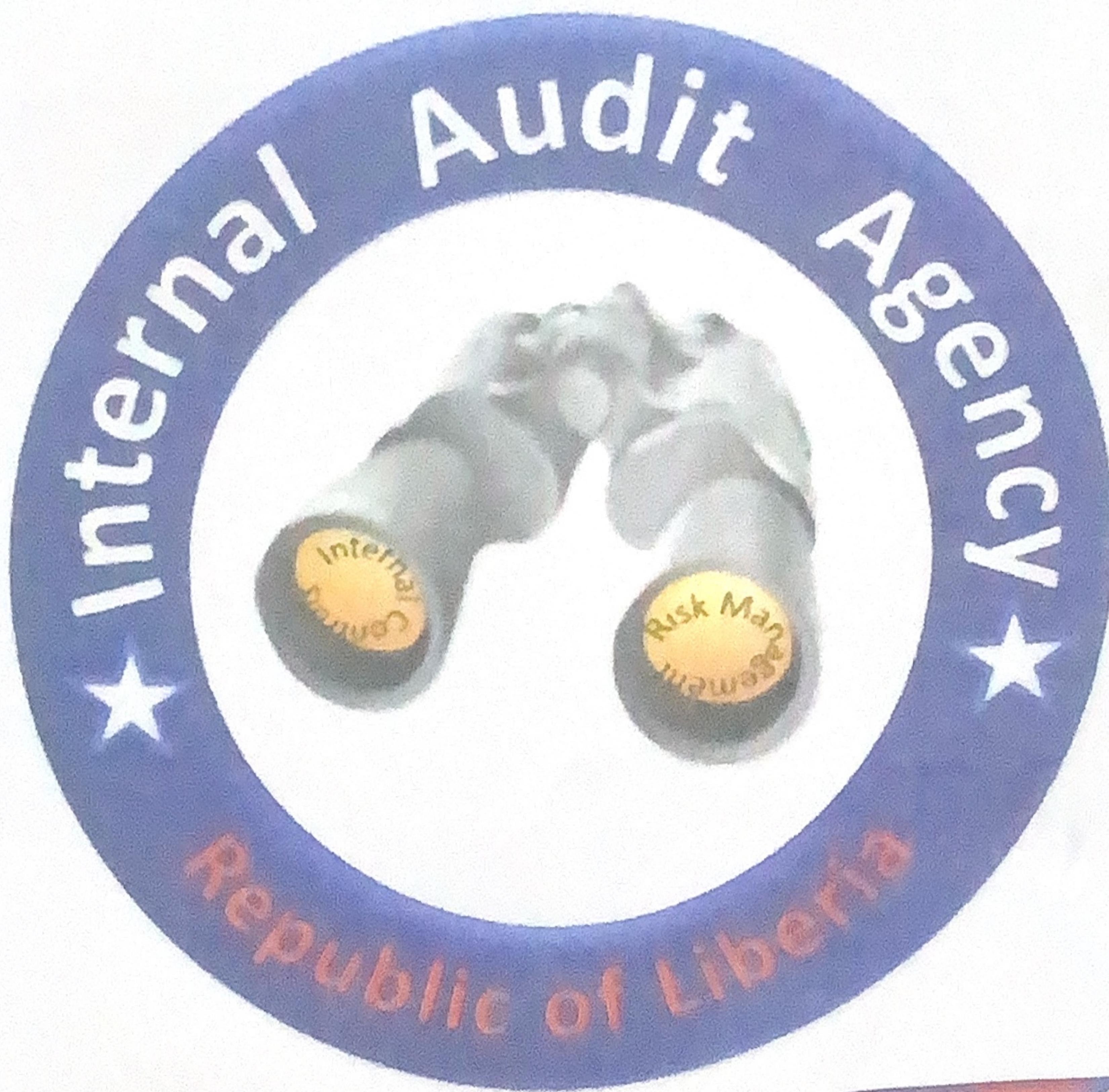


REPUBLIC OF LIBERIA



'Helping you do the right thing  
in the right way'

SPECIAL AUDIT OF THE  
NATIONAL OIL COMPANY OF LIBERIA (NOCAL)  
JANUARY 1, 2024 - JANUARY 31, 2025

## TABLE OF CONTENTS

ACRONYMS.....	ii
DEFINITION OF KEY WORDS AND PHRASES .....	iii
1. EXECUTIVE SUMMARY.....	1
2. BACKGROUND.....	2
3. OBJECTIVES .....	3
4. NATURE AND SCOPE.....	4
5. SCOPE LIMITATION.....	4
6. METHODOLOGY.....	5
7. CONTINGENT LIABILITIES AND LEGAL MATTERS .....	5
8. FINDINGS AND RECOMMENDATIONS .....	8
9. CONCLUSION .....	31
10. APPENDICES.....	32

## ACRONYMS

FY	Fiscal Year
GoL	Government of Liberia
HR	Human Resource
IAA	Internal Audit Agency
ISO	International Standards Organization
IT	Information Policy and Procedures
MFDP	Ministry of Finance and Development Planning
NASSCORP	National Social Security and Welfare Corporation
NOCAL	National Oil Company of Liberia
PFM	Public Financial Management
PPCA	Public Procurement and Concessions Act
SOP	Standard Operating Procedures

## DEFINITION OF KEY WORDS AND PHRASES

Word or Phrase	Definition
<b>Audit</b>	An independent and objective evaluation of the documents, records, and accounts of an entity for purposes of expressing a conclusion as to whether they are in accordance with standards, laws, and regulations.
<b>Internal Audit</b>	An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps organizations achieve their objectives by applying a systematic, disciplined approach to evaluate and enhance the effectiveness of governance, risk management, and control (GRC) processes.
<b>Audit Objectives</b>	The purpose of the audit is for which the auditor gathers, evaluates, and present evidence to support findings, recommendations, and conclusions.
<b>Nature and Scope of Audit</b>	The specific type of audit, the areas, documents, records, laws, regulations, policies, contracts, standards, and time period that are the subjects and objects of the audit.
<b>Condition</b>	A situation that exists within an organization, identified and determined to be contrary to laws, regulations, and standards, has the potential to significantly impact organizational goals and objectives.
<b>Criteria</b>	The applicable laws, regulations, or standards that have been breached by the existence of the condition.
<b>Cause</b>	The material and proximate reason or reasons that resulted in the existence of the condition.
<b>Consequence</b>	The potential financial, operational, regulatory, and business impact on the goals and objectives of the entity is due to the existence of the condition.
<b>Corrective Action</b>	Recommended solution that resolves the condition and mitigates the cause.
<b>Methodology</b>	The specific audit procedures and techniques that the auditor uses to gather, evaluate, and present evidence to support findings, recommendations, and conclusions.
<b>Must</b>	This is used where compliance with laws and regulations or performance of an action is an unconditional requirement.
<b>Should</b>	This is used where the performance of an action is not required, but is needed to mitigate potential threats to goals and objectives.
<b>Review</b>	An independent and objective evaluation of the documents, records, and accounts of an entity for purposes of expressing a conclusion as to whether anything came to the attention of the auditor to indicate that the documents, records, and accounts are not in accordance with standards, laws, and regulations.
<b>Risk</b>	The probability of occurrence of an event and the potential impact that makes it uncertain as to whether an entity will achieve its goals and objectives.
<b>Threat</b>	Any adverse condition that will likely affect the goals and objectives of the organization.

IAA-RL/DG/DAK/01/05/"26

January 13, 2026

Hon. Fabian M. Lai, CPA, CIA  
Chief Executive Officer  
National Oil Company of Liberia (NOCAL)

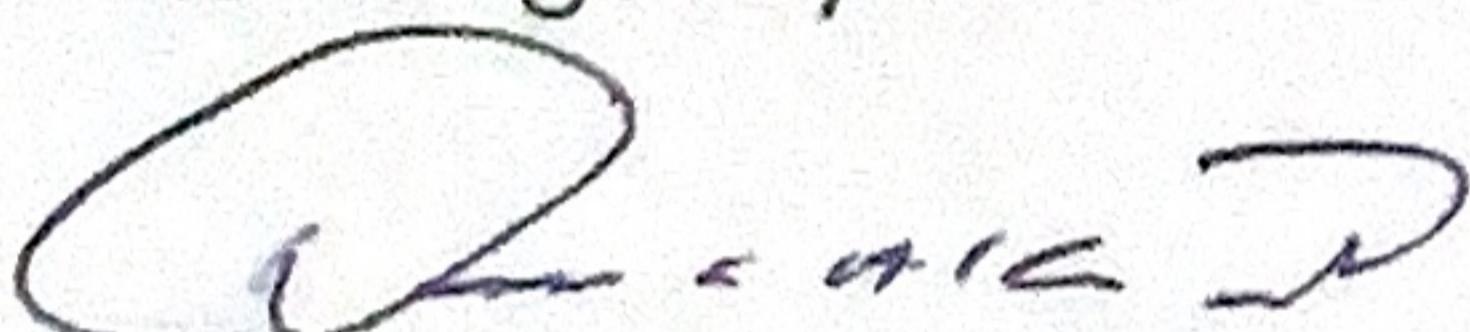
Dear Hon. Lai:

**Ref.: Final Audit Report**

I am submitting this Audit Report on the audit of the National Oil Company of Liberia (NOCAL) covering the period January 1, 2024, to January 31, 2025.

The report contains findings and recommendations based on the audit of the financial statements and NOCAL'S operational activities. It contains issues that came to the attention of the audit team as a result of tests considered necessary for the conduct of the audit and validation of responses from the Management of NOCAL.

Please accept my appreciation for your support and collaboration with the Internal Audit Agency.



Sincerely,

## 1. EXECUTIVE SUMMARY

The Internal Audit Agency has completed an audit of activities, processes, and systems of the NOCAL for fiscal year 2024 and January 2025 for the purpose of providing independent and objective assurance on the effectiveness of governance, risk management, and controls (GRC).

During the year under review, the following persons were responsible for the governance and management of the NOCAL.

### Board of Directors

Name	Title/Position	Period
<b>Edward Wade Appleton</b>	Chairman Board of Directors	Mar. 2024 – Dec 2024
<b>Bolma Kamara</b>	Statutory Member (MFDP)	Mar. – Aug 2024
<b>Wilmot Paye</b>	Statutory Member (MME)	2024 – Present
<b>Kpannah-Esther Alan</b>	Member	2024 – Present
<b>A. Kpandeh Fayia</b>	Member	2024 – Present
<b>Peter Malcolm King</b>	Member	2024 – Present
<b>Lydia Sandimanie Nimely</b>	Member	2024 – Present

### Management Team

<b>Saifuah Mai-Gray</b>	President/CEO	Jan. 2024
<b>Eric W. Daniels</b>	Vice President – Finance	Jan. 2024
<b>Rustonlyn Suacoco Dennis</b>	President/CEO	April. 2024 - Feb 2025
<b>Fabian M. Lai</b>	President/CEO	Feb 2025 – Present
<b>Emmanuel T. Azango</b>	Vice President – Finance	April 2024 - Present
<b>Richmond Jallah</b>	Comptroller	April 2024 - Present
<b>M. Boakai Jaleiba</b>	VP Administration	April 2024 - Present
<b>Rixck W. Barsi-Glah</b>	VP Technical Services	April 2024 - Present
<b>Edjerah Edwina Barchue</b>	General Counsel	2024 – Present
<b>Timothy Jarry</b>	Director of Exploration	2024 – Present

#### 1.1. Significant issues arising from the IAA's examination are as follows:

- 1.1.1. LD\$1,900,000 disbursed as a salary advance without evidence of recovery.
- 1.1.2. US\$73,244.94 and LD\$350,660 disbursed to vendors without adequate supporting documents.
- 1.1.3. US\$3,177 charged to credit card for gambling activities and personal purchases.
- 1.1.4. LD\$12,276 and US\$1,050 in bank charges to inactive accounts held with SI Bank, Ecobank, and LBDI.
- 1.1.5. US\$20,000 on multiple disbursements to staff without supporting evidence.
- 1.1.6. Inconsistent Authorizations/Approvals of Payment Vouchers among the CEO, Vice President for Finance, and Comptroller.

- 1.1.7. **\$164,050** in multiple disbursements for consultancy without evidence of work done.
- 1.1.8. Anomalies noted, including breach of contract with a potential loss of **US\$179,093** in the Construction Project of NOCAL's Proposed Headquarters
- 1.1.9. **US\$ 75,000** disbursed for vehicle was not supported by documentation posing a scope limitation.
- 1.1.10. **US\$ 585,000** disbursed for consulting service was not supported by documentary evidence posing a scope limitation.

## 1.2. Summary Recommendations

These findings pose significant threats to the objectives of NOCAL. We recommend that:

- 1.2.1 **LD\$1,900,000** received by the former CEO, Rustonlyn Suacoco Dennis, as a salary advance must be restituted.
- 1.2.2 CFO, Richmond Jallah must provide justification for disbursing **US\$73,244** and **LD\$350,660** to vendors without adequate supporting documents.
- 1.2.3 Former CEO, Rustonlyn Suacoco, must restitute **US\$3,177** payments made for gambling activities and personal purchases.
- 1.2.4 Management should enforce strict adherence to authorization procedures and ensure all vouchers are properly reviewed and approved by designated officials.
- 1.2.5 Management should require adequate documentation of consultancy deliverables before payment, and recover amounts disbursed without supporting evidence
- 1.2.6 Management should review the project, address anomalies, and strengthen supervision to ensure compliance, transparency, and value for money.
- 1.2.7 The CFO should make the necessary adjustments to the financial statements to ensure their accuracy and completeness.

## 2. BACKGROUND

### 2.1. Legal Framework

NOCAL is a state-owned corporation established by an act of the National Legislature, amending the Executive laws of 1972 and repealing section 2, sub-section K of PRC Degree No.55 of the Bureau of Hydrocarbon under the Ministry of Lands, Mines and Energy, and all Amendatory Acts thereto. NOCAL was established for the purpose of holding all the rights, title, and interest of the Republic of Liberia in the deposit and reserves of liquid and gas hydrocarbons within the territorial limits of the Republic of Liberia, whether potential, proven, or actual with the aim of facilitating the development of the oil and gas industry in the Republic of Liberia.

## **2.2 Basis for the Audit**

In January 2025, the Board and Acting Management Team of the NOCAL requested the IAA to conduct a comprehensive audit of the Corporation.

## **2.3. NOCAL's Responsibilities**

NOCAL is responsible for designing and implementing suitable business strategies and plans to achieve its mandate in accordance with laws, and to design and implement internal controls over activities, processes, and systems to prevent, detect, or mitigate risks to its objectives. Additionally, as required by law, NOCAL must produce and maintain accurate, adequate, complete, and reliable books of accounts and records of its activities performed, and provide unhindered access to auditors in the performance of their functions.

## **2.4. Internal Audit Agency's Responsibilities**

The IAA is responsible for formulating and implementing suitable risk-based plans that capture activities, processes, and systems subject to examination. The IAA is required to plan, perform, document, and communicate its findings and recommendations in accordance with The Institute of Internal Auditors' (IIA) International Professional Practices Framework. The IAA must ensure that findings and recommendations are accurate, complete, reliable, timely, and useful, assisting NOCAL in making informed decisions regarding its operations.

## **3. OBJECTIVES**

The objectives of the audit are:

### **3.1 Assess performance and achievement of objectives**

- 3.1.1 Ascertain whether management has developed and implemented suitable strategies and plans to achieve its objectives.
- 3.1.2 Verify whether management's strategies and plans are aligned and consistent with the entity's mandate and core values.
- 3.1.3 Determine whether business, financial, and operational targets have been achieved in accordance with plans.

### **3.2 Evaluate operational efficiency, effectiveness, and service delivery**

- 3.2.1 Assess whether operating processes are effective and efficient in achieving NOCAL's objectives.
- 3.2.2 Identify bottlenecks affecting service delivery and recommend improvements.

### **3.3 Assess the accuracy and integrity of financial and operational information**

- 3.3.1 Evaluate whether accurate books of accounts and records of transactions have been produced and maintained.
- 3.3.2 Assess whether financial and operational transactions have been conducted in accordance with applicable standards.

### **3.4 Evaluate safeguards in place to protect resources**

- 3.4.1 Evaluate whether there are effective systems of controls in place to protect revenues against leakages resulting from fraud and errors.
- 3.4.2 Assess whether there are adequate and effective systems of controls in place to safeguard the acquisition of resources.
- 3.4.3 Ascertain whether there are effective systems in place to ensure that resources are used for authorized purposes.
- 3.4.4 Evaluate whether there are safeguards in place to protect assets against theft, misuse, abuse, and damage.

### **3.5 Evaluate compliance with laws, regulations, policies, and procedures**

- 3.5.1 Verify compliance with laws, regulations, policies, procedures, and standards intended to guide business processes.
- 3.5.2 Assess regulatory and compliance risks and recommend improvements.

## **4. NATURE AND SCOPE**

The audit of NOCAL consisted of a comprehensive evaluation of transactions and related governance, risk management, and controls.

This audit covered documents and records of financial transactions such as vouchers, invoices, contracts, bank statements, ledgers, cashbooks, etc., for the period January 1, 2024, to January 31, 2025. Laws, regulations, and policies that we used as criteria for the audit include the PFM Act, PPC Act, National Oil Company of Liberia (NOCAL) Act, Standing Orders of the Civil Service, and NOCAL's internal policies.

We performed the audit in accordance with the IAA Manual and the IIA Standards to the extent applicable.

## **5. SCOPE LIMITATION**

The following factors limited the extent of testing required to scrutinize procurement activities reviewed:

- 5.1 Procurement documents indicating the procurement processes followed for the purchase of vehicles amounting to **US\$75,000** were not provided.
- 5.2 Bid evaluation and award documents for **US\$585,000** procurement of Consultancy Service for Scientific Onshore Data Analysis, awarded to West Africa Geo-Services, Liberia were not made available for review.

## 6. METHODOLOGY

We performed the audit using the following methodology:

- 6.1 **Interviews** – We interviewed key management personnel, as well as process and control owners, to assess their understanding of their roles and responsibilities.
- 6.2 **Walk-through tests** – We performed walk through tests on random selected transactions to confirm compliance with policies and standards.
- 6.3 **Test of controls** – We evaluated the adequacy of the operational measures and effectiveness of internal controls designed to protect assets, ensure compliance to applicable laws and regulations, and reduce risks.
- 6.4 **Substantive tests of details** – We tested the accuracy, completeness, and reliability of individual transactions. The extent of these tests were determined by the sufficiency of the applicable substantive procedures followed, including compliance with relevant laws and regulations.
- 6.5 **Analytical procedures** – We analyzed and compared financial and non-financial information to determine the reasonableness and consistency of reported information/data.
- 6.6 **Validation of responses** – We reviewed and evaluated additional information provided by responsible parties to determine the relevance and sufficiency of the evidence gathered.

## 7. CONTINGENT LIABILITIES AND LEGAL MATTERS

NOCAL is involved in a number of legal and regulatory proceedings as of the reporting date. Management, with advice from legal counsel, has evaluated each case and considered the need for provisions or disclosures in accordance with applicable financial reporting standards.

The significant cases are summarized below:

### 7.1 AEP Consultants, Inc. v. NOCAL

- 7.1.1 Arbitration has been initiated against NOCAL over a contractual dispute with a claim of approximately **US\$97,812** plus costs.
- 7.1.2 Management, with legal counsel, is preparing a defense and monitoring case progress. No provision has been made at this stage, as the outcome cannot yet be determined with certainty.

### 7.2 NOCAL v. Liberia Revenue Authority (LRA)

- 7.2.1 A tax dispute has been settled, requiring payment of **US\$299,494** in 24 installments over two years beginning September 2025.
- 7.2.2 Management has recognized a liability for the settlement and implemented monitoring procedures to ensure timely payments.

### 7.3 Vida A. Mensah & Cllr. Idella Cooper v. NOCAL

- 7.3.1 A court judgment of **US\$480,854** was issued against NOCAL. An appeal is pending, and an escrow deposit of **US\$961,708** is required.
- 7.3.2 Management, through legal counsel, is pursuing the appeal. The escrow deposit represents a restriction on cash resources.

#### **7.4 TSC Global v. NOCAL**

- 7.4.1 Demand letters have been received alleging wrongful termination and unpaid debts totaling approximately **US\$179,093** including fees.
- 7.4.2 As no legal proceedings have commenced, management is assessing the claim with legal counsel. No provision has been made, but the matter will continue to be monitored.

#### **7.5 Gedei & Associates v. NOCAL**

- 7.5.1 A debt claim of **US\$80,000** plus costs has been filed. NOCAL has filed a motion to dismiss based on statute of limitations and documentation issues.
- 7.5.2 Management has disclosed the matter as a contingent liability. A provision will be recognized if the motion to dismiss is denied and liability becomes probable.

#### **Management Response:**

"The current administration has prioritized the resolution of inherited legal and regulatory proceedings, implementing a disciplined and strategic approach to manage each case. Our focus is on protecting corporate assets, minimizing financial impact, ensuring future compliance, and resolving these legacy matters in the best interest of NOCAL.

#### **Regarding the Liberia Revenue Authority (LRA) Tax Settlement**

This liability stems from the failure of a previous administration to remit withheld employee taxes. The current management has taken full responsibility to rectify this obligation. We have engaged directly with the LRA, resulting in a mutually agreed settlement of US\$299,494. A formal payment plan has been established for 36 monthly installments, which commenced in September 2025, and we are pleased to report that NOCAL has made its first payment. The liability has been fully recognized on our books, and a robust monitoring procedure is in place to ensure all future payments are made promptly and in full.

#### **Regarding the Case of Vida A. Mensah & Cllr. Idella Cooper v. NOCAL**

Management maintains a strong legal position that this labor-related matter falls outside the jurisdiction of the commercial court. While we have complied with the court's order to place the judgment amount of US\$480,854 into an escrow account, we are actively pursuing an appeal to the Full Bench of the Supreme Court. We are confident in the merits of our appeal and are taking all necessary legal steps to secure a favorable outcome for NOCAL.

#### **Regarding the Arbitration with AEP Consultants, Inc.**

NOCAL is not contesting this contractual claim of US\$97,812. Under the guidance of our legal counsel, we are preparing a suitable outcome.

#### **Regarding the Claim from TSC Global**

Management is currently in receipt of demand letters alleging wrongful termination and claiming US\$179,093. We are assessing the validity of this claim with our legal team. Our objective is to resolve this matter through negotiation to avoid unnecessary litigation costs, while being fully prepared to mount a legal defense if required.

**Regarding the Debt Claim by Gedei & Associates**

Management is vigorously challenging this debt claim of US\$80,000. We have filed a motion to dismiss based on the statute of limitations and insufficient supporting documentation. This matter is currently disclosed as a contingent liability. A provision will be recognized only if our motion is denied and an unfavorable outcome becomes probable.

In conclusion, the current management has implemented a comprehensive and disciplined framework for managing all legal contingencies. We are committed to resolving these legacy issues in a manner that is fiscally responsible and in the best long-term interest of NOCAL."

## 8. FINDINGS AND RECOMMENDATIONS

### 8.1 No Supporting Documentation for Credit Card Disbursement

#### Condition

Management did not provide supporting documents for seven credit card disbursements amounting to **US\$27,440**. There was no evidence of payment vouchers and invoices to support these transactions recorded in the Ledger.

See Table 1 below for details:

No.	Date	Name	Description	Ref. No.	Amount US\$
1	5/9/2024	NOCAL	Recharge of NOCAL's Corporate Card	267969	5,000.00
2	2/28/2024	NOCAL	Crediting of NOCAL'S Corporate Card	26749	2,000.00
3	2/11/2024	NOCAL	Payment for Credit Card- replenishment	26984	3,000.00
4	10/4/2024	NOCAL	Credit Card Replenishment	26899	5,000.00
5	9/19/2024	NOCAL	Credit Card Replenishment	26883	5,000.00
6	8/14/2024	Attina L. Doe	Corporate Credit replenishment	26814	6,000.00
7	2/20/2024	Jacob Kabakole	Reimbursement of air ticket to Nigeria	2650	1,440.00
<b>Total</b>					<b>\$27,440.00</b>

#### Criteria

Regulation 144 of the Amendment and Restatement of the PFM Act of 2009 requires that payment instructions for electronic fund transfer may be sent only when a payment voucher is duly certified by both the accounting officer and the department of the Ministry responsible for accounting services.

#### Consequence

Noncompliance will result into payments most likely made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.

#### Corrective action

1. The CFO must provide supporting documents to account for **US\$ 27,440** disbursed without documentation.
2. The NOCAL financial manual should define procedures that will provide evidence of an audit trail for transactions using all credit cards.

#### Management Response

Management states that the payments listed above are not disbursements from the corporate credit card but rather replenishments (Deposit/Addition) to the credit card. Paperwork (Memo, expenses spreadsheet) is attached to those transactions.