



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**ON THE FINANCIAL STATEMENT AUDIT OF
LIBERIA ENERGY EFFICIENCY ACCESS
PROJECT (LEEAP) LOAN No.
5900150001051**

**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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December 30, 2021

Mr. Paschal Buckley
Chief Executive Officer (CEO)
Liberia Energy Efficiency & Access Project
(LEEAP) Liberia Electricity Corporation
(LEC)
Monrovia, Liberia

Dear Mr. Buckley:

**AUDITOR GENERAL'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF
LIBERIA ENERGY EFFICIENCY ACCESS PROJECT (LEEAP) FOR THE PERIOD ENDED JUNE
30, 2021**

Opinion

We have audited the financial statements of Liberia Energy Efficiency & Access Project (LEEAP) 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 LEEAP 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 African Development 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 LEEAP 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

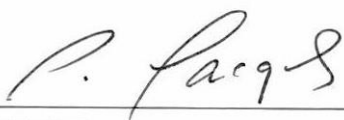
The Financial Statements as set out on pages 7 to 13 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), adopted by the Government of Liberia.

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 Energy Efficiency & Access Project (LEEAP).

Under the provisions of the same Act, I am required to prepare financial statements of the LEEAP 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 financial statements to the Chief Financial Officer for my transmittal to the relevant authorities, as provided in the attendant Regulations of the Public Financial Management Act of 2009. Accordingly, I am pleased to submit the required annual financial statements of LEEAP 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 LEEAP PROJECT

The Liberia Energy Efficiency and Access Project (LEEAP) is part of a larger multi-donor program aiming to improve the access to electricity in Liberia. This project is part of the Government of Liberia 's Electricity Sector Development Master Plan the LCPDP. It focuses on the RIA Transmission Line corridor as well as the extension of the EU financial cross-border electrification project from Pleebo to Fish Town in River Gee County.

The Project involves the construction of 46.1 KM of Transmission lines and 280 KM of Distribution line in the corridors of the Robert International Airport (RIA) in the greater Monrovia and Pleebo-Fish Town in River Gee County. It also includes an energy efficient component as well as a capacity building component. The project is estimated at an overall cost of UA 31.38 million, equivalent of USD 44.24 million. The project was originally planned to be implemented over the 2017-2019 period.

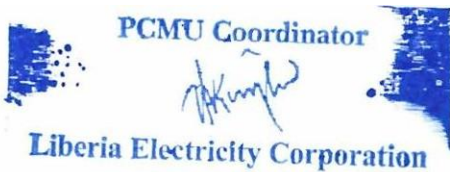
The direct beneficiaries of the project are communities located along the corridors of RIA and Pleebo-Fish Town, the technicians Working in the power sector in Liberia, and graduates in vocational schools. The project will enable the provision of reliable electricity to estimated population in excess of 200,000 person living in communities along the project area, including schools, and health centers as well as commercial and industrial businesses. It will contribute to the reduction of greenhouse emissions while raising the electricity access rate in Liberia from the current 2% to 5% by 2019. The project will also contribute to provide Liberia with a reserve of skilled staff in the power sector who will benefit from the ambitious capacity building component to eb financed under the project.

PROJECT OBJECTIVE

The project aims at increasing the Liberian population's access to electricity from the current 2% to 5% by 2019 while promoting energy efficiency and strengthening the institutional capacity in the electricity sector. More specifically, the project will: (i) expand the electricity transmission and distribution network in Liberia; (ii) improve electricity accessibility if the communities in the project zones of influence; (iii) promote energy efficiency in the country and (iv) improve the human and technical capacity of the energy sector by training skilled professionals (including engineers, technicians, maintenance, and administrative persons) from LEC, MLME, EPA and RREA.

THE YEAR UNDER REVIEW

The Fiscal Year 2020/2021 is considered a year of full implementation of the overall objective of the project. The contract awarded for the three project areas-Paynesville to Shefflin, Shefflin to RIA and Pleebo to Fish Town corridors in LOTs 1,2 & 3 respectively are currently ongoing. The total contract value for the three LOTs awarded is approximately USD 28 million.



Henry Kimber
Project Coordinator (LEEAP)/LEC

Date: 12/31/21



Philip Jacques
Chief Financial Officer (LEEAP)/LEC

Date: 31/12/21

**LIBERIA ENERGY EFFICIENCY & ACCESS PROJECT (LEEAP)
 STATEMENTS OF CASH RECEIPTS AND PAYMENT
 FOR THE PERIOD ENDED JUNE**

RECEIPTS	Note	SPECIAL ACCOUNT US\$ FY2020/2021	SPECIAL ACCOUNT US\$ FY2019/2020
Inflows:			
AFDB	2	134,165.00	206,392.00
Total receipts		<u>134,165.00</u>	<u>206,392.00</u>
Payment:			
Consultancy	3	106,494.31	58,310.00
Training	4	-	-
Goods	5	-	-
Works	6	-	-
Operating cost	7	54,985.76	82,417.39
Total Payments		<u>161,480.07</u>	<u>140,727.39</u>
Net increase (decrease) in cash		(27,315.07)	65,664.61
Cash at the beginning of the year	8	113,688.59	48,023.98
Cash at the end of the year June 30,2021	8	<u>86,373.52</u>	<u>113,688.59</u>

The notes on page 11 to 15 are integral part of these financial statements

**LIBERIA ENERGY EFFICIENCY ACCESS PROJECT (LEEAP)
 STATEMENT OF COMPARISON OF BUDGET OF AND ACTUAL AMOUNT
 FOR THE PERIOD ENDED JUNE 30, 2021.
 (CLASSIFICATION OF PAYMENT BY FUNCTION)**

ACCOUNT TITLE/DESCRIPTION	Note			DIFFERENCE:	PERCENTAGE VARIANCE
		APPROVED BUDGET	ACTUAL	BUDGET AND ACTUAL	
		US\$	US\$	US\$	
CASH INFLOWS					
AFDB FUND-DIRECT PAYMENT	9	25,103,144.70	10,488,481.39	14,614,663.31	58%
BALANCE B/F		113,688.59	113,688.59	-	0%
OTHER RECEIPTS		-	-	-	-
TOTAL RECEIPTS	9	<u>25,216,833.29</u>	<u>10,602,169.98</u>	<u>14,614,663.31</u>	58%
CASH OUTFLOWS					
SERVICE	9	1,049,075.41	563,609.31	485,466.10	46%
WORKS	9	22,130,600.73	9,866,685.58	12,263,915.15	55%
GOODS		125,983.96	-	125,983.96	0%
TRAINING	9	1,401,024.60	30,515.81	1,370,508.79	98%
OPERATING COST	9	396,460.00	54,985.76	341,474.24	86%
TOTAL OPERATING COST	9	<u>25,103,144.70</u>	<u>10,515,796.46</u>	<u>14,587,348.24</u>	58%
NET CASH FLOWS		<u>113,688.59</u>	<u>86,373.52</u>	<u>27,315.07</u>	

**amounts include third party payments*

The notes on page 11 to 15 are integral part of these financial statements

**LIBERIA ENERGY EFFICIENCY ACCESS PROJECT (LEAP)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

Cash/Bank Account Details	Notes	As at 30 June 2021	As at 30 June 2020
ASSETS DEPLOYED		US \$	US \$
Current Assets			
Accumulated Fund (ADF LOAN)	8	86,373.52	113,688.59
Total Cash and bank balance		86,373.52	113,688.59

The notes on page 11 to 15 are integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. 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 Energy Efficiency & Access Project (LEEAP) being implemented by the Liberia Electricity Corporation

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).

Reporting Period

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

Payment by external third parties

There were payments made by the African Development Bank (AFDB) directly to Contractors during period totaling US\$10,354,316.39 as follows:

*Auditor General's Report on The Financial Statement Audit
Of Liberia Energy Efficiency Access Project (LEEAP) Loan No.5900150001051
For The Period July 1, 2020-June 30, 2021*

Contractor	FY2020/2021 US\$	FY2019/2020 US\$
T & D Power Solutions Limited	8,467,343.87	1,005,422.89
NCC Limited	1,399,341.91	2,724,447.07
WAPCOS	457,115	268,475
Project Staff (Training, etc.)	30,515.81	58,835.24
Ceohus Gekpo		12,971.00
Lion Stationery Store		12,928.96
Auto Run Spare Parts		13,500.00
African American		37,500.00
Omega Supply Chain		3,150.00
Eagle Electric		5,335.00
Techno IT		53,570.00
	<u>10,354,316.39</u>	<u>4,169,885.20</u>

**NOTES AND SUPPORTING SCHEDULES TO THE FINANCIAL STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE TO THE ACCOUNT	2020/2021 US\$	2019/2020 US\$	2018/2019 US\$	Cumulative expenditure from inception to date US\$
2. AFDB-Credit	134,165.00	206,392.00	69,085-00	409,642.00
AFDB Replenishment				
AFDB Replenishment	30,515.81	58,835.24	-	89,351.05
Wapcos Africa Motor	457,115.00	268,475.00	260,600.00	992,192.05
	-	-	86,000.00	86,000.00
T&D power solution Ltd	8,467,343.67	1,005,422.89	399,375.11	9,872,141.67
NCC Ltd	1,399,341.91	2,724,447.07	-	4,123,788.08
Cephas Gekpo	-	12,971.00	-	12,971.00
Lion stationery Store	-	12,928.96	-	12,928.96
Auto Run spare part	-	13,500.00	-	13,500.00
African American	-	37,500.00	-	37,500.00
OMEGA supply chain	-	3,150.00	-	3,150.00
Eagle Electric	-	5,335.00	-	5,335.00
Techno	-	53,570.00	-	53,570.00
	10,488,481.39	4,402,527.16	821,060.11	15,712,068.71
3. Consultancies				
International consultancy*	-	339,756.00	266,600.00	1,165,565.31
Local consultancy	106,494.31-	-	-	-
	106,494.31	339,756.00	266,600.00	1,165,565.31
4. Training				
Capacity building-project staffs	30,515.8	58,835.24	-	89,351.05
DSA H0tel & accommodation	-	-	-	-
Air fare, vehicle etc	-	-	-	-
	30,515.8	58,835.24	-	89,351.05
5. Fixed Assets				
Goods	-	125,983.96	86,000.000	211,983.96
		125,983.96	86,000.000	211,983.96

6. Works

T&D Power solution Ltd	8,467,343.67	1,005,422.89	339,375.11	9,872,141.67
NCC Ltd	1,399,341.91	2,724,447.07	-	4,123,785.98
	9,866,685.58	3,729,869.96	339,375.11	13,995,930.65

7. Operating Cost

Travelling & transport	-	-	-	-
Fuel & Lubricant	-	-	-	-
Repair & maintenance	-	-	-	-
Bank charges	-	-	-	-
Communication & Internet	-	-	-	-
Project Management	54,985.76	82,417.39	42,921.02	180,324.22
	54,985.76	82,417.39	42,921.02	180,324.22

8. Bank & cash Balance

Opening cash & Bank Balance	113,688.59	48,023.98	21,860.00	21,800.00
Closing cash & Bank Balance	86,373.52	113,688.59	48,023.98	86,373.52

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

9. Budget Variance Explanations

The annual Budget performance archived less than 50% of the planned disbursement for the FY 2020/2021. Our overall planned spending was us\$ 25,216,833.29 but actual result of US\$ 10,515,796.46 representing 42%. Beyond the general impact of COVID- 19 that seriously affected work due to general restriction, there are some notable reasons for the under achievement of the budget:

Many interruptions from the Ministry of Public Works (MPW)- The Ministry frequently issued stop orders on the transmission lines from Paynesville to RIA (LDT). The MPW is engaged with pavement and expansion works of the Roberts International Airport (RIA) High Way, while LEC is also engaged in the electrification of the same corridor. There has been clash on right of way initially approved by the MPW for the transmission line tower and the road size. This contributed to significant delay.

The contracts were expected to be completed by April 2021. This expectation influenced the budgeted figures. Due to COVID-19 and the stop orders from the MPW, the targeted completed schedules were not achieved. Hence disbursements are affected leading the material budget variances reported in the statement of comparison of budget and actual amounts.