Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

On the Financial Statement Audit of THE UNIVERSAL ACCESS FUND (UAF)

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

January 2025

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

Republic of Liberia

TRANSMITTAL LETTER

THE HONORABLE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE HONORABLE PRESIDENT PRO- TEMPORE OF THE HOUSE OF SENATE

We have undertaken a financial statements audit of the Universal Access Fund (UAF) for the fiscal year ended June 30, 2021. The audit was conducted in line with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Findings conveyed in this report were formally communicated to the authorities of the Universal Access Fund (UAF) for their responses. The reportable issues were submitted through a Management Letter. Where responses were provided, they were evaluated and were incorporated in this report.

Given the significance of the matters raised in this report, we urge the Honourable Speaker and Members of the House of Representatives and the Honourable Pro- Tempore and Members of the Liberia Senate to consider the implementation of the recommendations conveyed in this report with urgency.

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

Monrovia, Liberia
January 2025

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ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
AG	Auditor General
AMN	Africa Mobile Network
ASC	Accounting Standards Codification
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
COBIT	Control Objectives for Information and Related Technology
COSO	Committee of Sponsoring Organization of the Treadway Commission
CPA	Certified Public Accountant
DSA	Daily Subsistence Allowances
FCCA	Fellow Member of the Association of Chartered Certified Accountants
GAC	General Auditing Commission
GoL	Government of Liberia
GST	Goods Service Tax
GTB	Guaranty Trust Bank
IAS	International Accounting Standards
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ITU	International Telecommunication Union
KPIs	Key Performance Indicators
LBDI	Liberia Bank for Development & Investment
LRA	Liberia Revenue Authority
LRD	Liberian Dollar
LTA	Liberia Telecommunications Authority
MFDP	Ministry of Finance and Development Planning
MNO's	Mobile Network Operators
MoU	Memorandum of Understanding
PFM	Public Finance Management
PIU	Project Implementation Unit
POC	Proof of Concepts
PPC Act	Public Procurement and Concession Act
PPCC	Public Procurement and Concession Commission
RL	Republic of Liberia
RT	Rural Telephony
SOE	State-owned Enterprise
ToR	Term of Reference
UAF	Universal Access Fund
USD	United States Dollar

RE: AUDITOR GENERAL'S REPORT ON THE FINANCAL STATEMENT AUDIT OF THE UNIVERSAL ACCESS FUND (UAF)

Adverse Opinion

We have audited the accompanying financial statements of the Universal Access Fund (UAF) for the year ended June 30, 2021. These financial statements comprise the Statement of Cash Receipts and Payments, Statement of Budget versus Actual, and a summary of significant accounting policies and other explanatory information.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly, in all material respects the results of operations of the entity as at 30th June, 2021, and of its financial performance in accordance with IPSAS cash basis of accounting (2017) as adopted by the Government of Liberia.

Basis for Opinion

- A variance of US$327,795.68 exists between the Universal Access Fund (UAF) financial statements and the GAC re-computation of actual revenue observed in the audited financial statements of Mobile Network Operators (MNOs) in Liberia.

- Management did not provide supporting documents such as Bid Evaluation reports, Contracts, Record/performance or work done, certificate of completion, payment vouchers, tax clarence and business registration amounting to US$182,832.91 for FY 2020/21 for consultant services, training, vehicles servicing etc**.**

- Management did not record and disclose in the FY 2020/21 cashbook and financial statements debit and credit transactions on the Entity's GT-Bank Account totaling L$78,012,352.81 and L$13,809,068.00 respectively.

- Management did not account for excess expenditure of its approved procurement plans for the year ended June 30, 2021 in the amount of US$91,346.85.

- Management did not provide supporting documentary evidence for the variance of US$700,000.00 for the awarding of contract to K-NET Liberia Limited for fifteen (15) Rural Telecommunications Base Stations and a Teleport around Liberia in consonance with the estimated cost of US$1,800,00.00 as stipulated in the approved procurement plan for the year ended June 30, 2021.

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 Universal Access Fund (UAF) Management in accordance with the ethical requirements that are relevant to our audit of the financial statements in Liberia, 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's Responsibilities

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS Cash Basis of Accounting and for such internal control as management determines is 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 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 UAF Management is responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 financial statements 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 financial statements.

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

Monrovia, Liberia
January 2025

STATEMENT OF RESPONSIBILITIES

The Financial Statements as set out on pages 5 to 9 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), adopted by the Government of Liberia.

In accordance with the provisions of the Public Financial Management (PFM) Act of 2009, I am responsible for the control of and accounting for public funds received, held, and expended for and on behalf of Universal Access Fund (UAF).

Under the provisions of the same Act, I am required to prepare unaudited Final Account of the UAF to be submitted to the Minister of Finance and Development Planning, two months after the end of the financial year to which it relates. However, I have delegated the preparation of the unaudited Final Account to the Chairman for the Implementation Committee for my transmittal to the Chairperson of the Board, as provided in the attendant Policy of the UAF and Regulations of the Public Financial Management Act of 2009. Accordingly, I am pleased to submit the required financial statements for the period July 1, 2019 to June 30, 2020 of the UAF in compliance with the PFM Act and its attendant Regulations. I have provided, and will continue to provide, all the information and explanations as may be required in connection with the financial statements presented therein.

In preparing these Financial Statements, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgment and estimates. To the best of my knowledge and belief, these Financial Statements agree with the books of accounts, which have been properly kept.

I accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the provisions of the Public Financial Management (PFM) Act of 2009.

Israel M. Akinsanya/ Head of Agency
Chairman / Implementation Committee
UNIVERSAL ACCESS FUND (UAF)

June 30, 2021
Date

UNIVERSAL ACCESS FUND (UAF)

STATEMENT OF CASH RECEIPTS AND PAYMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2020

Account Title	Notes	Receipts/Payments Controlled by Entity 2020/2021 US $	Receipts/Payments Controlled by Entity FY2019/2020 US $
RECEIPTS			
Authorized Allocation/ Appropriation Receipts	3	307,398.26	**0.00**
Total Receipts		**307,398.26**	**0.00**
Payments			
Wages & Salaries	4	145,462.44	126,505.71
Goods & Services	5	208,904.26	318, 763.50
Capital Expenditure	6	142,410.10	11,945.00
Total Payments		**496,779.80**	**457,214.21**
Increase/(Decrease) in Cash and Cash Equivalent	2	(189,776.80)	(457,214.21)
Cash at the beginning of year		309,594.03	767,323.24
Ending Cash as at June 30th 2021		**120,215.49**	**309,594.03**

The Accounting Policies and Notes set out on pages 7 to 10 form an integral part of the financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE PERIOD JULY 1, 2019 – JUNE 30, 2020

RECEIPTS BY TYPE AND PAYMENTS CLASSIFICATION BY NATURE

	For the Fiscal Year Ended June 30, 2021					FY June 30, 2020
DESCRIPTION	**ACTUAL AMOUNTS**	**FINAL BUDGET**	**ORIGINAL BUDGET**	**VARIANCE (Final Budget and Actual Amounts)**	**PERCENTAGE VARIANCE**	**ACTUAL AMOUNTS**
CASH INFLOWS	**US $**	**US $**	**US $**	**US $**	**%**	**US $**
Appropriations	-				0%	0.00
Receipts	307,398.26	0.00	-	0		0.00
Total Cash Receipts	**307,398.26**	**0.00**	**307,398.26**	**0.00**	**0%**	***0.00***
CASH OUTFLOWS						
Contractors Compensation	145,462.44	75,000.00	75,000.00	-70,462.44	-78.68%	126,505.71
Goods & Services	208,904.26	240,973.00	240,973.00	32,068.74	13%	318, 763.50
Capital Expenditure	142,410.10	88,274.31	88,274.31	-54,135.79	-61%	11,945.00
Total Payments	**496,776.80**	**404,247.31**	**404,247.31**	**-92,529.49**	**-126.68%**	***457,214.21***
NET CASH FLOW	**(189,378.54)**	**404,247.31**	**404,247.31**	**-**	-	**(457,214.21)**

The Accounting Policies and Notes set out on pages 7 to 10 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information and Accounting Policies

a. General Information

The financial statements are for The Universal Access Fund, the Universal Access Fund (UAF) is an autonomous entity of Government of Liberia established by the Telecommunications Act of 2007 of Legislature in 2007 and became effective 2007. The primary objective of the UAF is to assist in achieving the goals of Universal Access as set out in the Act, the ICT Policy and the NUAPS; to collect, deposit to a bank account and to disburse from that account funds received from licensees and other sources; to ensure that the interests of the Government of Liberia, the public, and service providers are taken into account, and to provide universal Telecoms access to underserved communities across the country.

The financial statements encompass the reporting entity as specified in the relevant legislation (Public Financial Management Act 2009)

The Financial Statements presented above reflect the Cash Receipts and Payments of the Universal Access Fund (UAF) for the financial year ended 30th June 2021 on the basis of moneys received by, held in or paid out by the Universal Access Fund *(UAF)* during the year under review. The UAF controls its own bank accounts. Appropriations and other cash receipts are deposited into its bank accounts, from which cash expenditures are administered upon presentation of appropriate documentation and authorisation.

b. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies will be consistently applied to all years presented, unless otherwise stated.

c. Basis of preparation

Consistent with the requirement of the Public Financial Management Act (2009), the financial statements have been prepared in accordance with Cash Basis IPSAS (Financial Reporting under the Cash Basis of Accounting (2017)).

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The accounting policies adopted have been consistently used throughout.

d. Reporting currency and translation of foreign currencies

i. Functional and presentation currency

The functional currency is United States Dollar (US$) and the reporting currency is the United States Dollar (US$), which is one of the legal tender of the Republic of Liberia. Items included in the financial statements are measured in the currency of the primary economic environment

in which the entity operates.

ii. Translation of transactions in foreign and/or other currency

Foreign currency transactions are translated into United States Dollar (US$) using the exchange rates prevailing at the date of the transaction. Closing monetary balances are translated into the reporting currency using the closing rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance. However, the year ended 30 June 2021 we did not utilize Liberian Dollars in any of our transactions executed.

e. Reporting Period

The reporting period for these financial statements is for the fiscal year (12months) of the Government's financial year, which runs from July 1, 2020 to June 30, 2021.

f. Receipts

Receipts represent cash received by the UAF from the Government of Liberia**,** and Mobile Network Operators (MNOs) during the period under review. Receipts are recognized when they are received and under the control of the UAF.

g. Expenses

In general, all expenses are recognized in the statement of Cash Receipts and Payments when paid. However, in the Statement of Budget and Actual, expenses are recognized when incurred. Expenses incurred but not paid are recognized as liabilities. Payments/expenses include Compensation of Employees, Use of Goods and Services, and Capital Expenditures.

h. Property, Plant and Equipment (physical assets or fixed assets)

Property, plant and equipment principally comprise land, buildings, plant, vehicles, equipment, and any other capital assets controlled by the UAF .

Under government's cash basis of accounting, purchases of property, plant and equipment are expensed fully in the year of purchase. However, a memorandum record is maintained in the Fixed Asset Registers at historical cost for all non-current assets of the UAF.

2. Cash and Cash Equivalents

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks and investments in short-term money market instruments. The amount of cash and cash equivalents at year-end was US$120,215.49 (One Hundred Twenty Thousand Two Hundred Fifteen United States dollars and forty-nine cents), **Cash included in the statement of cash receipts and payments comprise the following amounts:**

ALL UAF FUNDS-BANK BALANCES

Cash/Bank Account Details	Currency Held In	As at 30 June 2021 US$	As at 30 June 2020 US$	Changes in Cash Balances
Bank Account				
LBDI-USD	USD	120,215.49	309,594.03	(457,729.21)
Total held in Bank Account				
Petty Cash Account				
Petty Cash on Hand	USD	0.00	0.00	0.00
Total Petty Cash				
Total Cash and Bank Balances		**120,215.49**	**309,594.03**	**(189,378.54))**

3. **Receipts**

   Receipts represent cash received by the UAF from the Mobile Network Operators, GoL and ISP, however there was no cash received for the year July 1, 2020-June 30, 2021 is US$ 294,653.12 from MNOs and LRA salary tax reversal of 12,745.14**.**

Summary of Receipts

Description	FY 20/21 *US$*	FY 19/20 *US$*
Orange Liberia	100,000.00	0.00
Orange Liberia	100,000.00	
Orange Liberia	94,653.12	
Total	**294,653.12**	**0.00**

4. **Wages & Salaries**

   Wages & Salaries represents compensations that were paid to the Project Implementation Unit (PIU) staff.

5. **Goods & Services**

   Goods & Services represent travel expenses, supplies and consumables, professional services, and other general expenses.

Summary of Goods and Services

Description	FY 20/21 *US$*	FY 19/20 *US$*
Foreign Travel	18,951.83	73,315.75
Telecommunication, Postage and Courier	8,750.00	5,000.00
Fuel & Lubricant	23,213.52	28,452.75
Repairs and Maintenance	12,810.50	10,988.00
Stationery	11,951.00	2,295.00
Professional Services	200.00	43,000.00
Other Specialized Materials	5,000.00	57,989.00
Training	36,558.68	25,090.00

Entertainment, Representation and Gifts	675.00	2,950.00
Other General Expenses	18,800.00	64,523.00
Vehicle Insurance	7,991.91	4,550.00
Bank Charges and Other Related Cost	560.00	610.00
Total	**145,462.44**	**318,673**

6. Capital Expenditure

Capital expenditure represent the acquisition of the PIU vehicles, machinery and other equipment.

Summary of Capital Expenditure

Description	**FY 2020/21 US$**	**FY 19/20 US$**
Vehicles	0.00	50.00
PIU Staff Equipment		
Transportation Equipment	39,410.10	0.00
Office Equipment	0.00	9,960.00
Office Furniture & Equipment	0.00	1,760.00
ICT Infrastructure	103,000.00	225.00
Total	**142,410.00**	**11,945.00**

7. Explanation for Material Variances from the Statement of Comparison of Budget and Actual Amounts

It is required that an amount of variance, whether favourable or adverse, is explained in as much as it is material.

The budget is approved on a cash basis. The approved budget covers the period from 1 July 2020 to 30 June 2021. The variance/difference is due to activities which could not be implemented during the fiscal year and is being carried forward. The approved budget is developed on the same accounting basis (cash basis), same classification basis, and for the same period.

9. Authorization Date

The financial statements were authorized for issue on the 30th of June 2021 by Hon. Israel M. Akinsanya, Chairman, Implementation Committee, and Universal Access Fund.