



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On The Closeout Audit of the
Integrated Public Financial
Management Reform Project
(IPFMRP)**

**For the Period June 2016 to
July 2017**

December, 2017

**Yusador S. Gaye, CPA, CGMA
Auditor General, R.L.**

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December 30, 2017

Christopher Sokpor, PhD

Unit Manager

Integrated Public Financial Management Reform Project (IPFMRP)
Monrovia, Liberia

Dear Dr. Sokpor:

RE: Report on the Audit of the IPFMRP Financial Statements

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the Statement of Receipts and Payments, Statement of Comparison of Budget and Actual Amounts, the Designated Account and a summary of accounting policies and other explanatory notes for the fiscal period then ended in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.

We have audited the accompanying financial statements of the Integrated Public Financial Management Reform Project (IPFMRP) as at June 30, 2017, which comprise the Statement of Receipts and Payments, Statement of Comparison of Budget and Actual Amounts and a summary of accounting policies and other explanatory notes.

Basis for Opinion

We conducted our audit in accordance with International Standard of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Ministry of Finance and Development Planning (MFDP) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the IPFMRP Management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Project ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and

using the going concern basis of accounting unless management either intends to liquidate the project or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standard of Supreme Audit Institutions (ISSAIs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


Yusador S. Gaye CPA, CGMA
Auditor General, R.L.

Monrovia, Liberia

December 2017

*Auditor General's Report On The
Audit of the Integrated Public Financial Management Reform Project (IPFMRP)
for the Period June 2016 to July 2017*

Statements of Receipts and
Payments for the Year Ended June
30, 2017

<i>In United States Dollars</i>	Notes	2017	2016
Receipts			
Total Grant	4	4,450,000	5,907,878
Other Income- Sale of Bid documents		17,950	--
Total Receipt		<u>4,467,950</u>	<u>5,907,878</u>
Payment			
Budget Planning Systems, Coverage and Credibility	5	143,790	175,735
PFM Legal Framework, Budget Ex., Acct & Reporting	6	1,246,002	2,150,393
Revenue Mobilization and Administration	7	214,363	873,470
Transparency and Accountability	8	777,224	1,545,326
Program Governance and Project Management	9	1,354,080	1,819,997
Total Payment		<u>3,735,459</u>	<u>6,564,921</u>
Excess of Payments over Receipts		732,491	(657,043.00)
Fund Balance as at July 1,			620,134
Cumulative Fund Balance		<u>(36,909.00)</u>	<u>(36,909.00)</u>

The notes on pages 10 to 14 are integral part of these Project Financial report.

PROJECT DESIGNATED ACCOUNT STATEMENT

Account Number	02/205/300001/68
Account Type	Current Account
Depository Bank	Central Bank of Liberia
Address	Warren Street Monrovia, Liberia
Related Grant Agreement	IPFMRP Grant No: TF 12690, TF A2366, IDA 50260 & AfDB 5900155003751
Currency	: United States Dollar

In United States Dollars

	2017	2016
Total Grant Received	4,450,000	5,907,878
Other Income Sale of Bid Documents	17,950	
Total grant income reported	4,467,950	5,907,878
Amount spent	(3,735,459)	(6,564,921)
Balance as at July 1	(36,909)	620,134
Balance as at June 30	695,582	(36,909)

*Auditor General's Report On The
Audit of the Integrated Public Financial Management Reform Project (IPFMRP)
for the Period June 2016 to July 2017*

Statement of Fund Balance and Cash Status for the
Year Ended June 30, 2017

	Notes	2017	2016
<i>In United States Dollars</i>			
A. FUND BALANCE			
Balance of Project Fund b/f		(36,909)	620,134
Add: Total Receipts during the period		4,467, 950	5,907,878
Total fund available for operations		<u>4,431,041</u>	<u>6,528,012</u>
Less: Total payments during the period		<u>3,735,459</u>	<u>6,564,921</u>
Balance of project funds at the end of the year		695,582	(36,909)
B. CASH STATUS:			
Cash at bank		<u>695,582</u>	<u>(36,909)</u>
Total cash on hand and in bank		<u>695,582</u>	<u>(36,909)</u>
Difference between A and B			

The notes on pages 10 to 14 are integral part of these Project Financial report.

Statement of Comparison of Budget and Actual Amounts for the Fiscal Year Ended June 30, 2017

Uses of funds, by Activity within Component	Project Allocation	Annual Budget	Actual	Variance	
	\$	\$	\$	\$	
Component 1: Enhancing Budget Planning System, Coverage and Credibility	1,838,000.00	143,000.00	143,790.42	(790.42)	1%
Component 2: Strengthening PFM Legal Framework, Budget Execution, Accounting and Reporting	9,581,830.77	1,250,500.00	1,246,001.85	4,498.15	0%
Component 3: Revenue Mobilization and Administration	5,849,294.50	221,000.00	214,363.00	6,637.00	3%
Component 4: Enhancing Transparency and Accountability	6,406,285.00	799,000.00	777,223.77	21,776.23	3%
Component 5: Program Governance and Project Management	7,425,589.73	1,378,000.00	1,354,080.07	23,919.93	2%
Grand Total	31,101,000.00	3,791,500.00	3,735,459.11	56,040.89	1%

Note: the marginal variance noted above were due to normal estimations error between budgeted amounts and actual projections -for which related costs cleared

The notes on pages 10 to 14 are integral part of these Project Financial reports.

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2017

<i>In United States Dollars</i>	Notes	2017	2016
<u>Assets</u>			
Cash and cash equivalent		695,582	(36,909)
Total Assets		669,582	(36,909)
<u>Fund Balance</u>			
Grants		695, 582	(36,909)
Accumulated Fund Balance		695, 582	(36,909)



Christopher Sokpor, Ph.D.
 PFMU Manager
 MFDP



William Kollie Oye
 Project Coordinator-IPFMRP
 MFDP

The notes on pages 10 to 14 are integral part of these Project Financial reports.

NOTES TO THE FINANCIAL STATEMENTS

1. Background and Information of the Project

With support from the International Development Association, MTDF, and AfDB; the IPFMR-project is to strengthen the foundation of the overall PFM governance, ranging from planning, budgeting, accounting and reporting, internal audit and controls, public procurement, and revenue management, to external audit and legislative and public oversight. The IPFMR project was approved by the World Bank on December 11, 2011 and other Partners with a grant amount of USD 28.551 Million. The aim of the project is

- i. Improvement in the efficiency and reliability of the Government's accounting system;
- ii. Harmonize the project chart of accounts with the GoL chart of accounts;
- iii. Finalize the business processes for projects in IPFMR project;
- iv. Configure the IPFMR project; and
- v. Conduct testing

2. Use of Grant Proceeds

The table sets out the categories of items to be financed out of the grant proceeds, the allocation of the amount of the grant to each category and the percentage of expenditure for items to be financed in each category:

Category	Amount of grant allocated expressed in USD	% of expenditure to be financed
Budget Planning System, Coverage and Credibility	1,838,000.00	100
PFM Legal framework, Budget Ex., Acct & Reporting	9,581,831.00	100
Revenue Mobilization and Administration	5,849,294.00	100
Transparency and Accountability	6,406,285.00	100
Program Governance and Project Management	7,425,590.00	
Total	31,101,000.00	

All categories of expenditure shown in these financial statements are fully financed based on the percentage below:

	% of Expenditure
IDA grant	18
MDTF	66
AfDB	16
Total	100

3. Significant Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS) and in the manner required by the Project Grant Agreement as required by the World Bank's Operating Policies and Procedures and PFMU's Financial Management manual. This implies that all expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the World Bank.

Reporting currency

Financial reports have been presented in United States Dollars. Transactions denominated in other currencies are translated into United States Dollars and recorded at the rate of exchange ruling at the date of transactions. Balances denominated in other currencies are translated into United States Dollars at the rate of exchange prevailing on the reporting date.

4 Grant

Grant from IPFMRP is held in deferred income account when received and are only recognized in the project's income statement when utilized.

Grant Receipt

	30 June 2017	30 June 2016
IPFMRP/MOF012-TF – 12690		2,935,259
IPFMRP/MOF016-TF -12690		704,482
IPFMRP/MOF 005-TF AfDB		1,268,137
IPFMRP/MOF 009-TF 12690	1,900,000	
IPFMRP/MOF 001-TF A2366	2,550,000	
	4,450,000	5,907,878

NOTES TO THE FINANCIAL STATEMENT

(Continued)

In United States Dollars

5. Budget Planning Systems, Coverage and Credibility

	30-Jun <u>2017</u>	30-June 2016
Fiscal Reporting and Fiscal policy review		
Fiscal Budget Framework	101,575	89,582
	42,215	86,153
	143,790	175,735

6. PFM Legal Framework, Budget Execution, Accounting and Reporting

SIFMIS Rollout to M& As	1,116,698	1,655,546
Strengthening Financial Standards, Accounting and Reporting	32,200	-
Treasury, Cash, Debt and Aid Management	8,054	154,238
Establishment of County Treasuries	28,959	264,357
Donot Project Financial Management/Use of Country System	60,091	76,252
	1,246,002	2,150,393

7. Revenue Mobilization and Administration

Tax Automation (SIGTAS)	92,500	227,484
Establishment of Revenue Authority	121,863	645,986
	214,363	645,986

8. Transparency and Accountability

Srenghening Public Procurement Oversight	19,870	196,506
Strengthening Internal Audit and Control	111,031	343,972
Strengthening External Audit	261,381	528,984
Enhancing Legislative Oversight	17,995	265,564
Civil Society and Social Accountability	366,947	210,300
	777,224	1,545,326

9. Program Governance and Project Management

In United States Dollars

Program Coordination and Financial Management	491,560	331,447
Institutional and Capacity Building	615,801	1,167,804
Monitoring and Evaluation/ Change Management	68,900	83,276
Project Fiduciary	177,819	237,470
	1,354,080	1,819,997

10. Cash receipts through grant and other Sources

MDTF	4,450,000	4,639,741
sale of bid documents	17,950	1,268,137
	4,467,950	5,907,878

11. Cash paid

Budget Planning Systems, Coverage and Credibility	143,790	175,735
PFM Legal Framework, Budget Ex., Acct & Reporting	1,246,002	2,150,393
Revenue Mobilization and Administration	214,363	873,470
Transparency and Accountability	777,224	1,545,326
Program Governance and Project Management	1,354,080	1,819,997
Total Payment	3,735,459	6,564,921

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NOTES TO THE FINANCIAL STATEMENT (Continued)

12. Analysis Variance

Uses of funds, by Activity within Component

	Project	Annual	Actual	Variance
	Allocation	Budget		
	\$	\$	\$	\$
Component 1: Enhancing Budget Planning Systems, Coverage and Credibility				
<i>Enhanced Macro-Financial Framework</i>	355,000.00	0.00	0.00	0.00
<i>Financial Reporting and Fiscal Policy Review</i>	292,000.00	101,000.00	101,575.00	-575.00
<i>Enhanced Budget Framework</i>	1,191,000.00	42,000.00	42,215.42	-215.42
Sub- Total	1,838,000.00	143,000.00	143,790.42	(790.42)
Component 2: Strengthening PFM Legal Framework, Budget Execution, Accountability and Reporting				
<i>Review of PFM Legal Framework</i>	50,000.00	0.00	0.00	0.00
<i>SIFMIS Rollout to Me-As</i>	8,114,350.77	1,121,000.00	1,116,697.65	4,302.35
<i>Strengthening Financial Standards, Accounting and Reporting</i>	32,500.00	32,500.00	32,200.00	300.00
<i>Treasury Cash, Debt and Aid Management</i>	34,480.00	8,000.00	8,054.00	-54.00
<i>Establishment of County Treasuries</i>	494,000.00	29,000.00	28,959.20	40.80
<i>Donor Project Financial Management/ Use of County System</i>	856,500.00	60,000.00	60,091.00	-91.00
Sub- Total	9,581,830.77	1,250,500.00	1,246,001.85	4,498.15
Component 3: Revenue Mobilization And Administration				
<i>Capacity Development of Customs</i>	200,000.00	0.00	0.00	0.00
<i>Tax Automation (SIGTAS)</i>	2,000,000.00	100,000.00	92,500.00	7,500.00
<i>Establishment of Revenue Authority</i>	3,649,294.50	121,000.00	121,863.00	-863.00
Sub- Total	5,849,294.50	221,000.00	214,363.00	6,637.00
Component 4: Enhancing Transparency and Accountability				
<i>Strengthening Public Procurement Oversight</i>	313,000.00	20,000.00	19,869.70	130.30
<i>Strengthening Internal Audit and control</i>	1,567,609.00	111,000.00	111,030.96	-30.96
<i>Strengthening External Audit</i>	3,259,398.00	270,000.00	261,380.96	8,619.04
<i>Enhancing legislative Oversight</i>	630,000.00	18,000.00	17,995.00	5.00
<i>Civil Society and Sosial Accountability</i>	636,278.00	380,000.00	366,947.15	13,052.85
Sub-Total	6,406,285.00	799,000.00	777,223.77	21,776.23
Component 5: Program Governance and Project Management				
<i>Program Coordination & Financial Management</i>	1,782,051.73	500,000.00	491,560.07	8,439.93
<i>Institutional and Capacity Building</i>	4,192,088.00	630,000.00	615,801.00	14,199.00
<i>Monitoring & Evaluating Change Management</i>	489,500.00	68,000.00	68,900.00	-900.00
<i>Project Fiducialry</i>	961,950.00	180,000.00	177,819.00	2,181.00
Sub- Total	7,425,589.73	1,378,000.00	1,354,080.07	23,919.93
Grand Total	31,101,000.00	3,791,500.00	3,735,459.11	56,040.89

Note: the marginal variance noted above were due to normal estimations error between budgeted amounts and actual projections -forwhich related costs cleared