM and given the amounts involve, payment for catering services were done directly to the RCFIs who arranged for the cooking with receipts issued. Going forward valid business certificate and updated valid tax clearance will be obtained. | We acknowledge Management's acceptance of our finding and recommendation. We will make a follow-up during subsequent audit. | Done | Management approved payment only for vendors with valid Business Registration Certificate and Tax Clearance | |

Management Letter on the Financial Statement Audit of the Rural Community Finance Project (RCFP) For the Year January 1, 2022 to December 31, 2022

| No. | Findings | Description of Recommendation | Source (paragraphs) | Management's Response | Auditor General's Position | Status of recommendation | Activities performed | Outstanding activities |
|-----|--|---|--------------------------------------|---|---|--------------------------|---|---|
| 2 | No Evidence of Receiving and Inspection Report | It was observed during the period under audit that the PIU Management made payments for the supplies of vehicle tires as well as supply and installation of solar panel and accessories amounting to US\$ 176,081.00 without evidence of a Receiving and Inspection Report (RIR). | 1.1.2.2 - 1.1.2.5 & 1.1.2.6 | Recommendation acknowledged. The Solar panels and installation were done at the RCFIs premises. For the supply of the 10 pieces of Safe, payment was made on February 4, 2022 with Receiving and Inspection Report prepared and attached. | We acknowledge Management's acceptance of our findings and recommendation. We will make a follow-up during subsequent audit. On the supply of the 10 pieces of Safe, the transaction date reported in the general ledger provided by Management is October 5, 2021. Therefore, we maintain our findings and recommendations. | Done | Receiving and Inspection Report forms are prepared and approved | Management did not prepare Receiving and Inspection Report for goods that were delivered at the RCFIs. |
| 3 | Fixed Assets Irregularities | During the audit several anomalies were noted with the maintenance and management of RCFP fixed assets. We observed the following discrepancies: <ul style="list-style-type: none"> fixed assets procured by Management | 1.1.3.3 - 1.1.3.6, 1.1.3.7 & 1.1.3.8 | Recommendation acknowledged. The motor bikes in the Fixed Assets Register that could not be verified by the auditor were in the field at the time of visit. For the Motor Bikes assigned to Gbarpolu RCFI and Laptop computer for | We acknowledge Management's acceptance of our findings and recommendations for fixed asset not found during the verification exercise. Fixed assets reported stolen should be removed from the Fixed Asset Register. We will | Pending | Management could not implement this recommendation because the project was ending. Therefore, the was no need for recruiting staff for a project that has been asked to scale | Due to the bad road condition during the rainy season, management has not been able to conduct physical count. Plans are on the way carry out |

Management Letter on the Financial Statement Audit of the Rural Community Finance Project (RCFP) For the Year January 1, 2022 to December 31, 2022

| No. | Findings | Description of Recommendation | Source (paragraphs) | Management's Response | Auditor General's Position | Status of recommendation | Activities performed | Outstanding activities |
|-----|----------|---|---------------------|---|---|--------------------------|--------------------------|--------------------------------------|
| | | <p>during the period under audit were not recorded in the Fixed Asset Register. See annexure 1 for details.</p> <ul style="list-style-type: none"> fixed assets valued at US\$ 19,590.00 recorded in the fixed assets register could not be verified. See table 4 below for details. The condition of some fixed asset as observed during the verification exercise were not updated in the fixed asset register. | | <p>Gbehlay-Geh RCFI, were reported stolen (See IA and CBL reports).</p> <p>Most of the Fixed Assets are found on the fixed assets Register contrary to Annexure 1. For table 6, all assets conditions and locations of project assets are reflected in the fixed asset Register.</p> <p>Due to bad road conditions during the rainy season, management could not conduct physical verification but, Plans are on the way to carry on this exercise in October 2022.</p> | <p>make a follow-up on the implementation of our recommendations during subsequent audit.</p> <p>Also, Management adjustment of the fixed asset register after our findings does not guarantee Management effective control of document management. Further, our review of the updated fixed asset register revealed that the below listed assets were still not recorded in the register. Therefore, we maintain our findings and recommendations.</p> | | <p>down it staffing.</p> | <p>said exercise in October 2022</p> |