



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On the Financial Statements Audit of the
Integrated Public Financial
Management Reforms Project (IPFMRP)
II Grant No.: TSF 2 5900155011454 and
TSF 5900155011455**

ADF No. 2100155034068

For the Period Ended December 31, 2023

June 2024

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

Table of Contents

Qualified Opinion	3
Basis for Opinion	3
Management Responsibility for the Statement of Receipts and Payments.....	4
Auditor's Responsibility	4

Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AfDB	African Development Bank
AG	Auditor General
APA	Assistant Project Accountant
BEP	Bid Evaluation Penal
CBL	Central Bank of Liberia
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
CPA	Certified Public Accountant
FCCA	Fellow Member of the Association of Chartered Certified Accountants
GAC	General Auditing Commission
GoL	Government of Liberia
IDA	International Development Association
IPFMRP	Integrated Public Financial Management Reforms Project
IPSAS	International Public Sector Accounting Standards
LRA	Liberia Revenue Authority
M & E	Monitoring and Evaluation
MSC	Ministerial Steering Committee
NSA	Non-State Actors
PFM Act	Public Finance Management Act
PFMU	Project Financial Management Unit
PMU	Project Management Unit
PPC Act	Public Procurement & Concessions Act
PPCC	Public Procurement and Concessions Commission
PV	Payment Voucher
SPA	Senior Project Accountant
TSF	Transition Support Facility
US\$	United States Dollar



AUDITOR GENERAL'S REPORT

June 27, 2024

Hon. Boima S. Kamara

Minister

Ministry of Finance and Development Planning

Corner of Broad and Mechlin Streets

Monrovia, Liberia

**Ref: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF THE
INTEGRATED PUBLIC FINANCIAL MANAGEMENT REFORMS PROJECT (IPFMRP) II**

Qualified Opinion

We have audited the accompanying financial statements of the Integrated Public Financial Management Reforms Project (IPFMRP) II financed by the ADF No 2100155034068, TSF No.5900155011455, TSF2 5900155011454 for the fiscal period ended December 31, 2023, which comprise 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, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs below, the accompanying Statements of Grant No.: TF12690, IDA 50260 & AfDB present fairly in all material respects, the Statement of Receipts and Payments as at December 31, 2023, Statement of Comparison of Budget and Actual Amounts and a summary of other 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.

Basis for Opinion

- Payments amounting to US\$9,400 were made without supporting documents to assure the validity, occurrence and accuracy of the transactions.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions. 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 entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the World Bank guideline, 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 qualified opinion.

Management Responsibility for the Statement of Receipts and Payments

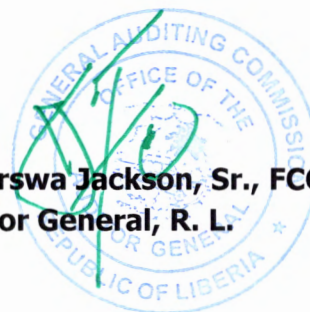
Management is responsible for the preparation and fair presentation of the Statement of Receipts and Payments in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting and for such internal control as Management determines is necessary to enable the preparation of Statement of Receipt and Payment 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 (IPFMRP) II Management is responsible for overseeing the Project's financial reporting process.

Auditor's Responsibility

Our responsibility is to express an opinion on Statement of Receipts and Payments based on our audit. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) and the World Bank Guidelines. Those standards and the applicable World Bank guidelines required that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement of Receipts and Payments are free of material misstatement.

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

Statement of Project Management Responsibility

The Project Financial Management Unit (PFMU) of the Ministry of Finance and Development Planning and the Project Coordinator for AfDB Support - Integrated Public Financial Management Reforms Phase 2 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.

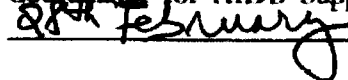
The PFMU and the Project Coordinator for AfDB Support - Integrated Public Financial Management Reforms Phase 2 project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The PFMU and the Project Coordinator for AfDB Support - Integrated Public Financial Management Reforms Phase 2 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 AfDB Support - Integrated Public Financial Management Reforms Phase 2 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 AfDB Support - Integrated Public Financial Management Reforms Phase 2 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 AfDB Support - Integrated Public Financial Management Reforms Phase 2 project on

 2024

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

<i>In United States Dollars</i>	Notes	December 31, 2023	December 31, 2022	Cummulative
Receipt				
TSF & ADF Funds	4	200	2,243,808	8,176,055
Total Receipt		200	2,243,808	8,176,055
Payment				
Strengthening Transparency & Accountability in Public Financial Management	5	144,254	919,312	4,265,551
Revenue Mobilization & Administration	6	538,503	569,343	3,309,298
Program Governance Project Management	7	147,615	58,281	469,511
Total Payments		830,372	1,546,936	8,044,360
Excess of receipts over payments (payments over receipts)		(830,172)	696,872	131,695
Fund Balance as at beginning		860,402	163,530	-
Cummulative fund balance		30,230	860,402	131,695

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

<i>In United States Dollars</i>	December 31, 2023	December 31, 2022
A Fund Balance		
Balance of Project Fund	860,402	163,530
Add: Total Receipts during the period	<u>200</u>	<u>2,243,808</u>
Total Fund available for operations	860,602	2,407,337
Less: Total Payments during the period	<u>830,372</u>	<u>1,546,936</u>
Balance of project fund at the end of the year	30,230	860,402
B Cash Status:		
Cash at Bank	<u>30,230</u>	<u>860,402</u>
Total Cash on hand and in bank	<u>30,230</u>	<u>860,402</u>
Difference between A and B	<u>-</u>	<u>-</u>

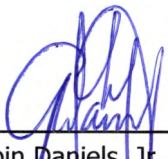
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE 18 MONTHS ENDED DECEMBER 31, 2023

11. Analysis of Variance


Activities Within Components	Project Allocation	Budget	Actual Expenditure	Variance
	US\$	US\$	US\$	US\$
Strengthening Transparency & Accountability in Public Financial Management	4,589,000	154,500	144,254	10,246
Revenue Mobilization & Administration	3,910,000	553,600	538,503	15,097
Program Governance Project Management	280,000	150,000	147,615	2,385
Grand Total	8,779,000	858,100	830,372	27,728

**STATEMENT OF FINANCIAL POSITION
 FOR THE PERIOD ENDED DECEMBER 31, 2023**

<i>In United States Dollars</i>	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalent	<u>30,230</u>	<u>860,402</u>
Total Assets	30,230	860,402
Fund Balance		
Grants	<u>30,230</u>	<u>860,402</u>
Accumulated Fund Balance	<u><u>30,230</u></u>	<u><u>860,402</u></u>

 28/06/24

 Papin Daniels, Jr.
Director, Donor Financed Projects
PFMU, MFDP



 Momo K. Lombé
Project Manager
MFDP

NOTES TO FINANCIAL STATEMENTS

6

1. Background and Information of the Project

With support from the African Development Bank (AfDB); the IPFMR-project is geared towards increasing revenue collection and administration in the natural resource sector and to enhance transparency and accountability in the use of public funds. The IPFMR project was approved by the African Development Bank on December 11, 2011 with a grant amount of USD 3.2583 Million. The aims of the project are

- 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 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
Strengthening Transparency & Accountability in Public Financial Management	330,000	100
Strengthening the Capacity of PFM Institute	309,000	100
Support to Integrity & Oversight Institutions & CSOs	448,800	100
Aid Management, Macroeconomic Forecasting & Financial Reporting	137,500	100
Revenue Mobilization & Administration	1,697,000	100
Program Governance Project Management	336,000	100
Total	3,258,300 =====	

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

	% of Expenditure
AfDB	100
Total	100 =====

NOTES TO FINANCIAL STATEMENTS (continued)

7

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 Agreement as required by the African Development Bank 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 IPFMR project is recognized and reported in the Statement of Receipt and Payment as income when received and held in a bank account called Special income account for disbursement purposes. All payments for the IPFMR project and activities are made from the special 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 African Development Bank.

Tax

The project is 100 percent exclusive of tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)

<i>In United States Dollars</i>	December 31, 2023	December 31, 2022	Cumulative
4 Grant			
Funds Received in SA			
ADF No 2100155034068	-	1,667,448	5,557,148
TSE No.5900155011455	-	576,360	1,582,341
TSE No.5900155011454	-	-	1,018,020
Other	200	-	18,546
Total funds received in SA	200	2,243,808	8,176,055
Third Party Payment			
ADF No 2100155034068	-	-	150,313
TSE No.5900155011455	-	-	150,313
TSE No.5900155011454	-	-	150,313
Total Third Party Payment	-	-	450,940
Strengthening Transparency & Accountability in			
5 Public Financial Management			
IFMIS Infrastructural Upgrade			
IFMIS Infrastructural Upgrade/IFMIS Infrastructure and Data Center Modernized	17,200	241,442	1,434,512
	17,200	241,442	1,434,512
Strengthening the Capacity of PFM Institute			
Support to the CAG Office	-	75,619	617,259
Support to strengthen the LIPA	21,263	3,500	84,579
Support to strengthen the LICPA	-	7,100	61,534
	21,263	86,219	763,372
Support to Integrity & Oversight Institutions & CSOs			
Strengthen Internal Controls & Audit	-	-	59,502
Support to SoE Financial Reporting Unit	13,900	112,759	202,806
Support to Liberia Anti-Corruption Commission	16,449	27,840	316,775
Support to Non-State Actor Secretariat (NAS)	400	34,486	364,175
Strengthen the Public Accounts Committee	-	55,386	178,139
	30,749	230,472	1,121,397

NOTES TO THE FINANCIAL STATEMENTS (continued)

<i>In United States Dollars</i>	December 31, 2023	December 31, 2022	Cummulative
Aid Management, Macroeconomic Forecasting & Financial Reporting			
Support to Economic Management Department	6,050	150,672	260,196
Support to Aid Management Unit	68,992	210,507	686,073
	75,042	361,179	946,269
	144,254	919,312	1,265,551
6 Revenue Mobilization & Administration			
Strengthening Revenue Mobility and Administration	400,418	254,707	2,215,374
Support to LEITI's Transition	104,224	246,924	553,192
Strengthening Capacity of the African Peer Review Mechanism	23,816	-	361,265
Broadening the Public Discourse Platform on Natural Resource Governance & Mobilization	10,045	55,481	99,194
Support to the Financial Intelligence Unit	-	12,231	79,573
	538,503	569,343	3,309,298
7 Program Governance Project Management			
Project Coordination	147,615	58,281	469,511
	147,615	58,281	469,511
8 Cash receipts through the Special Account			
IDA grant	200	2,243,808	8,176,055
9 Cash paid			
Strengthening Transparency & Accountability in Public Financial Management	144,254	919,312	4,265,551
Revenue Mobilization & Administration	538,503	569,343	3,309,298
Program Governance Project Management	147,615	58,281	469,511
Total Payments	830,372	1,546,936	8,044,360

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PROJECT DESIGNATED ACCOUNT STATEMENT

10

Account Number: 1602003220/1602003237/1602003244
Account Type: Current Account
Depository Bank: Central Bank of Liberia
Address: Ashmun Street & 13th Street
 Monrovia, Liberia

Currency: United States Dollar

	December 31, 2023	December 31, 2022
Total Grant Received	<u>200</u>	<u>2,243,808</u>
Total grant income reported	<u>200</u>	<u>2,243,808</u>
Amount spent	830,372	1,546,936
Balance as at beginning	<u>860,402</u>	<u>163,530</u>
Balance as at December 31, 2023	<u>30,230</u>	<u>860,402</u>
Closing Balance Consist of:		
02/205/300002/04 (Central Bank of Liberia)- ADF	29,275	856,042
02/205/300002/02 (Central Bank of Liberia)- TSF 1	236	3,641
02/205/300002/03 (Central Bank of Liberia)- TSF 2	32	32
Petty Cash	687	687
	<u>30,230</u>	<u>860,402</u>