



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



On the Audit of Financial Statements of
Liberia Urban Resilience Project

For the Financial Year January 1, 2023
to December 31, 2023

GRANT NUMBER: P169718

CREDIT NUMBER: IDA 71220

IDA EO410

IDA V3930

JUNE 2024

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

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Acronym & Meaning

| | Meaning |
|-----------------|---|
| AG | Auditor General |
| ASU | Accounting Service Unit |
| CBL | Central Bank of Liberia |
| CGMA | Chartered Global Management Accountant |
| CGMA | Chartered Global Management Accountant |
| COBIT | Control Objectives for Information and Related Technology |
| COSO | Committee of Sponsoring Organization of the Treadway Commission |
| CPA | Certified Public Accountant |
| FY | Fiscal Year |
| GAC | General Auditing Commission |
| GoL | Government of Liberia |
| GOL | Government of Liberia |
| IAD | Internal Audit Department |
| IFMIS | Integrated Financial Management Information System |
| IPSAS | International Public Sector Accounting Standard |
| ISSAI | International Standards of Supreme Audit Institutions |
| IT | Information Technology |
| LD | Liberian Dollars |
| LRA | Liberia Revenue Authority |
| LURP | Liberia Urban Resilience Project |
| MFPD | Ministry of Finance Planning and Development |
| PFM Act | Public Financial Management Act of 2009 |
| PFM Regulations | Public Financial Management Regulations of 2009 |
| PFMU | Project Financial Management Unit |
| PIM | Project Implementation Manual |
| PMU | Project Management Unit |
| PPCA | Public Procurement & Concessions Act |
| PPCC | Public Procurement & Concessions Commission |
| USD | United States Dollars |



AUDITOR GENERAL'S REPORT

June 27, 2024

Hon. Roland Layfette Giddings
Minister
Ministry of Public Works
Lynch Street
Monrovia, Liberia

AUDITOR GENERAL'S REPORT ON FINANCIAL STATEMENTS AUDIT OF THE LIBERIA URBAN RESILIENCE PROJECT (LURP), LURP: P169718, CREDIT NUMBERS: IDA 71220, IDA E0410 AND V3930 FOR YEAR ENDED DECEMBER 31, 2023.

Opinion

We have audited the accompanying financial statements of the Liberia Urban Resilience Project (LURP): financed by Grant Number: LURP: P169718, Credit Numbers: IDA 71220, IDA E0410 and V3930 the period January 1 to December 31, 2023, which comprise the Statements of Receipts and Payments, Statement of Comparison of Budget and Actual Amounts and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Statement of Receipts and Payments as at December 31, 2023, the Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and other explanatory notes for the period then ended in accordance with International Public Sector Accounting Standards (IPSAS 2017) Cash Basis of Accounting.

Basis for opinion

We conducted our audit in accordance with International Standards 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 Liberia Urban Resilience (LURP) Project Implementing Unit (PIU) of the Ministry of Public Works (MPW) in accordance 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS 2017) Cash Basis of Accounting and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. The LURP Management is responsible for overseeing the Project's financial reporting process.

Auditor's Responsibilities

Our objectives 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 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Receipts and Payments. The procedures selected depends on the auditor's judgment, including the assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Statement of Receipts and Payments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Statement of Receipts and Payments.

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



Monrovia, Liberia

June 2024

Financial Statement of World Bank Funded
Project
for the year ended December 31, 2023.
LURP: P169718:
Credit No. IDA 71220, IDA E0410 & IDA
V3930

Ministry of Finance & Dev't Planning
Project Financial Management Unit (PFMU)

Statement of Project Management Responsibility

The Project Financial Management Unit (PFMU) of the Ministry of Finance and Development Planning and the Project Coordinator for Liberia Urban Resilience project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on December 31, 2023.

This responsibility includes (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) selecting and applying appropriate accounting policies and (vi) making accounting estimates that are reasonable in the circumstances.

The PFMU and the Project Coordinator for Liberia Urban Resilience project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The PFMU and the Project Coordinator for Liberia Urban Resilience project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended December 31, 2023, and of the Project's financial position as at that date. The PFMU and the Project Coordinator for Liberia Urban Resilience project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The PFMU and the Project Coordinator for Liberia Urban Resilience project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Project Financial management Unit and the Project Coordinator for Liberia Urban Resilience project on 8th November 2023 2024

GENERAL INFORMATION

PROJECT MANAGEMENT TEAM

| | |
|---|--|
| Project Financial Management Unit: | Papin Daniels, Jr, CA, CPA, CFE Unit Director Project Financial Management Unit (PFMU) |
| | Leroy N. Fendor, CA, CPA Deputy Director |
| | Subozu Kollie, CFE, CA, CPA Project Internal Auditor |
| Registered Office: | Project Financial Management Unit (PFMU) Ministry of Finance Broad and Mechlin Street Liberia |
| Project Implementation Unit: | Gabriel S. Flaboe, Sr Project Coordinator Liberia Urban Resilience Project (LURP) |
| Project Location: | Ministry of Public Works Paynesville Liberia |
| Bankers: | Ecobank Liberia Limited 11 th Street Sinkor Monrovia |



**STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023**

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| <i>In United States Dollars</i> | Notes | December 31, 2023 | December 31, 2022 | Cumulative |
|--|-------|----------------------|----------------------|------------------|
| Receipt | | | | |
| IDA Funding Source | 4 | 2,181,060 | 393,600 | 2,574,660 |
| Total Receipt | | <u>2,181,060</u> | <u>393,600</u> | <u>2,574,660</u> |
| Payment | | | | |
| Climate Resilient Infrastructure and Urban Upgrading | 5 | - | - | - |
| Strengthening Integrated Resilient Urban Development Capac | 6 | 48,713 | - | 48,713 |
| Project Management | 7 | 754,985 | - | 754,985 |
| Project Preparatory Advance | 8 | 1,365 | 123,021 | 124,386 |
| Total Payments | | <u>805,063</u> | <u>123,021</u> | <u>928,084</u> |
| Excess of receipts over payments (payments over receipts) | | <u>1,375,996</u> | <u>270,579</u> | <u>1,646,576</u> |
| Fund Balance as at beginning | | <u>270,579</u> | <u>-</u> | <u>-</u> |
| Cumulative fund balance | | <u>1,646,576</u> | <u>270,579</u> | <u>1,646,576</u> |

**STATEMENT OF FUND BALANCE AND CASH STATUS
FOR THE PERIOD ENDED DECEMBER 31, 2023**

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| <i>In United States Dollars</i> | | December 31, 2023 | December 31, 2022 |
|---------------------------------|---|------------------------------|------------------------------|
| A | Fund Balance | | |
| | Balance of Project Fund | 270,579 | - |
| | Add: Total Receipts during the period | <u>2,181,060</u> | <u>393,600</u> |
| | Total Fund available for operations | 2,451,639 | 393,600 |
| | Less: Total Payments during the period | 805,063 | 123,021 |
| | Balance of project fund at the end of the year | 1,646,576 | 270,579 |
| B | Cash Status: | | |
| | Cash at Bank | <u>1,646,576</u> | <u>270,579</u> |
| | Total Cash on hand and in bank | 1,646,576 | 270,579 |
| | Difference between A and B | <u><u>-</u></u> | <u><u>-</u></u> |



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FISCAL YEAR DECEMBER 31, 4
Analysis of Variance

| Activities Within Components | Project Allocation US\$ | Annual US\$ | Actual Expenditure US\$ | Variance US\$ |
|------------------------------|-------------------------------|------------------|-------------------------------|------------------|
| Component 1 | 30,000,000 | 875,475 | - | 875,475 |
| Component 2 | 6,000,000 | 1,161,667 | 48,713 | 1,112,954 |
| Component 3 | 4,000,000 | 859,715 | 756,350 | 103,366 |
| Total | 40,000,000 | 2,896,857 | 805,063 | 2,091,794 |


Variance Explanation


The material variances were due to some activities that were not undertaken

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

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| <i>In United States Dollars</i> | <i>Notes</i> | December 31, 2023 | December 31, 2022 |
|---------------------------------|--------------|------------------------------|------------------------------|
| Assets | | | |
| Cash and cash equivalent | | <u>1,646,576</u> | <u>270,579</u> |
| Total Assets | | <u>1,646,576</u> | <u>270,579</u> |
| Fund Balance | | | |
| Grants | | <u>1,646,576</u> | <u>270,579</u> |
| Accumulated Fund Balance | | <u>1,646,576</u> | <u>270,579</u> |


28/06/24
Papin Daniel, Jr.
Director, Donor Financed projects
PFMU, MFD


28/06/24
Gabriel Fiaboe, Sr.
Project Coordinator-LURP
MPW



NOTES TO FINANCIAL STATEMENTS

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1. Background and Information of the Project

With support from the World Bank (WB), the Liberia Urban Resilience -project is to enhance urban living conditions and climate resilience in Greater Monrovia, and to strengthen municipal and institutional capacities for integrated urban management. The LUR project was approved by the World Bank on November 2, 2021 with a Preparatory advance amount of USD 2 Million. The aims of the project are:

- i. To improve basic infrastructure and services in selected poor and vulnerable neighborhoods and markets and strengthen flood and climate resilience. An area-based approach will be implemented that takes a multisectoral and comprehensive resilient urban upgrading approach, considering the interconnected needs of the target neighborhoods and markets. Infrastructure to be upgraded will be designed to meet climate resilient standards and incorporate adaptation and mitigation benefits where possible;
- ii. To support capacity building of municipalities and institutions associated with resilient urban development and flood risk management in the Greater Monrovia Area. Capacity building activities are intended to contribute to better planning, increasing fiscal space, and improved coordination, which in turn are intended to contribute to improved management, operation, and maintenance of infrastructure. The component will finance technical assistance to review and update the 2009 Master Plan and will be based on analytical work from the Bank10 and others to assist in identifying short, medium, and long term resilient investments in the city;
- iii. To finance the Project Management Unit (PMU) activities related to project coordination, safeguards implementation, M&E, procurement, etc. Operational costs to support efficient management of the project will be included.
- iv. To mitigate situations of urgent need and allows for the rapid reallocation of funding in the event of a natural disaster or crisis that has caused, or is likely to imminently cause, a major adverse economic and/or social impact.

2. Use of Grant Proceeds

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

| Category | Amount of grant allocated expressed in US\$ | % of expenditure to be financed |
|---|---|---------------------------------|
| Resilient Urban Upgrading in Greater Monrovia | 30,000,000 | 100 |
| Strengthening Integrated Resilient Urban Development Capacity | 6,000,000 | 100 |
| Project Management | 4,000,000 | 100 |
| Total | 40,000,000 | |
| | ===== | |

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

| | % of Expenditure |
|--------------|------------------|
| IDA | 100 |
| Total | 100 |
| | ===== |



NOTES TO FINANCIAL STATEMENTS (continued)

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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) as adopted by the Government of Liberia 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.

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.

Loan Receipts

Loan from donors for the LURP project is recognized and reported in the Statement of Receipt and Payment as income when received and held in a bank account called designated income account for transitory purposes. Amounts approved for disbursement are transferred from the designated account into another bank account called the operational account. All payments for the LURP project and activities are made from the designated account.

Cash and bank balances

Cash consist of cash in hand and balance at bank.

Recognition of expenditure

All expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the World Bank.

Tax

The project is 100 percent inclusive of tax. Taxes are withheld on consultants and vendors.



NOTES TO THE FINANCIAL STATEMENTS (continued)

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| <i>In United States Dollars</i> | December 31, 2023 | December 31, 2022 | Cumulative |
|--|----------------------|----------------------|------------------|
| 4 Funds Received in DA | | | |
| IDA Grant No. E0410 | 2,181,060 | - | 2,181,060 |
| IDA Grant No. E0410 - PPA | - | 393,600 | 393,600 |
| | <u>2,181,060</u> | <u>393,600</u> | <u>2,574,660</u> |
| 5 Climate Resilient Infrastructure and Urban Upgrading | | | |
| Climate Risk Management Infrastructure | - | - | - |
| Climate Resilient Community and Market Upgrading | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| 6 Strengthening Integrated Resilient Urban Development Capacity | | | |
| Resilient Urban Planning and Development Control | 12,243 | - | 12,243 |
| Solid Waste Management Operations and Financing | 36,470 | - | 36,470 |
| | <u>48,713</u> | <u>-</u> | <u>48,713</u> |
| 7 Project Management | 754,985 | - | 754,985 |
| 8 Project Preparatory Advance | 1,365 | 123,021 | 124,386 |
| | <u>756,350</u> | <u>123,021</u> | <u>879,370</u> |
| Funds received in DA | | | |
| IDA grant | 2,181,060 | 393,600 | 2,574,660 |
| Cash paid | | | |
| Climate Resilient Infrastructure and Urban Upgrading | - | - | - |
| Strengthening Integrated Resilient Urban Development Capacity | 48,713 | - | 48,713 |
| Project Management | 754,985 | - | 754,985 |
| Project Preparatory Advance | 1,365 | 123,021 | 124,386 |
| Total Payments | <u>805,063</u> | <u>123,021</u> | <u>928,084</u> |

Note:

The third party payments which are direct payments have been extracted from the total funds receipt and the total payments made. These are payments made on behalf of the project by the World Bank and thus required disclosures. These payments are available for review upon request by the auditors



PROJECT DESIGNATED ACCOUNT STATEMENT

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Account Number: 6101845892
Account Type: Current Account
Depository Bank (s): Ecobank
Address: 11th Street, Sinkor
Monrovia, Liberia

Currency: United States Dollar

| | December 31, 2023 | December 31, 2022 |
|--|------------------------------|------------------------------|
| Total Grant Received | <u>2,181,060</u> | <u>393,600</u> |
| Total grant income reported | 2,181,060 | 393,600 |
| Amount spent | 805,063 | 123,021 |
| Balance as at beginning | <u>270,579</u> | <u>-</u> |
| Balance as at December 31, 2023 | <u>1,646,576</u> | <u>270,579</u> |
| Closing Balance Consist of: | | |
| PPA Designated A/C - Ecobank | - | 270,579 |
| Designated A/C - Ecobank | 1,645,823 | - |
| Petty Cash | 753 | - |
| | <u>1,646,576</u> | <u>270,579</u> |

