

REPORT OF THE AUDITOR-GENERAL



On The Guthrie Rubber Plantation

For the Period 1 January 2006 – 31 December 2008

John S. Morlu, II
Auditor-General, R.L

April 20, 2011

TRANSMITTAL LETTER

REPORT OF THE AUDITOR-GENERAL ON THE GUTHRIE RUBBER PLANTATION FOR THE PERIOD 1 JANUARY 2006 – 31 DECEMBER 2008

1. I am pleased to issue this report. This is the first audit I have commissioned on the financial operations of the Guthrie Rubber Plantation which was managed by two Interim Teams, the Rubber Planters Association of Liberia (RPAL) and Lodean C. Teage of the Liberia Rubber Development Authority (LRDA). This audit was conducted on the accounts of the Guthrie Rubber Plantation for three (3) years (1 January 2006 – 31 December 2008).
2. As indicated in the methodology segment of this report, all significant control deficiencies and material weaknesses were duly communicated to the two Interim Management Teams, the Rubber Planters Association of Liberia (RPAL) and Lodean C. Teage of the Liberia Rubber Development Authority, formerly the Liberia Rubber Development Unit and former Agriculture Minister, J. Chris Toe for their responses. Where responses were provided, they were evaluated and incorporated in this report verbatim. The Auditor General's Position analyzed and evaluated responses received, noting instances where documentary evidence, material justifications and substantive authority were not provided to cure the deficiencies noted.
3. Several structural and governance challenges were noted during the course of the audit. The former Minister of Agriculture, J. Chris Toe headed the Rubber Taskforce. He dominated decision-making. He did not ensure that effective internal controls over financial management of the Guthrie Rubber Plantation were in place to protect the financial resources against fraud, waste and abuse.
4. The contract with the Rubber Planters Association of Liberia (RPAL) was not signed by the Ministers of Justice and Finance, as required by the agreement. The contract was signed only by the former Minister of Agriculture, Chris Toe and the President of RPAL, Keith K. Jubbah who was also Chairman of the PPCC. As Chairman of the PPCC and President of the Rubber Planters Association of Liberia, Keith K. Jubbah was directly engaged in conflict of interest, a breach of Section 131 of the PPC Act, 2005.
5. Former Minister J. Chris Toe also breached the term of the contract provision when he removed the RPAL from the Guthrie Plantation on 22 January 2008 contrary to the provision of the contract that stipulated a one hundred and twenty days notice. Again, former Agriculture Minister Toe unilaterally initiated and signed the contract without the inputs of

the Ministers of Finance and Justice. He also executed and terminated the contract and thereafter hired his subordinate, Lodean C. Teage to manage the Plantation.

6. It is indicated in the report that Former Minister Toe unilaterally terminated the RPAL's supervision of the Plantation against a standing Board's resolution. He stated, among other things, that his action to remove the RPAL Team from Guthrie Plantation was in the interest of **national security** and stability in keeping with his authority as Chairman of the Rubber Taskforce. Though, it is indisputable that J. Chris Toe was the Chairman of the Rubber Taskforce, it is instructive to note that he was just one person among several other members serving on this Taskforce. By this, it was important that decisions should have been made by the Taskforce.
7. His abrupt and unilateral termination of the Contract with the RPAL and subsequent replacement with the Head of LRDA, made it difficult to establish all of the assets acquired by RPAL for the plantation. As noted, there was no turning over report. Therefore, I could not establish assets acquired by the Teage's Administration and those acquired by the RPAL.
8. Former Minister Toe contended, "*Does the GAC know the difference between meaningless piece of paper and a Board resolution? The resolution you refer to is nothing than a bogus document.*" Though, he questioned GAC's interpretation and analysis of data, he failed to provide documentary evidence in the form of minutes, board resolution, etc. upon which he took the decision to nullify the contract with the RPAL. Former Minister Toe further argued:

"Should I have kept the RPAL out of the plantation after it has been secured and stood by waiting all parties to sign the agreement while illicit tapping, rapes and other illegal acts continued? Let me be clear: I will always take whatever action is necessary, consistent with the authority and responsibility of my service to protect the national interest."

9. Former Minister Toe's actions, as clearly explained by him, were not in line with the legal authority and responsibility as he claimed. **Section 28.2** of the Executive Law of 1972 defines the duties of the Minister of Agriculture. I have read the duties of the Minister of Agriculture and there is no indication that he is charged with the responsibility of breaking laws and procedures to protect the "national interest."
10. Former Minister Toe further attempted to justify his action in his failed explanation to blame his unilateral actions on a purported mandate allegedly given to him by President Sirleaf. Former Minister Toe wrote:

*"I follow all required procedures for proper execution of the contract but let me state that I had an even greater responsibility, **given me by president Sirleaf**, to secure the plantation, stabilize conditions therein by putting into place an interim management team, and then bringing in a permanent management once ownership and other legal issues had been resolved in keeping with the laws of the country."*

11. Former Minister Toe shifted from his "national security" argument to his "greater responsibility" argument "given (him) by President Sirleaf." He submitted no evidence to support his contention that President Sirleaf gave him a mandate to act unilaterally. A Taskforce was created and Minister Toe should have acted in consultation with members of the Taskforce. Evidence further indicates that he failed in securing the plantation in spite of his unilateral actions, as on 15 March 2009 there was labor unrest that led to the shooting and killing of a plantation worker.
12. Examination of the Income Statements prepared by the RPAL disclosed that the total revenue generated from rubber sale for the periods under audit was US\$**5,632,816.39** in contrast to US\$ **5,549,376.28 reported paid by the Weala Rubber Company**. Further analysis of the RPAL's income statements and the WRC's record revealed that RPAL understated sales made to Weala Rubber Company in the tune of US\$ **120,757.78**. **My analysis of the RPAL income statement and financial record obtained from WRC also showed that there was an overstatement of revenue in the tune of US\$204,197.89**. The overstatement of revenue in the tune of US\$204,197.89 implies that Management did not disclose or report all of the revenue generated from the sales of the rubber during the period under review.
13. I also noted from revenue records made available to me that RPAL/Guthrie Management Team was granted loans totaling US\$809,000.00 by Weala Rubber Corporation. These loans, according to the Management, were meant to procure agricultural tools for RPAL/Guthrie and for the settlement of RPAL/Cavalla exit payroll and additional operational expenses. However, I did not see any documentary evidence as to how the amount was expended or disbursed.
14. I noted that payments amounting to US\$61,286.00 were made in excess of the approved threshold for petty cash. I also noted that beside payments made in excess of approved threshold, the aforementioned amount was expended without replenishment report and could not be supported with original receipts, invoices and other relevant documents to evidence that the funds were expended for the sole purpose of the plantation. It was further observed that US\$800.00 was paid without the name of the payee for purported public relations. No receipts were provided to ascertain that the petty cash payments were actually made to the intended beneficiary.
15. Management stated that the amount of US\$800.00 was paid to an individual only identified as Mr. Roberts from the Ministry of Finance Tax Division for public relations. The Ministry of Finance does not operate a public relation hub. It was also recognized that another US\$600.00 was paid to Amanda G. Paye for the purpose of Public Relations. Amanda G. Paye is an accountant at RPAL.
16. The Management of RPAL admitted that it has been involved in clandestine operations in the running of the Guthrie Rubber Plantation as noted in its response:

"Plantations like that of the Guthrie Rubber Plantation cannot be excluded from payment against public relations most especially for those payments made to top

government officials. The US\$800.00 was paid to Mr. Roberts from the Ministry of Finance Tax Division as Public Relations."

17. By this statement, management is admitting to bribery; as tax officers are not supposed to receive inducement under a false heading called "public relations." Management attempted to conceal the bribe by labeling it as Public Relations.
18. The Management of RPAL/ Guthrie also made payments to three Board Members for Board fees, phone cards and fuel benefits amounting to US\$149,930.50. There was no evidence of minutes of meetings attended by the said Board Members to substantiate the payments. The Management failed to provide evidence during the audit. The Management also failed to respond to audit query dated 18 August 2009.
19. The Management of RPAL in its response stated "*Payments as Board Fees were made to all Plantation Management Board Members, not only those members enlisted in Table 7*". But documents made available to me indicated that the three (3) listed, constituted the Board of RPAL/Guthrie. Bank Statements and documents reviewed indicated that the three Executive Members of the RPAL Management received board fees and other benefits in the tune of US\$149,930.50. RPAL Management is not disputing this amount. I requested proof of services rendered by these Board Members for which they were paid. Instead of providing the required information, only two Board Meeting minutes were provided which were not also signed by individual board members in attendance. Again, Management indicated that a board meeting was held on **26 May 2006** but failed to recognize that the actual contract to take over Guthrie was effected in **August 2006**. The Management therefore provided false and misleading information to conceal a material fact.
20. A mere list, said to be an attendance record of Board members, is not sufficient and relevant evidential matter to proof that Board meetings were held and that those listed actually attended those meetings. I disagreed that a Board Meeting was held in May 2006, because it was three months prior to RPAL taking over of the Guthrie Plantation. Moreover, the alleged meeting of December 2007 is not sufficient for Board members to be paid in the tune of US\$149,930.50.
21. In my analysis of bank statements in conjunction with related records, I observed that on 13 July 2007, the Management of the Rubber Planters Association of Liberia Inc applied for an overdraft facility from the International Bank Liberia Limited in the amount of US\$25,000.00, which was subsequently increased to US\$80,660.00 on 18 July 2007 and further increased to US\$390,000.00 on 10 October 2007 to cover working capital requirements. The requests also stated that the overdraft was to be liquidated by Rubber sales to Weala Rubber Company. The Management failed to provide information on the transactions that occurred through the account at International Bank Liberia Limited for the period beginning 1 June 2007 to 22 July 2007. The bank statement only reflected an overdrawn bank balance of US\$76,939.80 as of 22 July 2007.
22. Furthermore, I noticed that the overdraft limit was increased to US\$415, 000.00 on 20 December 2007 when the bank account balance reflected an overdrawn balance of

US\$452,605.97. This showed that the Management had exceeded its overdraft limit by US\$37, 605.97. In addition, the account balance at the end of the period under review indicated an overdrawn balance of US\$472,519.33 when the limit was US\$415, 000.00. Therefore, the overdraft limit was exceeded by US\$57, 519.33.

23. I examined the Company's payroll for the period under review and requested from the Company's Personnel Manager the records/files of employees that were carried on the payroll by the Company. The outcome of my review of the records/files revealed that the Personnel Manager did not maintain personnel records of employees during the period under review. The absence of personnel records made it impracticable to ascertain, for instance, the date of employment of personnel and also whether payments amounting to US\$2,443,485.13 for personnel services were made to bonafide employees of the RPAL/Guthrie.
24. I observed that the statutory obligations in the tune of US\$88,862.87 and US\$19,009.18 were not paid to the Ministry of Finance and NASSCORP respectively. The Management stated, "*However, those statutory payments were deducted from the workers but the fact is that the cash was not just available to make all these payments to government at once.*"
25. Furthermore, I observed that the payments made to the two vendors, Aminata and Sons/Aminata Turay and Jimmy Fallah for the supply of **US\$44,155.80** worth of petroleum products/fuel to the Plantation for the period 4 December 2006 to 22 January 2008 were not supported by waybill and delivery notes as evidence that fuel was actually delivered to and received by the Plantation.
26. As indicated in the preceding paragraphs, Dr. J. Chris Toe unilaterally abolished the contract he unilaterally signed with RPAL. He further unilaterally employed his subordinate, Lodean C. Teage of the Liberia Rubber Development Authority to manage the Guthrie Rubber Plantation. Former Minister of Agriculture Chris Toe and Lodean C. Teage did not operate a bank account in which revenues and expenditure could be adequately accounted for, thus leaving no trace of revenue and expenditure.
27. The cash request to Firestone Plantation Company by former Minister of Agriculture Chris Toe amounted to US\$4,011,146.34. I also noted that the Interim Management Team received an amount of US\$92,268.90 as incentive payments from Firestone Plantation Company for the supply of rubber.
28. I could not establish how the cash was utilized. The Interim Management Team headed by Lodean C. Teage and J. Chris Toe did not provide supporting documents in the form of summary statements of expenditure, payrolls, and flag receipts for GOL tax payments, local purchase orders, invoices and delivery notes, etc. Instead the US\$4,011,146.34 was requested and authorized for expenditure by former Minister Toe without the funds being first deposited into a bank account to create an audit trail. Mr. Teage provided this unsupported explanation:

"You make reference to the lack of Bank account which we would not open due to the following factors: Delays in payment to worker; Uncertainty about legal action from RPAL and/or its bankers and vendors, and Guthrie is a private entity, thus the cash management of GOL does not apply to them. However, all revenues and expenditures were properly documented and stored."

29. Mr. Teage failed to explain why his listed factors have to do with the opening of a bank account. His failure to open a bank account resulted in the lack of documentation of financial transactions. It is unacceptable for Teage to indicate that it was proper to manage the financial affairs of a major Government plantation without a bank account. By his statements, Mr. Teage is indicating that all monies collected from the sale of rubber were stored in a "hand bag" and that expenditure was made there-from at will.

30. Former Minister Toe also indicated that he was not aware that a bank account was not opened. Former Minister Toe wrote:

"As to the issue of the bank account, I had assumed all along that the interim management team had taken over the bank account that had been opened by the RPAL in the name of the plantation. It was not until after receiving and reviewing the financial report that I found out no account had been established at which time I issued the appropriate instruction to the interim management team (see Attachment 20); effort to establish same did not materialize because of the team's replacement at the plantation."

31. The factors mentioned by Teage for not opening a bank account cannot be sustained administratively and judicially when challenged on the merit. The contention that Guthrie is a private entity and the Cash Management of GOL does not apply to it cannot be supported. Former Minister Toe appointed him to serve the plantation as head of an Interim Management Team, while at the same time serving as Director of the Liberia Rubber Development Authority, which is an institution of Government. By his statements, Mr. Teage would want me to accept that Guthrie belong to private individuals but his appointment was made by a Government Minister, who also claimed he was acting on the authority of the President of the Republic of Liberia. The amount of US\$4,011,146.34 was acquired from Firestone Plantation Company under the expressed authorization of the Minister of Agriculture.

32. I also noted that Guthrie Rubber Plantation supplied 801.15 tons of rubber to Morris American Rubber Company valued at US\$927,984.43 and received an amount of US\$1,021,969.38. This amount was paid in the name of Lodean C. Teage, the Head of the Interim Management Team. I further noted that Morris American Rubber Company made an overpayment of US\$93,984.95. I could not ascertain how the cash paid to Lodean C. Teage was utilized as there were no supporting documents in the form of summary statement of expenditure, payroll, and flag receipt for GOL tax payments, local purchase orders, invoices and delivery notes, etc.

33. The former Minister of Agriculture Chris Toe assumed that the Teage's Management Team took over the RPAL account. He further indicated that after reviewing the financial report in January 2009, a year after Teage took over the Plantation, he wrote Teage to open a bank account before he can authorize any payment. The role played by former Minister Toe as authorizing person for all payments made by Firestone Plantation Company to Guthrie clearly placed him in the managerial capacity of the plantation and therefore is accountable for any fraud, waste and abuse of funds collected and expended. He was part of the financial decision making at the highest level, as evidenced by his own admission such as authorizing the opening of accounts and expenditure. But instead of taking full and complete responsibility, he attempted to shift blame on GAC. Former Minister Toe wrote:

"The duty to provide adequate documentation to substantiate audit findings is a professional and ethical responsibility of the auditor; this is a basic auditing standard."

34. Former Minister Toe did not provide the section of his "basic auditing standard" that indicates that auditors are responsible to "provide adequate documentation to substantiate audit findings." The issue was not about documentation to support audit findings. It is about documentation to support payments that were authorized by former Minister Toe. He missed the issue as I wanted him and Mr. Teage to give me bank statements, payment vouchers and supporting documentation to acquit payments of US\$4,011,146.34.

35. Former Minister Toe attempted to defend his actions to authorize undocumented payments. Former Minister Toe wrote:

"The interim management team established adequate internal controls. This enabled it to prepare an unaudited financial period for the first 9 months of operations. In the absence of such controls, I doubt there would have been any accurate data for the preparation of these financial documents that was disseminated to the general public. The financials were unaudited; as such, the attestation of these financials was supported and verified by the designated external auditors, PKF, because the supporting documentation for information contained in the financial reports was not available."

"The establishment of internal controls is evidenced by the fact that the interim management team, led by Lodean Teage as head and Boima Sonii as comptroller, prepared financial reports based on operations at the plantation in accordance with generally accepted management and accounting standard and practice."

36. Former Minister Toe's indication that the "team established adequate internal controls" cannot be supported by his own statements. He admitted that he later realized that no bank account was opened. Minimal internal controls will require that a bank account is opened and operated to make payments for such a large operation as Guthrie. Instead, former Minister Toe authorized payments when his appointed interim management had no bank account. Former Minister Toe did not also indicate which "generally accepted management and accounting standard and practice" were those financial reports prepared, such as British GAAP, US GAAP, IFRS, IPSAS, etc. By his statements, he informed me that he is the auditor to pass an opinion as to whether the accounts were prepared in line with a given GAAP. But

this, again, was not the issue. The issue at hand is that former Minister Toe and Mr. Teage did not produce supporting documents to support the payments.

37. Former Minister Toe would further want me to accept his contention that because financial statements were produced mean there was documentation. Financial figures can be generated using a simple spreadsheet. The fundamental issue is that these financial figures are not supported by underlying records and documentation. Former Minister Toe would also want me to accept his purported financial reports that are prepared without bank statements and underlying records.
38. Former Minister Toe further asserted, *"First I never requested firestone to release to any one 'incentive for the supply of rubber, I only requested firestone to release funds generated from the sale of Guthrie rubber to firestone in my capacity as the chairman of the GOL-UN Task Force."* But evidence obtained indicated that all funds paid by Firestone including the "incentive for supply" was requested by Chris Toe.
39. Toe and Teage failed to maintain a Bank Account and collected checks from Firestone and MARCO and encashed such huge quantum of money in the tune of US\$4,103,415.24 and US\$1,021,969.38 over the counter. Mr. Teage contended:

"All expenditures incurred had supporting documents, except that they were all burnt during the riot by the workers. The burning of all documents was confirmed in the Kofi Woods' report and which was also confirmed by the Minister of labor, as published in a local newspaper dated October 20, 2009."

40. Mr. Teage refused to open a bank account. He willingly allowed MARCO to issue checks in his name in the tune of US\$1,021,969.38. He encashed these checks and expended them without supporting documentation. He is attempting to blame the lack of documentation and would want me to accept that without collaborative evidence a referenced report from Mr. Kofi Woods. Mr. Teage further wanted me to accept without collaborative evidence the following assertions he made in his response:

"As a matter of fact, a financial statement covering January to October 31, 2008, was prepared by the IMT and publishes in a local newspaper in early November, 2008 for public consumption and which was officially submitted to the Minister of Agriculture, who submitted same to the president of Liberia."

41. Public consumption is no evidence. Submitting report to the President is not evidence as the financial reports submitted was not even supported by bank statements. Financial reports are also not evidence, as figures in financial reports must be supported by underlying records and documents to indicate that funds were collected and expended on the intended purpose.
42. By allowing checks to be written in his (Mr. Teage) name and his failure to open a bank account to deposit these checks meant that he was acting unilaterally and assuming the full risk of lack of documentation, a risk that has come full circle to entangle him. He must be

held accountable and made to reconstitute the full amount he received and expended without documentation.

43. Furthermore, Mr. Teage asserted that the funds were expended with the approval of former Minister Toe, a claim Toe has rejected. Mr. Teage wrote:

"Monthly operating budgets were submitted to the Minister of Agriculture for approval. Based on the approval, request was then made to either MARCO/Firestone for approved budgeted fund. All expenditures were properly documented and stored until the riot and looting of the plantation."

44. But former Minister Toe is definite on the payment from MARCO. Former Minister Toe wrote that Mr. Teage should be accountable for the US\$1,021,969.38. Former Minister Toe wrote:

"On the issue of accountability for the sale of rubber to Morris American Rubber Company, Mr. Teage and others will response to the GAC observation."

45. It is important to note, once again, that Former Minister Toe unilaterally appointed Mr. Teage to head the second Interim Management Team of the Guthrie Rubber Plantation. Former Minister Toe indicated that **"the interim management team established adequate internal controls."** But he referred to Mr. Teage to account for the funds from MARCO as he claimed he did not authorize the expenditure of those funds. He dominated financial decision when he appointed Mr. Teage to head the Interim Management Team.

46. The total irregularities noted in the audit amounted to **US\$10,434,244.36**, representing missing assets, irregular transactions, understatement of revenue, undocumented transactions and lack of compliance with laws and regulations. The **US\$5,905,356.10** was paid to Lodean C Teage's Interim Management Team through the directive of Chris Toe by Firestone Plantation Company and MARCO for which they did not provide supporting documents to acquit the expenditure. The balance **US\$4,528,888.26** were irregularities noted with respect to RPAL operation of the Guthrie Rubber Plantation. Mere assertion that documents got burned is not sufficient evidential matter to acquit the expenditure. The Ministry of Agriculture for which Lodean C. Teage reported did not suffer fire hazard.

47. Her Excellency, the President of the Republic of Liberia, and the Speaker, House of Representatives and the President Pro-Tempore of the Senate, the above issues are symptomatic of others noted in this report. Because of their impact on public financial management, I advise that their resolution be considered as a matter of urgency.


John S. Morlu, II. 3:20PM
(Auditor-General, RL)
SSM II

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ACRONYMS

ACROYNM	MEANING
AOM	Audit Observation Memorandum
FPC	Firestone Plantation Company
GAAP	Generally Accepted Accounting Principle
GAC	General Auditing Commission
GOL	Government of Liberia
GPLI	Guthrie Plantation Liberia Incorporated
GRP	Guthrie Rubber Plantation
IMT	Interim Management Team
INTOSAI	International Organization of Supreme Audit Institution
KGB	Kumpulan Guthrie Berhad
LRDA	Liberia Rubber Development Authority
MARCO	Morris American Rubber Company
MOA	Ministry Of Agriculture
MOF	Ministry of Finance
NASSCORP	National Social Security and Welfare Corporation
PO	Purchased Order
PPCC	Public Procurement and Concessions Commission
RPAL	Rubber Planters Association of Liberia
SSC	Social Security Contribution
UNMIL	United Nations Mission in Liberia
WRC	Weala Rubber Company

EXECUTIVE SUMMARY

Introduction

1. On 1 April 2009, I commissioned an audit of the Financial Statements and other related records of the Guthrie Rubber Plantation for the periods 1 January 2006 – 31 December 2008. The audit was commissioned in line with my statutory mandate as contained in Chapter 53 of the Executive Law of 1972. The objective of the audit was to conduct a comprehensive audit of the Guthrie Rubber Plantation, including the financial statements, compliance with laws regulations and value for money.
2. I have audited the Rubber Sale Report and related expenditure records of the two Interim Management Teams headed by the Rubber Planters Association of Liberia (RPAL) and Lodean C. Teage, Director of the Liberia Rubber Development Authority (LRDA) who were appointed by the former Minister of Agriculture, Chris Toe to manage the Guthrie Rubber Plantation from August 2006 to February 2009. Since the Lodean C. Teage's Interim Management Team operated the Guthrie Rubber Plantation up to February, 2009, I extended the scope of my audit to cover this period.
3. This report is in two folds, the first part deals with the detailed findings and conclusions of the Rubber Planters Association of Liberia and the second portion deals with the Lodean C. Teage led Interim Management Team.
4. The total amount audited is **US\$17,234,710.10**. I established that the Lodean C. Teage's Interim Management Team collected and expended the total amount of US\$5,905,356.10 from January 2008 to February 2009. The total amount expended by the RPAL from August 2006 to December 2007 is **US\$11,329,354.00**.

Background

5. B. F. Goodrich, a New York State-based Corporation, concluded an 80-year concession agreement dated 9 July 1954 with the Government of Liberia to undertake agriculture, forestry and related activities in Liberia. On 22 November 1985, 31 years after operation in Liberia B.F. Goodrich (with GOL's formal approval) sold out its concession rights and assets to Kumpulan Guthrie Sendirian Berhad of Malaysia.
6. B.F. Goodrich indicated that the decision for the cessation of its operation and sales of the concession and plantation assets was a consequence of the investment strategy of its parent company to divest itself of natural rubber production, worldwide, as a corporation strategy towards reviving Goodrich in the wake of a global recession in the natural rubber industry.
7. About five (5) years prior to B.F. Goodrich's divestiture in 1985, it was granted various fiscal incentives by GOL following negotiations of its proposed program for replanting and plantation expansion. Thus, in reviewing B.F. Goodrich's proposed sale deal, GOL contended that the former's

negotiation for tax incentives for the replanting and expansion program was done in “bad faith” –a “design” to enhance the sales of Goodrich’s concession and plantation assets. GOL however formally consented to B.F. Goodrich’s sale of the Goodrich concession and plantation assets to Guthrie.

Amended Agreement

8. Guthrie and the Government of Liberia concluded an agreement dated 22 November 1985, amending the 9 July 1954 concession agreement with respect to the following fiscal provisions: (1) Land Rental, (2) Income Tax, (3) Rubber Sales/Export Tax, and (4) withholding tax on Interest and Dividend:
 - Land Rental adjusted from an annual rate of US\$0.06 per acre under the old agreement to US\$0.50 per acre under the amended agreement.
 - Corporate Income Tax – Guthrie became subject to 25 percent corporate tax effective as of the date of the amended agreement as opposed to the old agreement which granted a 16½ -year income tax holiday.
 - Rubber Sale/Export—As opposed to the old agreement with no provision for a Rubber Sale/Export Tax at an annual lump sum rate of US\$300,000 for a period of seven (7) years effective 1 February 1984 to 31 January 1991 and, thereafter, the rubber sales/export tax of general application obtains.
 - Withholding Tax on Interest and Dividend—Withholding Tax on dividends (declared) and interest income which was not imposed under the 1954 agreement became applicable under the amended (new) agreement at 50 percent of the rate of tax on dividends and interest income levied under the Revenue and Finance Law of Liberia.
9. In pursuant to Article IX and XV of the 9 July 1954 Concession Agreement (as amended on 22 November 1985) Kumpulan Guthrie Berhad (KGB) notified the Liberian Government in a correspondence dated 30 October 2001 to Nathaniel Barnes, former Finance Minister for the temporary suspension of its performance under the Concession Agreement effective 30 October 2001.
10. KGB’s suspension of performance under the Concession Agreement was made necessary by the deteriorated security situation in and around the territory of KGB’s concession, including, but not limited to, the insurgency of dissident force within northern and north-western Liberia, and the resulting threat to employees of its operating company.
11. As a demonstration of KGB’s good faith intent to resume performance when the security situation so permitted, Guthrie Plantation Liberia, Inc. (GPLI) resolved to continue to pay the minimum annual rent specified in the concession Agreement. In addition, GPLI was also obligated to make

the necessary arrangements to ensure that its Liberian workers are appropriately compensated as provided by law.

12. For the periods under audit, the plantation was managed by successive interim management teams including but not limited to the Rubber Planters Association of Liberia (RPAL), **Legislative Caucus** of Bomi County, **Rebel Forces** and the Director of the Liberia Rubber Development Authority (LRDA).

Contract of the RPAL Interim Management of the Guthrie Rubber Plantation

13. On 15 August 2006, the Government of Liberia (GOL) through former Minister of Agriculture, J. Chris Toe appointed the RPAL as interim management of Guthrie, pending the negotiation of the terms and conditions of the agreement.
14. An Agreement was entered into on 14 March 2007; seven months after the RPAL began operations on the plantation. The agreement was signed by the Government of Liberia represented by the former Minister of Agriculture, J. Chris Toe, and Keith Jubah of the Rubber Planters Association of Liberia (RPAL), a non-profit association duly incorporated and registered under the Laws of Liberia. The RPAL was given eighteen (18) months from the date of the takeover in August 2006 and an extension of six months was pronounced by the Board of Directors in its meeting held on 14 December 2007 with the presence of the former Minister of Agriculture, Chris Toe as Chairman.
15. During the period in which RPAL managed Guthrie and at the time of signing the agreement, Mr. Jubah served as Chairman of the Public Procurement and Concessions Commission, a demonstrated evidence of conflict of interest clothed in self dealing. The PPCC regulates all procurement activities of Liberia under the PPC Act, 2005.

Other Regulatory Framework

16. In furtherance of the objective of the audit, the following reference materials were utilized to guide me in the examination and inspection of the financial management practices at Guthrie:
 - Contractual Agreements
 - Term of reference of the various Interim Management Teams (IMT)
 - RPAL's Bye-Laws and Constitution.
 - RPAL's Policy and Procedure Guide
 - PPC Act of 2005
 - Ministry of Agriculture regulation on natural rubber

Limitation of Scope

17. The Management of Guthrie did not provide me records relating to fixed assets held by the RPAL/Guthrie during its operations at the Guthrie Rubber Plantation, to enable me conduct physical verification of the assets. Management also failed to provide me adequate financial and administrative records relating to its operations of the plantation.

18. Moreover, the non cooperation attitude demonstrated by the Management Teams and former Agriculture Minister Chris Toe to allow me access to the entity's full records and key officials and individuals also limited the scope of the audit. As noted, Lodean C. Teage Interim Management Team refused to disclose vital information required for the audit.

Limitation of Responsibility

19. I reviewed the systems and management controls operated by the two interim management teams of the Guthrie Rubber Plantation only to the extent I considered necessary for the effective performance of this audit. Therefore, my review may not have detected all material weaknesses that existed or all improvements that could be made.

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

Guthrie Operated without Formal Contract Agreement

20. I noted during the audit that the contract between the Rubber Planters Association of Liberia (RPAL) and the Rubber Taskforce was not signed by the Ministers of Justice and Finance as required by the agreement. The contract was signed only by the former Minister of Agriculture, Chris Toe and the President of RPAL, Keith K. Jubah who was also Chairman of the PPCC. For contracts to be effectively enforced, all parties to the contract must affix their signatures to the agreement before the contractor can start performing to the terms of the contract. In my view, the Minister of Agriculture and the Chairman of the PPCC circumvented the contractual process requiring the signatures of the Ministers of Finance and Justice.
21. It was also noted that the minutes of the Board of Directors meeting of the Rubber Taskforce held on 14 December 2007 at the Ministry of Agriculture extended the operations of RPAL in Guthrie for additional six months. Contrary to the above decision, the former Minister of Agriculture, Chris Toe removed the RPAL from the Guthrie Plantation on 22 January 2008 and replaced it with another Interim Management Team headed by Lodean C. Teage, Director of the Liberia Rubber Development Authority (LRDA). I was not provided evidence for the change of management.
22. Accordingly, I recommended that former Agriculture Minister, Chris Toe should be made to provide material justification or substantive authority for unilaterally removing RPAL from Guthrie Plantation contrary to a board resolution; in the same vein, Dr. Chris Toe should be sanctioned by the Minister of Justice for awarding the contract to RPAL, though provisions were made on the contract document as a statutory requirement for the two ministers to sign.
23. I also recommended that the former PPCC Chairman Keith Jubah should be held accountable for direct material conflict of Interest and abuse of office, as he served as PPPC Chairman while at the same time awarding a Government contract to a company in which he served as a key official (i.e. President of RPAL).

Understatement of, and other Irregularities in Reported RPAL/Guthrie Revenue

24. Income Statements prepared by the RPAL/Guthrie disclosed that the total revenue generated from rubber sale for the periods October to December 2006 and January to December 2007 was US\$**5,632,819.39**. In contrast to the financial statements disclosure, my analysis of confirmation of revenue (i.e. rubber sale and Incentives from rubber sale) from the sole buyer and financier (i.e. the Weala Rubber Company) showed an amount of US\$ **5,549,376.28** for the same periods. This irregularity was occasioned by the non-disclosure of actual revenue generated from rubber sales, because in one instance management reported total revenue of US\$**1,611,607.82** from WRC, while confirmation of total payments made by WRC to RPAL/Guthrie indicated US\$**1,732,365.60**, thus understating the revenue by US\$120,757.78. In another instance, RPAL/Guthrie reported total revenue of US\$**4,021,208.57**, while confirmation of payments made by WRC to RPAL/Guthrie revealed that **US\$3,817,010.68** was actually paid by WRC, thus over-stating the revenue by US\$**204, 197.89**. The over-statement of revenue in RPAL/Guthrie income statements could imply that proceeds were received from other suppliers which management did not disclose to the auditors.
25. Therefore, I recommended that the RPAL/Guthrie Management should restate the difference of US\$120,757.78 not reported in the RPAL/Guthrie reported revenue; in the same vein, they should be made to account for the revenue variance of US\$204,197.89 and report on the factors giving rise to the overstatement of the RPAL/Guthrie reported revenue.

Failure to Account for Loan Granted by WRC

26. RPAL/Guthrie Management Team was granted loans totaling US\$809,000.00 by Weala Rubber Corporation. These loans, according to management, were meant to procure agricultural tools and for RPAL/Guthrie and the settlement of RPAL/Cavalla exit payroll and additional operational expenses. However, I did not see any documentary evidence as to how the amount was expended or disbursed. I also did not see the board's approval/resolution to acquire loan for purposes of procuring agricultural tools for the Plantation and settlement of RPAL/Cavalla exit payroll. Management in its response stated that it has liquidated the loan in the tune of US\$450,000.00 to WRC down to US\$58,337.37 and has fully settled the loan of US\$359,000.00.
27. On the basis of the explanation provided by Management, I have instructed the Forensic Department of the GAC to carry out a forensic audit to establish the veracity of management's assertion that it has liquidated the loan in the tune of US\$450,000.00 payable to WRC down to US\$58,337.37 and further investigate the utilization of said loan. I have also instructed the Forensic Audit Department of the GAC to investigate Management's assertion that the loan of US\$359,000.00 was used to procure agriculture tools for the Guthrie Rubber Plantation.

Petty Cash Disbursement not Supported by Replenishment Report and Related Receipts

28. For the years under review, Petty Cash payments valued at US\$61,286.00 did not have supporting documents, such as, replenishment reports accompanied by original receipts, invoices and other relevant documents as evidence that the funds were expended. I also noted that payments totaling

the aforementioned amount were made in excess of US\$500, though the approved threshold established by the Policy and Procedure Guide on the payment of petty cash requires that all disbursements from petty cash fund account shall not exceed the threshold of US\$500.00 and any amount above US\$500.00 shall be paid through the check system. I thus recommended that Comptroller Hilary Reeves should be made to reconstitute US\$61,286.00 paid from petty cash as he did not provide the replenishment report, invoices and receipts for the disbursement. This amount includes the US\$800.00 paid for public relations without proof of receipt of money by the payee.

Unsubstantiated Payments to Board Members

29. In terms of corporate governance principles, Board members of Public or Private Corporations or entities, should be paid fees based on meetings attended. The attendance of meetings is evidenced by minutes of the Board. In addition, the condition of service must be clearly stated and filed in the personnel files.
30. It was apparent from my review that the Management of RPAL/ Guthrie made payments to three Board Members for Board fees, phone cards and fuel benefit amounting to US\$149,930.50. There were no related Board minutes to support the payments made to the three Board Members, implying that no Board meeting took place and yet they were paid. Also, from review of documents made available by the RPAL, I did not see any contributions made by the three (3) executive members in the strategic interest of the Guthrie Rubber Plantation. The Management also failed to provide evidence on the status of the Board Members to enable me establish whether they were entitled to salaries or board meeting attendance fees. The failure to provide board minutes that show evidence of meetings attended by each board member may result in fraud through fictitious payments.
31. Therefore, I recommended that the three named Board members who received board fees and other benefits amounting to US\$149,930.50 should be made to refund the aforementioned amount into Government's account.

Deficiencies in Personnel Documentation and Files

32. According to the Employment Policy and Procedure Guide of Guthrie Rubber Plantation, Personnel Records of Employees should be maintained by the Personnel Manager. This is meant to identify bona-fide employees of the Plantation, establish the employees on the payroll and facilitate regular comparison of payroll against the personnel listing.
33. On the basis of the aforementioned policy and procedure, I examined the Company's payroll for the period under review and requested from the Company's Personnel Manager the records/files of employees that were carried on the payroll by the Company. The outcome of my review of the records/files revealed that the Personnel Manager did not maintain personnel records of employees during the period under review. This resulted in the management failure to provide listing of bonafide employees of the plantation. The absence of personnel records also made it impracticable to ascertain, for instance, the dates of employment of personnel and also whether payments

amounting to US\$2,443,485.13 for personnel services were made to bona-fide employees of the RPAL/Guthrie. These discrepancies suggest that the Company's Personnel Manager did not properly apply certain fundamental controls designed to prevent all forms of payroll irregularities.

34. Furthermore, my review of payroll records indicated that there was no payroll for the entire staff for the months of August and September 2006 and for May and December 2007 for senior staff and general staff, respectively, as the Comptroller, Hillary Reeves failed to provide the payrolls for my review.
35. These lapses in documentation are likely to increase the risk of including ghost workers on the Company's payroll. I have therefore recommended, amongst other things, that RPAL's Management should ensure that monthly reconciliations are performed on a regular basis, between the plantation's payroll and the certified personnel listing and an explanation for each discrepancy should be documented and followed-up; this will enhance internal controls over payroll transactions.

Payroll Paid not on the Basis of Muster Form/Report

36. According to the Guthrie Policy and Procedure Guide on payroll of the RPAL, on the 2nd day of each month, the Head of payroll section shall receive muster form from each Department Head for the purposes of determining the time spent on the job and the quantity of rubber produced by each employee before preparing the payroll.
37. I requested for all the muster forms used for the basis of preparing the payroll for employees for the periods under review. However, I noted that the Operations Manager at the Plantation did not maintain muster forms for the plantation employees, as the Operations Manager failed to make the forms available for my audit. Because there was no muster forms prepared for employees, I could not determine the actual time spent on the job, the overtime and the leave taken by each employee.
38. Also, the absence of muster forms made it impracticable to ascertain that the payroll payments by the Comptroller amounting to US\$2, 443,485.13 was based on the actual time spent and the quantity of rubber produced by employees.
39. Therefore, I recommended that the Comptroller, Hilary Reeves should be made to account for payroll costs of US\$2,443,485.13 for the periods under review. This is because the Comptroller prepared and disbursed the payroll checks without obtaining personnel listing for his office in Monrovia and a Muster Form from the Plantation and thus, should be held to account for the funds reportedly spent on the payroll.
40. I also recommended that the Operation Manager, Anthony Merchant should be held accountable to provide the muster forms on which the payrolls were prepared and paid during the period under

audit amounting to US\$2,443, 485.13. These records should be provided to the GAC within 30 days after receipt of this report.

Non-Payment of Taxes and Social Security to MOF & NASSCORP

41. For the years under review, RPAL/Guthrie did not remit to the GOL, withholding tax of US\$88,862.87 deducted from employees' salaries. Again, Management did not remit to the NASSCORP; social security contributions of US\$19,009.18. The non-payment of income tax by RPAL to the MOF would deprive Government of the needed revenue to meet its development programs. Equally, the non-payment of social security contribution would deny Guthrie workers of their social security benefits when they are separated from the entity.
42. Accordingly, I recommended that RPAL should be made to pay into Government's Account the amount of US\$88 862.87, as withholding taxes due the Government of Liberia; I also recommended that RPAL Management should be made to pay US\$19,009.18 to NASSCORP.

Irregularities noted in Procurement and Payment of Goods and Services

43. Irregularities were noted with the procurement and payment of goods and services undertaken by RPAL/Guthrie Management during the period under review. From examination of the payment records relating to procurement of goods and services, I observed the following irregularities amounting to US\$798,562.58:
 - Payments made to several vendors for the hiring of transport services amounting to US\$81,800.18 did not have invoices. This irregularity implied that there was no proof that services were provided to the Plantation and such quantum of monies were charged by vendors and paid by the Management.
 - Payments totaling US\$638,826.75 were made for the purchases of rice, which were without three quotations, invoices, delivery notes and purchase requisitions. The only records required to prove that the rice was actually delivered and utilized by the plantation, which is the distribution log was also not available, as Management failed to provide a distribution listing for employees that received the purported rice during the period under review.
 - Reelin (LIB) Ltd was paid US\$60,495.65 instead of US\$41,316.47 as reflected on the invoice; the variance of US\$19,179.18 represent outstanding liability on account of RPAL to Reelin Liberia Limited before RPAL took over the Guthrie Plantation. Also the payments were made without job completion report as evidence that job was satisfactorily completed.
 - RPAL/Guthrie management did not undertake procurement planning during the periods under review, though the PPC Act, 2005 requires that all Procuring Entity undertake procurement planning with a view to achieving maximum value for public money. I did

not see any evidence from management that such planning was undertaken. As a result, payments of goods and services amounting to US\$76,187.00 made to Halabi Brothers were without a procurement plan, and also made in excess of US\$ 15,440.00 to the said entity.

44. Accordingly, I recommended, amongst other things, that the total amount of US\$798,562.58 should be recovered from Procurement Director Solomon Bundeh and the Comptroller Hilary Reeves and Wassin M. Halabi, General Manager of Halabi Brothers as detailed in the detailed report and the Accountability Statement of this report.

Non-Maintenance of Fuel Requisition and Consumption Log

45. During my review of fuel requisition processes, I noted that that RPAL/Guthrie did not maintain any kind of fuel stock movement log or fuel receiving and distribution log for fuel procured and utilized during the periods under review.
46. In this regard, fuel procured in amounts totaling US\$204,298.30 as indicated in RPAL/Guthrie income statement for the period under review could not be accounted for since no fuel receiving and distribution log were made available for audit scrutiny. This situation could lead to abuse of fuel procured by the Plantation and non-delivery of fuel procured. Furthermore, in the absence of better controls and record keeping, Management would not be able to prevent or detect irregular usage of fuel by recipients, thus increasing the fuel bill of the Plantation.
47. Furthermore, I noted that of the payments made to the two vendors, Aminata and Sons/Aminata Turay and Jimmy Fallah for the supply of **US\$44,155.80** worth of petroleum products/fuel to the Plantation for the period January 2007 to December 2007 were not supported by waybills and delivery notes as evidence that fuel were actually delivered to, received by and utilize for the operational effectiveness of the Plantation.
48. As a result, I have recommended that the Comptroller, Hilary Y. Reeves should be made to retribute the full value of fuel allegedly procured and utilized totaling US\$44,155.80, since he failed to provide supporting evidence (i.e. waybills and delivery notes) that US\$44,155.80 worth of fuel was actually utilized for the operational effectiveness of the Plantation.
49. Additionally, RPAL's Management should account for all fuel procured and allegedly utilized totaling US\$160,142.50 by providing the fuel receiving, distribution and consumption log as well as details of the staff who consumed the fuel.

Fixed Assets Register

50. Normal accounting practice requires that an asset register be maintained containing the cost of the asset, date of acquisition, identification number, depreciation charged, disposal details of any asset disposed of and net values. In this way, it is easy to maintain the Fixed Asset Register records and

track all the fixed assets that the company owns. This also helps to identify loss of assets through theft or damage.

51. The Rubber Planters Association of Liberia, RPAL/Guthrie, did not maintain a Fixed Asset Register. What the audit team obtained from RPAL were various pieces of documents listing assets procured during the operations of the Plantation.
52. I therefore advised Guthrie Management to institute and maintain a Fixed Asset Register with a policy on the disposal of fixed assets instituted by the Board. This will ensure that service potential of the Company's assets is exhausted before replacements are acquired.

Vehicles and Other Assets not Seen

53. I reviewed the record on assets procured by Guthrie to ascertain whether all assets of the Plantation were properly recorded. I also carried out physical verification of the assets to establish their actual existence. Management did not provide me information on the location of 12 vehicles and other assets valued at US\$518,355.00 and therefore, I did not see the twelve (12) vehicles and other assets and therefore, could not verify their existence.
54. Therefore, I recommended that the management team of RPAL comprising the Head of Management Board, Benjamin Garnett, General Manager Moses Lavela and Comptroller Hilary Reeves, Administrative Manager Adam Manobah and Operations Manager Anthony Merchant should account for the assets not physically verified by providing details of location of the assets in order for these assets to be verified by the auditors. Failing that, they should be jointly and severally made to restate as follows:
 - Vehicles valued at US\$334,591.00
 - Tractors valued at US\$55,120.00
 - Motorcycles US\$55,200.00
 - Other Asset US\$73,444.00

Failure to establish adequate controls over Cash Management

55. Even though, it is a requirement that entities and agencies open and operate a bank account where all revenues and expenditure incurred will be transacted and accounted for, the former Minister of Agriculture Chris Toe and the Lodean C. Teage's Management Team did not operate a bank account in which revenues and expenditure could be adequately accounted for. These lapses denied adequate audit trail of transactions and accountability, and moreover, made it impracticable for reconciliations between the cash book and bank balances to be performed.
56. I noted that the former Minister of Agriculture, Chris Toe authorized the release of total amount of US\$4,011,146.34 from Firestone Rubber Company and utilization of the aforementioned funds without putting in place adequate internal controls that could account for the revenues and

expenditure of the funds. This omission led to a substantial loss of revenue through non-accountability of US\$4,011,146.34 received from Firestone Plantation Company, by Dr, Chris Toe and Lodean C. Teage's Management Team. **See details in Annexure 2**

57. Also, evidence regarding proper utilization of the amount of US\$92,268.90 as incentive payments from Firestone Rubber Company for the supply of rubber, received by the Interim Management Team was not provided during the audit. The cash was released to Lodean C. Teage and J. Adams Manobah, members of the Interim Management Team. I could therefore not ascertain how the cash was utilized, in the absence of supporting documents, such as, summary statements of expenditure, local purchase orders, invoices, delivery notes, etc.
58. Similarly, a total amount of US\$1, 021,969.38 was received from Morris American Rubber Company by Lodean C. Teage, the Head of the Interim Management Team. Instead of amount paid in the name of the entity, it was paid in the name of Lodean C. Teage. However, I had no information as to how the amount was disbursed and expended, as there were no supporting documents, such as, summary statements of expenditure, payrolls, and flag receipts for GOL tax payments, local purchase orders, invoices and delivery notes to support the expenditure of the aforementioned amount.
59. As a result, I recommended, amongst other things, that the former Minister of Agriculture Chris Toe and members of the Interim Management Team, Lodean C. Teage and J. Adams Manobah should be jointly and severally held to reconstitute US\$4,011,146.34 into Government's account.

I also recommended that Mr. Lodean C. Teage, the Head of the Interim Management Team should be made to make full restitution of US\$1,021,969.38 reportedly expended without supporting evidence on the expenditure.

Statement of Accountability

60. Overall, both financial and administrative activities undertaken by the RPAL's Interim Management Team and the Lodean C. Teage's Interim Management Team during the period under review were marked by a number of financial irregularities and control deficiencies. The financial irregularities noted amounted to **US\$10,434,244.36** and include among others unsupported payments on expenditure, irregular payments of board fees, non-payment of income tax on salaries, etc. Details of these deviations are provided in **Annexure 1**.

Auditor General's Opinion on the Financial Statements

Basis of Opinion

61. Former Minister of Agriculture, J. Chris Toe, the Ministry of Agriculture, and the respective Interim Management Teams did not provide the required expenditure reports and other related documentation for my examination to determine the regularity of expenditure made and incurred during their management of the Guthrie Rubber Plantation.

62. The audit also concluded that:

- Irregularity was occasioned by the non-disclosure of actual revenue generated from rubber sales, because in one instance the RPAL's Management reported total revenue of US\$**1,611,607.82** from WRC, while confirmation of total payments made by WRC to RPAL/Guthrie indicated US\$**1,732,365.60**, thus understating the revenue by US\$120,757.78. In another instance, RPAL reported total revenue of US\$**4,021,208.57**, while confirmation of payments made by WRC to RPAL/Guthrie revealed that **US\$3,817,010.68** was actually paid by WRC, thus over-stating the revenue by US\$**204, 197.89**. This casts doubt on the Income Statement presented by the Management of RPAL. The inconsistency in the revenues figures could be attributed to the fact that all revenues and other cash were not recognized and reported, thus unreliable. In addition to this, Management could not produce supporting evidence to substantiate the expenditure of the loan in the tune of US\$809,000.00 received from WRC.
- Moreover, the inability of the two Interim Management Teams to maintain required records resulted into the failure of the audit to establish all the revenue collected and expended.
- Despite RPAL/Guthrie Management maintaining separate personnel payroll account, the management paid salaries and other expenditure from the petty cash that should have been paid from the classified payroll account.
- Internal controls over financial management, accounting and reporting was noted as being severely weak, thus casting doubts on the financial information and underlying records. This was made possible by poor supervision of the Rubber Taskforce over the Interim Management Teams that led to the inefficiency in the management of the Guthrie Rubber Plantation.
- Financial management of the Plantation was dominated by Minister Toe and selected members of the Interim Management Teams.
- The failure of the former Minister of Agriculture Chris Toe to ensure that all payments made to the Teage's Interim Management Team were supported and accounted for and also the Teage's Team failure to establish a bank account led to a large sum of unsubstantiated expenditure to the tune of **US\$5,905,356.10**.
- The failure of former Minister Toe and Lodean C. Teage to provide financial statements for the period under review and other relevant supporting documents.

Auditor-General's Opinion

63. In my opinion because of the significant uncertainties and disagreements arising from the matters raised in this audit coupled with understatement and overstatement of revenue presented in RPAL's Income Statement, the non-disclosure of financial records of the Lodean C. Teage's Interim Management Team and the limitation of scope regarding the regularity of expenditure, I am unable to express an opinion as to whether the transactions undertaken by the two interim management teams represent a true and fair view of the financial position of Guthrie Rubber Plantation for the financial years January 2006 – 31 December 2008.

DETAILED REPORT

Introduction

64. On 1 April 2009, I commissioned an audit of the Financial Statements and other related records of the Guthrie Rubber Plantation for the periods 1 January 2006 – 31 December 2008. The audit was commissioned in line with my statutory mandate as contained in Chapter 53 of the Executive Law of 1972.
65. I have audited the Rubber Sale Report and related expenditure records of the two Interim Management Teams headed by the Rubber Planters Association of Liberia (RPAL) and Lodean C. Teage, Director of the Liberia Rubber Development Authority (LRDA) who were appointed by the former Minister of Agriculture, Chris Toe to manage the Guthrie Rubber Plantation from August 2006 to February 2009. Since the Lodean C. Teage's Interim Management operated the Guthrie Rubber Plantation up to February, 2009, I extended the scope of my audit to cover this period.
66. This report is in two folds, the first part deals with the detailed findings and conclusions of the Rubber Planters Association of Liberia and the second portion deals with the Lodean C. Teage led Interim Management Team.
67. The total amount audited is **US\$17,234,710.10**. I established that the Lodean C. Teage's Interim Management Team collected and expended the total amount of **US\$5,905,356.10** from January 2008 to February 2009. The total amount expended by the RPAL from August 2006 to December 2007 is **US\$11,329,354.00**.

Background

68. B. F. Goodrich, a New York State-based Corporation, concluded an 80-year concession agreement dated 9 July 1954 with the Government of Liberia to undertake agriculture, forestry and related activities in Liberia. On 22 November 1985, 31 years after operation in Liberia B.F. Goodrich (with GOL's formal approval) sold out its concession rights and assets to Kumpulan Guthrie Sendirian Berhad of Malaysia.
69. B.F. Goodrich indicated that the decision for the cessation of its operation and sales of the concession and plantation assets was a consequence of the investment strategy of its parent company to divest itself of natural rubber production, worldwide, as a corporation strategy towards reviving Goodrich in the wake of a global recession in the natural rubber industry.
70. About five (5) years prior to B.F. Goodrich's divestiture in 1985, it was granted various fiscal incentives by GOL following negotiations of its proposed program for replanting and plantation expansion. Thus, in reviewing B.F. Goodrich's proposed sale deal, GOL contended that the former's negotiation for tax incentives for the replanting and expansion program was done in "bad faith" – a "design" to enhance the sales of Goodrich's concession and plantation assets. GOL however

formally consented to B.F. Goodrich's sale of the Goodrich concession and plantation assets to Guthrie.

Amended Agreement

71. Guthrie and the Government of Liberia concluded an agreement dated 22 November 1985, amending the 9 July 1954 concession agreement with respect to the following fiscal provisions: (1) Land Rental, (2) Income Tax, (3) Rubber Sales/Export Tax, and (4) withholding tax on Interest and Dividend:
- Land Rental adjusted from an annual rate of US\$0.06 per acre under the old agreement to US\$0.50 per acre under the amended agreement.
 - Corporate Income Tax – Guthrie became subject to 25 percent corporate tax effective as of the date of the amended agreement as opposed to the old agreement which granted a 16½ -year income tax holiday.
 - Rubber Sale/Export—As opposed to the old agreement with no provision for a Rubber Sale/Export Tax at an annual lump sum rate of US\$300,000 for a period of seven (7) years effective 1 February 1984 to 31 January 1991 and, thereafter, the rubber sales/export tax of general application obtains.
 - Withholding Tax on Interest and Dividend—Withholding Tax on dividends (declared) and interest income which was not imposed under the 1954 agreement became applicable under the amended (new) agreement at 50 percent of the rate of tax on dividends and interest income levied under the Revenue and Finance Law of Liberia.
72. In pursuant to Article IX and XV of the 9 July 1954 Concession Agreement (as amended on 22 November 1985) Kumpulan Guthrie Berhad (KGB) notified the Liberian Government in a correspondence dated 30 October 2001 to Nathaniel Barnes, former Finance Minister for the temporary suspension of its performance under the Concession Agreement effective 30 October 2001.
73. KGB's suspension of performance under the Concession Agreement was made necessary by the deteriorated security situation in and around the territory of KGB's concession, including, but not limited to, the insurgency of dissident force within northern and north-western Liberia, and the resulting threat to employees of its operating company.
74. As a demonstration of KGB's good faith intent to resume performance when the security situation so permitted, Guthrie Plantation Liberia, Inc. (GPLI) resolved to continue to pay the minimum annual rent specified in the concession Agreement. In addition, GPLI was also obligated to make the necessary arrangements to ensure that its Liberian workers are appropriately compensated as provided by law.

75. For the periods under audit, the plantation was managed by successive interim management teams including but not limited to the Rubber Planters Association of Liberia (RPAL), **Legislative Caucus** of Bomi County, **Rebel Forces** and the Director of the Liberian Rubber Development Authority (LRDA).

Contracts of the RPAL Interim Management of the Guthrie Rubber Plantation

76. On 15 August 2006, the Government of Liberia (GOL) through former Minister of Agriculture, J. Chris Toe appointed the RPAL as interim management of Guthrie, pending the negotiation of the terms and conditions of the agreement.
77. An Agreement was entered into on 14 March 2007; seven months after the RPAL began operations on the plantation. The agreement was signed by the Government of Liberia represented by the former Minister of Agriculture, J. Chris Toe, and Keith Jubah of the Rubber Planters Association of Liberia (RPAL), a non-profit association duly incorporated and registered under the Laws of Liberia. The RPAL was given eighteen (18) months from the date of the takeover in August 2006 and an extension of six months was pronounced by the Board of Directors in its meeting held on 14 December 2007 with the presence of the former Minister of Agriculture, Chris Toe as Chairman.
78. During the period in which RPAL managed Guthrie and at the time of signing the agreement, Mr. Jubah served as Chairman of the Public Procurement and Concessions Commission, a demonstrated evidence of conflict of interest clothed in self dealing. The PPCC regulates all procurement activities of Liberia under the PPC Act, 2005.

Other Regulatory Framework

79. In furtherance of the objective of the audit, the following reference materials were utilized to guide us in the examination and inspection of the financial management practices at Guthrie:
- Contractual Agreements
 - Term of reference of the various Interim Management Teams (IMT)
 - RPAL's Bye-Laws and Constitution.
 - RPAL's Policy and Procedure Guide
 - PPC Act of 2005
 - Ministry of Agriculture regulation on natural rubber
80. The following individuals (as indicated in the tables below) of the two Interim Management Teams managed the affairs of the Guthrie Rubber Plantation during the period under review. For the same periods, the Chairman of the Rubber Task Force was Dr. Chris Toe.

Table 2A: RPAL/Guthrie Oversight Committee Members

Name	Rank and Dept	Office location
Benjamin Garnett	Executive Committee Member	Monrovia Liberia
Thomas Major	Executive Committee Member	Monrovia Liberia
Mathew Mangolie	Executive Committee Member	Monrovia Liberia

Table 2B: RPAL/Guthrie Management Team

Name	Rank and Dept	Office location
Moses Lavela	General Manager	Guthrie
Anthony Merchant	Operations Manager	Guthrie
Adam Manobah	Administrative Manager	Guthrie Plantation
Hilary Reeves	Comptroller	Monrovia Liberia
Alfred Kargbo	Production Consultant	Guthrie Plantation
Moses Kerkula	Estate Manager	Guthrie Plantation
Augustine Allie	Estate Manager	Guthrie Plantation
Samuel Sumo	Estate Manager	Guthrie Plantation
Zolu she	Estate Manager	Guthrie Plantation

Table 2C: Lodean Teage Interim Management Team Oversight Member

Name	Rank and Dept	Office location
Chris Toe	Former Minister of Agriculture	Monrovia

Table 2D: Teage Interim Management Team

Name	Rank and Dept	Office location
Lodean C. Teage	Representative of GOL /Director LRDA	Guthrie Plantation
Adman Manobah	Interim Manager	Guthrie Plantation

Objectives of the Audit

81. The objective of the audit was to conduct a comprehensive audit of the Guthrie Rubber Plantation for the periods 1 January 2006 – 31 December 2008, including the financial statements, compliance with laws regulations and value for money. I conducted the audit to ascertain that:
- All proceeds from Rubber produced at the Guthrie Rubber Plantation were properly reported and accounted for.
 - All funds received from sales were timely banked and deposited into the established operating accounts by the various Interim Management Teams that operated the Guthrie Rubber Plantation.
 - No revenues were used by the Interim Management Teams without being appropriated by the authorizing officers.
 - There were effective internal controls in place over the collection of Rubber from the plantation and sales to the buyer(s)
 - There was no loss to the Government either due to fraud, mistake or default on the part of any person.

Audit Scope

82. The audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Management Teams in the preparation of the financial statements, and of whether the accounting policies are adequately disclosed.
83. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary to provide me with sufficient and appropriate audit evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, fraud or any other irregularity and that, in all material respect, the expenditure and income have been applied to the purposes intended by the Managements of the Guthrie Rubber Plantation, and the financial transactions conform to the authorities which govern them.

Audit Methodology

84. I conducted the audit in accordance with INTOSAI Standards on auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance that the expenditure reports and other reports prepared by various Interim Managements of the Guthrie Rubber Plantation are free of material misstatements.
85. I adopted a Risk-based Approach. During the planning process, I assessed the legal, business and control environment of Guthrie through which inherent and control risks impacting the Corporation's operations were identified. The audit methodology was thus chosen to address the risks identified in Guthrie's operations. The methods used included:
- Document review.
 - Interviews.
 - Substantive compliance and analytical review procedures.
 - Inspection.
86. I obtained and examined financial documents that were made available for audits to ensure that all revenues collected and the corresponding expenditure were fully documented.
87. As part of the reporting procedures, audit findings were first discussed with desk officers and, where appropriate, Audit Observation Memoranda (AOMs) were issued to solicit responses from the officers concerned. Copies of the AOMs were sent to the Managers and the Chairman of Task Force, Former Agriculture Minister Chris Toe. Responses received from the aforementioned officials and management were evaluated and incorporated in this report; I also issued a Draft Management Letter and responses received thereto were appropriately evaluated and incorporated in this report.

Limitation of Responsibility

88. I reviewed the systems and management controls operated by the two interim management teams of the Guthrie Rubber Plantation only to the extent I considered necessary for the effective performance of this audit. Therefore, my review may not have detected all material weaknesses that existed or all improvements that could be made. I have prepared this report for the use of the National Legislature, the President, and for purposes of the GAC. By extension this report becomes a public document.

Limitation of Scope

89. The Management of Guthrie did not provide me records relating to fixed assets held by the RPAL/Guthrie during their operation at Guthrie Rubber Plantation, to enable me conduct physical verification of the assets. This limited the scope of the audit.

90. Moreover, the non cooperation attitude demonstrated by the Management Teams and former Agriculture Minister Chris Toe to allow me access to the entity's full records and key officials also limited the scope of the audit. As noted, Lodean C. Teage's Interim Management Team refused to disclose vital information required for the audit.

DETAILED FINDINGS AND RECOMMENDATIONS

Governance Issue

Guthrie Operated without Formal Contract Agreement

Observation

91. For contracts to be effectively enforced, all parties to the contract must affix their signatures to the agreement before the contractor can start to implement to the terms of the contract. The signatures signify that the parties have agreed to the terms and are prepared to abide by them. In addition, the parties to the contract will be held accountable on the basis of the terms of the contract.

92. Contrary to the above, I noted during the audit that the contract between the Rubber Planters Association of Liberia (RPAL) and the Rubber Taskforce was not signed by the Ministers of Justice and Finance as required by the agreement. The contract was signed only by the former Minister of Agriculture, Chris Toe and the President of RPAL, Keith K. Jubbah who was also Chairman of the PPCC. Furthermore, I noted that there were no witnesses to the agreement between the two parties.

93. I further noted that the minutes of the Board of Directors meeting of the Rubber Task force held on 14 December 2007 at the Ministry of Agriculture extended the operations of RPAL in Guthrie for additional six months. Contrary to the above decision, the former Minister of Agriculture Chris Toe removed the RPAL from the Guthrie Plantation on 22 January 2008 and replaced it with another

Interim Management Team headed by Lodean C. Teage, Director of the Liberia Rubber Development Authority. I was not provided evidence for the change of management.

Risk

94. The failure to have a contract signed by all parties may result in lack of commitment by the parties and lead to non-performance. The contractor may not be held accountable if there is a breach of the agreement.
95. The Minister of Agriculture and the Chairman of the PPCC may have circumvented the contractual process requiring signatures of the Ministers of Finance and Justice to benefit them personally at the detriment of the Government.
96. The deficiencies noted in the contract with respect to the required signatures could deny assurance on the regularity of the revenues collected and expended by RPAL and Former Minister Toe, as it is widely held legal maxim that what is not done legally is not done at all.

Recommendation

97. The Minister of Justice should sanction the former Minister of Agriculture, J. Chris Toe for unilaterally awarding contract to RPAL and a subsequent unilateral decision to remove RPAL from Guthrie Plantation contrary to a board resolution that extended the operation of RPAL at Guthrie for six months. Former Minister Toe should therefore be made to provide material justification or the substantive authority for his unilateral decisions.
98. PPCC Chairman Keith Jubah should also be held accountable for direct material conflict of Interest and abuse of office, as he served as PPPC Chairman while at the same time awarding a Government contract to company in which he served as the main official, President of RPAL.

Former Agriculture Minister Chris Toe's Response

99. *Your observation is misleading and attempts to misinform and contradict the process by which Government entities contract other parties. You are also categorically wrong in asserting unilateralism on my part with regards to signing of the contract. Here are the facts: the contract was first drafted by UNMIL, the GOL's partner on the Rubber Task Force. Following its review by my office and the RPAL, the lead contracting parties, it was sent to the ministry of finance and the ministry of Justice for those institutions' review.*
100. *The contract and terms of reference for the interim management team and the interim board of directors were first submitted to finance in January 2007 and this was followed by a request from finance for projected financial information. This additional information was submitted latter in the month and acknowledge by finance in February 2007 with a request for the adjustment of one of the clauses and "...advise that management finalizes the draft contract with afore-mentioned correction to facilitate its execution between the GOL and the RPAL for the management of the Guthrie Rubber Plantation". Once this was done, signaling completion of the review process, the*

RPAL and I signed the contracts and office forwarded same to the Minister of finance in March 2007.

- 101. Your observation of unilateralism is therefore wrong and contrary to the facts. I must emphasize that the contract review process was open and transparent; there was nothing sinister about it, as you seek to imply in your generalization.*
- 102. Let me now add the following. It would make sense the GAC auditors would go to the ministry of finance to find out why the minister of finance did not sign the agreement, which was prerequisite to the attestation of the minister of Justice, and why tax payments were received by said ministry from the RPAL interim management team whose contract they did not sign. I follow all appropriate procedures for the standard execution of the management contract (Attachment # 9 and #10) including revision of the transfer clause and finalization of the draft contract as per minister Sayeh's letter of February 3, 2007 (see Attachment #11) and then commenced its execution in keeping with standard operating procedures by having the RPAL and I to sign and then submit same to Minister Sayeh (see Attachment 12 which is a March 19, 2007 letter and enclosure from my office to the Minister of finance).*
- 103. I follow all required procedures for proper execution of the contract but let me state that I had an even greater responsibility, given me by president Sirleaf, to secure the plantation, stabilize conditions therein by putting into place an interim management team, and then bringing in a permanent management once ownership and other legal issues had been resolved in keeping with the laws of the country. This I did. Should I have kept the RPAL out of the plantation after it has been secured and stood by waiting all parties to sign the agreement while illicit tapping, rapes and other illegal acts continued? Let me be clear: I will always take whatever action is necessary, consistent with the authority and responsibility of my service to protect the national interest.*
- 104. I removed the RPAL team from Guthrie Plantation in the interest of national security and stability in keeping with my authority as Chairman of the GOL-UN Rubber Taskforce.*
- 105. Please go and ask the people of Bomi county and those represent them whether I took the correct action. Furthermore, I dispute and contest the integrity of the so-called Board resolution that you claim extended the contract of the RPAL; was the resolution duly executed (i.e. signed by the participants at the meeting)? Does the GAC know the difference between meaningless piece of paper and a Board resolution? The resolution you refer to is nothing than a bogus document.*

Auditor General's Position

106. Former Minister J. Chris Toe in his response has admitted to my finding that the purported contract between the Government and the RPAL was indeed not signed by the Ministers of Finance and Justice, a requirement enshrined in the Contract. Chris Toe, in his failed attempt to justify his action for implementing the contract contrary to the requirement of the contract stated:

“It would make sense the GAC auditors would go to the ministry of finance to find out why the minister of finance did not sign the agreement, which was prerequisite to the attestation of the minister of Justice, and why tax payments were received by said ministry from the RPAL interim management team whose contract they did not sign.”

107. The Minister contention cannot be sustained administratively and judicially when challenged on the merit, as his own admission clearly shows that he knowingly violated the requirement of the contract by implementing a contract that was not signed by the Ministries of Finance and Justice. In his response, he recommended that I go to the Ministry of Finance and ask them why the Minister of Finance did not sign the contract. This would be a fruitless exercise on my part as the fundamental issue at hand is that former Minister Toe has clearly admitted that the contract was not sign by the appropriate authorities, the Ministers of Finance and Justice.
108. Former Minister Toe further attempted to justify his unilateral decision by equating the receipts issued by the Ministry of Finance of taxes paid by RPAL by the Ministry of Finance as a sign that the Minister of Finance accepted the irregular contracts. This is a false equation, as the Minister of Finance’s responsibility is to collect taxes independent of legal parameters that have to be followed in execution of contractual agreements. Revenue is supposed to be collected from whatever source as specified in the Revenue Code of 2000. Minister Toe would want me to accept that a drug dealer who pays taxes excuses his or her criminal behavior. His contention is therefore illogical and unsupported by simple reasoning and cannot be sustained administratively or judicially when challenged on the merits.
109. As noted, J. Chris Toe unilaterally removed the RPAL from the management of the Plantation against a standing Board’s resolution. He stated among other things that his action to remove the RPAL Team from Guthrie Plantation was in the interest of national security, stability and in keeping with his authority as Chairman of the GOL-UN Rubber Taskforce. Though, it is indisputable that J. Chris Toe was the Chairman of the Rubber Taskforce, it is instructive to note that he was just one among several other members serving on this Taskforce. By this, it was important that decisions should have been made by the Taskforce rather than his unilateral action. As he manipulated his way in the implementation of the contract disregarding the signatures of the Ministers of Finance and Justice, he also unilaterally nullified the contract with the RPAL against a standing Board’s Resolution.
110. Dr. J. Chris Toe in challenging the merit of the report intoned *“Does the GAC know the difference between meaningless piece of paper and a Board resolution? The resolution you refer to is nothing than a bogus document.”* Though, he questioned GAC’s interpretation and analysis of data, he failed to provide documentary evidence in the form of minutes, board resolution, etc. upon which he took the decision to nullify the contract with the RPAL. Mere assertion is not substantive to cure the deficiencies noted, as auditors do not rely on mere explanation, but tangible and cogent evidence.

111. Interestingly, Dr. J. Chris Toe is taking responsibility in the interest of national security and as Chairman of the Rubber Task Force. But when it comes to the issue of accountability of revenue generated from the sale of rubber to Firestone and MARCO, for which he sanctioned payments, Dr. Toe attempted to push the issues on others, as it is indicated in the details of this report.
112. Former Minister J. Chris Toe also breached the term of the contract provision when he removed the RPAL from the Guthrie Plantation on 22 January 2008 contrary to the provision of the contract that stipulated a one hundred and twenty days notice. Former Minister Toe unilaterally initiated and signed the contract without the inputs of the Ministers of Finance and Justice. He also executed and terminated the contract and thereafter hired his subordinate, Mr. Lodean C. Teage to manage the plantation.
113. His abrupt and unilateral termination of the Contract with the RPAL and subsequent replacement with the head of LRDA, made it difficult to establish the assets acquired by RPAL for the plantation. As noted, there was no turning over report. Therefore, I could not establish assets acquired by the Teage's administration and those acquired by the RPAL.
114. Former Minister Toe boastfully showed no respect for the law and acceptable procedures in the management of public resources, when he contended:

"Should I have kept the RPAL out of the plantation after it has been secured and stood by waiting all parties to sign the agreement while illicit tapping, rapes and other illegal acts continued? Let me be clear: I will always take whatever action is necessary, consistent with the authority and responsibility of my service to protect the national interest."

115. Former Minister Toe's actions, as clearly explained by him, were not in line with the legal authority and responsibility as he claimed. **Section 28.2** of the Executive Law of 1972 defined the duties of the Minister of Agriculture. I have read the duties of the Minister of Agriculture and there is no indication that he is charged with the responsibility of breaking laws and procedures to protect the "national interest."
116. Former Minister Toe further attempted to justify his action in his failed explanation to blame his unilateral actions on a purported mandate allegedly given to him by President Sirleaf. Former Minister Toe wrote:

*"I follow all required procedures for proper execution of the contract but let me state that I had an even greater responsibility, **given me by president Sirleaf**, to secure the plantation, stabilize conditions therein by putting into place an interim management team, and then bringing in a permanent management once ownership and other legal issues had been resolved in keeping with the laws of the country."*

117. Former Minister Toe shifted from his "national security" argument to his "greater responsibility" argument "given (him) by President Sirleaf." He submitted no evidence to support his contention

that President Sirleaf gave him a mandate to act unilaterally. A Taskforce was created and Minister Toe should have acted in consultation with members of the Taskforce. Evidence further indicates that he failed in securing the Plantation in spite of his unilateral actions, as on March 15, 2009 there was a workers-riot that led to the shooting and killing of a plantation worker. I therefore maintain all my recommendations.

IRREGULARTY NOTED WITH RPAL/GUTHRIE REVENUE

Understating of, and other Irregularities in Reported RPAL/Guthrie Revenue

Observation

118. As required by standard accounting practice, all sales must be recorded in the sales ledger in terms of quantity and value of the product sold. RPAL/Guthrie Policy Procedure also requires that all variances deriving from the sales of rubber from RPAL/Guthrie Rubber Plantations should be referred only to the General Manager for investigations by the Operations Manager. All income or cash received from operation must be recognized for reporting purposes and any variances explained.
119. Contrary to the above, I noted that the General Manager Moses Lavela and the Operation Manager Anthony Merchant did not reconcile and report variances from the sale of Rubber to the Weala Rubber Company during the period under audit. There was no evidence that reconciliation was done and variance reported; I also noted that the Chief Accountant did not maintain a sales ledger.
120. However, Income Statements prepared by the RPAL/Guthrie disclosed that the total revenue generated from rubber sale for the periods October to December 2006 and January to December 2007 was US\$**5,632,816.39**. In contrast to the financial statements disclosure, my analysis of confirmation of revenue (i.e. rubber sale and Incentives from rubber sale) from the sole buyer and financier (i.e. the Weala Rubber Company) showed an amount of US\$ **5,549,376.28** for the same periods, resulting in total unexplained net variance of **US\$83,440.11 (i.e. Table 3A variance less from Table 3B variance)**. Details are presented in Table 3A & 3B below:

TABLE 3A: UNDERSTATEMENT OF REVENUES REPORTED BY RPAL/ GUTHRIE 2006-2008

Month	Volume M/ Ton per Weala Book	RPAL /Guthrie US\$	Weala Confirmation US\$	Variances US\$
Dec. 2006	428.990	305,662.93	321,042.70	-15,379.77
May-07	438.010	342,890.00	367,796.40	-24,906.40
Oct. 2007	593.990	468,720.00	497,360.88	-28,640.88
Jan. 2008	295.240	251,024.89	267,201.14	-16,176.25
Premium		243,310.00	278,964.48	-35,654.48
Total		1,611,607.82	1,732,365.60	(120,757.78)

121. It can be concluded from **Table 3A** above that RPAL/Guthrie received additional proceeds amounting to US\$120,757.78 from sales of rubber to WRC, which Management did not disclose and report in the Income Statements during the period under review.

TABLE 3B: OVERSTATEMENT OF REVENUE BY RPAL/GUTHRIE 2006-2008

Month	Volume M/ Ton per Weala Book	RPAL /Guthrie US\$	Weala Confirmation US\$	Variances US\$
Oct. 2006	65.880	56,058.66	53,849.00	2,209.66
22. Nov. 2006	369.170	304,804.91	280,666.04	24,138.87
Jan. 2007	569.850	414,299.00	397,791.05	16,507.95
Feb. 2007	391.320	292,028.00	281,245.80	10,782.20
Mar. 2007	406.630	314,279.00	314,271.10	7.90
Apr. 2007	349.100	292,900.00	292,029.00	871.00
Jun. 2007	322.470	303,717.00	277,989.45	25,727.55
Jul. 2007	316.180	288,360.00	276,194.80	12,165.20
Aug. 2007	225.540	194,214.00	194,028.84	185.16
Sept. 2007	396.810	352,352.00	328,274.00	24,078.00
Nov. 2007	668.270	621,986.00	560,810.48	61,175.52
Dec. 2007	610.870	586,210.00	559,861.12	26,348.88
Total		4,021,208.57	3,817,010.68	204,197.89

123. The overstatement of revenue by US\$204, 197.89 as indicated in the **Table 3B** imply that Management did not disclose or report all of the revenue generated from the sale of the rubber during the period under review.

Table 3C: REVENUE NOT CONFIRMED BY WRC

Month	Volume M/ Ton per Weala Book	RPAL /Guthrie US\$	Weala Confirmation US\$	Variances US\$
Price Adjustment 2006	828.55	16,020.00	-	16,020.00
Dec.12,2006 Rubber in Transit	35.49	27,859.70	-	27,859.70
Total		43,879.70		43,879.70

124. For the purpose of further verifying the aforementioned payments to RPAL/Guthrie by WRC, I indicated that I wrote WRC Management to confirm payment of the amounts mentioned in **Table 3C** above from the WRC. However, I did not receive any response from WRC Management confirming that US\$16,020.00 for price adjustment in 2006 and US\$27,859.70 for rubber in transit were paid by WRC, up to the time of concluding this report. In the absence of confirmation of rubber sale payments by WRC, I could not assure that RPAL/Guthrie received the aforementioned payments from WRC.

Failure to Account for Loan Granted by WRC

125. I also noted from revenue records made available to me that RPAL/Guthrie Management team was granted loans totaling US\$809,000.00 by Weala Rubber Corporation. These loans, according to management, were meant to procure agricultural tools and for the settlement of RPAL/Cavalla exit payroll and additional operational expenses. However, I did not see any documentary evidence as to how the amount was expended or disbursed. I also did not see board approval/resolution to acquire loans for purposes of procuring agricultural tools and settlement of RPAL/Cavalla exit payroll.

Risk

126. Failure to maintain a sales ledger may result to fraud as management will be unable to account for all sales
127. The failure to report all income received during the period could be designed to understate revenues to conceal misappropriation.
128. A significant doubt on the integrity of the financial statement due to fraudulent reporting or errors.

Recommendation

129. Comptroller Hilary Reeves and the Head of the Management Board, Benjamin Garnett failed to provide documentary evidence to support the expenditure of the loans received from WRC in the tune of US\$809,000.00, and moreover there was no board approval/resolution for granting of loans to RPAL/Guthrie Therefore, Messrs Reeves and Garnett should be made to reconstitute the aforementioned amount into the Company's account. This is because the amount cannot stand as a charge to Guthrie's Account, as such cannot be construed as liability incurred for the purposes of the operation of Guthrie.
130. Moses Lavela, General Manager, Anthony Merchant, Operations Manager, Adam Manobah, Administrative Manager and Hilary Reeves, Comptroller should be made to reconstitute the difference of US\$120,757.78 into Government's Account. This amount represents the variance as reported from the proceeds of rubber sale between RPAL and WRC, as RPAL failed to provide evidence to disapprove the figures reported by WRC, the buyer of the rubber from the Guthrie Rubber Plantation. As observed RPAL Income Statement revealed purchases in the tune of

US\$1,611,607.82 made by WRC, while the WRC records for the same transaction revealed that RPAL was paid US\$1,732,365.60.

131. In the same vein, Moses Lavela, General Manager, Anthony Merchant, Operations Manager, Adam Manobah, Administrative Manager and Hilary Reeves, Comptroller should be made to account for the revenue variance of US\$204,197.89 and report on the factors giving rise to the overstatement of the RPAL/Guthrie reported revenue, as WRC identified as the lone buyer of Guthrie rubber indicated that it did not purchase rubber in this quantum from RPAL.
132. Official receipts in respect of WRC payments should be obtained to confirm payments of US\$16,020.00 for price adjustment in 2006 and US\$27,859.70, as WRC did not confirm the payment of these amounts despite a written communication requesting confirmation.

Management's Response

133. *Except for a negligible total in-transit variance of US\$4,628.95 RPAL/Guthrie stands by the revenue figures of US\$5,676,696.09 as being the total rubber proceeds for the period under review.*
134. *We note below the errors committed by Weala Rubber Company and GAC, apart from in-transit variances:*
135. *We accept your description of the above as loans proceeds. However, we are loathe to accept it as sales proceeds, and your treatment and inclusion of the amount in rubber proceeds. Breakdown of these loans are as follows:*

a) **US\$359,000.00**

This loan was requested to enable RPAL procure agricultural tools during the initial period of our operations and was liquidated over ten months ending August 2007.

b) **US\$450,000.00**

This loan was used for settlement of RPAL/Cavalla exit payroll and additional operational expenses. RPAL/Guthrie refunded RPAL/Cavalla for payments and cash advance to RPAL/Guthrie. This loan was gradually being paid to Weala Rubber Company leaving an outstanding balance of US\$58,337.37, at the time of the RPAL/Guthrie dismissal.

Auditor General's Position

136. RPAL in its response did not dispute this loan, but was basically concerned that the loan **was reported as sales proceeds. GAC also recognized that the amount was not derived from sales but rather a loan received from WRC.**
137. The response of the Management of RPAL is also blurred with lots of ambiguities. This showed that the Management of RPAL used the Guthrie Plantation as collateral for its liability with the Cavalla Rubber Plantation, also a state-owned entity. Management of RPAL failed to provide supporting

documentation, such as, vouchers, purchase order, receipts and delivery notes for the agriculture tools purportedly procured with the US\$359,000.00. Management also failed to provide the purported payroll of Cavalla Rubber Plantation and the expenses made in the tune of US\$450,000.00. Mere assertion is not sufficient to cure the deficiencies noted. In the absence of documentary proof, this cannot stand as a charge to the Guthrie Rubber Plantation.

138. Even though, document made available for audit revealed that RPAL is indebted in the tune of US\$809,000.00, the RPAL in its response stated that it has liquidated 87.1% of the US\$450,000.00 and currently has an outstanding liability to WRC in the tune of US\$58,337.37, which it failed to pay. The Management of RPAL also stated that it liquidated in full the loan of US\$359,000.00. RPAL did not provide any document to substantiate how the loan of US\$450,000.00 was liquidated down to US\$58,337.37 and how the loan of US\$359,000.00 was liquidated in full. Though RPAL indicated that part of the loan in the tune of US\$450,000.00 was used "*for settlement of RPAL/Cavalla exit payroll and additional operational expenses*", I did not audit Cavalla to authenticate the veracity of Management's assertion.
139. On the basis of the above explanation, I have instructed the Forensic Department of the GAC to carry out a forensic audit to establish the veracity of management assertion that it has liquidated the loan payable to WRC down in the tune of US\$450,000.00 to US\$58,337.37 and further investigate the utilization of said loan. I have also instructed the Forensic Audit Department of the GAC to carry out a forensic investigation to establish whether the loan of US\$359,000.00 was used to procure agricultural tools for Guthrie during the initial period of RPAL's operations and was liquidated over ten months ending August 2007 as asserted by the Management of RPAL.
140. Additionally, RPAL generated the amount of US\$43,879.70 from price adjustment and rubber in transit. Though, WRC indicated in its reports a total of 864.04 wet ton of rubber for price adjustment and rubber in-transit, it failed to include them as income derived by RPAL. I wrote WRC to confirm payment of these amounts to RPAL/Guthrie, but WRC did not respond to my letter. Therefore, I cannot provide assurance on how much WRC paid for the 864.04 wet ton of rubber.
141. Moreover, the RPAL justification that it stands by its revenue received in the tune of US\$5,676,696.09 is not the issue in contention, but material justification for the variances of US\$120,757.78 and US\$ US\$204,197.89 discovered between RPAL figures and those reported by the WRC. RPAL attempted to mislead the audit by submitting information it claimed was provided by WRC whereas WRC submitted different information directly to me during the course of the audit. The independent confirmation by me with WRC is stronger and reliable than the internal information generated and submitted by RPAL.
142. In view of the above, I therefore recommend that Moses Lavela, General Manager, Anthony Merchant, Operations Manager, Adam Manobah, Administrative Manager and Hilary Reeves, Comptroller should be made to retribute the difference of US\$120,757.78, representing variance as reported from the proceeds of rubber sale between RPAL and WRC, as RPAL failed to provide evidence to disprove the figures reported by WRC, the buyer of the rubber from the Guthrie Rubber

Plantation. In the same vein, they should be made to account for revenue variance of US\$ 204,197.89 and report on the factors giving rise to the overstatement of the RPAL/Guthrie reported revenue, as WRC identified, as the buyer of Guthrie rubber, indicated that it did not purchase rubber in this quantum from RPAL.

Petty Cash Retirement without replenishment report and Supporting Documentation

Observation

143. As established by the Policy and Procedure Guide on the payment of petty cash, all disbursements from petty cash fund account shall not exceed the threshold of US\$500.00 and any amount above US\$500.00 shall be paid through the check system. I reviewed the petty cash records to ascertain whether proper procedures were being followed in their disbursement and to ensure that the Corporation's cash was adequately safeguarded for the period under audit. The petty cash cashier is also required to make replenishment report and attach all related receipts and other supporting documentation to the report.
144. My review of petty cash vouchers for the audit periods revealed that petty cash was disbursed above the approved limit and in addition to this, petty cash fund were without replenishment report and appropriate supporting documents to indicate the completion of the transactions.
145. During the audit, I noted that payments amounting to US\$61,286.00 were made in excess of the approved threshold. I also noted that beside payments made in excess of approved threshold, the aforementioned amount was expended without replenishment report and could not be supported with original receipts, invoices and other relevant documents as evidence that the funds were expended. This omission was occasioned by lack of internal checks. It was further observed that US\$800.00 was paid without the name of a payee. The purpose for the payment was for public relations. No receipts were provided to ascertain that the petty cash paid were actually paid to the intended beneficiary. **See table 4 below**

Table 4: Petty cash without replenishment report

Date	Voucher #	Payee	Purpose	Amount US\$
5/24/2007	None	Moses Kollie	Well Contract	2,500.00
4/25/2007	None	Josiah Davies	Clearing at NPA	810.00
5/25/2007	None	Kofa Washington	Clearing of latex cup	725.00
5/17/2007	None	Varney Passawe	Vehicle rental	840.00
5/17/2007	None	Robert Saah	Police payroll/Plantation petty cash	5,320.00
11/28/2007	None	Musa Sherman	Sports	3,080.00
6/4/2007	None	Solomon Bundeh	Plantation petty cash	1,000.00
6/15/2007	None	Moses K. Lavela	Plantation petty cash	1,000.00
6/14/2007	None	Richard Dewall	Vehicle Registration	600.00
12/5/2007	None	Simeon Z. Woheel	Fertilizer	1,000.00
12/5/2007	None	Moses Kerkulah	Plantation petty cash	1,500.00
12/4/2007	None	Edward C. Sangudi	Petty cash-RDF	8,110.00

Date	Voucher #	Payee	Purpose	Amount US\$
11/13/2007	None	Beverly Jones	Product transport	1,000.00
11/13/2007	None	Mr. Robertus Gbaleh	Union due	1,241.00
11/13/2007	None	Mohammed Kamara	Product transport	1,005.00
11/13/2007	None	Lawrence Tarr	Product transport	1,000.00
10/27/2007	None	Moses Lavela	Spare, Internal hauling, union due, Petty cash	4,440.00
10/27/2007	None	Simeon Z. Woheel	Board fees	720.00
10/27/2007	None	Amando G. Paye	PR to tax collection officials	600.00
10/5/2007	None	Anthony T. Merchant	Plantation petty cash	1,000.00
10/5/2007	None	Alfred C. Kargbo	Onward transmission to Kandakai	3,123.00
8/4/2007	None	Thomas E. Major	Transport	1,000.00
8/4/2007	None	E. C. Sangudi for CRP	Refund to Cavalla	1,000.00
8/4/2007	None	Ben G. Garnett	Payment on account	2,200.00
8/10/2007	None	Moses K. Lavela	Plantation petty cash	1,500.00
7/2/2007	None	Anthony T. Merchant	Plantation petty cash	1,000.00
7/5/2007	None	Anthony T. Merchant	Plantation petty cash	750.00
11/28/2007	None	Sei Gahn	Cash advance RPAL/Marine	4,550.00
11/28/2007	None	No Name	PR	800.00
11/28/2007	None	Edward C. Sangudi	Advance to Cavalla Petty cash	1,000.00
11/28/2007	None	Alfred C. Kargbo	Scratch cards	850.00
11/28/2007	None	Simeon Z. Woheel	Senior Management salary	2,520.00
12/30/2006	None	Augustine Allie	Cash shortage chargeable to Mr. A. Allie and Momolu Kamara	960.00
7/2/2007	None	Anthony T. Merchant	Internal hauling	2,542.00
Total				61,286.00

146. As indicated in the table above, petty cash account was also being used to pay salaries contrary to the purpose for which it was established. This was done despite RPAL/Guthrie Management maintaining separate Personnel payroll account. I could not therefore ascertain whether the individuals paid from the petty cash were not also paid from the authorized payroll, in the absence of payroll.

Risk

147. The failure to provide a replenishment report on the utilization of petty cash may lead to fraudulent payments and misappropriation of fund.
148. The payment of a single expenditure item in excess of the authorized limit may provide opportunity for the commission of fraud and abuse in the utilization of resources.
149. The payment of payroll items from petty cash fund may result in double payments of salaries as an individual could subsequently claim from the authorized payroll account. This may lead to the overstatement of the payroll.

150. Disbursements from petty cash, without replenishment report and supporting documentation is an indication that funds involved were not applied to the purposes intended. This may lead to the waste and abuse of the corporation funds.

Recommendation

151. Comptroller, Hilary Reeves should be made to reconstitute US\$61,286.00 paid from petty cash as he did not provide the replenishment report, invoices and receipts for the disbursement. This amount includes the US\$800.00 paid for public relations without proof of receipt of money by the payee.

Management's Response

152. *The RPAL/Guthrie petty cash administration policy and procedure was never changed. Likewise the practice of not paying any amount exceeding US\$500.00 was maintained throughout our tenure. To ensure implementation of the policy, we established two petty cash funds, one on the plantation and the other in Monrovia with both being governed by the same policy.*
153. *The situation that develops is this: Rubber Plantation Operations require huge amount of cash daily. However, because of security situation and previous occurrences at the Guthrie Rubber Plantation at the time, management decided to maintain only US\$1,000.00 petty cash float there. Bills that required immediate cash payment above US\$500.00 were compiled and paid every two weeks. These bills were submitted to the Monrovia office and the cash was withdrawn from the bank and sent to senior staff at the plantation for payment to the contractors and other individuals concerned for the miscellaneous activities, and separate reports were prepared for them.*
154. *It is for such purposes that the following payments were made in Monrovia and at the plantation:*

CASH PAYMENTS AT THE PLANTATION

Water Well Contractor – Moses Kollie	US\$	2,500.00
Police Payroll/Plantation Cash		5,320.00
Product Transport (Internal Hauling)		1,000.00
Union Dues		1,241.00
Product Transport (Internal Hauling)		1,005.00
Product Transport (Internal Hauling)		1,000.00
Product Transport		1,000.00
Spare parts, Internal Hauling, Union Dues & PC Replenishment		4,440.00
Cash for various to the plantation cashier		3,123.00
Contribution to Bomi County Sports Meet		3,080.00
Replenishment of Plantation Petty Cash		1,000.00
Replenishment of Plantation Petty Cash		1,000.00
Replenishment of Plantation Petty Cash		1,000.00
Replenishment of Plantation Petty Cash		1,500.00
Replenishment of Plantation Petty Cash		1.500.00

Replenishment of Plantation Petty Cash	1,000.00
Replenishment of Plantation Petty Cash	750.00
Cash Shortage Applied to Messrs. Allie & Kamara	960.00
Internal Hauling	<u>2,542.00</u>
TOTAL	<u>US\$ 34,961.00</u>

CASH PAYMENT AT THE MONROVIA OFFICE

Cash Advance to Mr. Sei Gahn RPAL/Marine	US\$	4,550.00
Cash Advance to Mr. Sangudi RPAL/Cavalla		1,000.00
Cash Advance to RPAL/Cavalla & Rubber Development Fund		8,110.00
Payment for Board Fees - RPAL Management Fees account		2,520.00
Clearing at NPA		810.00
Clearing Latex cups		725.00
Vehicle Rental		840.00
Vehicle Registration		600.00
Fertilizer		1,000.00
Public Relations to Tax Officials		600.00
Board Fees to Simeon Z. Woheel		720.00
Public Relations		800.00
Refund to RPAL Cavalla		1,000.00
Scratch Cards for Senior Staff		850.00
Part-payment against Vehicle Rental		<u>2,200.00</u>
TOTAL		<u>US\$ 26,325.00</u>

155. There were no salary payment from petty cash but rather cash advance to sister affiliates which were refunded to RPAL/Guthrie and payment against Management Fees. For example, the amount of US\$2,520.00 paid to Simeon Z. Woheel as Board Fees represented cash advance payment against RPAL/Central Management Fees. Simeon Z. Woheel was not an employee of RPAL/Guthrie; rather he was a member of the Plantation Management Board as setup by the RPAL Executive Committee Meeting of May 26, 2006 (copy attached). All other payments directly described as petty cash are adequately reported and records are presently available for your perusal but due to its volume will not be attached to this report. All other payments were not made out of the petty cash account, rather those were cash withdrawn for settlement of urgent obligations in Monrovia and at the plantation.
156. Plantations like that of the Guthrie Rubber Plantation cannot be excluded from payment against public relations most especially for those payments made to top government officials. **The US\$800.00 was paid to Mr. Roberts from the Ministry of Finance Tax Division as Public Relations.**

Auditor General's Position

157. I was clear in my request to the Management that I needed replenishment report, receipts, etc for every petty cash paid using the petty cash allotment at the plantation, as this will enable me provide assurance that the petty cash was properly used, accounted for and managed for the intended purpose.
158. A long list of people claimed to be beneficiaries of petty cash payment does not justify that they were paid the amounts stated. A signed log of recipients of petty cash is needed to indicate the signatures of recipients and the date of receipts. In the absence of replenishment report and proof of receipt of petty cash, it will be difficult to authenticate that payments were made to the rightful individuals.
159. Comptroller Reeves failed to provide the replenishment reports for the Petty cash float for my review therefore; I cannot give assurance that the amount of US\$61,286.00 expended from petty cash fund was duly accounted for.
160. Further, the amount of US\$800 paid to an individual only identified as Mr. Roberts from the Ministry of Finance Tax Division was unjustifiable. As indicated in the Management's response this individual is an employee of the Ministry of Finance, an entity of the Government of Liberia that is not responsible to provide Public Relations. The Ministry of Finance does not operate a public relation hub. It was also recognized that another US\$600.00 was paid to Amanda G. Paye for the purpose of Public Relations. Amanda G. Paye is an accountant at RPAL.
161. The Management did not produce any evidence to indicate that Mr. Roberts of the Ministry of Finance Tax Division ever provided public relation service to RPAL/Guthrie. Management also did not present to me a contract between RPAL/Guthrie and the purported tax officer from the Ministry of Finance for a public relation service. Again, these payments were irregular and cannot stand as a charge to the public account.
162. The Management of RPAL has admitted that it has been involved in clandestine operation in the running of the Guthrie Rubber Plantation as noted in this response: *"Plantations like that of the Guthrie Rubber Plantation cannot be excluded from payment against public relations most especially for those payments made to top government officials. The US\$800.00 was paid to Mr. Roberts from the Ministry of Finance Tax Division as Public Relations."* By this statement, management is admitting to bribery; as tax officers are not supposed to receive inducement under a false heading called "public relations." Management attempted to conceal the bribe by labeling as Public Relations.
163. Again, though, the Management failed to name the government officials paid for public relation operation, their own admission clearly speaks to the point that they have been making illegal payments to Government officials, which is a form of corruption. This casts serious doubts on the regularity of the petty cash payments.

164. The Management, in its response, listed several other sources of expenditure to acquit the US\$61,286.00, but failed to provide documentary evidence to back its assertion. US\$27,320 was stated as cash advance to Edward C. Sangudi, Sei Gahn and RPAL/Cavalla & Rubber Management Fee Fund, but failed to provide documentary evidence to acquit the payments. Similar irregularities were noted with other payments for which no supporting documents were provided. I therefore maintain all my recommendations.

Unsubstantiated Payments to Board Members

Observation

165. In terms of corporate governance principles, Board members of Public or Private Corporations or entities, should be paid fees based on meetings attended. The attendance of meetings is evidenced by minutes of the Board. In addition, the condition of service must be clearly stated and filed in personnel files.
166. During the audit, I noted that the Management of RPAL/ Guthrie made payments to three Board Members for Board fees, phone cards and fuel benefit amounting to US\$149,930.50. There was no evidence of minutes of meetings attended by the said board members to substantiate the payments. The Management failed to provide evidence during the audit and to a query dated 18 August 2009. As noted, from review of documents made available by the RPAL, I did not see any contributions made by the 3 executive members in the strategic interest of the Guthrie Rubber Plantation. . The Management also failed to provide evidence on the status of the Board Members to enable me establish whether they were entitled to salaries or board meeting attendance fees.

See Table 5 below:

Table 5: Irregular Payment to Board Members

Names of Board members	Amounts Received by Board Members			
	Board fees US\$	Phone Cards US\$	Fuel/Gas US\$	Total US\$
Benjamin G. Garnett	43,838.50	2,715.00	4,339.00	50,892.50
Thomas Major	44,870.00	2,080.00	3,569.00	50,519.00
Matthew Mangolie	41,177.00	2,080.00	5,262.00	48,519.00
Total	129,885.50	6,875.00	13,170.00	149,930.50

Risk

167. The failure to provide board minutes that shows evidence of meetings attended by each board member may result in fraud through fictitious payments.
168. The failure by the management to provide evidence on the status of Board members may result in making payments to individuals who are not members of the board resulting to unnecessary expenditure from the coffers of RPAL/Guthrie.

Recommendation

169. All the named purported Board members in **Table 5** who received board fees and other benefits amounting to US\$149,930.50 and the payments made to them could not be supported with Board meeting minutes, Signed Board attendance listing, approved Board sitting fees, policy governing the Board should be made to reconstitute the full amount into the Government's Account.

Management's Response

170. *Payments as Board Fees were made to all Plantation Management Board Members, not only those members enlisted in Table 7. These came about as a result of a meeting held by the RPAL Executive Committee held on May 26, 2006. These payments were part of RPAL's compensation as Management Fees (15% of net income) approved by the GOL as per the March 14, 2007 Contractual Agreement. Therefore attached to this report is a copy of the board meeting minutes and page 3 of the Contractual Agreement between RPAL and GOL to substantiate those payments.*

Auditor General Position

171. The RPAL failed to provide documentary evidence of board member attendance sheet that each member signed during every board meeting before benefits were paid. A copy of a purported board meeting minutes said to have been held on 26 May 2006 was not signed by board members who attended the said meeting. Additionally, the purported meeting was held in May, three months prior to the taking over of the RPAL/Guthrie plantation in August 2006. RPAL's Management also submitted another Board Meeting Minute said to have been held in December 2007. As noted, I did not see a signed attendance sheet of the Board Members who attended the meeting. By the submission of only two purported board minutes, management is indicating that US\$149,930.50 was paid to these three purported board members just for two meetings.
172. The Management of RPAL in its response stated that "*Payments as Board Fees were made to all Plantation Management Board Members, not only those members enlisted in Table 7*". But documents made available to me indicated that the three listed, constituted the Board of RPAL/Guthrie. Bank Statements and documents reviewed indicated that the three Executive Members of the RPAL Management received board fees and other benefits in the tune of US\$149,930.50. RPAL's Management is not disputing this amount. I requested proof of services rendered by these Board Members for which they were paid. Instead of providing the required information, only two Board Meeting minutes were provided which were not also signed by individual board members in attendance. Again, Management indicated that a board meeting was held on 26 May 2006 but failed to recognize that the actual contract to take over Guthrie was effected in August 2006. Management therefore provided false and misleading information to conceal a material fact.
173. A mere list said to be an attendance record of Board members is not sufficient and relevant evidential matter to proof that Board meetings were held and that those listed actually attended those meetings. I disagreed to the fact that Board Meeting was held in May 2006, because it was

three months prior to RPAL taken over of the Guthrie Plantation. Moreover, the alleged meeting of December 2007 is not sufficient for Board members to be paid in the tune of US\$149,930.50.

174. RPAL/Guthrie Management's response was not supported and therefore cannot be sustained judicially or administrative on the merits when challenged. Therefore, the three board members should be made to reconstitute US\$149,930.50 into Government's Account, as there is no proof that they provided services to the Guthrie Plantation.

Management of Cash and Bank Transactions

Bank Statement Analysis

Observation

175. Effective control of cash and bank transactions requires that bank and cash reconciliations be performed on a regular basis to compare balances in the cash book to that of the Bank Statements. This is done to ensure accuracy and accountability for all cash transactions, as well detect and remedy fraud and errors.
176. Contrary to the above, RPAL/Guthrie did not provide evidence that Cash Books were maintained during the periods under review. There was also no evidence that monthly bank reconciliation statements were prepared by the Finance Office of RPAL/Guthrie. I therefore could not authenticate the actual cash position of RPAL/Guthrie at the close of operation.
177. There was also no evidence that General Ledgers were maintained as such documents were not made available during the course of the audit. This also made it impossible to authenticate accounts in the Financial Statements.
178. An examination of transaction records provided for audit revealed that the RPAL/Guthrie Interim Management operated two United States dollar accounts during the period under audit. The accounts were maintained at Ecobank and International Bank Liberia Limited with account numbers 10210139322013 and 02201006111-06111-01, respectively.
179. Analysis of the Bank Statements of the two accounts revealed that total deposits amounted to US\$5,001,582.03, which was made up of US\$2,619,622.03 deposited in Ecobank and US\$2,381,960.00 deposited in the International Bank Liberia Limited for the periods under review.
180. Total Expenditure from the two accounts for the periods was US\$5,372,299.07. This amount was made up of US\$ 2,617,301.32 disbursed from Ecobank and US\$ 2,754,997.75 disbursed from the International Bank Liberia Limited. The above figures related to disbursements to vendors and employees.

181. I also checked the bank charges levied by the two banks and this came to US\$101,802.29 for the periods under review, which was made up of US\$ 2,320.71 and US\$ 99,481.58 from Ecobank and International Bank of Liberia respectively.
182. The balances of these accounts at the beginning and ending of the Fiscal Years July 2006-January 2008 were as follows. **See Table 6:**

Table 6: RPAL/Guthrie Banks Balances

Description	Bank Details		Total US\$
	RPAL/Guthrie	Rubber Planters Assoc. Of Lib.	
Account Title	RPAL/Guthrie	Rubber Planters Assoc. Of Lib.	
Bank	IB	EcoBank	
Account Number	02201006111-06111-01	10210139322013	
Currency	US\$	US\$	
Opening Balances	0	0	0
Deposit	2,381,960.00	2,619,622.03	5,001,582.03
Withdrawal	(2,754,997.75)	(2,617,301.32)	(5,372,299.07)
Charges	(99,481.58)	(2,320.71)	(101,802.29)
Closing Balances	(472,519.33)	0.00	(472,519.33)

183. In my analysis of bank statements in conjunction with related records, I noted that on 13 July 2007 the Management of the Rubber Planters Association of Liberia Inc applied for an overdraft facility from the International Bank Liberia Limited in amount of US\$25,000.00, which was subsequently increased to US\$80,660.00 on 18 July 2007 and further increased to US\$390,000.00 on 10 October 2007 to cover working capital requirements. The applications for overdraft facility were signed by the Comptroller Hilary Y. Reeves, Executive Committee Member, John G. Bestman, Production Consultant Alfred C. Kargbo, Chief Financial Officer Edward Sangudi and a member of the Management Board Benjamin G. Garnett. The requests also stated that the overdraft was to be liquidated by Rubber sales to Weala Rubber Company.
184. The Management failed to provide information on the transactions that occurred through the account at International Bank of Liberia for the period beginning 1 June 2007 to 22 July 2007. The bank statement only reflected an overdrawn bank balance of US\$76, 939.80 as of 22 July 2007.
185. Furthermore, I noted that the overdraft limit was increased to US\$415, 000.00 on 20 December 2007 when the bank account balance reflected an overdrawn balance of US\$452,605.97. This showed that the management had exceeded its overdraft limit by US\$37, 605.97.
186. In addition the account balance at the end of the period under review indicated an overdrawn balance of US\$472,519.33 when the limit was US\$415, 000.00. **Exhibit 1.** Therefore the overdraft limit was exceeded by US\$57,519.33.

Risk

187. Errors and other financial irregularities could escape timely detection and correction with resultant possible loss of funds in the absence of monthly bank reconciliations.
188. Failure to maintain cashbooks prohibits tracking of transactions with the bank which could lead to distorted financial statements.

Recommendation

189. The US\$472, 519.33 cannot stand as a charge to Guthrie Plantation. This is because Benjamin Garnett, Hilary Reeves and Edward Sangudi all of RPAL/Guthrie failed to provide supporting documents on transactions that occurred for which overdraft and charges from International Bank of Liberia of US\$472,519.33 was accrued to the Plantation.
190. The Finance Office of RPAL/GRP should ensure that separate cash books are maintained for each account so as to track all bank transactions during the month for the preparation of Accurate Financial Statements.
191. The Comptroller should perform bank reconciliations on a regular basis for each account so that errors and omissions can be identified within reasonable time.

Management's Response

192. *The overdraft amount of US\$472,519.33 was obtained from the bank through normal business negotiations and mutual agreement, and the amount was applied in the conduct of legal business transactions for and on behalf of RPAL/Guthrie Rubber Plantation to procure materials and to pay other obligations of the company. This amount is part of the overall indebtedness of RPAL/Guthrie to the International Bank.*
193. *GAC alleged that RPAL did not provide information on transactions that occurred through the account at International Bank for the period beginning June 1 2007 to July 22, 2007. RPAL/Guthrie's account at International Bank was opened on July 14, 2007. RPAL/ Guthrie operated its account at Ecobank up to its closure on August 19, 2007. Herewith attached to this report is the page one of RPAL/Guthrie Rubber Plantation Bank Statement of the International Bank.*
194. *Cash Books for the Ecobank and International Bank was maintained and reconciliation of the accounts of both banks was done on a regular monthly interval. Copies of reconciliation are attached to this document. Also cash books are available for your inspection.*

Auditor General Position

195. I appreciate the statement by the Management of RPAL that the amount US\$472,519.33 overdraft was accrued through legal bank transactions but the contention that there were other transactions

using the same bank account between 14 July and 22 July 2007 could not result to the overdraft of US\$472,519.33.

196. Going by the attachment submitted along with RPAL response means the RPAL/Guthrie is indebted in the tune of US\$548,943.33 as at 22 January 2008 whereas the bank confirmation did not point to such figure but rather US\$472,519.33. **Ref: Exhibit 1**
197. The bank statement page attached to the response as proof of transactions between 14 July 2007 to 21 July 2007 was for difference account number 400-01442-9 while the bank statement presented to me from the International Bank has account number 02-2010-06111-01.
198. Only a single page with different bank number other than the audited RPAL/Guthrie account number was provided. I therefore cannot give assurance that the transactions using the account number presented by RPAL/Guthrie Management was for the purpose of Guthrie Rubber Plantation. I therefore maintain my recommendations.

Payroll Management

Irregularities noted with Personnel Documentation and Files

Observation

199. According to the Employment Policy and Procedure Guide of Guthrie Rubber Plantation, Personnel Records of Employees should be maintained by the Personnel Manager. This is meant to identify bonafide employees of the Plantation, establish the employees on the payroll and facilitate regular comparison of payroll against the personnel listing.
200. On the basis of the aforementioned policy and procedure, I examined the Company's payroll for the period under review and requested from the Company's Personnel Manager the records/files of employees that were carried on the payroll by the Company. The outcome of my review of the records/files revealed that the Personnel Manager did not maintain personnel records of employees during the period under review. This resulted in the management's failure to provide listing of bonafide employees of the plantation. The absence of personnel records also made it impracticable to ascertain, for instance, the date of employment of personnel and also whether payments amounting to US\$2,443,485.13 for personnel services were made to bonafide employees of the RPAL/Guthrie. These discrepancies suggest that the Company's Personnel Manager did not properly apply certain fundamental control designed to prevent all forms of payroll irregularities.
201. The Comptroller of RPAL, Mr. Hilary Reeves, in a correspondence with reference number 01 of 2009 for 2007 Accounts dated 16 July 2009, claimed that personnel records, including listing of employees together with other information were left on the plantation at the time RPAL was wantonly driven out. **Exhibit 2**. The reasons provided by the Comptroller cannot be sustained, as it is noted that RPAL has its headquarters in Monrovia.

202. Furthermore, my review of payroll records indicated that there was no payroll for the entire staff for the months of August and September 2006 and for May and December 2007 for senior staff and general staff, respectively, as the Comptroller, Hillary Reeves failed to provide the payrolls for my review.

Risk

203. The Management had inadequate control over the Personnel Section of the RPAL/Guthrie and thus, there was no safeguard to government funds used in the payment of salaries to employees of the Plantation.
204. In the absence of personnel records for the Guthrie employees, the inclusion of ghost workers on the Plantation payroll cannot be ruled-out.
205. The state of the Guthrie personnel records observed would impact pension contribution calculations, as the number of years personnel had served could not be determined from the personnel files.

Recommendation

206. Guthrie management should ensure that monthly reconciliations are performed on a regular basis, between the plantation's payroll and the certified personnel listing and an explanation for each discrepancy should be documented and followed-up; this will enhance internal control over payroll transactions.
207. The Comptroller, Hilary Reeves should be made to account for payroll costs of US\$2,443,485.13 for the periods under review. This is because the Comptroller prepared and disbursed the payroll checks without obtaining personnel listing for his office in Monrovia and a Muster Form from the plantation and thus, should be held responsible to account for them.

Management's Response

208. *It is indeed true that employees' information documents were left on the plantation at the time RPAL was driven out. As stated earlier, a complete identification of employees was conducted and the personnel manager was still in the process of gathering the individual employee information document by means of the Personnel Action Form. As evidence that a full identification process was conducted, the Payroll supervisor was mandated to insert a column on the payroll that provided the identification number of every employee.*
209. *RPAL therefore denies the assertion of non maintenance of personnel listing for the Guthrie Rubber Plantation by the RPAL Interim Management Team during the period under audit. During our tenure at Guthrie, there was a complete identification record system in process undertaken by Management. Each employee was identified by means of ID card and ID numbers were placed on succeeding payroll authorization prepared by the finance office at the plantation. It was through*

this process Management got to know that the total workforce was 1,905 employees. There was also an introduction of a Personnel Action Form that was structured to provide detail information on every employee at the Plantation. Unfortunately, the Labor Relations Manager was in the process of submitting a final report on personnel when the abrupt removal of RPAL from the Plantation occurred. Indeed, there was personal listing at the Plantation. For example, rice was subsidized and supplied based on the number of employees and contractors that were on the plantation.

210. *Before October 22, 2006, RPAL was in the process of recruiting workers and starting up the entire operation. Therefore, only those senior members of the plantation were paid for the months of August and September 2006. Payrolls for the month of August and September 2006 as well as May 2007 are available for your perusal. December 2007 payroll was still being collected from the various estates up to the day of our forceful removal from the Plantation and therefore could not be part of the audit documents*

Auditor General's Position

211. The provision of a sample of Employment/personnel information form does not qualify or provide evidence that the RPAL maintain personnel listing and personnel files for employees that were hired by the Management Team.
212. Management assertion that,
"Unfortunately, the Labor Relations Manager was in the process of submitting a final report on personnel when the abrupt removal of RPAL from the Plantation occurred is paradoxical to Management earlier response "During our tenure at Guthrie, there was a complete identification record system in process undertaken by Management. Each employee was identified by means of ID card and ID numbers were placed on succeeding payroll authorization prepared by the finance office at the plantation. It was through this process Management got to know that the total workforce was 1,905 employees. There was also an introduction of a Personnel Action Form that was structured to provide detail information on every employee at the Plantation."
213. The Management of RPAL by its own response has pointed to the fact that Management did not have personnel files as this was not seen at RPAL Headquarters in Monrovia.
214. I noted Management response that payroll for the month of August, December 2006 and May 2007 are available for my perusal, but Management failed to submit these payrolls along with their response on the issue raised by me. Mere assertion is not sufficient and appropriate evidential matters.
215. Management in its response stated that, *"December 2007 payroll was still being collected from the various estates up to the day of our forceful removal from the Plantation and therefore could not be part of the audit documents"*. As of concluding this report in April, 2011, Management failed to provide this payroll. In the absence of the personnel files, I cannot give assurance that all those

who received salaries from the plantation were bonafide employees of the plantation and rendered services for the benefit of the plantation.

Non Maintenance of Muster Form at the Plantation

Observation

216. According to the Guthrie Policy and Procedure Guide on payroll, on the 2nd day of each month, Head of payroll section shall receive muster form from each Department Head for the purposes of determining the time spent on the job and the quantity of rubber produced by each employee before preparing the payroll.
217. I requested for all the muster forms used for the basis of preparing the payroll for employees for the periods under review. However, I noted that the operation Manager at the Plantation did not maintain muster forms for the plantation employees, as the Operation Manager failed to make the forms available for my audit. Because there was no muster forms prepared for employees, I could not determine the actual time spent on the job, the overtime and the leave taken by each employee.
218. Also, the absence of muster forms made it impracticable to ascertain that the payroll payments by the Comptroller amounting to US\$2, 443,485.13 was based on the actual time spent and the quantity of rubber produced by employees.

Risk

219. The failure to provide monthly muster form for employees could result to individuals who have not worked for the month for which payments are being made to be placed on payroll by the Finance Office.

Recommendation

220. Additionally, the Operation Manager, Anthony Merchant should also be held accountable to provide the muster forms on which the payrolls were prepared and paid during the period under audit amounting to US\$2,443, 485.13. These records should be provided to the GAC within 30 days after receipt of this report.

Management's Response

221. *The muster form on the RPAL/Guthrie Rubber Plantation was prepared for all the workers by gang, division and estate by the Divisional Clerks, verified and signed by various superintendents, and then submitted to the Estate Manager for approval.*
222. *The muster forms are then submitted to the Payroll Supervisor who also conducts further checks to ensure that production pound is granted to an employee on the corresponding production sheet only on the days the employee attended work.*

223. *To verify the correctness of the payroll, the Accounting Supervisor of the Plantation and the General Accounting Officer in the Monrovia Finance Office compare the production volume transferred from the production sheet to the payroll since it is basis or determining factor of the employee's wages. All completed MUSTER FORM of RPAL/Guthrie was left in the Payroll Supervisor's Office on the Plantation. We wonder how GAC came to the conclusion that RPAL/Guthrie did not incorporate use of this all important document in their operation of the Guthrie Rubber Plantation. The fact that monthly reconciliation of payrolls was conducted using these muster forms, they could not have been stored in Monrovia because of easy reach by the Payroll Supervisor.*

Auditor General's Position

224. Due to the non-availability of the muster forms on a monthly basis I cannot give assurance to the time spent on the job, the overtime, leave taken by each employee and the quantity of rubber produced as a result of the performance on the job by each employee. Therefore, the payment of the payroll amounting to US\$2,443, 485.13 was not actually base on the actual time spent and quantity of rubber produced.

225. The Management indicated that Muster Forms were left on the plantation. But the management did not provide me a turning over note to indicate that the Muster Forms were left on the plantation. I therefore maintain all my recommendations.

Failure to Pay Statutory Deductions

Observation

226. I reviewed the RPAL/Guthrie payroll and other related personnel and payroll records to enable me obtain assurance that adequate controls have been instituted by management to ensure that statutory deductions (e.g. staff social security contributions (SSC) and income tax (i.e. pay-as-you-earn (PAYE) were accurately deducted and promptly paid to the relevant government agencies.

227. Upon reviewing the available payrolls, I observed that the statutory obligations amounted to US\$131,920.17 and US\$33,748.44 for Income Tax and National Social Security contribution respectively.

228. It was however observed from my review that the Chief Accountant did not carry out a reconciliation of the statutory obligations on the payroll against actual statutory payments. I noted that the RPAL made payments for income tax and National Social Security contribution amounting to US\$43,057.30 and US\$14,739.26 respectively for the period under review. This resulted in a difference/balance of US\$88,862.87 and US\$19,009.18 on income tax and National Social Security contribution, respectively, thus defaulting in paying its statutory obligations to the two Government Institutions.

Risk

229. A delay in the payment of income tax by Guthrie to the MOF would deprive Government of the needed revenue to meet its development programs for the fiscal year.
230. Non-payments of contributions to NASSCORP would deny Guthrie workers of their pension benefits when they are separated from the entity.

Recommendation

231. Moses Lavela, General Manager, Anthony Merchant, Operations Manager, Adam Manobah, Administrative Manager and Hilary Reeves, Comptroller should be made to pay into Government's Account the amount of US\$88, 862.87, as withholding taxes due the Government of Liberia. As noted, this amount came about due to RPAL Management's failure to pay the withholding taxes deducted from employees, to Government of Liberia.
232. Moses Lavela, General Manager, Anthony Merchant, Operations Manager, Adam Manobah, Administrative Manager and Hilary Reeves, Comptroller should be made to pay US\$19,009.18 to NASSCORP. As noted, this amount came about due to RPAL failure to pay NASSCORP contribution deducted from employees.
233. RPAL Management should ensure that monthly reconciliations are performed between the statutory obligations on the payroll and actual statutory payments and ensure that tax balances due are settled appropriately.

Management's Response

234. *RPAL/Guthrie Rubber Plantation had a finance office setup at the plantation headed by the Accounting Supervisor and assisted by the payroll supervisor. Part of the term of reference of ~~X~~ from which payrolls were prepared on a monthly basis was validated. Also monthly payroll reconciliation was conducted at the plantation by the Accounting Supervisor.*
235. *There was reconciliation of the payroll records such as statutory payments which includes withholding taxes and National Social Security contribution. **The comptroller made some payments towards statutory obligations. The outstanding balance resulted from RPAL/Guthrie Management inability to meet up with those statutory obligations because of low revenue and other obligations.** Since RPAL had an enormous task to stabilize the Guthrie Rubber Plantation, which was then inhabited by some of the worst rebels, our focus was on providing basic social services to employees until such a time when we would be fully prepared to liquidate all our statutory obligations. However, those statutory payments were deducted from the workers but the fact is that the cash was not just available to make all these payments to government at once.*
236. *As production improved, some payments were made toward those statutory obligations. This would have continued throughout our stay until the arrear was liquidated. Our stringent internal control*

policy and procedure prevented the occurrence of fraud in our payroll administration. There could have been no possibility of fraud in the payroll account because the finance office was well aware of the arrear in statutory obligations accounts and reported them adequately in all financial reports submitted to those concerned as accounts payable.

Auditor General's Position

237. I noted Management response to the issues raised on its failure to pay withholding tax and NASSCORP contribution. But the response is not substantive to cure the noted deficiencies as RPAL Management's response cannot be sustained administratively and judicially when challenge on the merit. As noted Management agreed with my findings that indeed it is in arrears with the Ministry of Finance and NASSCORP, as they admitted that they deducted such taxes from the salaries of employees. Management stated "*However, those statutory payments were deducted from the workers but the fact is that the cash was not just available to make all these payments to government at once.*"
238. The RPAL should be made to pay the amounts of US\$88,862.87 and US\$19, 009.18 respectively into Government Account and NASSCORP through the Ministry of Finance. These amounts were statutory deductions made from the workers' salaries but never remitted to Ministry of Finance and NASSCORP.

Procurement of Goods and Services

Failure to Account For Fuel Procured for the Plantation

Observation

239. According to the procurement policy of the Rubber Planters Association RPAL/ Guthrie Rubber Plantation all materials purchased for the Company shall be listed on the Waybill which shall accompany the materials together with the cash and/or credit invoices. The Policy also states that purchase order shall be issued for all purchases of materials for Guthrie Rubber Plantation, whether in Monrovia or Tubmanburg. In addition to this, there must be a register/log to record all movements of stock indicating opening and closing balances.
240. The income statements of the RPAL/Guthrie showed that the amount of US\$204,298.30 was expended for fuel and lubricants for the periods October 2006 to December 2007. A review of the fuel procurement and issuance processes revealed that RPAL/Guthrie did not maintain any kind of fuel stock movement log or fuel receiving and distribution log for fuel procured and utilized during the periods under review.. In this regard, fuel procured in amounts totaling US\$204,298.30 as indicated in RPAL/Guthrie income statement for the period under review could not be accounted for since no fuel receiving and distribution log were made available for my audit.
241. Furthermore, I noted payments made to the two vendors, Aminata and Sons/Aminata Turay and Jimmy Fallah for the supply of US\$44,155.80 worth of petroleum products/fuel to the Plantation

for the period January, 2007 to December, 2007 were not supported by waybill and delivery notes as evidence that fuel was actually delivered to and received by the Plantation. **See Table 7 below:**

Table 7: Payments of Fuel without supporting Documents

Date	Vendor	Invoice	Waybill	Delivery note	TOTAL US\$
11-Jan-07	Aminata	1496	None	None	2,568.00
7-May-07	Aminata	2382	None	None	187.80
9-Jun-07	Aminata	25814	None	None	1,475.00
9-Jun-07	Aminata	25815	None	None	4,725.00
22-Jun-07	Aminata	25332	None	None	3,150.00
22-Jun-07	Aminata	25331	None	None	2,950.00
16-Jul-07	Aminata	25786	None	None	6,900.00
4-Oct-07	Aminata	26608	None	None	4,725.00
13-Oct-07	Aminata	26633	None	None	4,775.00
20-Nov-07	Aminata	26884	None	None	5,195.00
19-Dec-07	Aminata	27217	None	None	375.00
Sub Total					37,025.80
9-Dec-07	Jimmy Fallah	None	None	None	7,130.00
Grand TOTAL					44,155.80

242. The control weakness in the fuel procurement and issuance processes was occasioned by failure by of the Comptroller to adequately monitor and ensure that all payments were supported by adequate documentation.

Risk

243. The payment of fuel without supporting documents may result in the commission of fraud in the procurement process.
244. The failure to maintain fuel distribution and vehicle log books may result in the entity not being able to account for the fuel procured and used. Moreover, the Management would not be able to prevent or detect any irregular usage of fuel by recipients and this is likely to unnecessarily increase the fuel bill of the Plantation.

Recommendation

245. The Comptroller, Hilary Y. Reeves should be held accountable and made to retribute the full value of fuel allegedly procured and utilized totaling US\$44,155.80, since he failed to provide supporting evidence (i.e. waybill and delivery notes) that US\$44,155.80 worth of fuel was actually delivered to and received by the Plantation.
246. Additionally, Moses Lavela, General Manager, Anthony Merchant, Operations Manager, Adam Manobah, Administrative Manager and Hilary Reeves, Comptroller should account for all fuel procured and allegedly utilized totaling US\$160,142.50 by providing the fuel receiving, distribution and consumption logs indicating details of the staff who consumed the fuel.

Management's Response

247. *It is true that the RPAL/Guthrie Policy and Procedure Guide stated that all materials purchased for the plantation should be listed on a waybill and accompanied by invoices. This could not be fully applied in the case of fuel from the site of purchase. There was no instrument here in Monrovia to counter-check the exact amount of fuel taken to the plantation. Therefore, all verifications were done at the plantation using our calibrated tanks and measuring rods in the presence of our warehouse workers.*
248. *Stocks were taken and logged appropriately. Routine inspections of the register/log books were done by the operations manager and during routine visits of the comptroller to the plantation. Also, some payments for fuel were made directly in the name of Aminata Turay and Jimmy Fallah. Aminata & Sons operated an account in Ecobank not International Bank. Therefore, if we pay Aminata & Sons with an International Bank check, then the check would have had to pass through the normal clearing procedure and time of three working days before maturity. This could not have been in favor of our operations.*
249. *Due to some internal business negotiations that existed with Aminata & Sons and ECOBANK, it was not possible for them to open an account in another bank. Therefore, we made payments through those individuals and were subsequently issued invoices, delivery notes and receipts in the name of Aminata & Sons and receive all products that were paid for. Waybills and Delivery Notes were received at the Plantation by the Warehouse Department and later forwarded to the Accounting Supervisor's office. These were some of our records that remained on the Plantation.*

Auditor General's Position

250. Management's contention that no instrument in Monrovia to counter-check the exact amount of fuel taken to the plantation is without merit. In the absence of the receiving and distribution logs, indicating that fuel was purchased by the plantation from Monrovia and delivered and also utilized for the purposes of the Plantation, I cannot provide assurance that fuel procured for the plantation was distributed and utilized for the operational effectiveness of the plantation.
251. Management failed to provide supporting documents to justify the assertion made on the income statement. Management also failed to provide the delivery note and way bills upon which it purportedly paid US\$44,155.80 to two vendors.

Management did not provide a list of "those individuals" it claimed payments were made to. I therefore maintain all my recommendations, as mere explanations without supporting documentation are not material justification to cure a material weakness.

Hiring and Rental of vehicles without Adequate Supporting Documentation

Observation

252. As required by the procurement policy of the Rubber Planters Association RPAL/ Guthrie Rubber Plantation, all payments for services acquired by the Company shall be supported by adequate documentation such as purchase orders and invoices, etc.
253. On the contrary, I observed that payments made to several vendors for the hiring of transport services amounting to US\$81,800.18 did not have invoices. This irregularity implied that there is no proof that services were provided to the Plantation and such quantum of monies were charged by vendors and paid by Management.. **See Table 8 below:**

Table 8: Vehicles Hired without Invoices

Vendor	Amt. per Bank Statement US\$	Amt. Per Invoice US\$	Variance US\$
Wym Matt	6,984. 18	00	6,984.18
Bondojah Cooper	2,474. 00	00	2,474.00
Matthew Mangolie	35,455.00	00	35,455.00
Mohammed Kamara	1,005 .00	00	1,005.00
Amado G Paye	30,023.00	00	30,023.00
Regnald Holder/Rex	400.00	00	400.00
Hilary Reeves	5,459.00	00	5,459.00
Total	81,800.18		81,800.18

Risk

254. The absence of invoices constituted a serious risk as these may lead to substantial loss to the Plantation through payment of services not delivered to the Plantation.

Recommendation

255. The Comptroller, Hilary Y. Reeves should be made to restitute US\$81,800.18 representing payments to various vendors for the purported transport hired without supporting invoices.

Management's Response

256. *Payments made for hired or rented vehicles were supported by adequate documentation, appropriate invoices, which were checked and approved by the operations manager. Those documents were filed in the finance office at the plantation for easy reach. Monitoring was conducted at the Plantation and not in Monrovia by the Comptroller and Operations Manager. There was no control weakness experienced during our entire operation of the Guthrie Rubber Plantation.*

Auditor General's Position

257. I was not provided documentation including appropriate invoices as stated by the Comptroller, Hilary Reeves, as he claimed that the documents were checked and approved by the Operations Manager. Comptroller Reeves wrote, *"Those documents were filed in the finance office at the plantation for easy reach. Monitoring was conducted at the Plantation and not in Monrovia by the Comptroller and Operations Manager"*. His claim was not supported with facts such as presenting the document for audit review. Mere assertion cannot serve as a basis for rendering an opinion that there were proper documentation.
258. The Comptroller indicated that all the documents were left at the Plantation without proof such as a turning-over note. In spite of all the noted control deficiencies in this report, the Comptroller was definite that he had perfect internal controls. He maintained, *"There was **no control weakness experienced** during our entire operation of the Guthrie Rubber Plantation."*
259. But as he made a claim that RPAL had no internal control weakness, he could not produce a single turning-over note to prove his assertion that he left the documents at the plantation while he worked from Monrovia. Comptroller Reeves wrote checks in Monrovia at his office and in some instances in his own name but claimed that all documents were left at the plantation and had no internal control weaknesses. His mere explanations are not supported and so do not cure the deficiencies noted. I therefore maintain my recommendation that Comptroller, Hilary Y. Reeves should be made to reconstitute the US\$81,800.18 representing payments to various vendors without supporting documentation.

Procurement of Rice not Supported by Source Documents: PVs, Invoices, PRs and DNs

Observation

260. Section 54 (1) of the Public Procurement and Concession Act, 2005 states that all Procurement must be supported by at least three quotations in writing from as many bidders. Furthermore, Rule 51 of the Financial Rules requires that all payments must be supported by complete documentation such as payment vouchers (PVs), invoices, receipts, delivery notes (DNs), and purchase requisitions (PRs).
261. These procedures are clear on the fact that before payment is effected, Management should ensure that such source documents are present and attached to PV as evidence of procurement and delivery of goods and services for which payment is being made.
262. During my review of the expenditure records, I discovered that payments totaling US\$638,826.75 were made for the purchases of rice, which were without three quotations, invoices, delivery notes and purchase requisitions. The only records required to prove that the rice was actually delivered and utilized by the plantation, which is the distribution log was also not available, as management failed to provide a distribution listing for employees that received the purported rice during the period under review.

263. This situation occurred because of weak internal control and failure on the part of the Procurement Director Solomon Bundeh and the Comptroller Hilary Reeves to ensure that vendors provided or submitted the required supporting documentation during the procurement of the rice and payment of same. See detailed of irregular payments made to vendors in the table below.

Table 9: Payment of Rice without supporting Documents

VENDOR	DESCRIPTION	AMOUNT US\$
Riceland International	Butter Rice	76,957.00
Fouta Corp.	Butter Rice	19,031.25
Thomas Major	Butter Rice	41,430.00
Abranata & Sons	Butter Rice	180,786.85
Sidikie A. Turay	Butter Rice	47,855.00
Wait On Jesus Bus. Center	Butter Rice	223,484.25
Gateway Inter.(LIB) INC	Butter Rice	49,282.40
TOTAL		638,826.75

264. For purpose of further verifying the delivery of rice to the Plantation and ascertaining the legal status of the vendors that Management transacted business with, I wrote the above listed vendors to confirm the transactions and payments made to them. However, I did not receive any response to my confirmation request, up to the time of conclusion of this report. I also wrote the Ministry of Commerce and Industry, a Government Ministry charged with the responsibility to register all business establishments in the Country, to confirm the legal status of these businesses. Again, I did not receive any response from the Ministry of Commerce up to the time of the conclusion of this report.

Risk

265. Absence of source documents and evidence of goods delivered to the Plantation implied that goods might not have been delivered. Thus, illegitimate payments could be made to vendors who did not actually deliver goods to the Plantation.
266. The failure to provide distribution listing of beneficiaries may result in the occurrence of fraud and the program not benefiting the intended beneficiaries.

Recommendation

267. The Procurement Director Solomon Bundeh and the Comptroller Hilary Reeves should be made to make full restitution of US\$638,826.75 payments made without evidence of rice delivery, as they did not provide the required documentation to support the procurement of rice and payments made from the Company's account.

Management's Response

268. *The RPAL/Guthrie did not violate the Public Procurement and Concession Commission Act of 2005 which states that all procurement must be supported by at least three quotations in writing from as many bidders. And if it happened, it is for tangible reason for which the RPAL/Guthrie should be excused. To the best of our knowledge, during our operations at the Guthrie Rubber Plantation, the rice market was not open as it is nowadays to many importers/suppliers. There were very few suppliers willing to meet up with our term of the backing. Payments for rice made in the name of individuals were because we just could not find a **single supplier to meet up with our habitual urgent schedule**. Therefore, cash was paid to those individuals directly; rice was at times purchased from stores and trucked to the plantation to meet up with our commitment to the workers. To a larger extent, documentations for those transactions were collected and presented to GAC for audit purpose.*

Auditor General's Position

269. The justification by the Management of RPAL/Guthrie that the violation of the PPC Act, 2005 was done for tangible reasons is unsubstantiated. There is no excuse for violating the law, the law remains the law and must be followed. The assertion by RPAL/Guthrie Management that it should be excused from the violation is without merit. Management has admitted that it gave money to individuals, because of what it claimed the difficulty of securing a single supplier. This is material misinformation, as only two (2) of the seven (7) companies were individuals.
270. Further, the rice distribution list at the plantation was also not availed for my review. In the absence of the waybill, delivery notes and invoices for rice purchased in the total cost of US\$638,826.75, I cannot give assurance that the amount was spent on the purchase of rice. I therefore maintain my recommendation.

Payments not supported by Service Completion Report and Vehicles Services Log

Observation

271. General services of vehicles and equipment control procedures require that vehicles and equipment log are maintained by public entities to control the repair and maintenance cost of vehicles and equipment. The log books shall contain the detail of services rendered, along with the copies of contract entered into, and a certificate from a competent authority that indicates successful and satisfactory completion of contractual terms and conditions.
272. I however noted that the Management of RPAL/Guthrie Plantation did not prepare or maintain any service completion report for all the vehicles and equipment allegedly serviced during the periods under review. I noted invoices in the tune of US\$54,001.63 submitted by four businesses. As reflected on the Bank Statement, the Management of RPAL paid three of these businesses in the tune of US\$12,685.16. Invoices submitted by these three businesses indicated that RPAL was in arrear in the tune of US\$20,942.16, thus creating a variance of US\$8,257.00 between the amounts reflected on the invoices and the Bank Statement.

273. I also noted from bank statement analysis that Reelin (LIB) Ltd was paid US\$60,495.65 instead of US\$41,316.47 as reflected on the invoice, thus creating a variance of US\$19,179.18 between the Bank Statement and the invoice amount.
274. In my view, the payment of the expenditure incurred by RPAL is irregular and shouldn't have been paid from the Guthrie's account. This expenditure was outstanding as a liability on account of the RPAL to Reelin Liberia Limited before RPAL took over the Guthrie Rubber Plantation. **Also see Table 10 below for details:**

Table 10: Payments not supported

Vendors	Invoice US\$	Bank Statements US\$	Variance US\$
A.A. Enterprises	6,725.16	3,835.16	2,890.00
Auto Spare Service	5,699.00	4,204.00	1,495.00
National Service Garage	8,518.00	4,646.00	3,872.00
TOTAL	20,942.16	12,685.16	8,257.00
Reelin (LIB) LTD	41,316.47	60,495.65	19,179.18

Risk

275. The failure by management to establish and maintain a vehicle maintenance log may result in fraud and abuse as an unauthorized vehicle may be taken for service on account of RPAL/Guthrie.
276. Lack of vehicle maintenance log could lead to management's failure to account for actual amount spent for servicing vehicles and equipment owned by RPAL/Guthrie.
277. Absence of completion reports and non-certification of service delivered to the RPAL/Guthrie implied that services might not be delivered or paid for without satisfactory execution. Thus, illegitimate payments could be made to contractors/service providers who did not actually provide/render services

Recommendation

278. Comptroller Reeves should provide material justification as to why the Management of RPAL failed to paid the three businesses an outstanding amount of US\$8,257.00.
279. Moses Lavela, General Manager, Anthony Merchant, Operations Manager, Adam Manobah, Administrative Manager and Hilary Reeves, Comptroller should be made to provide the service completion report for which it made payment amounting to US\$54,001.63. Management failed to provide service completion report and vehicle service log.

280. Additionally, Moses Lavela, General Manager, Anthony Merchant, Operations Manager, Adam Manobah, Administrative Manager and Hilary Reeves, Comptroller should reimburse Government of Liberia the amount of US\$19,179.18 paid to Reelin Liberia limited for services rendered to RPAL and not to the Guthrie Plantation.

Management's Response

281. *Vehicles with mechanical problems were forwarded to a reputable garage for servicing in the presence of the driver or the assigned individual, after which time a bill/invoice was issued to RPAL/Guthrie for subsequent payment. Vendors enlisted in Table 15 were partly-paid because RPAL/Guthrie Rubber Plantation did not have the cash available to fully pay their claims.*
282. *Reelin maintained a combined account for all divisions of RPAL including Central, Guthrie and Cavalla. The amount of US\$19,179.16 was not for the account of RPAL/Guthrie, neither was the money paid by them. Even though the amount appeared on the RPAL statement, it was for the account of RPAL/Cavalla who eventually paid the outstanding amount.*

Auditor General's Position

283. The account statement provided by Reelin Liberia Limited was not a combined account maintained by RPAL/Guthrie and Cavalla but it was only indicated that the account was operated by RPAL/Guthrie. There is no accounting basis for two separate entities with different financial operations to maintain the same account and if this was the case, Reelin Liberia Limited should have indicated same during the course of the audit.
284. RPAL/Guthrie Management did not provide supporting documents to show that the US\$19,179.16 was paid by Cavalla. I stated that RPAL/Guthrie paid for services to Reelin which were not rendered the entity. I therefore maintain my all recommendations, as there is no proof that Reelin Liberia Limited maintained combined account for RPAL Central, RPAL Guthrie and Cavalla.
285. The Management of RPAL failed to provide the service completion report and vehicle service log for which it made payment amounting to US\$54,001.63. Management in its response asserted:

"Vehicles with mechanical problems were forwarded to a reputable garage for servicing in the presence of the driver or the assigned individual, after which time a bill/invoice was issued to RPAL/Guthrie for subsequent payment.

286. Management failed to respond to the substantive issues as the response provided has nothing to do with the provision of vehicle service report and vehicle service log. I was interested in knowing the number of vehicle service by Management for which it expended US\$54,001.63 on account of the Guthrie Plantation. Management also failed to provide the number of vehicles serviced by this "reputable garage". Mere assertion is not sufficient to cure the noted deficiency, as such I stand by my recommendation that Management should provide the vehicle service completion report and the vehicle service log.

Lack of Coherent Procurement Plan and Over Payment to Vendor

Observation

287. Section 40 of the PPC Act, 2005 requires that "all procuring entities shall undertake procurement planning with a view to achieve maximum value for public expenditure by indicating the contract packages, estimated cost, procurement method and processing steps and time scheduled. The Procurement Unit shall, where necessary and on a quarterly basis, review and update their procurement plans and notify any modifications to the head of the entity and Ministry responsible for Finance".
288. Contrary to the above provisions of the PPCC Act, it was observed that the RPAL/Guthrie management did not undertake procurement planning during the periods under review. I did not see any evidence from management that such planning was undertaken by them.
289. In order to further support my view that there was no procurement planning undertaken by RPAL/Guthrie, I noted from review of procurement records that procurement and payments of goods and services amounting to US\$76,187.00 made to Halabi Brothers were without a procurement plan, and as a result, US\$15,440.00 payment was made in excess to the said entity. This situation occurred because management did not undertake procurement planning to determine the actual needs of the Plantation. **Exhibit 3**
290. Additionally, I noted from my confirmation of transactions and payments to vendors that Halabi company did not deliver the goods to the RPAL/Guthrie though the Halabi Company was paid the said amount for the goods in advance. The irregularity noted with the transactions breached Rule 21 of the Government Established Financial Regulation, which states that all payments shall be made only on full and satisfactory completion of goods and services and payments may not be made before goods are delivered. Management made a payment before goods were delivered.

Risks

291. Failure to undertake procurement planning may not permit the entity to achieve maximum value for public expenditure, since the entity procurement activities would not reflect the actual needs of the Guthrie Plantation, thus impacting the discharge of the objectives of the Plantation. Moreover, in the absence of procurement plan, the plans for prior years would not offer a basis for determining future.

Recommendation

292. Wassin M. Halabi, General Manager of Halabi Brothers Incorporated should refund to the Government the amount of US\$15,440.00 received from RPAL/Guthrie for which goods were not delivered.

293. Guthrie management should ensure compliance with the dictates of Section 40 of the PPCC Act by undertaking procurement planning before the commencement of financial activities for the operating year.

Management's Response

294. *Halabi Brothers was one of our diligent suppliers. Unfortunately, not all goods that we needed were sold by Halabi Brothers. Therefore, Halabi Brothers took the initiative to deliver those goods to RPAL/Guthrie at the same low rates at which he priced his goods. This meant that some portion of the total cost had to be paid in advance for him to commence the gathering of needed items that were not in his store. This we did and it worked so many times. Sadly, the payment that resulted in the over payment came as a result of Halabi Brothers being provided the cash/check, but was unable to supply the goods in time until our removal from the plantation.*

Auditor General's Position

295. The Minister of Justice should employ all the necessary legal means to ensure that Halabi Brothers refund the US\$15,440.00 that it received for which no goods were delivered. The removal of RPAL from the Plantation does not cure the noted deficiency on the part of Halabi Brothers.

Asset Management

Fixed Assets Register

Observations

296. Normal accounting Practice requires that an asset register be maintained containing the cost of the asset, date of acquisition, identification number, depreciation charged, disposal details of any asset disposed of and net values. In this way, it is easy to maintain the Fixed Asset Register records and track all the fixed assets that the company owns. This also helps to identify loss of assets through theft or damage.
297. The Rubber Planters Association of Liberia, RPAL/Guthrie, did not maintain a Fixed Asset Register. However the audit team obtained from RPAL/Guthrie various pieces of documents indicating assets procured during the operations of the Plantation.

Vehicles and Other Assets not Seen

298. I reviewed the record on assets procured by Guthrie to ascertain whether all assets of the Plantation were properly recorded. I also carried out physical verification of the assets to establish their actual existence. Management did not provide me with information on the location of 12 vehicles valued at US\$334,591.00 and therefore, I did not see the twelve (12) vehicles and could not verify their existence as shown below:

Table 11: Vehicles not Seen

No.	Vendor	Description	Date of purchased	Serial #	Engine #	Purchased value US\$
1	REELIN (LIB)	Toyota pickup single cabin	24-Jul-06	AHTDK22G-100001629	5L-5630322	25,309.00
2	REELIN (LIB)	Toyota pickup single cabin	14-Sep-06	AHTDK22G-200001686	5L-5631852	25,309.00
3	REELIN (LIB)	Toyota pickup single cabin	14-Sep-06	AHTDK22G-100001646	5L-56322226	25,309.00
4	REELIN (LIB)	Toyota pickup single cabin	14-Sep-06	AHTDK226-100001672	5L-5632919	25,309.00
5	REELIN (LIB)	Toyota double cabin	14-Sep-06	AHTDK226303006998	5L-5651608	31,800.00
6	REELIN (LIB)	Toyota dyna	October 4, 2006	JHFAY O3700-6000265	14B-1802108	30,445.00
7	AMADU NECKLES	Toyota 4runner	30-Apr-07	JT3VN39W2S8073878	None	5,000.00
8	REELIN (LIB)	Toyota Fronrunner	12-Apr-07	AHTYK59G-900001080	5L-5652597	40,885.00
9	PRESTIGE MOTOR CORP.	MITSUBISHI PICKUP/D CABINATE	16-Mar-07	FE645EA4885	4D32L12801	37,000.00
10	PRESTIGE MOTOR CORP.	Mitsubishi pickup/d/cabin	23-Nov-06	MMBJNK7406F018620	4D56CF0880	27,000.00
11	PRESTIGE MOTOR CORP.	Mitsubishi pickup	4-Apr-07	FE645EA4884	4D-32L12789	37,000.00
12	PROVIDENT FARMS	Mitsubishi	2007	MMBJK7_6F018692	None	24,225.00
TOTAL						334,591.00

299. Furthermore, RPAL/Guthrie did not provide Invoices and Bills of sale for two vehicles Mitsubishi (Serial # MMBJK7_6F018692) and Toyota Four-runner (Serial # JT3VN39W2S8073878) procured from **Provident Farms** and **Amadu Neckles**, respectively. The Audit team received only copies of Vehicle Registration for said vehicles which were included in the vehicle listing.
300. During the audit, the management of RPAL/Guthrie also failed to indicate the physical existence of four (4) tractors of the company. The value of the tractors not physically verified amounted to US\$55,120.00. **See Table 12 below:**

Table 12: Tractors not physically verified

No.	Vendor	Description	Date	Serial #	Engine #	Euro	Rate	Cost (USD)
1	DAM EN	John Deere 3050	30-Mar-07	764003	CD 63590966439	13,850.00	1.3	18,005.00
2	DAM	John Deere	30-Mar-07	CH	6359DL04639		1.3	

No.	Vendor	Description	Date	Serial #	Engine #	Euro	Rate	Cost (USD)
	EN	3140		314BU53510 4L	058CD	9,750.00		12,675.00
3	DAM EN	FORD 3000	30-Mar-07	CHDONN601 5	DONN6015	3,450.00	1.3	4,485.00
4	DAM EN	JOHN Deere 2850	30-Mar-07	CH002850U6 3438	CD4339T9642 77	15,350.00	1.3	19,955.00
Total								55,120.00

301. I also noted from my audit that the management of RPAL/Guthrie failed to indicate the physical existence of sixteen (16) Motorcycles belonging to the company. The value of the motorcycles not physically verified amounted to US\$ 55,200.00. **See Table 14 below.**

Table 13: Motorcycles not physically verified

No.	Vendor	Description	Date	Serial #	Engine #	Bike USD	Helmet USD	Total USD
1	REELIN (LIB)INC	YAMAHA- Motor cycle AG 100 & helmet	14-Sep-06	3HA- 133723	3HA- 132785	3,350.00	160	3,510.00
2	REELIN (LIB)INC	YAMAHA- Motor cycle AG 100 & helmet	14-Sep-06	3HA- 133729	3HA- 132798	3,350.00	160	3,510.00
3	REELIN (LIB)INC	YAMAHA- Motor cycle AG 100 & helmet	14-Sep-06	3HA- 133731	3HA- 132797	3,350.00	160	3,510.00
4	REELIN (LIB)INC	YAMAHA- Motor cycle AG 100 & helmet	14-Sep-06	3HA- 133732	3HA- 132802	3,350.00	160	3,510.00
5	REELIN (LIB)INC	YAMAHA- Motor cycle AG 100 & helmet	14-Sep-06	3HA- 133734	3HA- 132791	3,350.00	160	3,510.00
6	REELIN (LIB)INC	YAMAHA- Motor cycle AG 100 & helmet	14-Sep-06	3HA- 133737	3HA- 132801	3,350.00	160	3,510.00
7	REELIN (LIB)INC	YAMAHA- Motor cycle AG 100 & helmet	14-Sep-06	3HA- 133739	3HA- 132786	3,350.00	160	3,510.00

No.	Vendor	Description	Date	Serial #	Engine #	Bike USD	Helmet USD	Total USD
8	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	14-Sep-06	3HA-133742	3HA-132795	3,350.00	160	3,510.00
9	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	14-Sep-06	3HA-128433	3HA-127821	3,350.00	160	3,510.00
10	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	14-Sep-06	3HA-128436	3HA-127819	3,350.00	160	3,510.00
11	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	4-Jan-07	3HA-135875	3HA-135483	3,350.00	0	3,350.00
12	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	6-Jan-07	3HA-136603	3HA-136520	3,350.00	0	3,350.00
13	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	6-Jan-07	3HA-136607	3HA-136522	3,350.00	0	3,350.00
14	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	6-Jan-07	3HA-12843	N/A	3,350.00	0	3,350.00
15	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	6-Jan-07	3HA-128429	N/A	3,350.00	0	3,350.00
16	REELIN (LIB)INC	YAMAHA-Motor cycle AG 100 & helmet	6-Jan-07	3HA-128451	N/A	3,350.00	0	3,350.00
TOTAL						53,600.00	1,600	55,200.00

Other Assets

302. During the audit, the management of RPAL/Guthrie failed to account for several assorted assets acquired by the company. The value of the assets not accounted for amounted to US\$73,444.00.

303. Moreover, RPAL/Guthrie management failed to provide invoices including vendors' names, Serial numbers for Computers, Motorola and other equipment. Therefore, it was impracticable to ascertain the actual cost of the assets though the costs were written in the records.. **See Table 14 below:**

Table 14: Several assets not physically verified

No.	Vendor	Item	Description	QTY	Date	Serial #	Amount US\$
1	N/A	Computer/Laptop	2PCS. LAPTOP COMPUTER	2	none	N/A	1,470.00
2	N/A	Computer/Laptop	1pc.desktop computer	1	none	N/A	1,455.00
3	N/A	Computer/Laptop	2 sets dell flat screen computer	2	none	N/A	3,900.00
4	N/A	Computer/Laptop	1pc. Laptop computer	1	none	N/A	1,500.00
5	N/A	Furniture	furniture staff house	N/A	none	N/A	1,500.00
6	N/A	Furniture	furniture clinic	N/A	none	N/A	1,500.00
7	N/A	Furniture	furniture for check point	N/A	none	N/A	300.00
8	N/A	Furniture	furniture/opera/mag.office	N/A	none	N/A	945.00
9	N/A	Gate/Iron	3pc security gate	3	none	N/A	4,728.00
10	N/A	Generator	1pc.blazer generator	1	none	N/A	2,500.00
11	N/A	Jack	1pc. 5-ton floor jack	1	none	N/A	600.00
12	N/A	Jack	3pcs platon 1-ton jack	3	none	N/A	3,000.00
13	N/A	Material???	materials for tye shop	N/A	none	N/A	1,225.00
14	N/A	Microscope	microscope & regenis binocular	N/A	none	N/A	1,680.00
15	N/A	Motorola mobile station	Motorola mobile station	N/A	none	N/A	2,625.00
16	N/A	Motorola/Handset	7PCS. Motorola handsets	7	none	N/A	3,395.00
17	N/A	Motorola/Handset	4pcs.motorala handsets	4	none	N/A	2,580.00
18	N/A	Photocopier	1PC. CANNON PHOTOCOPIER	1	none	N/A	790.00
19	N/A	Power Saw	3PCS. POWER SAW	3	none	N/A	4,500.00

No.	Vendor	Item	Description	QTY	Date	Serial #	Amount US\$
20	N/A	Radio Set	communication radio set	N/A	none	N/A	13,125.00
21	N/A	Radio Set	communication radio	N/A	none	N/A	7,850.00
22	N/A	Refrigerator	1 pc. Refrigerator for clinic	1	none	N/A	900.00
23	N/A	Safe	1pc safe	1	none	N/A	560.00
24	N/A	Scales(weighing)	60pcs weighing scales	60	none	N/A	3,000.00
25	N/A	Tank	2pcs fuel storage tank	2	none	N/A	7,816.00
Total							73,444.00

Risk

304. With Guthrie Plantation not having a proper update of these assets, such assets stand the risk of being swapped or sold without the knowledge of Guthrie.
305. If these assets (vehicles and other assets) are not traced, the objective for which these assets were acquired may not be realized by Guthrie. The financial statement will also not reflect the true position of the Company's fixed assets.

Recommendations

306. The Management Team of RPAL/Guthrie comprising Head of Management Board, Benjamin Garnett, General Manager Moses Lavela, Adam Manobah, Administrative Manager, Anthony Merchant, Operations Manager and Comptroller Hilary Reeves did not account for the assets not physically verified by providing details of location of the assets in order for these assets to be verified by the auditors. They should be jointly and severally made to retribute as follows:

- Vehicles valued at US\$334,591.00
- Tractors valued at US\$55,120.00
- Motorcycles US\$55,200.00
- Other Asset US\$73,444.00

Management's Response

307. *In this modern world of technology, most records are computerized. The GAC was presented electronic copies of Fixed Assets listing with all particulars such as cost of the assets, date of acquisition, identification number, depreciation charges and deposal details in accordance to best accounting practice. GAC's assertion that RPAL presented various pieces of documents is a complete disservice to modern technology.*

308. *Our failure to conduct physical verification of the fixed assets held by the RPAL/Guthrie during operation at Guthrie Rubber Plantation resulted from the abrupt takeover of the Plantation by the Legislative Caucuses of Bomi and Grand Cape Count Counties and the non cooperation of the Minister of Agriculture and Head of the Rubber Task Force, Dr. J. Chris Toe to correct the situation. On the morning of January 21, 2008 while RPAL/Guthrie was still carrying out its normal operation, our General Manager and all other senior employees of RPAL/Guthrie were prohibited from entering the Plantation. Efforts were made through the Ministry of Agriculture to regain possession of the plantation, but on March 30, 2008 during a meeting at the Ministry of Agriculture, RPAL was informed by the Former Minister of Agriculture, Dr. J. Chris Toe that RPAL would not be allowed to continue its tenure at the Plantation. However, all liabilities of the RPAL-lead Interim Management would be settled pending audit verification as depicted in the letter attached to this document. Therefore, all assets remained on the Plantation and were used by succeeding Interim Managements for their operations.*

Auditor General's Position

309. I was not provided electronic copy of the asset registry; only a listing of the assets of RPAL/Guthrie was submitted for audit. The listing does not all include the vendor from whom the assets were purchased, the serial number and other basic information. A listing of asset is not an asset registry as does not contain sufficient information about the assets. I noted Management assertion that the takeover was abrupt but these are public assets and therefore needed to be fully accounted for.
310. RPAL never provided evidence that it sought legal remedies against the Minister of Agriculture. In the absence, therefore of a turning over notes, the assets were still in the custody of RPAL and RPAL is held accountable to reconstitute the full values of the missing assets.

INTERIM MANAGEMENT TEAM HEADED BY LODEAN C. TEAGE

Failure to establish adequate controls: Cash Management

Observation

311. It is required that entities and agencies should open and operate a bank account where all revenues and expenditure incurred will be transacted and accounted for. This would ensure an adequate audit trail of transactions and accountability. In addition, it enables reconciliations between the cash book and bank balances.
312. Contrary to the above, the former Minister of Agriculture Chris Toe did not operate a bank account in which revenues and expenditure could be adequately accounted for. Therefore he failed to put in place adequate internal controls to account for revenues and expenditure of the Interim Management Team headed by Lodean C. Teage from the rubber sold to Firestone Rubber Company. He authorized the release from Firestone Rubber Company and utilization of cash proceeds from rubber sales without adequate controls that would ensure that all transactions are conducted through the banking system. The cash request to Firestone Rubber Company by former

Minister of Agriculture Chris Toe amounted to US\$4,011,146.34 as some of these requests are indicated in **Exhibit 4**.

313. Furthermore, I noted that the Interim Management Team received an amount of US\$92,268.90 as incentive payments from Firestone Rubber Company for the supply of rubber. The cash releases were paid to Lodean C. Teage and J. Adams Manobah, members of the Interim Management Team.
314. I could not ascertain how the cash was utilized as there were no supporting documents in the form of summary statements of expenditure, payrolls, and flag receipts for GOL tax payments, local purchase orders, invoices and delivery notes, etc. from the Interim Management Team.

Risk

315. The failure to transact such magnitude of revenues and expenditure through the banking system indicate gross negligence on the part of the former Minister of Agriculture, Chris Toe and members of the Interim Management Team, Lodean C. Teage and J. Adams Manobah. This may have resulted in the commissioning of fraud and waste in the management of cash resources.

Recommendation

316. The former Minister of Agriculture Chris Toe and members of the Interim Management Team, Lodean C. Teage and J. Adams Manobah should be jointly and severally made to retribute US\$4,011,146.34, representing payments made by Firestone Plantation Company to Lodean Teage and J. Adams Manobah through the instruction of former Agriculture Minister Chris Toe, with absolutely no supporting documents to justify the expenditure in the tune of US\$4,011,146.34. They failed to provide documentation to acquit the expenditure.
317. The former Minister of Agriculture, Chris Toe and members of the Interim Management Team, Lodean C. Teage and J. Adams Manobah should be jointly and severally made to retribute the incentive for the supply of rubber amounting to US\$92,268.90 as they failed to account for said amount.

Former Agriculture Minister Chris Toe's Response

318. *The establishment of bank account and other internal controls was the responsibility of the interim management team. All of my directive to firestone for the release of funds generated by the plantation, based on my authority as chairman of the GOL-UN Rubber Task Force, was based on interim management requests that were supported by appropriate documentation. The purpose for which funds were to be used was stated in the communication to firestone and the supporting documentation, which was not needed by firestone, was kept, I have been told, by the interim management at its place of work on the plantation.*
319. *I like to refer you to your assertion that "...the former minister of Agriculture Chris Toe did not operate a bank account in which revenue and expenditure could be adequately accounted for...Therefore, he failed to put in place adequate internal controls to account for revenues and*

expenditure...” It is an acceptable standard and proficiency that the establishment of a proper internal system is the responsibility of the manager who is responsible for the day-to-day running of the affairs of an institution or organization. Furthermore, the statement that funds were authorized to be released from firestone without adequate controls and that transaction through the banking system are the only means for assuring internal controls is not consistent with the standard of proficiency.

320. *The establishment of internal controls is evidenced by the fact that the interim management team, led by Lodean Teage as head and Boima Sonii as comptroller, prepared financial reports based on operations at the plantation in accordance with generally accepted management and accounting standard and practice. Said reports were submitted to me (see Attachment #13 and #14) and according to the interim management team, a summary published in a local daily. To determine whether adequate internal controls were in place, whether a bank account had been established and maintained, and whether other operating procedures were being followed was one of the objectives to be achieved through the panel Kerr Forester audit of the plantation that was commissioned by the Board of Directors and vigorously pursued by me as chairman of the GOL-UN Rubber Task Force (see Attachments #15, #16, #17 and #18).*
321. *The audit of the Teage interim management was scheduled to have taken place following those of the RPAL-managed Cavalla and Guthrie plantations to facilitate appropriate sequence. Another consideration was that the audit would take place at the end of the calendar period of 12 months or completion of the interim management period, whichever came first. The Attachment mentioned supra show that every efforts was made to conduct an audit, including payment of money to PKF (see Attachment 19), and that pending such audit the Teage interim management team prepared financial reports that were duly circulated to appropriate parties including the general public.*
322. *As to the issue of the bank account, I had assumed all along that the interim management team had taken over the bank account that had been opened by the RPAL in the name of the plantation. It was not until after receiving and reviewing the financial report that I found out no account had been established at which time I issued the appropriate instruction to the interim management team (see Attachment 20); effort to establish same did not materialized because of the team’s replacement at the plantation.*
323. ***The interim management team established adequate internal controls.*** *This enabled it to prepare an unaudited financial period for the first 9 months of operations. In the absence of such controls, I doubt there would have been any accurate data for the preparation of these financial documents that was disseminated to the general public. The financials were unaudited; as such, the attestation of these financials was supported and verified by the designated external auditors, PKF, because the supporting documentation for information contained in the financial reports was not available.*
324. *Therefore, the recommendation contained in paragraph 154 is inconsistent with the GAC’s assertion of the lack of internal controls. As stated supra, the recommendation makes no sense since the*

supporting documents for authorized expenditure kept by the interim management team were not available.

325. *Furthermore, the recommendation in paragraph 155 is baseless and also makes no sense for two reasons. First I never requested firestone to release to any one 'incentive for the supply of rubber'; I only requested firestone to release funds generated from the sale of Guthrie rubber to firestone in my capacity as the chairman of the GOL-UN Task Force. Second, there is no determination or at least no evidence that the GAC auditors have not double counted; that the amount stated in paragraph 154 does not already include the amount stated in paragraph 155. In addition, I call on the GAC auditors to go back and determine whether the 'incentive for the supply of rubber' is not already accounted for in the financial reports that the interim team published in the local paper submitted to me.*
326. *There is clear indication, from paragraph 153, that an audit was not was not conducted to thoroughly ascertain your stated magnitude of revenue and to establish that failure, as you suggest, may have led to the commission of fraud and waste with respect to cash resources. This is mere conjecture that is in stark contrast to the contents of your letter submitting to the draft management to the current Minister of Agriculture. In that letter, you requested her to "... attach all necessary documentation and relevant records to support your responses and clarifications". Your conjecturing leaves the impression that the GAC hold itself to a lower standard than it holds others. Furthermore, the burden of proof, by the proofing of adequate supporting documentation as to your allegation regarding the commissioning of fraud and waste in the management of cash resources, is on the GAC. The duty to provide adequate documentation to substantiate audit findings is a professional and ethical responsibility of the auditor; this is a basic auditing standard.*

Former Head of Guthrie Interim Management Team, Lodean C Teage's Response

327. *Under the situation and uncertainty of tenure of operations and giving the peculiarity of a farm infested with ex_ combatants, there were concerns not to develop delays in procuring and etc, which would have created bottle-necks smoothly running the plantation. You make reference to the lack of Bank account which we would not open due to the following factors: Delays in payment to worker; Uncertainty about legal action from RPAL and/or its bankers and vendors, and **Guthrie is a private entity**, thus the cash management of GOL does not apply to them. However, all revenues and expenditures were properly documented and stored.*
328. *From the onset, no public funds were infused into the running of the plantation. The IMT took over without a cent in coffers but began by tapping to get the first cent. The entire operation on the farm was run on a cash base budget where we obtained no loan or Government assistance. We do not foresee how all the public procurement and financial management rules quoted in your various observation and recommendations could be applied in this audit report when no public funds were put into operating the plantation from January to December of 2008.*

Auditor General's Position

329. The factors mentioned by Teage for not opening a bank account cannot be sustained administratively and judicially when challenged on the merit. In Teage's defense for not opening a bank account he stated:

"You make reference to the lack of Bank account which we would not open due to the following factors: Delays in payment to worker; Uncertainty about legal action from RPAL and/or its bankers and vendors, and Guthrie is a private entity, thus the cash management of GOL does not apply to them. However, all revenues and expenditures were properly documented and stored."

330. Lodean C. Teage failed to explain why his listed factors have to do with the opening of a bank account. It is unacceptable for Teage to indicate that it was proper to manage the financial affairs of a major Government plantation without a bank account. By his statements, Mr. Teage is indicating that all monies collected from the sale of rubber were stored in a "hand bag" and that expenditure was made at will.

331. Former Minister Toe also indicated that he was not aware that a bank account was not open. Former Minister Toe wrote *"As to the issue of the bank account, I had assumed all along that the interim management team had taken over the bank account that had been opened by the RPAL in the name of the plantation. It was not until after receiving and reviewing the financial report that I found out no account had been established at which time I issued the appropriate instruction to the interim management team (see Attachment 20); effort to establish same did not materialized because of the team's replacement at the plantation."*

332. The factors mentioned by Teage for not opening a bank account cannot be sustained. The contention that Guthrie is a private entity and the Cash Management of GOL does not apply to the farm cannot be supported. Chris Toe, former Minister of Agriculture appointed him to serve the plantation as head of an interim management team, and at the same time serving as Director of the Liberia Rubber Development Authority, which is an institution of Government. By his statements, Mr. Teage would want me to accept that Guthrie belong to private individuals but his appointment was made by a Government Minister, who also claimed he was acting on the authority of the President of the Republic of Liberia. His assertions are not on merit and it demonstrates why he refused to open a bank account while he managed the financial affairs of Guthrie.

333. The former Minister of Agriculture Chris Toe assumed that the Teage Management took over the RPAL account. He further indicated that after reviewing the financial report in January 2009, a year after Teage took over the Plantation, he wrote Teage to open a bank account before he can authorize any payment. The role played by former Minister Toe as authorizing person for all payments made by Firestone Rubber Plantation to Guthrie clearly placed him in the managerial capacity of the plantation and therefore is accountable for any fraud, waste and abuse of funds collected and expended. He was part of the financial decision making at the highest level, as

evidenced by his own admission such as authorizing the opening of accounts and expenditure. But instead of taking full and complete responsibility, he attempted to shift blame on GAC. Former Minister Toe wrote: *"The duty to provide adequate documentation to substantiate audit findings is a professional and ethical responsibility of the auditor; this is a basic auditing standard."*

334. Former Minister Toe did not provide the section of his "basic auditing standard" that indicates that auditors are responsible to "provide adequate documentation to substantiate audit findings." The issue was not about documentation to support audit findings. It is about documentation to support payments that were authorized by former Minister Toe. He missed the issue as I wanted him and Mr. Teage to give me bank statements, payment vouchers and supporting documentation to acquit payments of US\$4,011,146.34. Former Minister Toe failed to provide documentation.
335. Former Minister Toe attempts to defend his actions to authorize undocumented payments failed. Former Minister Toe wrote:
336. ***"The interim management team established adequate internal controls. This enabled it to prepare an unaudited financial period for the first 9 months of operations. In the absence of such controls, I doubt there would have been any accurate data for the preparation of these financial documents that was disseminated to the general public. The financials were unaudited; as such, the attestation of these financials was supported and verified by the designated external auditors, PKF, because the supporting documentation for information contained in the financial reports was not available."***
337. *"The establishment of internal controls is evidenced by the fact that the interim management team, led by Lodean Teage as head and Boima Sonii as comptroller, prepared financial reports based on operations at the plantation in accordance with generally accepted management and accounting standard and practice."*
338. Former Minister Toe's indication that the "team established adequate internal controls" cannot be supported by his own statements. He has admitted that he later realized that no bank account was opened. Minimal internal controls will require that a bank account is open and operated to make payments for such a large operation as Guthrie. Instead former Minister Toe authorized payments when his appointed interim management had no bank account. Former Minister Toe did not also indicate which "generally accepted management and accounting standard and practice were those financial reports prepared, such as British GAAP, US GAAP, IFRS, IPSAS, etc." By his statements, he is informing me that he is the auditor to pass an opinion as to whether the accounts were prepared in line with a given GAAP. But this, again, was not the issue. The issue is about former Minister Toe and Mr. Teage producing supporting documents for the payments.
339. Former Minister Toe would further want me to accept his contention that because financial statements were produced means there was documentation. Financial figures can be generated using a simple spreadsheet. The fundamental issue is that these financial figures are not supported

by underlying records and documentation. Former Minister Toe would also want me to accept purported financial reports that are prepared without bank statements.

340. *Former Minister Toe further asserted, "First I never requested firestone to release to any one 'incentive for the supply of rubber'; I only requested firestone to release funds generated from the sale of Guthrie rubber to firestone in my capacity as the chairman of the GOL-UN Task Force."* Evidence obtained indicated that all funds paid by Firestone including the "incentive for supply" was requested by him.
341. Former Minister Toe indicated, " *Second, there is no determination or at least no evidence that the GAC auditors have not double counted; that the amount stated in paragraph 154 does not already include the amount stated in paragraph 155.*" This cannot be further from the truth. GAC did not double count. I therefore maintain all my recommendations, as mere explanations are not sufficient to cure the deficiencies noted.

Budgetary control

Observation

342. **Rule 3 of the Financial Rules states** "expenditure can be incurred only if sufficient Allotment is available under the relevant Object Code for the concerned Major Program / Program of the Ministry / Agency for incurring the expenditure." In addition, standard internal control procedures require that all expenditure must be budgeted for before expending to facilitate monitoring and control.
343. During the audit, I noted that there was no evidence that the Interim Management Team led by Teage prepared and submitted any budget to Minister Toe to support the expenditure incurred during the period under review. The expenditure incurred without a budget amounted to US\$5,905,356.10 (funds from Firestone and Morris American Rubber Company).

Risk

344. The incurring of expenditure without a budget could result in wasteful use of public funds.

Recommendation

345. Former Minister Toe and Lodean C. Teage should be reprimanded for collecting and expended public funds without a budget.

Former Agriculture Minister Chris Toe Response

346. *Guthrie Rubber Plantation was not a major program of a Ministry or Agency and the plantation did not receive any allotment from the Government of Liberia during my chairmanship of the GOL-UN Rubber Plantations Task Force. It is a stretch of the imagination to subject its operations and those of the Task Force to Rule 3 of some financial Rules that pertain only to agencies and organizations funded by the National Budget ratified by the National Legislature; it is only these public sectors agencies whose expenditure must be linked to allotment. Your application of financial rules*

intended for government operations to Guthrie and the GOL-UN Rubber plantations Task Force is incorrect as such rules are not applicable to Guthrie and to the Task Force establish under a force majeure situation

Former Head of Interim Management Team, Lodean C. Teage's Response

347. *The financial rules quoted do not apply to us as we did not receive allotment from the government nor were we included in the national budget. Did we receive allotment? Were we included in the national budget? If so please give proof.*
348. *The monthly budget was submitted to the minister of Agriculture discussed and approved by him after perusal. All revenues and expenditures were properly documented and store until the riot and looting at the plantation. Expenditures were in line with the operational needs of the plantation.*
349. *As matter of fact, a financial statement covering January to October 31, 2008 was prepared by the interim management Team (IMT) and public in a local news paper in early November, 2008 for public consumption and which was officially submitted to the Agriculture who submitted same to the President of Liberia. All expenditures incurred had supporting documents, which were all burnt during the riot by the workers. The burning of all documents were confirmed in the Kofi Wood's report and also confirmed by the then Minister of Labor Hon. Tiawon GonGloe as public in a local newspaper dated October 20, 2009.*
350. *If you had checked the finance ministry during your research investigation before coming with some of your claims, you would have seen hat under financial constrains, we were still able to pay Government taxes and social security fees as stated in the financial report presented to the president by the minister of Agriculture and publish also in the local newspaper for public consumption.*
351. *The riot and destruction of documents occurred after the IMT Teage administration left January 20, 2009. Summary of budgeted items and activities were specified on each memorandum of the ministry of Agriculture requesting firestone and MARCO for funds withdrawal in his capacity as chairman of the RUBBER TASK FORCE. Recommending Mr. Lodean C. Teage to provide the budget upon which he derived his authority to incurred expenditures would be very unfair knowing that all documents on the plantation were burnt to ashes.*
352. *Base on the cash –base budget system due to no funds met in the coffers, a monthly budget was regularly prepared based on farm needs including regular payroll and discussed with the minister of Agriculture for perusal and approval from which said amount were withdrawn from firestone covering budget request. Managing the plantation retrieved from the hands of rebel is a bit different from e.g.*
353. *Firestone, LAC, etc. the bureaucracy of bank account, budget preparation and approval in our case was risk-taken in that any delay in purchasing rice or the pay for the workers would have been a*

cause for strike or riot which we avoided to our best. The riot and destruction of documents occurred after the IMT under Teage administration left January 20, 2009. Summary of budget items and activities were specified on each Administrative memorandum of the ministry of Agriculture requesting firestone for funds withdrawal.

354. *Recommending Mr. Lodean C. Teage to provide the upon which he derived his authority to incur expenditure and any other expenditure documents except the financial report to the president covering January 22-october 31, 2008, taxes paid to the government and social security premium that could be traced at the mansion or ministry of finance would be very unfair knowing that all documents on the plantation were burnt to ashes.*

Auditor General's Position

355. The justification by both former Agriculture Minister Chris Toe and former Head of the Interim Management Team, Lodean Teage that the Financial Rule does not apply to RPAL/Guthrie is without merit and cannot be sustained when tested on the basis of facts. The Minister of Agriculture worked for the Government of Liberia; therefore Guthrie was under the direct control of the Government of Liberia and was governed by all rules applicable to the public sector.
356. The former Head of the Interim Management Team, Teage stated *"The monthly budget was submitted to the Minister of Agriculture discussed and approved by him after perusal. All revenues and expenditures were properly documented and store until the riot and looting at the plantation. Expenditures were in line with the operational needs of the plantation"*. By his assertion that the budget of the plantation was submitted to the Minister of Agriculture who is an employee of the Government of Liberia implied that the plantation was subject to Government's control. His assertion further defeats the purpose of the issue of "burnt documents" as he rightly stated that monthly budget was submitted to the Minister of Agriculture. It was discussed and approved by the Minister of Agriculture after the Minister of Agriculture perusal.
357. However, quite to the contrary throughout the audit, Minister Toe refused to make available for audit purpose the purported budgets allegedly submitted on a monthly basis by Lodean C. Teage. Such document are certainly not among those documents that got damage on the Plantation as the Ministry of Agriculture Headquarters was in Sinkor, Monrovia and was never gutted by fire.
358. Lodean C. Teage in his drive to further support his assertion on presentation of financial documents stated *"As matter of fact, a financial statement covering January to October 31, 2008 was prepared by the interim management Team (IMT) and public in a local news paper in early November, 2008 for public consumption and which was officially submitted to the Agriculture who submitted same to the President of Liberia.*
359. Again, Teage has cast doubts on the assertion of burnt documents. As noted, he stated that the financial statement covering January to October 31, 2008 was submitted to the Ministry of Agriculture and the Ministry of Agriculture submitted the report to the President. This defeats the

argument of Teage and Toe on burnt documents. Documents were submitted in Monrovia, but today they cannot be provided by Teage and Toe. Mr. Teage admitted that there was no budget while at the same time defending that there was a budget. Below is Mr. Teage's own admission that there was no budget:

*"Firestone, LAC, etc. the bureaucracy of bank account, **budget preparation and approval in our case was risk-taken in that any delay in purchasing rice or the pay for the workers would have been a cause for strike or riot which we avoided to our best.** The riot and destruction of documents occurred after the IMT under Teage administration left January 20, 2009. **Summary of budget items and activities were specified on each Administrative memorandum of the ministry of Agriculture requesting firestone for funds withdrawal.**"*

360. Mr. Teage admitted that opening a bank account, preparing and approving budgets was "risk taken," so he only prepared a summary of budget items and activities on administrative memorandum. He cannot be anymore clear that he and former Minister Toe managed Guthrie without an approved budget and bank account, because he argued that would have been a risk taking venture. Mr. Teage and former Minister Toe collected and expended public funds discretionally.
361. In the absence of documentary evidence, I cannot provide reasonable assurance that the expenditure made by Lodean C. Teage and Chris Toe in the operations of the Guthrie Plantation was legitimate. I therefore maintain my recommendation.

Management of Procurement of Goods and Services

Non-Compliance with the PPC Act, 2005

Observation

362. One of the objectives of the Public Procurement and Concession Act of 2005 is to ensure that public procurement by public entities is characterized by transparency so as to achieve value for money. In addition, other intentions of the Act are to:
- Maximize economy and efficiency in procurement and obtain best value for public expenditure.
 - Promote competition and foster participation in procurement proceedings by qualified suppliers, contractors and consultants.
 - Provide equal access without discrimination to all eligible and qualified providers of goods, works and services and fair and equitable treatment of all bidders.

363. Contrary to the above, the Interim Management Team procured rice, farm supplies and fuel without following any of the provisions of the PPC Act, 2005. The value of goods procured amounted to US\$779,971.48. The goods were procured under instruction of the Interim Management Team to the Firestone Rubber Company to pay suppliers of the above mentioned commodities from proceeds of rubbers sale by Guthrie. I could not therefore ascertain whether Guthrie obtained value for money in the expenditure incurred for the purchase of these goods. The Interim Management failed to submit documents to support payments made to the suppliers of these goods. I could not ascertain whether the goods procured were used for the purposes of the Guthrie Rubber Plantation.

Table 15: Procurement in violation of the PPC Act of 2005

PERIOD	RICE US\$	FARM SUPP. US\$	FUEL US\$	TOTAL US\$
02/26 -03/25,08	52,000.00	2,503.63	3,588.00	58,091.63
02/26- 03/25, 08	52,000.00	2,537.64	2,691.00	57,228.64
03/26- 04/25,08	53,300.00	8,116.79	1,089.40	62,506.19
04/26- 05/25,08	117,600.00	4,501.41	4,357.60	126,459.01
05/26- 06/25,08	0.00	8,132.30	4,967.30	13,099.60
06/26- 07/25,08	63,000.00	4,012.76	3,100.50	70,113.26
07/26- 08/25, 08	71,400.00	2,125.92	4,865.25	78,391.17
08/26- 09/25, 08	73,100.00	2,190.86	1,946.10	77,236.96
09/26- 10/25, 08	73,100.00	5,017.66	3,494.40	81,612.06
10/26- 11/25, 08	76,500.00	2,520.20	3,494.40	82,514.60
11/26- 12/10, 08	64,090.00	1,654.76	2,450.55	68,195.31
01/03-01/25,09	0.00	1,031.55	0.00	1,031.55
01/26-02/25,09	0.00	3,491.50	0.00	3,491.50
TOTAL	696,090.00	47,836.98	36,044.50	779,971.48

364. Furthermore, there was no evidence on how the commodities were distributed and utilized.

Risk

365. The interim management team failure to comply with the provisions of the PPC Act, 2005 could be construed as attempt to circumvent the law and defraud the Government.

Recommendation

366. Former Minister of Agriculture Chris Toe and members of the Interim Management Team, Lodean C. Teage and J. Adams Manobah should be held accountable and made to restitute US\$779,971.48, representing amounts paid for rice, farm materials and fuel, for which no supporting documents were provided.
367. Former Minister Chris Toe, Lodean C. Teage and J. Adams Manobah should be sanctioned for violating the PPC Act, 2005 in the procurement of US\$779,971.48 worth of rice, farm materials and fuel for the Guthrie Plantation.

Former Agriculture Minister Chris Toe's Response

368. *Part 1 section 1 of the PPCC Act of 2005 state that "this Act shall apply to the procurement goods, works, and services financed in whole and in part from public funds including the disposal of government stores, plant and equipment and all concession as defined under this Act." The attempt to subject the procurement and relevant operations of the Guthrie plantation and the activities of the GOL-UN Rubber Plantation Task Force to the PPCC Act is inconsistent with the spirit and application of the Act. First Guthrie Rubber Plantation is and has always been a **private entity** or concession as ratified by the National Legislature in 1954 and renewed in 2009.*
369. *The PPCC Act of 2005 as you state, "...is to ensure that all public procurement by public entities ..."; Guthrie **was never a public entity** under taking public procurement. Your observation and risk analysis that the procurement of rice, farm materials and fuel supplied to plantation workers and used for farm operations should have been in line with the PPCC Act is wrong, and inconsistent, and a gross misapplication of the PPCC Act; its application here is a miss-understanding of the realities from which the Task Force was established, and the intent and construction of the Act.*
370. *In retrospect, the team should invited the GAC auditors, at the time it was confronting ex-combatants' and questionable elements at the plantation, to tell these individuals that their rice and other livelihood support supplies would only be forthcoming if and only if, according to the GAC, the PPCC Act was complied with. Proficiency, which is one of the professional codes of ethics required under professional auditing, includes best judgment and experience in the practice of the audit profession.*

Former Head of Interim Management Team Lodean Teage's Response

371. *The PPCC ACT applies to entities which are state owned or GOL, but the Guthrie Rubber Plantation is a private entity and does not fall in the category of public corporation/GOL. The GRP is a private plantation but was taken over by Government for security and stability for a temporary period in Bomi and Grand Cape Mount counties yea Liberia especially it begin heavily infested with ex-combatants. Application of the PPCC ACTS could not work in view of no public funds being infused in its*

Auditor General's Position

372. As a serving Government Minister at the time, Dr. Toe should have been aware of all Government Regulations. Furthermore, Dr. Toe appointed Lodean Teage, Director of the Liberia Rubber Development Authority, an institution of Government to operate a plantation that was then under the control of the Government of Liberia and not a private entity at the time. Therefore, all rules governing the functions of Government at that time should have been applied.
373. Both Minister Toe and Teage are circumventing facts. The real issue is in two folds. That is the issues of violating the PPC Act, 2005 and the issue of accountability of the US\$779,971.48. Both Teage and Toe asserted that Guthrie is a private property and so the procurement law of Liberia does not apply to it. Again, former Minister Toe and Mr. Teage were government officials managing

a plantation that Mr. Teage has admitted were under Government's control. By the fact that they were submitting financial reports to the President of Liberia on the Guthrie Rubber Plantation defeats their argument of the farm being private. Mr. Teage assertion that "*Application of the PPCC ACTS could not work in view of no public funds being infused in it*", is without merit. PPC Act, 2005 applies to all Government institutions.

374. On the second issue, Minister Toe, Director Teage and J. Adams Manobah failed to account for the US\$779,971.48, representing the total value of goods supplied by Firestone through Lodean Teage and J. Adams Manobah designated by Minister Toe. They failed to provide supporting documents to acquit the expenditure. I therefore maintain all my recommendations, as instead of focusing on providing material justification and supporting documents, they spent considerable time explaining jurisdictional issues such as Guthrie is not a Government entity. As indicated, Guthrie under Mr. Teage and former Minister Toe was under Government's control and therefore subject to the PPC Act, 2005.

Sales of Rubber to Morris American Rubber Company (MARCO)

Failure to establish internal controls

Observation

375. Any payment of goods supplied by an entity or agencies should be made in the name of the supplying entity. In addition, the name of the entity should be on the invoices and all payment instruments and not in the name of any officer. During the audit, I noted that Guthrie Rubber Plantation supplied 801.15tons of rubber to Morris American Rubber Company valued at US\$927,984.43 and received an amount of US\$1, 021,969.38. **Exhibit 5.**
376. This amount was paid in the name of Lodean C. Teage, the head of the Interim Management Team. I further noted that Morris American Rubber Company made an overpayment of US\$93,984.95. **See Table 16 below:**

Table 16: Rubber Deliveries to Marco's Factory from Guthrie Plantation

Date	Tons (Wet)	Total Cost US\$	Rubber Tax US\$	RPAL Due US\$	Total Net US\$	Paid to Teage US\$	Balance US\$
May 2008	77.76	103,968.33	2,079.37	19.44	101,869.52	87,467.36	14,402.16
June 2008	37.73	50,447.68	1,008.95	9.43	49,429.30	71,685.66	(22,256.36)
July 2008	68.45	91,516.31	1,830.33	17.11	89,668.87	85,689.94	3,978.93
Aug. 2008	120.87	161,597.84	3,231.96	30.22	158,335.67	95,244.85	63,090.82
Sept. 2008	23.98	32,055.91	641.12	47.95	31,366.84	90,000.00	(58,633.16)

Date	Tons (Wet)	Total Cost US\$	Rubber Tax US\$	RPAL Due US\$	Total Net US\$	Paid to Teage US\$	Balance US\$
Oct. 2008	206.45	268,379.80	5,367.60	412.89	262,599.31	168,301.66	94,297.65
Nov. 2008	154.83	178,828.65	3,576.57	309.66	174,942.42	213,200.13	(38,257.71)
Dec. 2008	111.08	61,094.55	1,099.89	222.16	59,772.50	210,379.78	(150,607.28)
Total	801.15	947,889.08	18,835.78	1,068.86	927,984.43	1,021,969.38	(93,984.95)

377. In addition, I could not ascertain how the cash paid to Lodean C. Teage was utilized as there were no supporting documents in the form of summary statement of expenditure, payroll, and flag receipt for GOL tax payments, local purchase orders, invoices and delivery notes, etc.

Risk

378. The payment by debtors in the name of individuals such as Lodean C. Teage could result in a loss of revenue to the Guthrie rubber plantations due to the conversion to personal use.

Recommendation

379. The Head of the Interim Management Team, Lodean C. Teage did not account during the course of the audit and so should be made to reconstitute the US\$1,021,969.38 received in his name from MARCO and expended without supporting documents.

Former Agriculture Minister Chris Toe's Response

380. *On the issue of accountability for the sale of rubber to Morris American Rubber Company, Mr. Teage and others will respond to the GAC observation. However, the issue of internal controls has been addressed supra, taken in to account the environment and procedures under which the Task Force, which I chaired, operated.*

Former Head of Interim Management Team, Lodean C Teage's Response

381. *Monthly operating budgets were submitted to the Minister of Agriculture for approval. Based on the approval, request was then made to either MARCO/Firestone for approved budgeted fund. All expenditures were properly documented and stored until the riot and looting of the plantation.*

382. *It's very strange to note in the observations that a total of U.S. \$4,011,146.34 plus U.S.\$779,971.48 from supplies was received from Firestone as sales from Guthrie in addition to U.S.\$92,268.92 as incentives and also U.S.1,021969.38 from MARCO were not accounted for how they were expended.*

383. *How could a plantation infested with ex-combants operate from January to December incurring the following without rioting if funds were consumed by the IMT as claimed by your observations?*

384. *As a matter of fact, a financial statement covering January to October 31, 2008, was prepared by the IMT and publishes in a local newspaper in early November, 2008 for public consumption and which was officially submitted to the Minister of Agriculture, who submitted same to the president of Liberia.*
385. *All expenditures incurred had supporting documents, except that they were all burnt during the riot by the workers. The burning of all documents was confirmed in the Kofi Woods' report and which was also confirmed by the Minister of labor, as published in a local newspaper dated October 20, 2009.*
386. *If you had checked the finance ministry during your research before coming up with some of your claims as consuming funds generated, you would have seen that under financial constrains, we were still able to pay government taxes as stated In the public expenditure report presented to the president by the minister of Agriculture and published also in the local newspaper for public consumption.*

Auditor General's Position

387. Teage received several million dollars from the plantation for which he cannot provide any document as to how he used the money that was authorized by the then Minister of Agriculture Dr. Chris Toe and the rubber sales he made to Morris American Rubber Company (MARCO). In the case of payments from Firestone, Former Minister Toe cannot exempt himself from the operations of Teage, since in fact he appointed Teage and instructed Firestone to pay US\$4,011,146.34 to Teage. In this case, there is no evidence to indicate that former Minister Toe authorized payments from MACRO be done in the name of Mr. Teage.
388. Teage's response that all documents were burnt on the plantation cannot hold. He clearly stated that he indeed submitted monthly report to the Ministry of Agriculture, undermining his argument that all documents were burned on the plantation. Teage also made mention of an expenditure report presented to the President by his boss, J. Chris Toe. Expenditure Report in such instant is back by genuine and cogent documents as I believe that the Office of the President will not just rely on mere report but a report that is supported.
389. Toe and Teage failed to maintain a Bank Account and collected checks from Firestone and encashed such huge quantum of money in the tune of US\$4,011,146.34 and US\$1,021,969.38 over the counter, thus leaving no trace of their transactions. Auditors rely on documents and information submitted by management to determine the sufficiency and appropriateness to acquit revenues and expenditure. Mr. Teage indicated:

"All expenditures incurred had supporting documents, except that they were all burnt during the riot by the workers. The burning of all documents was confirmed in the Kofi Woods' report and which was also confirmed by the Minister of labor, as published in a local newspaper dated October 20, 2009."

390. Mr. Teage refused to open a bank account. He willingly allowed Marco to issue checks in his name in the tune of US\$1,021,969.38. He encashed these checks and expended them without supporting documentation. He is attempting to blame the lack of documentation and would want me to accept that without collaborative evidence a referenced report from Mr. Kofi Woods.

391. Mr. Teage further wanted me to accept without collaborative evidence the following assertions he made in his response:

"As a matter of fact, a financial statement covering January to October 31, 2008, was prepared by the IMT and publishes in a local newspaper in early November, 2008 for public consumption and which was officially submitted to the Minister of Agriculture, who submitted same to the president of Liberia."

392. Public consumption is no evidence. Submitting report to the President is no evidence, as the financial reports submitted was not supported by bank statements. Financial reports are not also evidence, as figures in financial reports must be supported by underlying records and documents to indicate that funds were collected and expended on the intended purpose.

393. By allowing checks to be written in his (Teage) name and his failure to open a bank account to deposit these checks meant that he was acting unilaterally and assuming the full risk of lack of documentation, a risk that has come full circle to entangle him. He must be held accountable and made to retribute the full amount he received and expended.

394. Furthermore, Mr. Teage asserted that the funds were expended with the approval of former Minister Toe, a claim Toe has rejected. Below I have indicated Mr. Teage assertion:

"Monthly operating budgets were submitted to the Minister of Agriculture for approval. Based on the approval, request was then made to either MARCO/Firestone for approved budgeted fund. All expenditures were properly documented and stored until the riot and looting of the plantation."

395. But former Minister Toe is definite on this payment from MARCO. Mr. Toe wrote that Mr. Teage should account when he asserted:

"On the issue of accountability for the sale of rubber to Morris American Rubber Company, Mr. Teage and others will response to the GAC observation."

396. I therefore maintain all my recommendations, as Mr. Teage did not provide material justification and documentation to acquit the checks written in his name and expended by him.

Statement of Accountability

397. In this report, it is required that I hold people accountable for public monies entrusted to them for the purposes of providing services to the taxpayers. Section 53.7 of the Executive Law of 1972 defined the minimum reporting requirements in my audits. Section 53.7 requires me to report on the following:

- Any officer or employee who has willfully or negligently failed to collect or receive monies belonging to the Government.
- Any public monies not duly accounted for and paid into an authorized depository.
- Any appropriation that was exceeded or applied to a purpose or in manner not authorized by law.
- Any deficiency or loss through the fraud, default or mistake of any person.
- Inadequate or ineffective internal control of public monies and assets. When appropriate, the report shall also include recommendations for executive action or legislation deemed necessary to improve the receipt, custody, accounting and disbursement of public monies and other assets.

398. The total irregularities noted in the audit amounted to **US\$10,434,244.36** representing irregular transactions, understatement of revenue, undocumented transactions and lack of compliance with laws and regulations. The **US\$5,905,356.10** was paid to Lodean C Teage's Interim Management Team through the directive of Chris Toe by Firestone Rubber Company and MARCO for which they did not provide supporting documents to acquit the expenditure. The balance **US\$4,528,888.26** were irregularities noted with respect to RPAL operation of the Guthrie Rubber Plantation. Mere assertion that documents got burned is not sufficient evidential matter to acquit the expenditure. The Ministry of Agriculture for which Lodean C. Teage reported did not suffer fire hazard.

Auditor General's Opinion on the Financial Statements of RPAL and Lodean C. Teage

399. I have audited the accompanying financial documents for the three financial years then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management Responsibility for Financial Statements

400. The RPAL and the Lodean C. Teage's Interim Management Teams are responsible for the preparation and fair presentation of those financial statements in accordance with International Financial Reporting Standards (IFRSs) or any other Generally Accepted Accounting Principles. This responsibility includes designing, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies

and making accounting estimates that are reasonable in the circumstance. Hence, the responsibility to put in place effective system and controls for the prevention and detection of fraud, error and non-compliance with Chapter 53 of the Executive Law of 1972, Revenue Code of 2000, PPC Act, 2005 and other relevant regulations rests with the Interim Management Teams of the RPAL and Lodean C. Teage.

Auditor-General's Responsibility

401. My Responsibility is to express an opinion on those financial records based on the audit.

Audit Scope

402. I conducted the audit in accordance with auditing standards of the International Organization of Supreme Audit Institutions (INTOSAI). An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Management Teams of the Guthrie Rubber Plantation in the preparation of the financial statements, and of whether the accounting policies are adequately disclosed.

403. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary to provide me with sufficient and appropriate audit evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, fraud or any other irregularity and that, in all material respect, the expenditure and income have been applied to the purposes intended by Interim Management Teams, and the financial transactions conform to the authorities which govern them. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements. I believe that my audit provides a reasonable basis for the audit opinion.

Basis of Opinion

404. Former Minister of Agriculture, J. Chris Toe, the Ministry of Agriculture, and the respective Interim Management Teams did not provide the required expenditure reports and other related documentation for my examination to determine the regularity of expenditure made and incurred during their management of the Guthrie Rubber Plantation.

405. The audit also concluded that:

- Irregularity was occasioned by the non-disclosure of actual revenue generated from rubber sales, because in one instance the RPAL's Management reported total revenue of US\$**1,611,607.82** from WRC, while confirmation of total payments made by WRC to RPAL/Guthrie indicated US\$**1,732,365.60**, thus understating the revenue by **US\$120,757.78**. In another instance, RPAL reported total revenue of US\$**4,021,208.57**, while confirmation of payments made by WRC to RPAL/Guthrie revealed that **US\$3,817,010.68** was actually paid by WRC, thus over-stating the revenue by US\$**204, 197.89**. This casts doubt on the Income Statement presented

by the Management of RPAL. The inconsistency in the revenues figures could be attributed to the fact that all revenues and other cash were not recognized and reported, thus unreliable. In addition to this, Management could not produce supporting evidence to substantiate the expenditure of the loan in the tune of US\$809,000.00 received from WRC.

- Moreover, the inability of the two Interim Management Teams to maintain the required records resulted into the failure of the audit to establish all the revenue collected and expended.
- Despite RPAL's Management maintaining separate personnel payroll account, the management paid salaries and other expenditure from the petty cash that should have been paid from their classified payroll account.
- Internal controls over financial management, accounting and reporting was noted as being severely weak, thus casting doubts on the financial information and underlying records. This was made possible by the poor supervision of the Rubber Taskforce over the Interim Management Teams that led to the inefficiency in the management of the Guthrie Rubber Plantation.
- Financial management of the Plantation was dominated by Minister Toe and selected members of the Interim Management Teams.
- The failure of the former Minister of Agriculture Chris Toe to ensure that all payments made to the Teage's Interim Management Team were supported and accounted for and also the Teage's Team failure to establish a bank account led to a large sum of unsubstantiated expenditure to the tune of **US\$5,905,356.10**.
- The failure of former Minister Toe and Lodean C. Teage to provide financial statements for the period under review and other relevant supporting documents.

Auditor-General's Opinion

406. In my opinion because of the significant uncertainties and disagreements arising from the matters raised in this audit coupled with understatement and overstatement of revenue presented in RPAL's Income Statement, the non-disclosure of financial records of the Lodean C. Teage's Interim Management Team and the limitation of scope regarding the regularity of expenditure, I am unable to express an opinion as to whether the transactions undertaken by the two interim management teams represent a true and fair view of the financial position of Guthrie Rubber Plantation for the financial years January 2006 – 31 December 2008.

Acknowledgement

407. I acknowledge the cooperation and assistance provided to the GAC by the management and employees of Guthrie. I would further like to thank the Engagement Manager, the audit team and the staff of the GAC that supported me in finalizing this report.

3:44PM
Morlu
John S. Morlu, II
Auditor General, RL
SSM J
April, 2011

Annexure 1A: Accountability Statement- Guthrie

Issues	Amount (US\$)	Responsible Officer	Position	Paragraph No.
Understatement of Revenue Reported by RPAL	120,757.78	Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	General Manager, Operations Manager, Administrative Manager & Comptroller	130
Overstatement of Revenue by RPAL	204,197.89	Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	General Manager, Operations Manager, Administrative Manager & Comptroller	131
Petty Cash Without Replenishment Report, Invoices and Receipts for Disbursements	61,286.00	Hilary Reeves	Comptroller	151
Irregular Payment to Board Members	149,930.50	Benjamin G. Garnett, Thomas Major & Matthew Mangolie	Board Members	169
Irregularities Noted with Personnel Documentation and Files (Payroll Management)	2,443,485.13	Hilary Reeves	Comptroller	207
Failure to Pay Statutory Deductions (Income Tax to GOL)	88,862.87	Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	General Manager, Operations Manager, Administrative Manager & Comptroller	231
Failure to Pay Statutory Deductions (NASSCORP Contributions)	19,009.18	Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	General Manager, Operations Manager, Administrative Manager & Comptroller	232
Failure to Account for Fuel Procured for the Plantation (Failed to provide waybills and delivery notes)	44,155.80	Hilary Reeves	Comptroller	245
Failure to Account for Fuel Procured for the Plantation (failed to provide fuel receiving , distribution and consumption logs)	160,142.50	Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	General Manager, Operations Manager, Administrative Manager & Comptroller	246
Hiring and Rental of Vehicles without Adequate Supporting Documentation	81,800.18	Hilary Reeves	Comptroller	255
Procurement of Rice not Supported by Source Documents (quotations, Invoices, purchase orders Delivery Notes, etc.)	638,826.75	Solomon Bundeh & Hilary Reeves	Procurement Director & Comptroller	267
Payments not incurred for Guthrie Rubber Plantation and also not supported by Service Completion Report and Vehicles Services Log	19,179.18	Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	General Manager, Operations Manager, Administrative Manager & Comptroller	280
Lack of Coherent Procurement Plan	15,440.00	Wassin M. Halabi	General Manager, Halabi Brothers	292

Issues	Amount (US\$)	Responsible Officer	Position	Paragraph No.
over Payment to Vendor(Goods not delivered to the Plantation)			Incorporated	
Vehicles not availed for Physical Verification	334,591.00	Benjamin Garnett, Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	Head of Board, General Manager, Operations Manager, Administrative Manager & Comptroller	306
Tractor not availed for Physical Verification	55,120.00	Benjamin Garnett, Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	Head of Board, General Manager, Operations Manager, Administrative Manager & Comptroller	306
Motorcycles not availed for Physical Verification	55, 200.00	Benjamin Garnett, Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	Head of Board, General Manager, Operations Manager, Administrative Manager & Comptroller	306
Other Assets not availed for Physical Verification	73,444.00	Benjamin Garnett, Moses Lavela, Anthony Merchant, Adam Manobah & Hilary Reeves	Head of Board, General Manager, Operations Manager, Administrative Manager & Comptroller	306
Sub-total (A)	4,528,888.26			

Annexure 1B: Accountability Schedule Lodean C. Teage's Interim Management Team

Issues	Amount (US\$)	Responsible Officer	Position	Paragraph No.
Failure to Establish Adequate Controls of Cash Management (Payments made by Firestone Plantation Company for rubber but no supporting documents were provided to acquit the expenditure)	4,011,146.34	Chris Toe, Lodean C. Teage and J. Adams Manobah	Former Minister of Agriculture, Government of Liberia Representative/Director LRDA and Interim Manager	316
Failure to Account for the Incentive Payments from Firestone Rubber Company for the Supply of Rubber (No supporting documents were provided)	92,268.90	Chris Toe, Lodean C. Teage and J. Adams Manobah	Former Minister of Agriculture, Government of Liberia Representative/Director LRDA and Interim Manager	317
Procurement in Violation of the PPC Act, 2005 (Payment made by Firestone for supplies to Guthrie but no supporting documents were provided)	779,971.48	Chris Toe, Lodean C. Teage and J. Adams Manobah	Former Minister of Agriculture, Government of Liberia Representative/Director LRDA and Interim Manager	366
Failure to Establish Internal	1,021,969.38	Lodean C. Teage	Director LRDA Representative/Director	379

Issues	Amount (US\$)	Responsible Officer	Position	Paragraph No.
Controls(Payments made by MARCO for rubber but no supporting documents were provided)			LRDA	
Sub-Total (B)	5,905,356.10			
Grand Total = Sub-total (A+B)	10,434,244.36			

Annexure 2: Analysis OF payment request by Dr. Toe to Firestone Management from January 2008 To December 2008

DATE	PAYEE	AMOUNT US\$	PURPOSE	REQUESTOR
31-Jan-08	Mr. Lodean C. Teage &Mr. J. Adams Manobah	21,731.50	For operation	Dr. J. Chris Toe
6-Feb-08	Mr. Lodean C. Teage &Mr. J. Adams Manobah	280,000.00	payroll Jan 10-Feb.10,08 & tax GOL	Dr. J. Chris Toe
20-Feb-08	Mr. Lodean C. Teage &Mr. J. Adams Manobah	27,015.00	For operation	Dr. J. Chris Toe
23-Feb-08	Mr. Lodean C. Teage &Mr. J. Adams Manobah	60,000.00	No purpose	Dr. J. Chris Toe
27-Feb-08	Mr. Lodean C. Teage	180,000.00	February salary payroll of GRP	Dr. J. Chris Toe
20-Mar-08	Mr. Lodean C. Teage	17,995.00	For operation	Dr. J. Chris Toe
25-Mar-08	Mr. Lodean C. Teage	67,000.00	For operation	Dr. J. Chris Toe
4-Apr-08	Mr. Lodean C. Teage	301,144.73	Facilitate GRP payroll	Dr. J. Chris Toe
4-Apr-08	Mr. Lodean C. Teage	23,884.81	Community Development at GRP	Dr. J. Chris Toe
4-Apr-08	Mr. Lodean C. Teage	26,380.00	For operation	Dr. J. Chris Toe
22-Apr-08	Mr. Lodean C. Teage	40,063.00	For operation	Dr. J. Chris Toe
24-Apr-08	Mr. Lodean C. Teage	80,000.00	Operation & Other expenditures	Dr. J. Chris Toe
7-May-08	Mr. Lodea C. Teage	31,990.00	For operation	Dr. J. Chris Toe
7-May-08	Mr. Lodean C. Teage	275,983.90	April 2008 payroll	Dr. J. Chris Toe
26-May-08	Mr. Lodean C. Teage	110,630.00	For operation	Dr. J. Chris Toe
2-Jun-08	Mr. Lodean C. Teage	290,848.30	Operational expenses	Dr. J. Chris Toe
16-Jun-08	Mr. Lodean C. Teage	112,580.00	For operation	Dr. J. Chris Toe
20-Jun-08	Mr. Lodean C. Teage	395,238.74	Payroll/Expenses	Dr. J. Chris Toe
21-Jul-08	Mr. Lodean C. Teage	36,590.00	For operation	Dr. J. Chris Toe
7-Aug-08	Mr. Lodean C. Teage	396,184.78	Payroll/Expenses	Dr. J. Chris Toe
25-Aug-08	Mr. Lodean C. Teage	34,930.00	Operational expenses	Dr. J. Chris Toe

DATE	PAYEE	AMOUNT US\$	PURPOSE	REQUESTOR
8-Sep-08	Mr. Lodean C. Teage	382,830.00	Operational expenses	Dr. J. Chris Toe
5-Oct-08	Mr. Lodean C. Teage	398,341.58	Payroll/Expenses	Dr. J. Chris Toe
11-Dec-08	Mr. Lodean C. Teage	419,785.00	Operational expenses	Dr. J. Chris Toe
Total		4,011,146.34		

EXHIBITS

ACCOUNT CONFIRMATION

Date: July 24, 2009

Accountants: **General Auditing commission (GAC)**
Ashmum Street
Monrovia, Liberia

Re: Rubber Planters Association of Liberia, Inc. (RPAL)

Gentlemen:

In response to your confirmation request of July 18, 2009, which was received on July 23, 2009, in regards to our customer referenced above, please find below the following information in regards to our customer's account(s) as at the close of business on January 22, 2008:

Acct. Title	Acct. #	Acct. Type	Int. Rate	Acct. Bal.
RPAL/Guthrie	02.2010-06111-01	Com. Checking		(US\$472,513.33) ***

The balance as stated above is an Overdraft extended to our Customer. There are no Assets held as security against the Overdraft.

RPAL has since January 2008 defaulted in the repayment of the Loan to the bank due to difficulties with the Ministry of Agriculture.

RPAL has initiated a law suit and International Bank remains as Interested Party.

Kindly contact us if you have any additional inquiries, which may need our response.

Kindest regards,

Truly yours,


Winifred W. Massaquoi
Auditor

US\$ – United States Dollars
L\$ – Liberian Dollars

*** TOD – Temporary Overdraft





Rubber Planters Association Of Liberia, Inc.

P.O. BOX 753, BROAD & JOHNSON STS. MONROVIA, LIBERIA CELL: 06543672/06918674

Email: rubberplantersassnlib@yahoo.com

July 16, 2009

The Auditor General
General Auditing Commission
Ashmun Street, Monrovia

Dear Sir:

RE: Query: 01 of 2009 for 2007 Accounts
GAC/ OAG/ 116/JSM/ AG/ ID/RPAL/09

We refer to subject query (01) and provide the below information with respect to details of payroll of GRP during our operational period:

- A. The listing of employees during our period of operation together with other information documents was left on the plantation at the time RPAL was wantonly driven out.
- B. See attached receipts for payments of employees with holding taxes, sales tax & National Social Security levies (EIS & NPS)
- C. All personal files, including those for the 50 specified, were left on the Plantation.
- D. List of employees that were suspended, dismissed, and employed during our period of operation were left on the plantation.
- E. There were no unclaimed salaries left over from our operations.

Date: July 16, 2009

Name of recipient: Hilary Y. Reeves

Title: COMPTROLLER

Date: July 16, 2009

Sign:

August 20, 2009

Mr. Alieu A.S> Kromah
Audit Manager
Guthrie Rubber Plantation
(GRP Audit Team)

In response to your letter reference: GAC/OAC/336/JSM/AG/jet/MOA/09 of August 10, 2009, we provide the following information:

A

**LISTING OF PAYMENTS
JANUARY TO DECEMBER 2007**

DATE	OUR BANK VOUCHER	OUR CHECK NUMBER	YOUR RECEIPT NUMBER	AMOUNT PAID
01/31/07	12	00564204 ✓	0572	\$ 7,500.00
01/31/07	21	00564214 ✓	0571	440.00
01/31/07	25	00564220 ✓	0573	2,500.00
03/20/07	25	00564195 ✓	0603	5,000.00
04/24/07	17	00593677 ✓	0633	5,000.00
05/22/07	24	00593716 ✓	0648	6,343.00
05/26/07	63	00593735 ✓	0655	5,000.00
07 / 1/07	01	00593778 ✓	0676	20,000.00
09/26/07	06	000058 ◊	-	3,000.00
09/29/07	07	000061 ◊	-	7,000.00
11/27/07	40	000172 ◊	0738	1,904.00
08 / 6/07	32	000029 ◊	0694	5,000.00
08 / 6/07	33	000030 ◊	0693	5,000.00
12/31/07	Amount overpaid for Tapping Knives			<u>2,500.00</u>
TOTAL PAYMENT				<u>\$76,187.00</u>

B

**LISTING OF INVOICES
DECEMBER 2006 TO SEPTEMBER 19, 2007**

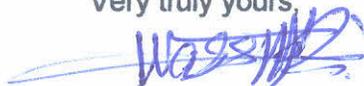
<u>INVOICE #</u>	<u>DATE</u>	<u>AMOUNT</u>
806	12/8/06	\$ 420.00 ✓
807	12/12/06	126.00 ✓
814/815	12/22/06	1,400.00 ✓
820	01/ 4 /07	583.00 ✓
825/827	01 / 5/07	4,274.00 ✓
608	01 / 8/07	2,700.00 ✓
821/822	01/11/07	530.00 ✓
602	01/17/07	1,250.00 ✓
607	01/23/07	4,268.00 ✓
609/610	01/24/07	7,463.25 ✓
611	01/24/07	26.00 ✓
612	01/24/07	287.00 ✓
620/622	01/29/07	4,116.50 ✓
625	01 /3 /07	440.00 ✓
646/647	02 /9 /07	3,977.50 ✓
673	03 /6 /07	90.00 ✓
680	03 /6 /07	35.00 ✓
710	04/28/07	1,260.00 ✓
711	04/30/07	2,735.00 ✓
719	05/15/07	2,350.00 ✓
723	05/16/07	2,504.00 ✓
724	05/17/07	65.00 ✓
728	05/18/07	875.00 ✓
729	05/18/07	802.00 ✓
730	05/19/07	620.00 ✓
740	05/28/07	1,289.00 ✓
741	05/28/07	1,275.00 ✓
742	05/28/07	1,725.00 ✓
753	06/11/07	4,550.00 ✓
781	07 / 7/07	195.00 ✓
786	07/13/07	1,650.00 ✓
787	07/16/07	300.00 ✓
776	07 / 4/07	4,930.00 ✓
789	07/19/07	375.00 ✓
791	07/20/07	375.00 ✓
794	08 /2 /07	125.00 ✓
797	08/21/07	70.00 ✓
801	09 / 6/07	250.00 ✓
808	09/19/07	<u>439.00</u> ✓
TOTAL INVOICES		\$60,747.00
LESS :	TOTAL PAYMENTS	<u>76,187.00</u>
	AMOUNT OVER PAID	<u>\$15,440.00</u>

C.

LESS:	Unrecorded Items:	
Nov. 28, Invoice # 795		(\$125.00)
Dec. 7, 2006 # 801/804		(1,271.00)
Tapping Knives price difference		<u>(2,500.00)</u>
Total Amount due RPAL/Guthrie Per our records		<u>\$11,544.00</u>

Kindest regards.

Very truly yours,



Wassin M. Halabi
GENERAL MANAGER



REPUBLIC OF LIBERIA

MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMORANDUM

TO: Mr. Charles Stuart
Managing Director
Firestone Rubber Company

FROM: Dr. J. Chris Toe
Minister

SUBJECT: PLEASE SEE BELOW

DATE: January 31, 2008

You are hereby authorized to release to Mr. Lodean C. Teage, Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation and Mr. J. Adams Manobah, Interim General Manager of Guthrie Rubber Plantation, the following items to facilitate continue operation of the plantation.

1. 2,000 (Two Thousand) bags of butter rice at 24.00USD (Twenty-four United States Dollars) per bag totaling \$48,000USD (Forty-eight Thousand United States Dollars); and
2. The amount of **21,731.50USD** (Twenty-one Thousand, seven hundred thirty-one dollars and fifty United States cents) as operational funds covering January 22, 2008 to February 15, 2008;

*ok. some check to
Pante on actual
Price + change
Guthrie Pl*

*ok - some
check change
Guthrie Pl*

You are also authorized to release to them farm supplies under their joint signatures.

They have also been designated to receive all crop slips from your Purchasing Department.

Thank you for your cooperation.

[Handwritten signature]
2/2/08

PAID
FEB 01 2008
N^o 00987



REPUBLIC OF LIBERIA

MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



OFFICE OF THE MINISTER

February 6, 2008

The General Manager
Firesone Plantation Company
Harbel, Liberia

Dear Sir:

Please release to Mr. Lodean Teage and Mr. J. Adams Manobah, the full sum of US\$ 280,000.00 (Two Hundred and Eighty Thousand United States Dollars) for Payroll period (January 10-February 10, 2008) and Tax liabilities for the GOL.

We are also requesting a deferment of payment for the 2,000 (two thousand) bags of rice supplied to the Guthrie Plantation until the payment of payroll is completed.

Kindest regards.

Very truly yours,

J. Chris Toe
J. Chris Toe (Ph.D)
Minister

PAID
FEB 07 2008
#01005

*OK to issue check
for \$280,000.*



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA

MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



ADMINISTRATIVE MEMORANDUM

TO: Mr. Charles Stuart
Managing Director
Firestone Rubber Company

FROM: Dr. J. Chris Toe
Minister
Ministry of Agriculture

SUBJECT: PLEASE SEE BELOW

DATE: February 20, 2008

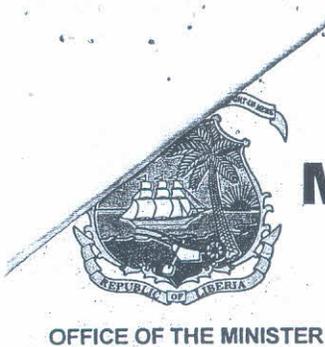
You are hereby to release to Mr. Lodean C. Teage, Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation and Mr. J. Adams Manobah, Interim General Manager of Guthrie Rubber Plantation, the below items:

1. USD 27,015.00 (twenty seven thousand fifteen United States Dollars) to facilitate continual operation of the plantation.
2. Two thousand (2,000) bags of rice for the March issuance of rice to employees of the plantation.

Thank you for your cooperation.

hand - ok for check for \$27,015.00
Wade, Pl. handle rice.
[Signature]
2/21/08

PAID
FEB 21 2008
#983710



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



ADMINISTRATIVE MEMORANDUM

To : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

From : J. Chris Toe, Ph.D. *J. Chris Toe*
MINISTER

Subj. : As Stated Below

Date : February 23, 2008

OK
JS
2/23/08

You are hereby requested to release to Mr. Lodean C. Teage, Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below items:

1. US\$60,000.00 (Sixty Thousand United States Dollars);
2. Balance on the account up to the monthly closing of your accounts.

Thank you for your cooperation.

PAID
FEB 25 2008
N°98390



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMORANDUM

To : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

From : J. Chris Toe. Ph. D. *J. Chris Toe*
MINISTER

Subj. : As Stated Below

Date : March 20, 2008

You are hereby requested to release to Mr. Lodean C. Teage, Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below item:

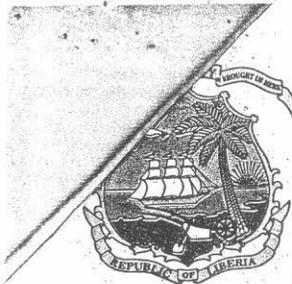
1. US\$17,995.00 (Seventeen Thousand, Nine Hundred Ninety Five United States Dollars) to facilitate the continual operations of the Guthrie Rubber Plantation.

Thanks for your cooperation

03/24/08
O.K to pay per above request.

PAID
(MAR 24 2008)

Nº 5718710



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA

MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



ADMINISTRATIVE MEMORANDUM

To : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

From : J. Chris Toe, Ph.D.
MINISTER

Subj. : As Stated Below

Date : March 25, 2008

You are hereby requested to release to Mr. Lodean C. Teage, representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below item:

1. US\$67,000.00 (Sixty Seven Thousand United States Dollars) to facilitate the continual operations of the Guthrie Rubber Plantation.

Thanks for your cooperation.

oh.

3/25/08

PAID
MAR 25 2008
N° 01122



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA

MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



ADMINISTRATIVE MEMORANDUM

To : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

From : J. Chris Toe, Ph.D.
MINISTER

Subj. : As Stated Below

Date : April 4, 2008

You are hereby requested to release to Mr. Lodean C. Teage, representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below item:

1. US\$301,144.73 (Three Hundred One Thousand One Hundred Forty Four United States Dollars/Seventy Three Cents) to facilitate payroll of the Guthrie Rubber Plantation.

Thanks for your cooperation.

PAID
(APR 07 2008)
N° 01199

OK

4/7/08

paid as per attached.

4/7/08



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA

MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



ADMINISTRATIVE MEMORANDUM

To : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

From : J. Chris Toe, Ph.D
MINISTER

Subj. : As Stated Below

Date : April 4, 2008

You are hereby requested to release to Mr. Lodean C. Teage, representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below item:

2. US\$23,884.81 (Twenty Three Thousand Eight Hundred Eighty Four United States Dollars/Eighty One Cents) to facilitate Community Services Development at Guthrie Rubber Plantation.

Thanks for your cooperation.

PAID
APR 07 2008
#01206

ok

4/7/08



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA

MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



ADMINISTRATIVE MEMORANDUM

To : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

From : J. Chris Toe, Ph.D.
MINISTER

Subj. : As Stated Below

Date : April 4, 2008

J. Chris Toe
PAID
APR 07 2008
N° 01205

You are hereby requested to release to Mr. Lodean C. Teage, representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below item:

- 3. US\$26, 380.00 (Twenty Six Thousand Three Hundred Eighty United States Dollars) to facilitate operational services at the Guthrie Rubber Plantation.

Thanks for your cooperation.

OK
RS
4/7/08



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



MEMORANDUM

TO: Mr. Charles Stuart
President & Managing Director
Firestone Plantations Company

FROM: J. Chris Toe, Ph.D.
MINISTER

SUBJ: AS STATED BELOW

DATE: April 22, 2008

You are hereby requested to release to Mr. Lodean C. Teage, General Manager and Representative of the Government of Liberia to the Guthrie Rubber Plantation, the below item:

1. US \$40,063.00 (Forty Thousand Sixty Three United States Dollars) to facilitate the smooth operations of the Guthrie Rubber Plantatio.

Thanks for your cooperation.

PAID
APR 23 2008

NO 01264



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMORANDUM

TO: Charles Stuart
President & General Manager
Firestone Rubber Company

FROM: J. Chris Toe
Minister

SUBJECT: **PLEASE SEE BELOW**

DATE: April 24, 2008

You are hereby requested to release to Mr. Lodean C. Teage, General Manager and Representative of the Government of Liberia (GOL) assigned to Guthrie Plantation, the below item:

1. US\$80,000.00 (Eighty Thousand United States Dollars) for operational and other expenditures, for the plantation.

Thank you for your cooperation.

OK

4/25/08

PO1269



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMORANDUM

To: Mr. Charles Stuart
Managing Director
Firestone Rubber Company

1st Installment - 44,022.10
2nd Installment - 39,492.75

From: Dr. J. Chris Toe
Minister
Ministry of Agriculture

PAID
AUG 11 2008
1209477

Subject: PLEASE SEE BELOW

Date: August 7, 2008

You are hereby requested to release to Mr. Lodean C. Teage, Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below items:

1. USD396, 184.78 (Three hundred ninety six thousand one hundred eighty four dollars and seventy eight cents) to meet payroll and operational expenses.

Thank you for your cooperation.

release funds available up to 08/08/08 and onwards until requested amount will be satisfied.

8/8/08



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMORANDUM

TO : Mr. Charles Stuart
Managing Director
Firestone Plantations Company

1st Installment - 98,868.08
2nd Installment - 92,600.91

FROM : J. Chris Toe, Ph.D.
Minister

SUBJECT : AS STATED BELOW

DATE : June 20, 2008

PAID
JUL 09 2008
#201423

You are hereby requested to release to Mr. Lodean C. Teage, General Manger and Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below items:

US\$395,238.74 (United States Dollars Three Hundred Ninety Five Thousand Two Hundred Thirty Eight 74/100), to meet payroll and operational expenses.

Thank you for your cooperation.

1. Any amount that will be awarded
until the 7th of July - should be pd on the
874.00



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



OFFICE OF THE MINISTER
To :

Mr. Charles Stuart
President/Management Director
Firestone Rubber Company

From :

J. Chris Toe, Ph.D.
Minister

Subj. :

As Stated Below

Date :

May 7, 2008

You are hereby requested to release to Mr. Lodean C. Teage, General Manager and Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below items:

1. US\$31,990.00 (Thirty One Thousand Nine Hundred and Ninety United States Dollars) to facilitate the smooth operations of the Guthrie Rubber Plantation.
2. US\$275,983.90 (Two Hundred Seventy Five Thousand Nine Hundred Eighty Three 90/100 United States Dollars) for the payment of the April 2008 payroll.

ok - 1 chris
Pl. pay 198,368.53
[Signature]
5/7/08

\$50,748.77 given above given out of this request based upon account balance as of May 7, 2008: Mc balance is \$ 230,358.53
Thank you for cooperation.

less : (31,770.00)
Less Stamp : (47,619.76)

\$50,748.77

Lionel

1. Pay based on what they have on their Mc

Rel,
[Signature]
5/8/08

MINISTRY OF AGRICULTURE
MAY 09 2008
NO 01313



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



OFFICE OF THE MINISTER

Memorandum

To : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

From : J. Chris Toe, Ph.D. *JCT*
Minister

Subj. : As Stated Below

Date : May 26, 2008

You are hereby requested to release to Mr. Lodean C. Teage, General Manager and Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below item:

- US\$110,630.00 (One Hundred Ten Thousand Six Hundred and Thirty United States Dollars) to facilitate the smooth operations of the Guthrie Rubber Plantation.

Thank you for your cooperation.

M. [Signature]

OK
[Signature]
5/27/08

PAID
MAY 25 2008
#01351



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



ADMINISTRATIVE MEMORANDUM

To: Mr. Charles Stuart
Managing Director
Firestone Rubber Company

From: Dr. J. Chris Toe *[Signature]*
Minister
Ministry of Agriculture

PAID
JUN 06 2008
#01364

Subject: PLEASE SEE BELOW

Date: June 2, 2008

You are hereby requested to release to Mr. Lodean C. Teage, Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below items:

- 1. USD290, 848.30 (two hundred ninety thousand eight hundred forty eight dollars and thirty cents) to meet payroll and operational expenses.

Thank you for your cooperation.

[Signature]

*Please pay \$198,460.00
the rest after required deliverables
are made*
[Signature]
6/6/08



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMO

TO : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

FROM : J. Chris Toe, Ph.D.
Minister

SUBJ : As Stated Below

DATE : June 16, 2008

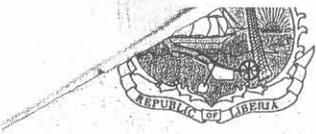
PAID
JUN 17 2008
Nº 01377

You are hereby requested to release to Mr. Lodean C. Teage, General Manager and Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below item:

- 1 US \$112,580.00 (One Hundred Twelve Thousand Five Hundred and Eighty United States Dollars) to facilitate the smooth operations of the Guthrie Rubber Plantation.

Thank you for your cooperation.

6/17/08



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMORANDUM

To: Mr. Charles Stuart
Managing Director
Firestone Rubber Company
Republic of Liberia

From: J. Chris Toe, PhD
MINISTER

Subject: As stated below

Date: February 27, 2008

Please release to Mr. Lodean Teage, Representative of MOA/GOL assigned to Guthrie Rubber Plantation, the amount of One Hundred Eighty Thousand US Dollars (USD180,000.00) for the February Salary payroll of the Guthrie Rubber Plantation.

Also, please defer payment of the rice until after March 10, 2008.

Kindest regards,



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMO

TO : Mr. Charles Stuart
President & Managing Director
Firestone Rubber Company

Check # EB-01465
Dated Aug 01, 2008

July balance - \$14,964.02
final pymt - 21,625.98

\$36,590.00

FROM : J. Chris Toe, Ph.D.
Minister

SUBJ : As Stated Below

DATE : July 21, 2008

You are hereby requested to release to Mr. Lodean C. Teage, General Manager and Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below item:

- 1 US \$36,590.00 (Thirty Six Thousand Five Hundred Ninety United States Dollars) to facilitate the smooth operations of the Guthrie Rubber Plantation.

Thank you for your cooperation.

7/24/08



REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA

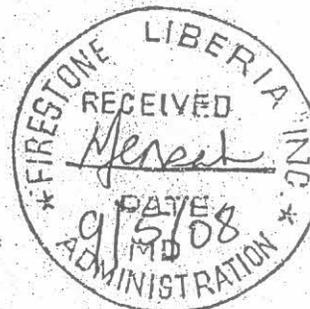


OFFICE OF THE MINISTER

ADMINISTRATIVE MEMORANDUM

To: Mr. Charles Stuart
Managing Director
Firestone Rubber Company

PATRICK



From: Dr. J. Chris Toe
Minister
Ministry of Agriculture

J. Chris Toe

*1st Installment - 5,425.88 (part of 15k owed)
2nd Installment - 8,875.52
3rd Installment - 16,273.76
part 2 of 20,842.84 → 4th Installment - 4,335.14 - final cost*

Subject: PLEASE SEE BELOW

Done 8/21/08

Date: August 25, 2008

You are hereby requested to release to Mr. Lodean C. Teage, Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below items:

- 1. USD\$34,930.00 (Thirty four thousand nine hundred & thirty dollars) to meet operational expenses.

Thank you for your cooperation.

M. M. M. M.



OFFICE OF THE MINISTER

REPUBLIC OF LIBERIA
MINISTRY OF AGRICULTURE

P. O. BOX 10-9010
1000 MONROVIA 10, LIBERIA



part of 42,847.54 → 1st Installment - - - - 16,507.72
2nd Installment - 50,637.41
3rd Installment - 23,541.72

ADMINISTRATIVE MEMORANDUM

To: Mr. Charles Stuart
Managing Director
Firestone Rubber Company

From: Dr. J. Chris Toe *J. Chris Toe*
Minister

Subject: PLEASE SEE BELOW

Date: September 8, 2008

You are hereby requested to release to Mr. Lodean C. Teage, Representative of the Government of Liberia (GOL) assigned to Guthrie Rubber Plantation, the below items:

- 1. USD382, 830.00 (Three hundred eighty two thousand eight hundred thirty dollars) to meet payroll and operational expenses.

Please defer the Rice payment until after the 15th of September when we shall have completed our payroll.

Thank you for your cooperation.

Minister
9/9/08

1344

REPUBLIC OF LIBERIA

MINISTRY OF AGRICULTURE

P.O. BOX 10-9010
1000 MONROVIA, 10 LIBERIA



OFFICE OF THE MINISTER

ADMINISTRATIVE MEMORANDUM

To: Mr. Charles Stuart
Managing Director
Firestone Rubber Company
From: J. Chris Toe, PhD
Minister
Ministry of Agriculture

Dec. 1st Installment (bal. Nov. 08) --- 25,178.26
Dec. 2nd Installment --- 153,233.99
Jan. 3rd Installment --- 100.00
Jan. 4th Installment --- 6,200.66
Feb. 5th Installment --- 20,475.64
Feb. 6th Installment --- 14,716.55

[Handwritten Signature]
PAID
DEC 12 2008

Subject: PLEASE SEE BELOW

Date: December 11, 2008

You are hereby requested to release to Mr. Lodean C. Teage, General Manager of Guthrie Rubber Plantation, the below items:

1. USD419,785.00 (Four hundred nineteen thousand seven hundred eighty five dollars) to meet payroll and operational expenses.
2. Deferment of the value of the Rice payment until after the 15th of December when they shall have completed their payroll.

Thank you for your cooperation.

PAID
DEC 12 2008

~~NO 1736~~

EXHIBIT -5

RUBBER DELIVERIES TO FACTORY - FROM: GUTHRIE								
DATE	TONS (WET)	TOTAL COST	RUBBER TAX	RPAL DED	TOTAL NET	PAID TO TEAGE	BALANCE	
MAY	77.76	\$ 103,968.33	\$ 2,079.37	\$ 19.44	\$ 101,869.52	\$ 87,467.36	\$ 14,402.16	
JUNE	37.73	\$ 50,447.68	\$ 1,008.95	\$ 9.43	\$ 49,429.30	\$ 71,685.66	\$ (22,256.36)	
JULY	68.45	\$ 91,516.31	\$ 1,830.33	\$ 17.11	\$ 89,668.87	\$ 85,689.94	\$ 3,978.93	
AUGUST	120.87	\$ 161,597.84	\$ 3,231.96	\$ 30.22	\$ 158,335.67	\$ 95,244.85	\$ 63,090.82	
SEPTEMBER	23.98	\$ 32,055.91	\$ 641.12	\$ 47.95	\$ 31,366.84	\$ 90,000.00	\$ (58,633.16)	
OCTOBER	206.45	\$ 268,379.80	\$ 5,367.60	\$ 412.89	\$ 262,599.31	\$ 168,301.66	\$ 94,297.65	
NOVEMBER	154.83	\$ 178,828.65	\$ 3,576.57	\$ 309.66	\$ 174,942.42	\$ 213,200.13	\$ (38,257.71)	
DECEMBER	111.08	\$ 61,094.55	\$ 1,099.89	\$ 222.16	\$ 59,772.50	\$ 210,379.78	\$ (150,607.28)	
	801.14	\$ 947,889.08	\$ 18,835.78	\$ 1,068.86	\$ 927,984.43	\$ 1,021,969.38	\$ (93,984.95)	

M. 21/8