

PRESS STATEMENT FOR THE COMMENCEMENT OF THE INDEPENDENT AUDIT OF THE GOVERNMENT OF LIBERIA DOMESTIC DEBT – FRIDAY, DECEMBER 10, 2021 BY THE AUDITOR GENERAL OF LIBERIA, HON. P. GARSWA JACKSON, SR.



Auditor General, Hon. P. Garswa Jackson, Sr

INTRODUCTION

Distinguished members of media, the General Auditing Commission is conducting an independent audit of the Government of Liberia domestic debt. The audit is being sponsored by the **African Development Bank** and its development partners based on negotiations with the Government of Liberia relative to the importance of this exercise.

THE BACKGROUND & PURPOSE OF THE AUDIT

The Government of Liberia (GoL) through the Ministry of Finance in 2008 commissioned a study to verify the authenticity of claims submitted and reached a conclusive recommendation whether to accept or reject those claims. KPMG (Ghana) was contracted to conduct a comprehensive audit on all vendor claims and other domestic debts that were accumulated during the period between January 1982 and October 2003 and arrears incurred on these debts from October 2003 to January 2006. KPMG (Ghana) at the end of its exercise, classified the claims it vetted as either “Valid, Invalid or Contestable.” Some of the valid claims have been settled. However, currently, there is no comprehensive database to indicate whether or not a claim has been fully settled.

As at August 27, 2020, the Ministry of Finance and Development Planning (MFDP) through the Debt Management Unit (DMU) has received vendor claims and arrears in the amount of **US\$124,014,000.00 (United States Dollars One Hundred Twenty-four Million**

Fourteen Thousand) and **L\$11,049,000.00 (Liberian Dollars Eleven Million Forty-nine Thousand)**. These recorded claims as well as those outstanding in the KPMG audit report need to be further validated and negotiated in order to devise a realistic settlement plan.

In order to provide independent evidence to the GoL on the validity of claims, and to finalize the validation of GoL's domestic debts and arrears, the MFDP has decided another round of verification of the authenticity of claims submitted between 1980 and 2021 to obtain a recommendation on the validity of all claims within this period.

For the Government to reach a conclusion on the validity of claims, domestic debts and arrears, the Government of Liberia through the Ministry of Finance and Development Planning in collaboration with the African Development Bank has engaged the services of the General Auditing Commission (GAC) to verify the authenticity of claims submitted between 1980 and 2021. The GAC is also expected to provide recommendations on the validity of each individual claim, domestic debt and arrears which will enable the proper development of a comprehensive database (Commonwealth Meridian System) of domestic debt management system at the Debt Management Unit.

THE OBJECTIVES OF THE DOMESTIC DEBT AUDIT

There are Three (3) major objectives of the GoL Domestic Debts Audit:

- To assess the adequacy and effectiveness of controls over the GoL domestic debt portfolio and debt management strategy (ies)
- To assess and evaluate documentation supporting domestic debt claims and payments to vendors and
- To conclude all domestic debts submitted between 1980 to 2021 which will serve as a basis for the development of the comprehensive database (Commonwealth Meridian System) for domestic debts management system at the DMU/MFDP.

The General Auditing Commission therefore invites the public to submit all documentation representing potential claims in hard copies to the Office of the Auditor General or in soft copies to domesticdebitaudit@gac.gov.lr. Potential claims can be submitted from Monday, December 13, 2021 to Saturday, February 26, 2022. Documentation of claims submitted at the Debt Management Unit which is a part of the current database do not need to resubmitted, unless otherwise stated.

DELIVERABLES & TIMELINES OF THE AUDIT

The GAC will submit its report to the National Legislature with a copy to the President and other stakeholders in keeping with our mandate as provided under Section 4.2 of the

GAC Act of 2014. The audit commenced on October 27, 2021 and is expected to be concluded on April 29, 2022 with the issuance of the Auditor General's report.

CONCLUSION

The ultimate deliverables of the domestic debt audit are to establish a final draft "validated" database of domestic debts and to recommend a set of standardized policies and qualification criteria for subsequent claims qualifying as domestic debts. The achievements of these goals will aid the Government plan, budget for and liquidate valid debts while it mitigates the accumulation and disbursement of invalid claims.

The GAC recognizes the significance of the GoL Domestic Debt Audit, as prudent debt management is cardinal for economic growth and domestic debt constitutes about Eleven percent (11%) of the national budget. We also appreciate the enormity of resources committed to this exercise and the importance and urgency the African Development Bank and the Government of Liberia have attached to this project. We are committed to play our part to ensure that we provide reasonable assurance over the validity and authenticity of claims submitted between 1980 and 2021, as well as providing prudent recommendations for debt management going forward. **Thank you!**