



Promoting Accountability of Public Resources

AUDITOR GENERAL'S LPRC NONCOOPERATION LETTER



**Yusador S. Gaye, CPA, CGMA
Acting Auditor General, R.L.**

April 2021

The Honorable Speaker and Members of the House of Representatives

The President Pro-Tempore and Members of the Liberian of Senate:

The General Auditing Commission (GAC) issued an engagement letter to the Liberia Petroleum Refining Company (LPRC) for the audit of its financial statements for the six months ended June 30, 2015 and fiscal years ended June 30, 2016, 2017, 2018 on June 14, 2019. Subsequently, on July 24, 2020 the GAC amended the engagement letter to extend the audit to the fiscal years ended June 30, 2019 & 2020 consistent with the Auditor General's mandate, as provided for under Section 2.1.3 of the GAC Act of 2014.

Unfortunately, the Liberia Petroleum Refining Company (LPRC) has proven to be uncooperative and has repeatedly refused to provide the requisite documents needed to conduct audit for the periods indicated above on a timely basis. This situation has given rise to significant scope limitation and led to an inconclusive audit outcome.

Below are the substantive matters which gave rise to this communication:

- The management of LPRC failed to take responsibility for the financial statements by not signing the financial statements for the period January 1, 2015 – June 30, 2017;
- Taking responsibility means that they did not sign the financial statements which would indicate that the information contained is correct to the best of their ability.
- The management of LPRC did not provide adequate supporting documentation for the total revenue and operating expenditure amounts indicated in the table below for each fiscal period.

	1/1/15– 6/30/15	FY 15/16	FY 16/17
Total Revenue	\$13,412,201	\$29,435,817	\$19,477,251
Total Operating Expenditure	\$5,980,695	\$12,984,132	\$10,905,660

- The LPRC Management failed to disclose five accounts including the Workers Union account.
- From Bank Statements reviewed we found the following: total deposits of US\$10,395,728.28 and withdrawals of US\$10,323,166.65 were made over the periods July 1, 2015 to June 30, 2018
- The management of LPRC did not present financial statements for audit for the fiscal periods 2017/2018, 2018/2019.

Section 45 (2) of the Public Finance Management (PFM) of 2009 states that State Owned Enterprises shall prepare and submit their Annual Reports to the Minister, Sector Minister, Auditor General and the Bureau of State Enterprises two months after the end of the financial year to which they relate. The Auditor General shall review the Annual Report and present his/her opinion to the Legislature alongside the audit report of government financial operations for the previous financial year.



Regulation M.9 (5) of the Public Finance Management (PFM) Act of 2009 Titled Books, Accounts and Audit states that, "The Auditor-General shall audit accounts of all state-owned enterprises governed by these regulations."

- The management of LPRC did not present financial statements for audit for the fiscal period ended June 30, 2020.

Section 59 (6) of the of the Public Finance Management (PFM) Act of 2009 as amended and restated in 2019 states that, "Notwithstanding anything to the contrary in any law in force, the accounts of any state-owned enterprise shall be audited by the Auditor General."

Regulation M.9 (5) of the Public Finance Management (PFM) Act of 2009 Titled Books, Accounts and Audit states that, "The Auditor-General shall audit accounts of all state-owned enterprises governed by these regulations."

A review of the various bank statements showed deposits amounting to **US\$14,376,303.00** and **L\$1,314,014,619.71** and withdrawals amounting to **US\$15,814,790.66** and **L\$1,423,732,570.76** for the fiscal period ended June 30, 2019. **See Tables 1 & 2 and Appendixes 1 & 2 for details.**

Table 1: USD Bank statements – June 30, 2019

Period	Account Number	Bank	Deposits US\$	Deposits L\$
2018/2019	002USD21511096302	LBDI	4,074,827.32	0.00
2018/2019	002LRD21511096303	LBDI	0.00	672,252,572.19
2018/2019	001USD21511096306	LBDI	2,565,572.40	0.00
2018/2019	0113308/002/5020/000	GTB	7,735,903.28	0.00
2018/2019	0113308/001/0001/000	GTB	0.00	641,762,047.52
TOTAL			14,376,303.00	1,314,014,619.71

Table 2: LRD Bank statements – June 30, 2019

Period	Account Number	Bank	Withdrawals US\$	Withdrawal L\$
2018/2019	002USD21511096302	LBDI	3,778,079.23	0.00
2018/2019	002LRD21511096303	LBDI	0.00	780,776,269.21
2018/2019	001USD21511096306	LBDI	5,847.34	0.00
2018/2019	0113308/001/0001/000	GTB	0.00	642,956,301.55
2018/2019	0113308/002/5020/000	GTB	3,879,486.73	0.00
2018/2019	0113308/002/0001/000	GTB	8,151,377.36	0.00
Total			15,814,790.66	1,423,732,570.76

Additionally, review of the various bank statements for the fiscal period ended June 30, 2020 showed that the total amount of **US\$5,037,488.89** and **L\$1,731,332,475.87** were deposited and the total amount of **US\$6,144,889.57** and **L\$1,804,415,004.08** were expended. **See Tables 3 & 4 and Appendixes 3 & 4 for details.**

Table 3: USD Bank statements – June 30, 2020


Period	Account Number	Bank	Deposits US\$	Deposits L\$
2019/2020	002USD21511096302	LBDI	778,001.81	0.00
2019/2020	002LRD21511096303	LBDI	0.00	482,176,432.97
2019/2020	001USD21511096306	LBDI	7,202.47	0.00
2019/2020	0113308/002/0001/000	GTB	4,252,284.62	0.00



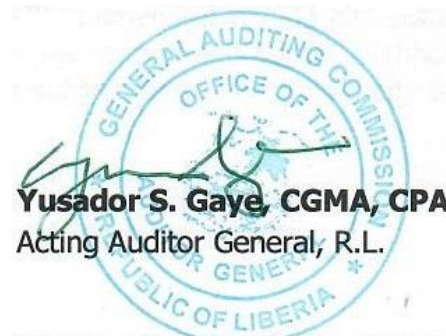
2019/ 2020	0113308/001/0001/000	GTB	0.00	1,249,156,043
Total			5,037,488.90	1,731,332,475.97
Period	Account Number	Bank	Withdrawals US\$	Withdrawals L\$\$
2019/2020	002USD21511096302	LBDI	1,228,027.20	0.00
2019/2020	002LRD21511096303	LBDI	0.00	601,541,052.88
2019/ 2020	0113308/001/0001/000	GTB	0.00	1,202,873,951.20
2019/2020	0113308/002/5020/000	GTB	866,542.42	0.00
2019/2020	0113308/002/0001/000	GTB	4,050,319.95	0.00
		Total	6,144,889.57	1,804,415,004.08

The Honorable Speaker and Members of the House of Representatives, and the President Pro-Tempore and Members of the Liberia Senate, given the significance of the matters raised in this communication, we urge you to address them with urgency.

Thank you as we strive to promote accountability, transparency and good governance across the Government of Liberia.



Yusador S. Gaye, CGMA, CPA
Acting Auditor General, R.L.



Monrovia, Liberia

April 2021



APPENDIXES



Appendix 1 – Deposits – June 30, 2019

Narration	Deposits US\$
002USD21511096302	
MAYIOUBAH & SON INC	30,000.00
SRIMEX	186,930.00
Other Deposits	3,857,897.32
Total Transactions	4,074,827.32
0113308/002/5020/000	
Deposit	2,565,572.40
Total Transactions	2,565,572.40
0113308/002/0001/000	
Layee Dukuly	1,338,017.00
Layee Konneh	350,000.00
SANTIAGO	660,235.00
Other deposits	5,387,651.28
Total Transactions	7,735,903.28
Narration	Deposits L\$
002LRD21511096303	
Aminata & Sons	7,328,650.00
Petro Trade	2,250,000.00
Srimex	3,599,854.20
West Oil Storage	23,000,000.00
Other credits	636,074,067.99
Total Transactions	672,252,572.19
0113308/001/0001/000	-
AMINATA & SONS	29,879,053.77
CONEX	22,540,000.00
CONEX PETRO	20,375,000.00
GBONI ENTERP.IFO LPRC	46,085,210.00
GEPCO	7,246,500.00
KAILONDO	3,027,340.00
MAYOUBAH & SONS	56,588,502.00
MOTC IFO	11,494,782.00
NEXLUM	586,837.00
NP LIB	20,504,513.50
PETROL 1	48,328,000.00
TOTAL LIB	27,644,463.82
WEST OIL INV	15,657,000.00
OTHER DEPOSIT	331,804,845.43
Total Transactions	641,762,047.52

Appendix 2 – Withdrawals – June 30, 2019

Narration	Withdrawals US\$
002USD21511096302	
TCM Engineering	8,875.00
Universal	6,160.64
Trust Service	30,000.00
Togba Ngangana	19,638.00
SWANSEA	35,150.00
PRESIDENT & FELLOWS OF HARVARD	8,800.00



ALANTIOUE COTE D'IIVOIRE	6,500.00
OTHER WITHDRAWALS	3,662,955.59
Total Transactions	3,778,079.23

001USD21511096306	
ACCOUNT TO ACCOUNT TRANSFER - OVERDRAFT SETTLEMENT AS THE RESULT OF LOAN WRITE OFF AS AUTHORIZED BY MANAGEMENT	5,847.34
0113308/002/5020/000	
Debits	3,879,486.73
Total Transactions	3,879,486.73

0113308/002/0001/000	
Absolute Engineering	2,000.00
Accomodatiion, tuition and fees	7,573.00
ATLANTIC LIFE&GEN.INS	13,590.00
Beever Communications	2,475.00
B-KAY PHARMACY INC	1,020.55
Brooks Business Ent.	14,904.00
BRUSSELS AIRLINES	3,992.00
C S SOLUTIONS, INC	3,975.00
Clar Hope Foundation	5,000.00
Computer Shop	5,950.00
JEWELRY REPUBLIC	9,900.00
J-MART	1,418.00
Kelly Enterprise	1,800.00
KING SIGN & DES	3,000.00
Lion Stationery Store	22,522.00
LUTECH ENGINEERING	147,484.52
MA GARMAI & SONS	1,000.00
MWETANA CONSULTING&TE	6,749.50
PARKER & CO.	22,714.00
RAJ ENTERPRISE INC	16,815.15
SMART OFF. SOLU.	3,465.00
Tuition summer school	3,870.00
UNIVERSAL LIB SURVEYO	23,705.56
Other debits	7,826,454.08
Total Transactions	8,151,377.36

Narration	Withdrawals L\$
002LRD21511096303	
AFRICA MOTOR	23,200,000.00
BROOKS BUSINESS CENTER	2,718,140.00
DUNBAR & DUNBAR	3,482,385.00
ELITE BAR & RESTAURANT	118,500.00
ENGINEERING SERVICES	1,233,386.00
GREEN COAST CONTRACTOR INC	9,945,151.00
HAPPY ENTERPRISE	467,430.00
MEDIA & MARKETING	270,200.00



N. C. SANITORS & SERVICES	41,250.00
OILERS SPORT ASSOCIATION	8,880,400.00
PRESS UNION OF LIBERIA	171,805.00
SRIMEX OIL	43,570,771.00
TCM ENGINEERING SERVICES	296,946.00
TELECOMMUNICATIONS CORP	1,193,216.00
TRUST SERVICE COMPANY	4,950,000.00
UNIVERSAL SURVEYOR INC	12,223,264.00
WEST AFRICAN DRIVING ASSOC.	272,700.00
WEST COAST COMM SEV	563,160.00
OTHER DEBITS	667,177,565.21
Total Transactions	780,776,269.21
0113308/001/0001/000	
AFRICA MOTOR	41,647,000.00
ATLANTIC LIFE&GEN.INS	6,185,871.00
AUTO KING	89,270.00
BASHIR BUSINESS	394,842.00
BEEVER COMPANY	665,448.00
BETTER FUTURE INITIAT	158,000.00
BROOKS BUSINESS CENT.	4,680,638.00
BUILDING MATERIAL CEN	69,046.00
CLEUTUS WOTORSON	972,432.00
CROSSWORD	142,200.00
DIGITAL ELECTRONICS	389,556.25
UNIVERSAL(LIB)SURVEYO	12,519,282.00
WAZNI TRADING CORP.	304,466.00
WEST AFRICA DIVING AS	64,000.00
OTHER DEBITS	574,674,250.30
Total Transactions	642,956,301.55

Appendix 3 – Deposits – June 30, 2020

Narration	Deposits US\$
002USD21511096302	
Deposits	778,001.81
Total Transactions	778,001.81
001USD21511096306	
7,202.46	
0113308/002/0001/000	
Aminata & Sons	378,257.12
Anya	250,000.00
CONEX Petroleum	217,500.00
Easy Oil	37,500.00
GBONI ENTERP	71,200.00
GEENRAL PETROLEUM	40,000.00
GEPCO INC	37,100.00
GREEN PETROLEUM	5,000.00
JOMANDAY PETROLEUM	74,335.00
JUICE ENTERP	1,000.00
MAYOUBAH & SONS	104,125.00
MOTC	206,190.00



NEXIUM PETROLEUM	178,800.00
OIL & GAS	10,000.00
PETRO TRADE	15,750.00
POWER OIL	73,520.00
SRIMEX	76,175.00
TOTAL	76,901.76
WEST OIL INV. IFO LPRC	1,000.00
OTHER CREDITS	2,397,930.74
Total Transactions	4,252,284.62
Narration	Deposits L\$
002LRD21511096303	
WEST COAST COMMUNICATION SERVICES	14,656,488.00
OTHER CREDITS	467,519,944.97
Total	482,176,432.97
0113308/001/0001/000	
AMINATA & SONS	220,995,147.00
CONEX	59,652,500.00
EASY OIL & GAS	2,751,000.00
GBONI ENTERP	46,266,407.00
GEPKO	25,417,000.00
JOMANDAY GROUP	3,465,000.00
MARMIGI OIL IFO	5,000,000.00
MAYOUBAH & SONS	32,487,196.00
MOTC IFO	36,530,895.00
NEXLUM	36,387,294.00
PETROL 1	3,118,500.00
TOTAL LIB	34,483,748.90
OTHER DEPOSIT	742,601,355.00
	1,249,156,042.90

Appendix 4 – Withdrawals – June 30, 2020

Narration	Withdrawals US\$
002USD21511096302	
Medicare Insurance Corp	22,812.00
Others	1,205,215.20
Total Transactions	1,228,027.20
0113308/002/5020/000	
Debits	866,542.42
Total Transactions	866,542.42
0113308/002/0001/000	
ATLANTIC LIFE & GENERAL	22,179.21
BEEVER COMPANY	20,600.00
BROOKS BUSINESS CENT	48,454.00
CACTUS MOTORS	37,000.00
CONSOLIDATED GROUP IN	1,412.00
KING SIGN & DESIGN	1,960.00
LUTECH ENG	87,045.71
NASSCORP	101,400.08



NATURAL RES.DEV.CORP	15,000.00
NPA	75,000.00
OFFICE ZONE	1,800.00
RAJ ENTERPRISE INC	17,800.60
T.R.H TRADING	10,660.00
TELESUPRECON LIB LTD.	10,000.00
WEST COAST COMMUNICAT	8,080.00
OTHER DEBITS	3,591,928.35
Total Transactions	4,050,319.95

Narration	Withdrawals L\$
002LRD21511096303	
AFRICA MOTOR	21,784,500.00
BASHIR BUSINESS CENTER	1,950,300.00
BROOKS BUSINESS CENTER	10,063,098.00
DANJU PASTRIES	689,485.00
ESCROW ACCOUNT	1,970,000.00
LIBERIAN OBSERVER CORP	70,000.00
MEDIA &MAKETING 1908190	60,000.00
N.C. SANITOR AND SERVICE	76,000.00
OILER SPORTS ASSOCIATION	5,286,750.00
PRESS	176,400.00
OCEANS	264,110.00
UNIVERSAL	3,944,092.00
LWSC	62,458.00
WEST COAST COMMUNICATION SERVICES	1,968,000.00
OTHER DEBITS	553,175,859.88
Total	601,541,052.88

0113308/001/0001/000	
ABSOLUTE ENGINEERIN	186,200.00
ADRAHO GROUP	693,000.00
AFRICA MOTORS SERVICE	954,852.00
ANYA ENTERPRISE	54,250,000.00
ATLANTIC LIFE&GEN.IN	4,308,356.24
AUTO KING	1,054,611.00
BASHIR BUSINESS CENT.	3,562,040.00
BEAUFORD WEEKS	482,018.40
BEEVER COMPANY INC	3,230,730.00
BROOKS BUSINESS CENT.	20,992,896.00
CICA MOTORS	695,079.00
CUTTINGTON UNIVERSITY	785,150.00
DANJU PASTRIES&CATERI	2,039,611.40
DIGITAL ELECTRONICS	1,402,048.00
ENAG INC	238,519.20
GESCO	176,400.00
INT'L LAW	1,960,000.00
IRIDIUM SOLUTION	2,418,952.00
JEETY TRADING	297,000.00
J-MART	631,567.00
KAY PHARMACY	273,607.00



KWARECOM INC	4,508,000.00
LEC	4,450,964.00
LFA	424,000.00
LIB.NAT'L BAR ASSOCIA	58,800.00
LIBTELCO	2,678,944.40
LION STATIONERY STORE	8,271,290.00
LONEST. MOBI	1,000,000.00
LUTECH ENGINEERING	190,262,797.98
MAGIC ENTERPRISE CO.	1,024,000.00
MARINE SURVEY CONSUL	205,800.00
MASTER TRADING CENTE	562,000.00
MEDIA & MARKETI	128,380.00
MEDICARE INSURANCE CO	34,171,396.00
MODERN REFRIGERATION	1,686,786.00
N.C SANITORS&SERVICE	223,250.00
NATURAL RESOURCE DEV	1,176,000.00
NEW ERA PUBLICATIONS	352,800.00
OCEANS	411,600.00
OILERS SPORTS ASSOCIA	15,630,230.00
ORION CONSULT	3,465,000.00
ORIS TECHNOLOGI	564,300.00
PUMAH COMMUNICATIONS	891,000.00
REFINERY EMPLOYEES	9,675,307.14
ROVIA GATE TECHNOLOGY	4,950,000.00
ROY IFMA GARMA.SON TRANS	212,000.00
SHOP RITE LIB.	4,312,173.20
SUCCESS PROFESSIONAL	686,000.00
TELESUPRECON LIB LTD.	5,790,000.00
THUNDER BIRD CORP.	266,970.00
TRAFFIC ENTERPRISE	141,120.00
TRUST ENTERPRISE	618,096.00
UMU	148,940.00
UNITED MOTOR COMP	111,870.00
UNIVERSAL LIB.SURVEYO	35,505,213.58
UNIVERSITY OF LIBERIA	524,382.00
WEST COAST COMMUNICAT	1,157,520.00
OTHER DEBITS	765,994,383.66
	1,202,873,951.20





Management Letter

On the Financial Statement Audit of the Liberia Petroleum Refining Company (LPRC)

For the Fiscal Periods 1 January 2015 to 30 June 2018



Promoting Accountability of Public Resources

Monrovia, Liberia
April 2021

Yusador S. Gaye, CPA, CGMA
Acting Auditor General, R. L.

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Acronyms Used

ABBREVIATION	MEANING
AG	Auditor General
ASC	Accounting Standard Codification
CGMA	Chartered Global Management Accountant
CPA	Certified Public Accountant
FASB	Financial Accounting Standard Board
GAC	General Auditing Commission
GOL	Government of Liberia
IFRS	International Financial Reporting Standards
ISSAIs	International Standards of Supreme Audit Institutions
LPRC	Liberia Petroleum Refining Company
PFM	Public Financial Management Regulation
RL	Republic of Liberia
SFAC	Statements on Financial Accounting Concepts
SOE	State Owned Enterprises
US GAAP	United States Generally Accepted Accounting Principles



Hon. Marie Urey Coleman
Managing Director/CEO
Liberia Petroleum Refining Company (LPRC)
Freeport, Bushrod Island

April 26, 2021

Dear Hon. Coleman:

**Management Letter on the Audit of the Liberia Petroleum Refining Company (LPRC)
Financial Statements For the six month period ended January 1 -June 2015 and fiscal
periods 1 July 2015 to 30 June 2018**

The Liberia Petroleum Refining Company (LPRC) Financial Statement is subject to audit by the Auditor General in term of section 2.1.3 of the General Auding Commission (GAC) Act of 2014 as well as in accordance with the Public Financial Management Act and Regulations of 2009. The audit covered the six months period ended January 1 -June 2015 and fiscal periods 1 July 2015 to 30 June 2018.

Introduction

The audit of the Liberia Petroleum Refining Company (LPRC) Financial Statements for the the six months period ended January 1 -June 2015 and fiscal periods 1 July 2015 to 30 June 2018 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

Scope and Determination of Responsibility

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that in all material respects, fair presentation is achieved in the annual financial statements.

An audit includes:

- Examination, on test basis, of evidence supporting the amount and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the financial statement presentation.

The audit also include an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matters mentioned in this letter are therefore those that were identified through test considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.



The financial statements, maintenance of effective control measure and compliance with law and regulation are the responsibility of the Accounting Officer. Our responsibility is to express our opinion on these financial statements.

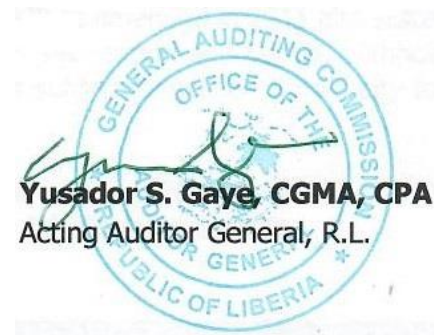
KEY MANAGEMENT PERSONNEL

No.	Name	Rank	Time served
1	Sumo G. Kupee	Managing Director	April 21, 2015-October 18,2017
	Nyemadi D. Pearson	Manager Director	January 2018 – June 2020
2	Edwin W. Sarvice	DMD/ Operations	December 1, 2014 - present
3	Jackson F. Doe	Deputy Managing Director	January 1, 2010- October 18, 2017
4	Elizabeth M. Tubman – White	Financial Comptroller	September 15, 2009-January 2018
5	Philip S. Sassie	Financial Manager/ Chief Accountant	September 10, 1997- January 2019

The audit findings which were identified during the course of the audit are included below.

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Liberia Maritime Authority and other individuals and businesses who contributed to the success of this audit. The audit findings which were identified during the course of the audit are included below:



Yusador S. Gaye, CGMA, CPA
Acting Auditor General, R.L.

Monrovia, Liberia

April 2021



1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Statements Issues

1.1.1 Financial Reporting Requirements

Observation

1.1.1.1 In 2013, the Government of Liberia mandated all Government Business Enterprises or State Owned Enterprises (SOEs) to adopt International Financial Reporting Standards (IFRS) in the preparation and presentation of their financial statements.

1.1.1.2 The Management of LPRC prepared its financial statements in accordance with United States Generally Accepted Accounting Principles (US GAAP) rather than the International Financial Reporting Standards (IFRS) as adopted by the Government of Liberia in 2009 as a reporting framework for State Owned Enterprises (SOE).

Risk

1.1.1.3 The failure of LPRC Management to prepare financial statements in accordance with IFRS undermines comparability and consolidation of SOEs financial statements.

Recommendation

1.1.1.4 The LPRC Management should adopt the IFRS as its financial reporting framework.

Management's Response

1.1.1.5 *There are plans underway to commence the adoption of IFRS. Management has made budgetary allocation in the budget for fiscal year 2020/2021 for the implementation of IFRS.*

Auditor's Position

1.1.1.6 The use of the US GAAP as the financial reporting framework by the LPRC as opposed to the use of IFRS as adopted by the GoL will definitely undermine the consolidation of SOEs' financials at the MfDP. The Management of LPRC should ensure that the above recommendation is implemented. However, we acknowledge Management's assertion that it has made budgetary allocation in the budget for fiscal year 2020/2021 for the implementation of IFRS. We will follow up on the implementation of the recommendation during subsequent audit.

1.1.2 Financial Statements

Observation

1.1.2.1 Regulation M.9 (1-5) of the Public Finance Management (PFM) Act of 2009 Titled Books, Accounts and Audit state, "(1) A state-owned enterprise shall keep proper books of accounts and proper records in as the board may approve. (2) The financial statements of the entity shall comprise (a) a balance sheet of the assets and liabilities of the corporation as at the end of the year; (b) a statement of revenue and expenditure of the



corporation for the year; (c) the cash flow statement of the corporation for the year. (3) The financial statements shall be prepared and transmitted to the Auditor-General, the Minister, the Sector Minister, and the Bureau of State Enterprises by the head of the enterprise. (4) The accounts submitted under this regulation shall: (a) be prepared in accordance with international accounting principles and standards as adopted by the Government of Liberia and in accordance with instructions issued by the Minister in consultation with the Auditor-General; and (b) state the basis of accounting used in preparation and identify significant departures from the principles and the reasons for the departure. (5) The Auditor-General shall audit accounts of all state-owned enterprises governed by these regulations."

1.1.2.2 We observed during the audit that the Management of LPRC did not prepare financial statements for the fiscal period July 1, 2017 – June 30, 2018. However, the General Ledger and Trial Balance were provided.

Risk

1.1.2.3 Without the preparation of annual financial statements, LPRC's Management and stakeholders may not be provided the information needed for decision making.

1.1.2.4 Additionally, non-provision of the financial statements for the fiscal period 2017/2018 constitutes a limitation of scope of the audit.

Recommendation

1.1.2.5 Management should provide the financial statements for the fiscal period ended 30th June 2018.

Management's Response

1.1.2.6 *The financial statements for the fiscal period ended June 30, 2018 has been prepared and is available. A copy will be shared with GAC.*

Auditor's General Position

1.1.2.7 Management's assertions are not materially supported. Management failed to provide its Financial Statements. Therefore, Management is in breach of financial discipline in line with Regulation A.20 of the Public Financial Management Act of 2009.

1.1.3 Comparative Financial Statements

Observation

1.1.3.1 FASB ASC 205-10-45-2 requires that it is ordinarily desirable for an entity to present the statement of financial position; the income statement; and the statement of changes in equity for one year of one or more preceding years, in addition to those of the current year.

1.1.3.2 During the conduct of the audit, it was observed that comparative financial statements were prepared by the LPRC Management for the six months ended June 2015 and the



fiscal periods ended 30 June 2016 and 30 June 2017. However, the comparative figures presented for the six months ended June 30, 2015 were different from the audited financial statements for fiscal period January 1, 2014 - December 31, 2014. **See Table 1 below for details.**

Table 1: Comparative Figures

Components	Audited Financial Statements (Jan-Dec 2014 US\$ A	Comparative figures presented for the six months ended June 30, 2015 US\$ B	Difference US\$ C=A-B
ASSETS			
Current Assets			
Cash and Cash Equivalents	2,798,304	2,218,717	579,587
Time Deposit (CD)	6,078,891	6,067,259	11,632
Accounts Receivable – Trade (Net)	5,618,029	5,948,650	(330,621)
Accounts Receivable-Employees/Others	95,849	108,608	(12,759)
Accrued Interest-Time Deposit	114,995	103,584	11,411
Prepaid Expenses	1,073,830	1,310,492	(236,662)
Total Current Assets	15,779,898	15,757,310	22,588
Fixed Assets			
Fixed Assets	8,361,229	8,423,184	(61,955)
Construction in progress	13,559,085	13,120,898	438,187
Total Assets	37,700,212	37,301,392	398,820
LIABILITIES			
Current Liabilities			
Accounts Payable-Trade	497,688	512,942	(15,254)
Payroll Liabilities	65,278	6,878	58,400
Corporate Income Tax Payable	1,887,671	983,845	903,826
Deferred/Unearned Income	218,588	809,481	(590,893)
Total Current Liabilities	2,669,225	2,313,146	356,079
EQUITY			
Share Capital	15,000,000	15,000,000	-
Retained Earnings	20,030,986	19,630,683	400,303
Net Equity	35,030,986	34,988,246	34,988,246
Total Liabilities & Capital	37,700,211	37,301,392	35,344,325
Revenue			
Storage & Handling	22,860,345	13,065,619	9,794,726
Losses	(2,429,668)	(397,485)	(2,032,183)
Other Income	1,456,931	733,976	722,955
Total Revenue	21,887,608	13,402,130	8,485,478
Operating Expenses			
Employees' Salaries & Benefits	6,798,009	3,277,167	3,520,842
Personnel & Related Expenses	901,045	540,650	360,395
Travel & Entertainment	109,540	75,241	34,299
Office	293,144	133,425	159,719
Tank Farm	1,294,858	630,550	664,308
Professional Services	679,425	375,358	304,067
Leases	500,002	250,002	250,000
Utilities	494,247	296,820	197,427
Scholarships & Charitable Contributions	678,459	352,993	325,466
Other Operating Expenses	1,608,130	633,627	974,503
Total Operating Expenses	13,356,859	6,565,833	6,791,026



Components	Audited Financial Statements (Jan-Dec 2014 US\$ A)	Comparative figures presented for the six months ended June 30, 2015 US\$ B	Difference US\$ C=A-B
Income before depreciation and interest	8,530,749	6,836,297	1,694,452
Depreciation	(1,012,118)	(461,398)	(550,720)
Operating Income	7,518,631	6,374,899	1,143,732
Interest	158,575	79,723	78,852
Other Income	140,331	132,096	8,235
Prior year	16,915	(5,488)	22,403
Total Other Income	315,821	206,331	109,490
Other Expenses			
Interest Expense/Financial charges	1,319	1,319	-
	317,140	207,650	109,490
Income (Loss) before taxes	7,833,133	6,579,911	1,253,222
Income Tax	(1,894,329)	(983,845)	(910,484)
Net Income (Loss)	5,938,805	5,596,066	342,739

Risk

- 1.1.3.3 In the absence of inaccurate comparative financial statement reporting requirements as per US GAAP, the financial statements will not be fairly presented.

Recommendation

- 1.1.3.4 The Management of LPRC should ensure that all its comparative figures are accurately presented.

Management's Response

- 1.1.3.5 *Point noted. However, a re-presentation of the financial statements has been done. Copies will be shared with GAC.*

Auditor General's Position

- 1.1.3.6 The 're-presentation of the financial statements' referred to in the LPRC Management's Response were not provided. The financial statements presented by the Management of the LPRC do not reflect the true activities of the LPRC; Going forward, Management should ensure the timely preparation of complete and accurate financial statements.

1.1.4 Cash Flow Statement

Observation

- 1.1.4.1 FASB ASC 230- entitled 'Statement of Cash Flows' requires entities to present a statement of cash flows that classifies cash receipts and payments by operating, investing and financing activities. The information provided in a statement of cash flows, if used with related disclosures and information in the other financial statements, should help investors, creditors and others assess the following information:

- The entity's ability to generate future positive future net cash flows
- The entity's ability to meet its obligations, its ability to pay dividends, and its



needs for external financing

- The reasons for the differences net income and associated cash receipts and payments
- The effects on the entity's financial position of both its cash and noncash investing and financing transactions during the period

1.1.4.2 During the conduct of the audit, it was observed that activities within the operating and investment activities component of the cash flow statement prepared by the Management of the LPRC did not reflect realities from the balance sheets of the entity. **See table 2A, 2B, 2C below for details.**

Table 2A: Cash flow statement (2016/2017)

	2016/2017 Balance sheet US \$ (A)	2015/2016 Balance sheet US \$ (B)	Amount to be used in the Cash flow statement US\$ (C=A-B)	Amount used in the Cash flow statement US\$ (D)	Variance US\$ (E=C-D)
Accounts Receivable	29,292,131	25,475,557	(3,816,574)	(3,756,721)	(59,853)
Prepaid Expenses	705,158	294,199	(410,959)	(417,928)	6,969
Accounts Payable	9,405,702	15,903,432	(6,497,730)	(6,511,881)	14,151
Deferred/Unearned Income	213,447	226,737	(13,290)	(13,690)	400
Corporate Income tax payable	1,693,186	3,460,882	(1,767,696)	(1,767,697)	1
Fixed Assets	40,239,550	32,665,990	(7,573,560)	(8,781,634)	1,208,074

Table 2B: Cash flow statement (2015/2016)

	2015/2016 Balance sheet US \$ (A)	Jan-June 2015 *Balance sheet US \$ (B)	Amount to be used in the Cash flow statement US\$ (C=A-B)	Amount used in the Cash flow statement US\$ (D)	Variance US\$ (E=C-D)
Accounts Receivable	25,475,557	6,880,497	(18,595,060)	(18,595,060)	-
Prepaid Expenses	294,199	1,180,603	886,404	988,922	(102,518)
Accounts Payable- Trade, GOL Road Fund payable	15,903,432	451,954	15,451,478	15,452,378	(900)
Deferred/Unearned Income	226,737	516,203	(289,466)	(289,732)	266
Corporate Income tax payable	3,460,882	1,409,010	2,051,872	2,051,872	-
Fixed Assets	32,665,990	29,480,671	(3,185,319)	(4,604,355)	1,419,036

*Comparative Balance Sheet used by LPRC was fiscal period 2014/2015. However, there was no fiscal period of such for LPRC. Its accounting period was previously the calendar year January –December. This was changed in 2015 to the GOL fiscal year, July 1 to June 30. Therefore, comparative period is only six (6) months – January 1, 2015 to June 30, 2015.



Table 2C: Cash flow statement (six months ended 2015)

	Jan-June 2015 Balance sheet US \$ (A)	Jan-Dec 2014 Balance sheet US \$ (B)	Amount to be used in the Cash flow statement US\$ (C=A-B)	Amount used in the Cash flow statement US\$ (D)	Variance US\$ (E=C-D)
Accounts Receivable	6,880,497	6,160,842	(719,655)	(1,021,625)	301,970
Prepaid Expenses	1,180,603	1,310,492	129,889	(306,925)	436,814
Accounts Payable	451,954	519,820	(67,866)	(156,030)	88,164
Deferred/Unearned Income	516,203	809,481	(293,278)	297,615	(590,893)
Corporate Income tax payable	1,409,010	983,845	425,165	(471,398)	896,563
Fixed Assets	29,480,671	26,482,892	(2,997,779)	94,596	(3,092,375)

1.1.4.3 There were no financial statements prepared for the fiscal period ended 30th June, 2018.

Risk

1.1.4.4 The accuracy of the cash flow statement cannot be ascertained.

1.1.4.5 The Board, stakeholders and Government of Liberia will have no basis to make informed decision.

Recommendation

1.1.4.6 The LPRC Management should provide justification for the discrepancies.

1.1.4.7 Further the LPRC Management should provide justification for not preparing financial statements of the fiscal year June 30, 2018

Management's Response

1.1.4.8 *Point noted. However, a re-presentation of the financial statements has been done. Copies will be shared with GAC.*

Auditor General's Position

1.1.4.9 The 're-presentation of the financial statements' referred to in the LPRC Management's Response were not provided. The financial statements presented by the Management of the LPRC do not reflect the true activities of the LPRC; Going forward, Management should ensure the timely preparation of complete and accurate financial statements.

1.1.5 Supporting Documentation

Observation

1.1.5.1 Statements on Financial Accounting Concepts (SFAC) No. 2 'Qualitative Characteristics of Accounting Information', requires that the reliability of the financial statements rests upon the extent to which the accounting description or measurement is verifiable and representationally faithful.



- 1.1.5.2 It also requires that the financial statements must depict the true and fair picture of the status of the company affairs which means that the information provided must not have any significant errors or material misstatements.
- 1.1.5.3 During the audit, we could not obtain documentation to verify the accuracy or integrity of account balances and classes of transactions reported on the financial statements. **See Table 3 below for details.**

Table 3: Supporting documentation requested for

1.	Approved personnel listing; names, date of employment, ID numbers and salary
2.	Personnel Documents
	List of Employment between January 2015 to June 2018
	List of Removed Employees between January 2015 to June 2018
	Lists of Promotion and Demotion between January 2015 to June 2018
3.	Payroll for the following months of the fiscal period under audit (six months ended 30/06/2015, fiscal periods ended 205/2016, 2016/2017, 2017/2018) January, March, April, June July, September, October, November, December
4.	Cash and Petty cash Reports for the following periods 2015 – January, April, June 2015/2016 – July, August, April, June 2016/2017 – July, August, April, June 2017/2018 – July, August, April, June
5.	Customers/Importers files
6.	Outturn Reports for the audit periods (Jan-June, 2015, fiscal years ended 2015/2016, 2016/2017, 2017/2018)
7.	We also requested for schedules of payables

Risk

- 1.1.5.4 The authenticity of the balances and transactions will be in doubt in the absence of the documentation.

Recommendation

- 1.1.5.5 The LPRC Management should provide the documentation to the GAC.

Management's Response

- 1.1.5.6 *We are working to put the needed information together and make them available to GAC.*

Auditor General's Position

- 1.1.5.7 Management provided some fiscal outturns and invoices for the six months ended June 30, 2015 and fiscal period July 1, 2017 – June 30, 2018. Management did not provide the remaining documentation as stated above. Therefore, management should account for the transactions without supporting documentation.

1.1.6 Discrepancies in financial information

Observation

- 1.1.6.1 Section 39 (2) of the Public Finance Management (PFM) Act of 2009 states that "Autonomous agencies and Special Funds must keep full and proper records of the financial affairs of the agency in accordance with the relevant rules and procedures set forth in this Act and its regulations".



1.1.6.2 During the audit, we observed a difference of US\$1,525 in the total of the Trial Balances for the fiscal periods ended 30th June, 2017 and 30th June, 2018. **See table 4 below for details.**

Table 4 – Trial Balance difference

Fiscal Period	Total Debit US\$ A	Total Credit US\$ B	Variance US\$ C=A-B
2016/2017	132,194,690.32	132,196,215.32	(1,525)
2017/2018	120,529,099.53	120,530,624.53	(1,525)

1.1.6.3 We also observed a difference between the ledger and trial balance of Foreign Perdiem Account # 502-025-3-31-00 for the fiscal period ended 2016/2017. The General Ledger account had a zero balance whereas the Trial balance carried a credit amount of US\$1,525. **See table 5 below for details.**

Table 5: Difference between Ledger and Trial Balance

	Trial Balance US\$ A	Ledger US\$ B	Difference US\$ C=A-B
Foreign Perdiem	(1,525.00)	-	(1,525)

1.1.6.4 Additionally, we observed differences between Trial balances and the financial statements for the six-month period ended January 1 -June 2015 and fiscal periods 1 July 2015 to 30 June 2017. **See tables 6A, 6B and 6C below for details.**

Table 6A: Variance analysis (2016/2017)

Line item	Trial Balance US\$ A	Financial statement US\$ B	Variance US\$ C= A-B
Cash and Cash equivalent	4,175,244	4,125,259	49,985
Accounts Receivable - Trade	29,204,605	29,093,982	110,623
Allowance for Doubtful Account	(3,511,767)	-	(3,511,767)
Other Receivables	8,575	8,524	51
Prepaid Expenses	667,879	705,158	(37,279)
Fixed Assets	10,467,208	10,463,183	4,025
Accounts Payable-Trade	(1,141,333)	(1,143,153)	1,820
Payable Liabilities	(21,297)	(21,464)	167
Storage & Handling	37,691,612	37,580,989	110,623
Fees	682,190.29	686,757	4,567
Salaries & benefits	6,385,860	5,925,326	460,534
Personnel related expenses	680,177	677,457	2,720
Travel & representation expenses	134,324	133,889	435
Office expenses	297,335	337,481	(40,146)
Tank farm expenses	895,588	852,203	43,385
Professional services	1,363,887	1,010,296	353,591
Scholarship & charitable cont.	641,481	732,295	(90,814)



Line item	Trial Balance US\$ A	Financial statement US\$ B	Variance US\$ C= A-B
Contingency and other taxes	709,126	710,463	(1,337)
Interest expense and financial charges	73,468	73,431	37

Table 6B : Variance analysis (2015/2016)

Line item	Trial Balance US\$ A	Financial statement US\$ B	Variance US\$ C= A-B
Cash and Cash equivalent	15,554,241	15,508,401	45,840
Accounts Receivable - Trade	24,911,280	25,170,913	(259,633)
Other Receivables	152,050	152,050	0
Accrued Interest on time deposit	152,594	152,594	(0)
Prepaid Expenses	287,181	294,199	(7,018)
Fixed Assets	9,690,966	9,678,218	12,748
Construction in-progress	15,328,708	15,333,690	(4,982)
Accounts Payable-Trade	(649,250)	(648,388)	(862)
GOL-Road Fund Payable	(15,255,044)	(15,255,044)	1
Corporate Income Tax Payable	(3,460,882)	(3,460,882)	(0)
Deferred/Unearned Income	(226,737)	(226,737)	(0)
Capital	(15,000,000)	(15,000,000)	-
Retained Earnings	(31,503,981)	(31,699,014)	195,033
Storage & Handling	(43,727,442)	(43,987,075)	259,633
Fees	(703,786)	(703,786)	0
Revenue accrued to GOL	15,255,044	15,255,044	(1)
Salaries and benefits	6,470,229	6,470,229	0
Personnel related expenses	1,202,595	1,198,591	4,004
Travel & Entertainment	157,102	155,427	1,675
Office expenses	320,898	354,032	(33,134)
Tank farm expenses	1,045,121	1,027,556	17,565
Professional services	1,692,539	1,708,039	(15,500)
Leases	312,424	288,705	
Utilities	363,930	371,160	(7,230)
Scholarship and charitable contributions	697,365	697,365	(0)
Depreciation	1,149,319	1,149,319	(0)
Interest Expense/financial charges	13,877	22,720	(8,843)
Interest	(171,203)	(171,203)	0
Other Income	(90,270)	(90,270)	0
Income tax	3,888,470	3,888,470	-
Other operating expense	715,175	713,028	2,147



Table 6C : Variance analysis (1 January - 30 June 2015)

Line item	Trial Balance US\$ A	Financial statement US\$ B	Notes to the Financial Statements	
Cash and Cash Equivalent	3,269,402	3,352,698	2	3,277,698
Accounts Receivable- Trade	6,657,456	6,657,456	4	6,677,456
Accounts Receivable- Employees & Others	223,041	223,041	5	220,273
Prepaid expenses	1,235,603	1,180,603	6	744,167
Fixed assets	8,417,006	8,417,006	7	8,147,006
Accounts payable –Trade	(378,961)	(379,862)	9	(379,862)
Travel & Entertainment	41,619	41,119		41,119
Tank farm	531,212	529,317		529,317

Risk

1.1.6.5 The accuracy of the financial statements cannot be ascertained.

Recommendation

1.1.6.6 The LPRC Management should provide justification for the discrepancies.

Management's Response

1.1.6.7 *We have done a re-presentation of the financial information. Copies will be made to GAC.*

Auditor General's Position

1.1.6.8 The 're-presentation of the financial statements' referred to in the LPRC Management's Response were not provided. The financial statements presented by the Management of the LPRC do not reflect the true activities of the LPRC; Going forward, Management should ensure the timely preparation of complete and accurate financial statements.

1.1.7 Undisclosed Bank Balances

Observation

1.1.7.1 Regulation I.19 (2) of the PFM Act of 2009 states that "The Responsibility of the Auditor General for examining and certifying government accounts does not relieve any officer responsible for keeping and rendering such accounts from the duty to comply and to ensure that subordinates comply with provisions of any enactment, these regulations and with any instructions or directions issues under them."

1.1.7.2 Additionally, Regulation R.3 (6) of the PFM of 2009 states that, "The Balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof."

1.1.7.3 We observed during the audit that the Management of LPRC did not disclose in its cash balances the following Bank Accounts and balances for the fiscal periods under audit.



Moreover, there was no evidence that management performed bank reconciliation for these accounts. **See Table 7A below for details:**

1.1.7.4 The LRPC-HFO-Transitory Account at Guaranty Trust Bank (GTB) had no signatory assigned.

Table 7A: Undisclosed Bank Accounts

		2017/2018 US\$	2016/2017 US\$	2015/2016 US\$	Jan-June 2015 US\$
#	Account Name and Number	Balances per Bank confirmation			
1.	LBDI Operating Account 002USD21511096306	(360.64)	28,174.06	28,474.06	28,834.06
2.	LPRC WORKERS UNION # 193062 002USD40811096304	18.87	30.47	86.53	15.90
3.	Ecobank - 0011134701657203	-	-	(1,494)	(1,166.13)
4.	LPRC-HFO TRANSITORY ACCOUNT 0112357/002/0001/000 - GTB	(669.01)	22,206.11	(1,335.08)	25.98
5.	LPRC-HFO TRANSITORY ACCOUNT 0112357/002/0001/001 - GTB	505.52	902.94	-	-

1.1.7.5 It was also observed from the undisclosed bank account statements that the LPRC management made deposits of US\$10,323,166.65 and withdrawals of US\$10,395,728.38. **See Table 7B and 7C for summary and Appendices 1, 2 & 3 for details.**

Table 7B: Deposits to undisclosed bank accounts

	2017/2018 US\$	2016/2017 US\$	2015/2016 US\$	Jan-June 2015 US\$	Total
Account Name and Number	Deposits per Bank confirmation				
LPRC WORKERS UNION # 193062 002USD40811096304	-	945.00	2,063.00	768.00	3,776.00
Ecobank - 0011134701657203	-	8,000.00	-	-	8,000.00
LPRC-HFO TRANSITORY ACCOUNT 0112357/002/0001/000 - GTB	726,800.94	150,000.00	-	750,976.79	1,627,777.73
LPRC-HFO TRANSITORY ACCOUNT 0112357/002/0001/001 - GTB	1,551,877.58	7,131,735.34	-	-	8,683,612.92
Total	2,278,678.52	7,290,680.34	2,063.00	751,744.79	10,323,166.65



Table 7C: Withdrawals from undisclosed bank accounts

	2017/2018 US\$	2016/2017 US\$	2015/2016 US\$	Jan-June 2015 US\$	Total
Account Name and Number	Withdrawals per Bank confirmation				
LBDI Operating Account 002USD21511096306	28,174.06	-	-		28,174.06
LPRC WORKERS UNION # 193062 002USD40811096304	-	990.00	1,990.00	755.00	3,735.00
Ecobank 0011134701657203	-	8,000.00	-	-	8,000.00
LPRC-HFO TRANSITORY ACCOUNT 0112357/002/0001/000 - GTB	748,399.32	125,000.00	-	749,920.00	1,623,319.32
LPRC-HFO TRANSITORY ACCOUNT 0112357/002/0001/001 - GTB	1,602,000.00	7,130,500.00	-	-	8,732,500.00
Total	2,378,573.38	7,264,490.00	1,990.00	750,675.00	10,395,728.38

Risk

- 1.1.7.6 The non-disclosure of bank balances could lead to the misstatement of the cash balance recorded in the financial statements.

Recommendation

- 1.1.7.7 Management should provide substantive justification for not disclosing the above mentioned bank accounts and provide the relevant supporting documents to support the deposits and withdrawal on the bank statements.

Management's Response

- 1.1.7.8 *LPRC Workers Union account does not belong to LPRC. That account is owned and managed by LPRC Workers' Union.*

- 1.1.7.9 *Additionally, please provide copies of the bank statements that were used to raise this point.*

Auditor General's Position

- 1.1.7.10 We provided copies of the undisclosed bank statements to Management as requested. However, Management provided clarification only with respect to the LPRC WORKERS UNION # 002USD40811096304. Therefore, Management should account for the transactions in the remaining four undisclosed bank accounts.



1.1.8 Bank Reconciliation

Observation

- 1.1.8.1 Regulation R3(6) of the PFM Act 2009 states that “the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof”.
- 1.1.8.2 Section G. page 9 entitled ‘Bank Reconciliation’ of the LPRC Accounting Control Manual states that “bank reconciliation should be performed by employees who are independent of the cash receipt, cash disbursement and payroll functions. All original bank statements and supporting documents should be reviewed by the comptroller’s office.”
- 1.1.8.3 During the conduct of the audit, it was observed that LPRC Management only prepared bank reconciliation statements for its LBDI LR\$ Account (002LRD21511096303) for each month of the fiscal periods under audit out of the eleven (11) bank accounts presented in its financial statements. **See table 8A below for details.**

Table 8A: Bank Reconciliation

#	Account Title	Account Number	Bank
1.	LBDI Operating Account	002USD21511096302	Liberia Bank for Development and Investment
2.	Payroll Imprest (LIBERIA PETROLEUM REFINNING CO.(IPA) (reconciliation prepared from Jan-June 2015, Sept-Nov 2015/2016)	003USD21511096305	Liberia Bank for Development and Investment
3	UBA Operating Account	United Bank of Africa	United Bank of Africa
4.	LPRC-HFO-ROYALTY (USD) (reconciliation only performed for 2017/2018)	0113308/002/0001/000	Guaranty Trust Bank
5.	IBL Liberia Operating Account (no reconciliation for Jan-June 2015, June 2017)	00121970198630102	International Bank Liberia Limited
	IBL Liberia Short Term Deposit	02.2065.412134-08	International Bank Liberia Limited
6.	Ecobank USD	0011134701657203	Ecobank

- 1.1.8.4 Also, we did not receive confirmations for the following bank accounts. **See Table 8B below for details.**

Table 8B: No confirmation received

#	Account Title	Bank
1.	LBDI Short term	Liberia Bank for Development and Investment
2.	LPRC-HFO-ROYALTY(LRD) ACCOUNT	Guaranty Trust Bank
3.	LPRC HFO-PLEDGE (LC)-USD A/C	Guaranty Trust Bank
4.	LPRC-HFO PLEDGE (LC)-LRD A/C	Guaranty Trust Bank
5.	UBA USD Short term deposit	United Bank of Africa
6.	Ecobank LRD	Ecobank



Risk

- 1.1.8.5 The failure to prepare bank reconciliation statements could result in errors and omissions not being detected on a timely basis.

Recommendation

- 1.1.8.6 The LPRC Management should provide justification for not preparing the monthly bank reconciliation statements for accounts stated in its financial statements.

Management's Response

- 1.1.8.7 *The available bank reconciliations for the accounts mentioned in this count will be provided to GAC.*

Auditor General's Position

- 1.1.8.8 Management did not provide the bank reconciliations for the accounts as asserted in Management's response. The reconciliation of bank accounts assured that cash carried forward is accurate and that any errors in the recording of payments made from the bank accounts are uncovered and corrected on a timely basis. This is the bases for sound financial decision by Management.;
- 1.1.8.9 Going forward, Management should ensure the timely reconciliation of all its bank accounts. Therefore, Management is in breach of financial discipline in line with Regulation A. 20he PFM Act of 2009.

1.1.9 Fixed Assets

Observation

- 1.1.9.1 FASB ASC 360-10-35-21 requires that a long-lived asset (asset group) should be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Examples of indicators of impairment, as discussed in ASC 360-10-35-21, include but are not limited to significant decrease in the market price of a long-lived asset (asset group), A significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition, etc.
- 1.1.9.2 FASB ASC 360-10-50-1 requires that the following disclosures to be made in the Financial Statements or notes thereto:
- a. Depreciation expense for the period;
 - b. Balances of major classes of depreciable assets, by nature or function, at the balance sheet date;
 - c. Accumulated depreciation, either by major classes of depreciable assets or in total, at the balance sheet date;
 - d. A general description of the method(s) used in computing depreciation with respect to major classes of depreciable assets



1.1.9.3 During the conduct of the audit, we observed that the balances of major classes of depreciable assets, by nature or function, at the balance sheet date and accumulated depreciation, either by major classes of depreciable assets or in total, at the balance sheet date were not disclosed in the notes to the financial statements for the fiscal periods ended 30th June 2016 and 30th June 2017.

1.1.9.4 We observed that there was no evidence that the balances reflect the fair value of the assets on the LPRC's books.

Risk

1.1.9.5 The accuracy of the fixed assets balance could be in doubt in the absence of a complete and accurate fixed asset schedule.

1.1.9.6 Book value/carrying amount of the asset may be overstated.

Recommendation

1.1.9.7 The LPRC Management should provide justification as to why fixed asset schedules were omitted from the financial statements and registers had not been properly maintained.

1.1.9.8 The impairment of long-lived assets needs to be determined correctly.

Management's Response

1.1.9.9 *We have included that in the re-presented financial statements. Copies will be made available to GAC.*

Auditor General's Position

1.1.9.10 Management did not provide the re-presented financial statements. US GAAP disclosures require that a company must disclose the depreciation expense for the period, the balances of major classes of depreciable assets, accumulated depreciation by major classes or in total, and a general description of the depreciation method(s) used in computing depreciation expense in relation to the major classes of depreciable assets.

1.1.9.11 We strongly recommend that assets on the books of LPRC that have been on the books since the establishment of the Entity that do not reflect the current fair value of the LPRC fixed assets portfolio. The assets should be revaluated when the entity is in the transitioning from GAAP to IFRS to reflect the true and fair value of LPRC's assets.

1.1.10 Revenue

Observation

1.1.10.1 Section A.3 (1) of the Public Financial Management (PFM) Regulations of 2009 states that "(1) Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the



Comptroller General , the relevant internal auditor or any officers authorized by them, by the Minister.

- 1.1.10.2 During the audit, we requested for but could not obtain customer files and outturn reports to ascertain the occurrence, completeness and accuracy of the revenue reported for the fiscal periods as per the financial statements. **See table 9 below for details.**

Table 9 - Revenue Reported

Account Name	2017/2018 US\$ A	2016/2017 US\$ B	2015/2016 US\$ C	Jan.-June 2015 US\$ D	Total amount US\$ E=A+B+C+D
Storage and Handling Fees (Net)	15,354,750	18,790,494	28,732,031	13,008,469	75,885,744
Fees (annual licenses to importers & distributors)	1,142,372	686,757	703,786	403,732	2,936,647
Total	16,497,122	19,477,251	29,435,817	13,412,201	78,822,391

Risk

- 1.1.10.3 The accuracy of the revenue reported may be in doubt in the absence of adequate supporting documentations.

Recommendation

- 1.1.10.4 The LPRC Management should provide the customer files and outturn reports as requested by the GAC Team.

Management's Response

- 1.1.10.5 *We ask that the listing of the specific customer files and outturn reports needed be re-submitted by GAC, then management will ensure they are provided as requested.*

Auditor General's Position

- 1.1.10.6 We submitted a listing of specific customer files and outturn reports needed. Management did not present all of the customer files requested for the six months ended June 30, 2015 and fiscal period July 1, 2017 – June 30, 2018. However, no customer files for July 1, 2015 – June 30, 2017 were provided. Therefore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.11 Board Related expenses

Observation

- 1.1.11.1 Number nine (9) under fiscal targets titled 'State Owned Enterprises (SOEs) Pay' of the Government of Liberia Annual Fiscal Outturn Report Fiscal July 1, 2017 – June 30, 2018 states that:

- Where board fees are paid to board members, there shall be no sitting fees;
- Cabinet Ministers occupying either statutory or appointed board positions on public corporations or autonomous agencies shall not be entitled to board or sitting fees;



- Boards are required to present proposal for Board fees to the President for approval;
- Commissions without oversight boards are required to submit compensation proposal of senior management for approval by the President; and
- In cases where board has performed exceptionally and bonus is being paid, such proposal should be made to the President for approval.

1.1.11.2 During the audit, we observed that board and sitting fees and were paid to board members for the fiscal period ended June 30, 2018 under audit. **See Table 10 below for details.**

Table 10: Board Fees and other related expenses

Fiscal period	Board Fee US\$	Sitting Fees and other board expense US\$
2017/2018	109,837.03	167,931.57
Total	109,837.03	167,931.57

Risk

1.1.11.3 Receiving double compensation is a violation of the Government fiscal rules and targets which could lead to misapplication of the entity's resources.

Recommendation

1.1.11.4 The LPRC Management should provide justification for making such payments.

Management's Response

1.1.11.5 *Per your observation, this regulation quoted related to July 1, 2017 to June 30, 2018, which cannot be applicable to fiscal periods prior to said dates.*

Auditor General's Position

1.1.11.6 We acknowledged Management's assertion that this regulation does not relate to fiscal periods prior to July 1, 2017-June 30, 2018. We have adjusted our findings to only period beyond June 30, 2017. All board members who receive board remuneration in violation of the fiscal target should account for the remuneration received. Therefore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009

1.1.12 Retained Earnings

Observation

1.1.12.1 The retained earnings are the accumulated net income of the corporation that is retained by the corporation at a particular point of time, such as at the end of the reporting period. At the end of that period, the net income (or net loss) at that point is transferred from the Profit and Loss Account to the retained earnings account. The retained earnings account is affected by direct charges and credits. Examples of direct charges to retained earnings are net loss for the year and cash or stock dividends; an example of a direct credit to retained earnings is net income for the year.



1.1.12.2 In addition to direct charges and credits, the retained earnings account is also affected by opening balance adjustments. Reasons for which the opening balance of retained earnings is properly restated include certain changes in accounting principles, changes in the reporting entity and corrections of an error in previously issued financial statements.

1.1.12.3 During the audit, we observed that the opening balance of the Retained Earnings at July 1 did not agree to the previous closing balance at June 30. **See Table 11A below for details.**

Table 11A: Retained Earnings

Closing balance US\$		B Opening balance US\$		Difference US\$
Date	A	Date	B	C=A-B
31/12/2014	20,030,986	1/1/2015	19,630,683	400,303.00
30/06/2015	22,692,328	1/7/2015	22,546,365	145,963
30/06/2016	31,699,014	1/7/2016	31,699,014	-
30/06/2017	40,343,933	1/7/2018	*	-

*There was no financial statements presented for 2017/2018 hence the comparison was not possible.

1.1.12.4 Additionally, we observed during the audit that on the Trial Balance, that there were two similar accounts (Opening balance equity and Beginning balance equity), with account numbers 321-000-0-00-00 and 319 respectively – both with different balances. **See table 11B below for details.**

Table 11B: Opening balance equity and Beginning balance equity

Account	2017/2018 US\$	2016/2017 US\$	2015/2016 US\$	Jan-June 2015 US\$
Opening balance equity	(4,161,315.09)	(4,161,315.09)	(4,161,315.09)	(4,161,315.09)
Beginning balance equity	(3,462,564.22)	(3,457,564.22)	49,003.26	-

Risk

1.1.12.5 Financial Statements could be misstated.

Recommendation

1.1.12.6 The Ledger should be reviewed and corrected accordingly.

Management's Response

1.1.12.7 *Significant work has been done on the retained earnings account to ensure it is appropriately corrected. The subsequent financial reports to the last audited period have been adjusted to reflect the correct retained earning balance.*

1.1.12.8 *The other two accounts, opening balance equity and beginning balance equity, have been closed in the retained earnings account. The latest financial information, trial balance and financial statements, reflect that fact.*



Auditor General's Position

- 1.1.12.9 We acknowledge Management's assertion; however, there was no documentary evidence to validate Management's assertion.
- 1.1.12.10 Adjusting entries and financial statements mentioned in Management's response were not provided and without evaluation, it cannot be assumed that significant work has been done on the retained earnings; hence we maintained our earlier position. Therefore, we maintain our recommendation.

1.1.13 Notes to the Financial Statements

Observation

- 1.1.13.1 In addition to the amounts reported on the face of the financial statement, US GAAP requires that additional information be provided as notes to the financial statements. To alert the reader to this important disclosure, each financial statement is required to make reference to them.
- 1.1.13.2 We observed during the conduct of the audit that there were no explanatory notes on payment of dividend to the Government of Liberia.

Risk

- 1.1.13.3 Users of the financial statements may not clearly understand the numbers in the financial statements when relevant information is omitted.

Recommendation

- 1.1.13.4 The preparation of LPRC financial statements in accordance with US GAAP should comply with presentation and disclosures of the financial statements while the Management of LPRC is working on transition to IFRS.

Management's Response

- 1.1.13.5 *We have included that in the re-presented financial statements. Copies will be made available to GAC.*

Auditor General's Response

- 1.1.13.6 The 're-presentation of the financial statements' referred to in the LPRC Management's Response were not provided. The financial statements presented by the Management of the LPRC do not reflect the true activities of the LPRC; Going forward, Management should ensure the timely preparation of complete and accurate financial statements

1.2 Governance Issues

1.2.1 Minutes of Board Meetings

Observation

- 1.2.1.1 Section 12 of the Amended By-Laws of the LPRC states that 'at each meeting of the Board of Directors, the Chairman of the Board shall preside, or in the absence of the Chairman,



another director chosen by the Board of Directors shall act as Chairman of the meeting and preside thereat. The Secretary or in his or her absence any person appointed by the Board shall act as secretary of the meeting and keep the minutes thereat. The Board of Directors may adopt such rules and regulations, as they shall deem proper, not inconsistent with law or with these By-Laws, for the conduct of their meetings and the management of the affairs of the Corporation. At all meetings of the Board of Directors, business shall be transacted in such order as the Board may determine.

- 1.2.1.2 During the audit, the Management of LPRC did not provide minutes of Board meetings for 12 months (January 1, 2017 – December 31, 2017).

Risk

- 1.2.1.3 Key information such as board and committee actions may be lost or forgotten.

Recommendation

- 1.2.1.4 The LPRC Management should provide justification for not providing minutes of Board meetings.

Management's Response

- 1.2.1.5 *The board minutes for the period mentioned will be provided.*

Auditor General's Position

- 1.2.1.6 Management did not provide board meetings minutes as asserted. Going forward, Management should keep accurate records of all its board activities to ensure that the records are available when requested.

1.2.2 By-Laws

Observation

- 1.2.2.1 Section I of the Amended By-Laws of the LPRC states that "The number of directors of the Corporation shall be nine (9), each of whom shall be appointed by the Shareholder, and each of whom shall serve until his or her successor shall have been appointed of qualified. The Chairman who shall be one of the nine directors shall also be appointed by the Shareholder. Members of the Board may be removed by the Shareholder without cause or for cause including serious misconduct, breach of duty or permanent incapacity".
- 1.2.2.2 Section 7 of the Amended By-Laws of the LPRC states that "At all meetings of the Board of Directors, six (6) members of the Board of Directors shall constitute a quorum for the transaction of business. If at any meeting of the Board there shall be less than quorum present, a majority of those present may adjourn the meeting from time to time until a quorum shall have been obtained".
- 1.2.2.3 During the audit for the fiscal periods, we observed that there were less than nine (9) directors, including the Secretary to the Board, at every board meeting.



- 1.2.2.4 We also observed that the change in the fiscal period from the calendar year to June 30 has not been reflected in the By-Laws including the change in annual budget submission to the Board from the 15th day of October to the 15th day of June.

Risk

- 1.2.2.5 The Board is not fully represented;
1.2.2.6 There is inconsistency and a lack of clarity.

Recommendation

- 1.2.2.7 Management should consider amending the By-Laws to reflect current situation.

Management's Response

- 1.2.2.8 *Point noted. The Board is currently reviewing the amended By-laws to reflect all the points raised. The amended By-laws changed the Board membership from nine to seven members, including the Secretary; and change in the budget submission period from 15th day of October to 15th day of May each year. This change is representative of the change in the fiscal year from the calendar year to the Government of Liberia fiscal year which runs from July 1 of each year to June 30 of the following year.*

Auditor General's Position

- 1.2.2.9 We acknowledge Management's acceptance of our recommendation. We will make a follow-up on the implementation of our recommendation.

1.2.3 Accounting Control Manual

Observation

- 1.2.3.1 Business organizations usually create an accounting manual, which specifies all accounting policies and guidelines, procedures and standards for a company's accounts. Included in the accounting manual is the classification of accounts, an outline of accounting rules to follow, and rules specific to the organization. Depending on the type of business entity, accounting manuals vary from company to company, but in general serve the same purpose which is to ensure accuracy and consistency in accounting methods utilized by every individual within the firm handling accounting related tasks and procedures. The manual typically includes several different sections to cover all aspects of the accounting function.

- 1.2.3.2 We observed during the audit that the accounting manual needs to be updated. For example, the manual still carries the fiscal year as January 1, to December 31 although this was changed since 2015.

Risk

- 1.2.3.3 Issues created by outdated policies or procedures can permeate an entire organization, from administration to customers.

Recommendation

- 1.2.3.4 Changes in policies and procedures should be updated promptly as they occur and communicated to your staff as they are made.



Management's Response

- 1.2.3.5 *Point noted. A revised accounting manual is being drafted, which will incorporate all necessary changes to reflect the current accounting operations of the company.*

Auditor General's Position

- 1.2.3.6 We acknowledge Management's acceptance of our recommendation. We will make a follow-up on the implementation of our recommendation.

1.2.4 Absence of Strategic and Operational Plan

Observation

- 1.2.4.1 Section 44 (1) of the PFM Act of 2009 states that "The strategic plan and annual financial plans for each state owned enterprise shall be approved by the board and copies thereof submitted to the Sector Minister and the Minister.
- 1.2.4.2 We observed during the audit that there was no evidence that the entity had developed a Strategic and an approved Operational Plan to serve as the basis for budget compilation. The previous five (5) year strategic Plan ended in 2016.

Risk

- 1.2.4.3 The LPRC may not have a strategic direction in the absence of a strategic plan.
- 1.2.4.4 The needed activities to undertake annually to meet strategic goals may not be achieved if they are not defined and documented in an annual operational plan.

Recommendation

- 1.2.4.5 The Management of LPRC should consider developing a long-term strategic plan to steer the operation of the entity in a strategic direction.
- 1.2.4.6 The Management of LPRC should annually prepare operational plan that will define activities to meet the strategic goals and serve as a basis for budgeting.

Management's Response

- 1.2.4.7 *Point noted. A draft five-year strategic plan has been presented to the Managing director for review and onward submission to the Board for approval.*

Auditor General's Position

- 1.2.4.8 We acknowledge Management's acceptance of our recommendation. We will make a follow-up on the implementation of our recommendation.

1.2.5 Annual Budget

Observation

- 1.2.5.1 Annually, LPRC's Fiscal Budget period begins July 1, and ends on June 30 the following year. The budget consists of three major components: Revenue, Operating expenses and Capital expenditures. The Fiscal Budget is approved by the Board of Directors Resolution



at a meeting of the Board, where members of the Board conclude review of the proposed budget presented by Management.

- 1.2.5.2 It was observed in the approved budget for the fiscal periods under audit, that for some budget line items, the revenue and expense charts did not match the Budgeted Income Statement. **See Table 12A, 12B & 12C below.**

Table 11A: Variances in budget (2017/2018)

Line item	Amount per revenue and expense chart US\$ A	Amount per Income Statement US\$ B	Difference US\$ C=A-B
Employee salaries and benefits	6,476,943	6,506,566	(29,623)
Utilities & Leases	842,000	2,042,000	(1,200,000)
Scholarships & Charitable Contributions	409,688	948,688	(539,000)
Contingency	290,000	40,000	250,000
Income tax	1,152,756	1,195,661	(42,905)
Total	9,171,387.00	10,732,915.00	(1,561,528.00)

Table 11B: Variances in budget (2016/2017)

Line item	Amount per revenue and expense chart US\$ A	Amount per Income Statement US\$ B	Difference US\$ C=A-B
Expenses			
Depreciation	1,299,996	999,996	30,000
Contingency & taxes other than income	240,000	-	240,000
Income tax	5,601,985	5,486,914	115,071
Total	7,141,981	6,486,910	385,071

Table 11C: Variances in budget (2015/2016)

Line item	Amount per revenue and expense chart US\$ A	Amount per Income Statement US\$ B	Difference US\$ C=A-B
Revenue			
Storage & Handling	23,652,435	24,173,628	(521,193)
Demurrage	(500,004)	(495,552)	(4,452)
Expenses			
Scholarship & charitable cont.	373,000	423,004	(50,004)
Contingency & taxes other than income	357,332	492,912	(135,580)
Income tax	2,147,389	2,197,435	(50,046)



Line item	Amount per revenue and expense chart US\$ A	Amount per Income Statement US\$ B	Difference US\$ C=A-B
Total	26,030,152	26,791,427	(761,275)

1.2.5.3 The budget was not signed for the fiscal period 2015/2016.

Risk

1.2.5.4 Budget information could be inaccurate and incomplete.

Recommendation

1.2.5.5 Management should ensure the existence or improvement of control mechanism in budgeting preparation.

Management's Response

1.2.5.6 *Point noted*

Auditor General's Position

1.2.5.7 We acknowledge Management's acceptance of our recommendation. We will make a follow-up on the implementation of our recommendation.

