



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**ON THE FINANCIAL STATEMENT
AUDIT OF LIBERIA ACCELERATED
ELECTRICITY EXPANSION PROJECT-
ORIGINAL (LACEEP- ORIGINAL) IDA.
52520**



**FOR THE PERIOD JULY 1, 2020-JUNE
30, 2021**

DECEMBER 2021

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

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

December 30, 2021

Dear Mr. Buckley:

RE: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA ACCELERATED ELECTRICITY EXPANSION PROJECT-ORIGINAL (LACEEP-ORIGINAL) FOR THE PERIOD ENDED JUNE 30, 2021.

Opinion

We have audited the financial statements of Liberia Accelerated Electricity Expansion Project (LACEEP-ORIGINAL) for the year ended June 30, 2021. These financial statements comprise the Statement of Cash Receipts and Payments, Statement 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-ORIGINAL (IDA 52520) 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- Original 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

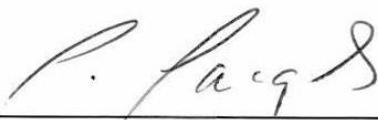
The Financial Statements as set out on pages 6 to 10 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), adopted by the Government of Liberia.

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 CLSG.

Under the provisions of the same Act, I am required to prepare financial statements of the LACEEP-Original to be submitted to the President, Minister of Finance and Development Planning and the Auditor General 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 Chief Financial Officer 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 Account of the CLSG 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

PROJECT OVERVIEW

The Liberia Accelerated Electricity Expansion Project (LACEEP) focuses on the government's plan to expand electricity services to cover 70% of Monrovia and 35% nationwide by 2030, as indicated in the Liberia Energy Access Plan. LACEEP is made up of three main components.

The first component supports the expansion of the transmission and distribution grid. The second component seeks to create some of the conditions to shift from diesel to HFO-based thermal generation needed for the country to effectively benefit from the price differential of the two fuels on the international market.

The third component focuses on the strengthening of the institutional capacity within the government to lead the development of the electricity sector.

Component 1: Extension of Electricity Transmission and Distribution Systems (estimated cost: US\$ 20 million)

This sub-component will provide access to electricity to about 10,300 new users located not only in Monrovia but also outside of the capital, along the corridor to the town of Kakata. In addition, the transmission line along the corridor will have the capacity to connect around other 6,000 new consumers if additional financing becomes available. The new customers directly financed under the project will represent a diverse mix of residential users (from low to higher income), small business, institutional consumers, and a few agro-industrial customers. Connecting 7 businesses and institutions, whose demand is larger than that of residential users, will contribute to improving LECs financial performance.

Sub-component 1-A. Extension of the transmission and distribution system to Kakata,

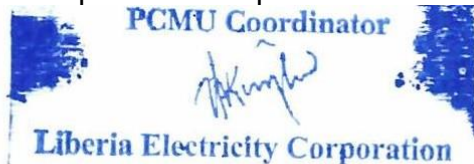
The sub-component financed: (i) the construction of a 66 kV transmission line between the Paynesville substation in Monrovia and the town of Kakata; (ii) the construction of a 66/22 kV substation in Kakata; and (iii) the construction of both 22 kV and low-voltage distribution lines, including the connections to new consumers along the Monrovia-Kakata corridor and in the town of Kakata.

Sub-component 1-B. Extension of the distribution system in Monrovia

This subcomponent financed the extension of electricity services within the service area of the management contractor. This will include the infrastructure for distribution lines from Paynesville and its surroundings in about nine communities, as well as the connection of 40 to 50 large customers in various parts of the city.

Sub-component 1-C. Technical assistance to support the implementation of the component

This includes the detailed design, safeguard documents, and other preparatory consultancies for the transmission and distribution investments. This also includes the hiring of consultants with financial and procurement expertise to strengthen the project management team in LEC. Finally, the sub-component financed the preparation of a transition plan for LEC at the end of the management contract in 2016 and transition arrangements including contracting selected experts for the remaining project implementation period.



Henry Kimber
Project Coordinator (LACEEP-ORG)/LEC

A handwritten signature in black ink.

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

Date: 12/31/21

Date: 31-12-21

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

Receipts	Notes	FY 2020/2021	FY 2019/2020
IDA	2	259,049.44	778,362.67
Total Receipts		<u>259,049.44</u>	<u>778,362.67</u>
 Payments			
Consultancy Training	3	180,301.75	26,246.86
Fixed Assets			
Works	4		
Operating Costs	5	108,683.40	743,268.85
Total Payments		<u>288,985.15</u>	<u>769,515.71</u>
Net Increase/Decrease		(29,935.71)	8,846.96
Cash at Beginning of the year July 1, Prior Year Adjustment	6	181,307.38	172,460.42
Cash at the end of year June 30,2021	6	<u>151,371.67</u>	<u>181,307.38</u>

The notes on page 11 to 12 are integral part of these project financial reports

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

Account Title / Description	Note	Actual Amount	Final Budget	Difference: Final Budget and Actual	Percentage Variance
		US\$	US\$	US\$	%
Cash Inflow					
IDA World Bank Funds	7	1,158,086.25	1,120,754.02	-37,332.23	-3
Balance B/F-LEC		139,903.43	139,903.43	0	0
Balance B/F-MLME		0	0	0	0
Total Receipts	7	<u>1,297,989.68</u>	<u>1,260,657.45</u>	<u>-37,332.23</u>	-3
Cash Outflows					
Extension of Electricity and Distribution	7	899,036.81	908,372.02	9,335.21	1
Rehabilitation of Off-loading, transport, and HFO storage facilities		0	0	0	0
Technical Assistance to strength MLME's capacity		0	0	0	0
Operational costs for LEC's Project Management Team	7	247,581.20	212,382.00	-35,199.20	-1.7
Total Expenditure	7	<u>1,146,618.01</u>	<u>1,120,754.02</u>	<u>-25,863.99</u>	-2
Net Cash flows		<u>151,371.67</u>	<u>139,903.43</u>	<u>-11,468.24</u>	

The notes on page 11 to 12 are integral part of these project financial reports

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

Cash/Bank Account Details	Notes	As at 30 June 2021	As at 30 June 2020
		US \$	US \$
ASSETS DEPLOYED			
Current Assets			
Cash and Bank Balances	6	151,371.67	139,903.43
Accumulated Fund Balance (IDA)		151,371.67	139,903.43

The notes on page 11 to 12 are integral part of these project financial reports

NOTES TO THE FINANCIAL STATEMENTS

General Information and Accounting Policies

The principal addresses of the reporting entity: Liberia Electricity Corporation (LEC) Water Street, Monrovia, Liberia with the Project Office situated at the Bushrod Island compound of the Liberia Electricity Corporation.

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.

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.

Reporting Entity

The financial statements are for the Liberia Accelerated Electricity Expansion Project (LACEEP) being implemented by the Liberia Electricity Corporation

Reporting Currency and Translation of Foreign Currencies

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.

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).

Reporting Period

The reporting period for these financial statements is July 1, 2020 to June 30, 2021.

Payment by external (third) parties

There were payments made by external parties directly to the contractors /consultants during the period in the sum of US\$899,036.81.

CONTRACTOR/CONSULTANT	2020/2021 US\$	2019/2020 US\$
MBH Power PVT LTD	899,036.81	1,541,069.21
Notes to the account	2020/2021 US\$	2019/2020 US\$
2 IDA-Credit		
IDA Replenishment	259,049.44	778,362.67
	259,049.44	778,362.67
3 Consultancy		
International consultancy	58,502.00	26,246.86
Local consultancy	121,799.75	-
	180,301.75	26,246.86
4 Works		
5 Operation cost		
Bank charges		12,448.11
Communication & Internet		1,118.00
Project Management	108,683.40	729,709.74
	108,683.40	743,268.85
6 Bank and Cash Balance		
Cash Balance Brought Forward (Ecobank Account)	172,460.42	172,460.42
Total Bank & Cash Balance	151,371.67	172,460.42

7. Narration of Budget Variance

Adverse Variance:

After the budget preparation and mid-way through the implementation, a consultant's contract was consummated under the projects. This was paid from the project Operational line, Hence the overspent variance.

DA Refund-MME

US\$41,403.95 brought forward balance of MME cash balance representing Designated Account balance pertaining to the Ministry of Mines & Energy was unutilized. It was refunded to the World Bank through the Client connection.