AUDITOR GENERAL'S REPORT

ON THE FINANCIAL INTELLIGENCE UNIT (FIU) FINANCIAL STATEMENTS

For the Fiscal Period ended
June 30, 2017

March 2019

Yusador S. Gaye, CPA, CGMA
Auditor General, R.L.
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 Financial Intelligence Unit (FIU) financial statements for the fiscal period ended June 30, 2017. 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 Financial Intelligence Unit (FIU). 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.

Monrovia, Liberia
March 2019
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Hon. Alex N. Cuffy  
**Director General**  
Financial Intelligence Unit of Liberia (FIU)  
Congo Town, Back Road  
Monrovia, Liberia  

March 18, 2019  

Dear Hon. Cuffy:  

**RE: Report on the Audit of the Financial Intelligence Unit Financial Statements**  

**Adverse Opinion**  
We have audited the accompanying financial statements of the Financial Intelligence Unit as at June 30, 2017, which comprise the Statement of Financial Position, Statement of Receipts and Payments, Statement of Comparison of Budget and Actual Amounts and a summary of accounting policies and other explanatory notes.  

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not give a true and fair view of the financial position of the Financial Intelligence as at 30 June, 2017, and of its statement of receipts and payments, Statement of Comparison of GOL Budget and Actual amount and statement of cash flow for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).  

**Basis for Adverse Opinion**  
We identified multiple issues of significant materiality that affect the financial statement. These issues can be categorized into these areas:  

**General Ledger**  
FIU management did not maintain a general ledger provides detailed description of every account and balances. Further, we were unable to compare the total general information to select items for further review.  

**Variance in Allotment per Financial Statement versus Allotment Received**  
The amounts reported by Management in its Financial Statements as actual allotments vary with allotments received as reported in the fiscal Outturn Report. Therefore accuracy and completeness of allotments received as contained in the Financial Statements cannot be ascertained.  

**Third party Payment**  
FIU Management made multiple payments amounting to **US$23,700.00** to several individuals and employees of the entity rather than service providers.
Petty Cash
Management made multiple petty cash replenishment requests that exceeded the required threshold of US$200.00.

Inadequate Supporting Documentation
The FIU Management expended the amount L$ 3,213,691.67 & US$25,005.00 for various goods and services without adequate supporting documentation to validate the genuineness of the transactions.

Facilitation fees
FIU management made payments for facilitation fee for Training staffs of Stakeholders Institutions to Director General and employees amounting to L$ 186,000.00 and US$ 1,730.00.

We conducted our audit in accordance with International Standard of Supreme Audit Institutions (ISSAI). 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 Financial Intelligence Unit (FIU) 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 adverse opinion.

Responsibilities of the FIU 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 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 entity’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 Ministry 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 (ISSAI) 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.
Auditor General’s Report On The
Financial Intelligence Unit (FIU) Financial Statements
For The Fiscal Period Ended June 30, 2017

Legal and Regulatory Requirements
We are required by Section 2.1.3 of the New GAC Act of 2014 as well as in accordance with the Public Financial Management Act and Regulations of 2009 to audit the accompanying Financial Intelligence unit Financial Statements which comprises the Statement of Financial Position, Statements of Receipts and Payments, for the fiscal year ended June 30, 2017, Statement of Comparison of GOL Budget and Actual amount, Statement of Cash Flow, a summary of significant accounting policies and other explanatory information.

Monrovia, Liberia
March 2019