



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**ON THE FINANCIAL STATEMENT AUDIT OF
THE IMPROVING RESULTS IN SECONDARY
EDUCATION PROJECT (IRISE)**

**FOR THE PERIOD JULY 1, 2021 TO JUNE
30, 2021**

DECEMBER 2021

**P. GARSWA JACKSON SR., ACCA, CFIP, CFC
Auditor General, R. L.**

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December 31, 2021

Prof. D. Ansu Sonii, Sr.

Minister of Education

Improving Results for Secondary Education Project
Ministerial Complex
Ministry of Education

Monrovia, Liberia

Dear Hon. Sonii:

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF IMPROVING RESULTS FOR SECONDARY EDUCATION PROJECT (IRISE) FOR THE FISCAL PERIOD ENDED JUNE 30, 2021

Opinion

We have audited the accompanying financial statements of the Improving Results for Secondary Education Project Financial Statements (IRISE) for the fiscal period ended June 30, 2021, which comprise Receipts and Payments, Statement of Comparison of Budget and Actual Amounts and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Statements (IRISE: P164932: Grant No. IDA D5030) present fairly in all material respects, the Statement of Receipts and Payments as at June 30, 2021, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and other explanatory notes for the fiscal period then ended in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.

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 entity 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 in accordance with the World Bank guideline and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS Cash Basis, 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. In preparing the financial statements, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. The IRISE Management is responsible for overseeing the Project's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

Monrovia, Liberia

December 2021

**STATEMENT OF RECEIPTS AND PAYMENTS
 FOR THE PERIOD ENDED JUNE 30, 2021**

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<i>In United States Dollars</i>	Notes	2021 June	2020 June	Cumulative
Receipt				
IDA Grant	4	6,046,565	636,500	6,683,065
Toptal Receipt		6,046,565	636,500	6,683,065
Payment				
Improving access and learning environment at the senior secondary level	5	-	-	-
Increasing opportunities for girls to transition to and complete senior secondary education	6	-	-	-
Improving quality and relevance of senior secondary education	7	1,000,000	-	1,000,000
Capacity building, TA, project coordination, and M&E	8	746,366	125,675	872,041
Contingency	9	1,406,528	-	-
Total Payments		3,152,894	125,675	1,872,041
Excess of receipts over payments (payments over receipts)		2,893,671	510,825	4,811,025
Fund Balance as at beginning		510,825	-	-
Cummulative fund balance		3,404,496	510,825	4,811,025

The notes on page 8 to 15 are integral parts of these reports

**STATEMENT OF FUND BALANCE AND CASH STATUS
 FOR THE PERIOD ENDED JUNE 30, 2021**

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<i>In United States Dollars</i>	Notes	2021	June	2020 June
A Fund Balance				
Balance of Project Fund		510,825		-
Add: Total Receipts during the period		6,046,565		636,500
Total Fund available for operations		6,557,391		636,500
Less: Total Payments during the period		<u>3,152,894</u>		<u>125,675</u>
Balance of project fund at the end of the year		3,404,496		510,825
B Cash Status:				
Cash at Bank		3,404,496		510,825
Total Cash on hand and in bank		<u>3,404,496</u>		<u>510,825</u>
Difference between A and B		<u>-</u>		<u>-</u>

The notes on page 8 to 15 are integral parts of these reports

Variance Explanation can be found on Notes 12

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021


Activities Within Components	Note	Project	Annual	Actual	Variance	% of Variance
		Allocation US\$	US\$	Expenditure US\$	US\$	
Improving access and learning environment at the senior secondary level		14,400,000	0.00	0.00	0.00	0.00
Increasing opportunities for girls to transition to and complete senior secondary education	12	5,000,000	1,000,000	0.00	1,000,000	100.00
Improving quality and relevance of senior secondary education	12	19,000,000	7,500,000	1,000,000	6,500,000	86.67
Capacity building, TA, project coordination, and M&E	12	7,100,000	1,118,047	746,366	371,681	33.24
Covid 19 Emergency Response		1,500,000	1,500,000	1,406,528	93,472	6.23
Total		47,000,000	11,118,047	3,152,894	7,965,153	

The notes on page 8 to 15 are integral parts of these reports

**STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2021**

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<i>In United States Dollars</i>	Notes	2021 June	2020 June
Assets			
Cash and cash equivalent		3,404,496	510,825
Total Assets		<u>3,404,496</u>	<u>510,825</u>
Fund Balance			
Grants		3,404,496	510,825
Accumulated Fund Balance		<u>3,404,496</u>	<u>510,825</u>



 Papin Daniels, Jr
**Director, Donor Financed Projects
 PFMU. MFD**



 Abraham Kiazolu
**Project Coordinator - IRISE
 MOE**

The notes on page 8 to 15 are integral parts of these reports

NOTES TO FINANCIAL STATEMENTS

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1. Background and Information of the Project

With support from the World Bank; the Improving Results in Secondary Education-project is geared towards improving equitable access to, and quality of, senior secondary education. The IRISE project was approved by the World Bank on July 2, 2019 with a grant amount of USD 47.00 Million and it became effective on October 15, 2019. The aim of the project is

- i. To improve access and learning environment at the senior secondary level;
- ii. Increasing opportunities for girls to transition and complete senior secondary education;
- iii. Improving quality and relevance of senior secondary education;
- iv. Capacity building, technical assistance, project coordination and monitoring and evaluation;
- v. Contingent emergency response.

2. Use of Grant Proceeds

The table below sets out the categories of items to be financed out of the grant proceeds, the allocation of the amounts of the grant to each category and the percentage of expenditures for items to be financed in each category:

Category	Amount of grant allocated expressed in US\$	% of expenditure to be financed
GD, CS, TR, OC Part 1 & 4 excluding Part 1C etc	16,433,024	100
Eligible Expenditure Programs Part 2 & 3	24,050,432	100
School Grants Part 1CI of the project	354,160	100
School Grants Part 1CII of the project	6,162,384	100
Total	47,000,000 =====	

All categories of expenditure shown in these financial statements are fully financed based on the percentage below:

	% of Expenditure
IDA	100
Total	100 =====

NOTES TO FINANCIAL STATEMENTS *(continued)*

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3. Significant Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS) as adopted by the Government of Liberia and in the manner required by the Project Grant Agreement as required by the World Bank's Operating Policies and Procedures and PFMU's Financial Management manual.

Reporting currency

Financial reports have been presented in United States Dollars. Transactions denominated in other currencies are translated into United States Dollars and recorded at the rate of exchange ruling at the date of transactions. Balances denominated in other currencies are translated into United States Dollars at the rate of exchange prevailing on the reporting date.

Grant Receipts

Grant from donors for the IRISE project is recognized and reported in the Statement of Receipt and Payment as income when received and held in a bank account called designated income account for disbursement purposes. All payments for the IRISE project and activities are made from the designated account.

Cash and bank balances

Cash consist of cash in hand and balance at bank.

Recognition of expenditure

All expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the World Bank.

Tax

The project is 100 percent inclusive of tax. Taxes are withheld on consultants and vendors.

Auditor General's Report On the Financial Statements Audit of the
 Improving Results in Secondary Education Project (IRISE)
 For the Period Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

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<i>In United States Dollars</i>	2021 June	2020 June	Cummulative
4 Grant Receipt			
TF Credit	4,834,252	636,500	5,470,752
Direct Payment			
TF Credit	<u>1,212,313</u>	<u>-</u>	<u>1,212,313</u>
	<u>6,046,565</u>	<u>636,500</u>	<u>6,683,065</u>
5 Improving access and learning environment at the senior secondary level			
Improving access to Senior Secondary Education	-	-	-
School improvement grants	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
6 Increasing opportunities for girls to transition to and complete senior secondary education			
Scholarships for girls in counties with lowest transition rates	-	-	-
Supporting safer learning environments in senior secondary schools for girls	-	-	-
Promoting community engagement	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
7 Improving quality and relevance of senior secondary education			
Improving quality of teaching senior secondary education	500,000	-	500,000
Availing textbooks and teaching / learning materials	-	-	-
Developing digital skills and competencies	-	-	-
Subcomponent 3.2 Providing teaching and learning materials for senior secondary schools	500,000	-	500,000
Subcomponent 3.3 Providing opportunities for acquisition of digital skills and competencies	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
8 Capacity building, TA, project coordination, and M&E			
Project coordination, management and monitoring	605,093	74,069	679,162
TA for Components 2-3 delivery	84,268	-	84,268
PFMU fee	45,105	45,105	90,210
Audit	5,400	-	5,400
PPA Activities	-	-	-
Independence Verification Agency	<u>6,500</u>	<u>6,500</u>	<u>13,000</u>
	<u>746,366</u>	<u>125,675</u>	<u>872,041</u>
9 Contingency	1,406,528	1,406,528	1,406,528

NOTES TO THE FINANCIAL STATEMENTS (continued)

<i>In United States Dollars</i>	2021 June	2020 June	Cummulative
10 Cash receipts through grant and other Sources			
IDA grant	6,046,565	636,500	6,683,065
11 Cash paid			
Improving access and learning environment at the senior secondary level	-	-	-
Increasing opportunities for girls to transition to and complete senior secondary education	-	-	-
Improving quality and relevance of senior secondary education	1,000,000	-	1,000,000
Capacity building, TA, project coordination, and M&E	746,366	125,675	872,041
Contingency	1,406,528	-	-
Total Payments	<u>3,152,894</u>	<u>125,675</u>	<u>1,872,041</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10

<i>In United States Dollars</i>		2021 June	2020 June	Cumulative
4	Grant Receipt			
	TF Credit	4,834,252	636,500	5,470,752
	Direct Payment			
	TF Credit	1,212,313	-	1,212,313
		6,046,565	636,500	6,683,065
5	Improving access and learning environment at the senior secondary level			
	Improving access to Senior Secondary Education	-	-	-
	School improvement grants	-	-	-
		-	-	-
6	Increasing opportunities for girls to transition to and complete senior secondary education			
	Scholarships for girls in counties with lowest transition rates	-	-	-
	Supporting safer learning environments in senior secondary schools for girls	-	-	-
	Promoting community engagement	-	-	-
		-	-	-
7	Improving quality and relevance of senior secondary education			
	Improving quality of teaching senior secondary education	500,000	-	500,000
	Availing textbooks and teaching / learning materials	-	-	-
	Developing digital skills and competencies	-	-	-
	Subcomponent 3.2 Providing teaching and learning materials for senior secondary schools	500,000	-	500,000
	Subcomponent 3.3 Providing opportunities for acquisition of digital skills and competencies	-	-	-
		1,000,000	-	1,000,000

8	Capacity building, TA, project coordination, and M&E			
	Project coordination, management and monitoring	605,093	74,069	679,162
	TA for Components 2-3 delivery			
		84,268	-	84,268
	PFMU fee	45,105	45,105	90,210
	Audit			
		5,400	-	5,400
	PPA Activities			
		-	-	-
	Independence Verification Agency	6,500		13,000
			6,500	
		746,366	125,675	872,041
9	Contingency	1,406,528	1,406,528	1,406,528
10	Cash receipts through grant and other Sources			
	IDA grant	6,046,565	636,500	6,683,065
11	Cash paid			
	Improving access and learning environment at the senior secondary level	-	-	-
	Increasing opportunities for girls to transition to and complete senior secondary education	-	-	-
	Improving quality and relevance of senior secondary education	1,000,000	-	1,000,000
	Capacity building, TA, project coordination, and M&E	746,366	125,675	872,041
	Contingency			-
		1,406,528	-	-
	Total Payments	3,152,894	125,675	1,872,041

12 Variance Explanation

- Subcomponent 1.1 is about construction of three new senior secondary schools while **subcomponent 1.2** is school improvement grant for 156 existing public senior secondary schools. The variance under **subcomponent 1.1** is mainly due to the fact that no construction contracts have been awarded to firms for the commencement of civil works. Once contracts are awarded and civil works commenced, actual expenditure under this subcomponent will be high. The design drawings and bill of quantities (BoQ) as well as environmental and social safeguards screening forms have been completed for each of the three sites and submitted to the World Bank in the first quarter of this year for review and no objection. These are preconditions that must be satisfied before the construction can commence under the subcomponent.

- Under **subcomponent 1.2** as required under the project, the grant management guidelines has to be developed and approved by the World Bank. Secondly, the School Management Committee for each of the 156 schools had to be trained in the use of the Grant Guidelines (Manual), develop a School Improvement Plan (SIP) that is reviewed and approved by the Senior Management Team of MOE followed by the signing of grant agreement between the MoE and each school, and the opening of a designated bank account for each for the grant implementation before transfer of the first tranche of funds to the individual schools can take place. All of these activities continued up to the end of the Project Year 2 (June 30, 2021) which could not allow the first tranche of funds to be transferred as scheduled in the budget; hence, the reason for the variance. The actual transfer of first tranche (50%) of the grant to the schools took place in the first quarter of Project Year 3 (July – September, 2021).
- Disbursement under this component in the Project follows results-based financing where disbursement-linked indicators (DLIs) are set as targets to be achieved by the MoE and reported for verification and validation by the Independent Verification Agency (IVA) and the World Bank respectively. Two such targets which constituted the annual budget for the period were achieved within the period and reported to the IVA in May 2021. However, the process of verifying and confirming the achievement of the targets went beyond the cut-off period. As such, the disbursement did not take place in the period as planned. Please see attached copies of request for verification sent to the IVA.
- Like the component above, this component disbursement is also driven by the achievement DLIs. All the targets set within the annual workplan (AWP) and budget for the period under review were achieved within the period except two (DLIs 2.1 and 5.1) which sum up to the total US\$ value of US\$1 million; hence, the reason for the variance. Other DLIs targets such as DLIs 4.1, 4.2 and 6.1 summing up to a total monetary value of US\$5 million were implemented and reported by MoE to the IVA within the period but the process of verification and validation of their achievements has not been concluded.
- There are two major reasons for the variance experience under this component. First, the procurement processes for the hiring of few Technical Assistants expected within the period to assist the MoE with key project activities such as construction supervision, feedback-based CPD for in-service teachers etc. were not completed within the timeframe as planned. Second, the capacity building program for the staff of EMIS, upgrading of the data collection and analysis tool and the conduct of the school census for AY 2020/2021 by the MoE were expected to take place within the period under review but did not happen as planned due to delays from other preceding activities.
- The variance under this component can be explained by cost savings from some activities during actual implementation of the component, and the fact that a number of schools targeted for the health kits distribution exercise were not reachable at the time of the exercise.

NOTES TO THE FINANCIAL STATEMENTS (continued)
PROJECT DESIGNATED ACCOUNT STATEMENT

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Account Number: 001USD21322308402
Account Type: Current Account
Depository Bank (s): LBDI
Address: 9th Street, Sinkor
 Monrovia, Liberia

Currency: United States Dollar

	2021 June	2020 June
Total Grant Received	6,046,565	636,500
Total grant income reported	6,046,565	636,500
Amount spent	3,152,894	125,675
Balance as at beginning	510,825	-
Balance as at June 30, 2021	3,404,496	510,825
Closing Balance Consist of:		
Petty Cash	-	-
PPA Account	140	140
OPER A/C LBDI	3,404,356	509,685
	3,404,496	509,825