



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**ON THE FINANCIAL STATEMENT
AUDIT OF THE LIBERIA
ACCELERATED ELECTRICITY
EXPANSION PROJECT –
ADDITIONAL FINANCING (LACEEP-
AF) IDA 56800**

**FOR THE FISCAL YEAR JULY 1, 2020-
JUNE 30, 2021**

DECEMBER 2021

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



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ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
AFP	Audit Focal Person
AG	Auditor General
CA	Credit Agreement
COSO	Committee of Sponsoring Organization
CPA	Certified Public Accountant
DMA	Deputy Minister for Administration
FSs	Financial Statements
GAC	General Auditing Commission
GOL	Government of Liberia
IBRD	International Bank for Reconstruction And Development
IDA	International Development Association
IFRs	Interim Financial Reports
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Auditing
ISSAI	International Standards of Supreme Audit Institutions
LACEEP-AF	Liberia Accelerated Electricity Expansion Project – Additional Financing
PA	Payment Advice
PAD	Project Appraisal Document
PFM	Public Financial Management
PIM	Project Implementation Manual
PMT	Project Management Team
TOR	Term of Reference
WB	World Bank

Republic of Liberia



December 30, 2021

Mr. Paschal Buckley
Chief Executive Officer
(CEO) Liberia Electricity
Corporation (LEC)
Monrovia, Liberia

Dear Mr. Buckley:

RE: ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA ACCELERATED ELECTRICITY EXPANSION PROJECT – ADDITIONAL FINANCING (LACEEP -ADDITIONAL FINANCING).

Opinion

We have audited the financial statements (IDA 56800) of Liberia Accelerated Electricity Expansion Project-Additional Financing (LACEEP-AF) for the year ended June 30, 2021. These financial statements comprise the Statement of Cash Receipts and Payments, Statements of Comparison of Budget and Actual amounts for the fiscal year then ended and summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Statements of LACEEP-Additional Financing (IDA 56800) 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 LACEEP-Additional Financing 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 RESPONSIBILITIES

The Financial Statements as set out on pages 6 to 7 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 Accelerated Electricity Expansion Project- Additional Financing. (LACEEP-AF)

Under the provisions of the same Act, I am required to prepare financial statements of the Liberia Accelerated Electricity Expansion Project- Additional Financing to be submitted to the president, Minister of Finance and Development Planning and the General Auditing Commission, two months after the end of the financial year to which it relates. However, I have delegated the preparation of the financial statements to the chief financial officer for my transmittal to the Auditor General, 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 Liberia Accelerated Electricity Expansion Project- Additional Financing 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.



Philip Jacques

Acting Chief Financial Officer (CEO)

Date: 31-12-21

OVERVIEW OF LACEEP-AF

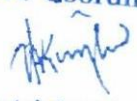
The Liberia Accelerated Electricity Expansion Project – Additional Financing (LACEEP-AF), aims to enhance the impact of LACEEP by scaling up activities to increase the number of connections of residential and commercial customers, while strengthening the institutional capacity of LEC. The need for LACEEP-AF became more relevant as a result of the massive slowdown in economic activities due to the Ebola Virus Disease (EVD).

LACEEP-AF complements activities under the original LACEEP. This will be achieved by scaling up activities under Component 1 (Transmission & Distribution) and Component 3 (Strengthening the institutional capacity of the electricity sector). This will ensure that the increase in generation capacity that comes online in the coming years will translate into increased and improved electricity services in Greater Monrovia and in the Bomi and Grand Cape Mount Counties. The expansion of the transmission and distribution networks also supports the Government of Liberia in dealing effectively with the aftermath of the Ebola crisis. With the proposed additional funding (AF), total financing for LACEEP would amount to US\$95 million equivalent.

The AF will support the expansion of the coverage area to major socio-economic zones within the Greater Monrovia North-West, and in the Bomi and Grand Cape Mount Counties. The AF will have a positive impact on the livelihood of the people of these communities by connecting households as well as key economic and social service facilities to the national electricity grid.

The Greater Monrovia-North West, which will mostly be supplied from the Gardnerville and Stockton Creek Substations, will provide power to various commercial and industrial customers, as well as health centers and schools. On the outskirts of Monrovia where the Virginia Substation will be located, the project will achieve the connections of AME Zion University, Stella Maris Polytechnic, and boarding schools such as Ricks Institute and Lott Carey.

The Bomi-Grand Cape Mount Corridor covers areas of significant economic potential in two counties (Bomi and Grand Cape Mount Counties). Activities in these areas that will benefit from access to electricity include fishing, tourism, palm oil plantation, as well as education and health services.



PCMU Coordinator
Liberia Electricity Corporation

Henry Kimber
Project Coordinator (LACEEP-AF)/LEC

Date: 12/31/21



Philip Jacques
Chief Financial Officer (LACEEP-AF)/LEC

Date: 31-12-21

**LIBERIA ACCELERATED ELECTRICITY EXPANSION PROJECT –ADDITIONAL
FINANCING (LACEEP-AF)
STATEMENTS OF CASH RECEIPTS AND PAYMENT
FOR THE PERIOD ENDED JUNE 30, 2021**

Account	NOTES	FY 2020-2021 DESIGNATED ACCOUNT USD	FY 2019-2020 DESIGNATED ACCOUNT USD
<i>Receipts</i>			
World bank ID Credit	2	846,281.16	938,174.24
Total Receipts		846,281.16	938,174.24
 <i>Payments</i>			
Consultancy	3	473,416.93	834,899.15
Trainings		-	-
Fixed Assets		-	-
Works*	4	-	-
Operations cost	5	374,295.52	88,234.41
Total EXP		847,712.45	923,133.56
Net Increase/Decrease		(1,431.29)	15,040.70
Cash at Beginning of the Year	6	20,222.89	5,182.19
Cash end of year June 30, 2021	6	18,791.60	20,222.89

The notes on page 11 to 14 are integral part of these financial statements

**LIBERIA ACCELERATED ELECTRICITY EXPANSION PROJECT –ADDITIONAL FINANCING
(LACEEP-AF)
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE PERIOD ENDED JUNE 30, 2021**

	Note	Final Budget	Actual	Budget Variance	% Variance
Cash Inflows					
IDA World Bank Funds	7	15,938,205.73	6,832,578.15	9,105,627.58	57%
Balance brought forward		20,222.89	20,222.89	0.00	-
Total Receipts		15,958,248.62	6,852,801.04	9,105,627.58	57%
Cash Outflows					
Extension of Electricity Transmission & Distribution Systems	7	8,982,102.63	4,363,334.37	4,618,768.36	51%
Electrification of the Monrovia-Bomi-Cape Mount Corridor	7	3,518,212.33	1,506,906.22	2,011,306.11	57%
P1rogram management including Audit and Supervision		874,936.80	847,712.45	27,224.35	3%
Support for the strengthening of LEC's commercial capacity	7	2,562,953.98	116,056.50	2,446,897.48	95%
Total Expenditure		15,938,205.73	6,834,009.44	9,104,196.29	57%
NET CASH FLOWS		-	18,791.60-	1,431.29	

**Actual amounts include third party (direct) settlements*

The notes on page 11 to 14 are integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. General Information and Accounting Policies

The principal address of the reporting entity: Liberia Electricity Corporation (LEC)
Water Street, Monrovia, Liberia, with project offices situated at its in Bushrod Island Compound in
Duala

Liberia Electricity Corporation (LEC) was established by an Act of Liberia National Legislature on July 12, 1973 as a Public Corporation solely owned by the Government of Liberia (GoL) with a mandate to produce and supply affordable and reliable electric power to the entire nation.

(a) 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 International Public Sector Accounting Standard (IPSAS) Cash Basis.

(b) Reporting Entity

The financial statements are for the Liberia Electricity Corporation (LEC) - Liberia Accelerated Electricity Expansion Project – Additional Financing (LACEEP- AF)

(c) Reporting Currency and Translation of Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Translation of Transactions in Foreign Currency

Foreign currency transactions are translated into United States Dollar using the exchange rates circulated by the Central Bank of Liberia (CBL).

(d) Reporting Period

The reporting period for these financial statements is July1, 2020 to June 30, 2021.

(e) Payment by external third parties

There were payments by the World Bank (WB) directly to Contractors during the period totaling **US\$5,986,296.99:**

Contractor	2020/2021	2019/2020
	US\$	US\$
MBH Power PVT Ltd	2,141,017.22	2,950,997.40
MBH Power Ltd	2,222,317.05	2,385,554.45
Wilkins Engineering	1,506,906.22	1,312,261.92
Indra	116,056.50	3,138072.65
	<u>5,986,296.99</u>	<u>9,786,886.42</u>

2. World Bank-IDA Credit **FY2020/2021** **FY2019/2020**

IDA Replenishment DIRECT

Receipts	846,281.16	938,174.26
	<u>846,281.16</u>	<u>938,174.26</u>

3. Consultancy

	FY 2020 /2021	FY2019/2020
International	195,150.95	479,927.56
Local	278,265.98	354,973.42
Total	<u>473,416.93</u>	<u>834,899.15</u>

Training

	FY 2020 /2021	FY 2019/2020
	US\$	US\$
Capacity building-Project staff	-	-
DSA, hotel & accommodation	-	-
Air fare, vehicle, etc.	-	-
Total	<u>-</u>	<u>-</u>

4. Works*

	FY 2020 /2021	FY 2019/2020
	US\$	US\$
MBH Power PVT LTD	2,141,017.22	2,950,997.40
MBH Power LTD	2,222,317.05	2385,554.45
Wilkins	1,312,261.92	1,506,906.22
Lutech	-	-
Total	<u>5,870,240.49</u>	<u>6,648,813.77</u>

5. Operation cost	FY 2020/2021	FY2019/2020
		US\$
Travelling & transport	13,879.19	-
Fuel and Lubricant	10,088.62	13,370.36
Repairs & Maintenance	9,713.20	12,395.00
Bank Service charge	11,290.51	5,971.71
Communications & internet	5,905.00	21,296.62
Project Management	<u>323,419.00</u>	<u>35,200.72</u>
Total	<u>374,295.52</u>	<u>88,234.41</u>

6. Bank and Cash Balance	FY 2020/2021	FY2019/2020
	US\$	US\$
Opening Cash and Bank Balances	20,222.89	5,182.19
Closing Cash and Bank Balances	<u>18,791.60</u>	<u>20,222.89</u>

7. Budget Variance Explanations

The budget performance achieved less than 50% of the planned disbursements for the fiscal year 2020/2021. Our overall planned spending was us\$ 15,938,205.73 with actual result of US\$6,834,009.44 representing 43% beyond the general OVID-19 that seriously affected physical work due to contractor's major staff testing positive and LEC staff testing positive, there are some attributable reasons for the under achievement of the project.

Bomi-Cape Mount Corridor

There was a prolonged disagreement between LEC and the WB over a proposed changed order to allow the contractor to ship the already matured poles by Shenzhen Farad from south Africa. This prolonged decision cause delay in the progress of the work in that segment of the project

Fatal Accident -Transmission Line

There was an accident that resulted in the death of a resident in the project arrear. This cause considerable delay in the segment of the project

General expectation of the Contract

At the time of preparing the budget, one year before implementation, the general expectation was that contract for distribution, transmission and substations were expected to be fully disbursed including their 10% retention disbursements. These contracts were ending April 2021 and that full disbursements including retention were to be done by June 2021. These realistic expectations that informed the budget figures were not achieved; thus, leading to the budget variances reported in the financial statements.

8. Additional Disclosure

Cash/Bank Account Details	Notes	As at 30 June 2021 US\$	As at 30 June 2020 US\$
ASSET EMPLOYED			
Current Assets			
Cash and Bank Balances	6	18,791.60	20,222.89
Fund Balances funded by Accumulated Fund IDA		<u>18,791.60</u>	<u>20,222.89</u>

****Amounts in notes and schedule include third party (direct) payments***