



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**ON THE FINANCIAL STATEMENT AUDIT
OF THE LIBERIA REVENUE AUTHORITY
(LRA)**

**FOR THE FISCAL PERIOD ENDED
JUNE 30, 2016**

January 2021

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



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Republic of Liberia

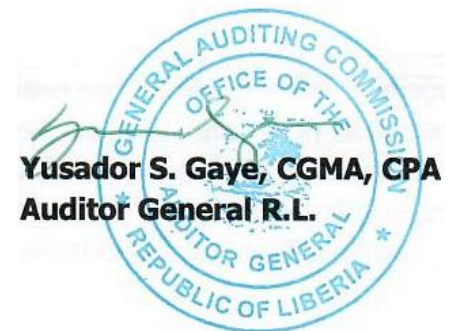


The Honorable Speaker of the House of Representatives, and the President Pro- Tempore of the House of Senate:

We have undertaken the audit of the Liberia Revenue Authority's (LRA) financial statements for the financial year ended June 30, 2016. 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 Liberia Revenue Authority (LRA). 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 raised 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
January 2021



STATEMENT OF RESPONSIBILITIES

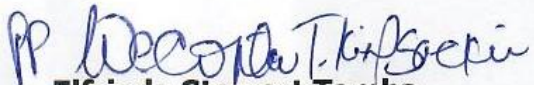
The Financial Statements as set out on pages 7 to 10 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), adopted by the Government of Liberia.

In accordance with the provisions of the Public Financial Management (PFM) Act of 2009, I am responsible for the control of and accounting for public funds received, held, and expended for and on behalf of the Liberia Revenue Authority (LRA).

Under the provisions of the same Act, I am required to prepare unaudited Final Account of the LRA to be submitted to the Minister of Finance and Development Planning, two months after the end of the financial year to which it relates. However, I have delegated the preparation of the unaudited Final Account to the Assistant Commissioner for Budget and Finance for my transmittal to the Minister, as provided in the attendant Regulations of the Public Financial Management Act of 2009. Accordingly, I am pleased to submit the required Annual Public Account of the LRA in compliance with the PFM Act and its attendant Regulations. I have provided, and will continue to provide, all the information and explanations as may be required in connection with the financial statements presented therein.

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

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


Elfrieda Stewart Tamba
Commissioner General
Liberia Revenue Authority (LRA)
January 15, 2021
Date

MANAGEMENT DISCUSSION AND ANALYSIS ON THE FINANIAL STATEMENTS

Introduction

This Report provides commentary and analysis of the cash receipts and payments (as well as financial performance) of the Liberia Revenue Authority (LRA) for the financial year ended 30th June 2016 and of its financial position as at that date.

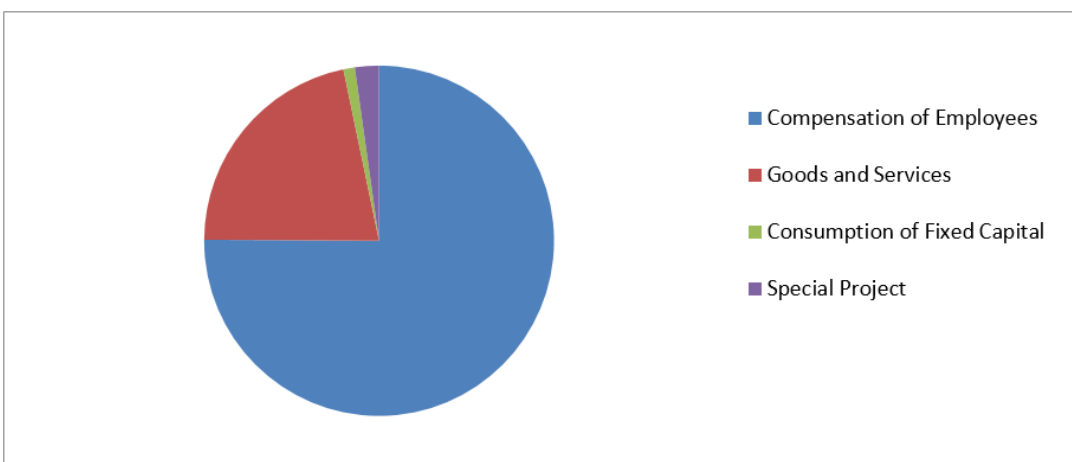
The Liberia Revenue Authority (LRA) is a semi-autonomous Government agency established under an Act of the National Legislature in September 2013 to replace the Department of Revenue of the Ministry of Finance (including the Bureau of Internal Revenue and the Bureau of Customs and Excise) as defined in Chapter 21 of the Executive Law of 1972 for the purpose of assessing and collecting national revenues as specified in the Revenue Code of Liberia or related laws; administering, accounting, auditing and enforcing revenue collection laws and regulations; and educating taxpayers to facilitate tax and customs compliance.

The Approved Budget

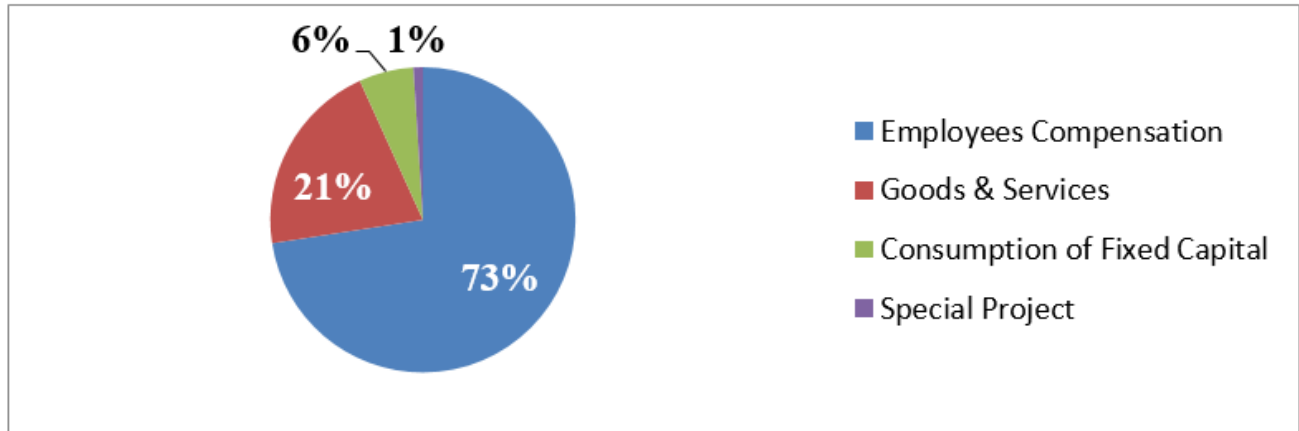
For the Fiscal Year 2015/16, the National Legislature appropriated a total of US\$ 18,561,239. Additional budget support came from APM Terminals towards the running of LRA's Customs Business Office at the Freeport of Monrovia. This brought the LRA's total budgetary allocation to US\$ 18,617,268 which is breakdown in the pie chart below:

Financial Performance

For the reporting period, the Ministry of Finance & Development Planning (MFDP) allotted and disbursed to the LRA, the sum of US\$17,916,239 (US\$17,516,239 authorized allocation for FY 2015/16 and US\$400,000 performance Bonus). Another extra budgetary support came from APM Terminals in the amount of US\$ 56,029 and is reported as Other Receipt in the Statement of Cash Receipts and Payments. Therefore, the total funds controlled by LRA during the fiscal year totaled US\$ 17,972,268.



Total expenditure for the 2015-2016 Fiscal Year amounted to US\$ 21,953,706. When broken down, Employee Compensation amounted to US\$ 16,015,628; Goods and Services amounted to US\$ 4,437,407; Capital Expenditure amounted US\$ 1,280,875; and Special Project amounted to US\$ 219,796. Please see the pie chart below for percentage composition of total expenditure.



Conclusion

As at June 30, 2016, commitments stood at US\$2,338,847 and other liabilities stood at US\$ 740,650. Therefore, total unsettled obligations amounted to US\$ 3,079,497. Total cash balances as at June 30, 2016 were US\$601,144, L\$83,668,488 or its equivalent of US\$919,434 and US\$15,000 petty cash. This translates to a total USD Cash Equivalent of US\$1,535,578.

The Financial Statements for the financial year ended 30th June 2016 should be read in conjunction with the underlying notes and supplementary disclosures for better understanding and interpretation.

January 25, 2021

Hon. Thomas Doe Nah
Commissioner General
Liberia Revenue Authority (LRA)
NASSCORP Building, ELWA Junction
Paynesville, Montserrado County

Dear Mr. Nah:

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA REVENUE AUTHORITY (LRA) FOR THE FISCAL PERIOD ENDED JUNE 30, 2016.

We have completed the audit of the financial statements of the Liberia Revenue Authority (LRA) for the fiscal period ended 30 June 216 in keeping with Section 2.1.3 of the General Auditing Commission Act of 2014.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



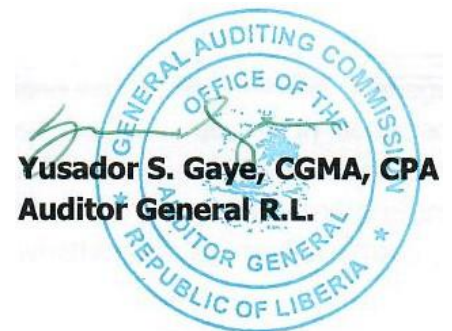
Basis for Opinion

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 Liberia Revenue Authority (LRA) in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements 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.

Opinion

We have audited the financial statements of the Liberia Revenue Authority (LRA), which comprise the statement of Cash Receipts and Payments for the period then ended, the Statement of Comparison Budget and Actual Amounts and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of LRA present fairly, in all material respects, the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and explanatory notes for the period then ended in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting as adopted by the Government of Liberia.



Monrovia, Liberia

January 2021



STATEMENT OF CASH RECEIPTS AND PAYMENTS

Fund / Account Description	Notes	2015/2016	2015/2016	2014/2015	2014/2015
		Controlled Entity US\$	Controlled by External Party US\$	Controlled Entity US\$	Controlled by External Party US\$
Receipts:					
Authorized Allocation /Appropriation	2	17,916,239	-	13,163,355	-
Other Receipts	3	56,029	325,220	1,100,000	364,930
Multilateral Grants	4	-	873,470	-	2,459,645
Total Receipts		<u>17,972,268</u>	<u>1,198,690</u>	<u>14,263,355</u>	<u>2,824,575</u>
Payments:					
Compensation	5	16,015,628	-	6,459,584	325,594
Goods and Services	6	4,437,407	967,560	2,131,487	711,804
Consumption of Fixed Capital	7	1,280,875	231,130	156,268	1,787,177
Other Payments	8				
Real Estate Block Mopping		219,797	-	-	-
Total Payments		<u>21,953,706</u>	<u>1,198,690</u>	<u>8,746,339</u>	<u>2,284,575</u>
Net Cash Flow –Increase / (Decrease)		(3,981,438)	-	5,517,016	-
Cash at the Beginning of Year		<u>5,517,016</u>	-	<u>-</u>	-
Cash at the End of Year	9	<u>1,535,578</u>	-	<u>5,517,016</u>	-

The Accounting Policies and Notes set out on pages 12 to 16 form an integral part of the financial statements



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

Description	Actual	Final Budget	Original Budget	Variance (Final Budget /Actual Amounts	Percent age Variance
	US\$	US\$	US\$	US\$	%
Receipts					
Appropriations	17,916,239	18,617,268	16,108,017	(701,029)	-4%
Other Receipts	56,029	-	-	56,029	-
Grants	-	-	-	-	-
Total Receipts	<u>19,170,958</u>	<u>18,617,268</u>	<u>16,108,017</u>	<u>553,690</u>	3%
Payments:					
Compensations of Employees	16,015,628	13,979,961	15,450,496	(2,035,667)	-15%
Goods and Services	4,437,407	4,027,912	624,096	(409,495)	-10%
Consumption of Fixed Capital	1,280,875	195,594	33,425	(1,085,281)	-555%
Special Project	219,797	413,801	-	194,005	47%
Total Payments	<u>21,953,706</u>	<u>18,617,268</u>	<u>16,108,017</u>	<u>3,336,438</u>	18%
NET CASHFLOW	<u>(3,981,438)</u>	-	-	<u>(3,981,438)</u>	

Note: Actual Amounts include both LRA-controlled funds and payments by third parties



STATEMENT OF CASH POSITION

Cash/Bank Account Details	Currency Held In	Notes	As at 30	As at 30	Change in
			June 2016	June 2015	Cash Balances
			US \$	US \$	US \$
Bank Accounts:					
Ecobank	USD	9	601,144	574,866	26,278
Ecobank	LRD	9	919,434	4,927,150	(4,007,716)
Total held in Bank Accounts:			<u>1,520,578</u>	<u>5,502,016</u>	<u>(3,981,438)</u>
Petty Cash Account:					
Petty Cash on Hand	USD	9	15,000	15,000	-
Petty Cash on Hand	LRD	9	-	-	-
Total Petty Cash			<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total Cash and Bank Balances			<u>1,535,578</u>	<u>5,517,016</u>	<u>(3,981,438)</u>

The Accounting Policies and Notes set out on pages 12 to 16 form an integral part of the financial statements



NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Liberia in preparing and presenting the financial statements. The principal accounting policies adopted in the preparation of the financial statements therein are set out below.

Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Public Financial Management Act, 2009 and comply with the Cash Basis International Public Sector Accounting Standard (Cash Basis IPSAS): Financial Reporting under the Cash Basis of Accounting. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The accounting policies adopted have been consistently used throughout.

Reporting Entity

The Liberia Revenue Authority (LRA) is a semi-autonomous agency of government established by an Act of Legislature in September 2013 and became effective July 1, 2014.

The primary objective of the LRA is to administer and enforce the Revenue Code of Liberia for the purpose of assessing, collecting, auditing and accounting for all national revenues and to facilitate legitimate international trade and customs. Achieving the LRA objective requires significant engagement, interaction and follow-ups with taxpayers, revenue generating ministries and agencies, and other key stakeholders.

Payments by Other Government Entities

There was no known payment by other Government entities during the fiscal year.

Reporting Currency and Translation of Foreign Currencies

a. Functional and Reporting Currency

The functional currencies are the Liberian Dollar and the United States Dollar and the United States Dollar is the reporting currency. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

b. Translation of Transactions in Foreign Currency

Foreign currency transactions and transactions in Liberian Dollar are translated, as they occur, into United States Dollar using the exchange rates circulated by the Ministry of Finance and Development Planning at which funds were received for each month. Closing monetary balances are translated into the reporting currency using the closing rates.

The year-end (30th June 2016) exchange rate for the Liberian Dollar was L\$ 94 to US \$ 1.



2. Authorized Allocations Received

Description	FY 15/16 US\$	FY 14/15 US\$
For Current Year Budget	17,516,239	13,163,355
For Prior Year Commitment	-	0
Performance Bonus	400,000	0
LRA Implementation Budget	-	1,100,000
Total	<u>17,916,239</u>	<u>14,263,355</u>

3. Other Receipts

Description	FY 15/16 US\$	FY 14/15 US\$
APM Terminals	56,029	1,100,000
Total	<u>56,029</u>	<u>1,100,000</u>

4. External Assistance

There was no cash external assistance.

5. Compensation of Employees

Description	FY 15/16 US\$	FY 14/15 US\$
Basic Salary-Civil Service	14,123,220	6,418,003
General Allowance	204,609	-
Honorarium	-	2,100
Professional Services	1,303,479	323,494
Overtime	3,177	25,382
Residential Rental Allowance	31,500	5,050
NASSCORP-Employer's Contribution	-	8,393
LRA Provident Fund	349,643	-
Incapacity, Death Benefits & Funeral Expenses	-	1,756
Total	<u>16,015,628</u>	<u>6,784,178</u>

6. Goods and Services

Description	FY 15/16 US\$	FY 14/15 US\$
Travel (Domestic & Foreign)	397,669	202,761
Utilities	416,380	80,644
Rental & Lease	746,704	737,688
Repair & Maintenance	344,394	184,238
Operational Expenses	2,533,161	1,637,959
Total	<u>4,437,407</u>	<u>2,843,290</u>



7. Consumption of Fixed Capital

Description	FY 15/16 US\$	FY 14/15 US\$
Transport Equipment	736,653	418,330.00
Miscellaneous Office Equipment	-	33,130.00
Machinery & Other Equipment	305,522	
Security Equipment	-	-
Furniture & Fixture	114,486	626,127.00
ICT Infrastructure	114,986	865,860.00
Other Fixed Assets	9,228	-
Total	<u>1,280,875</u>	<u>1,943,447</u>

8. Special Project

Description	FY 15/16 US\$	FY 14/15 US\$
Real Estate Block Mapping Project	219,797	-
Total	<u>219,797</u>	<u>-</u>

9. Cash Balance at the End of the Fiscal Year

Description	FY 15/16 US\$	FY 14/15 US\$
Ecobank-USD	601,144	574,866
Ecobank-LRD	919,434	4,927,150
Petty Cash Balance	15,000	15,000
Total	<u>1,535,578</u>	<u>5,517,016</u>

10. Summary of Receipts and Payments (Including Third Party Payments)

Description	FY 15/16 US\$	Percentage %
Total Receipts	17,972,268	100%
Total Payments	21,953,706	122%
Net Cash Flow	<u>(3,981,438)</u>	<u>-22%</u>



11. Liabilities

Commitments	FY 15/16	FY 14/15
	US\$	US\$
Provident Fund (Employer's)	26,422	-
Provident Fund (Employees')	26,422	-
NASSCORP (Employer's)	592,088	276,195
NASSCORP (Employees')	95,718	174,439
Income Tax Payable on Employees' Salary	-	134,843
Income Tax Payable on Contractors' Salary	-	15,675
Income Tax Payable on Education Allowance	-	41,184
Income Tax Payable on Professional Serv.-10%	-	1,835
Withholding Taxes Payable-4%	-	1,661
Withholding Taxes Payable-2%	-	2,514
Withholding Taxes Payable on Petroleum-1%	-	131
Total	<u>740,650</u>	<u>648,477</u>

12. Payments by Third Parties

Description	FY 15/16	FY 14/15
	US\$	US\$
BIVAC	232,764	-
APM Terminals	92,456	364,930
IPFMRP	873,470	2,459,645
Total	<u>1,198,690</u>	<u>2,824,575</u>



APPENDIX

1. Outstanding Commitments as at June 30, 2016

COMMITMENTS AS AT JUNE 30, 2016

No.	Goods and Services	
1	Foreign Means of Travel	15,818
2	Domestic Means of Travel	4,750
3	Telecommunication, Etc	73,173
4	Office Rental & Leases	15,600
5	Other Rental & Leases	3,880
6	Fuel & Lub-Utility Vehicles	244,636
7	Fuel & Lub-Utility Bikes	18,818
8	Fuel & Lub-Generators	112,909
9	Repair & Maint.-Civil	15,661
10	Repair & Maint.-Vehicles	62,793
11	Repair & Maint-Generators	1,668
12	Repair & Maint.-Off Equip	4,640
13	Cleaning Materials & Services	6,877
14	Stationery & Office Supplies	1,950
15	Printing & Publication	131,393
16	Uniforms & Spealized Clothing	60,000
17	Other Specialized Mat. & Services	8,700
18	Board Fees & Management	1,138
19	Local Training	35,284
20	Tax Education	47,328
21	Entertainment, Rep & Gifts	2,318
22	Operational Expense/Petty Cash	3,838
23	Guard & Security Services	18,330
24	Legal Retainer Fees	3,000
25	Revenue Enforcement	1,206,000
Sub Total		<u>2,100,502</u>
No.	Capital Expenditure	
1	Machinery & Other Equipment	1,325
2	ICT Infrastructure	12,425
3	Furniture	40,595
4	Other Fixed Assets	184,000
Sub Total		<u>238,345</u>
Grand Total Commitment		<u><u>2,338,847</u></u>

