Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

On the Financial Statements Audit of the General Services Agency (GSA)

For the Year Ended June 30, 2020

December 2023

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

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Republic of Liberia

TRANSMITTAL LETTER

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

We have undertaken the audit of the General Services Agency (GSA) for the period ended June 30, 2020. The audit was conducted under the Auditor General's statutory mandate, as provided for under section 2.1.3 of the GAC Act of 2014.

Findings conveyed in this report have been formally communicated to the Management of the General Services Agency (GSA). Where responses have been provided by the Management on the audit findings, these have been evaluated and incorporated in this report.

Given the significance of the matters raise in this report, we urge the Hon. Speaker and the members of the House of Representatives and Hon. Pro-Tempore and members of the Liberian Senate to consider the implementation of the recommendations conveyed herein with urgency.

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

Monrovia, Liberia
December 2023

December 3, 2023

Hon. Mary T. Broh
Director General
General Services Agency (GSA)
Monrovia, Liberia

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF THE GENERAL SERVICES AGENCY (GSA) FOR THE FISCAL PERIOD ENDED JUNE 30, 2020

Unqualified Opinion

We have audited the accompanying financial statements of the of the General Services Agency (GSA) for the year ended June 30, 2020. These financial statements comprise the Statement of Receipts and Payments, Statement of Comparison of Budget and Actual Amount for the year then ended and a summary of significant accounting policies and explanatory information.

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 Amount in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.

Basis of 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 GSA 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's Responsibilities

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS), financial reporting under the Cash Basis of Accounting, 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 institution's 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 institution or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities

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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Monrovia, Liberia
December 2023

Financial Statement of the General Services Agency (GSA) FY Ended 2020

STATEMENT OF CASH RECEIPTS AND PAYMENTS

(ALL PUBLIC FUNDS)

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019 (FY2018/19)

RECEIPTS BY TYPE AND PAYMENTS CLASSIFICATION BY NATURE

	NOTES	FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019			FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018		
		RECEIPTS/PAYMENTS CONTROLLED BY ENTITY	PAYMENTS BY OTHER GOVERNMENT ENTITIES	PAYMENTS BY EXTERNAL PARTIES	RECEIPTS/PAYMENTS CONTROLLED BY ENTITY	PAYMENTS BY OTHER GOVERNMENT ENTIES	PAYMENTS BY EXTERNAL PARTIES
		US$	US$	US$	US$	US$	US$
OPERATIONAL FUND							
RECEIPTS							
Authorized Allocation/Appropriation	**4**	-	1,577,622.76	-	-	1,409,382.36	-
Other Receipts	**5**	114,911.27	-	-	185,085.75	-	-
External Assistance:	**6**						
Grants From Multilatral Agencies		-	-	-	-	-	-
Grants From Bilateral & Other Agencies		-	-	-	-	-	-
Borrowings from Multilateral Agencies		-	-	-	-	-	-
Borrowings from Bilateral Agencies		-	-	-	-	-	-
Other Grants and Aid		71,967.09	-	-	96,487.55	-	-
Other Borrowings		-	-	-	-	-	-
Total Receipts - Operational Fund		**186,878.36**	**1,577,622.76**	**-**	**281,573.30**	**1,409,382.36**	**-**
PAYMENTS							
Operations:							
Wages, Salaries and Employee Benefits	**7**	5,898.01	1,263,553.93	-	-	1,231,929.37	-
Supplies and Consumables	**8**	211,812.56	314,068.83	-	252,100.14	177,452.99	-
TRANSFERS:	**9**						

STATEMENT OF CASH RECEIPTS AND PAYMENTS

(ALL PUBLIC FUNDS)

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019 (FY2018/19)

RECEIPTS BY TYPE AND PAYMENTS CLASSIFICATION BY NATURE

	NOTES	FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019			FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018		
		RECEIPTS/PAYMENTS CONTROLLED BY ENTITY	PAYMENTS BY OTHER GOVERNMENT ENTITIES	PAYMENTS BY EXTERNAL PARTIES	RECEIPTS/PAYMENTS CONTROLLED BY ENTITY	PAYMENTS BY OTHER GOVERNMENT ENTIES	PAYMENTS BY EXTERNAL PARTIES
Grants		-	-	-	-	-	-
Other transfer payments		-	-	-	-	-	-
CAPITAL EXPENDITURES:	**10**						
Purchase/Construction of Property, plant and Equipment		-	-	-	-	-	-
Purchase of Financial Instruments		-	-	-	-	-	-
LOAN & INTEREST REPAYMENTS:							
Loan Repayments		-	-	-	-	-	-
Interest Payments		-	-	-	-	-	-
Other Payments		-	-	-	-	-	-
Total Payments - Operational Fund		**217,710.57**	**1,577,622.76**	**-**	**252,100.14**	**1,409,382.36**	**-**
Increase/Decrease in Cash		(30,832.21)	-	-	29,473.16	-	-
Cash at the beginning of the year		32,263.83	-	-	2,790.67	-	-
Net change in cash (receipts less payments)		(30,832.21)	-	-	29,473.16	-	-
Foreign currency translation difference		-	-	-	-	-	-
Cash at End of the year - Operational Fund		**1,431.62**	**-**	**-**	**32,263.83**	**-**	**-**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT (OPERATIONAL FUND)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

RECEIPT BY TYPE AND PAYMENTS CLASSIFICATION BY NATURE

Budget Approved on the Cash Basis

	For the Financial Year Ended 30 June 2020 (FY2019/20)					2018/2019
	Actual Amount	Final Budget	Original Budget	Difference Final Budget and Actual	Percentage Variance	Actual Amounts
	US$	US$	US$	US$	%	US$
CASH INFLOWS						
Authorized Allocation/Appropriation	1,577,622.76	1,962,522.00	1,720,134.00	384,899.24	20%	1,409,382.36
Grants	71,967.09	-	-	(71,967.09)	0%	96,487.55
Borrowings	-	-	-	-	0%	-
Other receipts	114,911.27	-	-	(114,911.27)	0%	185,085.75
Total Cash Receipts	**1,764,501.12**	**1,962,522.00**	**1,720,134.00**	**198,020.88**	**20%**	**1,690,955.66**
CASH OUTFLOWS						
Wages, Salaries and Other Employee Benefits	1,269,451.94	1,334,163.00	1,369,475.00	64,711.06	5%	1,231,929.37
Goods and Services Consumed	525,881.39	628,359.00	350,659.00	102,477.61	16%	429,553.13
Capital Expenditure	-	-	-	-	0%	-
Transfers to other Government Units	-	-	-	-	0%	-
Other Payments	-	-	-	-	0%	-
Total Cash Payments	**1,795,333.33**	**1,962,522.00**	**1,720,134.00**	**167,188.67**	**21%**	**1,661,482.50**
NET CASH FLOW - OPERATIONAL FUND	**(30,832.21)**	**-**	**-**	**30,832.21**	**-1%**	**29,473.16**

NOTES OF EXPLANATIONS AND ELABORATION RELATING TO THE FINANCIAL STATEMENTS

The numbered notes that follow relate directly to the content of the Financial Statements above and are numbered accordingly.

1 Introduction

This Report provides commentary and analysis of the cash receipts and payments (financial performance) of the General Services Agency for the financial year ended 30th June 2020 and of its financial position as at that date.

2 The FY2019/20 Approved Budget

At the commencement of the fiscal period 2019/20, the National Legislature approved the total of One Million Seven Hundred Twenty Thousand One Hundred Thirty-Four United States Dollars (US$1,720,134.00). The said approved amount was later revised by an upward adjustment of US$242,388.00 to get the final budget of US$1,962,522.00 for the 2019/2020 fiscal year. A further comparison of the 2019/2020 revised budget of US$1,962,522.00 and the 2018/2019 revised budget of US$1,662,485.00 exposed that the 2019/2020 budget increased by US$300,037.00 or say 18.05% of the previous year revised budget.

3 Summary

The FY2019/20 reflected an operating deficit (net cash flow) of negative US$30,832.21. The shortfall of FY2019/20 when compared with the operating surplus of US$29,473.16 of the previous year, exposed that there was a decrease in cash inflow accompany by moderate increase in cash outflow in FY2019/20 than in FY2018/2019. Moreover, the deficit in 2019/2020 when compared with the surplus of 2018/2019 alerts the need to improve stringent cost control mechanism in spending on goods and services with the view of maximizing cash and cutting cost on wasteful expenditures in line with the Pro-Poor Agenda for Prosperity and Development (PAPD). Furthermore, the FY2019/2020 like the previous fiscal year made no additional purchases of transport equipment and machinery for the period under review. Details of the activities are reflected in the Statement of Receipts and Payments and the corresponding Notes to the Financial Statements.

4 Authorized Appropriation/Allocations

Over the year, allotment made by the Ministry of Finance and Development Planning (MFDP) for FY2019/20 were in the tune of One Million Six Hundred Sixty Four Thousand Eight Hundred Seventy Seven United States Dollars and Forty Two Cents (US$1,664,877.42), while actual expenditures paid for by MFDP from funds allotted to the Agency summed up in the tune of One Million Five Hundred Seventy Seven Thousand Six Hundred Twenty Two United Stated Dollars and Seventy Six Cents (US$1,577,622.76), representing approximately 94.76% of total allotment and 80.39% of the revised budget of One Million Nine Hundred Sixty Two Thousand Five Hundred Twenty Two United States Dollars (US$1,962,522.00). The said 2019/2020 actual expended allotments paid for by MFDP increased by an amount of One Hundred Sixty-Eight Thousand Two Hundred Forty United States Dollars and Forty Cents (US$168,240.40) or 11.94% when compare to the previous year actual expended allotments of US$1,409,382.36.

Furthermore, of the US$168,240.40 increase in allotments expended for 2019/2020, employee's compensation increased by US$31,624.56 or 2.57% and goods and services increased by US$136,615.84 or 76.99% of the previous year consumed allotments for compensation and goods and services.

5 Other Receipts

The amount of One Hundred Fourteen Thousand Nine Hundred Eleven United States Dollars and Twenty-Seven Cents (US$114,911.27) were received and classified as rent /daily usage, other property leased and miscellaneous receipts for FY2019/2020 and was reported on the financial statement as a component of other receipts. The said amount was generated from rental arrears due the Government of Liberia by individuals and organizations for the usage of other governmental properties and consisted of US$9,423.62 as rent /daily usage income, US$105,307.65 as other property lease income and US$180.00 as miscellaneous receipts.

6 Other Grants and Aid

Funds received and reported under other grants and aid are based on off-budget support received from our development partners including but not limited to funding from other line ministries, agencies and commissions with the goal of implementing specific project(s) for said MACs. These funds are not part of the Agency government wide budget and that spending are based on expenditures incurred on project(s) for which they are intended for.

Therefore, the amount of Seventy-One Thousand Nine Hundred Sixty-Seven United States Dollars and Nine Cents (US$71,967.09) were received from our development partners for FY2019/2020 and consisted of transfer from MFDP in the amount of US$49,955.35 to cover-up operational expenditures on Public Sector Investment Plan (PSIP) at the Ministerial Complex, as well as, US$22,011.74 from the rest of our partners in progress.

7 Expenditure – Operational Fund

Expenditure analysis in the various components of Wages and other Employee Benefits, Goods and Services and Capital Expenditure for FY2019/2020 are provided below:

a. Employee benefits

Compensation to Employees for FY2019/20 amounted to One Million Two Hundred Sixty-Nine Thousand Four Hundred Fifty-One United States Dollars and Ninety-Four Cents (US$1,269,451.94) and increased by US$37,522.57 or 3.05% when compares to FY2018/19 employees benefit of US$1,231,929.37. Of the total expended compensation package of US$1,269,451.94, budgeted employee remuneration for FY2019/20 was US$1,263,553.93, as well as US$5,898.01 was included and represented salary arrears due some employees at the end of FY2018/2019 for the month of June, 2019 which was later cleared by the Agency in July, 2019 as a result of insufficient funds in the Agency Salaries Allotment. Compensation of employees slightly increased for FY2019/2020 as a result of the payroll harmonization which led to the full absorption of the rest of the staffs of the Agency who were only on general allowance payroll and were not previously captured into the basic salary payroll of the Civil Service Agency.

b. Goods and Services

Goods and Services expenditure for FY2019/20 amounted to US$525,881.39, and consisted of budgeted expenditure of US$314,068.83 (49.98%) of revised goods and services budgeted amount of US $628,359.00. While off-budget goods and services expenditures which focused on special project(s) were in the tune of US$211,812.56. The budgeted expenditures on goods and services for FY2019/20 increased by an amount of US$136,615.84 (76.99%) when compare to FY2018/2019 budgeted goods and services expenditures of US $177,452.99. Spending on goods and services increased as a result of the needs to undertake major repairs and maintenance work on the Agency main compound as well as other Government of Liberia properties.

c. Capital Expenditure

Like the previous year where no allocations were made in the agency budget for the purchase of capital assets (Transport equipment, Machineries, etc.), there were no expenditure incurred on capital assets for FY2019/2020. Spending on capital assets declined to zero for the period due to the absent of resource allocation to capital assets in the 2019/2020 approved budget. As the result, the Agency was unable to purchase additional transport equipment and machinery in aiding it workforce to commute to and from work.

8 Outstanding Commitments/Obligations

There were no outstanding obligations as of 30th June 2020 for goods and services rendered to the Agency at end of the fiscal year FY2019/2020.

9 Cash Balance

At the end of the FY2019/2020, the agency accounts balance with various banks summed up to One Thousand Two Hundred Forty-Two United States Dollars and Seventy-Nine Cents (US$1,242.79).

10 Conclusion

The General Services Agency is committed to transparency and prudent financial management practice, ensuring necessary cost savings and expenditure control measures are in place to enhance its cash management. Significant challenges are envisaged and great efforts are being made in improving compliance with the PFM Act of 2009 and the PPCA 2010, deriving value for money and maximum benefits from amounts spent on operations.

The Financial Statements for the financial year ended 30th June 2020 should be read in conjunction with the underlying notes and supplementary disclosures for better understanding and interpretation.